



KUNSTSTOFFE INDUSTRIES LTD.

**25TH ANNUAL REPORT
2010-11**

KUNSTSTOFFE INDUSTRIES LTD.

BOARD OF DIRECTORS

Mr. PRAVIN V. SHETH - *Chairman*

Mr. BHADRESH H. SHAH

Mr. SUDHIR V. SHETH

Mr. S. C. ASNOTKAR

Ms. SONIYA S. SHARMA - *Executive Director*

AUDITORS

P. M. TURAKHIA & ASSOCIATES,
Chartered Accountants, Mumbai

SOLICITORS

LITTLE & CO. MUMBAI
DIVYAKANT MEHTA & ASSOCIATES, MUMBAI

REGISTERED OFFICE

Kiran Building.
128, Bhaudaji Road,
Matunga (E.),
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 25th Annual General Meeting of the Shareholders of the Company will be held on Wednesday, the 28th day of September, 2011, at 10.00 A.M. at 17, Parekh-Vora Chambers 66, Nagindas Master Road, Fort, Mumbai – 400 023 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March,, 2011 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. S. C. Asnotkar 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 Mr. Pravin V. Sheth who was appointed as an additional Director of the Company on 30th October 2010 under article 86 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting of 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, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

5. To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution:

“RESOLVED that consent of the company be and is hereby accorded for the appointment of Ms. Soniya S. Sharma, Director as an Executive Director of the Company for the period of 5 years from 1st November, 2010 and that she will work under the guidance of the Board of Directors of the Company

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FURTHER RESOLVED that subject to the approval of the members at the Annual General Meeting and in accordance with provisions of section 198, 269, 309, 310 and 311 read with schedule XIII and other applicable provisions, if any of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force) and subject to such sanctions as may be necessary, the Board be and hereby appoint Ms. Soniya S.Sharma, as Executive Director (Whole –time) of the Company for a period of 5 years w.e.f. 1st November, 2010 to 31st October 2015 to discharge the duties as may be entrusted to her as an Executive Director of the Company from time to time on the following terms and conditions:

1. Salary of Rs. 60,000/- per month including dearness allowance, with an annual increase of Rs.5,000/- upto Rs.85,000/-.
2. The Company's contribution towards Provident Fund as per the Company's Rules but not exceeding 12% of the salary as laid down in the Income Tax Rules, 1962.
3. Privilege Leave on full pay and allowance as per the Rules of the Company but not exceeding 1 month's leave for every 11 months of service completed.
4. The Executive Director shall not be entitled to any sitting fees for attending the meeting of the Board of Director or any Committee thereof.
5. Gratuity not exceeding half month's salary for each completed year of service.

PERQUISITES :

Ms. Soniya S. Sharma shall be entitled to the following perquisites as Executive Director of the Company. However, the perquisites shall be counted for fulfilling the conditions mentioned in Clause 1 of Part II of Schedule XIII of the Companies Act, 1956.

- a. Reimbursement of medical expenses actually incurred for self and family subject to a ceiling of one month's salary in any year or three month's salary in a block of three years.
- b. Leave Travel Concession for self and family once in a year in accordance with the Rules of the Company.
- c. Fees of clubs and credit/debit card for official use only.

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- d. Medical insurance, premium whereof shall not exceed Rs.15,000/- per annum.
- e. For the purpose of computing the aforesaid ceiling, perquisites would be valued as per the Income Tax Rules, 1962, wherever applicable. Provision for use of Company's car for official duties and cellular phone and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of computing the aforesaid ceiling.

RESOLVED FURTHER THAT the terms and conditions of the appointment of Ms. Soniya S. Sharma, Executive Director of the Company may be altered and/ or varied so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modifications or re-enactments thereof, for the time being in force or any amendments and/or modifications that may hereafter to be made thereto by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board of Directors and Ms. Soniya S. Sharma or as may be varied by the General Body Meeting.

