



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

Styrolution ABS (India) Limited

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

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

Notice

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

(A) ORDINARY BUSINESS

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

(B) SPECIAL BUSINESS

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

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

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

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

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

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

S M Vaishnav
Company Secretary & VP (Legal)

Notes:

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

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

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

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

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

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

11. Reappointment of Directors.

Pursuant to the provisions of Articles of Association:

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

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

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

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

ITEM NO. 6

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

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

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

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

ITEM NO. 7

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

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

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

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

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

Directors' Report

Dear Shareholders,

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

A. Financial Performance

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

(Rs. In '000)

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

B. Review of operations

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

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

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

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

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

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

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

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

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

C. Styrolution

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

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

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

D. Change of Name

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

E. Directors

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

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

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

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

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

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

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

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

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

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

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

F. Dividend

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

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

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

G. Transfer to the Investor Education and Protection Fund

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

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

H. Contribution to the National Exchequer

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

I. Research and Development

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

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

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

J. Risk Management

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

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

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

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

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

K. Environmental Health, Safety and Protection

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

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

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

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

L. Insurance

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

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

M. Auditors and their report

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

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

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

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

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

O. Quality Systems and ISO certification

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

P. Corporate Governance

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

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

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

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

Q. Management Discussion and Analysis

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

R. Human Resource and Industrial Relations

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

The industrial relations during the year remained cordial.

S. Particulars of Employees

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

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

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st December, 2012 and of the profit of the Company for the year ended on that date;
- iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) they have prepared the annual accounts on a going concern basis.

U. Acknowledgements

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

For and on behalf of the Board

Vadodara
February 26, 2013

Hyung Tae Chang
Chairman

Annexure I to the Directors' Report

Information as per Section 217(1)(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 31st December, 2012.

1. Conservation of Energy

a) Energy conservation measures taken:

- Adaption of new technology in base rubber section has reduced batch cycle times / increased productivity and reduced power consumption.
- Debottlenecking of Line II Dryer at Nandesari has increased productivity & thereby reduced the Special Power consumption.
- Power factor has been maintained high throughout the year by proper monitoring of the capacitor banks at Nandesari, Moxi & Katol plant.
- Continued use of steam condensate recovered from dryer section has resulted in the reduction of fuel & boiler feed water.
- Recycling of water in Nandesari polymerization section has reduced the water consumption.
- Both boilers at Nandesari plant are equipped with latest gas burners to improve efficiency.
- Detailed energy audit has been carried out by approved energy auditors to assess the energy saving potential at Nandesari, Moxi, Katol & ABS Towers.

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

NIL.

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 utilised and water consumption.

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

Particulars	January'12 to December'12	January'11 to December'11
Power and Fuel Consumption		
2.1 Electricity		
a) Purchased		
Units Nos.	30,998,476	27,984,265
Total Amount (Rs. Lakhs)	2,199.62	1,783.38
Rate/Unit (Rupees)	7.10	6.37
b) Own Generation		
i) Through Diesel Generator-Units	99,987	177,856
Units per 100 Ltr. of Diesel Oil	180	281
Cost/Unit	25.94	16.62
ii) Through Steam Turbine/ Generator Units	NIL	NIL
Units per Ltr. of Fuel Oil/Gas	NIL	NIL
Cost/Unit	NIL	NIL
iii) Through Wind Turbine/ Generator Units	7,665,014	6,903,650
Total Amount (Rs. Lakhs)	491.02	389.56
Rate per unit (Rupees)	6.41	5.64
2.2 Coal (specify Quality and where used)	NIL	NIL
2.3 Furnace Oil		
Qty. (Ltrs)	1,394,152	1,312,216
Total Amount (Rs. Lakhs)	571.45	440.29
Avg. Rate	40.99	33.55
2.4 Other / Internal generation		
Natural Gas		
Qty.(M ³)	1,687,542	1,601,987
Total Amount (Rs. Lakhs)	645.97	487
Rate/Unit	38.28	30.38
2.5 Consumption per Ton		
Electricity units	325	326
Furnace Oil (Ltrs.)	12	12
Natural Gas (M ³)	26	28

3. Particulars as per Form B

3.1 Activities carried out at the Research and Development Center during the year 2012.

1. Improvements in base rubber polymerization and grafting kinetics to reduce formulation cost.
2. Fine tuning and customization of existing painting and plating grades that are supplied to automobile customers to enhance quality and customer satisfaction.
3. Development of new glass filled grades in ABS and SAN.
4. Development and production of Global Heat Resistant grades (HH 106/HH 112) with local intermediates.
5. Development work for local compounding of Luran ASA polymers at Moxi Plant.

3.2 Expenditure on R & D

(Rs. In Lakhs)

a)	Capital	NIL
b)	Recurring	118.65
c)	Total	118.65
d)	Total R & D expenditure as a percentage of : Gross Turnover	0.11
	: Net Turnover	0.12

4. Technology absorption, adoption and innovation

- 4.1 Process technology changed in emulsion rubber section from pure batch mode to semi continuous mode to improve safety to manufacture SBR latex in addition to PB latex. This has also reduced batch cycle times and increased conversions and over all capacity.
- 4.2 Chemical Agglomeration Technology introduced in rubber section to produce rubber latex of monomode / bimodal particle size distribution which has resulted in better rubber efficiency.
- 4.3 Recipe optimization in graft section to increase conversions and reduced batch cycle times.
- 4.4 Hardware changes in Coagulation washing and drying section to improve safety and reduce water consumption.
- 4.5 Obtained EC (Environment Clearance) for expansion at Katol plant.

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. In Lakhs)

a)	FOB value of exports made	NIL
b)	Exchange earned	NIL
c)	Exchange outgo	9.03
d)	CIF value of imports	55,251.74

For and on behalf of the Board

Vadodara
February 26, 2013

Hyung Tae Chang
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 Corporate Governance philosophy is founded upon transparency, accountability, values and ethics and is an integral part of the management in its pursuit for growth and value creation. The Company is committed to adopt highest standards of corporate governance and disclosure practices to ensure that its affairs are managed in the interest of all the stakeholders.

2. Board of Directors

• Composition and size of the Board

The Board of the Company has an optimum mix of Non-executive and Independent Directors. The Board comprises of seven Directors including Managing Director, additional director and an alternate director on the Board.

The Company has a Non-executive Chairman.

The Managing Director under the superintendence and control of the Board of Directors manages the Company.

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 requirements mandated.

During the year there has been change in composition of the Board of Directors. A table showing changes in the Board of Directors during the year forms part of this report.

• Board meetings and attendance

The annual calendar of Board meetings is decided at the beginning of each year.

During the year 2012 five Board meetings were held and the gap between two Board meetings did not exceed four months.

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 to Board Members 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	14 th February, 2012	6	5
2	1 st March 2012	6	6
3	24 th April, 2012	6	6
4	24 th July, 2012	6	6
5	29 th October, 2012	6	6

• Category of Directorship, Nature of Directorship and changes in Board of Directors

Name of Directors	Category	Nature of Directorship	DIN	Remarks
Dr. Gerhard Franken	Chairman (Non-Executive)	NED	02174437	Ceased w.e.f. 1.3.2012
Mr. Hyung Tae Chang	Chairman (Non-Executive)	NED	02425162	Appointed w.e.f. 1.3.2012
Mr. R S Agrawal	Managing Director	Director in whole time employment	00057955	1. Appointed w.e.f. 1.1.2012 as Managing Director 2. Ceased w.e.f. 31.12.2012
Mr. Myung Suk Chi	Managing Director	Director in whole time employment	05225708	1. Appointed w.e.f. 1.3.2012 as Director 2. Appointed w.e.f. 1.8.2012 as Executive Director 3. Appointed w.e.f. 1.1.2013 as Managing Director.
Mr. Andrew Pizzey	Director	NED	02102692	Ceased w.e.f. 1.3.2012
Mr. Sharad M Kulkarni	Director	NED (I)	00003640	—

Name of Directors	Category	Nature of Directorship	DIN	Remarks
Mr. Jal R Patel	Director	NED (I)	00065021	—
Mr. Ravindra Kulkarni	Director	NED (I)	00059367	—
Mr. Sushil Roy Fonseca	Alternate Director to Mr. H T Chang	NED	02583710	1. Appointed w.e.f. 1.3.2012. 2. Resigned w.e.f. 24.4.2012
Mr. Jit Teng Tan	Additional Director	NED	06466969	Appointed w.e.f. 1.1.2013
Mr. Ravishankar Kompalli	Alternate Director to Mr. Jit Teng Tan	NED	06458292	Appointed w.e.f. 1.1.2013

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

- 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 Directors	Number of Board Meeting attended	Number of Committee Membership(s)/ Chairmanship(s)+		Number of Directorship held*	Attendance at last AGM 24/04/2012
		Member	Chairman		
Dr. Gerhard Franken	0	—	—	1	N.A.
Mr. Hyung Tae Chang	4	—	—	1	Yes
Mr. R S Agrawal	5	2	—	5	Yes
Mr. Myung Suk Chi	4	—	—	1	Yes
Mr. Sharad M Kulkarni	5	10	5	9	Yes
Mr. Andrew Pizzey	1	—	—	1	N.A.
Mr. Jal R Patel	5	5	4	7	Yes
Mr. Ravindra Kulkarni	5	9	2	8	Yes
Mr. Sushil Roy Fonseca	0	1	—	2	N.A.

Directorship mentioned above includes Directorship in Styrolution ABS (India) Limited and excludes Private Limited Companies, Foreign Companies, Section 25 Companies, Body Corporates, Membership of Managing Committees of various chambers / Bodies and Alternate Directorships..

Mr. Jit Teng Tan and Mr. Ravishankar Kompalli are appointed effective from January 1, 2013.

Chairmanship / Membership of Board Committees include membership of Audit Committee (AC) / Investors' Grievance Committee (IGC) / (RC) Remuneration Committee including in Styrolution ABS (India) Limited.

No Director is a member in more than 10 Committees or Chairman of more than 5 committees across all companies in which he is a Director.

- 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 / Executive Directors: Mr. R S Agrawal ceased to be the Managing Director on December 31, 2012. Effective from January 1, 2013 Mr. Myung Suk Chi, Executive Director of the Company has been redesignated and assumed office as Managing Director of the Company. Mr. Myung Suk Chi is responsible for the overall management of the Company effective from January 1, 2013.

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 benefit of their wide experience in the field of corporate management, accounts, finance, taxation, audit, secretarial & legal, information and strategic management.

The Company has three Independent Directors on the Board. The Independent Directors have unfettered and complete access to all the information pertaining to the Company.

The Audit Committee of the Company is entirely composed of Non-executive Independent Directors.

• **Details of Directors being appointed / re-appointed / redesignated.**

As per the provisions of the Companies Act, 1956, two third of the Directors should be retiring Directors. One third of these retiring Directors are required to retire every year and upon being eligible they qualify for reappointment.

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

Effective from January 1, 2013 Mr. Jit Teng Tan has been inducted on the Board of the Company as an Additional Director and Mr. Ravishankar Kompalli has been inducted as an Alternate Director to Mr. Jit Teng Tan.

The resolutions for their re-appointment/appointment have been appropriately included in the notice of AGM forming part of this Annual Report.

The brief profile of each of the Directors who retire by rotation and who being eligible has offered himself for re-appointment, is given below:

Mr. Myung Suk Chi (DIN : 05225708)

Mr. Myung Suk Chi is a Korean National. He is a Bachelor of Science, Major: Polymer Chemistry, Inha University, Korea and MBA - Personnel management, SeoGang University, Korea.

