

|                                           |                                                                                                                                                                  |                   |
|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| <b>Board of Directors</b>                 | Dr. Gerhard Franken                                                                                                                                              | Chairman          |
|                                           | Mr. R S Agrawal                                                                                                                                                  | Managing Director |
|                                           | Mr. Andrew Pizzey                                                                                                                                                | Director          |
|                                           | Mr. S M Kulkarni                                                                                                                                                 | Director          |
|                                           | Mr. Jal R Patel                                                                                                                                                  | Director          |
|                                           | Mr. Ravindra Kulkarni                                                                                                                                            | Director          |
| <b>VP (Finance)</b>                       | Mr. D. J. Shah                                                                                                                                                   |                   |
| <b>Company Secretary &amp; VP (Legal)</b> | Mr. S. M. Vaishnav                                                                                                                                               |                   |
| <b>Statutory Auditors</b>                 | M/s. Price Waterhouse, Mumbai                                                                                                                                    |                   |
| <b>Bankers</b>                            | State Bank of India<br>ICICI Bank                                                                                                                                |                   |
| <b>Registered Office</b>                  | 6th Floor, ABS Towers, Old Padra Road, Vadodara - 390 007.<br>Phones : 0265-2355861-63, 2355871-73.<br>Fax : 0265-2341012, 2355860, 2355950, 2355960.            |                   |
| <b>Works</b>                              | 51, GIDC Industrial Estate, Nandesari - 391 340<br>Dist. Vadodara, Phones : 0265-2840319, 2840285, 2840559, 2841010<br>Fax : 0265- 2840827                       |                   |
| <b>Katol Plant</b>                        | Halol-Katol Road, Katol -389 330 , Taluka Kalol, Dist. Panchmahal, Gujarat<br>Phones : 02676-235980, 235891, 235802, 235803.<br>Fax : 02676 - 235518             |                   |
| <b>Delhi Office</b>                       | 8-A, Gopala Tower, 25-Rajendra Place, New Delhi - 110 008<br>Phones : 011-25712650, 25729515, 25712727<br>Fax : 011-25756494                                     |                   |
| <b>Mumbai Office</b>                      | LANXESS India Pvt. Limited, Thane-Kolshet Road,<br>Thane, Mumbai - 400 607<br>Phones : 022-25311175-76, Fax : 022-25455072                                       |                   |
| <b>Bangalore Office</b>                   | Unit 4 & 5, 2nd floor, Above Big Kids Kemp, Ramanashree Arcade<br>No. 18, M. G. Road, Bangalore - 560 001<br>Phones : 080-25596516, 25525285, Fax : 080-25580508 |                   |
| <b>Ahmedabad Office</b>                   | 404, Satkar, Nr. Swagat Char Rasta, C. G. Road.<br>Ellisbridge, Ahmedabad - 380 006<br>Phones : 079-26446877, Fax : 079-26442013                                 |                   |
| <b>R &amp; D Centre &amp; Moxi Plant</b>  | Sankarda-Bhadarva Road, Post : Poicha - 391 350<br>Tal.: Savli, Dist.: Vadodara<br>Phones : 02667-244350, 244370, 244380,<br>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, 308, 1st Floor, Jaldhara Complex, Opp. Manisha Society, Old Padra Road, Vadodara - 390 015.

**NOTICE**

NOTICE is hereby given that the 37<sup>th</sup> Annual General Meeting of the members of the Company will be held on Tuesday, 27<sup>th</sup> April, 2010, at 4.30 p.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 31<sup>st</sup> December, 2009, 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. Andrew Pizzey, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Jal R Patel, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To consider appointment of M/s Price Waterhouse, Chartered Accountants, Mumbai, as Statutory Auditors of the Company.

**(B) SPECIAL BUSINESS:**

6. 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 198, 269, 309 & 310 read with Schedule XIII and other applicable provision(s) if any of the Companies Act, 1956 and in accordance with the Memorandum & Articles of Association of the Company, consent of the Members, be and is, hereby accorded to appoint Mr. R S Agrawal as a Managing Director, for a period of two years from 1st January, 2010 to 31st December, 2011 (both days inclusive) on the terms and conditions alongwith the remuneration, powers and duties to be exercised by him as approved by the Board.

The major terms and conditions are as follows :

1. The agreement hereunder shall be operative with effect from 1st January, 2010 upto 31st December, 2011.
2. Mr. R S Agrawal shall be appointed as the Managing Director and he shall serve the Company as the Managing Director of the Company, subject to the superintendence, control and direction of the Board of Directors of the Company for the period from 1st January, 2010 to 31st December, 2011 on the terms and conditions hereinafter contained.
3. The Managing Director, unless prevented by ill health, shall throughout the said term devote his attention and ability to the business of the Company and shall perform such duties and exercise such powers as shall from time to time be assigned to or vested in him by the Board of Directors and shall comply with the orders, directions and regulations from time to time of the Board of Directors of the Company and shall well and faithfully serve the Company and use his utmost endeavour to promote the interests thereof.
4. The Managing Director shall, be entrusted with substantial powers of management and shall also perform such other duties as shall be entrusted to him from time to time by the Board including the powers exercisable under the Articles of Association of the Company.
5. The Company shall, subject to the condition that taxes shall be paid by him, pay and provide to him the following remuneration :-
  - A) A basic salary of Rs. 9,00,000/- p. m.
  - B) House rent allowance of Rs. 3,00,000/- p.m.
  - C) Monetary value of perquisites at maximum: Rs. 3,00,000/- per year (being soft/hard house furnishing and utilities charges and others).
  - D) Annual Performance Bonus / Award : An amount as may be decided by the Board from time to time, which shall be at the discretion of the Board.

In the event that during the tenure of the present agreement, the statutory restrictions contained in the Company Law / or Corporate Laws are removed or amended by the Government, the Board will be at liberty to decide such variation in terms as may be deemed necessary.

E) Other Perquisites :

- i) Contribution to Provident Fund as per the rules of the Company and the same will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.
- ii) Two Company maintained cars for use on Company's business including the drivers' salary for both the cars, not exceeding Rs. 10,000/- per month.
- iii) Reimbursement of telephone expenses as per the rules of the Company.

6. Minimum Remuneration

In the event of absence or inadequacy of profits in any accounting year of the Company, the salary of Rs. 9,00,000/- pm., as well as statutory benefits aforesaid, shall be paid as minimum remuneration to Mr. R S Agrawal during his tenure of his office as Managing Director of the Company, subject to statutory approvals, if any, and the overall remuneration by way of salary and perquisites shall be subject to the ceilings and the conditions as set out in Section II of Part II of Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT Mr. R S Agrawal shall not be liable to retire by rotation during his tenure as Managing Director of the Company.

RESOLVED FURTHER THAT the Board may, subject to approval of the members at the general meeting and other requisite approvals, if required of the office of Registrar of Companies, increase, augment, vary and modify the remuneration payable and the benefits and amenities provided to Mr. R S Agrawal including the monetary value thereof, upto the limits prescribed in that behalf under or pursuant to the Companies Act, 1956 or any statutory amendment, modification or re-enactment thereof from time to time in force and/or the guidelines in Managerial Remuneration issued by the Government of India, Ministry of Corporate Affairs, from the date the statutory amendment, modification, re-enactment and/or the Guidelines come into force."

Regd. office :  
6<sup>th</sup> floor, ABS Towers,  
Old Padra Road,  
Vadodara - 390 007  
February 26, 2010

BY ORDER OF THE BOARD  
For INEOS 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 form 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 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, 19<sup>th</sup> April, 2010 to Friday, 23<sup>rd</sup> April, 2010, (both days inclusive).
4. Members are requested to notify immediately any change in their address, if any, 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, will be made on or after 5<sup>th</sup> May, 2010, to the members whose names stand on the Company's Register of Members on 19<sup>th</sup> April, 2010 and to the Beneficial

Owners as per the Beneficiary list at the close of business hours on Friday, 16<sup>th</sup> April, 2010, provided by the National Securities and Depository Limited and Central Depository Services (India) Limited.

6. Payment of Dividend will be made through Electronic Clearing Service (ECS) at the RBI Centres by crediting the dividend amount to the Bank of the shareholders wherever relevant information is made available to the Company. Members holding shares in physical form and covered under RBI centres, who have not furnished requisite information and who wish to avail of the ECS 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 ECS 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.

The details of dividend declared for the year 2002 onwards are given below :

| Financial Year | Div Rate(%) | Last date for claiming       |
|----------------|-------------|------------------------------|
| 2002           | 25          | 2 <sup>nd</sup> May, 2010    |
| 2003           | 25          | 30 <sup>th</sup> April, 2011 |
| Sp.Div 2004    | 80          | 24 <sup>th</sup> Feb, 2012   |
| 2004           | 25          | 12 <sup>th</sup> May, 2012   |
| 2005           | 25          | 5 <sup>th</sup> May, 2013    |
| 2006           | 30          | 4 <sup>th</sup> May, 2014    |
| 2007           | 30          | 24 <sup>th</sup> April, 2015 |
| 2008           | 25          | 29 <sup>th</sup> April, 2016 |

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 atleast 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. Andrew Pizzey and Mr. Jal R Patel are retiring at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

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

| Name of Director    | Mr. Andrew Pizzey | Mr. Jal R. patel                                  |
|---------------------|-------------------|---------------------------------------------------|
| Age (Yrs.)          | 39                | 73                                                |
| Date of Appointment | 13.3.2008         | 29.12.2005                                        |
| Experience (Yrs.)   | 16                | 49                                                |
| Qualification       | ICEAW             | Company Secretary-ACS<br>Chartered Accountant-ACA |

| Name of Director                                                     | Mr. Andrew Pizze       | Mr. Jal R. patel                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------------------------------|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| List of Public Companies in which directorship held as on 31.12.2009 | INEOS ABS (India) Ltd. | INEOS ABS (India) Limited.<br>ABC Bearings Limited.<br>MIPCO Seamless Rings (Gujarat) Ltd.<br>Shri Dinesh Mills Limited.<br>Gujarat Gas Company Limited.<br>Eimco-Elecon India Limited<br>Munjal Auto Industries Ltd.                                                                                                                                                                                                                                                                                                                                                        |
| Committee Chairmanship / Membership held as on 31.12.2009            | —                      | <p><b><u>Audit Committee</u></b><br/> <b>Chairman</b><br/> ABC Bearings Limited.<br/> Gujarat Gas Company Limited.<br/> Eimco-Elecon India Limited</p> <p><b>Member</b><br/> INEOS ABS (India) Ltd.<br/> MIPCO Seamless Rings (Gujarat) Ltd.</p> <p><b><u>Shareholder's Grievance Committee</u></b><br/> <b>Chairman</b><br/> INEOS ABS (India) Ltd.</p> <p><b>Member</b><br/> Shri Dinesh Mills Limited.<br/> Gujarat Gas Company Limited.</p> <p><b><u>Remuneration Committee</u></b><br/> <b>Member</b><br/> INEOS ABS (India) Ltd.<br/> Gujarat Gas Company Limited.</p> |

**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 AS SET OUT IN THE NOTICE.**

**ITEM NO. 6:**

The shareholders at the 33<sup>rd</sup> Annual General Meeting of the Company held on 28<sup>th</sup> April, 2006 had approved appointment of Mr. R S Agrawal as Managing Director of the Company for a period of 3 years with effect from 1<sup>st</sup> January, 2007 to 31<sup>st</sup> December, 2009. The said period of appointment expired on 31<sup>st</sup> December, 2009. In order to continue to avail of the benefit of service of Mr. R S Agrawal, the Board of Directors of the Company at their meeting held on 27<sup>th</sup> July, 2009 has reappointed him for a further period from 1<sup>st</sup> January, 2010 to 31<sup>st</sup> December, 2011 (both days inclusive) subject to the approval of the members in the general meeting on the terms and conditions set out in the notice.

The Company shall enter into an agreement with Mr. R S Agrawal detailing the terms and conditions of appointment alongwith powers, duties and remuneration payable to him as detailed in the notice. The Directors recommend the resolution as set out in item no. 6 of the notice for your approval.

The Government of India, Ministry of Corporate Affairs has in past indicated intention of reducing / removing the limits on the remuneration payable to the senior managerial personnel at the Board level. As and when the amendments / notifications are introduced, the Board would suitably reflect on the same having sought such authorizations in general. Thus in the event that during the tenure of the present agreement, if the statutory restrictions within Company Law / or Corporate Laws stands removed / reduced with Government amending the same, the Board will be at liberty to decide reflecting such variation in terms as may be deemed necessary.

None of the Directors except Mr. R S Agrawal is interested or concerned in the said resolution.

Agreement relating to appointment of 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.

This may be treated as an extract as required u/sec 302 of the Companies Act, 1956.

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting herewith their 37<sup>th</sup> report together with Audited Accounts and Auditors' Report for the year ended 31<sup>st</sup> December, 2009.

### Financial Performance

The financial performance of your Company for the year ended 31<sup>st</sup> December, 2009 is indicated below :

|                                                             | (Rs. In '000)    |                  |
|-------------------------------------------------------------|------------------|------------------|
| Particulars                                                 | 2009             | 2008             |
| Sales in MTs                                                | 63,443           | 58,912           |
| Sales and other operating Income                            | 6,062,110        | 6,890,512        |
| Other Income                                                | 44,473           | 66,881           |
| Total Income                                                | 6,106,583        | 6,957,393        |
| <b>Gross Profit before Interest, Depreciation &amp; Tax</b> | <b>894,144</b>   | <b>417,476</b>   |
| Less : Interest                                             | 0                | 0                |
| Less: Depreciation                                          | 144,853          | 146,537          |
| Profit Before Tax                                           | 749,291          | 270,939          |
| Less: Provision for Tax                                     | 300,800          | 102,600          |
| Less: Provision for Deferred Tax                            | (41,410)         | (11,200)         |
| <b>Net Profit After Tax</b>                                 | <b>489,901</b>   | <b>179,539</b>   |
| Add: Balance of Profit Brought Forward                      | 1,175,897        | 1,065,794        |
| <b>Amount Available for Appropriation</b>                   | <b>1,665,798</b> | <b>1,245,333</b> |
| <b>Appropriations:</b>                                      |                  |                  |
| Proposed Dividend                                           | 61,550           | 43,964           |
| Tax on Proposed Dividend                                    | 10,464           | 7,472            |
| Transfer to General Reserve                                 | 49,000           | 18,000           |
| Balance of Profit Carried Forward                           | 1,544,784        | 1,175,897        |
| EPS (Basic)                                                 | 27.86            | 10.21            |
| (Diluted)                                                   | 27.86            | 10.21            |

### Review of operations

During the year under review, the net sales amounted to Rs. 606.21 Cr. (Prev. year Rs. 689.05 Cr.). The Operating profit of the Company after accounting relevant expenses amounts to Rs. 89.41. Cr. making an increase by 114% (Prev year Rs. 41.75 Cr. ) and the net profit has increased to Rs. 48.99 Cr. (Prev. year Rs.17.95 Cr.).

The earning per share has increased to Rs. 27.86 from Rs. 10.21 last year. During the year, Company has not increased share capital which remains unchanged at Rs. 17.58 Cr.

Your Board of Directors is pleased to record Company's debt free status, for the seventh year in succession.

Throughout the year, main raw materials prices remained volatile and their availability was also uncertain. Despite the difficult market conditions, your Company could optimize price realization and maintain sales.

The Company has successfully implemented it's expansion plan by increasing the ABS plant capacity to 80,000 Mts. This shall be available during current year. In order to meet customer needs, newer grades have been added to support demands of key customers.

The two and four wheeler automotive industry and durable goods sector off take continued to maintain robust growth, in line with the past trend. This has enabled your Company's products to be in good demand.

Your Company is confident of maintaining its market leadership and continues to show consistent performance during last number of years.

#### **Dividend**

The Directors of your Company are pleased to recommend a dividend of Rs. 3.50 per equity share i.e. 35 % for the financial year ended on December 31, 2009 subject to the shareholders' approval at the ensuing Annual General Meeting. Dividend once approved, will be paid to all those shareholders whose names appear in the Register of Members as on 19<sup>th</sup> April, 2010.

The register of members and share transfer books shall remain closed from 19<sup>th</sup> April, 2010 to 23<sup>rd</sup> April, 2010, both days inclusive, for the purpose of Annual General Meeting and payment of dividend.

#### **Transfer to the Investor Education and Protection Fund**

In terms of Section 205C of the Companies Act, 1956, the unclaimed dividend relating to the financial year ended on 31.12.2002 is due for transfer on 2<sup>nd</sup> May, 2010 to the Investor Education and Protection Fund established by the Central Government.

#### **Contribution to the National Exchequer**

A sum of Rs. 81.75 Cr. on account of central excise duty, direct and indirect taxes and state taxes was paid to the National Exchequer during the year under review.

#### **Expansion / Modernization**

Your Company invested necessary capital expenditure generated out of internal accruals to enable attain the ABS Plant capacity of 80,000 MTs. This will be fully available from Q2-2010 onwards for meeting the expanding market requirements. Our sales and marketing efforts are fully geared in retaining our market leadership and maintain the growth momentum. All attempts are made at the plants and manufacturing units to integrate marketing needs and opportunities. It is expected that implementation of new technology will enable better efficiency of the production and quality of the products, also bringing down the cost of production.

#### **Research and Development**

The R & D centre meets with market needs helping customers' improve upon the laid out standards. Continuous improvement in product and process studies have helped better controls.

INEOS ABS is geared to contribute to R & D capabilities globally and we hope to become an important hub for such related activities.

Our after sales services to customers results in customer bonding and long term relationship ensuring mutual benefits.

#### **Risk Management**

Risk management and control practices have been deployed across all the functions and functional evaluation of rating the probability and impact is 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.

The objectives of the Company's risk management framework comprises 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 its 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 an adequate proper system to ensure compliance of legal / regulatory rules and regulations applicable to the Company.

**Health, Safety and Environmental Protection**

Your Company gives highest importance to Environment and Safety and encourages and promotes safety awareness as an integral part of the work culture.

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

Onsite emergency plans have been reviewed and updated in 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. Green belt in and around the premises has been maintained regularly.

**Insurance**

As at year end 2009, your Company's assets are adequately insured against risk from fire, riot, earthquake, terrorism, loss of profits, etc. and other risks which are considered necessary by the management.

As an additional coverage, a statutory Public Liability Insurance Policy has been taken to cover public liability arising out of industrial accidents. INEOS ABS group has covered globally through insurance cover, the Directors' and Officers' liability under the Indian Companies act to meet with any eventuality.