RESOLVED FURTHER THAT Mr. Bhadresh H. Shah, Director and / or Mr. Sudhir V. Sheth, Director be and are hereby severally authorized to take necessary action to give effect to the resolution.

By order of the Board
For **Kunststoffe Industries Limited**
Pravin V. Sheth
Chairman

Place: Daman

Date: 28th July, 2011.

Registered Office:

Kiran Building,
128, Bhaudaji Road,
Matunga (East),
Mumbai-400 019.

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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 21/09/2011 to 28/09/2011(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 S. C. Asnotkar Age: 82 years, Qualification: B. A., Nature of expertise: He is an Industrialist. Name of the companies in which also holds directorship: None. Name of the companies's committees in which he holds Memberships/ chairmanship: None. It will be in the interest of the Company that Mr. S.C. Asnotkar 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 October, 2010 Mr. Pravin V. Sheth. was appointed as 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. Mr. Pravin V. Sheth holds office only upto the date of forthcoming Annual general Meeting.

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 Mr. Pravin V. Sheth as candidate for the office of Director. As required by the said section 257, the shareholder giving notice has deposited as sum of Rs. 500/- with company, which shall be refunded to him if Mr. Pravin V. Sheth is elected as Director.

Mr. Pravin V. Sheth is Chairman & Mg. Director of Fiberweb (India) Ltd., He is a Practicing Chartered Accountant and is a Director on Board of various companies with his vast experience in the Industry, his continued association will be beneficial to the Company and hence your directors recommend his appointment.

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None of the Directors of the Company except Mr. Pravin V. Sheth is concerned or is interested in the proposed resolution.

Item No. 5

The Board unanimously decided to appoint Ms. Soniya S. Sharma, Director as an Executive Director of the Company for the period 1st November 2010 to 31st October, 2015 for smooth and efficient conduct of the company, but subject to the approval of the members in the general meeting.

Except Soniya S. Sharma, none of Directors of the Company are concerned or interested in the resolution. The Board recommends passing of this resolution by the members.

This explanation, together with the accompanying Notice is and should be treated as an abstract under section 302 of the Companies Act, 1956.

By order of the Board
For **Kunststoffe Industries Limited**
Pravin V. Sheth
Chairman

Place: Daman
Date: 28th July, 2011.

Registered Office:
Kiran Building,
128, Bhaudaji Road,
Matunga (East),
Mumbai-400 019.

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DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the 25th Annual Report of the Company alongwith the audited statements of Accounts for the year ended 31st March, 2011. The summarised financial results are given below :

1. SUMMARISED FINANCIAL RESULTS :

	(Rs. In Lakhs)	
	2010-11	2009-10
Sales & other receipts	138.71	104.43
Gross Profit/(Loss) before depreciations	68.47	50.89
Less : Depreciation	12.56	12.54
Profit(Loss) from regular Activities	55.91	38.35
Extraordinary items	(1994.00)	0
Profit /(Loss)before and After taxation	(1938.09)	38.35
Add: Balance carried from earlier year	(3970.05)	(4008.40)
Balance carried forward to next year	(5908.14)	(3970.05)

2. OPERATIONS:

During the year the sales turnover of the Company has increased compared to the sales of the previous year. However, due to paucity of working capital facilities from Banks as Company is under rehabilitation process by BIFR, the company is doing only job-work. Once the rehabilitation scheme is finalized your company could market directly and the profitability and prospects will improve.

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 made 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 Draft Rehabilitation Scheme has been circulated by the BIFR and the approval of the same is awaited.

Your Directors are hopeful for early result.

4. DIVIDEND:

In view of past losses, 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

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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 has deputed their engineers for training at the collaborator's plant. The engineers have been trained in process control, production, maintenance and other technology aspects. The Company has absorbed closely guarded 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. C. Asnotkar 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.