He is having wide working experience in various fields. His work experience includes the following :-

- Jan. 1, 1982 - Oct 30, 1983 : Quality control specialist for tyre cord, TongYang Nylon, Ulsan, Korea,
- Nov. 1, 1983 - Oct. 30, 1984: PS project team member, TongYang Nylon, Ulsan, Korea,
- Nov. 1, 1984 - May 31, 1994 : Compounding manager, QC manger, Hyosung BASF, Ulsan, Korea,
- Jun. 1, 1994 - Apr. 30, 1999 : Technical service manager, Hyosung BASF, Seoul, Korea,
- May 1, 1999 - Sep. 30, 2002 : ABS marketing regional manager, senior manager, BASF SEA Pte. Ltd., Singapore,
- Oct. 1, 2002 - Jun. 30, 2004 : EPS/SM division head, BASF Company Ltd., Seoul, Korea,
- Jul. 1, 2004 - Jul. 31, 2006: Thermoplastic BU deputy head, BASF Company Ltd., Seoul, Korea,
- Aug. 1, 2006 - Dec. 31, 2010 : Styrenics (ASK/KS) BU head, BASF Company Ltd., Seoul, Korea,
- Jan. 1, 2011 - July 2012: President & Representative Director, Styrolution Korea Ltd., Seoul, Korea.

Effective from August 1, 2012 Mr. Myung Suk Chi was appointed as an Executive Director of the Company. He has been re-designated as a Managing Director of the Company effective from January 1, 2013 for a period upto July 31, 2015. Mr. Myung Suk Chi manages the Company as the Managing Director under the superintendence and control of the Board of Directors of the Company.

Mr. Sharad M Kulkarni (DIN : 00003640)

Mr. S M Kulkarni, having Indian Nationality, is a Bachelor in Engineering from University of Pune and is also a fellow of the Institute of Engineers India, Institute of Management, U.K. and Institute of Directors, U.K.

He currently acts as corporate and business advisor to several Indian and Multinational companies.

He has a distinguished international career spanning over 40 years as head of major Indian and multinational companies in wide ranging areas of businesses from information technology to biotechnology, financial services to venture funds, industrial products to specialty chemicals and construction to property development.

He is associated with several educational institutions such as Vidyaprathishthan - Baramati and University of Pune's School of Management.

He is also involved with several NGO's and also acts as trustee of various research centers, charitable trusts and hospital councils.

Mr. Hyung Tae Chang (DIN : 02425162)

Mr. H T Chang is a Korean National. He is a Chemical Engineer, Seoul National University, Korea and an MBA - Seogang University in Seoul, Korea.

At present, Mr. Hyung Tae Chang is President of the Regional Business Units - Asia Pacific of Styrolution Group. He is also a member of supervisory board of Styrolution global

His varied experience includes the following :

2001 - Present BASF South East Asia Pte. Ltd., Singapore Group Vice-President, Regional Business unit, Styrenics Polymers, Asia Pacific.

- Management of a business unit for Styrenics Polymers in Asia Pacific including Operational Planning, Sales & Marketing, Production, Supply Chain, etc

1997 - 2001 Hyosung Corporation

(1998 -2001) - Board Members & President, Chemical Performance Group. Overall Management of Chemical Business in Hyosung Group including Business (purchasing, production, logistics, marketing), Operational Planning, Investment, Business Restructuring,

(1997 -1998) - Chief Officer, Central Planning and Coordination Office , Corporate planning, Performance Management for senior management and Business unit coordination in investment, HR for senior management, Financial Planning

- Business Restructuring, M&A & Reorganization for Decentralization

1980 -1997 Hyoung BASF Co. Ltd, Seoul

(1994 - 1997) - Board Member & Director (96).

- Overseas Marketing, Long-term planning, Management Innovation (Vision making and BPR), and Information systems

(1992 - 1993) - Assistant Director.

- Overseas marketing and Styropor local marketing

(1990 - 1991) - Department Manager.

- Overseas marketing and Sales-Production Coordination

(1988 - 1989) - BASF AG, Ludwigshafen, Germany.

- Marketing Department in Styrenics Polymers

(1985 - 1987) - Department Manager-Corporate Planning, Project, and Purchasing.

- Corporate Planning - Business Planning (Yearly, Mid-Term), Budgeting & Budget control;
- Projects - Feasibility study on Investment Projects and Schedule & Cost Control for Styrenics Polymers;
- Purchasing Raw Materials, Equipment & Machinery;

(1980 - 1984) - Department Manager, Styropor Sales & Marketing.

- Establishment of Marketing Concepts and Sales organization
- Development of Customers
- Sales and Marketing
- Technical Service

1977 - 1980 Fohag - BASF Dept, Seoul, Korea - Manager, Chemicals & Plastic Dept.

- Sales of Chemicals (organic & inorganic chemicals) and Plastics of BASF products
- Market survey for investment on Expandable Polystyrene and Polyurethane system

1974 -1997 Honam Petrochemical Co. Ltd, Seoul, Korea.

- Project Engineer for Yeochun Petrochemical Complex including Market Survey, Feasibility Study, Technology Evaluation and Contract Handling (Joint - Venture Agreement, License Agreement, and Engineering Contract)

Mr. Jit Teng Tan (DIN : 06466969)

Mr. Jit Teng Tan is a Malaysian National. He has done his Masters of Business Administration (MBA), University of Hull, Singapore and Bachelor of Economics, Macquarie University, Sydney, Australia. He has been inducted on the Company's Board w.e.f. January 1, 2013 as an Additional Director.

He was deputed to BASF South East Asia Pte. Ltd, Singapore as Business controlling, Styrenics Polymers during June 2006 – December 2010. From January 2011 he is Vice President, Functional Services of Styrolution South East Asia Pte. Ltd., Singapore. He has varied experience in the area of direct control and coordination of regional efforts and activities of the daily operational, procedural, governance, budgeting, reporting and analytical aspects of the Styrenics business in Asia Pacific and was a Lead coordinator from the business unit in carving out the Styrenics business from BASF.

He led Human Resource Development (HRD) team as Senior Manager for BASF South East Asia Pte Ltd. during June 2004 - May 2006. He has also worked as Director, Regional Audit Asia Pacific, Singapore, during August 1997 to May, 2004. He has also worked as Portfolio Accounting Officer, Amp Society, Sydney, Australia. As a Regional Internal Auditor, he has managed the regional internal audit function, formulating and implementing audits to review and report on the effectiveness and efficiency of internal controls in the regional organizations. He also headed the "Functional Efficiency" regional project to assess the effectiveness of all regional functions.

He has been Financial Analyst during 1991 – 1997 to Hewlett Packard, Singapore, Internal Auditor in 3M Asia Pacific and Internal Auditor in Singapore Bus Service.

Mr. Ravishankar Kompalli (DIN: 06458292)

Mr. Ravishankar Kompalli is an Indian National. He holds degree in Bachelor of Technology (Chemical) and has done a Post Graduate Diploma in Safety Management. He has varied experience in the field of Polymers Industry. He has been appointed as an Alternate Director to Mr. Jit Teng Tan on the Board effective from January 1, 2013.

He presently heads all the Plants and looking after ABS/SAN manufacturing of the Company. During 1978 to 1989 he worked in Polychem Ltd., Bombay and Baroda, worked as Senior Process Engineer, Safety Manager and also in Projects. During 1989 to 1992 was associated with LG Polymers Ltd. as Process and Project Manager. He handled various Projects in ABS and SAN with JSR Collaboration, Polystyrene Project with Huntsman Technology, Production of Polystyrene. During 1992 to 1996 he was designated as Plant Manager of Company's Katol Plant. During 1997, he has also worked in Risjad, Brasali, Indonesia as ABS and SAN Plant Manager.

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 Agreement, as well as in Section 292A of the Companies Act, 1956 are as follows:

- a) Oversight of the Company's financial reporting process and the disclosure of the financial information to ensure that the financial statements are correct, sufficient and credible;
- b) to review with Management the financial statement at the end of a quarter and half year and the annual financial statements before submission to the Board for approval, focusing primarily on :
 - (i) 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;
 - (ii) changes, if any, in accounting policies and practices and reasons for the same;
 - (iii) major accounting entries involving estimates based on the exercise of judgment by management;
 - (iv) significant adjustments made in the financial statements arising out of audit findings;
 - (v) compliance with listing and other legal requirements relating to financial statements;
 - (vi) disclosure of any related party transactions; and
 - (vii) qualifications in the draft audit report, if any.
- c) to recommend 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;
- d) 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);
- e) reviewing with management the 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;
- f) 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;
- g) discussion with internal auditors on any significant findings and follow up thereon;
- h) 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;
- i) 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;
- j) to review the functioning of the Whistle Blower mechanism, in case the same is existing;
- k) 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 14th February, 2012, 1st March, 2012, 24th April, 2012, 24th July, 2012 and 29th October, 2012.

Name	Designation	Category of Directorship	Attendance out of four meetings held
Mr. Sharad M Kulkarni	Chairman	Non-executive & Independent	5
Mr. Jal R Patel	Member	Non-executive & Independent	5
Mr. Ravindra Kulkarni	Member	Non-executive & Independent	5

The Managing Director, CFO, the Statutory Auditors and Internal Auditors are invitees to the meeting. The Company Secretary acts as Secretary to the Audit Committee and was present at all the Audit Committee Meetings.

The Chairman of the Audit Committee, Mr. Sharad M Kulkarni, attended the last Annual General Meeting of the Company held on 24th April, 2012.

The minutes of the Audit Committee Meetings are noted at the succeeding Meeting of the Board of Directors.

4. Remuneration Committee

A Remuneration Committee has been constituted by the Board which meets on specific need basis. The Board of Directors has constituted this committee especially for the purpose of recommending the Managing Director and Executive Director's remuneration. This Committee consists of 1) Mr. Sharad M Kulkarni, 2) Mr. Jal R Patel and 3) Mr. Ravindra Kulkarni as members. The appointment and proposed terms and conditions of remuneration payable to Mr. Myung Suk Chi as an Executive Director for a period of three years from 1st August, 2012 to 31st July, 2015 have been recommended by the committee at its meeting held on 24th April, 2012 and approved by the members through resolution passed by Postal Ballot on June 19, 2012.

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

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

The Remuneration Committee comprises of following Directors and only one meeting of the committee was held during the year under review and that was on 24th April, 2012.

Name	Designation	Category of Directorship	Attendance out of four meetings held
Mr. Sharad M Kulkarni	Chairman	Non-executive & Independent	1
Mr. Jal R Patel	Member	Non-executive & Independent	1
Mr. Ravindra Kulkarni	Member	Non-executive & Independent	1

5. Remuneration to Directors

• **Remuneration to Managing Director / Executive Director**

The remuneration paid to the Managing Director and Executive Director has been recommended by the Remuneration Committee, approved by the Board of Directors and Shareholders at the General Meeting and such other authorities, as may be required from time to time.

The remuneration paid to the Managing and Executive Director during the year ended 31st December, 2012 is as under:

Amount (Rs. In Lakhs)

Particulars		Mr. R S Agrawal	Mr. Myung Suk Chi
Designation		Managing Director	Executive Director
Tenure of Appointment		(1.1.2012-31.12.2012)	(1.8.2012-31.12.2012)
Fixed Component	Salary	180.00	56.25
	Perquisite, allowances and contribution to Provident Fund	20.91	40.98
Performance Linked	Variable Pay	40.00	79.61
Service Contract, notice period and severance fees:	There are no severance fees payable in the service contract.		
Stock Option		Nil	Nil

• **Remuneration to Non-Executive Directors**

Non-executive Independent Directors are entitled to sitting fees for every meeting of the Board, Audit Committee, Remuneration Committee and Shareholders' / Investors' Grievances Committee attended by them. Non-executive Independent Directors are at present paid sitting fees of Rs. 20,000/- for each Board Meeting and Audit Committee Meeting, Rs. 10,000 for Remuneration Committee Meeting and Rs. 5000 /- for Investors' Grievances Committee meeting attended.

In addition to the above all the three independent directors of the Company are paid a commission subject to maximum limit of Rs. 3.00 Lakhs each for a period not exceeding 3 years commencing from 1st January, 2010. In the year 2012 concluded, the same amount is being paid.