**Directors**

The Managing Director Mr. R S Agrawal, whose term expired on 31<sup>st</sup> December, 2009. The Board of Directors at the meeting held on 27<sup>th</sup> July, 2009 had considered reappointing Mr. Agrawal as Managing Director for a further term of 2 years i.e. from 1.1.2010 to 31.12.2011. The remuneration and terms were considered by specially constituted Remuneration Committee and reappointment terms recommended by the Audit Committee. A separate agenda item in the notice is being considered detailing the reappointment terms, remuneration and powers delegated for the consideration of the members at the ensuing AGM.

Mr. Jal Patel and Mr. Andrew Pizzey, who are present Director/s, are to retire at the ensuing AGM. Both of them are retiring by rotation and being eligible, have offered themselves for reappointment. The Board recommends their appointment/s.

Mr. Arindam Ghosh has resigned from Alternate Directorship of Mr. Andrew Pizzey effective from 26th February, 2010.

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.

**Auditors and their report**

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

M/s. Price Waterhouse, Chartered Accountants, Mumbai, Statutory Auditors' of the Company will retire at the conclusion of ensuing Annual General Meeting and being eligible offers themselves for reappointment. The Company has received a certificate from the auditors to the effect that their re-appointment, if any, would be in accordance with the provisions of Section 224(1B) of the Companies, Act, 1956. The Directors recommend the re-appointment of M/s. Price Waterhouse, Chartered Accountants, Mumbai.

**Consumption of energy, technology absorption and foreign exchange earnings and outgo**

A statement giving 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.

**Quality Systems and ISO certification**

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

**Corporate Governance**

Your Company has implemented clause 49 of Listing Agreement, popularly known as 'Corporate Governance', within the stipulated timeframe and has taken effective steps to meet with its compliance standards. It 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 major stipulations 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 to and forming part of the Director's Report.

Mr. R S Agrawal, Managing Director and Mr. D J Shah, Chief Financial Officer have given a certificate to the Board as contemplated in sub-clause V of clause 49 of the Listing Agreement.

The Company has made written requests to the stock exchange/s in relation to pending compliance under Clause 40A of the Listing Agreement.

**Management Discussion and Analysis**

A Management Discussion and Analysis Report for the year 2009 as required under Clause 49 of the Listing Agreement is annexed and forming part of the Directors Report.

**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.

**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, form part of this Report.

**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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> December, 2009 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.

**Acknowledgements**

Your Board of Directors thank all the stakeholders - the shareholders, customers, dealers, suppliers, bankers, and all the other business associates for the continuous support given by them to the Company and their confidence in its management.

For and on behalf of the Board

Vadodara  
February 26, 2010

**Dr. Gerhard Franken**  
Chairman

## Annexure I to the Directors' Report

Information as per Section 217(e) read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> December, 2009.

### 1. Conservation of Energy

#### a) Energy conservation measures taken:

1. Old oil type capacitors replaced with new dry type capacitors reducing the energy losses in the capacitors.
2. Capacity Utilization of refrigeration plant in PBR plant optimized reducing the power consumption.
3. T-8 TFLs are replaced with T-5 TFLs having less power consumption in office buildings.
4. Power factor has been maintained high throughout the year by proper monitoring of the capacitor banks.
5. Continued use of steam condensate recovered from dryer section has resulted in the reduction of fuel & boiler feed water.
6. Installed central vacuum system in polymerization section.
7. Old hot insulation on steam lines and air heaters replaced to reduce the radiation losses.
8. Recycling of treated waste water & continued operation of central vacuum system in compounding section has reduced water consumption.

#### b) Additional investments if any being implemented for reduction of consumption of energy.

Rs. 8 lakhs.

#### c) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the production of goods.

Reduction in Specific Energy and water consumption.

### 2. Total energy consumption and consumption per unit of production as per Form A

|                                   | Jan-08<br>To<br>Dec-08 | Jan-09<br>To<br>Dec-09 |
|-----------------------------------|------------------------|------------------------|
| <b>Power and Fuel Consumption</b> |                        |                        |
| <b>2.1 Electricity</b>            |                        |                        |
| a) Purchased                      |                        |                        |
| Units Nos.                        | 23,363,641             | <b>26,132,291</b>      |
| Total Amount Rs ' 000             | 139,765                | <b>165,954</b>         |
| Rate/Unit Rupees                  | 5.98                   | <b>6.35</b>            |
| b) Own Generation                 |                        |                        |
| i) Through Diesel Generator       |                        |                        |
| Units                             | 786,686                | <b>243,000</b>         |
| Units per Ltr. of Diesel Oil      | 321                    | <b>304</b>             |
| Cost/Unit                         | 11.78                  | <b>18.16</b>           |
| ii) Through Steam Turbine/        |                        |                        |
| Generator Units                   | NIL                    | <b>NIL</b>             |
| Units per Ltr Of Fuel Oil/Gas     | NIL                    | <b>NIL</b>             |
| Cost/Unit                         | NIL                    | <b>NIL</b>             |
| iii) Through Wind Turbine/        |                        |                        |
| Generator Units                   | 7,915,323              | <b>7,672,624</b>       |
| Amount RS. ' 000                  | 42,959                 | <b>45,131</b>          |
| Rate per unit Rupees              | 5.43                   | <b>5.88</b>            |

|                                                  | Jan-08<br>To<br>Dec-08 | Jan-09<br>To<br>Dec-09 |
|--------------------------------------------------|------------------------|------------------------|
| <b>2.2 Coal (specify quality and where used)</b> | NIL                    | NIL                    |
| <b>2.3 Furnace Oil</b>                           |                        |                        |
| Qtr. (Ltrs)                                      | 1,076,438              | 1,236,940              |
| Total Amount RS.' 000                            | 29,777                 | 26,019                 |
| Avg. Rate                                        | 27.66                  | 21.03                  |
| <b>2.4 Other / Internal Generation</b>           |                        |                        |
| Natural Gas                                      |                        |                        |
| Qty. (M <sup>3</sup> )                           | 1,569,406              | 1,555,479              |
| Total Cost                                       | 42,161                 | 33,707                 |
| Rate / Unit                                      | 26.86                  | 21.67                  |
| <b>2.5 Consumption per Ton</b>                   |                        |                        |
| Electricity Units                                | 355                    | 349                    |
| Furnace Oil Ltrs.                                | 12                     | 13                     |
| Natural Gas M <sup>3</sup>                       | 33                     | 31                     |

### 3. Particulars as per Form B

#### 3.1 Activities carried out at the Research and Development Center during the year 2009.

- Developed several new products as per customer/market demand including primary polymer grade and alloys.
- Improved / modified 10 (ten) ABS / SAN grades conforming to the market demand in terms of critical property profiles, which have successfully launched and commercialized in the market.
- R & D's Application and Development centre (CAD/CAE division) has provided an excellent service and support to some overseas facilities by way of carrying out Moldflow analysis on time bound basis, generating some revenue.
- R&D continues to support plants and quality control department in terms of testing and analysis of various grades to reconfirm the properties vis-à-vis the customers' requirement.
- Keeping a close monitoring of styrenic products / business / competitors information or any major developments related to styrenic products globally and distributing the same as a knowledge management to the concerned officials within the group companies world over.

#### 3.2 Expenditure on R & D

Rs. '000

|                                               |        |
|-----------------------------------------------|--------|
| a) Capital                                    | 1,756  |
| b) Recurring                                  | 8,408  |
| c) Total                                      | 10,164 |
| d) Total R & D expenditure as a percentage of |        |
| : Gross Turnover                              | 0.16   |
| : Net Turnover                                | 0.18   |

### 4. Technology absorption, adoption and innovation

- Fast-track work of Agglomeration Project to support our much needed 80 KT expansion project of ABS at Nandesari.  
Carried out extensive trials and subsequent analysis of property profiling, related to agglomeration project based on the recommendation from Germany to implement the same method in our plant which not only reduce the cost, but the time as well. A well organized and dedicated support from R&D resulted in implementing this project at our Nandesari plant at a speedy stage.

### 5. Foreign exchange earning and outgo

5.1 The Company is growing its market base. Consistent efforts are being made to find new avenues for exports.

#### 5.2 Total foreign exchange earned and outgo

Rs. '000

|                                          |           |
|------------------------------------------|-----------|
| a) FOB value of exports made (incl. SEZ) | 872       |
| b) Exchanged Earned                      | —         |
| c) Exchange Outgo                        | 14,355    |
| d) CIF Value of Imports made             | 3,052,485 |

## Annexure II to the Directors' Report

Particulars of employees pursuant to the provisions of Sec 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31<sup>st</sup> December, 2009.

| Name                 | Mr. R S Agrawal                                                                  | Mr. L. Sundar                                           |
|----------------------|----------------------------------------------------------------------------------|---------------------------------------------------------|
| Age                  | 63                                                                               | 60                                                      |
| Qualification        | MS (Chemical-Engineering)<br>Stevens Institute of Technology,<br>New Jersey, USA | BE (Chemical) & PGDBM (IIMA)                            |
| Date of Employment   | 7.12.1973                                                                        | 5.4.1995                                                |
| Designation          | Managing Director                                                                | Executive Vice President (Marketing)                    |
| Remuneration         | *25,319 (Rs.'000)                                                                | 2,892 (Rs. '000)                                        |
| Experience           | 36                                                                               | 30                                                      |
| Last employment      | N. A.                                                                            | Sr. Mgr - IPCL                                          |
| Nature of Employment | Contractual                                                                      | Whole-time employment                                   |
|                      | Mr. R S Agrawal is holding 'NIL'<br>shares of the Company                        | Mr. L. Sundar is holding 'NIL'<br>shares of the Company |

Remuneration includes salary, contribution to Provident Fund and other benefits / perquisites as per Company's Rules.

\*Includes Rs.13,500 thousands towards annual performance bonus payable for the year 2009.

For and on behalf of the Board

Vadodara  
February 26, 2010

**Dr. Gerhard Franken**  
Chairman

## Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

### 1. Company's philosophy on Code of Governance

The Company's philosophy of Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and in meeting its obligations to stakeholders, and is guided by a strong emphasis on transparency, accountability and integrity. For several years, the Company has adopted a codified Corporate Governance Charter, which is in line with the best practice, as well as meets all the relevant legal and regulatory requirements. All Directors and employees are bound by Code of Conduct and the associated standards of Conduct that sets out the fundamental standards to be followed in all actions carried out on behalf of the Company.

### 2. Board of Directors

#### • Composition and size of the Board

The Board comprises of seven directors including one alternate director. The Company has a Non-executive Chairman. The Managing Director under the supervision and control of the Board of Directors manages the Company. The Board of the Company has an optimum mix of Non-executive and Independent Directors. The Non-executive Directors are professionals, having expertise in general corporate management, legal, finance, banking and other allied fields. The Board composition confirms to the regulatory requirement mandated.

#### • Board meetings and attendance

Four Board meetings were held in the year 2009 and the gap between two Board meetings did not exceed four months. The annual calendar of Board meetings is agreed upon at the beginning of each year.

The information as required under Annexure I to Clause 49 of the Listing Agreement is made available to the Board. The agenda and the papers for consideration at the Board meeting are circulated at least one week prior to the meeting. Adequate information is circulated as part of the Board papers and is also made available at the Board meeting to enable the Board to take informed decisions.

The dates on which meetings were held are as follows:

| Sr. No. | Date of Meeting                 | Board Strength | No. of Directors present |
|---------|---------------------------------|----------------|--------------------------|
| 1       | 12 <sup>th</sup> February, 2009 | 6              | 5                        |
| 2       | 20 <sup>th</sup> April, 2009    | 6              | 5                        |
| 3       | 27 <sup>th</sup> July, 2009     | 6              | 6                        |
| 4       | 30 <sup>th</sup> October, 2009. | 6              | 6                        |

- Attendance of each Director at the Board meetings and last Annual General Meeting (AGM) and the number of companies and committees where he is a Director / Member (as on the date of the Directors' Report)

| Name of Director                                                 | Category | Number of Board Meeting attended | Number of Committee Membership(s) / Chairmanship(s)+ |          | Number of Directorship held* | Attendance at last AGM 20/04/2009 |
|------------------------------------------------------------------|----------|----------------------------------|------------------------------------------------------|----------|------------------------------|-----------------------------------|
|                                                                  |          |                                  | Member                                               | Chairman |                              |                                   |
| Dr. Gerhard Franken                                              | NED      | 4                                | -                                                    | -        | 1                            | Yes                               |
| Mr. R S Agrawal                                                  | MD       | 4                                | 1                                                    | -        | 1                            | Yes                               |
| Mr. Sharad M Kulkarni                                            | NED(I)   | 4                                | 8                                                    | 6        | 11                           | Yes                               |
| Mr. Andrew Pizzey                                                | NED      | 3                                | -                                                    | -        | 1                            | No                                |
| Mr. Jal R Patel                                                  | NED(I)   | 4                                | 5                                                    | 4        | 7                            | Yes                               |
| Mr. Ravindra Kulkarni                                            | NED(I)   | 3                                | 6                                                    | 4        | 9                            | Yes                               |
| Mr. Arindam Ghosh #<br>(Alternate Director to Mr. Andrew Pizzey) | NED      | -                                | -                                                    | -        | 1                            | N.A.                              |

MD -Managing Director, NED - Non-Executive Director, NED(I) - Non-Executive Independent Director.

- \* Directorship mentioned above includes Directorship in INEOS ABS (India) Limited and excludes Private Limited and Foreign Companies.
- + Committees considered as per clause 49 of the Listing Agreement are Audit Committee, Shareholders' Grievance Committee, Remuneration Committee and Employee Stock Option Committee including in INEOS ABS (India) Limited.
- # Mr. Arindam Ghosh has resigned from Alternate Directorship of Mr. Andrew Pizzey effective from 26th February, 2010.
- **Directors with materially significant related party transactions, pecuniary or business relationship with the Company.**

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors that may have potential conflict with the interests of the Company at large.

- **Responsibilities**

Managing Director: Mr. R S Agrawal, Managing Director of the Company, is responsible for the overall management of the Company. He is the only full time executive representative from the Board of Directors. He periodically makes presentations and appraises the Board about the performance of the Company.

Independent Directors: The Independent Directors play a vital role in vetting issues / decision making at the Audit Committee / Board Meetings and bring to the Company their wide experience in the field of corporate management, accounts, finance, taxation, audit, secretarial & legal and information management.

The Company has three Independent Directors on the Board. The Audit Committee is composed of Non-executive Independent Directors. Independent Directors have unfettered and complete access to all the information of the Company.

- **Details of Directors being re-appointed**

As per the Statute, two third of the Directors should be retiring directors. One third of these retiring directors are required to retire every year and if eligible, these Directors qualify for reappointment.

Mr. Andrew Pizzey and Mr. Jal R Patel, who retire by rotation, at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. Resolution for each of them appear separately in the AGM Notice.

The brief profile of each of the directors who retire by rotation and being eligible has offered himself for reappointment is given below:

**Mr. Andrew Pizzey**

Mr. Andrew Pizzey is a bachelor in banking & finance and also a qualified Chartered Accountant (ICAEW). He has 18 years experience in accountancy and finance, spending 13 years with PwC in audit and advisory roles working in the UK and Australia. Andrew was formerly CFO of INEOS Films & Compounds and is currently CFO of INEOS ABS.

| Sr. No. | Name of Companies          | Nature of Interest |
|---------|----------------------------|--------------------|
| 1       | INEOS ABS (India) Limited  | Director           |
| 2       | INEOS ABS (Jersey) Limited | Director           |
| 3       | INEOS ABS (Spain) S.L.     | Director           |
| 4       | INEOS ABS (UK) Ltd.        | Director           |

**Mr. Jal R Patel**

Mr. Jal R Patel is a Chartered Accountant and a Company Secretary, having more than 47 years of rich corporate experience in the field of Finance / Commercial and Corporate Administration. He has been Managing Director of FAG Bearings India Ltd, Baroda between 1977 to 1997. Thereafter, was elevated to the post as Vice Chairman & Managing Director and has retired as Chairman (Non-Executive) from the Company. At present, he is on the Board of many other companies as a Director and is an Advisor to Goradia group of Companies, Baroda. He is a past President and Managing Committee member of Federation of Gujarat Industries and has been also Past President and Governing Body Member of Gujarat Employers' Organisation. He is immediate past Chairman and Member, Board of Governors, United Way of Baroda. He holds membership and is a Trustee of various Trusts and Social Organizations in and around Baroda.

| Sr. No. | Name of Companies                   | Nature of Interest |
|---------|-------------------------------------|--------------------|
| 1       | Gujarat Gas Ltd.                    | Director           |
| 2       | ABC Bearings Ltd.                   | Director           |
| 3       | Mipco Seamless Rings (Gujarat) Ltd. | Director           |
| 4       | Shri Dinesh Mills Limited           | Director           |
| 5       | INEOS ABS (India) Ltd.              | Director           |
| 6       | Eimco-Elecon India Limited          | Director           |
| 7       | Munjal Auto Industries Ltd.         | Director           |

### 3. Audit Committee

- Terms of Reference

The terms of reference of this Committee are wide enough to cover the matters specified for audit committees under Clause 49 of the Listing Agreements, as well as in Section 292A of the Companies Act, 1956, and are as follows:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- to review with Management the financial statements at the end of a quarter, half year and the annual financial statements before submission to the Board for approval, focusing particularly on:
  - matters required to be included in the Director's Responsibility Statement which form part of the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956;
  - changes, if any, in accounting policies and practices and reasons for the same;
  - major accounting entries involving estimates based on the exercise of judgment by management;
  - significant adjustments made in the financial statements arising out of audit findings;
  - compliance with listing and other legal requirements relating to financial statements;
  - disclosure of any related party transactions; and
  - qualifications in the draft audit report.
- to consider the appointment or re-appointment of the statutory auditors, the audit fee, any questions of resignation or dismissal and payment to statutory auditors for any other services rendered by them;
- to discuss with the statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any area of concern (in absence of management where necessary);
- reviewing, with management, performance of statutory and internal auditors, adequacy of the internal control systems and discuss the same periodically with the statutory auditors, prior to the Board making its statement thereon;
- reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- discussion with internal auditors on any significant findings and follow up thereon;
- reviewing the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- to review the functioning of the Whistle Blower mechanism, in case the same is existing;
- to review the external auditors' audit reports and presentations and management's response thereto;

- l) to ensure co-ordination between the internal and external auditors, and to request internal audit to undertake specific audit projects, having informed management of their intentions;
- m) to consider any material breaches or exposure to breaches of regulatory requirements or of ethical codes of practice to which the Company subscribes, or of any related codes, policies and procedures, which could have a material effect on the financial position or contingent liabilities of the Company;
- n) to review policies and procedures with respect to directors' and officers' expense accounts, including their use of corporate assets, and consider the results of any review of these areas by the internal auditors or the external auditors;
- o) to consider other topics, as defined by the Board;
- p) to review the following information:
  - i) Management discussion and analysis of financial condition and results of operations;
  - ii) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - iii) Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - iv) Internal audit reports relating to internal control weaknesses; and
  - v) The appointment, removal and terms of remuneration of the Chief Internal Auditor.

