



**40th Annual Report
January-December 2012**

Styrolution ABS (India) Limited

Board of Directors	<p>Mr. Hyung Tae Chang Mr. Myung Suk Chi Dr. Gerhard Franken Mr. R S Agrawal Mr. Andrew Pizzey Mr. S M Kulkarni Mr. Jal R Patel Mr. Ravindra Kulkarni Mr. Jit Teng Tan Mr. Ravishankar Kompalli</p>	<p>Chairman - Appointed w.e.f. 1.3.2012 Managing Director w.e.f. 1.1.2013 Chairman - Ceased w.e.f. 1.3.2012 Managing Director - Ceased w.e.f. 31.12.2012 Director - Ceased w.e.f. 1.3.2012 Director Director Director Additional Director - Appointed w.e.f. 1.1.2013 Alternate Director to Mr. Jit Teng Tan - Appointed w.e.f. 1.1.2013</p>
VP (Finance)	D. J. Shah	
Company Secretary & VP (Legal)	S. M. Vaishnav	
Statutory Auditors	M/s. B S R & Co., Mumbai.	
Bankers	State Bank of India ICICI Bank	
Registered Office	6th Floor, ABS Towers, Old Padra Road, Vadodara - 390 007. Phone No. : 0265-2355861-63, 2355871-73. Fax : 0265-2341012, 2355860, 2355950, 2355960.	
Works	51, GIDC Industrial Estate, Nandesari - 391 340. Dist. Vadodara. Phone No. : 0265-2840319, 2840285, 2840559, 2841010. Fax : 0265- 2840827.	
Katol Plant	Halol-Kalol Road, Katol -389 330, Taluka Kalol, Dist. Panchmahal, Gujarat. Phone No. : 02676-235980, 235891, 235802, 235803. Fax : 02676 – 235518.	
Delhi Office	Flat No. 1001-1002, Mercantile House, Kasturba Gandhi Marg, Cannaught Place, New Delhi - 110 001. Phone No. : 011-23357915-18.	
Mumbai Office	403, Advent Atria, Chincholi Bunder Road, Malad (West), Mumbai - 400 064. Phone No. : 022-28813262/64. Fax : 022-28813265.	
Bangalore Office	Unit 4 & 5, 2nd floor, Above Big Kids Kemp, Ramanashree Arcade, No. 18, M. G. Road, Bangalore - 560 001. Phone No. : 080-25596516, 25525285, Fax : 080-25580508.	
R & D Centre & Moxi Plant	Sankarda-Bhadarva Road, Post : Poicha - 391 350. Tal.: Savli, Dist.: Vadodara. Phone No. : 02667-244350, 244370, 244380. Fax : 02667 - 244340.	

Members are requested to direct all correspondence relating to share matters to the Company's Registered Office or to Share Transfer Agent, M/s. Link Intime India Private Limited, B -102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara - 390 020. Phone : 0265-2356573. Fax : 0265-2356791, E-Mail : vadodara@linkintime.co.in

Notice

NOTICE is hereby given that the 40th Annual General Meeting of the members of the Company will be held **on 26th April, 2013 (Friday), at 11.30 a.m. at the Registered Office of the Company at ABS Towers, Old Padra Road, Vadodara – 390007**, to transact the following business:

(A) ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st December, 2012, Profit and Loss Account and Cash Flow Statement for the year ended on that date and report of the Directors' and Auditors' thereon.
2. To declare dividend on ordinary shares, if any.
3. To appoint a Director in place of Mr. S M Kulkarni, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Hyung Tae Chang, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider appointment of M/s. BSR & Co., Chartered Accountants, Mumbai, as Statutory Auditors of the Company and to fix their remuneration.

(B) SPECIAL BUSINESS

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

“RESOLVED THAT Mr. Jit Teng Tan who was appointed as Additional Director of the Company under Section 260 and other applicable provisions, if any, of the Companies Act, 1956, read with the relevant Article/s of the Articles of Association of the Company and who holds such office up to the date of this Annual General Meeting and who is eligible for re-appointment and in respect of whom the Company has received a notice in writing along-with a deposit of Rs.500/- (Rupees Five hundred only) from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company and shall be liable to retire by rotation.”