Sitting fees paid during the Financial Year 2012.

Name of Director	Sitting Fees paid (Rs.)			
	Board Meeting	Audit Committee	Investor's Grievance Committee	Remuneration Committee
Mr. Sharad M Kulkarni	100,000	100,000	N.A.	10,000
Mr. Jal R Patel	100,000	100,000	20,000	10,000
Mr. Ravindra Kulkarni	100,000	100,000	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' Grievances Committee

The Board has constituted Investors Grievance Committee. Mr. R S Agrawal has ceased to be a committee member of Investors' Grievances Committee w.e.f. December 31, 2012 and in his place Mr. Myung Suk Chi has been inducted as a member of the Committee w.e.f. January 1, 2013.

Effective from January 1, 2013, the composition of the Investors' Grievance Committee is as follows:

Name of the Member	Designation	Category of Directorship
Mr. Jal R Patel	Chairman	Non-Executive & Independent
Mr. Myung Suk Chi	Member	Executive

During the year under review, the Committee met four times on 14th February, 2012, 24th April, 2012, 24th July, 2012 and 29th October, 2012 respectively and all the members attended the meetings held.

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 Registrar 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@styrolutionabsindia.com

Website : www.styrolutionabsindia.com

The letters received through Statutory / Regulatory bodies are also considered as complaints for reporting under clause 41 of the Listing Agreement. The Complaints received during the year are as follows:

Correspondence in the nature of complaints	Q1	Q2	Q3	Q4	Total
Shareholders	0	0	0	0	0
SEBI	1	0	0	0	1
Stock Exchanges	0	0	0	0	0
Other Regulatory Bodies	0	0	0	0	0
Total	1	0	0	0	1

There are no grievances of shareholders' / investors' remaining unattended/unresolved as every effort is made at all levels to immediately redress investors' grievances without delay. The Company had no complaints pending at the close of the year under review. The Company's shares are traded on the Stock Exchanges in dematerialized mode.

M/s. Link Intime India Private Limited, Registrar and Transfer Agent of the Company has 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
37 th AGM	27.04.2010	2009	4.30 p.m.	ABS Towers, Old Padra Road, Vadodara
38 th AGM	05.05.2011	2010	11.30 a.m.	
39 th AGM	24.04.2012	2011	11.00 a.m.	

All the resolutions, including special resolutions set out in the respective Notices were passed by the shareholders. The resolution regarding appointment of and payment of remuneration to Mr. M S Chi as Executive Director was passed through postal ballot during the year under review.

8. Disclosures

- 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 32 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 Company complies with all the mandatory requirements of corporate governance as mandated under Clause 49 of the Listing Agreement.
- The Code of Conduct applicable to Board Members and key employees of the Company has been posted on the Company's website. For the year under review, all Board Members and senior management personnel of the Company have confirmed their adherence to the provisions of the said Code.
- The Management Discussion and Analysis Report forms a part of this Annual Report.
- **CEO / CFO Certificate(s)**

The Managing Director and the Chief Financial Officer have submitted to the Board of Directors annual certification relating to financial reporting and internal controls for the Financial Year ended 31.12.2012 as required in terms of Clause 49 of the Corporate Governance Code.

9. Means of Communication

- The quarterly un-audited 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

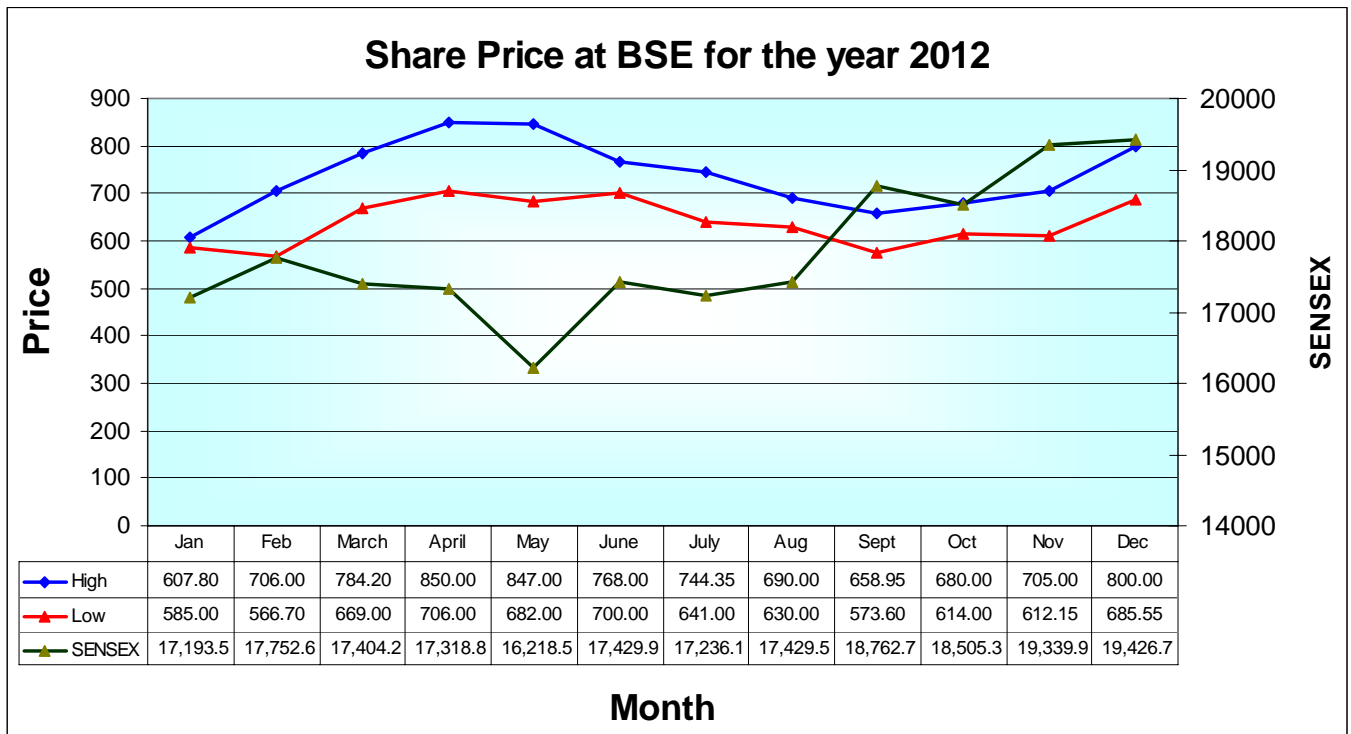
- The Company's results and official news releases are displayed on the Company's website. The Company's website address is www.styrolutionabsindia.com.

10. General Shareholder Information:

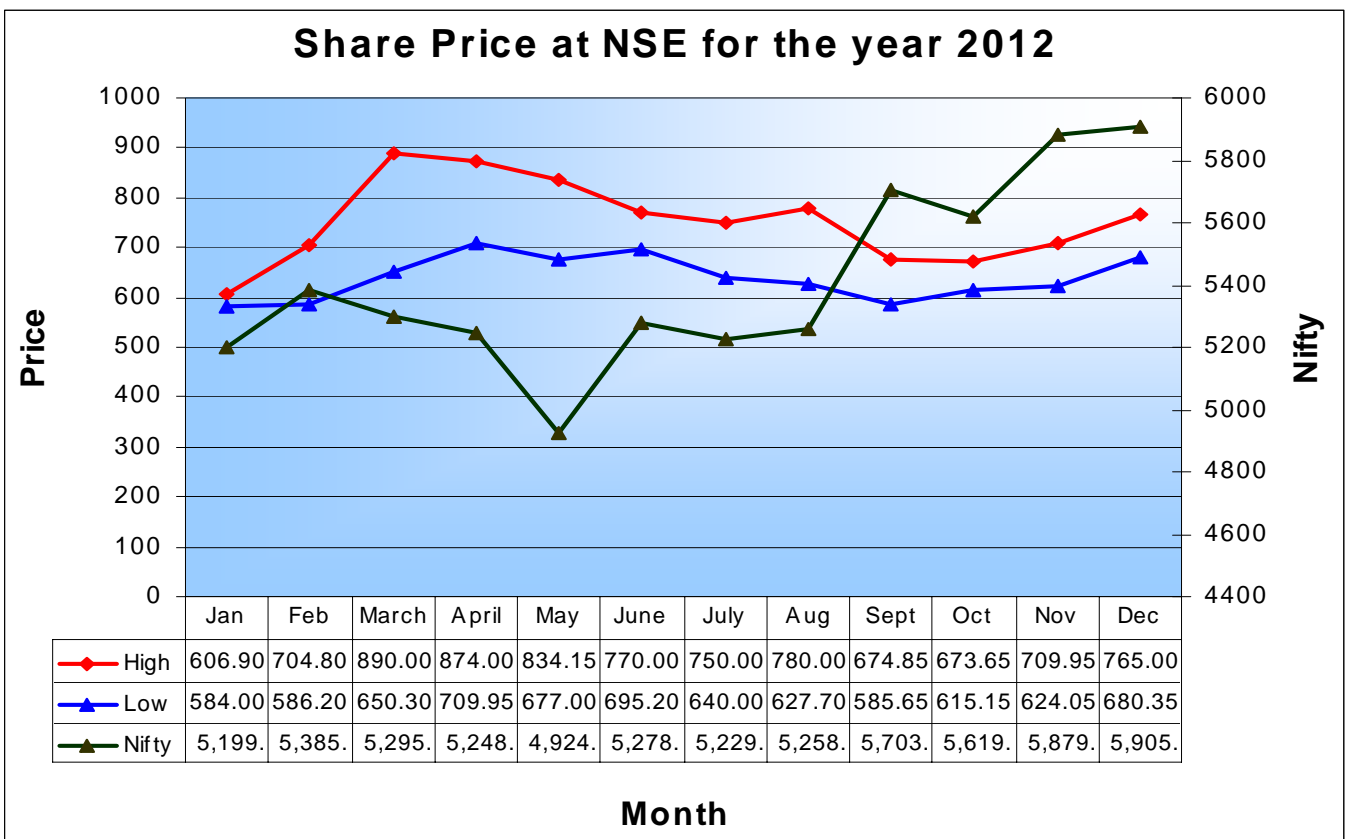
- AGM : (Date, Time and Venue) 26th April, 2013 (Friday) at 11.30 a.m. at ABS Towers, Old Padra Road, Vadodara – 390007.
- Financial year : 1st January to 31st December.
The financial results will be adopted as per the following tentative schedule :
First Quarter: 26th April, 2013
Second Quarter: 26th July, 2013
Third Quarter: 29th October, 2013
Fourth Quarter: 15th February, 2014
- Dividend for the year 2012 : The Board of Directors of the Company has recommended a final dividend of Rs 4.00 (@ 40%) per equity share for the year ended December 31, 2012. Dividend when declared at the Annual General Meeting will be paid to the members, whose names appear on the Register of Members as on 15th April, 2013.
- Dividend Payment Date : 6th May, 2013 (Monday)
- Date of book closure : 15th April, 2013 (Monday) to 19th April, 2013 (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 : STYABS
 - Listing fees for the year 2012-13 have been paid to both the Stock Exchanges within stipulated time.
- ISIN for NSDL & CDSL : INE189B01011
- High/low of market price of the Company's shares traded along with the volumes on the Bombay Stock Exchange and on the National Stock Exchange of India during the calendar year 2012 is furnished below:

Month	BSE (SENSEX)				NSE (NIFTY)			
	High Price (Rs.)	Low Price (Rs.)	No. of Shares	SENSEX	High Price (Rs.)	Low Price (Rs.)	No. of Shares	NIFTY
Jan - 12	607.80	585.00	262,051	17193.55	606.90	584.00	416,278	5199.25
Feb - 12	706.00	566.70	226,334	17752.68	704.80	586.20	170,550	5385.20
Mar - 12	784.20	669.00	140,953	17404.20	890.00	650.30	183,004	5295.55
April - 12	850.00	706.00	93,066	17318.81	874.00	709.95	106,555	5248.15
May - 12	847.00	682.00	46,008	16218.53	834.15	677.00	44,995	4924.25
June - 12	768.00	700.00	18,529	17429.98	770.00	695.20	23,608	5278.90
July - 12	744.35	641.00	12,317	17236.18	750.00	640.00	14,457	5229.00
Aug - 12	690.00	630.00	18,528	17429.56	780.00	627.70	15,480	5258.50
Sept - 12	658.95	573.60	27,907	18762.74	674.85	585.65	14,591	5703.30
Oct - 12	680.00	614.00	22,718	18505.38	673.65	615.15	20,594	5619.70
Nov - 12	705.00	612.15	48,386	19339.90	709.95	624.05	60,980	5879.85
Dec - 12	800.00	685.55	66,981	19426.71	765.00	680.35	53,519	5905.10
Total Shares Traded			983,778				1,124,611	
Average Shares Traded			81,982				93,718	

- Share Performance of the Company in graphical comparison at BSE (Sensex) :-



- Share Performance of the Company in graphical comparison at NSE (Nifty) :-



• Distribution of shareholding as on 31st December, 2012

No. of shares ranging From – To	No. of Shareholders	% to Total	No. of Shares	% to Total
1 - 500	6,977	91.80	784,274	4.46
501 - 1000	336	4.42	266,041	1.51
1001 - 2000	150	1.97	217,024	1.23
2001 - 3000	44	0.58	111,596	0.63
3001 - 4000	19	0.25	68,044	0.39
4001 - 5000	17	0.22	78,776	0.45
5001 - 10000	30	0.39	217,657	1.24
10001 & above	27	0.36	15,842,213	90.09
Total	7,600	100.00	17,585,625	100.00

• Dematerialisation of shares as on 31st December, 2012

Particulars	31 st December, 2012		31 st December, 2011	
	No. of Shares	%	No. of Shares	%
No. of Demat Shares				
- NSDL	16,916,077	96.20	16,705,535	95.00
- CDSL	383,876	2.18	560,665	3.19
No. of Physical Shares	285,672	1.62	319,425	1.81
Total	17,585,625	100.00	17,585,625	100.00

• Category wise shareholding as on 31st December, 2012

Category	No. of shares	% of Shareholding
Promoters		
- Indian Promoters	NIL	NIL
- Foreign Promoters Styrolution (Jersey) Limited	15,356,780	87.33
Institutional Investors		
- Mutual Funds	16,361	0.09
- Banks, Financial Institutions	5,900	0.03
- FIIs	68,274	0.39
- Trusts	4,890	0.03
Others		
- Corporate Bodies	363,014	2.06
- Indian Public	1,707,983	9.71
- NRIs / OCBs	48,414	0.28
- Any Others (Clearing Members)	14,009	0.08
Grand Total	17,585,625	100.00

- Registrar and Share Transfer Agent
M/s. Link Intime India Private Limited.
Unit: Styrolution ABS (India) Limited.
B -102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank,
Near Radhakrishna Char Rasta, Akota, Vadodara - 390 020.
Phone : 0265-2356573, 2356794 Fax : 2356791.
E-Mail : vadodara@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 lodgement if documents are complete in all respects.
- Exchange of Share Certificates
The Shareholders' holding share certificates of INEOS ABS (India) Limited, 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. Styrolution ABS (India) Limited.
- Unclaimed dividend
Dividend declared for the year 2004 has been transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government and accordingly no claim shall lie in respect thereof.
The Dividend declared for the year 2005, which has remained unclaimed is due for transfer to Investor Education & Protection Fund on 6th May, 2013.
- Bank details for the purpose of dividend
Payment of Dividend will be made through National Electronic Clearing Service (NECS) 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 NECS facility to receive dividend from the Company, may furnish the information to the company or M/s Link Intime India Private Limited, the Registrar and Transfer Agents. The members holding shares in electronic form may furnish the information to their Depository Participants, for receiving dividend through NECS 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, 2012:
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 Annual report for the address 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.
Email ID : secshare@styrolutionabsindia.com
Tel.Nos. 0265 - 2355861-63, 2355871-73
Website : www.styrolutionabsindia.com
Shareholders holding shares in electronic form should address all their correspondence to their respective Depository Participants.

For and on behalf of the Board

Vadodara
February 26, 2013

Hyung Tae Chang
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, 2012.

For Styrolution ABS (India) Limited

Vadodara
February 26, 2013

Myung Suk Chi
Managing Director

Certification of compliance with the Corporate Governance requirements under Clause 49 of the Listing Agreement.

To,
The Members of Styrolution ABS (India) Limited (formerly INEOS ABS (India) Limited)

We have examined the compliance of conditions of Corporate Governance by Styrolution ABS (India) Limited (formerly INEOS ABS (India) Limited) (the Company) for the year ended on 31st December 2012, as stipulated in Clause 49 of the Listing Agreements entered into by the Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 Agreements.

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.

For B S R & Co.
Chartered Accountants
Firm's Registration number 101248W

Mumbai
February 26, 2013

Vijay Mathur
Partner
Membership No.046476

Management Discussion and Analysis

Styrolution ABS (India) Ltd. is an Indian company within Styrolution Global group.

Your Company continues to contribute significantly in enhancing ABS capacity globally for Styrolution worldwide markets.

A. Structure and Developments

STYROLUTION believes that India has an edge of being a major engineering thermoplastics manufacturing hub in Asia Pacific Region. Its current growth rate speaks for better prospects in coming years. When compared to other economies, India has demonstrated its capabilities to match the market demand capable of combating worldwide competition. Your Company's operations certainly have better product quality and services capable of maintaining market share and profitability, despite liberal trade regime.

The Rupee v/s US-Dollar volatility and lower availability of imported raw materials has been a cause of concern. However, your Company managed to optimise price realisation from the market thus successfully strengthened its bottom line. Buoyant market conditions due to lack of additional capacities installation, has helped your company to increase its market share.

Conscious austerity measures like cost cutting/economizing the administrative costs across all levels etc. have enabled your company to maintain and improve its profitability.

B. Opportunities and Threats

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

The demand for your Company's products has witnessed improvement. However, sales volume and margins may improve later in the year.

It is worth reporting here that currently due to poor China demand, there is a situation of higher imports into the country and the main reason for this is the aggressive pricing strategy by the foreign suppliers/manufacturers. Your Company is siezed of the liquidity crunch in the market and is putting all efforts to put in place effective payments overdue management at the same time without affecting business growth.

It is further expected that demand is likely to grow steadily in the time to come. This is based on the assumption that automobile sector (2-Wheeler & 4-Wheeler) is expected to operate at about 70% to 75% utilization; while consumer durable sector at about 65% to 70% utilization. There is a further challenge of likelihood of imported products being available at competitive prices vis-à-vis domestic prices as it is likely that domestic prices would show upward trend. Further local competitors may also indulge in price cuts or like to push their products. On the Rupee v/s US-Dollar front, the Rupee is expected to remain volatile.

Your Directors also feel that there is good potential to develop further business in the automotive sector, consumer durable/household appliances sector, electrical sector and other sectors like stationery, as in all these sectors there is a good scope and demand for our products. Further there are few vital products like Glass Filled SAN and Conductive ABS, which has good market potential and are under development.

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

Your Company needs to be vigilant, as imported ABS is available at a cheaper price which could be a challenge impacting our customers' base. We certainly will have to be sensitive to this and devise a strategy for controlling its impact on the Company's profitability.

C. Products

Your Company products viz. ABSOLAN and ABSOLAC continues to have a preferred market choice amongst user industries such as Consumer Durables, Automotive, Business Machines, Telecommunications, Electronics, IT related machines etc.

D. Exports

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

E. Internal Control Systems & its adequacy

The Company has in place adequate system of internal control. It encompasses all the vital operating functions. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliances with regulations and for ensuring reliability of financial reporting. The Company has continued its efforts to align all its processes and controls with global best practices in these areas as well.

Some significant features of the internal control systems are:

- Corporate policies on accounting and major processes;
- Preparation and monitoring of annual budgets for all operating and service functions;
- An on-going program for strengthening of the Code of Conduct. All employees of the Company are being regularly communicated on the subject;
- Audit Committee of the Board of Directors, comprising entirely of independent directors, regularly reviews the audit plans, significant audit findings, adequacy of internal controls, compliance with Accounting Standards as well as reasons for changes in accounting policies and practices etc.

The Board takes responsibility for the total process of risk management in the organisation. The Audit Committee reviews reports covering operational, financial and other business risk areas.

F. Human Resource Development and Industrial Relations

The industrial relations situation was cordial and harmonious and continues to be so. Training was imparted to workers on first aid, safe driving, EHS, emergency handling and firefighting, health and employee safety and risk assessment. We appreciate the contributions and initiatives made by all employees towards achieving improved productivity, flexibility in operations and overall business performance of your Company.

Your Directors believe that a continuous HR interaction has and would lead to a healthy environment and a strong relationship of mutual trust.

For Styrolution ABS (India) Limited

Vadodara
February 26, 2013

Hyung Tae Chang
Chairman

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 Styrolution ABS (India) Limited

We have audited the attached Balance Sheet of Styrolution ABS (India) Limited (*formerly INEOS ABS (India) Limited*) ('the Company') as at 31st December, 2012, and the related Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto. 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.

We conducted our audit in accordance with 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.

- 1 As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2 Further to our comments in the Annexure referred to 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the 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 of the Company, as on 31st December, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st December, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
 - f) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required, 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 31st December, 2012;
 - ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For B S R & Co.
Chartered Accountants
Firm's Registration number 101248W

Mumbai
February 26, 2013

Vijay Mathur
Partner
Membership No.046476

Annexure to the Auditors' Report – 31st December, 2012
(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which the fixed assets are physically verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed upon such verification.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.
- (b) The procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) (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 contracts and arrangements referred to in (a) above and exceeding the value of Rupees Five lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except for purchases of certain services which are for the Company's specialised requirements and for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales-tax, Value added tax, Wealth tax, Service tax, Custom duty, Excise duty, Investor Education and Protection Fund and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Value added tax, Wealth tax, Service tax, Custom duty, Excise duty, Investor Education and Protection Fund and other material statutory dues were in arrears as at 31st December, 2012 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax/Value added tax, Wealth tax, Service tax, Customs duty and Excise duty which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in the appendix to this report.