• **Details of the composition of the Audit Committee and attendance of Members are as follows:**

The Audit Committee comprises of Independent Directors and their meetings were held on 12<sup>th</sup> February, 2009, 20<sup>th</sup> April, 2009, 27<sup>th</sup> July, 2009 and 30<sup>th</sup> October, 2009.

| Name                  | Designation | Category of Directorship    | Attendance out of four meetings held |
|-----------------------|-------------|-----------------------------|--------------------------------------|
| Mr. Sharad M Kulkarni | Chairman    | Non-executive & Independent | 4                                    |
| Mr. Jal R Patel       | Member      | Non-executive & Independent | 4                                    |
| Mr. Ravindra Kulkarni | Member      | Non-executive & Independent | 3                                    |

The Managing Director, Finance Head, the Statutory Auditors and Internal Auditors are invitees to the meeting. The Company Secretary acts as Secretary to the Committee.

The Chairman of the Audit Committee, Mr. Sharad M Kulkarni, was present at the Annual General Meeting of the Company held on 20<sup>th</sup> April, 2009.

#### 4. Remuneration Committee

A Remuneration Committee has been constituted by the Board on specific need basis. The Board of Directors has appointed a committee specific for the purpose of fixing the Managing Director's remuneration. The Committee consists of 1) Mr. Sharad M Kulkarni, 2) Mr. Jal R Patel and 3) Mr. Ravindra Kulkarni as members. The proposed terms and conditions of remuneration payable have been recommended by the committee at its meeting held on 27<sup>th</sup> July, 2009.

Brief description of terms of reference of the Committee is as under:

- Recommend compensation payable to the Managing Director.
- Perform such other functions consistent with applicable regulatory requirements.

Mr. R S Agrawal's remuneration as Managing Director with effect from 1.1.2010 to 31.12.2011 has been recommended by the Remuneration Committee and the Board has approved the same at its meeting held on July 27, 2009 subject to the shareholders approval and the same is proposed in the AGM notice as special business at item 6.

The Audit Committee at its meeting held on 27<sup>th</sup> July, 2009 has also reviewed and recommended the proposed resolution.

## 5. Remuneration to Directors

### • Remuneration to Managing Director

The remuneration paid to the Managing Director is recommended by the Remuneration Committee and approved by the Board of Directors subject to the approval by the shareholders in the general meeting and such other authorities, as the case may be.

Except Mr. R S Agrawal, Managing Director, who is in the whole-time employment of the Company, none of the Directors on the Board are paid any remuneration. The remuneration paid to the Managing Director during the year ended 31st December, 2009:

| Components                                                                                                                                                                                                                                                                                                         | Particulars                                                         | Amount (Rs. In '000) |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|----------------------|
| Fixed Component                                                                                                                                                                                                                                                                                                    | Salary*,<br>Perquisite, Allowances & contribution to Provident Fund | 24,300<br>1,019      |
| Performance Linked                                                                                                                                                                                                                                                                                                 | Commission                                                          | NIL                  |
| Service Contract, notice period and severance fees:<br>Members' approval is sought for appointment of Mr. R.S. Agrawal as a Managing Director for a period from 1.1.2010 to 31.12.2011 as per agenda item no. 6 of the notice published elsewhere.<br>There are no severance fees payable in the service contract. |                                                                     |                      |
| Stock Option                                                                                                                                                                                                                                                                                                       |                                                                     | NIL                  |

\* Includes Rs. 13,500 ('000) towards annual performance award/bonus payable for the year 2009.

### • Remuneration to Non-Executive Directors

Non-executive Directors do not draw any remuneration from the Company. However, Non-executive Independent Directors are entitled to sitting fees for every meeting of the Board, Audit Committee and Shareholder Grievance Committee attended by them. Non-executive Independent Directors are paid sitting fees of Rs. 20,000/- at present for each Board Meeting and Audit Committee Meeting, Rs. 10,000/- for Remuneration Committee Meeting and Rs. 5000/- for Shareholder Grievance Committee meeting attended.

Sitting fees paid during the year ended 31<sup>st</sup> December, 2009.

| Name of Director      | Sitting Fees paid (Rs.) |                    |                                      |                           |
|-----------------------|-------------------------|--------------------|--------------------------------------|---------------------------|
|                       | Board Meeting           | Audit Com. Meeting | Shareholder's Grievance Com. Meeting | Remuneration Com. Meeting |
| Mr. Sharad M Kulkarni | 80,000                  | 80,000             | N.A.                                 | 10,000                    |
| Mr. Jal R Patel       | 80,000                  | 80,000             | 20,000                               | 10,000                    |
| Mr. Ravindra Kulkarni | 60,000                  | 60,000             | N.A.                                 | 10,000                    |

- The Company has not advanced any loan to any of its Directors.
- The Company does not have any Employee Stock Option Plan (ESOP).
- None of the Non-Executive Directors hold any shares of the Company.

## 6. Investors / Shareholders Grievance Committee

The composition of the Investors / Shareholders Grievance Committee is as follows:

| Name of the Member | Designation | Category of Directorship    |
|--------------------|-------------|-----------------------------|
| Mr. Jal R Patel    | Chairman    | Non-Executive & Independent |
| Mr. R S Agrawal    | Member      | Executive                   |

During the year under review, the Committee met four times on 12<sup>th</sup> February, 2009, 20<sup>th</sup> April, 2009, 27<sup>th</sup> July, 2009 and 30<sup>th</sup> October, 2009 and all the members attended the meeting.

Brief description of terms of reference of the Committee is as under:

- Look into the redressal of shareholders' and investors' complaints / grievances like transfer of shares, non receipt of Annual Report, non receipt of declared dividends, etc.
- Review of timely action of transfer, sub-division, consolidation, renewal, exchange or endorsement of share certificates.
- Oversee the performance of the Registrar and Share Transfer Agent and recommend measures for overall improvement in the quality of investor services.
- Ascertain whether the Registrars and Share Transfer Agent (RTA) is sufficiently equipped with infrastructure facilities such as adequate manpower, computer hardware and software, office space, documents handling facility, etc. to serve the shareholders / investors.
- Recommend to the Board, the appointment, reappointment, and if required, the replacement or removal of the Registrar and Share Transfer Agent and fixation of their fees, and
- To carry out any other functions as required by the Listing agreement of the Stock Exchanges, Companies Act, 1956 and other Regulations.

**Name and Designation of Compliance Officer :**

Mr. S M Vaishnav, Company Secretary & VP(Legal)

Phone : 0265 – 2355861- 63

Fax : 0265 – 2341012

Email : secshare@ineosabsindia.co.in

Website : www.ineosabsindia.co.in

**The Complaints received during the year are as follows:**

| Correspondence in the nature of complaints | Q1       | Q2       | Q3       | Q4       | Total    |
|--------------------------------------------|----------|----------|----------|----------|----------|
| Shareholders                               | 0        | 0        | 0        | 1        | 1        |
| SEBI                                       | 0        | 1        | 0        | 1        | 2        |
| Stock Exchanges                            | 0        | 0        | 0        | 0        | 0        |
| Other Regulatory Bodies                    | 0        | 0        | 0        | 0        | 0        |
| <b>Total</b>                               | <b>0</b> | <b>1</b> | <b>0</b> | <b>2</b> | <b>3</b> |

There are no grievances of shareholders' / investors' remaining unresolved as every effort is maintained at all levels to immediately redress investors' grievances without delay. The Company had no transfers pending at the close of the financial year.

M/s. Link Intime (India) Pvt. Ltd., Registrar and Transfer Agent of the Company have certified the status of complaints and communications received during the year.

## 7. General Body Meetings

- Details of the locations of the last three Annual General Meetings (AGM) and details of the resolutions passed or to be passed by Postal Ballot:

| AGM                  | Date       | Year | Time       | Place                                      |
|----------------------|------------|------|------------|--------------------------------------------|
| 34 <sup>th</sup> AGM | 27.04.2007 | 2006 | 12.00 P.M. | ABS Towers,<br>Old Padra Road,<br>Vadodara |
| 35 <sup>th</sup> AGM | 17.04.2008 | 2007 | 11.00 A.M. |                                            |
| 36 <sup>th</sup> AGM | 20.04.2009 | 2008 | 04.30 P.M. |                                            |

All the resolutions, including special resolutions set out in the respective Notices were passed by the shareholders. No Postal Ballots were used for voting at the meeting held during the year under review. At the forthcoming AGM, there is no item on the agenda that needs approval by Postal Ballot.

## 8. Disclosure

- There are no materially significant related party transactions entered into by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.

- Transactions with related parties are disclosed in Note 10 of Schedule 18 to the financial statements in the Annual Report.
- During the last three years, there were no strictures or penalties imposed by either the Securities and Exchange Board of India or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.
- The Code of Conduct applicable to all Directors and employees of the Company has been posted on the Company's website. For the year under review, all Directors and senior management personnel of the Company have confirmed their adherence to the provisions of the said Code.
- **CEO / CFO Certificate**  
The Managing Director and the Chief Financial Officer have submitted to the Board of Directors annual certificate relating to financial reporting and internal controls, in terms of Clause 49 of the Corporate Governance code.

## 9. Means of Communication

- The quarterly results are published in widely circulating national and local dailies. These are not sent individually to the shareholders.

|    | Name of News Paper              | Edition           |
|----|---------------------------------|-------------------|
| 1. | The Financial Express(Gujarati) | Ahmedabad         |
| 2. | Loksatta (Gujarati)             | Vadodara          |
| 3. | The Indian Express              | Vadodara          |
| 4. | Business Standard               | Ahmedabad         |
| 5. | Economic Times                  | Ahmedabad, Mumbai |

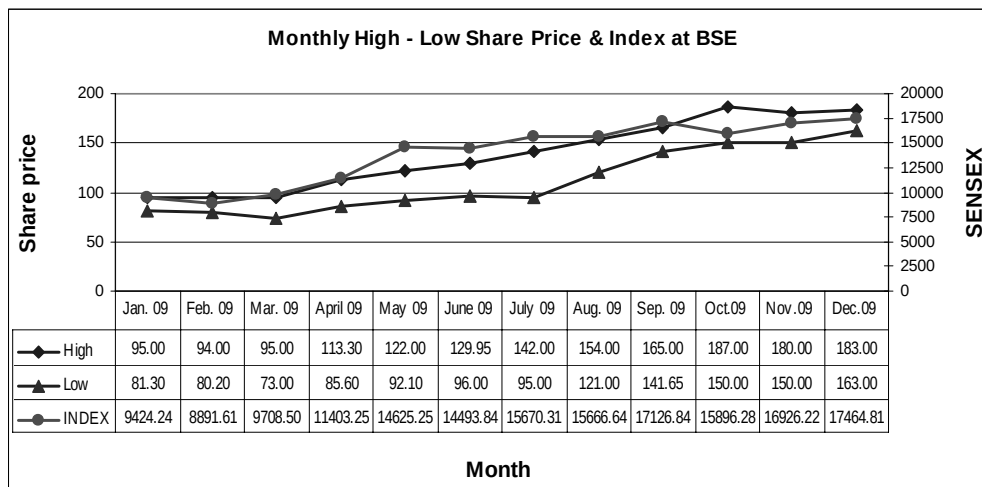
- The Company's results and official news releases are displayed on the Company's website. The Company's website address is [www.ineosabsindia.co.in](http://www.ineosabsindia.co.in).
- The Management Discussion and Analysis Report forms a part of this Annual Report.

## 10. General Shareholder Information

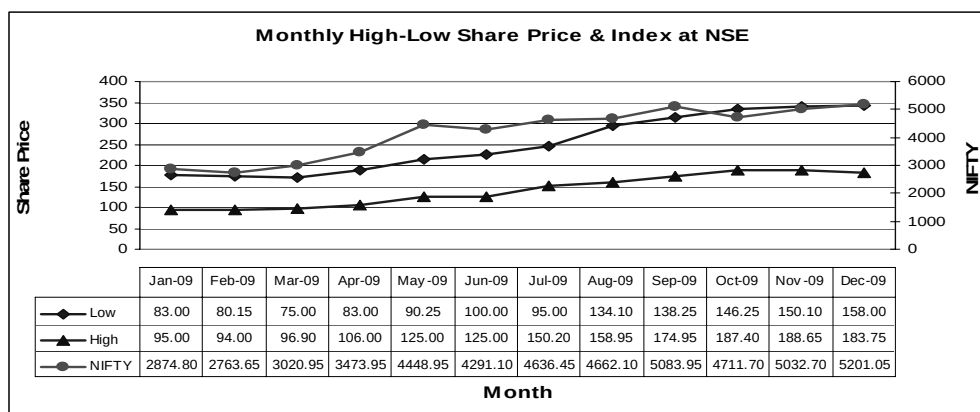
- AGM : Date, Time and Venue 27th April, 2010 at 4.30 p.m. at ABS Towers, Old Padra Road, Vadodara – 390007.
- Financial year : 1st January to 31st December.  
The financial results will be adopted as per the following tentative schedule :  
First Quarter: 27<sup>th</sup> April, 2010  
Second Quarter: 27<sup>th</sup> July, 2010  
Third Quarter: 27<sup>th</sup> October, 2010  
Fourth Quarter: 28<sup>th</sup> February, 2011
- Dividend for the year 2009 The Board of Directors of the Company has recommended a dividend of Rs. 3.50 (@ 35%) per equity share for the year ended December 31, 2009. Dividend when declared at the Annual General Meeting will be paid to the members', whose names appear on the Register of Members as on 19<sup>th</sup> April, 2010.
- Dividend Payment Date 5<sup>th</sup> May, 2010.
- Date of book closure 19<sup>th</sup> April, 2010 (Monday) to 23<sup>th</sup> April, 2010 (Friday) (both days inclusive).
- Corporate Identity Number (CIN) L25200GJ1973PLC002436
- Listing on Stock Exchanges :
  - Bombay Stock Exchange Limited (BSE)  
Scrip Code :506222
  - National Stock Exchange of India Limited. (NSE)  
Scrip Symbol : INEABS  
Listing fees for the year 2009-10 have been paid to both the stock Exchanges within stipulated time.
- ISIN for NSDL & CDSL INE 189B01011
- High/low of market price of the Company's shares traded along with the volumes on The Stock Exchange, Mumbai and on the National Stock Exchange during the calendar year 2009 is furnished below:

| Month    | BSE              |                 |               |          | NSE              |                 |               |         |
|----------|------------------|-----------------|---------------|----------|------------------|-----------------|---------------|---------|
|          | High Price (Rs.) | Low Price (Rs.) | No. of Shares | Sensex   | High Price (Rs.) | Low Price (Rs.) | No. of Shares | Nifty   |
| Jan. 09  | 95.00            | 81.30           | 13738         | 9424.24  | 95.00            | 83.00           | 10772         | 2874.80 |
| Feb. 09  | 94.00            | 80.20           | 12674         | 8891.61  | 94.00            | 80.15           | 8308          | 2763.65 |
| Mar. 09  | 95.00            | 73.00           | 134660        | 9708.50  | 96.90            | 75.00           | 8671          | 3020.95 |
| April 09 | 113.30           | 85.60           | 23778         | 11403.25 | 106.00           | 83.00           | 10735         | 3473.95 |
| May 09   | 122.00           | 92.10           | 96033         | 14625.25 | 125.00           | 90.25           | 40403         | 4448.95 |
| June 09  | 129.95           | 96.00           | 72846         | 14493.84 | 125.00           | 100.00          | 45024         | 4291.10 |
| July 09  | 142.00           | 95.00           | 86568         | 15670.31 | 150.20           | 95.00           | 51266         | 4636.45 |
| Aug. 09  | 154.00           | 121.00          | 71447         | 15666.64 | 158.95           | 134.10          | 63519         | 4662.10 |
| Sep. 09  | 165.00           | 141.65          | 105220        | 17126.84 | 174.95           | 138.25          | 39887         | 5083.95 |
| Oct. 09  | 187.00           | 150.00          | 136964        | 15896.28 | 187.40           | 146.25          | 117629        | 4711.70 |
| Nov. 09  | 180.00           | 150.00          | 39594         | 16926.22 | 188.65           | 150.10          | 23738         | 5032.70 |
| Dec. 09  | 183.00           | 163.00          | 43672         | 17464.81 | 183.75           | 158.00          | 37684         | 5201.05 |

- Share Performance of the Company in comparison to BSE Sensex



- Share Performance of the Company in comparison to NSE Nifty



- Distribution of shareholding as on 31<sup>st</sup> December, 2009

| Shareholding<br>(Nominal value of Rs.) | No. of<br>Shareholders | % to Total<br>Shareholders | No. of Shares     | % to Total<br>shares |
|----------------------------------------|------------------------|----------------------------|-------------------|----------------------|
| 1 - 500                                | 7282                   | 90.01                      | 984,354           | 5.60                 |
| 501 - 1000                             | 404                    | 4.99                       | 317,546           | 1.81                 |
| 1001 - 2000                            | 212                    | 2.62                       | 315,131           | 1.79                 |
| 2001 - 3000                            | 66                     | 0.82                       | 166,733           | 0.95                 |
| 3001 - 4000                            | 19                     | 0.23                       | 66,700            | 0.38                 |
| 4001 - 5000                            | 28                     | 0.35                       | 133,068           | 0.76                 |
| 5001 - 10000                           | 46                     | 0.57                       | 333,324           | 1.90                 |
| 10001 - *****                          | 33                     | 0.41                       | 15,268,769        | 86.83                |
| <b>Total:</b>                          | <b>8090</b>            | <b>100.00</b>              | <b>17,585,625</b> | <b>100.00</b>        |

- Dematerialisation of shares as on 31<sup>st</sup> December, 2009

| Particulars                | 31 <sup>st</sup> December, 2008 |               | 31 <sup>st</sup> December, 2009 |               |
|----------------------------|---------------------------------|---------------|---------------------------------|---------------|
|                            | No. of Shares                   | %             | No. of Shares                   | %             |
| <b>No. of Demat Shares</b> |                                 |               |                                 |               |
| - NSDL                     | 16,642,492                      | 94.64         | 16,543,667                      | 94.07         |
| - CDSL                     | 545,024                         | 3.10          | 679,540                         | 3.86          |
| No. of Physical Shares     | 398,109                         | 2.26          | 362,418                         | 2.06          |
| <b>Total</b>               | <b>17,585,625</b>               | <b>100.00</b> | <b>17,585,625</b>               | <b>100.00</b> |

- Category wise shareholding as on 31<sup>st</sup> December, 2009

| Category                                           | No. of shares     | % of Shareholding |
|----------------------------------------------------|-------------------|-------------------|
| <b>Promoters</b>                                   |                   |                   |
| - Indian Promoters                                 | Nil               | NIL               |
| - Foreign Promoters<br>INEOS ABS (Jersey) Limited. | 14,653,705        | 83.33             |
| <b>Institutional Investors</b>                     |                   |                   |
| - Mutual Funds                                     | 24,255            | 0.14              |
| - Banks, Financial Institutions                    | 19,175            | 0.11              |
| - FIIs                                             | 72,885            | 0.41              |
| - Trusts                                           | 9,890             | 0.06              |
| <b>Others</b>                                      |                   |                   |
| - Corporate bodies                                 | 483,763           | 2.75              |
| - Indian Public                                    | 2,270,286         | 12.91             |
| - NRIs / OCBs                                      | 36,910            | 0.21              |
| - Shares with Depositories                         | 14,756            | 0.08              |
| <b>Grand Total</b>                                 | <b>17,585,625</b> | <b>100.00</b>     |

- Registrar and Share Transfer Agent

**M/s. Link Intime India Private Limited.**

(Unit: INEOS ABS (India) Limited.)