7. 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 269, 198 and other applicable provisions, if any, of the Companies Act, 1956 and also in accordance with the Memorandum of Association and Articles of Association of the Company, the consent of the members of the Company, be and is, hereby accorded **for the re-designation of Mr. Myung Suk Chi as the Managing Director**, for a period effective from January 1, 2013 to July 31, 2015 (both the days inclusive) upon the same terms and conditions as approved by the Shareholders of the company by means of a resolution passed through postal ballot on June 19, 2012.”

Registered office :
6th floor, ABS Towers,
Old Padra Road,
Vadodara-390007
February 26, 2013

By order of the Board
For Styrolution ABS (India) Limited

S M Vaishnav
Company Secretary & VP (Legal)

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Proxy forms should be deposited with the Company at its registered office not less than 48 hours before the commencement of the meeting. **A proxy so appointed shall not have any right to speak at the meeting. A blank proxy form is enclosed.**

2. An explanatory statement relating to Item No. 6 & 7, as required under Section 173(2) of the Companies Act, 1956, is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 15th April, 2013 to Friday, 19th April, 2013 (both the days inclusive).
4. The Members are requested to notify immediately any change in their address to their Depository Participants (DPs) in respect of their electronic share accounts quoting Client ID No. and to Link Intime India Pvt. Limited, the Company's Registrars and Transfer Agent in respect of their physical shares, quoting Folio No.
5. Payment of dividend as recommended by the Directors, if declared at the meeting, shall be made on or after 6th May, 2013, to the members whose names stand on the Company's Register of Members on 15th April, 2013.
6. Payment of Dividend will be made through National Electronic Clearing Service (NECS) at the RBI Centres by crediting the dividend amount to the Bank Account of the shareholders wherever relevant information is made available to the Company. Members holding shares in physical form and covered under RBI centres and who have not furnished requisite information and who wish to avail of the NECS facility to receive dividend from the Company, may furnish the information to Link Intime India Pvt. Ltd, the Registrars and Transfer Agents. The members holding shares in electronic form may furnish the information to their Depository Participants in order to receive dividend through NECS mechanism.
7. Pursuant to the provisions of Section 205C of the Companies Act, 1956, the amounts of dividends remaining unclaimed for a period of seven years are to be transferred to the Investors' Education and Protection Fund as tabled below :

Financial Year	Div Rate(%)	In Rs.	Last date for claiming
2005	25	2.50	May 6, 2013
2006	30	3.00	May 4, 2014
2007	30	3.00	April 24, 2015
2008	25	2.50	April 29, 2016
2009	35	3.50	April 28, 2017
2010	40	4.00	May 4, 2018
2011	40	4.00	April 24, 2019

Members whose dividend has remained unencashed / unclaimed for the above years, are requested to write to the Company for claiming of unpaid / unclaimed dividend before such unclaimed / unencashed dividend is transferred to the Investors' Education and Protection Fund at a specified date.

8. Members desirous of getting any information on Accounts or other items of Agenda are requested to forward his / her queries to the Company at least seven working days prior to the date of Annual General Meeting so as to enable the management to keep the information ready.
9. Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
10. Members/proxies attending the meeting are requested to bring their copy of Annual Report with them at the Meeting and deliver the enclosed attendance slip at the entrance of the meeting hall.

11. Reappointment of Directors.

Pursuant to the provisions of Articles of Association:

- Mr. S M Kulkarni and Mr. Hyung Tae Chang are retiring at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

The brief resumes of the directors seeking appointment / reappointment and other information as per Clause 49 of the Listing Agreement with Stock Exchanges are provided herein below:

Name of Directors	Mr. S M Kulkarni	Mr. Hyung Tae Chang	Mr. Jit Teng Tan	Mr. Myung Suk Chi
Nationality	Indian	Korean	Malaysian	Korean
Date of Birth	9.1.1939	23.1.1952	10.6.1969	10.1.1957
Date of Appointment	8.2.2005	1.3.2012	1.1.2013	1.3.2012
Experience (Yrs.)	45	38	20	31
Qualification	(i) Bachelor in Engineering University of Pune. (ii) Fellow Member Institute of Engineers India. Institute of Management, U.K. and Institute of Directors, U.K.	(i) Chemical Engineering, Seoul National University, Korea. (ii) MBA, Seogang University, Seoul, Korea.	(i) Masters of Business Administration, University of Hull, Singapore. (ii) Bachelor of Economics, Macquarie University, Sydney, Australia.	(i) Bachelor of Science, Major: Polymer Chemistry, Inha University, Korea. (ii) MBA-Personnel Mgt, SeoGang University, Korea.
List of Public Companies in which directorship held as on 31.12.2012	- Styrolution ABS (India) Ltd. - Bayer Crop Science Ltd. - Hindustan Construction Co. Ltd. - KEC International Ltd. - Navin Fluorine International Ltd. - Camlin Fine Sciences Ltd. - HCC Real Estate Ltd. - RPG Enterprises Ltd. - Lavasa Corporation Ltd.	- Styrolution ABS (India) Ltd.	- Styrolution ABS (India) Ltd.	- Styrolution ABS (India) Ltd.
Committee Chairmanship / Membership held as on 31.12.2012	<u>Audit Committee</u> (A) Chairman - Bayer Cropscience Ltd. - Styrolution ABS (India) Ltd. - Hindustan Construction Co. Ltd. - Camlin Fine Sciences Ltd. - Lavasa Corporation Ltd. (B) Member - KEC International Ltd. - Navin Flourine International Ltd. - HCC Real Estate Ltd. <u>Remuneration Committee</u> (A) Chairman — (B) Member - Styrolution ABS (India) Ltd. - Bayer Cropscience Ltd. - Hindustan Construction Co. Ltd. - KEC International Ltd. - Navin Flourine Ltd. - Camlin Fine Sciences Ltd. <u>Investors' Grievances Committee</u> (A) Chairman — (B) Member - Bayer Cropscience Limited	NIL	NIL	<u>Investors' Grievances Committee</u> (A) Chairman — (B) Member - Styrolution ABS (India) Ltd.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956, SETTING OUT THE MATERIAL FACTS RELATING TO BUSINESS UNDER ITEM NOS. 6 & 7 OF THE NOTICE.

ITEM NO. 6

Mr. Jit Teng Tan was appointed as an additional director on the Board pursuant to Section 260 of the Companies Act, 1956, read with Article 93 of Articles of Association of the Company w.e.f. 01.01.2013. The term of his office expires at the ensuing Annual General Meeting.

Mr. Jit Teng Tan's appointment will be non-executive and will attract no remuneration. You are therefore requested to consider the appointment of Mr. Jit Teng Tan as a Director, who shall be liable to retire by rotation.

The Directors of your Company recommend passing of the aforesaid resolution at item no. 6.

Except Mr. Jit Teng Tan, none of the directors of the Company are concerned or interested in the said resolution.

ITEM NO. 7

The shareholders approved the appointment of Mr. Myung Suk Chi as an Executive Director of the company for a period of 3 years with effect from 1st August, 2012 to 31st July, 2015 by way of resolution passed through Postal Ballot on June 19, 2012. The Board of Directors at its meeting held on October 29, 2012 has re-designated him to hold office as a Managing Director for a period from 1st January, 2013 to 31st July, 2015 on the same terms and conditions as have been approved by the shareholders by way of resolution passed through Postal Ballot. Mr. M S Chi's appointment is non-rotational.

This may be treated as a disclosure required u/s 302 of the Companies Act, 1956.

Your Directors recommend the resolution as set out in item no. 7 of the notice for your approval.

Agreement containing the terms and conditions as to the remuneration etc. of Mr. M S Chi as Managing Director is open for inspection on any working day between 11.00 a.m. to 1.00 p.m. at the Registered Office of the company.

None of the directors except Mr. Myung Suk Chi are interested or concerned in the said resolution.

Directors' Report

Dear Shareholders,

Your Directors take pleasure in presenting herewith their 40th annual report together with Audited Accounts and Auditors' Report for the year ended 31st December, 2012.