- (x) The Company does not have any accumulated losses as at end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding debentures or dues to financial institutions during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) 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.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that funds raised on short term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For B S R & Co.
Chartered Accountants
Firm's Registration number 101248W

Mumbai
February 26, 2013

Vijay Mathur
Partner
Membership No.046476

Appendix

Name of the statute	Nature of dues	Amount under dispute (Rs. In lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Central Sales Tax Act, 1969	Sales Tax including interest and penalty as applicable.	57.39	January 2001 to December 2001	Commissioner of Sales Tax (Appeals)
The Central Excise Act, 1944	Excise Duty including interest and penalty as applicable.	25.56	2005 to August 2012	Assistant Commissioner – Vadodara
		32.99	September 2004 to January 2010	Additional Commissioner – Vadodara
		5.27	March 1996 to September 2009	Deputy Commissioner Appeals – Vadodara
		9.82	September 2000 to February 2003	Joint Commissioner – Vadodara
The Income Tax Act, 1961	Income Tax including interest and penalty as applicable	8.17	1991-1992 and 1993-1994	Assessing Officer
		17.12	2005-2006 and 2006-2007	Commissioner of Income Tax - Appeals
		271.76	1994-1995, 1999-2000 and 2005-2006	Honourable High Court of Gujarat

Balance Sheet as at December 31, 2012

	Note No.	December 31, 2012	December 31, 2011
(Rs. in Lakhs)			
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,758.56	1,758.56
Reserves and surplus	4	41,744.45	36,248.98
		<u>43,503.01</u>	<u>38,007.54</u>
Non-current liabilities			
Deferred tax liabilities (net)	5	1,664.25	1,814.37
Other long-term liabilities	6	6.87	16.20
Long-term provisions	7	1,497.84	1,450.21
		<u>3,168.96</u>	<u>3,280.78</u>
Current liabilities			
Short-term borrowings (Acceptances)	8	6,724.23	13,059.06
Trade payables	9	5,715.51	1,764.56
Other current liabilities	10	3,821.35	2,459.77
Short-term provisions	11	844.70	840.83
		<u>17,105.79</u>	<u>18,124.22</u>
Total		<u>63,777.76</u>	<u>59,412.54</u>
ASSETS			
Non-Current assets			
Fixed assets			
Tangible assets	12	12,379.31	12,922.17
Capital work-in-progress		2,926.30	1,059.61
Non-current investments	13	4.50	4.50
Long-term loans and advances	14	2,776.23	1,241.62
Other non-current assets	15	11.62	11.62
		<u>18,097.96</u>	<u>15,239.52</u>
Current assets			
Current investments	16	1,705.14	10,132.68
Inventories	17	9,519.42	9,468.99
Trade receivables	18	17,490.30	12,389.12
Cash and bank balances	19	3,253.72	6,319.78
Short-term loans and advances	20	13,628.43	5,732.90
Other current assets	21	82.79	129.55
		<u>45,679.80</u>	<u>44,173.02</u>
Total		<u>63,777.76</u>	<u>59,412.54</u>
Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For and on behalf of the Board of Directors of
Styrolution ABS (India) Ltd.

For B S R & Co.

Chartered Accountants

Firm Registration Number : 101248W

Vijay Mathur

Partner

Membership Number: 046476

Hyung Tae Chang

Chairman

Myung Suk Chi

Managing Director

S. M. Vaishnav

Company Secretary

S. M. Kulkarni

Director

J. R. Patel

Director

Ravindra Kulkarni

Director

Jit Teng Tan

Director

Mumbai, Dated : February 26, 2013

Vadodara, Dated : February 26, 2013

Statement of Profit and Loss for the year ended December 31, 2012

		(Rs. in Lakhs)	
	Note No.	December 31, 2012	December 31, 2011
Revenue from operations	22		
Sale of goods		110,602.84	90,987.20
Less: Excise duty		11,727.80	8,451.26
Sale of goods (net)		98,875.04	82,535.94
Sale of services		2.35	10.41
Other operating revenue		55.42	55.63
Other income	23	1,114.67	1,071.40
Total revenue		100,047.48	83,673.38
Expenses			
Cost of raw and packing materials consumed	24	74,839.91	64,424.55
Changes in inventories of finished goods and work-in-progress	25	150.35	(2,011.08)
Employee benefits expenses	26	2,749.32	2,575.06
Depreciation	12	1,361.01	1,394.01
Other expenses	27	11,637.00	9,542.55
Total expenses		90,737.59	75,925.09
Profit before tax		9,309.89	7,748.29
Tax expenses			
Current tax		3,147.00	2,672.00
Deferred tax		(150.12)	(320.35)
		2,996.88	2,351.65
Profit for the year		6,313.01	5,396.64
Earnings per share (Basic and diluted) (Rs.) (Face value per share of Rs. 10 each)	46	35.90	30.69
Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For B S R & Co.
Chartered Accountants
Firm Registration Number : 101248W
Vijay Mathur
Partner
Membership Number: 046476

Mumbai, Dated : February 26, 2013

For and on behalf of the Board of Directors of
Styrolution ABS (India) Ltd.

Hyung Tae Chang Chairman	S. M. Kulkarni Director	Ravindra Kulkarni Director
Myung Suk Chi Managing Director	J. R. Patel Director	Jit Teng Tan Director
S. M. Vaishnav Company Secretary		

Vadodara, Dated : February 26, 2013

Cash Flow Statement for the year ended December 31, 2012

	Year Ended December 31, 2012	(Rs. in Lakhs) Year Ended December 31, 2011
A. Cash flow from Operating Activities		
Profit before Tax	9,309.89	7,748.29
Adjustments for :		
Depreciation Expense	1,361.01	1,394.01
Loss on Fixed Assets sold/discarded (Net)	42.11	4.55
Provisions for Doubtful Debts/Advances written back (Net)	(45.25)	(55.63)
Provision no longer required written back	(6.06)	(20.33)
Interest Income-Deposit with Banks	(658.06)	(484.60)
Interest Income-Others	(20.02)	(17.67)
Dividend on long term quoted Investment	(0.85)	(0.83)
Dividend on current unquoted investment	(303.74)	(530.28)
Provision for Contingencies	67.50	475.00
Provision for Doubtful Debts and Advances	25.00	-
	461.64	764.22
Operating profit before Working Capital changes	9,771.53	8,512.51
Changes in Working Capital:		
Increase/(Decrease) in Other Long-term Liabilities	(9.33)	(149.16)
Increase/(Decrease) in Long-term Provisions	(19.87)	(23.29)
Increase/(Decrease) in Trade Payables	2,364.36	(2.84)
Increase/(Decrease) in Other Current Liabilities	1,245.15	(651.52)
Increase/(Decrease) in Short-term Provisions	3.87	23.29
(Increase)/Decrease in Long-term Loans and Advances	(1,767.61)	(261.63)
(Increase)/Decrease in Other Non-Current Assets	-	(2.81)
(Increase)/Decrease in Inventories	(50.43)	(2,363.66)
(Increase)/Decrease in Trade Receivables	(5,080.93)	(1,393.57)
(Increase)/Decrease in Short-term Loans and Advances	(7,895.53)	(2,392.17)
(Increase)/Decrease in Other Current Assets	76.80	(74.35)
	(11,133.52)	(7,291.71)
Cash generated from Operation	(1,361.99)	1,220.80
Taxes paid (Net)	(2,914.00)	(2,711.60)
Net cash generated from/(used in) Operating Activities	(4,275.99)	(1,490.80)
B. Cash flow from Investing Activities		
Purchase of Tangible Assets	(2,757.21)	(880.66)
Sale of Tangible Assets	30.27	18.47
(Increase)/Decrease Short Term Deposits	3,100.00	1,361.42
Purchase of Current Investments	(53,945.54)	(62,134.20)
Sale of Current Investments	62,373.08	61,261.72
Interest received	653.72	511.68
Dividend received	304.59	531.11
Net cash from Investing Activities	9,758.91	669.54
C. Cash flow from Financing Activities		
Dividends Paid	(709.11)	(702.84)
Dividend Distribution Tax	(114.11)	(114.12)
(Increase)/Decrease in short term loans	(4,620.08)	3,334.43
Net cash used in Financing Activities	(5,443.30)	2,517.47
A+B+C Net increase in Cash and Cash equivalents	39.62	1,696.21
Cash and Cash equivalents at the beginning of the year	2,893.04	1,196.83
Cash and Cash equivalents at the end of the year	2,932.66	2,893.04

Cash Flow Statement for the year ended December 31, 2012 (Contd.)

	Year Ended December 31, 2012	Year Ended December 31, 2011
Cash and Cash equivalents comprise of:		
Cash on Hand	0.39	0.86
Balances with Banks	2,932.27	2,892.18
Total	2,932.66	2,893.04

Notes:

- 1) The above Cash Flow Statement has been prepared under the "Indirect method" set out in Accounting Standard 3 "Cash Flow Statement" notified under Section 211 (3C) [Companies (Accounting Standards) Rule, 2006, as amended] and other relevant provisions of the Companies Act, 1956.
- 2) Figures for the Previous Year have been regrouped and reclassified wherever necessary, to confirm to the current year's classification (Refer Note 49).
- 3) Figures in bracket indicate cash outflow.

As per our report of even date attached

For B S R & Co.

Chartered Accountants

Firm Registration Number : 101248W

Vijay Mathur

Partner

Membership Number: 046476

Mumbai, Dated : February 26, 2013

For and on behalf of the Board of Directors of
Styrolution ABS (India) Ltd.

Hyung Tae Chang
Chairman

Myung Suk Chi
Managing Director

S. M. Vaishnav
Company Secretary

Vadodara, Dated : February 26, 2013

S. M. Kulkarni
Director

J. R. Patel
Director

Ravindra Kulkarni
Director

Jit Teng Tan
Director

Notes to the financial statements for the year ended December 31, 2012

1. Company information

Styrolution ABS (India) Limited (Formerly known as INEOS ABS (India) Limited) (the 'Company') is a public limited Company domiciled in India and is listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company is a market leader in the "Engineering Thermoplastics". The Company has manufacturing facilities at Nandesari, Moxi and Katol and Research and Development centre at Moxi.

2. Summary of significant accounting policies:

A. Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956. The financial statements are presented in Indian Rupees in Lakhs.

This is the first year of application of the revised Schedule VI to the Companies Act, 1956 for the preparation of financial statements of the company. The revised schedule VI introduces some significant conceptual changes as well as new disclosures. These include classification of all assets and liabilities into current and non-current. The previous year figures have also undergone a major reclassification to comply with the requirements of the revised Schedule VI.

Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

B. Fixed assets and depreciation:

Tangible fixed assets

- i) Tangible fixed assets are stated at cost less accumulated depreciation / impairment. 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 qualifying 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 tangible 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.

Tangible fixed assets under construction are disclosed as capital work-in-progress.

C. Investments:

- i) Long term Investments are stated at cost, less other than temporary diminution in value, if any.
- ii) Current Investments are stated at cost or market 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 realisable value, which are determined as follows:

- i) Raw Materials (including stock lying at terminals), Packing Materials and Stores and Spares are valued at moving weighted average cost after taking credit for CENVAT, wherever applicable and Goods-in-transit at cost.
- ii) The cost of Work-in-progress and Finished Goods comprises of raw materials, direct labour, other direct costs and related production overheads and Excise duty as applicable. Net realizable value is the estimate of the selling price in the ordinary course of business as applicable.
- iii) Customs Duty as applicable is included in the cost of Raw Materials lying in stock.

E. Revenue recognition:

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

Revenue in respect of Duty Draw back, Insurance and other claims is recognised only when these claims are accepted. Interest income is recognised in the time proportion basis taking into accounts the amount invested and rate of interest.

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 year end translation at the exchange rate prevailing on the balance sheet date of monetary assets and liabilities denominated in foreign currency are recognised in the Statement of Profit and Loss.

Notes to the financial statements for the year ended December 31, 2012

Premium or discount in respect of forward contracts obtained for underlying transaction 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 recognised in the Statement of Profit and Loss.

H. Current and deferred tax:

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period.

Provision for current tax is based on the results for the year ended 31 December 2012, in accordance with the provisions of the Income Tax Act, 1961. The final tax liability will be determined on the basis of the operations for the year 1 April 2012 to 31 March 2013, being the tax year of the Company.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company reassesses unrecognised deferred tax assets, if any.

I. Employee benefits:

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund and employee state insurance contribution to Government administered fund scheme which are defined contribution plans. The Company makes specified annual contribution towards superannuation fund to Life Insurance Corporation of India. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plans

Gratuity: The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) by an independent actuary at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences.

Accumulated compensated absences, which are expected to be availed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) by an independent actuary at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

J. Provision and Contingent Liabilities

The Company recognises 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 Statement of Profit and Loss. 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.

L. Operating lease

Lease rentals in respect of assets acquired under operating lease are recognised as an expense in the statement of profit and loss on a straight line basis.