308, 1st Floor, Jaldhara Complex, Opp. Manisha Society,  
Old Padra Road, Vadodara 390015

Tel.: 0265-3249857, 2250241 Fax: 0265-2250246

Email : vadodara@linkintime.co.in, Website : www.linkintime.co.in

- Share transfer system

All the transfers received are processed by the Registrars and Share Transfer Agents and are processed twice in a month or more depending on the volume of transfers. Share transfers are registered and returned within maximum of 30 days from the date of lodgment if documents are complete in all respects.

- Exchange of Share Certificates.

The Shareholders' holding share certificate of Lanxess ABS Limited, Bayer ABS Limited and / or ABS Industries Limited are requested to surrender the same at the Company's registered office at 6th Floor, ABS Towers, Old Padra Road, Vadodara – 390007 to get their share certificates with changed name of the Company i.e. INEOS ABS (India) Limited.

- Unclaimed dividend

Dividend declared for the year 2001, which was unclaimed for a period of seven years, has been transferred to the Investor Education and Protection Fund administered by the Central Government. As such, no claim shall lie in respect thereof.

Dividend declared for the year ended 31.12.2002, which has remained unclaimed is due for transfer to Investor Education and Protection Fund on 2<sup>nd</sup> May, 2010.

- Bank details for the purpose of dividend

Payment of Dividend will be made through Electronic Clearing Service (ECS) at the RBI Centres by crediting the dividend amount to the Bank of the shareholders wherever relevant information is made available to the Company. Members holding shares in physical form and covered under RBI centres, who have not furnished requisite information and who wish to avail of the ECS 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 ECS mechanism.

- Trading Window

In accordance with the Code of Conduct for prevention of insider trading adopted by the Company, Company closes trading window for designated employees from time to time. As per policy, trading window is closed from the third day of the close of the quarter for which financial results are prepared and opened after 3 days of conclusion of Board meeting in which the financial results are approved. The trading window is also closed during and after occurrence of price sensitive events as per the code for prevention of insider trading.

- Outstanding GDRs / ADRs / Warrants or any convertible instruments, likely to impact on equity as on December 31, 2009

Not Issued.

- Office of the Chairman

The Company has a Non-Executive Chairman.

- Plant locations

The Company's plants are located at Nandesari, Katol and Poicha (Moxi) in Gujarat. Please refer page no. 1. of this report for addresses of Plant Locations.

- Address for correspondence

Shareholders' correspondence should be addressed to the Company's Registrars and Share Transfer Agents at the address mentioned above.

Shareholders may also contact Mr. S M Vaishnav, Company Secretary, at the Registered office of the Company for any assistance. Tel.Nos. 0265 - 2355861-63, 2355871-73

Email ID: secshare@ineosabsindia.co.in

Website : www.ineosabsindia.co.in

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

For and on behalf of the Board,

Vadodara  
February 26, 2010

**Dr. Gerhard Franken**  
Chairman

#### **Declaration by the Managing Director under Clause 49 of the Listing Agreement regarding compliance with Business Conduct Guidelines (Code of Conduct)**

In accordance with Clause 49 I D of the Listing Agreement with the Stock Exchanges, I hereby confirm that all the Directors and Senior Management personnel of the Company have affirmed compliance with the Business Conduct Guidelines (Code of Conduct) as applicable to them for the Financial Year ended on 31st December, 2009.

For INEOS ABS (India) Ltd

Vadodara  
February 26, 2010

**R S Agrawal**  
Managing Director

#### **Auditors' Certificate regarding compliance of conditions of Corporate Governance To the Members of INEOS ABS (INDIA) LIMITED**

We have examined the compliance of conditions of Corporate Governance by INEOS ABS (INDIA) LIMITED, for the year ended December 31, 2009 as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Vadodara,  
February 26, 2010

**Uday Shah**  
Partner  
Membership Number F-46061  
For and on behalf of  
Price Waterhouse  
Chartered Accountants

## Management Discussion and Analysis

**INEOS ABS (India) Ltd. is an Indian Corporate of INEOS Global group.**

Your Company plays a key role in enhancing ABS capacity globally for INEOS worldwide markets. Significant contribution by your Company is well acknowledged.

### Structure and Developments

INEOS ABS (India) Ltd has now become part of INEOS global ABS Operations.

INEOS believes that India has an advantage as a major engineering thermoplastics manufacturing hub in Asia. The current rate of growth generated shows great prospects in coming years. When compared to other economies, India's has demonstrated capability to match market demand capable of meeting worldwide competition. Indian operations have better product quality and services capable of maintaining market share and profitability, despite the liberal trade regime.

The volatility in exchange rate of rupee vis-à-vis US-Dollar and uncertainty of availability of imported raw material is a cause of concern. However, your Company has managed to optimise price realisation from the market thereby strengthening bottom line. Buoyant market conditions have helped us to increase our profit share.

Continuous stringent cost cutting measures and rigorous efforts across the levels are made to economize operations, which has enabled us to bring down administrative costs to improve profitability.

### Opportunities and Threats

Developed countries have slowly recovered from the economic setback thanks to the stimulus packages administered. Interestingly, Indian economy has maintained the growth despite global recessionary trends. Positive trend in trade balance coupled with resilient industrial growth have boosted Indian economy confidence levels.

Your Company's products are in demand from sunrise industries in 2/4 wheel Automotive, Electronic / Entertainment and IT products manufacturers and we expect to continue our market leadership and maintain higher standards of quality and services.

Risks are identified on periodical basis and corrective measures are taken, mitigating steps planned out wherever necessary and active focused approach helps us in ensuring minimal impact, if any.

We need to be vigilant, as imported ABS is available at cheaper prices which challenges our customers' base. We certainly will have to strategise and control any erosion in our profitability.

### Products

Our Company's products ABSOLAN and ABSOLAC are continuing to have preferred market choice among the user industries such as Consumer Durables, Automotive, Business Machines, Telecommunications, Electronics and IT related machines. The products may face competition from cheaper imports and local competition.

### Exports

In the present global business scene, exports have not been explored since domestic demand is stronger and remunerative.

### Internal Control Systems

The Company levies greater emphasis on internal control systems. Mandatory compliances are monitored by the concerned head of the functional departments. Continuous interaction periodically among key areas of operations helps in improving compliances. The Managing Director ensures strict statutory compliance across Company operations and certifies the same to the Board of Directors appropriately.

### Human Resource Development and Industrial Relations

Industrial relations continue to be cordial and the Company staff across all levels have significantly contributed towards Company's overall efficiency and productivity. Continuous HR interaction has lead to healthy environment and forged a relationship of mutual trust.

*The above mentioned statements are to be viewed with caution and judicious understanding, as the Company's operations involves inbuilt risk due to uncertain economic conditions and unforeseen events beyond the Company's control. Shareholders' / Investors' ought to give due allowance to the statements accordingly.*

**AUDITORS' REPORT TO THE MEMBERS OF INEOS ABS (INDIA) LIMITED**

1. We have audited the attached Balance Sheet of INEOS ABS (India) Limited , as at December 31, 2009, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - (e) On the basis of written representations received from the directors, as on December 31, 2009 and taken on record by the Board of Directors of the Company, none of the directors is disqualified as on December 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the company as at December 31, 2009;
    - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Uday Shah**

Partner

Membership Number F-46061

For and on behalf of

Price Waterhouse

Chartered Accountants

Mumbai, Dated: February 26, 2010

## ANNEXURE TO AUDITORS' REPORT

**[Referred to in paragraph 3 of the Auditors' Report of even date to the members of INEOS ABS (INDIA) LIMITED on the financial statements for the year ended December 31, 2009]**

1. (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of two years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
2. (a) The inventory (excluding stocks with third parties and materials in transit) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt within the books of account.
3. (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(b) to (iii)(d) of paragraph 4 of the Order are not applicable to the company for the current year.
- (b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable to the company for the current year.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of wealth tax, service tax, customs duty and cess which have not been deposited on account of any dispute. The particulars of dues of sales-tax, excise duty and income-tax as at December 31, 2009 which have not been deposited on account of a dispute, are as follows -

| Name of the statute             | Nature of dues    | Amount under dispute *<br>(Rs. in Lakhs) | Period to which the amount relates | Forum where the dispute is pending     |
|---------------------------------|-------------------|------------------------------------------|------------------------------------|----------------------------------------|
| The Central Sales Tax Act, 1969 | Central Sales Tax | 57.39                                    | 2001                               | Commissioner of Sales Tax (Appeals)    |
| The Central Excise Act, 1944    | Excise Duty       | 0.49                                     | 1996                               | Deputy Commissioner Appeals – Vadodara |
|                                 |                   | 9.82                                     | September 2000 to February 2003    | Additional Commissioner – Vadodara     |
|                                 |                   | 5.40                                     | September 2004 to December 2006    | Additional Commissioner – Vadodara     |
| The Income Tax Act, 1961        | Income Tax        | 1.86                                     | October 2005 to September 2008     | Deputy Commissioner Appeals – Vadodara |
|                                 |                   | 14.69                                    | 1999-2000                          | Honourable High Court of Gujarat       |
|                                 |                   | 98.88                                    | 2001-02                            | Income Tax Appellate Tribunal          |
|                                 |                   | 239.37                                   | 2005-06                            | Commissioner of Income Tax (Appeals)   |

\* Net of amount deposited under protest.

10. The company has no accumulated losses as at December 31, 2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the company.
14. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. The company has not obtained any term loans.
17. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The company has not issued any debentures.
20. The company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

**Uday Shah**

Partner

Membership Number F-46061

For and on behalf of

Price Waterhouse

Chartered Accountants

Mumbai, Dated: February 26, 2010

**Balance Sheet as at December 31, 2009**

(Rupees '000)

|                                                                  | Schedule |                  | As at<br>December<br>31, 2009 | As at<br>December<br>31, 2008 |
|------------------------------------------------------------------|----------|------------------|-------------------------------|-------------------------------|
| <b><u>SOURCES OF FUNDS:</u></b>                                  |          |                  |                               |                               |
| <b>SHAREHOLDERS' FUNDS</b>                                       |          |                  |                               |                               |
| Share Capital                                                    | 1        | 175,856          |                               | 175,856                       |
| Reserves and Surplus                                             | 2        | <u>2,548,443</u> |                               | <u>2,130,556</u>              |
|                                                                  |          |                  | 2,724,299                     | 2,306,412                     |
| <b>DEFERRED TAX LIABILITY (NET)</b>                              |          |                  |                               |                               |
| Deferred Tax Liability                                           |          | 272,254          |                               | 285,944                       |
| Less: Deferred Tax Assets                                        |          | <u>37,342</u>    |                               | <u>9,622</u>                  |
| (Refer Note 5 of Schedule 18)                                    |          |                  | 234,912                       | 276,322                       |
| <b>Total....</b>                                                 |          |                  | <b><u>2,959,211</u></b>       | <b><u>2,582,734</u></b>       |
| <b><u>APPLICATION OF FUNDS:</u></b>                              |          |                  |                               |                               |
| <b>FIXED ASSETS</b>                                              |          |                  |                               |                               |
| Gross Block                                                      | 3        | 3,097,968        |                               | 3,069,796                     |
| Less: Depreciation                                               |          | <u>1,678,220</u> |                               | <u>1,539,555</u>              |
| Net Block                                                        |          | 1,419,748        |                               | 1,530,241                     |
| Capital Work-in-Progress<br>and Advances for Capital Expenditure |          | <u>112,097</u>   |                               | <u>81,784</u>                 |
|                                                                  |          |                  | 1,531,845                     | 1,612,025                     |
| <b>INVESTMENTS</b>                                               |          |                  |                               |                               |
|                                                                  | 4        |                  | 712,849                       | 449,143                       |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>                        |          |                  |                               |                               |
| Inventories                                                      | 5        | 574,900          |                               | 556,524                       |
| Sundry Debtors                                                   | 6        | 854,280          |                               | 736,325                       |
| Cash and Bank Balances                                           | 7        | 372,951          |                               | 315,474                       |
| Loans and Advances                                               | 8        | <u>188,550</u>   |                               | <u>179,022</u>                |
|                                                                  |          | <u>1,990,681</u> |                               | <u>1,787,345</u>              |
| Less: Current Liabilities and Provisions                         |          |                  |                               |                               |
| Current Liabilities                                              | 9        | 1,070,436        |                               | 1,205,243                     |
| Provisions                                                       | 10       | <u>205,728</u>   |                               | <u>60,536</u>                 |
|                                                                  |          | <u>1,276,164</u> |                               | <u>1,265,779</u>              |
| <b>NET CURRENT ASSETS</b>                                        |          |                  | 714,517                       | 521,566                       |
| <b>Total....</b>                                                 |          |                  | <b><u>2,959,211</u></b>       | <b><u>2,582,734</u></b>       |

Notes to the financial statements

18

Schedules referred to above and notes attached thereto form an integral part of the financial statements.

This is the Balance Sheet referred to in our report of even date.

Dr. Gerhard Franken  
ChairmanS.M. Kulkarni  
Director**1 Uday Shah**Partner  
(Membership No. F-46061)R.S. Agrawal  
Managing DirectorJal R. Patel  
DirectorFor and on behalf of  
**Price Waterhouse**  
Chartered AccountantsS.M. Vaishnav  
Company SecretaryAndrew Pizzey  
Director

Vadodara, Dated : February 26, 2010

Vadodara, Dated : February 26, 2010

**Profit and Loss Account for the year ended December 31, 2009**

(Rupees '000)

|                                                           | Schedule                                     | Year Ended<br>December<br>31, 2009 | Year Ended<br>December<br>31, 2008 |
|-----------------------------------------------------------|----------------------------------------------|------------------------------------|------------------------------------|
| <b>INCOME:</b>                                            |                                              |                                    |                                    |
| Sales and Related Income (Gross)                          | 11                                           | 6,062,110                          | 6,890,512                          |
| Less: Excise Duty on sales                                |                                              | 470,803                            | 849,836                            |
| Sales and Related Income (Net)                            |                                              | 5,591,307                          | 6,040,676                          |
| Other Income                                              | 12                                           | 44,473                             | 66,876                             |
|                                                           |                                              | <b>5,635,780</b>                   | <b>6,107,552</b>                   |
| <b>EXPENDITURE :</b>                                      |                                              |                                    |                                    |
| Cost of Materials Consumed (Refer Note 12 of Schedule 18) |                                              | 3,488,135                          | 4,567,178                          |
| Cost of Traded Goods Sold                                 | 13                                           | 2,711                              | 155,615                            |
| Personnel Cost                                            | 14                                           | 200,987                            | 179,288                            |
| Manufacturing and other Expenses                          | 15                                           | 522,456                            | 554,488                            |
| Selling and Distribution Expenses                         | 16                                           | 416,595                            | 286,000                            |
| Depreciation                                              | 3                                            | 144,853                            | 146,537                            |
|                                                           |                                              | 4,775,737                          | 5,889,106                          |
| (Increase)/Decrease in Stocks                             | 17                                           | 110,752                            | (52,493)                           |
|                                                           |                                              | 4,886,489                          | 5,836,613                          |
| <b>PROFIT BEFORE TAX</b>                                  |                                              | <b>749,291</b>                     | <b>270,939</b>                     |
| Provision for Tax                                         | - Current                                    | 300,700                            | 101,000                            |
|                                                           | - Deferred Tax (Refer Note 5 of Schedule 18) | (41,410)                           | (11,200)                           |
|                                                           | - Fringe Benefit Tax                         | 100                                | 1,600                              |
| (Refer note 1(H) of Schedule 18)                          |                                              | 259,390                            | 91,400                             |
| <b>PROFIT AFTER TAX</b>                                   |                                              | 489,901                            | 179,539                            |
| Balance brought forward from the Previous Year            |                                              | 1,175,897                          | 1,065,794                          |
| <b>AMOUNT AVAILABLE FOR APPROPRIATION</b>                 |                                              | <b>1,665,798</b>                   | <b>1,245,333</b>                   |
| <b>APPROPRIATIONS:</b>                                    |                                              |                                    |                                    |
| Proposed Dividend                                         |                                              | 61,550                             | 43,964                             |
| Tax on Proposed Dividend                                  |                                              | 10,464                             | 7,472                              |
| Transferred to General Reserve                            |                                              | 49,000                             | 18,000                             |
| Balance carried to Balance Sheet                          |                                              | 1,544,784                          | 1,175,897                          |
|                                                           |                                              | <b>1,665,798</b>                   | <b>1,245,333</b>                   |
| <b>Earnings Per Share (Basic/Diluted) (Rs.)</b>           |                                              | <b>27.86</b>                       | <b>10.21</b>                       |
| (Refer Note 26 of Schedule 18)                            |                                              |                                    |                                    |

Notes to the financial statements

18

Schedules referred to above and notes attached thereto form an integral part of the financial statements.