The Board of Directors of the Company have passed a Resolution in their Meeting held on 30th October, 2010, appointing Ms. Soniya S. Sharma, Director of the Company as Executive Director on the agreed terms and conditions for a period of 5 years from 1st November, 2010, subject to the approval of the shareholders at the ensuing Annual General Meeting.

Mr. Pravin V. Sheth, was appointed as additional Director during the year. Mr. Pravin V. Sheth will hold office upto the Annual General Meeting and being eligible offers himself for re-appointment. Your Directors recommend reappointment of Mr.Pravin V. Sheth.

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, 2011, 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, 2011 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, 2011, about 59.72% share holding representing 7076190 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.

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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 31.03.2011 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
PRAVIN V.SHETH
CHAIRMAN

Place : Daman

Date : 28th July, 2011

Registered Office :

Kiran Building,
128, Bhaudaji Road,
Matunga (East),
Mumbai - 400 019

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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 four 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. Pravin V. Sheth	Chairman	Non-Executive	Independent
Mr. Bhadresh H. Shah	Director	Non-Executive	Independent
Mr. Sudhir V. Sheth	Director	Non-Executive	Independent
Mr. S. C. Asnotkar	Director	Non-Executive	Independent
Ms. Soniya. S. Sharma	Director (Whole-time)	Executive	Non-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) Four Meetings of the Board of Directors were held during the year ended 31st March, 2011. these were held on :-

- | | |
|-----------------------|-----------------------|
| 1. 30th April, 2010 | 2. 30th July, 2010 |
| 3. 30th October, 2010 | 4. 31st January, 2011 |

(ii) The attendance record of each of the Directors at the Board Meetings during the year ended 31st March, 2011 and of the last Annual General Meeting is as under:-

Directors	No. of Board Meeting attended	Attendance at the last AGM
Mr. Pravin V. Sheth	1	N/A
Mr. Bhadresh H. Shah	4	Yes
Mr. Sudhir V. Sheth	4	Yes
Mr. S.C. Asnotkar	4	Yes
Ms. Soniya S. Sharma	4	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. Four Audit Committee Meeting were held on 20th April, 2010, 20th July, 2010, 20th October, 2010 and 20th January,2011.

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

Four Audit Committee meetings were held on 20th April 2010, 20th July 2010, 20th Oct. 2010 and 20th January 2011 during the year.

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Remuneration Policy and Details of Remuneration paid

The Company has on 30th October 2010 set up a Remuneration Committee of Directors, consisting of Mr. Bhadresh Shah Chairman, Mr. S.V. Sheth and Mr. S.C.Asnotkar.

The terms of remuneration committee include review and recommendation to the Board of Directors of the remuneration paid to the Directors. The Committee had meeting on 20-01-2011, which was attended by Mr. B.H.Shah, Mr. S.V.Sheth and Mr. S.C.Asnotkar.

Details of remuneration paid/payable to the Directors for the year ended on 31st March, 2011 (01-04-2010 to 31-03-2011) is as follows:

Name	Position held During the year Remuneration	Salary & Allowances	Perquisites (P.F.)	Total
Ms. Soniya S. Sharma	Whole-time Executive Director	Rs. 300000	Rs. 36000	Rs. 336000

No remuneration was paid to non-executive directors other than the sitting fees aggregating to Rs.20000/- was paid to the non-executive directors during the year for attending the Board Meetings.

Board Procedures

The members of the Board have been provided with the requisite information mentioned in the listing agreement well before the Board Meetings and the same were dealt with appropriately. All the Directors who are on various committee are within permissible limits of the listing agreement.

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 had received 1 investor complaint. 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 23 times during the year.

Compliance Certificate

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

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General Body Meetings

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

AGM	Day	Date	Time	Venue
22nd	Saturday	28-06-2008	11.00 a.m.	Parekh-vora Chambers, 66, N. Master Road, Fort, Mumbai – 400 023.
23rd	Tuesday	29-09-2009	10.00 a.m.	Basant Court, Opp. Sion Railway Station, Sion (West), Mumbai – 400 022
24th	Tuesday	28-09-2010	10.00 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 Comm

- ❖ 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.