A. Financial Performance

The financial performance of your Company for the year ended 31st December, 2012 is highlighted below:

(Rs. In '000)		
Particulars	2012	2011
Sales in MTs	74,804	66,714
Sales and other operating Income	11,060,519	9,099,761
Other Income	117,009	112,703
Total Income	11,177,528	9,212,464
Gross Profit before Interest, Depreciation & Tax	1,067,090	914,230
Less : Interest	-	-
Less: Depreciation	136,101	139,401
Profit Before Tax	930,989	774,829
Less: Provision for Tax	314,700	267,200
Less: Provision for Deferred Tax	(15,012)	(32,035)
Net Profit After Tax	631,301	539,664
Add: Balance of Profit Brought Forward	2,493,739	2,090,558
Amount Available for Appropriation	3,125,040	2,630,222
Appropriations:		
Proposed Dividend	70,343	70,343
Tax on Proposed Dividend	11,411	11,140
Transfer to General Reserve	63,500	55,000
Balance of Profit Carried Forward	2,979,786	2,493,739
EPS (Basic)	35.90	30.69
(Diluted)	35.90	30.69

B. Review of operations

Your Directors wish to inform that in context of the GDP growth of 5.5% during the year under review, the ABS demand growth of 130,000 tonnes (130 KT) showed 11% increase. As such, better inroads could be made in the two-wheelers, four-wheelers and home appliances segments and in percentage terms, the growth was to the tune of 9%, 8% and 10% respectively.

Your Directors are also of the view that in time to come the demand is expected to grow steadily based on the assumption that capacity utilization in Auto Sector would be 70% to 75% while in case of Consumer Durables 65% to 70%.

Your Directors are pleased to report that your Company has achieved Profit before Tax (PBT) of Rs. 93 Crores and Net Profit (Profit After Tax) of Rs. 63 Crores in the year under review. (Previous year PBT was Rs. 77 Crores & PAT was Rs. 54 Crores).

Your Company has achieved sales turnover for the year ended December 31, 2012 of Rs. 1106 Crores, which is higher by 21.56% over the previous year's turnover of Rs. 910 Crores. This higher sales turnover is a result of better price realization in its business segments.

The EBIDTA has also increased from Rs. 106.71 Crores to Rs. 91.42 Crores.

In comparison to the last year, the earning per share has increased from Rs. 30.69 to Rs. 35.90.

During the year under review, there is no increase in the paid up share capital of the Company and it has remained at Rs.17.59 Cr.

Your Directors are pleased to inform that your Company continues to be a debt free Company for the tenth year in succession.

Your Company continues to be a market leader in ABS sales.

C. Styrolution

Your Directors wish to inform that consequent upon formation of 50:50 Global joint venture between INEOS and BASF, for bringing under one umbrella their key Styrenics business worldwide w.e.f. October 1, 2011, M/s. Styrolution (Jersey) Limited (formerly known as INEOS ABS (Jersey) Limited), the acquirer, along with persons acting in concert (PAC) have in terms of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 2011, made a public offer to the shareholders of the Company, vide Offer document dated January 5, 2012. The cash offer price is Rs. 606.81 (Rupees six hundred six and paise eighty one only) for one fully paid up equity share of Rs. 10 each to acquire maximum of 2,931,920 Equity Shares representing balance 16.67% shares in the share capital of the Company.

The said Open Offer concluded on 6th February, 2012. M/s. Styrolution (Jersey) Limited along with PACs, named therein as acquirers, acquired 703,075 Equity Shares comprising of 4% of total Equity Share Capital of the Company and thereby increased their shareholding to 15,356,780 Equity Shares representing 87.33 % of fully paid-up Equity Share capital of the Company.

Effective from February 14, 2012, the holding Company's name has changed from INEOS ABS (Jersey) Limited to Styrolution (Jersey) Limited.

D. Change of Name

In view of change in the corporate structure, the name of the Company was proposed to be changed and effective from May 1, 2012 the Ministry Of Corporate Affairs, Office of Registrar of Companies, Gujarat has approved the new name and accordingly the name of the company has been changed from INEOS ABS (India) Limited to Styrolution ABS (India) Limited.

E. Directors

Upon closure of the Open Offer made by Styrolution Global ('Acquirers') and the transfer of controlling interest in the Company in favour of Styrolution (Jersey) Limited, the nominees representing INEOS, Dr. Gerhard Franken and Mr. Andrew Pizzey have resigned from Directorship/s effective from March 1, 2012.

M/s. Styrolution (Jersey) Ltd.- the holding Company nominated Mr. Hyung Tae Chang and Mr. Myung Suk Chi as its Nominee Directors effective from March 1, 2012 and they were inducted on the Board after complying with due procedures in this regard.