This is the Profit &amp; Loss Account referred to in our report of even date.

Dr. Gerhard Franken  
ChairmanS.M. Kulkarni  
Director**Uday Shah**Partner  
(Membership No. F-46061)R.S. Agrawal  
Managing DirectorJal R. Patel  
DirectorFor and on behalf of  
**Price Waterhouse**  
Chartered AccountantsS.M. Vaishnav  
Company SecretaryAndrew Pizzey  
Director

Vadodara, Dated : February 26, 2010

Vadodara, Dated : February 26, 2010

## Cash Flow Statement for the year ended December 31, 2009.

(Rupees '000)

|                                                                | Year Ended<br>December 31, 2009 | Year Ended<br>December 31, 2008 |
|----------------------------------------------------------------|---------------------------------|---------------------------------|
| <b>A Cash Flow from Operating Activities</b>                   |                                 |                                 |
| Net Profit before Tax                                          | 749,291                         | 270,939                         |
| Adjustments for :                                              |                                 |                                 |
| a) Depreciation                                                | 144,853                         | 146,537                         |
| b) Interest Income                                             | (13,813)                        | (37,167)                        |
| c) Income from Investments-Dividends                           | (27,195)                        | (21,463)                        |
| d) Profit on Fixed Assets sold (Net)                           | (77)                            | -                               |
| e) Provision for Doubtful Debts/ Advances.                     | 1,800                           | 2,027                           |
| f) Bad debts/Advances and Sundry balances written off.         | -                               | 5,983                           |
| g) Provisions for Doubtful Debts/Advances written back.        | -                               | (4,627)                         |
| h) Loss on Fixed Assets Sold/Discarded.(Net)                   | -                               | 1,788                           |
| i) Provision for Contingency                                   | 79,750                          | -                               |
| j) Unrealised (Gain)/Loss.                                     | 562                             | (2,202)                         |
|                                                                | <u>185,880</u>                  | <u>90,876</u>                   |
| Operating Profit before Working Capital Changes                | 935,171                         | 361,815                         |
| Adjustments for changes in Working Capital                     |                                 |                                 |
| a) (Increase)/Decrease in Sundry Debtors and Other Receivables | (167,561)                       | 128,744                         |
| b) (Increase)/Decrease in Inventories                          | (18,376)                        | 128,805                         |
|                                                                | <u>(185,937)</u>                | <u>257,549</u>                  |
| c) Increase/(Decrease) in Trade and Other Payables             | <u>(131,964)</u>                | <u>(268,432)</u>                |
| Cash generated from operations                                 | 617,270                         | 350,932                         |
| Taxes Paid (Net)                                               | <u>(221,397)</u>                | <u>(106,802)</u>                |
|                                                                | <u>(221,397)</u>                | <u>(106,802)</u>                |
| <b>Net cash from Operating Activities</b>                      | <u><b>395,873</b></u>           | <u><b>244,130</b></u>           |
| <b>B Cash Flow from Investing Activities</b>                   |                                 |                                 |
| a) Purchase of Fixed Assets                                    | (84,629)                        | (115,829)                       |
| b) Proceeds from sale of Fixed Assets                          | 20,033                          | 1,046                           |
| c) Interest Received                                           | 14,152                          | 35,072                          |
| d) Purchase of Investments                                     | (3,794,542)                     | (1,613,497)                     |
| e) Proceeds from sale of Investment                            | 3,530,836                       | 1,401,799                       |
| f) Dividend Received                                           | 27,195                          | 21,463                          |
| <b>Net Cash used in Investing Activities</b>                   | <u><b>(286,955)</b></u>         | <u><b>(269,946)</b></u>         |
| <b>C Cash flow arising from Financing Activities</b>           |                                 |                                 |
| a) Dividend Paid                                               | (43,969)                        | (52,703)                        |
| b) Dividend Tax Paid                                           | (7,472)                         | (8,966)                         |
| <b>Net cash used in Financing Activities</b>                   | <u><b>(51,441)</b></u>          | <u><b>(61,669)</b></u>          |
| Net Increase/(Decrease) in Cash and Cash Equivalents A+B+C     | 57,477                          | (87,485)                        |
| Add-Balance at the beginning of the year                       | 315,474                         | 402,959                         |
| <b>Cash and Cash Equivalents at the end of the year</b>        | <u><b>372,951</b></u>           | <u><b>315,474</b></u>           |
| <b>Cash and Cash Equivalents comprise:</b>                     |                                 |                                 |
| Cash in hand                                                   | 150                             | 187                             |
| Balance with Scheduled banks                                   | 372,781                         | 315,267                         |
| Balance with Non-Scheduled banks                               | 20                              | 20                              |

- The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard-3, Cash Flow Statements, issued by the Institute of Chartered Accountants of India.
- Cash and Cash Equivalents include Rs. 3,002 ('000) (Previous year Rs. 3,007 ('000)) which are not available for use by the Company. (Refer Schedule 7).
- Figures for the previous year have been regrouped and reclassified wherever necessary, to confirm to the current year's classification.

This is the Cash Flow referred to in  
our report of even date.

**Uday Shah**

Partner  
(Membership No. F-46061)

For and on behalf of

**Price Waterhouse**  
Chartered Accountants

Vadodara, Dated : February 26, 2010

Dr. Gerhard Franken  
Chairman

R.S. Agrawal  
Managing Director

S.M. Vaishnav  
Company Secretary

Vadodara, Dated : February 26, 2010

S.M. Kulkarni  
Director

Jal R. Patel  
Director

Andrew Pizzey  
Director

**Schedules forming part of the Balance Sheet  
as at December 31, 2009**

(Rupees '000)

**Schedule 1****SHARE CAPITAL****Authorised**

50,000,000 Equity Shares of Rs. 10 each

**As at  
December  
31, 2009**

**As at  
December  
31, 2008**

500,000

500,000

**Issued, Subscribed and Paid up**17,585,625 (Previous Year 17,585,625) Equity Shares  
of Rs. 10 each fully paid-up

175,856

175,856

Of the above Equity Shares :

- a) 3,669,550 (Previous Year 3,669,550) Shares are  
allotted as fully paid up Bonus Shares by capitalisation  
of Rs. 17,000 ('000) out of General Reserve and  
Rs. 19,695 ('000) out of premium received on shares.
- b) 14,653,705 (Previous Year 14,653,705) Shares are held by  
Ineos ABS (Jersey) Limited, the Holding company.

**Total.....****175,856****175,856****Schedule 2****RESERVES & SURPLUS**

Capital Reserve :

Profit on re-issue of Forfeited Shares

As per last Balance Sheet

14

14

Share Premium Account :

As per last Balance Sheet

432,839

432,839

General Reserve :

As per last Balance Sheet

521,806

503,806

Add: Transfer from Profit and Loss account

49,000

18,000

570,806

521,806

Profit and Loss Account

1,544,784

1,175,897

**Total.....****2,548,443****2,130,556**

**Schedules forming part of the Balance Sheet  
as at December 31, 2009**

**Schedule 3**

**FIXED ASSETS** (Refer note 1(B) of Schedule 18)

(Rupees '000)

| Description                                | Gross Block         |               |                           |                     | Depreciation        |                 |                           |                     | Net Block           |                     |
|--------------------------------------------|---------------------|---------------|---------------------------|---------------------|---------------------|-----------------|---------------------------|---------------------|---------------------|---------------------|
|                                            | AS AT<br>01/01/2009 | Additions     | Deductions/<br>Adjustment | AS AT<br>31/12/2009 | AS AT<br>01/01/2009 | For the<br>Year | Deductions/<br>Adjustment | AS AT<br>31/12/2009 | AS AT<br>31/12/2009 | AS AT<br>31/12/2008 |
| Freehold Land                              | 6,062               | -             | -                         | 6,062               | -                   | -               | -                         | -                   | 6,062               | 6,062               |
| Leasehold Land                             | 17,143              | -             | -                         | 17,143              | 1,917               | 240             | -                         | 2,157               | 14,986              | 15,226              |
| Buildings                                  | 347,229             | 9,059         | 19,831                    | 336,457             | 74,489              | 10,438          | 2,905                     | 82,022              | 254,435             | 272,740             |
| Plant & Machinery &<br>Factory Equipments  | 2,577,165           | 44,916        | 82                        | 2,621,999           | 1,395,092           | 126,756         | 45                        | 1,521,803           | 1,100,196           | 1,182,073           |
| Furniture, Fixtures &<br>Office Equipments | 91,984              | 341           | 6,231                     | 86,094              | 55,877              | 4,718           | 3,238                     | 57,357              | 28,737              | 36,107              |
| Vehicles                                   | 30,213              | —             | —                         | 30,213              | 12,180              | 2,701           | —                         | 14,881              | 15,332              | 18,033              |
| <b>Sub-Total</b>                           | <b>3,069,796</b>    | <b>54,316</b> | <b>26,144</b>             | <b>3,097,968</b>    | <b>1,539,555</b>    | <b>144,853</b>  | <b>6,188</b>              | <b>1,678,220</b>    | <b>1,419,748</b>    | <b>1,530,241</b>    |
| Previous Year                              | 2,799,782           | 276,533       | 6,519                     | 3,069,796           | 1,396,703           | 146,537         | 3,685                     | 1,539,555           |                     |                     |
| Capital Work- in<br>Progress               |                     |               |                           |                     |                     |                 |                           |                     | 112,097             | 81,784              |
| <b>Total</b>                               |                     |               |                           |                     |                     |                 |                           |                     | <b>1,531,845</b>    | <b>1,612,025</b>    |

**NOTES:**

- Buildings include cost of shares of the face value of one thousand Rupees.
- Buildings include office premises at Mumbai amounting to Rs. 375 ('000) (previous Year Rs. 375 ('000)) the titles whereof are not yet clear. The Company has filed a civil suit against the vendor for title.
- Capital Work-in-Progress includes advances paid amounting to Rs. 31,563 ('000) [Previous year Rs. 20,331 ('000)] for procurement of capital goods.

**Schedules forming part of the Balance Sheet  
as at December 31, 2009**

(Rupees '000)

**Schedule 4****INVESTMENTS (At Cost)**

(Refer Notes 1 (C) and 22 of Schedule 18)

**LONG TERM (Non Trade)****UNQUOTED :**

1,000 Shares of Rs. 25 each of Co-operative Bank  
of Baroda Limited fully paid- up.

25

25

**QUOTED**

5,000 (Previous Year 5,000) Equity Shares of  
Bank of Baroda of Rs.10 each fully paid- up.

425

425

**CURRENT INVESTMENT (Non Trade)****UNQUOTED**

12,591(Previous year 84,318) Units of UTI Liquid Cash Plan Institutional  
Daily Income Option Reinvestment (Face Value of Rs. 1,000 each)

12,836

85,958

360,671 (Previous Year 252,496) Units of UTI Treasury Advantage  
Fund Institutional Daily Income Option Reinvestment  
(Face Value of Rs. 1,000 each)

360,751

252,551

2,225,618 (Previous Year 3,000,000) Units of UTI Fixed Income  
Interval Fund-Quarterly Interval Plan Series-I Institutional Dividend  
Plan Payout (Face Value of Rs. 10 each)

22,256

30,000

Nil (Previous Year 5,000,000) Units of UTI Short Term Fixed  
Maturity Plan Series -II -II (90 Days)-Institutional Dividend Plan Payout  
(Face Value of Rs. 10 each)

-

50,000

Nil (Previous Year 2,000,000) Units of SBI Mutual Fund L183D SBI  
Debt Fund Series -90 Days-32-Dividend (Face Value of Rs.10 each)

-

20,000

3,186,911(Previous Year Nil) Units of UTI Fixed Income Interval Fund  
Monthly Interval Plan Series I Dividend Reinvestment  
( Face value of Rs.10 each)

31,869

-

1,383,102 (Previous Year Nil) Units of SBI Mutual Fund L030DD SBI-  
Magnum Insta Cash Fund -Daily Dividend Option  
(Face Value of Rs. 10 each)

23,168

-

21,048,784 (Previous year Nil)Units of SBI Mutual Fund L147ID SBI SHF  
Ultra Short Term Fund Institutional Plan Daily Dividend Option  
(Face Value of Rs. 10 each)

210,614

-

Nil (Previous Year 855) Units of HSBC Liquid Plus Institutional-  
Daily Dividend (Face value of Rs. 10 each)

-

9

Nil (Previous Year 1,016,233) Units of HSBC Liquid Plus -Insttutional-  
Daily Dividend (Face value of Rs. 10 each)

-

10,175

429,524 (Previous Year Nil) Units of ICICI Prudential Liquid  
Plan Institutional Plus Daily Dividend Option (Face value of Rs. 10 each)

50,905

-

**Total....****712,849****449,143**

1. Aggregate book value of quoted investments (Market  
value Rs. 2,556 ('000) (Previous Year Rs. 1,402 ('000))

425

425

2. Aggregate book value of unquoted investments

712,424

448,718

**712,849****449,143**

**Schedules forming part of the Balance Sheet  
as at December 31, 2009**

(Rupees '000)

**Schedule 5****INVENTORIES**

(Refer note 1(D) of Schedule 18)

|                                                             | As at<br>December<br>31, 2009 | As at<br>December<br>31, 2008 |
|-------------------------------------------------------------|-------------------------------|-------------------------------|
| Stores and Spares and Furnace Oil                           | 32,265                        | 45,724                        |
| Raw Materials (including material in transit)               | 420,562                       | 266,940                       |
| Packaging Materials                                         | 3,148                         | 2,246                         |
| Work-in-Process                                             | 24,653                        | 55,990                        |
| Finished Products (including stock with Consignment Agents) | 94,272                        | 185,624                       |

(Refer Note 14 of Schedule 18)

**Total....****574,900****556,524****Schedule 6****SUNDRY DEBTORS**

Unsecured

Debts outstanding for a period exceeding six months

Considered Good

Considered Doubtful

6,774

20,473

27,247

20,473

Less: Provision for Doubtful Debts

6,774

Other Debts

Considered Good

Considered Doubtful

847,506

2,027

849,533

2,027

Less: Provision for Doubtful Debts

847,506

**Total....****854,280****736,325****Schedule 7****CASH AND BANK BALANCES**

Cash on Hand

With Scheduled Banks

In Current Accounts

In Deposit Accounts

In Unclaimed Dividend Accounts \*

150

124,975

244,804

3,002

372,781

With Non-Scheduled Bank

(Co-operative Bank of Baroda Ltd.)

In Current Account.

20

[Maximum balance during the year Rs. 20 ('000)]

(Previous Year Rs. 20 ('000))]

**Total ...****372,951****315,474**

\* Not available for use by the Company

**Schedules forming part of the Balance Sheet  
as at December 31, 2009**

(Rupees '000)

**Schedule 8****LOANS AND ADVANCES**

(Unsecured and considered good unless otherwise stated)  
Advances recoverable in cash or in kind or for value to be received

Considered Good (Refer Note 23 of Schedule 18)

Considered Doubtful

Less: Provision for Doubtful Advances

Balance with Excise Authorities

Balance with Customs Authorities

Advance Payment of Income Tax

[Previous year Net of provision of  
Rs. 1,044,640 ('000)]

Interest income accrued but not due

**Total.....**

**Schedule 9****CURRENT LIABILITIES**

Acceptances

Sundry Creditors

- Micro and Small Enterprises (Refer Note 20 of Schedule 18)

- Others

Interest Accrued but not due

Unclaimed Dividend \*

Other Liabilities

**Total.....**

\* There are no amount due and outstanding to be credited to  
Investor Education and Protection Fund.

