



KUNSTSTOFFE INDUSTRIES LTD.

CERTIFIED TRUE COPY

For Kunststoffe Industries Ltd.

A handwritten signature in black ink, appearing to read 'S. K. Mittal', is written over the text 'For Kunststoffe Industries Ltd.' and extends slightly below it.

Director

23RD ANNUAL REPORT

2008-09

KUNSTSTOFFE INDUSTRIES LTD.

BOARD OF DIRECTORS

Mr. BHADRESH H. SHAH

Mr. SUDHIR V. SHETH

Mr. S. C. ASNOTKAR

Ms. SONIYA S. SHARMA (w.e.f. 30.4.2009)

AUDITORS

P. M. TURAKHIA & COMPANY,

Chartered Accountants, Mumbai

SOLICITORS

KANTILAL UNDERKAT & CO. MUMBAI

DIVYAKANT MEHTA & ASSOCIATES, MUMBAI

REGISTERED OFFICE

C/o. P. Sheth & Co.

(Chartered Accountants)

17, Parekh Vora Chambers,

66, N. Master Road, Fort,

Mumbai - 400 023.

WORKS

Airport Road,

Kadaiya Village,

Nani Daman,

Daman, (U.T.)

REGISTRAR & TRANSFER AGENTS SHAREX DYNAMIC (INDIA) PVT. LTD.

Unit - 1, Luthra Industrial Premises,

Safed Pool, Andheri Kurla Road,

Andheri (E), Mumbai-400 072.

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NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Shareholders of the Company will be held on Tuesday, the 29th day of September, 2009, at 10.00 A.M. at Basant Court, Opp.Sion Railway Station, Sion (West), Mumbai – 400 022., to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March,, 2009 and the Profit and Loss Account for the year ended on that date and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sudhir V. Sheth who retires by rotation, but being eligible, offers himself for re-election.
3. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next annual general Meeting of the company and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

“Resolved that Ms Soniya S. Sharma who was appointed as an additional Director of the Company on 30th April 2009 under Articles of the Association of the Company and who holds office upto the date of this Annual General Meeting by reason of the section 260 of the Companies Act 1956 but being eligible offers himself for the reappointment and in respect of whom the company has received a notice in writing from a shareholder proposing his candidature for the office of Director of the Company, liable to retire by rotation.”

By order of the Board
For **Kunststoffe Industries Limited**
Bhadresh H. Shah
Chairman

Place : Daman
Date : 31st July, 2009.

Registered Office :

C/o. P. Sheth & Co.
(Chartered Accountants)
17, Parekh Voara Chambers,
66, N. Master Road, Fort,
Mumbai - 400 023.

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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 AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. Members who hold shares in dematerialised form are requested to bring their CLIENT ID AND DP ID numbers for easy identification of attendance at the meeting.
3. Members holding shares in dematerialised form are requested to intimate any change in their address, bank details etc. to their respective DPs and those holding shares in physical form are to intimate the above said changes to the Secretarial Department at the Registered Office of the Company.
4. Members who holds shares in physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail the nomination facility by filing Form 2B. Blank forms will be supplied by Company's Registrar & Transfer Agent on request. Members holding shares in the dematerialized form may contact their Depository Participant for recording nomination in respect of their shares.
5. The Share Transfer Books and the Register of Members of the Company will remain closed from 22/09/2009 to 29/09/2009 (both days inclusive).
6. The documents referred above to in any of the items of the Notice are available for inspection at the Registered Office of the Company on any working day during the business hours of the Company.
7. Members seeking any information with regard to accounts of the Company are requested to send their queries so as to reach the registered office at least 10 days before the meeting to enable the management to keep the information ready for clarification.
8. As a measure of economy, copies of the Annual Report shall not be distributed at the meeting and therefore, Member are requested to bring their copies of Annual Report to the Meeting.
9. The Equity Shares of the Company are listed at the following stock exchange:

The Bombay Stock Exchange Ltd., Phiroze Jeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001. The listing fee to the above exchange has been paid.

10. AS REQUIRED IN TERMS OF PARAGRAPH VI(IA) OF CLAUSE 49 OF THE LISTING AGREEMENT, THE DETAILS OF THE DIRECTORS RETIRING BY ROTATION AND ELIGIBLE FOR REAPPOINTMENT ARE FURNISHED BELOW :

- (I) Name : Shri Sudhir V. Sheth Age: 59 years, Qualification: B.E., Bachelor of Engineering, Nature of expertise: He is a Technocraft Engineer. Name of the companies in which also holds directorship : 1) Kaissan Plasto Ltd., 2) Chemical & Alkali Distributors Ltd. 3) Stallion Brewries Ltd. Name of the companies's committees in which he holds Memberships / chairmanship : None.

It will be in the interest of the Company that Mr. Sudhir V. Sheth continues as Director of the Company.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 4.

At the Meeting of the Board of Directors held on 30th April, 2009 Ms. Soniya S. Sharma

was appointed as an additional director of the Company pursuant to Section 260 of the Companies Act, 1956 read with Articles 86 of the Articles of Association of the Company. Ms. Soniya S.Sharma holds office upto the date of forthcoming Annual General Meeting.

A notice in writing has been received from a shareholder of the company, pursuant to section 257 of the companies Act, 1956 signifying his intention to propose Ms. Soniya S. Sharma as candidate for the office of Director. As required by the said section 257, the shareholder giving notice has deposited a sum of Rs.500/- with company, which shall be refunded to her if Ms. Soniya S. Sharma is elected as a Director.

Ms. Soniya S. Sharma is interior decorator, investment consultant and dynamic professional. Also having good marketing experience and her knowledge will be useful to the Company.

By order of the Board
For **Kunststoffe Industries Limited**
Bhadresh H. Shan
Chairman

Place : Daman

Date : 31st July, 2009.

Registered Office :

C/o. **P. Sheth & Co.**

(Chartered Accountants)

17, Parekh Voara Chambers,

66, N. Master Road, Fort,

Mumbai - 400 023.

KUNSTSTOFFE INDUSTRIES LTD.

DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the 23rd Annual Report of the Company alongwith the audited statements of Accounts for the year ended 31st March, 2009. The summarised financial results are given below:

1. SUMMARISED FINANCIAL RESULTS :

	(Rs. In Lakhs)	
	2008-09	2007
Sales & other receipts	121.39	66.11
Gross Profit/(Loss) before depreciations	13.06	11.71
Less : Depreciation	30.04	15.40
Loss from regular Activities	(16.98)	(3.68)
Extraordinary items		
Loss on revaluation of assets	274.69	(1525.52)
Profit /(Loss)before and After taxation	257.72	(1533.25)
Add: Balance carried from earlier year.	(4266.12)	(2736.92)
Balance carried forward to next year	(4008.40)	(4266.48)

2. OPERATIONS :

During the year the sales turnover of the Company has increased compared to the sales of the previous year. However, due to lack of demand for the products of the Company and increase in the cost of raw materials, excise duty & other expenditure, the Company could not achieve any profit. Efforts are being made to penetrate in the different segments of the market to increase the sale of the Company's products. The prospects for the year look better.