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SHAREHOLDERS INFORMATION

- Date, time and venue of 24th AGM:** Wednesday, 28th Sept. 2011 at 10.00a.m. at 17,
Parekh-Vora-Chambers, 66, Nagindas Master Road,
Fort, Mumbai – 400 023.
- Dates of Book Closure** : 21/09/ 2011 to 28/09/ 2011
(both days inclusive)
- Listing on Stock Exchanges** : 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:*
Kiran Building ,
128, Bhaudaji Road,
Matunga (East),
Mumbai – 400 023.
Tel No. 022-24082689/90
Fax No.022-24044853
- Registrar & Share Transfer Agent** : 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
- Compliance Officer** : **Mr. B. H. Shah**, *Non executive Director.*

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Stock Data:

High and Low prices at BSE

Month	High(Rs.)	Low(Rs.)
April 2010	12.39	3.41
May 2010	14.20	6.16
June 2010	10.60	6.93
July 2010	8.10	5.57
August 2010	10.20	5.08
September 2010	9.25	6.86
October 2010	8.90	6.00
November 2010	11.07	5.75
December 2010	8.20	6.30
January 2011	7.70	4.46
February 2011	6.30	3.35
March 2011	5.58	3.51

Source : www.bseindia.com

Categories of Shareholders as on 31st March, 2011:

Category of Shareholders	Number of Shareholders	Percentage of (A+B+C)	Total Number of Shares held
(A) Shareholding of Promoters And Promoter Group			
(1) Indian	57	26.64	3157037
(2) Foreign	0	0.00	0
Total shareholding of Promoter & Promoter Group	57	26.64	3157037
(B) Public Shareholding			
(1) Institutions	10	4.60	545250
(2) Non-Institutions	15371	68.76	8147713
Total Public Shareholding	15381	73.36	8692963
(C) Shares held by custodians	0	0.00	0
Grand Total(A)+(B)+(C)	15438	100.000	11850000

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Distribution of Shareholding as on 31st March, 2011:

No. of Equity Shares	Shareholders		No. of Shares	
	Number	% of holders	Number	% of shares
1 - 100	6496	42.08	625920	5.28
101 - 200	4330	28.05	808106	6.82
201 - 500	2844	18.42	1103214	9.31
501 - 1000	1078	6.98	854773	7.22
1001 - 5000	534	3.46	1206815	10.18
5001 - 10000	74	0.48	529013	4.46
10001 - 100000	69	0.45	1863679	15.73
100001 - and above	13	0.08	4858480	41.00
Total	15438	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, 2011 about 59.72 % share holding representing 7071670 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.

KUNSTSTOFFE INDUSTRIES LTD.

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, 2011 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 & Associates,**
Chartered Accountants

M.D. Turakhia
Partner

Place : Daman

Date : 28th July, 2011

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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 2011 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 complies 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, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 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 2011.
 - b) In the case of the Profit and Loss Account, of the loss for the year ended on that date.

For **P.M. Turakhia & Associates**,
Chartered Accountants

M.D. Turakhia
Partner

Place : Daman

Date : 28th July, 2011

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 2011.

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.

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- 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.

KUNSTSTOFFE INDUSTRIES LTD.

- 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.
- 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 is 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, 2011 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.68,47,398/- in the Current Financial Year a

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Cash Profit of Rs.50,88,504/- 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 Bank/s 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	2,20,00,000	-	15 Years

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 o t h e r 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.

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- 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 & Associates,**
Chartered Accountants

M.D. Turakhia
Partner

Place : Daman
Date : 28th July, 2011

KUNSTSTOFFE INDUSTRIES LTD.