**Schedule 10****PROVISIONS**

Provision for Income Tax [Net of Advance Income Tax Rs. 1,303,976('000)]

Provision for Leave Encashment

Provision for Contingency (Refer Note 25 of Schedule 18)

Proposed Dividend

Tax on Proposed Dividend

**Total.....**

|  | As at<br>December<br>31, 2009 | As at<br>December<br>31, 2008 |
|--|-------------------------------|-------------------------------|
|  | 126,134                       | 106,667                       |
|  | 2,518                         | 1,718                         |
|  | 128,652                       | 108,385                       |
|  | 2,518                         | 1,718                         |
|  | 126,134                       | 106,667                       |
|  | 58,921                        | 29,596                        |
|  | 1,326                         | 2,312                         |
|  | -                             | 37,939                        |
|  | 2,169                         | 2,508                         |
|  | <b>188,550</b>                | <b>179,022</b>                |
|  | 536,474                       | 880,806                       |
|  | 47                            | -                             |
|  | 348,470                       | 202,514                       |
|  | 348,517                       | 202,514                       |
|  | 772                           | 3,456                         |
|  | 3,002                         | 3,007                         |
|  | 181,671                       | 115,460                       |
|  | <b>1,070,436</b>              | <b>1,205,243</b>              |
|  | 41,464                        | -                             |
|  | 12,500                        | 9,100                         |
|  | 79,750                        | -                             |
|  | 61,550                        | 43,964                        |
|  | 10,464                        | 7,472                         |
|  | <b>205,728</b>                | <b>60,536</b>                 |

**Schedules forming part of the Profit and Loss Account  
for the year ended December 31, 2009**

(Rupees '000)

**Schedule 11****SALES AND RELATED INCOME**

(Refer note 1 (E) of Schedule 18)

Sales (Refer Note 13 of Schedule 18)

Commission - Indent Business

Storage Charges

**Total.....**
**Year Ended  
December  
31, 2009**
**Year Ended  
December  
31, 2008**

6,057,661

6,881,989

-

256

4,449

8,267

6,062,1106,890,512**Schedule 12****OTHER INCOME**

Service Income - Research &amp; Development

Sundry Receipts

Interest Income (Gross) [Tax Deducted at Source

Rs. 2,462 ('000), (Previous Year Rs. 7,661 ('000))]

(Includes interest from Long term unquoted investments Rs. Nil ('000),  
Previous Year Rs. 20 ('000))

Dividend on long term quoted Investment

Dividend on current unquoted investment

Profit on Fixed Assets sold (Net)

Provisions for Doubtful Debts/Advances written back

**Total.....**

-

292

3,388

3,327

13,813

37,167

45

44

27,150

21,419

77

-

-

4,627

44,47366,876**Schedule 13****COST OF TRADED GOODS SOLD**

Opening Stock

Add: Purchases

Less: Closing Stock

**Total.....**

-

-

2,711

155,615

2,711

155,615

-

-

2,711155,615**Schedule 14****PERSONNEL COST**

Salaries, Wages and Bonus

Contribution to Provident and other Funds (Refer Note 23 of Schedule 18)

Staff Welfare Expenses

**Total.....**

166,856

148,135

14,167

12,706

19,964

18,447

200,987179,288

**Schedules forming part of the Profit and Loss Account  
for the year ended December 31, 2009**

(Rupees '000)

**Schedule 15****MANUFACTURING AND OTHER EXPENSES**

|                                                          | <b>Year Ended<br/>December<br/>31, 2009</b> | <b>Year Ended<br/>December<br/>31, 2008</b> |
|----------------------------------------------------------|---------------------------------------------|---------------------------------------------|
| Stores and Spares consumed                               | 34,610                                      | 19,898                                      |
| Processing Charges                                       | 3,943                                       | 3,773                                       |
| Power and Fuel (Net) (Refer Note 6 of Schedule 18)       | 231,632                                     | 224,330                                     |
| Packing Material                                         | 38,473                                      | 40,410                                      |
| Environment Expenses                                     | 6,591                                       | 3,274                                       |
| Water Charges                                            | 2,303                                       | 2,290                                       |
| Repairs and maintenance:                                 |                                             |                                             |
| Buildings                                                | 5,353                                       | 2,223                                       |
| Plant and Machinery                                      | 19,244                                      | 25,568                                      |
| Others                                                   | <u>2,380</u>                                | <u>3,262</u>                                |
|                                                          | 26,977                                      | 31,053                                      |
| Rent                                                     | 3,804                                       | 3,159                                       |
| Rates & Taxes                                            | 1,807                                       | 1,614                                       |
| Insurance                                                | 6,090                                       | 9,127                                       |
| Printing & Stationery                                    | 1,315                                       | 1,459                                       |
| Communication Expenses                                   | 2,574                                       | 3,514                                       |
| Directors' Sitting Fees                                  | 490                                         | 390                                         |
| Advertisements and Publicity                             | 122                                         | 432                                         |
| Legal and Professional Charges                           | 41,545                                      | 31,881                                      |
| Travelling & Conveyance Expenses                         | 5,036                                       | 6,063                                       |
| Auditors' Remuneration (Refer Note 7 of Schedule 18)     | 2,561                                       | 2,247                                       |
| Donations                                                | 135                                         | 100                                         |
| Loss on Fixed Assets Sold/discarded (Net)                | -                                           | 1,788                                       |
| Foreign Exchange Fluctuation (Net)                       | 3,645                                       | 126,832                                     |
| Bad debts/Advances & Sundry balances written off         | -                                           | 5,983                                       |
| Provision for Doubtful Debts/Advances                    | 1,800                                       | 2,027                                       |
| Provision for Contingency (Refer Note 25 of Schedule 18) | 79,750                                      | -                                           |
| Bank Charges & Other Financial Charges                   | 12,941                                      | 19,161                                      |
| Miscellaneous Expenses                                   | <u>14,312</u>                               | <u>13,683</u>                               |
| <b>Total...</b>                                          | <b><u>522,456</u></b>                       | <b><u>554,488</u></b>                       |

**Schedule 16****SELLING AND DISTRIBUTION EXPENSES**

|                                 |                       |                       |
|---------------------------------|-----------------------|-----------------------|
| Rebates and Discounts           | 218,809               | 112,240               |
| Commission on Sales             | 97,766                | 90,844                |
| Freight and Forwarding Expenses | 100,020               | 82,871                |
| Sales Promotion Expenses        | -                     | 45                    |
| <b>Total....</b>                | <b><u>416,595</u></b> | <b><u>286,000</u></b> |

**Schedule 17****(INCREASE) / DECREASE IN STOCKS**

|                                                             |                        |                        |
|-------------------------------------------------------------|------------------------|------------------------|
| Closing Stock :                                             |                        |                        |
| Finished Products                                           | 94,272                 | 185,624                |
| Work-in-Process                                             | <u>24,653</u>          | <u>55,990</u>          |
|                                                             | 118,925                | 241,614                |
| Less: Opening Stock :                                       |                        |                        |
| Finished Products                                           | 185,624                | 145,888                |
| Work-in-Process                                             | <u>55,990</u>          | <u>42,553</u>          |
|                                                             | 241,614                | 188,441                |
| <b>Excise Duty on Increase/(Decrease) on Finished Goods</b> | <b><u>(11,937)</u></b> | <b><u>680</u></b>      |
| <b>(INCREASE) / DECREASE</b>                                | <b><u>110,752</u></b>  | <b><u>(52,493)</u></b> |
| <b>Total....</b>                                            | <b><u>110,752</u></b>  | <b><u>(52,493)</u></b> |

**Schedule 18**

Notes forming part of the Balance Sheet as at December 31, 2009 and Profit and Loss Account for the year ended December 31, 2009

**1. SIGNIFICANT ACCOUNTING POLICIES:****A. Basis of Accounting**

The Financial Statements are prepared on accrual basis of accounting, in conformity with the applicable accounting principles generally accepted in India, and comply with the applicable accounting standards notified u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Act.

**B. Fixed Assets and Depreciation**

- i) Fixed Assets are stated at cost less accumulated depreciation. Cost comprises of cost of acquisition, cost of improvements and any attributable cost of bringing the asset to the condition for its intended use. Interest on loans taken for procurement of specific assets accrued up to the date of acquisition/installation of the said assets is capitalised.
- ii) Depreciation for the year has been provided on all the fixed assets (except in the case of leasehold land which is being amortised over the period of the lease) on the Straight Line Method at the rates specified as per Schedule XIV to the Companies Act, 1956.

**C. Investments**

- i) Investments, being long term, are stated at cost, less other than temporary diminution in value, if any.
- ii) Current Investments are stated at cost or fair value whichever is lower.
- iii) Income on investment:  
Dividend income is accounted when the right to receive is established.

**D. Inventories**

Inventories are valued at the lower of cost and net realizable values, which are determined as follows:

- i) Raw Materials, Packing Materials, Stores and Spares are valued at weighted average cost after taking credit for CENVAT, wherever applicable.
- ii) Work-in-process and Material-in-transit (including stock lying at terminals) are valued at cost.
- iii) Finished goods and traded goods are valued at lower of cost and net realizable value.
- iv) Customs Duty and Excise Duty as the case may be, are included in the cost of finished products, traded goods and raw materials lying in stock.

**E. Revenue recognition**

The Company recognizes sales at the point of transfer of significant risks and rewards of ownership to the customers. Sales are net of Sales Tax, Excise Duty and returns.

Revenue in respect of Duty Draw back, Insurance and other claims is recognised only when these claims are accepted.

**F. Research and Development:**

Capital expenditure on Research and Development is treated in the same manner as Fixed Assets. The Revenue expenditure on Research and Development is charged off as an expense in the year in which it is incurred.

**G. Foreign Currency Transactions**

The transactions in foreign currencies are accounted at the exchange rate prevailing on the date of transactions. Gain or loss resulting from the settlement of such transaction and from the translation of monetary assets and liabilities denominated in foreign currency are recognised in the Profit and Loss Account. In cases where they relate to acquisition of fixed assets, they are adjusted to carrying cost of such assets. Premium or discount in respect of forward contracts is accounted over the period of contracts. The exchange difference measured by the change in rate between date of inception of forward contract and date of balance sheet is applied on foreign currency amount of the forward contract and is recognized in the profit and loss account.

**H. Taxes on Income****Current Tax**

Current Tax is determined as the amount of tax payable in respect of taxable income for the year.

**Deferred Tax**

Deferred Tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallise.

**Schedule 18 (Contd.)**

Notes forming part of the Balance Sheet as at December 31, 2009 and Profit and Loss Account for the year ended December 31, 2009

**Fringe Benefit Tax:**

Provision for Fringe Benefit Tax has been made in accordance with the applicable Income Tax Laws prevailing for relevant Assessment Years.

**I. Retirement Benefits**

- a) In case of Defined Contribution plans, the Company's contributions to these plans are charged to the Profit and Loss Account as incurred. Liability for Defined Benefit plans is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used for measuring the liability is the Projected Unit Credit method. The obligations are measured as the present value of estimated future cashflows discounted at rates reflecting the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations. The estimate of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors. The expected rate of return of plan assets is the Company's expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations. Plan assets are measured at fair value as at the Balance Sheet date. The Liability for leave encashment and compensated absences is provided on the basis of valuation, as at the Balance Sheet date, carried out by and independent actuary.
- b) Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised in the Profit and Loss Account in the year in which they arise.

**J. Provision and Contingent Liabilities**

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current best estimates.

**K Impairment of Asset**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of asset or the recoverable amount of cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

**2. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:**

- a) Income Tax  
b) Excise Duty  
c) Sales Tax  
d) Bank Guarantee  
e) Claims against the Company not acknowledged as debt

**3. CAPITAL COMMITMENT**

Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Capital Advance)

**4. MANAGERIAL REMUNERATION**

Remuneration to Managing Director :

Salary\*

Contribution to Provident Fund

Monetary value of perquisites

|  | 2009<br>(Rupees '000) | 2008<br>(Rupees '000) |
|--|-----------------------|-----------------------|
|  | 52,068                | 44,359                |
|  | 1,757                 | 1,969                 |
|  | 5,739                 | 5,739                 |
|  | 1,380                 | 1,000                 |
|  | 7,640                 | 87,224                |
|  | 4,218                 | 6,087                 |
|  | 24,300                | 13,300                |
|  | 900                   | 900                   |
|  | 119                   | 119                   |
|  | <b>25,319</b>         | <b>14,319</b>         |

[\* Includes Rs. 13,500 ('000) towards annual performance bonus for the year 2009 in pursuance of the terms of agreement (Previous Year Rs. 2,500 ('000)).]

**Schedule 18 (Contd.)**

**Notes forming part of the Balance Sheet as at December 31, 2009 and Profit and Loss Account for the year ended December 31, 2009**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 2009<br>(Rupees '000)  | 2008<br>(Rupees '000)  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| <b>Computation of Net Profit in accordance with</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                        |                        |
| Section 349 and 309 (5) of the Companies Act, 1956                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                        |                        |
| Profit before taxes as per Profit and Loss Account                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 749,291                | 270,939                |
| Add :                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                        |                        |
| Directors' Sitting Fees                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 490                    | 390                    |
| Managerial Remuneration                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 25,319                 | 14,319                 |
| Loss on Fixed Assets Sold/discarded (Net)                                                                                                                                                                                                                                                                                                                                                                                                                                                           | -                      | 1,788                  |
| Provision for Doubtful Debts/Advances and Bad Debts written off                                                                                                                                                                                                                                                                                                                                                                                                                                     | 1,800                  | 8,010                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <u>776,900</u>         | <u>295,446</u>         |
| Less :                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                        |                        |
| Profit on Fixed Assets sold (Net)                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 77                     | -                      |
| Provisions for Doubtful Debts/Advances written back                                                                                                                                                                                                                                                                                                                                                                                                                                                 | -                      | 4,627                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <u>77</u>              | <u>4,627</u>           |
| Net Profit in accordance with Section 349 of the Companies Act, 1956.                                                                                                                                                                                                                                                                                                                                                                                                                               | <u>776,823</u>         | <u>290,819</u>         |
| Maximum Remuneration @ 5% of Net Profit (in accordance with Section 309(3) of the Companies Act, 1956.)                                                                                                                                                                                                                                                                                                                                                                                             | <u>38,841</u>          | <u>14,541</u>          |
| <b>Remuneration as above</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <u><b>25,319</b></u>   | <u><b>14,319</b></u>   |
| 5. The tax year for the company is the financial year ending March 31 and the provision for taxation has been calculated for the year ending December 31, 2009. The ultimate tax liability will be determined on the basis of the figures for the period April 1, 2009 to March 31, 2010. The net deferred tax has been provided in Profit and Loss Account as per Accounting Standard 22 - 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India as detailed: |                        |                        |
| <b>Deferred tax Assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                        |                        |
| Arising on account of timing differences in:                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                        |                        |
| Provision for doubtful debts                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 8,502                  | 7,892                  |
| Disallowances under section 43B                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 1,730                  | 1,730                  |
| Provision for Contingency                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 27110                  | -                      |
| <b>Deferred tax Liability</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                        |                        |
| Arising on account of timing difference in Depreciation                                                                                                                                                                                                                                                                                                                                                                                                                                             | 272,254                | 285,944                |
| <b>Net Deferred Tax Liability</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>234,912</b>         | <b>276,322</b>         |
| <b>Deferred Tax arising during the year</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                        |                        |
| <b>Deferred tax Assets [Income / (Expenses)]</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                        |                        |
| Arising on account of timing differences in:                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                        |                        |
| Provision for doubtful debts                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 610                    | 1,730                  |
| Provision for Contingency                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 27110                  | -                      |
| Disallowances under section 43B                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | -                      | 210                    |
| <b>Deferred tax Liability [(Income) / Expenses]</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                        |                        |
| Arising on account of timing difference in Depreciation                                                                                                                                                                                                                                                                                                                                                                                                                                             | (13,690)               | (9,260)                |
| <b>Net Deferred Tax Income for the year</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <u><b>(41,410)</b></u> | <u><b>(11,200)</b></u> |

**Schedule 18 (Contd.)****Notes forming part of the Balance Sheet as at December 31, 2009 and Profit and Loss Account for the year ended December 31, 2009**

6. The Company has installed Wind Turbine Generators (WTG) at Lamba, Dhank and Pransla in Gujarat. The Local Power Station of the Madhya Gujarat Vij Co. Ltd. (MGVCL) grants credit for the power units generated by the WTG. Accordingly, the amount of Power and fuel consumption disclosed is net of such credit given by MGVCL aggregating to Rs. 45,131 ('000) (Previous Year Rs. 43,008 ('000)).

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 2009<br>(Rupees '000) | 2008<br>(Rupees '000) |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| <b>7. Auditors' remuneration</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                       |                       |
| Audit fees                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 1,688                 | 1,500                 |
| Tax Audit Fees                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 150                   | 150                   |
| Others (Certification etc.)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 700                   | 550                   |
| Out of pocket expenses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 23                    | 47                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>2,561</b>          | <b>2,247</b>          |
| <b>8. Research &amp; Development Expenditure</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>8,408</b>          | <b>8,114</b>          |
| 9. The Company manufactures and sells ABS and SAN and does trading of Polycarbonates which belongs to the same product group i.e. "Highly Specialized Engineering Thermoplastics". The product has the same risks and returns, which are predominantly governed by market conditions, namely demand and supply position. The Company basically sells all the three products within the country and hence the segment based on geographical risk factors which may be present in different countries is not applicable. Thus, in the context of Accounting Standard 17 "Segment Reporting", issued by the Institute of Chartered Accountants of India, there is only one identified reportable segment. |                       |                       |
| 10. Disclosure of the relationship and transactions with the related parties as defined in Accounting Standard 18 "Related Party Disclosures", issued by the Institute of Chartered Accountants of India are as follows:                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                       |                       |

**RELATED PARTY TRANSACTIONS****List of Related Parties with whom transactions have taken place during the year 2009**  
(as identified and certified by the management)**Holding Company**

holds 83.33% of the equity share capital from  
March 13, 2008 onwards

**Ineos ABS (Jersey) Limited**  
Channel Islands

**Lanxess Deutschland GmbH.**  
Germany  
(upto March 13, 2008)

**Other Related parties**

**Ineos ABS (USA) Corporation**  
Ohio (USA)

**Ineos USA LLC**  
Texas (USA)

**Ineos ABS (Spain) S.L.**  
Barcelona (Spain)

**Shiva Pharmachem Private Limited**  
Vadodara (India)

**Key Managerial Personnel**  
Managing Director

Mr. R.S. Agrawal

**Schedule 18 (Contd.)**

**Notes forming part of the Balance Sheet as at December 31, 2009 and Profit and Loss Account for the year ended December 31, 2009**

**RELATED PARTY TRANSACTIONS:****(Rupees '000)**

|                                                                                                               | 2009            |                           |                          |                           | 2008            |                       |                          |                     |
|---------------------------------------------------------------------------------------------------------------|-----------------|---------------------------|--------------------------|---------------------------|-----------------|-----------------------|--------------------------|---------------------|
|                                                                                                               | Holding Company | Other Related parties     | Key managerial personnel | TOTAL                     | Holding Company | Other Related parties | Key managerial personnel | TOTAL               |
| 1. Purchase of goods<br>Ineos ABS (Spain) S.L.<br>Ineos USA LLC<br>Ineos ABS (USA) Corporation                |                 | 6,341<br>126,984<br>4,443 |                          | 6,341<br>126,984<br>4,443 |                 | 9,380                 |                          | 9,380               |
|                                                                                                               | -               | 137,768                   | -                        | 137,768                   | -               | 9,380                 | -                        | 9,380               |
| 2. Sale of Fixed Assets<br>Shiva Pharmachem Private Limited                                                   |                 | 16,200                    |                          | 16,200                    |                 |                       |                          |                     |
|                                                                                                               |                 | 16,200                    |                          | 16,200                    | -               | -                     | -                        | -                   |
| 3. Rendering of Services<br>Ineos ABS (Spain) S.L.                                                            |                 |                           |                          | -                         |                 | 292                   |                          | 292                 |
|                                                                                                               | -               | -                         | -                        | -                         | -               | 292                   | -                        | 292                 |
| 4. Receiving of Services<br>Lanxess Deutschland GMBH                                                          |                 |                           |                          | -                         | 1,156           |                       |                          | 1,156               |
|                                                                                                               | -               | -                         | -                        | -                         | 1,156           | -                     | -                        | 1,156               |
| 5. Director's Remuneration<br>Mr. R.S. Agrawal                                                                |                 |                           | 25,319                   | 25,319                    |                 |                       | 14,319                   | 14,319              |
|                                                                                                               | -               | -                         | 25,319                   | 25,319                    |                 |                       | 14,319                   | 14,319              |
| 6. Non Refundable Deposit received<br>Shiva Pharmachem Private Limited                                        |                 | 15,000                    |                          | 15,000                    |                 |                       |                          |                     |
|                                                                                                               | -               | 15,000                    |                          | 15,000                    | -               | -                     | -                        | -                   |
| 7. Outstanding Balances<br>as on December 31, 2009<br>Balances of Creditors<br>Ineos USA LLC                  |                 | 72,023                    |                          | 72,023                    |                 |                       |                          |                     |
|                                                                                                               | -               | 72,023                    |                          | 72,023                    | -               | -                     | -                        | -                   |
| Balances of Debtors<br>Ineos ABS (Spain) S.L.<br>Ineos ABS Co. (Thailand) Ltd.<br>Ineos ABS (USA) Corporation |                 |                           |                          | -<br>-<br>-               |                 | 292<br>3,719<br>175   |                          | 292<br>3,719<br>175 |
|                                                                                                               | -               | -                         | -                        | -                         | -               | 4,186                 | -                        | 4,186               |