3. REFERENCE TO BIFR :

Pursuant to an order dated 18-01-2007 of the Hon'ble Bench of BIFR, the Company was declared as a sick industry and IDBI was appointed as the Operating Agency. A Rehabilitation Scheme has been prepared and submitted to the O.A. The Company had proposed One Time Settlement of dues with IDBI, Standard Chartered Bank and Bank of Baroda. IDBI and Standard Chartered Bank have accepted the OTS and they have been paid the OTS amounts. The Bank of Baroda, has in the meantime assigned the debts to International Asset Reconstruction Co. P. Ltd., Mumbai, without obtaining the permission of BIFR as the Company is a sick industry. The Rehabilitation Scheme under finalisation by the OA (IDBI)

4. DIVIDEND :

In view of continued loss, your directors are unable to recommend payment of any dividend for the year under review.

5. MANAGEMENT DISCUSSION AND ANALYSIS :

Your Company is engaged in the business of manufacture of Spirally Bound HDPE/PP Pipes, Vessels, Tanks, etc. The manufacturing facilities of the Company are at Daman, U.T. and the Spirally Bound profile wall pipes technology is patented and licensed by BAUKU of Germany. These Pipes ranging from 300 MM to 3000 MM diameter and are used in water sewerage & effluent disposal schemes, ocean out-fuel, etc. Your Company can also manufacture HDPE/PP Tanks of sizes ranging from 5000 liters to 70000 liters with varying wall thickness depending on load distribution and application.

The main objects of your Company to carry on the business of manufactures , dealers, importers, exporters, buyers & seller of all kinds plastic, PVC, polypropylene, polystyrene, polyethylene and polymers. As stated elsewhere, the immediate object of the Company is to set up facilities for the manufacture of large diameter non-pressure HDPE/PP tanks and vessels.

The Company's main business is manufacturing and marketing of "Polymer Processing" and all other activities of the company revolve around this main business. As such there are no separate reportable segments within the Company as defined by AS17 (Segment Reporting) issued by ICAI.

The Company maintains adequate internal control systems, which provide, among other things, reasonable assurance of recording the transaction of its operations in all material respects and of providing protection against significant misuse or loss of Company's assets.

The above statements on Management's Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectation of future events. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, finished goods prices, raw material costs & availability, change in Government regulations and tax structure, economic developments within India and the countries with which the Company

has business contacts and other factors such as litigation and Industrial relations. Your Company assumes no responsibility in respect of forward looking statements which may be amended or modified in future on the basis of subsequent developments, information or events.

6. FIXED DEPOSITS :

The Company has not accepted any deposits from the Public within the meaning of Section 58 A of the Companies Act, 1956 during the period under review.

7. ADDITIONAL INFORMATION :

A. INFORMATION OF CONSERVATION ENERGY :

The particulars of additional requirement proposed by the Companies (Amendment) Act, 1988 and the Companies (disclosures of particulars of the report of the Board of Directors) Rules 1988 in respect of the conservation of Energy do not apply to the products of your Company.

B. INFORMATION OF TECHNOLOGY ABSORPTION :

The Company had initially entered into a Technological Collaboration with BAUKU of Germany and the Company had deputed their engineers for training at the collaborator's plant. The engineers had been trained in process control, production, maintenance and other technology aspects. The Company has absorbed closely guarded

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technology enabling in to produce wide range of plastic pipes which require much less raw material than any comparable product. This has enabled the Company to produce pipes and tanks for applications such as sewerage schemes, effluent disposal projects, storage tanks for chemicals etc.

8. INFORMATION OF FOREIGN EXCHANGE EARNED AND OUTGO :

During the year under review your Company has not spent on foreign travel and on import of raw material.

9. CORPORATE GOVERNANCE :

Your Company has always the philosophy of conducting its business with due compliance of laws, rules, regulations and sound internal control systems and procedures. Pursuant to clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Company has complied with all the provisions of Corporate Governance and a report on corporate governance is annexed hereto and forms part of this report. A certificate from the auditors of the company regarding compliance of conditions of corporate governance has been included in this Annual Report for your information. In future, the Company intends to implement the non-mandatory recommendations, as prescribed in Code of Corporate Governance.

10. DIRECTORATE :

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. S.V.Sheth retires by rotation and being eligible offers himself for reappointment. Your Directors

recommend that re-election of aforesaid Director will be in the interest of the Company.

Ms. Soniya S. Sharma was appointed as an additional Director of the Company on 30th April, 2009. Ms. Soniya S. Sharma will hold office upto the Annual General Meeting and being eligible offers herself for reappointment. Your Directors recommend reappointment of Ms. Soniya S. Sharma as a Director of the Company.

11. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

- ❖ That in the preparation of the accounts for the financial period ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ❖ That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial period and of the profit or loss of the Company for the period under review;
- ❖ That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

❖ That the Directors have prepared the annual accounts for the financial period ended 31st March, 2009 on a 'going concern' basis.

12. DEPOSITORY SYSTEM :

Electronic trading of the Company's Equity Shares has been made compulsory by the Securities & Exchange Board of India (SEBI) from June, 2001. As on 31st March, 2009, about 52.63 % share holding representing 6237044 Equity Shares of the Company have been dematerialised. Your Company has executed agreements with both NSDL and CDSL for demat of its shares.

13. ENVIRONMENTAL PROTECTION & INSURANCE :

The manufacturing process of the Company is environmental friendly in as much there is no effluent discharge.

Adequate Insurance cover has been taken for properties of the Company including Buildings, Plant & Machinery, Stocks and inventories.

14. AUDITORS :

The retiring Auditors, M/s P. M. Turakhia & Associates, Chartered Accountants, Mumbai, are eligible for re-appointment and have indicated their willingness to act as such. In terms of Section 224A of the Companies Act, 1956, their appointment needs to be confirmed and their remuneration has to be fixed.

15. AUDITORS' REPORT :

The notes to the Accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further explanation under Section 217(3) of the Companies Act, 1956.

16. CONSTITUTION OF AUDIT COMMITTEE :

As required by the provisions of Section 292 A of the Companies Act, 1956, the Board of Directors has constituted an Audit Committee comprising of three Non-Executive Directors viz. Mr. Bhadresh H. Shah, Mr. Sudhir V. Sheth and Mr. S.C. Asnotkar.

17. PARTICULARS OF EMPLOYEES :

None of the Company's employees were covered by the disclosure requirement pursuant to provisions of Section 217(2A) of the Companies Act, 1956 and rules framed thereunder.

18. REGULATORY STATEMENT :

In conformity with the provisions of clause 32 of the Listing Agreement/(s) the Cash Flow Statement for the year ended 31.03.2009 is annexed to the Accounts.

19. ACKNOWLEDGEMENT :

Yours Directors place on record their deep appreciation of the continued support received from shareholders, bankers and employees.

On behalf of the Board
Sd/-
Bhadresh H. Shah
Chairman

Place: Daman
Date : 31st July, 2009
Registered Office:
C/o. **P. Sheth & Co.**

(Chartered Accountants)
17, Parekh Vora Chambers,
66, Nagindas Master Road,
Fort, Mumbai - 400 023.

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REPORT ON CORPORATE GOVERNANCE

This report on Corporate Governance forms part of the Directors Report. This section besides being in compliance of the mandatory listing agreement requirement gives an insight into the process of functioning of the Company.