Notes to the financial statements for the year ended December 31, 2012

	December 31, 2012	(Rs. in Lakhs) December 31, 2011
3. Share capital		
Authorised		
50,000,000 (previous year: 50,000,000) equity shares of Rs. 10 each	5,000.00	5,000.00
Issued, subscribed and paid up		
17,585,625 (previous year: 17,585,625) equity shares of Rs. 10 each fully paid-up	1,758.56	1,758.56
	1,758.56	1,758.56

a. Equity shares held by holding company

Name of shareholder	Relationship	December 31, 2012	December 31, 2011
Styrolution (Jersey) Limited (formerly known as INEOS ABS (Jersey) Limited)	Holding Company	15,356,780	14,653,705

Consequent upon the formation of 50:50 Global joint venture between INEOS and BASF, bringing together key Styrenics business of the two joint venture partners worldwide effective October 1, 2011, M/s. Styrolution (Jersey) Limited (formerly known as INEOS ABS (Jersey) Limited), the acquirer, along with persons acting in concert has in terms of SEBI (SAST) Regulations 1997, made a public offer to the shareholders of the Company, vide Offer document dated January 5, 2012. The cash offer price is Rs. 606.81 (Rupees six hundred six and Paise eighty one only) for one fully paid up equity share of Rs. 10 each to acquire maximum of 2,931,920 equity shares representing balance 16.67% of the capital of the Company. M/s. Styrolution (Jersey) Limited has acquired 703,075 shares representing 4% of the capital of the Company from the public. As a result the total shareholding of M/s. Styrolution (Jersey) Limited is now 87.33% of the capital of the Company. The Board of Directors has since been reconstituted.

The Company's name has been changed to Styrolution ABS (India) Limited after receiving approval from Registrar of Companies, effective May 1, 2012.

b. Rights, preferences and restrictions attached to the shares

The Company has one class of equity share having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c. Particulars of shareholders holding more than 5% equity shares in the company

Name of shareholder	December 31, 2012		December 31, 2011	
	Number	Percentage	Number	Percentage
Styrolution (Jersey) Limited (formerly known as INEOS ABS (Jersey) Limited) (Refer Note 3(a) above)	15,356,780	87.33%	14,653,705	83.33%

d. Reconciliation of number of equity shares outstanding as at the beginning and at the end of reporting period

Particulars	December 31, 2012		December 31, 2011	
	Number	(Rs. in Lakhs)	Number	(Rs. in Lakhs)
Shares outstanding at the beginning of the year	17,585,625	1,758.56	17,585,625	1,758.56
Shares outstanding at the end of the year	17,585,625	1,758.56	17,585,625	1,758.56

e. Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back during five years immediately preceding December 31, 2012.

No shares are allotted as bonus or allotted without receipt of cash during past five years and there has been no buy back of shares.

Notes to the financial statements for the year ended December 31, 2012

	December 31, 2012	(Rs. in Lakhs) December 31, 2011
4. Reserves and surplus		
a) Capital reserves		
Balance at the commencement and at the end of the year	0.14	0.14
b) Securities premium account		
Balance at the commencement and at the end of the year	4,328.39	4,328.39
c) General reserve		
Balance at the commencement of the year	6,983.06	6,433.06
Add: Amount transferred from Surplus	635.00	550.00
Balance at the end of the year	<u>7,618.06</u>	<u>6,983.06</u>
d) Surplus in statement of profit and loss		
Balance at the commencement of the year	24,937.39	20,905.58
Add: Profit for the year	6,313.01	5,396.64
Less: Proposed dividend	703.43	703.43
Less: Tax on proposed dividend	114.11	111.40
Less: Amount transferred to general reserve	635.00	550.00
Balance at the end of the year	<u>29,797.86</u>	<u>24,937.39</u>
Total	<u>41,744.45</u>	<u>36,248.98</u>
5. Deferred tax liabilities (net) (Refer Note 2(H))		
Deferred tax liabilities		
Arising on account of timing difference in Depreciation / amortisation of fixed assets	2,181.56	2,334.24
Deferred tax assets		
Arising on account of timing differences in:		
Provision for doubtful debts and advances	39.40	45.97
Provision for compensated absences	43.15	48.30
Disallowances under section 43B	-	12.70
Provision for contingencies	434.76	412.90
	<u>517.31</u>	<u>519.87</u>
Total	<u>1,664.25</u>	<u>1,814.37</u>
Deferred tax assets and Deferred tax liabilities have been offset as they relate to the same governing taxation laws.		
6. Other long-term liabilities		
Deposits received	6.87	16.20
Total	<u>6.87</u>	<u>16.20</u>
7. Long-term provisions		
Provision for retirement benefits (Refer Note 2(I) and 44)	105.84	125.71
Provision for contingencies (Refer Note 45)	1,392.00	1,324.50
Total	<u>1,497.84</u>	<u>1,450.21</u>
8. Short-term borrowings (Acceptances) (Unsecured)		
Buyers Credit from Bank	6,724.23	13,059.06
	<u>6,724.23</u>	<u>13,059.06</u>

Buyers credit facility is taken towards purchase of raw-material which has been covered under letter of credit limit and carries interest rate of 1.6% to 2.00%.

Notes to the financial statements for the year ended December 31, 2012

	(Rs. in Lakhs)	
	December 31, 2012	December 31, 2011
9. Trade payables		
Micro and small enterprises (Refer Note 42)	-	-
Others	5,715.51	1,764.56
Total	5,715.51	1,764.56
10. Other current liabilities		
Interest accrued but not due	6.90	31.69
Unclaimed dividend *	21.06	26.74
Advances received from customers	7.08	3.96
Employee related liabilities	452.05	418.39
Statutory dues	104.41	71.90
Deposits received	-	150.00
Payables for Capital goods	311.39	227.55
Accrued expenses	2,918.46	1,529.54
Total	3,821.35	2,459.77
* There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.		
11. Short-term provisions		
Provision for retirement benefits (Refer Note 2(l) and 44)	27.16	23.29
Proposed dividend on equity shares	703.43	703.43
Tax on proposed dividend	114.11	114.11
Total	844.70	840.83

12. Tangible fixed assets (Refer Notes 2(B) and 2(K))

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/01/2012	Additions	Deductions/ Adjustments	As at 31/12/2012	As at 01/01/2012	For the year	Deductions/ Adjustments	As at 31/12/2012	As at 31/12/2012	As at 31/12/2011
	Free-hold Land	60.62 (60.62)	24.87 -	- -	85.49 (60.62)	-	-	-	-	85.49
Lease-hold Land	171.43 (171.43)	-	-	171.43 (171.43)	26.37 (23.97)	2.40 (2.40)	-	28.77 (26.37)	142.66	(145.06)
Buildings	3,719.46 (3,655.60)	209.44 (63.86)	-	3,928.90 (3,719.46)	1,036.61 (927.07)	115.73 (109.54)	-	1,152.34 (1,036.61)	2,776.56	(2,682.85)
Plant & Machinery and Equipment	27,277.41 (26,708.82)	586.22 (602.00)	890.83 (33.41)	26,972.80 (27,277.41)	17,619.80 (16,437.14)	1,180.38 (1,214.53)	890.10 (31.87)	17,910.08 (17,619.80)	9,062.72	(9,657.61)
Furniture, Fixtures	422.01 (420.82)	7.85 (1.19)	0.35 -	429.51 (422.01)	340.46 (319.74)	19.45 (20.72)	0.35 -	359.56 (340.46)	69.95	(81.55)
Vehicles	295.58 (296.06)	-	117.60 (34.24)	177.98 (295.58)	154.46 (141.68)	23.87 (27.17)	47.31 (14.39)	131.02 (154.46)	46.96	(141.12)
Office Equipments	465.85 (450.04)	62.15 (19.98)	2.50 (4.17)	525.50 (465.85)	312.49 (295.38)	19.18 (19.65)	1.14 (2.54)	330.53 (312.49)	194.97	(153.36)
Sub Total	32,412.36 (31,763.39)	890.53 (720.79)	1,011.28 (71.82)	32,291.61 (32,412.36)	19,490.19 (18,144.98)	1,361.01 (1,394.01)	938.90 (48.80)	19,912.30 (19,490.19)	12,379.31	(12,922.17)
Capital Work in Progress	1,059.61 (840.67)	2,657.83 (912.65)	791.14 (693.71)	2,926.30 (1,059.61)					2,926.30	(1,059.61)
Total	33,471.97 (32,604.06)	3,548.36 (1,633.44)	1,802.42 (765.53)	35,217.91 (33,471.97)					15,305.61	(13,981.78)

Notes:

- Buildings include cost of shares of the face value of One thousand rupees.
- Buildings include office premises at Mumbai amounting to Rs.3.75 (Lakhs) (Previous Year Rs.3.75 (Lakhs)) the titles whereof are not yet clear. The Company has filed a Civil suit against the vendor for title.
- Figures in brackets pertain to previous year.

Notes to the financial statements for the year ended December 31, 2012

	December 31, 2012	(Rs. in Lakhs) December 31, 2011			
13. Non-current investments					
(Refer Note 2(C))					
Other investments					
Investment in equity instruments (at cost)					
Quoted					
5,000 (previous year: 5,000) equity shares of Bank of Baroda of Rs.10 each fully paid- up	4.25	4.25			
Unquoted					
1,000 (previous year: 1,000) shares of Rs. 25 each of Co-operative Bank of Baroda Limited, fully paid-up	0.25	0.25			
Total	4.50	4.50			
Quoted non-current investments					
Aggregate market value	42.97	33.04			
14. Long-term loans and advances					
(Unsecured and considered good)					
Capital advances	2,263.37	540.49			
Security deposits	372.36	324.29			
Other loans and advances					
Loan to employees	27.32	30.66			
Balance with Income Tax Authorities (net of provision for tax of Rs. 22,753.40 (Lakhs), previous year Rs. 19,606.40 (Lakhs))	113.18	346.18			
Total	2,776.23	1,241.62			
15. Other non-current assets					
(Unsecured, considered good unless otherwise stated)					
Bank deposits*	11.62	11.62			
Total	11.62	11.62			
* Bank deposit due to mature after 12 months of the reporting date and held as lien by bank against bank guarantee and court order.					
16. Current investments (at lower of cost or market value)					
(Refer Note 2(C))					
Investments in Mutual Funds					
	Face Value (Rs.)	No of Units			
		December 31, 2012	December 31, 2011		
Unquoted					
UTI Liquid Cash Plan Institutional Daily Income Option Reinvestment	1,000	67,022	267,432	683.26	2,726.34
UTI Fixed Income Interval Fund Quarterly Interval Plan Series III Institutional Dividend Plan Payout	10	-	3,000,000	-	300.00
SBI Mutual Fund L030DD SBI-Magnum Insta Cash Fund -Daily Dividend Option	10	317,570	1,010,760	531.94	1,693.06
UTI Fixed Income Interval Plan Quarterly Interval Plan Series V Dividend Payout	10	-	9,999,150	-	1,000.00
ICICI Prudential Liquid Plus Plan Institutional Option Daily Dividend Reinvestment	10	-	1,698,725	-	2,013.25
HDFC Mutual Fund 3002/HDFC Liquid Fund Dividend Daily reinvest	10	-	18,630,915	-	1,900.03
SBI Mutual Fund L254D SBI Debt Fund Series - 90 Days Series 51 Dividend Payout	10	-	5,000,000	-	500.00
ICICI Prudential Liquid Plan Daily Dividend	10	489,836	-	489.94	-
Total				1,705.14	10,132.68

Notes to the financial statements for the year ended December 31, 2012

	December 31, 2012	(Rs. in Lakhs) December 31, 2011
17. Inventories		
(Refer Note 2(D))		
Raw materials (including goods in transit Rs. 224.75 (Lakhs), previous year: Rs. 1820.00 (Lakhs))	5,644.42	5,455.56
Packing materials	27.11	19.88
Work-in-progress	904.73	933.07
Finished goods	2,566.58	2,663.23
Stores and spares	376.58	397.25
Total	9,519.42	9,468.99
18. Trade receivables (Unsecured)		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	–	71.17
Considered doubtful	96.27	116.52
	96.27	187.69
Less: Provision for doubtful debts	96.27	116.52
	–	71.17
Other receivables		
Considered good	17,490.30	12,317.95
Total	17,490.30	12,389.12
19. Cash and bank balances		
Cash and cash equivalents		
Cash on hand	0.39	0.86
Balances with banks		
In current accounts	1,832.27	1,267.18
In deposit accounts (with original maturity of 3 months or less)	1,100.00	1,625.00
	2,932.27	2,892.18
Other bank balances		
Balances with banks		
In deposit accounts (with original maturity of more than 3 months but less than 12 months)	300.00	3,400.00
Earmarked balances with banks		
In unclaimed dividend account	21.06	26.74
Total	3,253.72	6,319.78
Details of Bank Balances deposit		
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	1,100.00	1,625.00
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	300.00	3,400.00
	1,400.00	5,025.00