**Schedule 18 (Contd.)**

**Notes forming part of the Balance Sheet as at December 31, 2009 and Profit and Loss Account for the year ended December 31, 2009**

|                     |                                                                                                                                                                                                                                                                              | 2009<br>(Rupees '000)                                                                                                                                                                                                             | 2008<br>(Rupees '000) |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|---------------------|--------------------|--------------------|--------|--------|--------|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|--------------------|--------------------|--------|--------|--------|--------|
| 11.                 | <b>The Company manufactures/trades in Polymers.<br/>The relevant particulars are as under:</b>                                                                                                                                                                               |                                                                                                                                                                                                                                   |                       |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     | Particulars regarding capacities and production<br>( as certified by the Managing Director )                                                                                                                                                                                 |                                                                                                                                                                                                                                   |                       |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     | Registered capacity P.A.                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                   |                       |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     | Installed capacity (on triple shift working) P.A.                                                                                                                                                                                                                            |                                                                                                                                                                                                                                   |                       |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     | Actual Production :                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                   |                       |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     | <b>Notes:</b><br>Production includes quantity used for captive consumption.<br>In terms of notification no. 477(E) dt. 25.07.1991, issued by the<br>Department of Industrial Development, Ministry of Industry,<br>Govt. of India, all the above items have been delicensed. |                                                                                                                                                                                                                                   |                       |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     |                                                                                                                                                                                                                                                                              | <table><tr><th>ABS<br/>Resins<br/>MT</th><th>SAN<br/>Resins<br/>MT</th></tr><tr><td>- Not Applicable -</td><td>- Not Applicable -</td></tr><tr><td>60,000</td><td>60,000</td></tr><tr><td>50,515</td><td>47,130</td></tr></table> | ABS<br>Resins<br>MT   | SAN<br>Resins<br>MT | - Not Applicable - | - Not Applicable - | 60,000 | 60,000 | 50,515 | 47,130 | <table><tr><th>ABS<br/>Resins<br/>MT</th><th>SAN<br/>Resins<br/>MT</th></tr><tr><td>- Not Applicable -</td><td>- Not Applicable -</td></tr><tr><td>60,000</td><td>60,000</td></tr><tr><td>48,053</td><td>42,169</td></tr></table> | ABS<br>Resins<br>MT | SAN<br>Resins<br>MT | - Not Applicable - | - Not Applicable - | 60,000 | 60,000 | 48,053 | 42,169 |
| ABS<br>Resins<br>MT | SAN<br>Resins<br>MT                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                   |                       |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
| - Not Applicable -  | - Not Applicable -                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                   |                       |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
| 60,000              | 60,000                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                   |                       |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
| 50,515              | 47,130                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                   |                       |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
| ABS<br>Resins<br>MT | SAN<br>Resins<br>MT                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                   |                       |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
| - Not Applicable -  | - Not Applicable -                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                   |                       |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
| 60,000              | 60,000                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                   |                       |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
| 48,053              | 42,169                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                   |                       |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
| 12.                 | <b>Consumption of raw materials*</b>                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                   |                       |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     | Acrylonitrile                                                                                                                                                                                                                                                                | 14,267                                                                                                                                                                                                                            | 862,945               |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     | Butadiene                                                                                                                                                                                                                                                                    | 8,114                                                                                                                                                                                                                             | 440,565               |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     | Styrene                                                                                                                                                                                                                                                                      | 38,418                                                                                                                                                                                                                            | 1,813,043             |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     | Others                                                                                                                                                                                                                                                                       | -                                                                                                                                                                                                                                 | 371,582               |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     |                                                                                                                                                                                                                                                                              | <b>3,488,135</b>                                                                                                                                                                                                                  | <b>4,567,178</b>      |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     | * Includes usance interest Rs. 7,227 ('000) (Previous Year Rs. 49,831 ('000))                                                                                                                                                                                                |                                                                                                                                                                                                                                   |                       |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
| 13.                 | <b>Sales</b>                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                   |                       |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     | ABS Resins                                                                                                                                                                                                                                                                   | 51,495                                                                                                                                                                                                                            | 5,206,044             |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     | SAN Resins                                                                                                                                                                                                                                                                   | 11,948                                                                                                                                                                                                                            | 848,856               |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     | Others - Trading                                                                                                                                                                                                                                                             | 100                                                                                                                                                                                                                               | 2,761                 |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     |                                                                                                                                                                                                                                                                              | <b>6,057,661</b>                                                                                                                                                                                                                  | <b>6,881,989</b>      |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
| 14.                 | <b>Stocks of finished goods</b>                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                   |                       |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     | <b>a) Opening Stock</b>                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                   |                       |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     | ABS Resins                                                                                                                                                                                                                                                                   | 1,797                                                                                                                                                                                                                             | 157,396               |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     | SAN Resins                                                                                                                                                                                                                                                                   | 412                                                                                                                                                                                                                               | 28,228                |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     |                                                                                                                                                                                                                                                                              | <b>2,209</b>                                                                                                                                                                                                                      | <b>185,624</b>        |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     | <b>b) Closing Stock</b>                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                   |                       |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     | ABS Resins                                                                                                                                                                                                                                                                   | 817                                                                                                                                                                                                                               | 57,596                |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     | SAN Resins                                                                                                                                                                                                                                                                   | 694                                                                                                                                                                                                                               | 36,676                |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     |                                                                                                                                                                                                                                                                              | <b>1,511</b>                                                                                                                                                                                                                      | <b>94,272</b>         |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
| 15.                 | <b>Value of Imports on CIF basis</b>                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                   |                       |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     | Raw Materials                                                                                                                                                                                                                                                                | 3,044,573                                                                                                                                                                                                                         | 3,517,575             |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     | Capital Goods                                                                                                                                                                                                                                                                | 3,971                                                                                                                                                                                                                             | 9,684                 |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     | Stores & Spares                                                                                                                                                                                                                                                              | 1,233                                                                                                                                                                                                                             | 978                   |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     | Traded Goods                                                                                                                                                                                                                                                                 | 2,708                                                                                                                                                                                                                             | 124,826               |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |
|                     |                                                                                                                                                                                                                                                                              | <b>3,052,485</b>                                                                                                                                                                                                                  | <b>3,653,063</b>      |                     |                    |                    |        |        |        |        |                                                                                                                                                                                                                                   |                     |                     |                    |                    |        |        |        |        |

**Schedule 18 (Contd.)**

**Notes forming part of the Balance Sheet as at December 31, 2009 and Profit and Loss Account for the year ended December 31, 2009**

**16. Value of Imported & Indigenous**

|                                                                                  | <b>2009</b><br>(Rupees '000) |               | <b>2008</b><br>(Rupees '000) |               |
|----------------------------------------------------------------------------------|------------------------------|---------------|------------------------------|---------------|
| <b>Raw Materials and Stores consumed.</b>                                        | <b>Value</b>                 | <b>%</b>      | <b>Value</b>                 | <b>%</b>      |
| (a) Raw Materials :                                                              |                              |               |                              |               |
| Imported *                                                                       | 3,099,958                    | 88.87         | 3,929,305                    | 86.03         |
| Indigenous                                                                       | 388,177                      | 11.13         | 637,873                      | 13.97         |
|                                                                                  | <b>3,488,135</b>             | <b>100.00</b> | <b>4,567,178</b>             | <b>100.00</b> |
| * Includes usance interest Rs. 7,227 ('000)<br>[Previous Year Rs. 49,831 ('000)] |                              |               |                              |               |
| (b) Stores & Spares :                                                            |                              |               |                              |               |
| Imported                                                                         | 1,563                        | 4.52          | 1,295                        | 6.51          |
| Indigenous                                                                       | 33,047                       | 95.48         | 18,603                       | 93.49         |
|                                                                                  | <b>34,610</b>                | <b>100.00</b> | <b>19,898</b>                | <b>100.00</b> |

**17. Expenditure in Foreign Currency**

|                    |               |  |              |  |
|--------------------|---------------|--|--------------|--|
| Traveling Expenses | 106           |  | 333          |  |
| Professional fees  | 14,058        |  | 5,941        |  |
| Others             | 191           |  | 1,077        |  |
|                    | <b>14,355</b> |  | <b>7,351</b> |  |

**18. Earnings in Foreign Currency**

|                                                     |     |  |     |  |
|-----------------------------------------------------|-----|--|-----|--|
| FOB value of deemed export to Special Economic Zone | 872 |  | Nil |  |
| Service Income - Research & Development             | Nil |  | 292 |  |
| Commission on Indenting Business                    | Nil |  | 256 |  |

**19. The Company's significant leasing arrangements are mainly in respect of residential and office premises. The aggregate lease rentals payable on these leasing arrangements are charged as rent under "Manufacturing and Other Expenses" in Schedule 15.**

These leasing arrangements are for a period not exceeding five years and are in most cases renewable by mutual consent, on mutually agreeable terms.

**20. Disclosures as required by the Micro, Small and Medium Enterprises Development Act, 2006 are as under:**

|      |                                                                                                                | <b>2009</b><br>(Rupees '000) | <b>2008</b><br>(Rupees '000) |
|------|----------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| (a)  | The principal amount and interest due thereon remaining unpaid to suppliers                                    |                              |                              |
| (i)  | Principal                                                                                                      | 47                           | —                            |
| (ii) | Interest due thereon                                                                                           | 1                            | —                            |
| (b)  | (i) The delayed payments of principal amount paid beyond the appointed date during the entire accounting year. | 51                           | —                            |
| (ii) | Interest actually paid under Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006       | —                            | —                            |
| (c)  | (i) Normal interest accrued during the year, for all the delayed payments, as per the agreed terms.            | —                            | —                            |
| (ii) | Normal interest for the period of delay in making payment, as per the agreed terms.                            | —                            | —                            |
| (d)  | (i) Total interest accrued during the year.                                                                    | 1                            | —                            |
| (ii) | Total interest accrued during the year and remaining unpaid.                                                   | 1                            | —                            |
| (e)  | Included in (d) above is NIL being interest on amounts outstanding as at the beginning of the accounting year. | —                            | —                            |

The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

**21. The Company has undertaken necessary steps to comply with the Transfer Pricing regulations. The Management is of the opinion that the international transactions are at arm's length and hence the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.**

**Schedule 18 (Contd.)**

**Notes forming part of the Balance Sheet as at December 31, 2009 and Profit and Loss Account for the year ended December 31, 2009**

22. Details of Current Investments bought and sold during the year

| Name of the Fund                                                                                                                          | 2009              | 2008              |
|-------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
|                                                                                                                                           | Purchase of Units | Purchase of Units |
|                                                                                                                                           | No. of units      | No. of units      |
| UTI Liquid Cash Plan Institutional Daily Income Option Reinvestment<br>(Face Value of Rs. 1,000 each)                                     | 1,924,456         | 354,072           |
| UTI Treasury Advantage Fund Institutional Plan Daily Dividend Reinvestment<br>(Face Value of Rs. 1,000 each)                              | 745,539           | 711,092           |
| UTI Fixed Income Interval Fund-Quarterly Plan Series III Dividend Plan Reinvestment<br>(Face Value of Rs. 10 each)                        | -                 | 3,000,260         |
| UTI Fixed Income Interval Fund Plan Series Institutional Dividend Plan Payout<br>(Face Value of Rs. 10 each)                              | -                 | 110,743           |
| UTI Fixed Income Maturity Plan QFMP 02/08-I Dividend Plan Payout<br>(Face Value of Rs. 10 each)                                           | -                 | 3,000,000         |
| UTI Fixed Income Maturity Plan HFMP 03/08-I Dividend Plan Payout<br>(Face Value of Rs. 10 each)                                           | -                 | 3,000,000         |
| UTI Fixed Income Interval Fund Plan Series-I Dividend Plan Payout<br>(Face Value of Rs. 10 each)                                          | -                 | 2,000,000         |
| UTI Fixed Income Maturity Plan QFMP 05/08-II Dividend Plan Payout<br>(Face Value of Rs. 10 each)                                          | -                 | 5,000,000         |
| UTI Fixed Maturity Plan YFMP 06/08- Dividend Plan Payout (Face Value of Rs. 10 each)                                                      | -                 | 3,000,000         |
| UTI Fixed Income Interval Fund-Monthly Interval Series -I Dividend Plan Payout<br>(Face Value of Rs. 10 each)                             | -                 | 3,000,000         |
| UTI Fixed Maturity Plan Series I-VI (91 Days) - Dividend Plan Payout<br>(Face Value of Rs. 10 each)                                       | -                 | 5,000,000         |
| UTI Fixed Income Interval Fund-Monthly Interval Plan Series -II<br>Dividend Plan Payout (Face Value of Rs. 10 each)                       | -                 | 3,000,000         |
| UTI Fixed Income Interval Fund Plan Series-II Quarterly Interval<br>PlanVI Institutional Dividend Plan Payout (Face Value of Rs. 10 each) | -                 | 5,000,000         |
| UTI Short Term Fixed Maturity Plan Series -I -IX (90 Days)<br>Dividend Plan Payout (Face Value of Rs. 10 each)                            | -                 | 3,000,000         |
| UTI Fixed Income Interval Fund-Quarterly Interval Plan Series-I<br>Institutional Dividend Plan Payout (Face Value of Rs. 10 each)         | -                 | 3,000,000         |
| UTI Short Term Fixed Maturity Plan Series -II -II (90 Days)-Institutional<br>Dividend Plan Payout (Face Value of Rs. 10 each)             | -                 | 5,000,000         |
| SBI Mutual Fund L183D SBI Debt Fund Series -90 Days -<br>32-Dividend (Face Value of Rs. 10 each)                                          | -                 | 2,000,000         |
| HSBC Liquid Plus -Institutional-Daily Dividend (Face Value of Rs. 10 each)                                                                | 10,452            | 1,016,233         |
| HSBC Liquid Plus -Institutional-Daily Dividend (Face Value of Rs.10 each)                                                                 | 4                 | 4,990,079         |
| UTI Fixed Income Interval Fund Monthly Interval Plan Series I Dividend Reinvestment<br>(Face Value Rs. 10 each)                           | 5,186,911         | -                 |
| SBI Mutual Fund L030DD SBI-Magnum Insta Cash Fund-Daily Dividend Option<br>(Face Value of Rs 10 each)                                     | 37,215,446        | -                 |
| SBI Mutual Fund L147ID SBI-SHF Ultra Short Term Fund Institutional Plan-<br>Daily Dividend Option (Face Value of Rs. 10 each)             | 30,043,627        | -                 |
| HSBC Debt Fund Institutional Fortnightly Dividend (Face Value of Rs. 10 each)                                                             | 510,252           | -                 |
| ICICI Prudential Liquid Plan Institutional Option Daily Dividend Reinvestment<br>(Face Value of Rs. 10 each)                              | 423,673           | -                 |
| ICICI Prudential Liquid Plus Plan Institutional Option Daily Dividend Reinvestment<br>(Face Value of Rs. 10 each)                         | 851,412           | -                 |
| <b>Total</b>                                                                                                                              | <b>76,911,772</b> | <b>55,182,479</b> |

**Schedule 18 (Contd.)**

**Notes forming part of the Balance Sheet as at December 31, 2009 and Profit and Loss Account for the year ended December 31, 2009**

| Name of the Fund                                                                                                                          | 2009                   | 2008                   |
|-------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
|                                                                                                                                           | Redemption<br>of Units | Redemption<br>of Units |
|                                                                                                                                           | No. of units           | No. of units           |
| UTI Liquid Cash Plan Institutional Daily Income Option Reinvestment<br>(Face Value of Rs. 1,000 each)                                     | 1,996,183              | 269,754                |
| UTI Treasury Advantage Fund Institutional Plan Daily Dividend Reinvestment<br>(Face Value of Rs. 1,000 each)                              | 637,364                | 574,656                |
| UTI Fixed Maturity Plan Quarterly Series QFMP/1107/II - Dividend Plan - Payout<br>(Face Value of Rs. 10 each)                             | -                      | 2,000,000              |
| UTI Fixed Income Interval Fund-Quarterly Plan Series III Dividend Plan Reinvestment<br>(Face Value of Rs. 10 each)                        | -                      | 7,032,611              |
| UTI Fixed Income Interval Fund Plan Series Institutional Dividend Plan Payout<br>(Face Value of Rs. 10 each)                              | -                      | 3,110,743              |
| UTI Fixed Income Interval Fund Plan Half Yearly Interval Dividend Plan Payout<br>(Face Value of Rs. 10 each)                              | -                      | 3,000,000              |
| UTI Fixed Income Maturity Plan QFMP 02/08-I Dividend Plan Payout (Face Value of Rs. 10 each)                                              | -                      | 3,000,000              |
| UTI Fixed Income Maturity Plan HFMP 03/08-I Dividend Plan Payout (Face Value of Rs. 10 each)                                              | -                      | 3,000,000              |
| UTI Fixed Income Interval Fund Plan Series-I Dividend Plan Payout (Face Value of Rs. 10 each)                                             | -                      | 2,000,000              |
| UTI Fixed Income Maturity Plan QFMP 05/08-II Dividend Plan Payout (Face Value of Rs. 10 each)                                             | -                      | 5,000,000              |
| UTI Fixed Maturity Plan YFMP 06/08- Dividend Plan Payout (Face Value of Rs. 10 each)                                                      | -                      | 3,000,000              |
| UTI Fixed Income Interval Fund-Monthly Interval Series -I Dividend Plan Payout<br>(Face Value of Rs. 10 each)                             | -                      | 3,000,000              |
| UTI Fixed Maturity Plan Series I-VI (91 Days) - Dividend Plan Payout (Face Value of Rs. 10 each)                                          | -                      | 5,000,000              |
| UTI Fixed Income Interval Fund-Monthly Interval Plan Series -II Dividend Plan Payout<br>(Face Value of Rs. 10 each)                       | -                      | 3,000,000              |
| UTI Fixed Income Interval Fund Plan Series-II Quarterly Interval PlanVI Institutional<br>Dividend Plan Payout (Face Value of Rs. 10 each) | -                      | 5,000,000              |
| UTI Short Term Fixed Maturity Plan Series -I -IX (90 Days) Dividend Plan Payout<br>(Face Value of Rs. 10 each)                            | -                      | 3,000,000              |
| UTI Fixed Income Interval Fund-Quarterly Interval Plan Series-I Institutional<br>Dividend Plan Payout (Face Value of Rs. 10 each)         | 774,382                | -                      |
| HSBC Liquid Plus -Inst-Daily Dividend (Face Value Rs. 10 each)                                                                            | 859                    | 4,989,224              |
| UTI Short Term Fixed Maturity Plan Series -II -II (90 Days)-Institutional<br>Dividend Plan Payout (Face Value of Rs. 10 each)             | 5,000,000              | -                      |
| SBI Mutual Fund L183D SBI Debt Fund Series -90 Days -32-Dividend<br>(Face Value of Rs. 10 each)                                           | 2,000,000              | -                      |
| UTI Fixed Income Interval Fund Monthly Interval Plan Series I dividend Reinvestment<br>(Face Value Rs. 10 each)                           | 2,000,000              | -                      |
| SBI Mutual Fund L030DD SBI-Magnum Insta Cash Fund-Daily Dividend Option<br>(Face Value Rs 10 each)                                        | 35,832,344             | -                      |
| SBI Mutual Fund L147ID SBI-SHF Ultra Short Term Fund Institutional Plan-<br>Daily Dividend Option (Face Value Rs. 10 each)                | 8,994,843              | -                      |
| HSBC Liquid Plus -Institutional-Daily Dividend (Face Value Rs. 10 each)                                                                   | 1,026,685              | -                      |
| HSBC Debt Fund Institutional Fortnightly Dividend (Face Value Rs. 10 each)                                                                | 510,252                | -                      |
| ICICI Prudential Liquid Plan Institutional Option Daily Dividend Reinvestment<br>(Face Value Rs. 10 each)                                 | 423,673                | -                      |
| ICICI Prudential Liquid Plus Plan Institutional Option Daily Dividend Reinvestment<br>(Face Value Rs. 10 each)                            | 421,888                | -                      |
| <b>Total</b>                                                                                                                              | <b>59,618,473</b>      | <b>55,976,988</b>      |