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	AS ON 31-03-2011	AS ON 31-03-2010
SOURCES OF FUNDS:			
Shareholder's Funds:			
Share Capital	1	123,300,000	118,500,000
Reserves & Surplus	2	21,742,214	21,742,214
		<u>145,042,214</u>	<u>140,242,214</u>
Loan Funds:			
Secured Loans	3	484,063,162	312,906,331
Unsecured Loans	3A	5,044,000	0
		<u>634,149,376</u>	<u>453,148,545</u>
APPLICATION OF FUNDS:			
Fixed Assets:			
Gross Block	4	43,967,645	43,651,529
Less: Depreciation		2,509,830	1,253,708
		<u>41,457,815</u>	<u>42,397,821</u>
Current Assets Loans & Advances:			
Inventories	5	0	45,368
Sundry Debtors	6	0	11,305,074
Cash & Bank Balances	7	618,608	1,529,949
Loans and Advances	8	2,248,861	1,384,365
	TOTAL (A)	<u>2,867,469</u>	<u>14,264,756</u>
Less: Current Liabilities & Provisions			
Current Liabilities	9	990,519	519,677
TOTAL (B)	TOTAL (B)	<u>990,519</u>	<u>519,677</u>
Net Current Assets	TOTAL (A-B)	<u>1,876,950</u>	<u>13,745,078</u>
Miscellaneous Expenditure to the extent not w/off or adjusted			
Profit & Loss Account		590,814,611	397,005,646
		<u>634,149,376</u>	<u>453,148,545</u>
Notes on Accounts	15		
As per our Report of Even Date For P. M. TURAKHIA & ASSOCIATES Chartered Accountants		For KUNSTSTOFFE INDUSTRIES LTD.	
M. D. TURAKHIA Partner Membership No.: 017399	Directors	PRAVIN SHETH B. H. SHAH S. V. SHETH S. C. ASNOTKAR	
Place: DAMAN Dated: 28-07-2011	Executive Director	SONIYA SHARMA	

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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	AS ON 31-03-2011	AS ON 31-03-2010
INCOME :			
Sales		13,607,764	10,442,827
Other Income	10	307,225	190,714
Increase/(Decrease) in Stock	11	(43,443)	0
TOTAL		13,871,546	10,633,541
EXPENDITURE :			
Payment to and provision for employees	13	2,442,735	1,746,169
Administrative & Other Expenses	14	4,493,913	3,798,868
Interest paid on Loan		87,500	0
TOTAL		7,024,148	5,545,037
PROFIT :			
Profit/(Loss) before Depreciation		6,847,398	5,088,504
Depreciation		(1,256,123)	(1,253,708)
Profit before tax		5,591,275	3,834,796
Extra Ordinary Items		(199,400,241)	0
		(193,808,965)	3,834,796
Balance carried from earlier year		(397,005,646)	(400,840,442)
Prior Period Adjustments		0	0
Balance carried to Balance Sheet		(590,814,611)	(397,005,646)
Notes on Accounts	15	0	0

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

For **KUNSTSTOFFE INDUSTRIES LTD.**

M. D. TURAKHIA
Partner
Membership No. : 017399

Directors Executive Director	PRAVIN SHETH B. H. SHAH S. V. SHETH S. C. ASNOTKAR SONIYA SHARMA
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Place: DAMAN
Dated: 28-07-2011

KUNSTSTOFFE INDUSTRIES LTD.