Notes to the financial statements for the year ended December 31, 2012

	December 31, 2012	(Rs. in Lakhs) December 31, 2011
20. Short-term loans and advances (Unsecured, considered good unless otherwise stated)		
To parties other than related parties		
Advances for supply of goods		
Considered good	435.10	289.59
Considered doubtful	25.18	25.18
	460.28	314.77
Less: Provision for doubtful advances	25.18	25.18
	435.10	289.59
Excise receivables	3,219.39	2,336.58
Custom duty receivables	1,031.95	605.68
VAT receivables	2,696.75	2,167.10
Service tax receivables	20.29	20.35
Prepaid expenses	76.95	74.40
Loans and advances to employees	80.32	96.23
Others	67.68	142.97
To related parties		
Intercorporate deposit to Styrolution India Private Limited	6,000.00	-
Total	13,628.43	5,732.90
21. Other current assets (Unsecured, considered good)		
Unamortised premium on forward contracts	28.77	99.89
Interest accrued on deposits	54.02	29.66
Total	82.79	129.55
22. Revenue from operations (Refer Note 2(E))		
Sale of goods		
Finished goods (Refer Note 34)	110,602.84	90,987.20
Less: Excise duty	11,727.80	8,451.26
Sale of goods (net)	98,875.04	82,535.94
Sale of services	2.35	10.41
Other operating revenue		
Commission income	35.17	-
Provisions for doubtful debts/advances written back (net) (Net of Provision for doubtful debts Rs. 25.00 (Lakhs), previous year: Rs. NIL)	20.25	55.63
Total	98,932.81	82,601.98
23. Other income		
Interest income (net)		
On deposits	658.06	484.60
Others	20.02	17.67
Dividend on long term quoted investment	0.85	0.83
Dividend on current unquoted investment	303.74	530.28
Provision no longer required written back	6.06	20.33
Miscellaneous income	125.94	17.69
Total	1,114.67	1,071.40

Notes to the financial statements for the year ended December 31, 2012

	December 31, 2012	(Rs. in Lakhs) December 31, 2011
24. Cost of raw and packing materials consumed		
Raw materials consumed (Refer Note 33)		
Opening Stock	5,455.56	5,297.09
Add: Purchases	74,516.38	64,146.01
Less: Closing stock	5,644.42	5,455.56
	<u>74,327.52</u>	<u>63,987.54</u>
Packing materials consumed		
Opening Stock	19.88	37.04
Add: Purchases	519.62	419.85
Less: Closing stock	27.11	19.88
	<u>512.39</u>	<u>437.01</u>
Total	<u>74,839.91</u>	<u>64,424.55</u>
25. Changes in inventories of finished goods, work-in-progress (Refer Note 35)		
Closing stock :		
Finished products	2,566.58	2,663.23
Work-in-progress	904.73	933.07
	<u>3,471.31</u>	<u>3,596.30</u>
Less: Opening stock :		
Finished products	2,663.23	1,006.45
Work-in-progress	933.07	429.29
	<u>3,596.30</u>	<u>1,435.74</u>
Excise Duty on (Increase) / Decrease on Finished Goods	25.36	149.48
Total	<u>150.35</u>	<u>(2,011.08)</u>
26. Employee benefits expense		
Salaries, wages and bonus	2,258.62	2,136.76
Contribution to provident and other funds (Refer Note 44)	204.66	221.83
Staff welfare expenses	286.04	216.47
Total	<u>2,749.32</u>	<u>2,575.06</u>
27. Other expenses		
Consumption of stores and spares	468.76	294.85
Processing charges	75.41	50.11
Power and fuel (net) (Refer Note 29)	3,504.78	2,774.96
Environment expenses	88.09	86.38
Water charges	42.35	39.23
Repairs and maintenance		
Buildings	31.69	44.49
Plant and machinery	283.21	355.87
Others	53.06	29.51
Rent (Refer Note 40)	80.41	58.56
Rates and taxes	19.05	24.69
Insurance	85.08	66.99
Printing and stationery	17.28	14.00
Communication expenses	34.02	46.95
Directors' sitting fees	6.79	5.30
Rebates and discounts	1,863.39	883.90

Notes to the financial statements for the year ended December 31, 2012

	December 31, 2012	(Rs. in Lakhs) December 31, 2011
27. Other expenses (Contd.)		
Commission	1,011.09	1,004.83
Freight and forwarding expenses	1,447.96	1,227.40
Advertisements and publicity	70.15	1.94
Legal and professional charges	177.60	418.70
Corporate cost sharing expenses	1,301.84	–
Travelling and conveyance expenses	138.29	73.47
Payment to the Auditor (Refer Note 30)	45.90	26.86
Donations	6.73	5.72
Loss on fixed assets sold/discarded (net)	42.11	4.55
Foreign exchange fluctuation (net)	301.26	1,206.02
Provision for contingencies (Refer Note 45)	67.50	475.00
Bank charges & other financial charges	195.64	160.91
Miscellaneous expenses (Refer Note 42)	177.56	161.36
Total	11,637.00	9,542.55

28. Contingent liabilities and commitments

I) Contingent liabilities		
a) Income tax	243.85	257.59
b) Excise duty	73.63	69.44
c) Sales tax	72.62	72.62
d) Bank guarantees	13.80	13.80
e) Claims against the Company not acknowledged as debt	76.83	76.83
f) Letter of credit pending shipment	2,393.84	2,227.49

Note:

Future cash outflows in respect of (a), (b) and (c) above are determinable on receipt of judgements/ decisions pending with various forums/ authorities.

II) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of capital advance)	1,186.43	192.58

29. The Company has installed Wind Turbine Generators (WTG) at Lamba, Dhank and Pransla in Gujarat. The Local Power Station of the Madhya Gujarat Vij Company Limited (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. 491.02 (Lakhs) (Previous Year Rs. 389.56 (Lakhs)).

30. Payment to the Auditor

	2012 (Rs. in Lakhs)	2011 (Rs. in Lakhs)
Audit Fees	26.56	18.00
Tax Audit Fees	7.25	1.50
Others (Limited Review, Certification etc.)	11.00	7.00
Out of Pocket Expenses	1.09	0.36
	45.90	26.86

* includes Rs. 17.73 lakhs paid to the erstwhile auditors of the Company.

31. The Company manufactures and sells ABS and SAN i.e. "Highly Specialized Engineering Thermoplastics". These products have the same risks and returns, which are predominantly governed by market conditions, namely demand and supply position. The Company basically sells both the 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", notified under Section 211 (3C) [Companies (Accounting Standards) Rule, 2006, as amended] and other relevant provisions of the Companies Act, 1956, there is only one identified reportable segment. As the Company's business activity falls within a single primary business segment and single reportable geographical segment, the financial statements are reflective of the information required by Accounting Standard 17 on Segment Reporting.

Notes to the financial statements for the year ended December 31, 2012

32. Disclosure of the relationship and transactions with the related parties as defined in Accounting Standard 18 "Related Party Disclosures", notified under Section 211 (3C) [Companies (Accounting Standards) Rule, 2006, as amended] and other relevant provisions of the Companies Act, 1956 is as follows:

RELATED PARTY TRANSACTIONS:

A. List of Related Parties with whom transactions have taken place during the year 2012

(as identified and certified by the management)

Ultimate Holding Company

(w.e.f from October 1, 2011)

Holding Company

holds 87.33% of the equity share capital

Styrolution Holding GmbH

Germany

Styrolution (Jersey) Limited

(formerly known as Ineos ABS (Jersey) Limited)

Channel Islands

Ineos USA LLC (upto September 30, 2011)

Texas (USA)

Styrolution India Private Limited (w.e.f from October 1, 2011)

Mumbai

Styrolution Korea Ltd (w.e.f from October 1, 2011)

Korea

Styrolution South East Asia Pte. Ltd. (w.e.f from October 1, 2011)

Singapore

Styrolution Group GmbH (w.e.f from October 1, 2011)

Germany

Styrolution GmbH (w.e.f from October 1, 2011)

Germany

Styrolution Koln GmbH (w.e.f from October 1, 2011)

(formerly known as Ineos ABS (Deutschland) GmbH)

Germany

Companies in which a Director is interested

Shiva Pharmachem Limited

Vadodara (India)

SES Engineering Private Limited

Vadodara (India)

Key Managerial Personnel

Mr. R.S. Agrawal

Managing Director (upto December 31, 2012)

Mr. Myung Suk Chi

Executive Director (w.e.f. August 1, 2012)

w.e.f. 1 January, 2013 Mr. Myung Suk Chi is Managing Director

Notes to the financial statements for the year ended December 31, 2012

Related Party Transactions (Contd.)

(Rs. in Lakhs)

	2012				2011			
	Holding Company	Other Related parties	Key Managerial personnel	TOTAL	Holding Company	Other Related parties	Key Managerial personnel	TOTAL
1. Purchase of raw materials								
Ineos USA LLC	-	-	-	-	-	8,345.00	-	8,345.00
Styrolution India Pvt. Ltd.	-	1,777.29	-	1,777.29	-	-	-	-
Styrolution Korea Ltd	-	143.27	-	143.27	-	-	-	-
Styrolution South East Asia Pte. Ltd.	-	167.79	-	167.79	-	-	-	-
Styrolution Koln GmbH	-	-	-	-	-	117.67	-	117.67
Styrolution GmbH	-	170.42	-	170.42	-	-	-	-
	-	2,258.77	-	2,258.77	-	8,462.67	-	8,462.67
2. Receiving of services								
Shiva Pharmachem Limited (for Engg. services)	-	96.59	-	96.59	-	68.75	-	68.75
SES Engineering Pvt. Ltd (for Engg. Services)	-	12.19	-	12.19	-	-	-	-
Styrolution Koln GmbH (for IT services)	-	52.97	-	52.97	-	233.66	-	233.66
Styrolution South East Asia Pte. Ltd.(for corporate cost)	-	488.12	-	488.12	-	-	-	-
Styrolution Group GmbH (for corporate cost)	-	813.72	-	813.72	-	-	-	-
	-	1,463.59	-	1,463.59	-	302.41	-	302.41
3. Rendering of services								
Styrolution Korea Ltd	-	30.01	-	30.01	-	-	-	-
Styrolution South East Asia Pte. Ltd.	-	5.16	-	5.16	-	-	-	-
	-	35.17	-	35.17	-	-	-	-
4. Sale of goods								
Styrolution India Pvt. Ltd.	-	14.07	-	14.07	-	-	-	-
	-	14.07	-	14.07	-	-	-	-
5. Intercorporate deposit given								
Styrolution India Pvt. Ltd.	-	6,000.00	-	6,000.00	-	-	-	-
	-	6,000.00	-	6,000.00	-	-	-	-
6. Interest on intercorporate deposit								
Styrolution India Pvt. Ltd.	-	372.63	-	372.63	-	-	-	-
	-	372.63	-	372.63	-	-	-	-
7. Director's Remuneration								
Mr. R. S. Agrawal	-	-	240.91	240.91	-	-	201.13	201.13
Mr. Myung Suk Chi	-	-	176.84	176.84	-	-	-	-
	-	-	417.75	417.75	-	-	201.13	201.13
8. Dividend payment								
Styrolution (Jersey) Limited	614.27	-	-	614.27	586.14	-	-	586.14
	614.27	-	-	614.27	586.14	-	-	586.14
9. Outstanding Balances As on December 31,2012								
Balances of Trade payables								
Shiva Pharmachem Limited	-	12.12	-	12.12	-	0.37	-	0.37
Styrolution GmbH	-	129.52	-	129.52	-	-	-	-
Styrolution Korea Ltd	-	125.48	-	125.48	-	-	-	-
Styrolution Koln GmbH	-	-	-	-	-	0.30	-	0.30
	-	267.12	-	267.12	-	0.67	-	0.67
Balances of Accrued expenses								
Styrolution South East Asia Pte. Ltd. (for corporate cost)	-	488.12	-	488.12	-	-	-	-
Styrolution Group GmbH (for corporate cost)	-	813.72	-	813.72	-	-	-	-
	-	1,301.84	-	1,301.84	-	-	-	-
Balance of Intercorporate deposit and interest accrued but not due thereon								
Styrolution India Pvt. Ltd.	-	6,044.92	-	6,044.92	-	-	-	-
	-	6,044.92	-	6,044.92	-	-	-	-
Balance of Trade receivables								
Styrolution India Pvt. Ltd.	-	7.00	-	7.00	-	-	-	-
	-	7.00	-	7.00	-	-	-	-