Company's Philosophy on Code of Corporate Governance

- ❖ To adopt internal and external measures to increase the level of transparency and accountability.
- ❖ To demonstrate to stakeholders that the Company is following right governance practices.
- ❖ To lead the Company towards high growth path of higher profits and revenue.
- ❖ To respect the laws of the land and rights of stakeholders and to get respect from all concerned.
- ❖ To uphold at all times fundamental values of accountability, probity and transparency in all areas of its operations and business practices.

Board of Directors

The Board of Directors comprises of three members, who are all Non-Executive Directors, who account for hundred percent of the Board's strength as against minimum requirements of fifty percent as per the listing agreement. The Board of Directors of the Company consists of eminent persons with considerable professional experience and expertise in respective fields. All the above non-executive directors are professionals & independent and at present no promoter is on the Board.

The composition of Board of Directors is as follows :

Name of the Director	Designation	Category	Status
Mr. Bhadresh H. Shah	Chairman	Non-Executive	Independent
Mr. Sudhir V. Sheth	Director	Non-Executive	Independent
Mr. S. C. Asnotkar	Director	Non-Executive	Independent
Ms. S. S. Sharma	Director (w.e.f.30-4-2009)	Non-Executive	Independent

During the year, four Board meeting were held and the requisite quorum was present at all Board meetings. There is no gap of four months between any two meetings. None of the Directors is a member in more than 10 committees or acts as a Chairman in more than five committees across all companies in which he is a Director.

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➤ Board Meetings and attendance record of each Director

(i) Six Meetings of the Board of Directors were held during the year ended 31st March, 2009. these were held on :-

- | | |
|------------------------------------|---------------------------------|
| 1. 31st January, 2008 | 2. 30 th April, 2008 |
| 3. 31st July, 2008 | 4. 31st October, 2008 |
| 5. 20 th December, 2008 | 6. 31st January, 2009 |

(ii) The attendance record of each of the Directors at the Board Meetings during the year ended 31st March, 2009 and of the last Annual General Meeting is as under:-

Directors	No. of Board Meeting attended	Attendance at the last AGM
Shri Bhadresh H. Shah	6	Yes
Shri Sudhir V. Sheth	6	Yes
Shri S. C. Asnotkar	6	Yes

Audit Committee

In terms of the provisions of Section 292A of the Companies Act, 1956 and in order to comply with the corporate governance code, the Board of Directors at its meeting held on 30th January, 2001 formed an Audit Committee comprising of Mr. Bhadresh H. Shah (Chairman of the Committee), Mr. Sudhir V. Sheth and Mr. S.C.Asnotkar who are all Independent Non-Executive Directors. Five Audit Committee Meeting were held on 25th January, 2008, 17th April, 2008, 19th July, 2008 , 20th October, 2008 and 20th January,2009.

The Composition, powers and functions of the Audit Committee were as stipulated under clause 49 of the Listing Agreement and under section 292A of the Companies Act, 1956.

The Composition of Audit Committee is as follows :

Name of the Director	Designation	Category	Status
Mr. B. H. Shah	Chairman of the Committee	Non-Executive	Independent
Mr. S. V. Sheth	Member of the Committee	Non-Executive	Independent
Mr. S. C. Asnotkar	Member of the Committee	Non-Executive	Independent

Five Audit Committee meetings were held during the year.

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Remuneration Policy and Details of Remuneration paid

The Company does not have any paid whole time director and in view of this, the Board is of the opinion that constitution of Remuneration Committee is not required. No remuneration was paid to any non-executive directors except the sitting fees aggregating of Rs.18000/- was paid to the non-executive directors during the year for attending the Board Meetings.

Shareholders/Investors Grievances And Share Transfer Committee

As a measure of good corporate governance and to focus on the shareholders' grievances and towards strengthening investors relations and to expedite the transfer process in the physical segment. The Company has constituted a Share Transfer and Shareholders/Investors Grievances Committee consisting of non executive directors of which Shri Bhadresh H. Shah is the Chairman and the members of the Committee are Mr. S.V. Sheth and Mr. S. C. Asnotkar. During the year the Company has received two investors complaints. The number of pending compliants at the close of the year was nil. There were no share transfer pending for registration for more than 30 days. The Committee met 18 times during the year.

Compliance Certificate

Compliance Certificate for corporate governance from Auditors of the Company is annexed herewith.

General Body Meetings

❖ The details of Annual General Meetings held in last three year are as follows:-

AGM	Day	Date	Time	Venue
20 th	Friday	30-06-2006	10.30 a.m	Basant Court, Opp. Sion Railway Station, Sion (West), Mumbai - 400022
21 st	Thursday	28-06-2007	10.00 a.m	Basant Court, Opp. Sion Railway Station, Sion (West), Mumbai - 400022.
22 nd	Saturday	28-06-2008	11.00 a.m.	Parekh-vora Chambers, 66, N. Master Road, Fort, Mumbai - 400 023.

- ❖ Whether special resolutions were put through postal ballot last year ? **No**
❖ Are special resolutions proposed to be put through postal ballot this year ? **No**

Means of Communication

- ❖ The Board takes on record the unaudited quarterly financial results in the prescribed proforma of the stock exchanges within one month of close of the quarter and announces forthwith the results to all the stock exchanges where the shares of the Company are listed within 48 hours of the conclusion of the meeting of the Board in which they are approved and same were posted within stipulated time on the website of SEBI, EDIFAR as per the terms of Listing agreements with Stock Exchanges.
- ❖ Half yearly results/reports is not being sent to each household of shareholders as shareholders are intimated through press.
- ❖ Management Discussion and Analysis Report has been included in the Directors' Report and forms part of this Annual Report.

Disclosure

- ❖ There have been no transactions of material nature between the Company and its promoters, directors, management, their subsidiaries or relatives etc.
- ❖ No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

SHAREHOLDERS INFORMATION

Date, time and venue of 23rd AGM	: Tuesday, 29 th September 2009 at 10.00a.m. at Basant Court, Opp. Sion Railway Station, Sion (West), Mumbai – 400 022.
Dates of Book Closure	: 22/09/ 2009 to 29/09/ 2009 (both days inclusive)
Listing on Stock Exchanges	: The Bombay Stock Exchange Ltd., Mumbai
Listing Fees	: Paid for above stock exchange as per the listing agreement.
Demat Arrangement	: With NSDL and CDSL
ISIN No.	: INE 638D01013
BSE Stock Code	: 523594
Registered Office	: Registered Office : C/o. P. Sheth & Co. (C.A) 17, Parekh Voara Chambers, 66, N. Master Road, Fort, Mumbai - 400 023 Tel No. 022-2670217 Fax No.022-2610086

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Registrar & Share Transfer Agents : Sharex Dynamic (India) Pvt. Ltd.,
Unit No.1, Luthra Industrial Premises,
1st Floor, Andheri-Kurla Road,
Safed Pool, Andheri(East) Mumbai-400072.
Tel No.022- 2851 5606, 28515644
Fax No.022-2851 2885

Stock Data:

High and Low prices at BSE

Month		High (Rs.)	Low (Rs.)
January,	2008	6.00	3.62
February,	2008	3.44	2.10
March,	2008	2.75	1.54
April,	2008	1.78	1.60
May,	2008	2.15	1.62
June,	2008	2.25	1.76
July,	2008	1.99	1.33
August,	2008	1.55	1.28
September,	2008	2.15	1.41
October,	2008	2.42	1.90
November,	2008	1.94	1.20
December,	2008	1.31	1.10
January,	2009	1.16	0.91
February,	2009	0.89	0.85
March,	2009	0.93	0.86

Source : www.bseindia.com

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Categories of Shareholders as on 31st March, 2009:

Category	% of Shareholding	Nos. of shares held
Promoters & Acting in concert	25.30	2998479
Non Resident Indians	8.98	1063556
Mutual Funds & UTI	7.99	947200
Nationalised Banks, Financial Institutions & Insurance Cos.,	0.00	200
Foreign Institutional Investors	1.28	151750
Private Bodies Corporate	10.61	1257472
Indian Public	45.84	5431343
Total	100.000	11850000

Distribution of Shareholding as on 31st March, 2009:

No. of Equity Shares	Shareholders		No. of Shares	
	Number	% of holders	Number	% of shares
1 - 100	6623	40.90	643664	5.43
101 - 200	4550	28.10	849412	7.17
201 - 500	3056	18.87	1192707	10.07
501 - 1000	1188	7.34	944330	7.97
1001 - 5000	603	3.73	1381884	11.65
5001 - 10000	84	0.52	608806	5.14
10001 - 100000	75	0.46	1960643	16.55
100001 - and above	13	0.08	4268554	36.02
Total	16192	100.00	11850000	100.00

Plants.: Airport Road, Kadaiya Village, Nani Daman, Daman (U.T.)

Dematerialisation of equity shares

The shares of the Company have been brought under compulsory demat mode with effect from June, 2001. As on 31st March, 2009 about 52.63 % share holding representing 6237044 shares of the Company have been converted into demat form. The Company has executed agreements with both NSDL and CDSL for demat of its shares.

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COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
KUNSTSTOFFE INDUSTRIES LIMITED

1. We have examined the Corporate Governance report of Kunststoffe Industries Limited for the year ended 31st March, 2009 with the relevant records and documents maintained & furnished to us by the Company and as approved by the Board of Directors.
2. The Compliance of conditions on Corporate Governance is the responsibility of the management. Our examination was limited to review of procedures and implementations 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.
3. We further 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.
4. We state that no investors grievances is pending for a period exceeding one month against the Company as per records maintained by the Shareholders/Investors Grievance Committee.
5. On the basis of our review and according to informations and explanations provided to us, we certify that the Company has complied with the mandatory conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

For **P.M. TURAKHIA & COMPANY,**
Chartered Accountants

M.D. TURAKHIA
Proprietor

Place : Daman
Date : 31st July, 2009

AUDITORS' REPORT

To,
The Members of
KUNSTSTOFFE INDUSTRIES LIMITED

- 1) We have audited the attached Balance Sheet of KUNSTSTOFFE INDUSTRIES LTD., as at 31st March 2009 and also the Profit and Loss Account 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.
- 2) We conducted our Audit in accordance with the Auditing Standards generally accepted in India. These 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 includes assessing the Accounting Principles used and significant estimates made by management, as well as evaluating the overall Financial Statements presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the companies (Auditors' Report) Order, 2003 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in Paragraph 4 and 5 of the said Order.
- 4) Further to our comments, in the Annexure referred to above, we report that :
 - (i) 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;
 - (ii) 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.
 - (iii) The Balance Sheet, Profit & Loss Account dealt with by this Report are in agreement with the Books of Account.
 - (iv) In our opinion, the Balance Sheet & Profit & Loss Account dealt with by this Report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - (v) On the basis of the written representations received from the directors , as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2009 from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956.

KUNSTSTOFFE INDUSTRIES LTD.

(vi) 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 Companies Act, 1956 in the manner so required and **subject to notes on accounts in general and in particular Note "A" point no.2 and Note "C" point no.3 of schedule 18** give a True and Fair view in conformity with the generally accepted Accounting Principles in India.

- a) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2009.
- b) In the case of the Profit and Loss Account, of the loss for the year ended on that date.

For P.M. TURAKHIA & COMPANY
Chartered Accountants

M.D. TURAKHIA
Proprietor

Place : Daman

Date : 31st July, 2009

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF "M/S KUNSTSTOFFE INDUSTRIES LTD." ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009.

On the basis of the presentations received from the management and according to the explanation given, information furnished to us and on the basis of scrutiny of books & records, we are of the opinion that: -

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details & situation of fixed assets.
- (b) All the Assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its Fixed Assets. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off major or substantial parts of fixed assets so as to affect the going concern status of the Company.

- ii) (a) The Inventory has been physically verified during the year by the management. The frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company has maintained proper records of inventory. The material discrepancies noticed on physical verification have been properly dealt with in the books of accounts.
- iii) (a) The Company had not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.
- (b) Hence the provisions as to whether the rate of interest and other terms and conditions of loans given or taken by the company, secured or unsecured, are prima facie prejudicial to the interest of the company are not applicable.
- (c) So also the provisions as to whether the receipt/ payment of principal and interest are also regular are not applicable.
- (d) Similarly the provisions as to whether reasonable step have been taken by the Company for recovery / payment of the principal and interest, if the overdue amount is more than one lakh are not applicable.
- (e) The Company has not taken any Loans, secured or unsecured from the Companies, firm or other parties covered in the register maintained under section 301 of the Act.
- (f) Hence the provision as to whether the rate of interest and other terms and conditions of loans taken by the Company, secured or unsecured are prima facie Prejudicial to the interest of the Company are not applicable.
- (g) So also the provisions as to whether the payment of the Principal amount and interest are also regular are not applicable.
- iv) There is adequate inventory control procedure commensurate with the size of the company and nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. There is no continuing failure to correct major weaknesses in internal control.
- v) (a) No transactions need to be entered in to a register in pursuance of section 301 of the Companies act 1956.
- (b) The provisions that each of these transactions in pursuance of such Contracts or Arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time are not applicable.

KUNSTSTOFFE INDUSTRIES LTD.

- vi) As the company has not accepted deposits from the public. The provision as to whether the directives issued by Reserve Bank of India and provision of section 58A and 58AA or any other relevant provisions of the act and rules framed there under, where applicable, have been complied with and in case of non-compliance, stating of nature of contraventions and whether the company has complied with the order of the Company Law board or National Company law Tribunal or Reserve Bank of India or any Court or any other Tribunal are not applicable.
- vii) The company has an internal audit system commensurate with the size of the company and nature of its business.
- viii) No maintenance of Cost Records has been prescribed by the Central Government under section 209 (1) (d) of the Companies Act 1956. Hence the provision as to whether such Accounts and Records have been made and maintained are not applicable.
- ix) (a) The company is regular in depositing with appropriate authority undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues applicable to it.
- (b) No un-disputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty, Excise Duty and Cess were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable.
- (c) There are no dues of sales tax / income tax / custom tax / wealth tax / excise duty / Cess which have not been deposited on account of any dispute.
- x) The accumulated losses of the company exceeds 50% (fifty percent) of its Net Worth and hence the Company has filed a reference with BIFR, New Delhi under the SICA 1985 which has been registered by the BIFR vide order passed dated 18/01/2007. The Company has incurred Cash Profit of Rs.24,51,246/- in the Current Financial Year a Cash Profit of Rs.12,04,570 /- in the immediately preceding Financial Year. In arriving at the accumulated loss and net worth, we have considered the qualifications, which are quantifiable in the Audit Reports of the year to which these losses pertain.
- xi) The Company has defaulted in repayment of dues to the following financial Institution/s and /or Bank/s and / or Debenture holders in respect of the following amounts and the period mentioned there against: -

Sr. No.	Name of the Financial Institution / Banks	Principal Amount	Interest Amount	Period
1.	Bank of Baroda	2,54,55,888	-	13 Years

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The Company has approached for one time settlement and has also submitted scheme for rehabilitation as per BIFR Order. BIFR has declared the company as Sick Company and as there is no default at present.