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	AS ON 31-03-2011	AS ON 31-03-2010
SCHEDULE 1		
SHARE CAPITAL		
Authorised :		
15000000 (15000000) Equity Shares of Rs. 10/- each	150,000,000	150,000,000
Issued, Subscribed and Paid up :		
11850000 (11850000) Equity Shares of Rs. 10/- each	118,500,000	118,500,000
Share Application Money	4,800,000	0
TOTAL	123,300,000	118,500,000
SCHEDULE 2		
RESERVES & SURPLUS		
Share Premium Account	19,750,000	19,750,000
Reserve for Doubtful Debts	1,992,214	1,992,214
TOTAL	21,742,214	21,742,214
SCHEDULE 3		
SECURED LOANS		
I. From From Bank of Baroda for working capital requirements Secured by hypothecation of Raw Material, Finished & consumable Goods and book debts and Second mortgage and charge in all the immovable and movable assets, present and future of the Company.	22,000,000	25,455,888
II. Gayatri Pipes & Fittings Pvt. Ltd. - Liabilities of Rs. 287,450,443 takeover in terms of Deed of Assignment into btween IDBI & GPFPL	462,063,162	287,450,443
The loan is secured by a first mortgage & on all the immovable and movable assets, present & future of the Company.		
TOTAL	484,063,162	312,906,331
SCHEDULE 3A		
UNSECURED LOANS		
Short Term Loans & Advances	5,044,000	0
	5,044,000	0
SCHEDULE 3B		
Extra-Ordinary Items		
Liabilities Accrued as per Deed of Assignment	202,757,557	
Liabilities Reduced BOB Loan	(3,455,888)	
Unrealised Loans & Advances	98,572	
	199,400,241	0

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SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 4: FIXED ASSETS

Sr. No.	NAME OF THE ASSETS	GROSS BLOCK					DEPRECIATION					NET BLOCK AS ON		
		AS ON 1-4-2010	ADDITION WRITTEN DURING THE YEAR	SALES/ TRANSFERRED DURING THE YEAR	AS ON 31.03.2011	UPTO DATE	CURRENT YEAR 2010-11	UPTO 31-03-11	UPTO 31-03-11	UPTO 31-03-11	UPTO 31-03-11	UPTO 31-03-11	UPTO 31-03-11	
		1	2	3	4	5	6	7	8	9				
1.	LAND	15,000,000	0	0	15,000,000	0	0	0	15,000,000	15,000,000				
2.	FACTORY BUILDING	7,615,000	0	0	7,615,000	254,341	254,341	508,682	7,106,318	7,360,659				
3.	OFFICE BUILDING	225,811	1,459	227,270	0	7,542	(7,542)	0	0	218,269				
4.	PLANT & MACHINERY	16,766,100	529,589	0	17,295,689	796,366	812,623	1,608,988	15,686,701	15,969,734				
5.	MOULDS & DIES	3,500,000	0	0	3,500,000	166,250	166,250	332,500	3,167,500	3,333,750				
6.	ELECTRIC INSTALLATION	405,000	0	0	405,000	19,238	19,238	38,475	366,525	385,761				
7.	LAB. & OFFICE EQUIPMENT	80,000	0	0	80,000	3,800	3,800	7,600	72,400	76,200				
8.	FURNITURE & FIXTURE	25,500	0	0	25,500	641	1,614	2,555	23,245	24,860				
9.	COMPUTER	34,118	12,338	0	46,456	5,531	5,799	11,330	35,126	28,587				
	TOTAL	43,651,529	543,386	227,270	43,967,645	1,253,709	1,256,123	2,509,830	41,45,815	42,397,821				
	LAST YEAR FIGURES	43,624,929	26,600	0	43,651,529	0	1,253,708	1,253,708	42,397,821	43,264,929				

KUNSTSTOFFE INDUSTRIES LTD.

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	AS ON 31-03-2011	AS ON 31-03-2010
SCHEDULE 5		
INVENTORIES		
(As valued and certified by the management)		
(a) Raw Materials	0	0
(b) Finished Goods	0	43,444
(At Cost or market value whichever is lower)		
(c) Consumable Stores	0	1,925
TOTAL	0	45,369
SCHEDULE 6		
SUNDRY DEBTORS		
Over Six Months		
Unsecured and Considered Goods	0	2,395,720
Unsecured and Considered Doubtful	0	0
TOTAL	0	2,395,720
Other Debts		
Unsecured and Considered Good	0	8,909,354
Unsecured and Considered Doubtful	0	0
TOTAL	0	11,305,074