**Schedule 18 (Contd.)**

**Notes forming part of the Balance Sheet as at December 31, 2009 and Profit and Loss Account for the year ended December 31, 2009**

**23. Disclosure requirements under Revised Accounting Standard 15 on "Employee Benefits", issued by the Institute of Chartered Accountants of India**

The Company has classified the various benefits provided to employees as under

**i. Define contribution plans**

- a. Provident Fund
- b. Superannuation Fund
- c. State defined contribution plan
  - i. Employer's contribution to Employee's state insurance

The Company has no further obligation beyond making contribution to the respective fund

|                                                                                                                                                                                   | 2009<br>(Rupees '000) | 2008<br>(Rupees '000) |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| During the year, the Company has recognised the following amounts in the Profit and Loss Account:                                                                                 |                       |                       |
| - Employer's Contribution to Provident Fund                                                                                                                                       | 7,371                 | 6,941                 |
| - Employer's Contribution to Superannuation Fund                                                                                                                                  | 2,289                 | 2,089                 |
| - Employer's Contribution to Employee's state insurance                                                                                                                           | 417                   | 529                   |
| Included in Contribution to Provident Fund and other funds (Refer Schedule 14)                                                                                                    |                       |                       |
| <b>ii. Defined Benefit Plans</b>                                                                                                                                                  |                       |                       |
| Contribution to Gratuity Fund (Funded Scheme)                                                                                                                                     |                       |                       |
| In accordance with Accounting Standard 15 (Revised 2005), actuarial valuation was performed in respect of the aforesaid defined benefit plans based on the following assumptions: |                       |                       |
| Discount Rate (per annum)                                                                                                                                                         | 8.00%                 | 8.00%                 |
| Rate of increase in Compensation levels (per annum)                                                                                                                               | 5.00%                 | 4.00%                 |
| Rate of Return on Plan Assets (for Funded Scheme)                                                                                                                                 | 8.93%                 | 9.00%                 |
| <b>A) Changes in the Present Value of Obligation</b>                                                                                                                              |                       |                       |
| Present value of Obligation as at January 1, 2009                                                                                                                                 | 25,886                | 23,448                |
| Interest cost                                                                                                                                                                     | 2,071                 | 1,875                 |
| Current Service Cost                                                                                                                                                              | 1,913                 | 2,400                 |
| Benefits Paid                                                                                                                                                                     | (1,328)               | (2,410)               |
| Actuarial (gain)/loss on obligations                                                                                                                                              | 2,517                 | 573                   |
| Present value of Obligation as at December 31, 2009                                                                                                                               | 31,059                | 25,886                |
| <b>B) Changes in the Fair Value of Plan Assets</b><br>(For Funded Scheme)                                                                                                         |                       |                       |
| Present Value of Plan Assets as at January 1, 2009                                                                                                                                | 26,996                | 25,274                |
| Actual Return on Plan Assets                                                                                                                                                      | 2,411                 | 2,277                 |
| Contributions                                                                                                                                                                     | 3,742                 | 1,855                 |
| Benefits Paid                                                                                                                                                                     | (1,328)               | (2,410)               |
| Fair Value of Plan Assets as at December 31, 2009                                                                                                                                 | 31,821                | 26,996                |
| <b>C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets</b>                                                                              |                       |                       |
| Present Value of funded Obligation as at December 31, 2009                                                                                                                        | 31,059                | 25,886                |
| Fair Value of Plan Assets as at the end of the year                                                                                                                               | 31,821                | 26,996                |
| Funded Status                                                                                                                                                                     | 762                   | 1,110                 |
| Unrecognised Actuarial (gains)/losses                                                                                                                                             |                       |                       |
| Unfunded Liability/(Net Asset) Recognised in Balance Sheet                                                                                                                        | (762)                 | (1,110)               |
| Included in Loans and Advances (Refer Schedule 8)                                                                                                                                 |                       |                       |
| <b>D) Amount recognised in the Balance Sheet</b>                                                                                                                                  |                       |                       |
| Present Value of Obligation as at December 31, 2009                                                                                                                               | 31,059                | 25,886                |
| Fair Value of Plan Assets as at the end of the year                                                                                                                               | 31,821                | 26,996                |
| Liability/(Asset) recognised in the Balance Sheet                                                                                                                                 | (762)                 | (1,110)               |
| Included in Loans and Advances (Refer Schedule 8)                                                                                                                                 |                       |                       |

**Schedule 18 (Contd.)**

Notes forming part of the Balance Sheet as at December 31, 2009 and Profit and Loss Account for the year ended December 31, 2009

|                                                                           | 2009<br>(Rupees '000) | 2008<br>(Rupees '000) |
|---------------------------------------------------------------------------|-----------------------|-----------------------|
| <b>E) Expenses recognised in the Profit and Loss Account</b>              |                       |                       |
| Current Service Cost                                                      | 1,913                 | 2,400                 |
| Interest Cost                                                             | 2,071                 | 1,875                 |
| Actual Return on Plan Assets                                              | (2,411)               | (2,277)               |
| Settlement Cost/(Credit)                                                  |                       |                       |
| Net actuarial (gain)/loss recognised in the period                        | 2,517                 | 573                   |
| Total Expenses recognised in the Profit and Loss Account                  | 4,090                 | 2,571                 |
| Included in Contribution to Provident and Other Funds (Refer Schedule 14) |                       |                       |
| <b>F) Actual Return on Plan Assets</b>                                    |                       |                       |
| Expected Return on Plan Assets                                            | 2,411                 | 2,277                 |
| Actuarial gain/(loss) on Plan Assets                                      | -                     | -                     |
| Actual Return on Plan Assets                                              | 2,411                 | 2,277                 |
| <b>G) Experience Adjustment</b>                                           |                       |                       |
| On Plan Liabilities                                                       | 2,517                 | 573                   |
| On Plan Assets                                                            | 252                   | 392                   |
| <b>H) Expected employer's contribution for the next year</b>              | 2,721                 | 2,346                 |
| <b>I) Investment details of Plan Assets</b>                               |                       |                       |
| Administered by LIC of India                                              | 100%                  | 100%                  |

The estimates of future salary increase, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The expected rate of return on plan assets is based on market expectations at the beginning of the year. The rate of return on long-term government bonds is taken as reference for this purpose.

There is no change in the accounting estimates due to applicability of AS-15 (Revised) as the parameters considered in the year 2009 are the same as those considered in the year 2008.

3 The Actuarial liability for leave encashment and compensated absences as at year end is Rs. 8,273 ('000) (Previous Year Rs. 6,891 ('000)). Current year charge is included in Salaries, Wages and Bonus (Refer Schedule 14)

24. The Company uses foreign exchange currency hedges to manage its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company does not use hedges for speculative purposes.

- a) The outstanding forward exchange contracts for payables in foreign currency as at December 31, 2009 are:

| Particulars                  | Number of<br>Contracts | Currency<br>Denomination | Foreign currency<br>Amount in ('000) | Indian Rupees<br>Amount in ('000) |
|------------------------------|------------------------|--------------------------|--------------------------------------|-----------------------------------|
| Liabilities (Trade Payables) | 4                      | USD                      | 6,442                                | 300,310                           |
|                              | (7)                    | (USD)                    | (16,097)                             | (794,464)                         |

- b) The period end foreign currency exposure of monetary and non-monetary items that have not been hedged are:

| Particulars                  | Currency<br>Denomination | Foreign currency<br>Amount in ('000) | Indian Rupees<br>Amount in ('000) |
|------------------------------|--------------------------|--------------------------------------|-----------------------------------|
| Assets (Trade Receivables)   | None<br>(EURO)           | Nil<br>(4)                           | Nil<br>(292)                      |
| Assets (Loans Given)         | None<br>(None)           | Nil<br>(Nil)                         | Nil<br>(Nil)                      |
| Liabilities (Trade Payables) | USD                      | 7,235                                | 337,753                           |
| Liabilities (Trade Payables) | JPY<br>(USD)<br>(EURO)   | 3,634<br>(3,222)<br>(11)             | 1,999<br>(157,179)<br>(748)       |
| Liabilities (Loan Taken)     | None<br>(None)           | Nil<br>(Nil)                         | Nil<br>(Nil)                      |

(Figures in brackets pertain to previous year)

**Schedule 18 (Contd.)****Notes forming part of the Balance Sheet as at December 31, 2009 and Profit and Loss Account for the year ended December 31, 2009**

The foreign currency outstandings have been translated at the rates of exchange prevailing on the Balance Sheet date in accordance with Accounting Standard 11 the effects of changes in the Foreign Exchange Rates (Revised 2003) issued by the Institute of Chartered Accountants of India.

**25. Provision for Contingencies**

| Particulars                                  | (Rupees '000) |
|----------------------------------------------|---------------|
| Provision for Contingencies                  |               |
| Carrying Amount at the beginning of the year | -             |
| Additions during the year                    | 79,750        |
| Utilisation during the year                  | -             |
| Carrying Amount at the close of the year     | 79,750        |

Represents estimates made for probable liabilities arising out of commercial transactions with parties and pending settlement of duties/levies with various government authorities. The information usually required by Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" notified under section 211 (3C) of the Companies Act 1956, is not disclosed on the grounds that it can be expected to prejudice the interest of the Company. The timing of the outflow with regard to the said matters depends on exhaustion of remedies available to the Company under the Law and hence the Company is not able to reasonably ascertain the timing of the outflow.

**26. Earnings Per Equity Share (EPS)**

EPS is calculated by dividing the profit attributable to the equity shareholders by average number of equity shares outstanding during the year. Numbers used in calculating basic and diluted earnings per equity shares are as stated below:

**Values used in calculating EPS:**

|                                                 | 2009         | 2008         |
|-------------------------------------------------|--------------|--------------|
| a) Numerator : Profit After Tax (Rs.'000)       | 489,901      | 179,539      |
| b) Denominator : Number of Equity Shares        | 17,585,625   | 17,585,625   |
| <b>Earnings Per Share (Basic/Diluted) (Rs.)</b> | <b>27.86</b> | <b>10.21</b> |
| Face value per share (Rs.)                      | 10           | 10           |

There is no change in the number of equity shares during the period January 1, 2009 to December 31, 2009.

**27. Net dividend remitted in foreign exchange - Final:**

|                                                        |                           |                           |
|--------------------------------------------------------|---------------------------|---------------------------|
| Period to which dividend relates                       | 1-1-2008 to<br>31-12-2008 | 1-1-2007 to<br>31-12-2007 |
| Number of non-resident shareholders                    | One                       | One                       |
| Number of equity shares held on which dividend was due | 14,653,705                | 14,653,705                |
| Amount remitted (Rs.'000)                              | 36,634                    | 43,961                    |

**28. Refer Annexure for additional information to part IV of Schedule VI to the Act.****29. Figures for the Previous Year have been regrouped and reclassified wherever necessary, to conform to the current year's classification.**

Signatures to Schedules 1 to 18

Dr. Gerhard Franken  
ChairmanS.M. Kulkarni  
Director**Uday Shah**  
Partner  
(Membership No.F-46061)R. S. Agrawal  
Managing DirectorJal R. Patel  
DirectorFor and on behalf of  
**Price Waterhouse**  
Chartered AccountantsS. M. Vaishnav  
Company SecretaryAndrew Pizzey  
Director

Vadodara, Dated : February 26, 2010

Vadodara, Dated : February 26, 2010

**Schedule 18 (Contd.)**

Notes forming part of the Financial Statements for the year ended December 31, 2009

Additional information pursuant to Part IV of Schedule VI to the Act.

**Balance Sheet Abstract And Company's General Business Profile**

|      |                                                                                         |                                                       |            |      |
|------|-----------------------------------------------------------------------------------------|-------------------------------------------------------|------------|------|
| I.   | Registration Details<br>Registration No.                                                | 2436                                                  | State Code | 04   |
|      | Balance Sheet Date                                                                      | 31                                                    | 12         | 09   |
|      |                                                                                         | Date                                                  | Month      | Year |
| II.  | Capital Raised during the Year (Amount in Rs. Thousands)                                | NIL                                                   |            |      |
|      | Public Issue                                                                            | NIL                                                   |            |      |
|      | Bonus Issue                                                                             | NIL                                                   |            |      |
| III. | Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)              |                                                       |            |      |
|      | Total Liabilities                                                                       | 4272717                                               |            |      |
|      | Sources of Funds                                                                        |                                                       |            |      |
|      | Paid-Up Capital                                                                         | 175856                                                |            |      |
|      | Secured Loans                                                                           | NIL                                                   |            |      |
|      | Application of Funds                                                                    |                                                       |            |      |
|      | Net Fixed Assets                                                                        | 1531845                                               |            |      |
|      | Net Current Assets                                                                      | 714517                                                |            |      |
|      | Accumulated Losses                                                                      | NIL                                                   |            |      |
| IV.  | Performance of Company (Amount in Rs. Thousands)                                        |                                                       |            |      |
|      | Turnover                                                                                | 5635780                                               |            |      |
|      | + - Profit/Loss Before Tax                                                              | +749291                                               |            |      |
|      | Earning Per Share in Rs.<br>(Profit for the year / Paid up Equity)                      | 27.86                                                 |            |      |
|      | Total Expenditure                                                                       | 4886489                                               |            |      |
|      | + - Profit/Loss After Tax                                                               | +489901                                               |            |      |
|      | Dividend Rate %                                                                         | 35.00 %                                               |            |      |
| V.   | Generic Names of Three Principal Products / Services of Company (as per monetary terms) |                                                       |            |      |
|      | Item Code No.                                                                           | 390330                                                |            |      |
|      | Product Description                                                                     | ACRYLONITRILE<br>BUTADIENE-STYRENE<br>(ABS) COPOLYMER |            |      |
|      | Item Code No.                                                                           | 390320                                                |            |      |
|      | Product Description                                                                     | STYRENE-ACRYLONITRILE<br>(SAN) COPOLYMER              |            |      |
|      | Item Code No.                                                                           | 390230                                                |            |      |
|      | Product Description                                                                     | SHEETS OF POLYMER OF STYRENE                          |            |      |

Dr. Gerhard Franken  
ChairmanR.S. Agrawal  
Managing DirectorS.M. Vaishnav  
Company SecretaryS.M. Kulkarni  
DirectorJal R. Patel  
DirectorAndrew Pizzey  
Director

Vadodara, Dated : February 26, 2010

## INEOS ABS (INDIA) LIMITED

Registered Office : 6th Floor, ABS Towers, Old Padra Road, Vadodara - 390 007.

### PROXY FORM

37th Annual General Meeting held on the 27th April, 2010

Member Folio / DP ID No. \_\_\_\_\_

No. of Shares \_\_\_\_\_

I / We, \_\_\_\_\_  
of \_\_\_\_\_ being

Member / Members of INEOS ABS (India) Limited hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_

as my / our Proxy to attend and vote for me/us, on my/our behalf at the 37<sup>th</sup> Annual General Meeting of the Company to be held at its Regd. office at 4.30 P.M. on Tuesday, 27th April, 2010.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Signature \_\_\_\_\_

Affix a 1  
Rupee  
Revenue  
Stamp

N.B. This Proxy Form to be valid must reach the Registered Office of the Company not later than 48 hours before the time for holding the meeting.

## INEOS ABS (INDIA) LIMITED

Registered Office : 6th Floor, ABS Towers, Old Padra Road, Vadodara - 390 007.

### ATTENDANCE SLIP

37th Annual General Meeting held on the 27th April, 2010

Members Folio / DP ID No. \_\_\_\_\_

Mr. / Mrs. / Miss \_\_\_\_\_

(Member's Name in Block Letters)

\_\_\_\_\_ I Certify that I am a Registered Member / Proxy for the Registered Member of the Company. I hereby record my presence at the 37th Annual General Meeting of the Company to be held at its Registered Office at 4.30 P.M. on Tuesday, 27th April, 2010.

\_\_\_\_\_ If signed by proxy, his / her name

\_\_\_\_\_ Member's / Proxy's Signature

### IMPORTANT NOTE

Members / Proxy holders are requested to bring the Attendance Slip with them when they come to the meeting and hand it over at the gate after affixing their signature on it.