Mr. S M Kulkarni and Mr. Hyung Tae Chang are retiring by rotation at the ensuing AGM and being eligible have offered themselves for reappointment.

Mr. R S Agrawal ceased to be the Managing Director upon completion of his contractual term on December 31, 2012.

The Board has re-designated Mr. Myung Suk Chi as a Managing Director, for the period from January 1, 2013 to July 31, 2015 (both days inclusive) on the same terms and conditions approved by the Shareholders by way of resolution passed through postal ballot on June 19, 2012.

Mr. Sushil Roy Fonseca who was appointed on the Board w.e.f. from March 1, 2012 as an Alternate Director to Mr. Hyung Tae Chang, has resigned from the Board w.e.f. April 24, 2012.

Effective from January 1, 2013, Mr. Jit Teng Tan has been appointed as additional Director. Your Directors recommend the appointment of Mr. Jit Teng Tan as a Director liable to retire by rotation.

The Board has also appointed Mr. Ravishankar Kompalli as an Alternate Director to Mr. Jit Teng Tan on the Board, effective from January 1, 2013.

Your Directors wish to place on record their appreciation for the valuable contribution made by the retiring directors during their tenure as Directors during the year under review and also welcome the new Directors.

Your Directors hereby confirm the compliance of conditions necessary for appointing Independent Director/s under Clause 49, amended till date, of the Corporate Governance Code prescribed under the Listing Agreement.

Your Directors also recommend the passing of the appropriate resolutions proposing the appointment of Directors in the notice convening the AGM.

F. Dividend

The Directors are pleased to recommend a dividend of Rs. 4.00 per fully paid-up Equity Share i.e. 40 % for the financial year ended on December 31, 2012 subject to the shareholders' approval at the ensuing Annual General Meeting.

The register of members and share transfer books shall remain closed from 15th April, 2013 to 19th April, 2013, (both days inclusive).

The Dividend amount upon approval shall be paid to all the shareholders, whose names shall appear in the Register of Members as on the book closure date i.e. 15th April, 2013.

G. Transfer to the Investor Education and Protection Fund

As required in terms of provisions of Section 205C of the Companies Act, 1956, the unclaimed dividend pertaining to the financial year

ended on 31.12.2005 is due for transfer on 6th May, 2013 to the Investor Education and Protection Fund maintained by the Ministry of Corporate Affairs. Your Directors request the affected shareholders to claim the same from the Company before the date of transfer or else no claim for the dividend shall lie on the Company or on the said fund post transfer.

H. Contribution to the National Exchequer

A sum of Rs. 153.07 Cr. on account of central excise duty, direct and indirect taxes and state taxes were contributed/paid to the National/State exchequer during the year under review.

I. Research and Development

The R & D centre meets with market needs helping customers' improve upon the laid out standards. Continuous study for improvement in products and processes would ultimately benefit one and all.

Your Directors would like to inform that Styrolution ABS is geared up to contribute to R & D capabilities globally and hopes that it becomes an important hub for such related activities.

Our proven after sales services to customers results in increased customer bonding and long term relationships.

J. Risk Management

Your Directors wish to state that Risk management and control practices have been deployed across all the functions and functional evaluation of rating probability and impact is being constantly monitored under the guidance of the Managing Director. Very high ranking risks are deliberated at the Board level and mitigating steps and measures applied or to be applied are debated.

Your company is integrating its risk monitoring procedures with the global Styrolution policies.

The objectives of the Company's risk management framework comprise the following :

- To identify, assess, prioritize and manage existing as well as new risks in a planned and coordinated manner.
- To increase the effectiveness of internal and external reporting structure.
- To develop a risk culture that encourages employees to identify risks and associated opportunities and respond to them with appropriate actions.

The Senior management team forming part of the risk managing organization conducts an exercise every quarter internally for an ongoing risk assessment and takes measures and effective steps to mitigate / reduce impact and control the same from time to time. The Managing Director gives overall directions in controlling / mitigating risks generally and is in complete know of the organizational risks potential. The Company has a proper system to ensure compliance of legal / regulatory requirements that are applicable to the Company.