- (xii) The Company has not granted any Loans & Advances on the basis of Security by way Pledge of Shares, Debentures and other securities. Hence, the provisions as to whether the adequate documents and records are maintained and to point out the deficiencies, if any in this regard are not applicable.
- xiii) The Company is not a Chit Fund or Nidhi/Mutual Benefit Fund/Society. Hence, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv) The Company is not dealing in or trading in Shares, Securities, Debentures and other investments. Hence, the provisions of Clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv) The company has not given any guarantee for loans taken by others from Bank or Financial Institution. Accordingly, the provisions as to whether the terms & conditions in respect thereof are prejudicial to the interest of the Company are not applicable.
- xvi) The Term Loans have been applied for the purpose for which they were obtained /raised.
- xvii) On an overall examination of the Balance Sheet of the Company, We report that, no funds raised on short-term basis have been used for long-term investment.
- xviii) The company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act.1956. Hence the question whether the price at which shares have been issued is prejudicial to the interest of the company are not applicable.
- xix) As the Company has not issued any Debentures, the provisions as to whether securities or charge have been created in respect of Debentures issued are not applicable.
- xx) The company has not raised any money by public issue. Hence the provisions as to whether the management has disclosed on the end use of money raised by public issue and the same has been verified are not applicable.
- xxi) No fraud on or by the company has been noticed or reported during the course of our Audit.

For **P.M. TURAKHIA & COMPANY**
Chartered Accountants

M.D. TURAKHIA
Proprietor

Place : Daman

Date : 31st July, 2009

KUNSTSTOFFE INDUSTRIES LTD.

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	31-03-2009 Rupees	31-12-2007 Rupees
SOURCES OF FUNDS :			
Shareholder's Funds :			
Share Capital	1	118,500,000	118,500,000
Reserves & Surplus	2	21,742,214	21,742,214
		<u>140,242,214</u>	<u>140,242,214</u>
Loan Funds :			
Secured Loans	3	312,906,331	312,906,331
Total		<u>453,148,545</u>	<u>453,148,545</u>
APPLICATION OF FUNDS :			
Fixed Assets :			
Gross Block	4	87,121,555	86,530,289
Less : Depreciation		72,795,336	68,295,033
Add : Increase due to revaluation		29,298,710	0
Net Block		<u>43,624,929</u>	<u>18,235,256</u>
Current Assets Loans & Advances :			
Inventories	6	45,369	2,049,872
Sundry Debtors	7	7,116,340	3,44,017
Cash & Bank Balances	8	937,184	862,972
Loans and Advances	9	1,178,464	5,490,539
TOTAL (A)		<u>9,277,357</u>	<u>8,747,400</u>
Less : Current Liabilities & Provisions			
Current Liabilities	10	594,183	482,789
TOTAL (B)		<u>594,183</u>	<u>482,789</u>
Net Current Assets	TOTAL (A-B)	8,683,174	8,264,611
Miscellaneous Expenditure to the extent not w/off or adjusted	11	0	36,707
Profit & Loss Account		400,840,442	426,611,971
Total		<u>453,148,545</u>	<u>453,148,545</u>
Notes on Accounts	18		

As per our Report of Even Date
For P. M. TURAKHIA & COMPANY
Chartered Accountants

M. D. TURAKHIA
Proprietor

Place : DAMAN
Dated : 31st July, 2009

For KUNSTSTOFFE INDUSTRIES LTD.

B. H. SHAH
S. V. SHETH
S. C. ASNOTKAR

} Directors

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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	31-03-2009 Rupees	31-12-2007 Rupees
INCOME :			
Sales		12,138,788	6,610,963
Other Income	12	235,569	134,466
Increase/(Decrease) in Stock	13	(1,871,940)	(458,486)
TOTAL		10,502,417	6,286,943
EXPENDITURE :			
Consumption of Materials	14	132,563	0
Excise Duty	14a	191,357	1,681
Payment to and provision for employees	15	1,622,713	1,556,014
Administrative & Other Expenses	16	6,093,458	3,514,150
Preliminary Expenses Written off	17	36,707	34,091
Bad debt written off		1,109,000	0
Fringe Benifit Tax		10,900	9,628
TOTAL		9,196,698	5,115,564
PROFIT :			
Profit/(Loss) before Depreciation		1,305,719	1,171,379
Depreciation		4,500,303	1,539,742
Profit/(Loss) on Ordinary Activities		(3,194,584)	(368,363)
Profit on Revaluation of Assets	2a	28,966,113	(152,552,259)
Profit/Loss		25,771,529	(152,920,622)
Balance carried from earlier year		(426,611,971)	(273,691,349)
Balance carried to Balance Sheet		(400,840,442)	(426,611,971)
Notes on Accounts	18		

As per our Report of Even Date
For **P. M. TURAKHIA & COMPANY**
Chartered Accountants

M. D. TURAKHIA
Proprietor

For **KUNSTSTOFFE INDUSTRIES LTD.**

B. H. SHAH
S. V. SHETH
S. C. ASNOTKAR

} Directors

Place : DAMAN

Dated : 31st July, 2009

KUNSTSTOFFE INDUSTRIES LTD.

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

	31-03-2009	31-12-2007
	Rupees	Rupees
SCHEDULE 1		
SHARE CAPITAL		
Authorised :		
15000000 (15000000) Equity Shares of Rs. 10/- each	<u>150,000,000</u>	<u>150,000,000</u>
Issued, Subscribed and Paid up :		
11850000 (11850000) Equity Shares of Rs. 10/- each	<u>118,500,000</u>	<u>118,500,000</u>
TOTAL	<u>118,500,000</u>	<u>118,500,000</u>
SCHEDULE 2		
RESERVES & SURPLUS		
Share Premium Account	<u>19,750,000</u>	<u>19,750,000</u>
Reserve for Doubtful Debts	<u>1,992,214</u>	<u>1,992,214</u>
TOTAL	<u>21,742,214</u>	<u>21,742,214</u>
SCHEDULE 2a		
Profit / (Loss) on Revaluation of Assets		
(Loss) / Profit on Revaluation of Fixed Assets	<u>29,298,710</u>	<u>(147,906,784)</u>
Unrealised Loans & Advances	<u>332,597</u>	<u>(3,412,005)</u>
Decline in value of investment	<u>0</u>	<u>(1,233,470)</u>
TOTAL	<u>28,966,113</u>	<u>(152,552,259)</u>
Reduction in Liabilities	<u>0</u>	<u>0</u>
TOTAL	<u>28,966,113</u>	<u>152,552,259</u>