Notes to the financial statements for the year ended December 31, 2012

	2012		2011	
	Value (Rs. in Lakhs)		Value (Rs. in Lakhs)	
33. Consumption of Raw Materials *:				
Acrylonitrile	16,989.02		17,164.59	
Butadiene	12,613.84		12,328.45	
Styrene	38,012.38		29,042.74	
Others	6,712.28		5,451.76	
	74,327.52		63,987.54	
* Includes usance interest Rs. 159.14 (Lakhs) (Previous Year Rs. 160.71 (Lakhs))				
34. Sales :				
ABS Resins	97,704.08		78,759.57	
SAN Resins	12,898.76		12,227.63	
	110,602.84		90,987.20	
35. A) Stock of Finished Goods :				
Opening Stock :				
ABS Resins	2,021.11		522.72	
SAN Resins	642.12		483.73	
	2,663.23		1,006.45	
Closing Stock :				
ABS Resins	2,049.85		2,021.11	
SAN Resins	516.73		642.12	
	2,566.58		2,663.23	
B) Stock of Work-in-progress				
Opening Stock :				
ABS Resins	294.65		65.91	
SAN Resins	638.42		363.38	
	933.07		429.29	
Closing Stock :				
ABS Resins	247.74		294.65	
SAN Resins	656.99		638.42	
	904.73		933.07	
36. Value of Imports on CIF basis :				
Raw Materials	54,937.92		49,004.28	
Capital Goods	271.47		41.93	
Stores and Spares	42.35		24.26	
	55,251.74		49,070.47	
37. Value of Imported and Indigeneous Raw Materials and Stores consumed	2012		2011	
	(Rs. in Lakhs)	%	(Rs. in Lakhs)	%
(a) Raw Materials :				
Imported*	59,736.46	80.37	50,363.86	78.71
Indigenous	14,591.06	19.63	13,623.68	21.29
	74,327.52	100.00	63,987.54	100.00
* Includes usance interest Rs. 159.14 (Lakhs) (Previous Year Rs. 160.71 (Lakhs))				
(b) Stores and Spares :				
Imported	54.64	11.66	30.82	10.45
Indigenous	414.12	88.34	264.03	89.55
	468.76	100.00	294.85	100.00

Notes to the financial statements for the year ended December 31, 2012

38. As on 31 December 2012, the Company has 5 forward contracts totaling to USD 98.48 Lakhs (Rs. 5,409.96 Lakhs) for the purposes of hedging its foreign currency exposure. The unamortized premium of Rs. 28.77 Lakhs pertaining to the same will be recognized subsequently. Foreign currency exposure that is not hedged as at 31 December 2012 is as follows:-

	2012		2011	
	Foreign Currency (Lakhs)	(Rs. in Lakhs)	Foreign Currency (Lakhs)	(Rs. in Lakhs)
EURO	0.56	40.24	—	—
USD	59.77	3,457.70	70.77	3,552.47
JYP	—	—	24.45	16.77

39. **Expenditure in Foreign Currency (on accrual basis)**

	2012	2011
Corporate cost sharing expenses	1,301.84	—
Travelling Expenses	9.03	3.50
Professional fees	52.97	233.66
Others	—	1.88
	1,363.84	239.04

40. 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 "Other Expenses" in Note 27.

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

Future lease rentals payable in respect of residential and office premises on non-cancellable lease:

	(Rs. in Lakhs)	(Rs. in Lakhs)
	As at December 31, 2012	As at December 31, 2011
Payable		
Not Later than one year	48.93	37.17
Later than one year but not later than five years	35.64	25.75
Later than five years	—	—

	2012 (Rs. in Lakhs)	2011 (Rs. in Lakhs)
41. Research and Development Expenditure		
Revenue Expenditure under various heads	118.65	96.45
Capital Expenditure	—	—

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

- (a) The principal amount and interest due thereon remaining unpaid to suppliers
- (i) Principal
- (ii) Interest due thereon
- (b) (i) The delayed payments of principal amount paid beyond the appointed date during the year
- (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 payable for the period of delay in making payment, as per the agreed terms.
- (d) (i) Total Interest accrued during the year
- (ii) Total Interest accrued during the year and remaining unpaid
- (e) Included in (d) above is Rs. 0.05 Lakhs (previous year:Rs. 0.03 Lakhs) being interest on amounts outstanding as at the beginning of year.

—	—
0.03	0.02
0.62	0.24
—	—
—	—
0.08	0.05
0.08	0.05
0.05	0.03

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.

Notes to the financial statements for the year ended December 31, 2012

43. 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.

44. Employee benefits

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

1 Defined 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.

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:

	2012	2011
	(Rs. in Lakhs)	(Rs. in Lakhs)
- Employer's contribution to Provident Fund	107.93	105.82
- Employer's contribution to Superannuation Fund	36.66	33.93
- Employer's contribution to Employee's state insurance	5.81	18.39
Included in contribution to Provident Fund and other funds (Refer Note 26)		

2 Defined Benefit Plans

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:

	2012	2011
Discount rate (per annum)	8.00%	8.60%
Rate of increase in compensation levels (per annum)	5.00%	5.00%
Rate of return on plan assets (for funded scheme)	7.47%	8.69%

A) Changes in the present value of obligation

Present value of obligation as at January 1, 2012	445.18	361.54
Interest cost	35.61	31.09
Current service cost	27.39	25.01
Benefits paid	(36.19)	(11.96)
Actuarial (gain)/loss on obligations	23.73	39.50
Present value of obligation as at December 31, 2012	495.72	445.18

B) Changes in the fair value of plan assets

(For funded scheme)

Present value of plan assets as at January 1, 2012	477.20	367.25
Actual return on plan assets	68.86	31.91
Contributions	40.00	90.00
Benefits paid	(36.19)	(11.96)
Fair value of plan assets as at December 31, 2012	549.87	477.20

C) Reconciliation of present value of defined benefit obligation and the fair value of assets

Present value of funded obligation as at December 31, 2012	495.72	445.18
Fair value of plan assets as at December 31, 2012	549.87	477.20
Funded status	54.15	32.02
Unrecognised actuarial (gains)/losses		
Unfunded liability/(Net asset) recognised in balance Sheet	(54.15)	(32.02)
Included in Short term loans and advances (Refer Note 20)		

D) Amount recognised in the Balance Sheet

Present value of obligation as at December 31, 2012	495.72	445.18
Fair value of plan assets as at the end of the year	549.87	477.20
Liability/(Asset) recognised in the balance sheet	(54.15)	(32.02)
Included in Short term loans and advances (Refer Note 20)		

Notes to the financial statements for the year ended December 31, 2012

44. Employee benefits (Contd.)

	2012 (Rs. in Lakhs)	2011 (Rs. in Lakhs)			
E) Expenses recognised in the statement of profit and loss					
Current service cost	27.39	25.01			
Interest cost	35.61	31.09			
Actual return on plan assets	(68.86)	(31.91)			
Settlement Cost/(Credit)					
Net actuarial (gain)/loss recognised in the year	23.73	39.50			
Total expenses recognised in the statement of profit and loss	17.87	63.69			
Included in contribution to Provident and Other Funds (Refer Note 26)					
F) Actual Return on Plan Assets					
Expected return on Plan Assets	68.86	31.91			
Actuarial gain/(loss) on plan assets	-	-			
Actual return on plan assets	68.86	31.91			
G) Experience Adjustment	2012	2011	2010	2009	2008
On Plan liabilities	23.73	39.50	19.49	25.17	5.73
On Plan assets	30.69	0.32	1.63	2.52	3.92
H) Expected employer's contribution for the next year	26.31	61.88			
I) Investment details of plan assets					
Administered by LIC of India	100%	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 significant change in the accounting estimates due to applicability of AS-15 (Revised) as the parameters considered in the year 2012 are the same as those considered in the year 2011.
- The Actuarial liability for leave encashment and compensated absences as at year end is Rs.108.66 (Lakhs) (Previous Year Rs. 93.15 (Lakhs)). Current year charge is included in Salaries, Wages and Bonus (Refer Note 26).

45. Provision for contingencies

(Rs. in Lakhs)

Particulars	2012	2011
Provision for contingencies		
Carrying Amount at the beginning of the year	1,324.50	849.50
Additions during the year	67.50	475.00
Utilisation during the year	-	-
Carrying Amount at the close of the year	1,392.00	1,324.50

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.

Notes to the financial statements for the year ended December 31, 2012

46. 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:

	2012	2011
Values used in calculating EPS:		
a) Numerator : Profit After Tax (Rs.in Lakhs)	6,313.01	5,396.64
b) Denominator : Number of equity shares	17,585,625	17,585,625
Earnings per share (Basic and Diluted) (Rs.)	35.90	30.69
Face value per share (Rs.)	10	10

There is no change in the number of equity shares during the year.

- 47. Net dividend remitted in foreign exchange**
- | Period to which dividend relates | 1-1-2011 to 31-12-2011 | 1-1-2010 to 31-12-2010 |
|--|------------------------|------------------------|
| Number of non-resident shareholders | One | One |
| Number of equity shares held on which dividend was due | 15,356,780 | 14,653,705 |
| Amount remitted (Rs. Lakhs) | 614.27 | 586.14 |
- 48. Previous year's financial statements were audited by a firm of Chartered Accountants other than B S R & Co.**
- 49. Figures for the previous year have been regrouped and reclassified wherever necessary, to conform to the current year's classification.**

As per our report of even date attached

For B S R & Co.

Chartered Accountants

Firm Registration Number : 101248W

Vijay Mathur

Partner

Membership Number: 046476

Mumbai, Dated : February 26, 2013

For and on behalf of the Board of Directors of
Styrolution ABS (India) Ltd.

Hyung Tae Chang
Chairman

Myung Suk Chi
Managing Director

S. M. Vaishnav
Company Secretary

Vadodara, Dated : February 26, 2013

S. M. Kulkarni
Director

J. R. Patel
Director

Ravindra Kulkarni
Director

Jit Teng Tan
Director

Styrolution ABS (India) Limited

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

PROXY FORM

40th Annual General Meeting to be held on the 26th April, 2013

Members Folio/DP ID No. _____

No. of Shares _____

I / We _____

of _____

_____ being

a Member / Members of Styrolution 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 40th Annual General Meeting of the Company to be held at the Regd. Office at 11.30 a.m. on Friday, 26th April, 2013.

Signed this _____ day of _____ 2013

Signature _____

Affix a 1
Rupee
Revenue
Stamp

Note : The 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.

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ATTENDANCE SLIP

40th Annual General Meeting held on the 26th April, 2013

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 40th Annual General Meeting of the Company held at the Registered Office at 11.30 a.m. on Friday, 26th April, 2013.

_____ 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.