K. Environmental Health, Safety and Protection

Your Company gives highest importance to Environment, Health and Safety (EHS), and encourages and promotes safety awareness in true letter and spirit as an integral part of its work culture.

Process Safety Management- PSM is now an Integral part of all changes taking place in the process.

Onsite emergency plans have been reviewed and updated by all divisions. Periodic mock drills are conducted at various divisions and the reports indicate improved preparedness of employees.

Apart from employees, the contractors and workmen are also given exhaustive training on safety, first-aid and fire fighting. The Company has appointed and trained safety stewards to promote safety in all divisions. A green belt in and around the factory premises has been maintained to enhance eco-friendliness.

L. Insurance

Your Company's assets are adequately insured against risk from fire, riot, earthquake, terrorism, loss of profits and other risks which are considered necessary by the management.

As an additional coverage, a Public Liability Insurance Policy is also in place and it has been taken to cover public liability/ies, if any, arising out of any industrial accidents. Styrolution ABS group has covered globally through insurance cover, the Directors' and Officers' liability under the Indian Companies act to meet with any eventuality.

M. Auditors and their report

The comments of the Auditors in their report and the notes forming part of the Accounts are self explanatory and need no comments.

M/s. BSR & Co. Chartered Accountants, Mumbai, the present Statutory Auditors of the Company have expressed their willingness for their reappointment and a certificate to the effect that their appointment, if made, would be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956 has been received. Your Directors recommend the appointment and fixing remuneration of M/s. BSR & Co., Chartered Accountants, Mumbai at the ensuing AGM.

N. Consumption of energy, technology absorption and foreign exchange earnings and outgo

A statement highlighting details of the conservation of energy, technology absorption, and foreign exchange earnings and outgo, in

accordance with Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors' Rules, 1988) is annexed hereto and forms part of this report.

O. Quality Systems and ISO certification

During the year the Company continued to observe all pre-requisites in maintaining the quality systems and standards and ISO audit methods as required under the guidelines of Quality and Environmental Management Systems for ISO certified by UL-DQS. During the year, System Assessments for ISO 9001:2008 & ISO 14001:2004 were also successfully completed.

P. Corporate Governance

Your Company has implemented clause 49 of Listing Agreement, popularly known as 'Corporate Governance', within the stipulated time frame and took effective steps to meet with compliance standards laid down in the said clause. It also takes a proactive approach and revisits its governance practices from time to time so as to fulfill business and regulatory needs.

The Company has implemented all of the mandatory requirements of the said clause, as applicable to the Company.

The Statutory Auditor's Certificate in accordance with Clause 49 of the Listing Agreement and report on Corporate Governance is annexed herewith and forms part of this Annual Report.

The Managing Director and the Chief Financial Officer have given a certificate to the Board as contemplated in sub-clause V of clause 49 of the Listing Agreement.

Q. Management Discussion and Analysis

A Management Discussion and Analysis Report for the year 2012 as required under Clause 49 of the Listing Agreement is annexed and forms part of this annual report.

R. Human Resource and Industrial Relations

The human resource development function of the Company is guided by a spirit of corporate team building and dedication towards strengthening the Company's systems thereby improving efficiencies and registering growth. All personnel continue to have a healthy, cordial and harmonious approach in problem solving and enhancing Company value at all levels. Despite severe economic trials, the enthusiasm and unstinting efforts of the employees has enabled the Company to maintain leadership in its business areas.

The industrial relations during the year remained cordial.

S. Particulars of Employees

Particulars of employees, as required under Sec 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, pursuant to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, this report is being sent to all shareholders of the Company excluding the aforesaid information and the said particulars will be made available at the Registered Office of the Company. The members interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

T. Directors' Responsibility Statement Pursuant to Section 217(2AA)

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors based on the representation received from the operating management, confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) they have 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 the Company as on 31st December, 2012 and of the profit of the Company for the year ended on that date;
- iii) 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) they have prepared the annual accounts on a going concern basis.

U. Acknowledgements

Your Board of Directors thank all the stakeholders - the shareholders, customers, dealers, suppliers, bankers, and all the other business associates for the continued support extended by them to the Company and for their confidence in its management. Your Directors also wish to place on record their appreciation to the dedicated workforce of the company.

For and on behalf of the Board

Vadodara
February 26, 2013

Hyung Tae Chang
Chairman