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SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

	31-03-2009 Rupees	31-12-2007 Rupees
SCHEDULE 3		
SECURED LOANS		
I. From Industrial Development Bank of India	40,916,099	40,916,099
Less, Transferred to GPFPL in terms of Deed of Assignment Dtd. 26.05.2008 entered into between GPFPL & IDBI	40,916,099	0
Interest on above	194,460,426	194,460,426
Less, Transferred to GPFPL in terms of Deed of Assignment Dtd. 26.05.2008 entered into between GPFPL & IDBI	194,460,426	0
	<u>0</u>	<u>235,376,525</u>
II. From Industrial Credit & Inv. Corpn. of India.	14,835,000	14,835,000
Less, Transferred to GPFPL in terms of Deed of Assignment Dtd. 26.05.2008 entered into between GPFPL & IDBI	14,835,000	0
Interest on above	37,238,918	37,238,918
Less, Transferred to GPFPL in terms of Deed of Assignment Dtd. 26.05.2008 entered into between GPFPL & IDBI	37,238,918	0
	<u>0</u>	<u>52,073,918</u>
<p>The above loans are secured by a first mortgage & on all the immovable and movable assets, present & future of the Company ranking pari-passu with the other charges created / to be created infuture (subject to the prior charges on specified movable Assets created / to be created in favour of bankers by way of security for Borrowing for Working capital)</p>		
III. From Bank of Baroda for working capital requirements Secured by hypothecation of Raw Material, Finished & consumable Goods and book debts and Second mortgage & change in all the immovable and movable assets, present & future of the company.	25,455,888	25,455,888
I. Gayatri Pipes & Fittings Pvt. Ltd. -Liabilities of Rs. 287450443 takenover in terms of Deed of Assignment into between IDBI & GPFPL	287,450,443	0
<p>The loan is secured by a first mortgage & on all the immovable and movable assets, present & future of the Company ranking pari-passu with the other charges created / to be created in future (Subject to the prior charges on specified movable Assets created/ to be created in favour of bankers by way of security for Borrowing for Working capital)</p>		
TOTAL	<u><u>312,906,331</u></u>	<u><u>312,906,331</u></u>

KUNSTSTOFFE INDUSTRIES LTD.

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE 4 : FIXED ASSETS

Sl. No.	NAME OF THE ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		AS ON 1-1-2008 1	ADDITION DURING THE YEAR 2	TOTAL 3 (1+2)	UPTO 31.12.2007 4	CURRENT PERIOD 5	UPTO 31.03.09 6 (4+5)	WDV BEFORE REVALUATION 7 (3-6)	INCREASE ON REVALUATION 8	AS ON 31.03.2009 9
1.	LAND	3,000,000	-	3,000,000	-	-	-	3,000,000	12,000,000	15,000,000
2.	FACTORY BUILDING	6,514,679	-	6,514,679	2,382,464	271,243	2,653,707	3,860,972	3,754,028	7,615,000
3.	OFFICE BUILDING	-	227,270	227,270	0	1,459	1,459	225,811	(0)	225,811
4.	PLANT & MACHINERY	61,732,642	325,996	62,058,638	52,520,079	3,658,339	56,178,418	5,880,220	10,884,780	16,765,000
5.	MOULDS & DIES	13,559,696	-	13,559,696	12,051,476	399,371	12,450,847	1,108,849	2,391,151	3,500,000
6.	ELECTRIC INSTALLATION	1,069,918	-	1,069,918	715,761	137,908	853,669	216,249	188,751	405,000
7.	LAB. EQUIPMENT	354,118	-	354,118	326,017	28,101	354,118	(0)	80,000	80,000
8.	FURNITURE & FIXTURE	118,775	-	118,775	118,775	-	118,755	-	-	-
9.	VEHICLES	51,220	-	51,220	51,220	-	51,220	-	-	-
10.	COMPUTER	129,241	38,000	167,241	129,241	3,882	133,123	34,118	(0)	34,118
	TOTAL	86,530,289	591,266	87,121,555	68,295,033	4,500,303	72,795,336	14,326,219	29,298,710	43,624,929
	PREVIOUS YEAR									
										234,437,073

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SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

	31-03-2009 Rupees	31-12-2007 Rupees
SCHEDULE 6		
INVENTORIES		
(As valued and certified by the management)		
(a) Raw Materials	0	132,563
(b) Finished Goods	43,444	1,915,384
(At Cost or market value whichever is lower)		
(c) Consumable Stores	1,925	1,925
TOTAL	45,369	2,049,872
SCHEDULE 7		
SUNDRY DEBTORS		
Over Six Months		
Unsecured and Considered Goods	4,321,340	344,017
Unsecured and Considered Doubtful	0	0
TOTAL (A)	4,321,340	344,017
Other Debts		
Unsecured and Considered Good	2,795,000	0
Unsecured and Considered Doubtful	0	0
TOTAL (B)	2,795,000	0
TOTAL (A+B)	7,116,340	344,017

KUNSTSTOFFE INDUSTRIES LTD.

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

	31-03-2009 Rupees	31-12-2007 Rupees
SCHEDULE 8		
CASH AND BANK BALANCES		
(a) Balance with Scheduled Banks		
In Current Account	202,140	157,000
(b) Cash-in-hand	735,044	705,972
TOTAL	<u>937,184</u>	<u>862,972</u>
SCHEDULE 9		
LOANS AND ADVANCES		
(Unsecured-considered goods)		
Advances recoverable in cash or kind for value to be received	572,684	4,706,777
Sundry Deposits	605,780	783,762
TOTAL	<u>1,178,464</u>	<u>5,490,539</u>
SCHEDULE 10		
CURRENT LIABILITIES		
Sundry Creditors (for goods, expenses and advances)	594,183	482,789
TOTAL	<u>594,183</u>	<u>482,789</u>
SCHEDULE 11		
MISCELLANEOUS EXPENDITURE (Assets)		
(To the extent not written off)		
Issue Expenses	0	36,707
TOTAL	<u>0</u>	<u>36,707</u>

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SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	31-03-2009 Rupees	31-12-2007 Rupees
SCHEDULE 12		
OTHER INCOME		
Interest from Bank	123,069	44,466
Rent Received	112,500	90,000
	235,569	134,466
SCHEDULE 13		
INCREASE/(DECREASE) IN STOCKS		
Opening Stock :		
Finished Goods	1,915,384	2,373,870
Closing Stock :		
Finished Goods	43,444	1,915,384
Increase/(Decrease) in Stock	(1,871,940)	(458,486)
SCHEDULE 14		
CONSUMPTION OF RAW MATERIAL		
Opening Stock	132,563	132,563
Purchases	0	0
	132,563	132,563
Closing Stock	0	132,563
TOTAL	132,563	0
SCHEDULE 14a		
Excise Duty	191,357	1,681
SCHEDULE 15		
PAYMENT TO AND PROVISIONS FOR EMPLOYEES		
Salary and Wages	1,396,573	1,360,543
Provident Fund	122,815	115,324
Staff Welfare Expenses	103,325	80,147
TOTAL	1,622,713	1,556,014

KUNSTSTOFFE INDUSTRIES LTD.

SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	31-03-2009	31-12-2007
	Rupees	Rupees
SCHEDULE 16		
ADMINISTRATIVE & OTHER EXPENSES		
Bank Commission & Charges	28,762	7,543
Commission on Sales	0	4,752
Consumable Stores	61,660	83,878
Conveyance & (Prev. year Con & Travelling) Expenses	37,100	27,079
Travelling	119,800	101,585
Coolie, Cartage & Transport	13,570	0
Data Processing Charges	61,500	47,686
Directors Sitting Fees	18,000	13,000
Insurance Charges	44,893	52,168
Legal & Professional Fees	558,655	171,267
Miscellaneous Expenses	94,123	60,711
Motor Car Expenses	17,696	14,189
Payment to Auditor's		
Audit Fees	40,000	40,000
Tax Audit Fees	20,000	20,000
Stock Audit Fees	2,500	5,000
Postage Expenses	194	54
Power & Fuel	2,521,354	2,193,348
Printing & Stationary	150,686	29,138
Rates & Taxes	105,214	104,980
Repairs to Building & Others	617,356	71,145
Repairs to Plant & Machinery	1,003,212	126,317
Security Charges	518,793	296,778
Telephone & Fax Charges	40,811	39,835
Canteen Exps.	17,579	3,697
	<hr/>	<hr/>
TOTAL	6,093,458	3,514,150
	<hr/> <hr/>	<hr/> <hr/>
SCHEDULE 17		
MISCELLANEOUS EXPENSES W/OFF		
Issue Expenses	36,707	34,091
	<hr/>	<hr/>
TOTAL	36,707	34,091
	<hr/> <hr/>	<hr/> <hr/>

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NOTES FORMING PARTS OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009

SCHEDULE - 18

A. SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL:

- (a) The Accounts are prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provision of the Companies Act, 1956 as adopted consistently by the company.
- (b) Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles followed.

2. FIXED ASSETS:

During the Current year, the Assets (both Fixed & Current) were revalued as on 31.03.09 vide Valuation Report of Mr. L.R.DAMANIA dated 31.03.09 This Revaluation has resulted into a Surplus of Rs.3, 47,12,847/- that has been credited to Profit & Loss Account. Prior to the present Revaluation, the Company had revalued all its Assets, vide Valuation Report of Mr. Pawan Kumar Ghosh, Chartered Engineer dated 05.07.2007 resulting into a Deficit of Rs14, 79,06,784/- that was debited to Profit & Loss Account in the financial year 2007 - 08.

3. DEPRECIATION:

Depreciation is provided on straight line basis applying the rates specified in Schedule XIV of the Companies Act 1956 under straight line method:

- (i) In respect of assets acquired 1.1.94 and thereafter at revised rates specified in the said schedule vide notification no 756 E dated 16.12.93 and as clarified in circular no. 14 dated 20.12.93 issued by the Department of the Company Affairs.
- (ii) In respect of assets on hand as on 31.12.93 at the rates in force prior to the abovementioned notification.

4. INVENTORIES:

- (i) Raw materials and consumable Stores are valued at cost.
- (ii) Finished and Semi Finished goods are valued at lower of cost or market value.

5. REVENUE RECOGNITION:

- (a) In case of Sales of Goods - When the property and all significant risk and rewards of ownership are transferred to the buyer or no significant uncertainty exists regarding the amount of consideration that is derived from the sale of goods. It excludes amounts recovered towards Sales Tax.
- (b) Interest - On a time proportion basis taking into account the outstanding principal and the relative rate of interest.

6. TREATMENT OF EMPLOYEES BENEFITS:

Benefits payable to employees during their tenure of employment viz. Bonus, Leave Encashment etc are accounted on cash basis.

Retirement benefits are accounted as and when the same become due for payment.

7. MISCELLANEOUS EXPENDITURE:

Expenses shown under the head miscellaneous expenditure are amortised equally over ten years.

8. TREATMENT OF CONTINGENT LIABILITIES AND CONTINGENT GAINS:

The amount of Contingent losses are charged to the profit & loss Account on a reasonable estimates basis, if it is probable that future event confirm that an asset has been impaired or a liability has been incurred as at the Balance Sheet date and contingent gains are not recognized in the accounts.

KUNSTSTOFFE INDUSTRIES LTD.

B. ADDITIONAL INFORMATION PURSUANT TO SCHEDULE VI OF COMPANIES ACT, 1956

		31.03.2009	31.12.2007
		Rs.	Rs.
(a)	(i) Auditors Remuneration :		
	Payment to Auditors	60,000	40,000
	(ii) No transactions were entered into with any related parties as mentioned under AS-18 during the year.		

(b) Quantitative and other Information:		31.03.2009	31.12.2007
		(In M.Ts.)	(In M.Ts.)
(i)	Licensed Capacity	1275	1275
(ii)	Installed Capacity	1500	1500
(iii)	Production	NIL	NIL
(iv)	Information in regard to Opening stock, Closing stock & Sales		

	31.03.2009		31.12.2007	
	MTRS	RUPEES	MTRS	RUPEES
Opening stock	714.362	19,15,384*	716.362	23,42,995
Closing Stock	16.208	43,444	714.362	19,15,384*
Sales	698.154	13,88,374***	2.000	9,700
		(18,71,940)**		

* Realizable Value Shown in Books **Book Value ***Actual Realization

(v) Consumption of Raw Materials :	31.03.2009		31.12.2007	
	KGS	RUPEES	KGS	RUPEES
HDPE Pipe, Chemicals & & Semi processed Materials	0	0	0	0

(vi) Value of Imported & indigenous Raw materials & chemicals Consumed & percentages of the Total consumption.	31.03.2009		31.12.2007	
	%	RUPEES	%	RUPEES
Imported	0	0	0	0
Indigenous	0	0	0	0
Total	0	0	0	0

(vii) Earning in foreign exchange :			
Export of goods			
FOB Basis		NIL	NIL

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(viii) **BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE :**

I. Registration Details	
Registration No.	37998/TA
State code	11
Balance Sheet Date	31 st March,2009
II. Capital Raised during the year <i>(Amount in Rs. Thousands)</i>	
Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
III. Position of Mobilisation and Deployment Of funds	
Total Liabilities	453148
Total Assets	453148
Sources of funds	
Paid up Capial	118500
Reserves & Surplus	21742
Secured Loans	312906
Unsecured Loans	NIL
Total	453148
Application of funds	
Net Fixed Assets	43625
Investments	NIL
Net Current Assets	8683
Miscellaneous Expenditure	NIL
Profit & Loss Account	400840
	453148
IV Performance of the company	
Total Income	10502
Total Expenditure	19111
Net Profit	25772
Earning per Share	
V. Generic Name of Principal Products/Services of the company (as per monetary terms)	
Item code No. (I. T.C. CODE)	Product Description
39 (23)	Tubes, Pipes & Hoses and Fittings thereafter
39(25)	Reservoirs, Tanks, Vats & similar containers of a capacity exceeding 300 Ltrs.

KUNSTSTOFFE INDUSTRIES LTD.

C. OTHER NOTES ON ACCOUNTS:

1. Bank of Baroda had agreed with other creditors for settlement under OTS, However it transferred the Debt to International Asset Reconstruction Co.(India) Pvt.Ltd. without any reference or prior intimation. The matter is taken up with B.I.F.R while finalizing the rehabilitation scheme. No adjustments are made in accounts pending decision of B.I.F.R.
2. The company has not ascertained liability towards payment of gratuity and hence no provision has been made in the accounts.
3. Debtors and Creditors balances are subject to confirmations from the parties.
4. In the opinion of the Board of Directors the Current Assets, Loans & Advances except those shown as doubtful have a value on realisation in the ordinary course of business at least equal to the amount at which items are stated in the Balance Sheet.
5. Modvat credit of Excise duty taken on purchase of Raw Materials is not included in the value of inventory of Raw Material. Also value of inventory of finished goods does not include excise duty payable on manufacture. This has no effect on the profit of the Company.
6. Figures of the previous year have been re-grouped / rearranged /reclassified wherever necessary.
7. During the year, Gayatri Pipes & Fittings Ltd has taken over the Secured Loans of IDBI of Rs.4902.08 Lacs vide Deed of Assignment dated 26.05.2008 Accordingly the said liabilities have been transferred in favour of Gayatri Pipes & Fittings Ltd in the books of the company.

Signatories to the schedule 1 to 18

As per our Report of Even Date
For P. M. TURAKHIA & COMPANY
Chartered Accountants.

M. D. TURAKHIA
Proprietor

For **KUNSTSTOFFE INDUSTRIES LTD.**

B. H. SHAH
S. V. SHETH
S. C. ASNOTKAR

} Directors

Place : DAMAN
Dated : 31st July, 2009

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	31-03-09	31-12-07
	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit/(Loss) Before Tax and Extraordinary Items	(3,194,584)	(368,363)
Adjustments for :		
i) Depreciation	4,500,303	1,539,742
ii) Misc Expenses W/Off	36,707	34,091
Operating Profit/(Loss) Before Working Capital Changes	1,342,426	1,205,470
Adjustment for :		
i) Trade and Other receivables	(6,772,323)	(43,428)
ii) Inventories	2,004,504	478,486
iii) Trade and Other Payables	111,393	50,684
Cash Generated from Operations	(3,314,000)	1,691,212
Interest Paid	0	0
Cash Flow Before Extraordinary Items	(3,314,000)	1,691,212
Net Cash From Operating Activities	(3,314,000)	1,691,212
B. CASH FLOW FROM INVESTING ACTIVITIES :		
i) Purchase of Fixed Assets	(591,266)	0
ii) Purchase of Investments	0	0
iii) Sale of Fixed Assets	0	0
iv) Decrease/(Increase) in Advances	3,979,478	(2,518,648)
Net Cash used in Investing Activities	3,388,212	(2,518,648)

KUNSTSTOFFE INDUSTRIES LTD.

	31-03-09 Rupees	31-12-07 Rupees
C. CASH FLOW FROM FINANCING ACTIVITIES		
i) Proceeds from Issue of Share Capital	0	0
ii) Proceeds from Long Term Borrowings (Net)	0	0
iii) Repayment of Short Term Borrowings (Net)	0	0
iv) Right Issue Expenses	0	0
v) Interest payable	0	0
vi) Dividend paid	0	0
vii) Reserve for doubtful debts.	0	0
Net Cash used in Financing Activities	<u>0</u>	<u>0</u>
D. NET DECREASE (INCREASE) IN CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents (Opening Balance)	862,972	1,690,408
Cash and Cash Equivalents (Closing Balance)	937,184	862,972
Decrease/(Increase) in Cash and Cash Equivalents	<u>(74,212)</u>	<u>827,436</u>

As per our Report of Even Date
For P. M. TURAKHIA & COMPANY
Chartered Accountants

For **KUNSTSTOFFE INDUSTRIES LTD.**

M. D. TURAKHIA
Proprietor

B. H. SHAH
S. V. SHETH
S. C. ASNOTKAR } Directors

Place : DAMAN
Dated : 31st July, 2009

AUDITOR'S REPORT

We have examined the above Cash Flow Statement of KUNSTSTOFFE INDUSTRIES LIMITED for the period ended 31st March, 2009. The Statement has been prepared by the Company in accordance with the requirements of listing agreement Clause 32 with Stock Exchanges and is based on and in agreement with corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 31-07-2009 to the members of the Company and reallocation required for the purpose are as made by the Company.

FOR P. M. TURAKHIA & ASSOCIATES
(CHARTERED ACCOUNTANT)

M. D. TURAKHIA
(PROPRIETOR)

Place : DAMAN.
Date : 31st July, 2009

KUNSTSTOFFE INDUSTRIES LTD.

Registered Office :

C/o. P. SHETH & CO., (CHARTERED ACCOUNTANT), 17, PAREKH VORA CHAMBERS
66, N. MASTER R'D, FORT, MUMBAI - 400 023.

ATTENDANCE CARD

L.F. No.	
No. of Shares held	
Depository Account No.	

I/We hereby record my / our presence at the 23rd Annual General Meeting of the Company at Basant Court, Opp.Sion Railway Station, Sion (West), Mumbai – 400 022, at 10-00 a.m. Tuesday 29th September, 2009.

NAME OF THE SHAREHOLDER (IN BLOCK LETTERS) _____

SIGNATURE OF THE SHAREHOLDER / PROXY* _____

*Strike out whichever is not applicable.

NOTES :

1. You are requested to sign and hand this over at the entrance.
2. If you intend to appoint a proxy to attend the meeting instead of yourself, the Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

KUNSTSTOFFE INDUSTRIES LTD.

Registered Office :

C/o. P. SHETH & CO., (CHARTERED ACCOUNTANT), 17, PAREKH VORA CHAMBERS
66, N. MASTER R'D, FORT, MUMBAI - 400 023.

FORM OF PROXY

L.F. No.	
No. of Shares held	
Depository Account No.	

I/We _____ of _____

in the district of _____ being a member/members of the above named Company hereby appoint _____ of _____ in the district of _____ or failing him _____ of the district of _____ as my/our Proxy to vote for me/us on my/our behalf at the 23rd Annual General Meeting of the Company to be held on Tuesday 29th September, 2009 and at any adjournment thereof.

Please
affix Rs. 1.00
Revenue
Stamp

Signed this _____ day of _____ 2009

Signature

NOTES :

1. The Proxy form must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the meeting.
 2. This form must be used in favour of the resolution, unless against otherwise directed, the Proxy will vote at he/she thinks fit.
 3. Members who holds shares in the dematerialisation Form are requested to quote their Depository Account Number for identification.
- * Strike out whichever is not applicable.

BOOK-POST

To

If undelivered please return to:

SHAREX DYNAMIC (INDIA) PVT. LTD.,

Unit : Kunststoffe Industries Ltd.,

Luthra Industrial Premises,

Unit No. 1, Andheri-Kurla Road,

Safed Pool, Andheri (East)

MUMBAI - 400 072.