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SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	AS ON 31-03-2011	AS ON 31-03-2010
SCHEDULE 7		
CASH AND BANK BALANCES		
(a) Balance with Scheduled Banks		
In Current Account	426,212	447,979
(b) Cash-in-hand	192,396	1,081,970
TOTAL	618,608	1,529,949
SCHEDULE 8		
LOANS AND ADVANCES		
(Unsecured-considered goods)		
Advances recoverable in cash or kind for value to be received	1,564,912	729,466
Sundry Deposits	683,949	654,899
TOTAL	2,248,861	1,384,365
SCHEDULE 9		
CURRENT LIABILITIES		
Sundry Creditors (for goods, expenses and advances)	990,519	519,677
TOTAL	990,519	519,677
SCHEDULE 10		
SALES & OTHER INCOME		
Sales	13,607,764	10,442,827
Other Income :		
Rent Received Intt. From Bank & Others	307,225	190,714
	307,225	190,714
	13,914,989	10,633,541

KUNSTSTOFFE INDUSTRIES LTD.

SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	AS ON 31-03-2011	AS ON 31-03-2010
SCHEDULE 11		
INCREASE/(DECREASE) IN STOCKS		
Opening Stock:		
Finished Goods	43,443	43,443
Closing Stock:		
Finished Goods	0	43,443
Increase/(Decrease) in Stock	<u>(43,443)</u>	<u>0</u>
SCHEDULE 12		
CONSUMPTION OF RAW MATERIAL		
Opening Stock	0	0
Purchases	0	0
Closing Stock	0	0
TOTAL	<u>0</u>	<u>0</u>
SCHEDULE 13		
PAYMENT TO AND PROVISIONS FOR EMPLOYEES		
Salary and Wages	1,858,079	1,512,853
Provident Fund	139,597	138,666
Staff Welfare Expenses	109,059	94,650
TOTAL	<u>2,106,735</u>	<u>1,746,169</u>
SCHEDULE 13a		
PAYMENT TO AND PROVISIONS FOR MANAGERIAL REMUNERATION		
Salary and Wages	300,000	0
Provident Fund	36,000	0
Staff Welfare Expenses	0	0
TOTAL	<u>3,36,000</u>	<u>0</u>
	<u>2,442,735</u>	<u>1,746,169</u>

KUNSTSTOFFE INDUSTRIES LTD.

NOTES FORMING PARTS OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011

SCHEDULE - 15

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:

Fixed Assets were revalued as on 31-03-2009, Hence Opening Balance taken at revalued figures.

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.

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

I. Registration Details			
Registration No.	:		37998/TA
State code	:		11
Balance Sheet Date	:		31st March, 2011
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	:		634149
Total Assets	:		634149
Sources of funds			
Paid up Capital	:		123300
Reserves & Surplus	:		21742
Secured Loans	:		484063
Unsecured Loans	:		5044
Total	:		<u>634149</u>
Application of funds			
Net Fixed Assets	:		41458
Investments	:		NIL
Net Current Assets	:		1877
Miscellaneous Expenditure	:		NIL
Profit & Loss Account	:		590814
Total	:		<u>634149</u>
IV Performance of the company			
Total Income	:		13872
Total Expenditure	:		8281
Net Profit	:		5591
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.

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C. OTHER NOTES ON ACCOUNTS:

1. Pursuant to reference made by the company, Hon. bench of BIFR, New Delhi by their order dated 18.01.2007 declared your Company as Sick Industry. Rehabilitation Scheme is under final stage of acceptance and it is hoped to be approved soon.
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.

Signatories to the schedule 1 to 18

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

M. D. TURAKHIA
Partner
Membership No. : 017399

Place : DAMAN
Dated : 28-07-2011

For **KUNSTSTOFFE INDUSTRIES LTD.**

Directors **PRAVIN SHETH**
 B. H. SHAH
 S. V. SHETH
 S. C. ASNOTKAR
Executive Director **SONIYA SHARMA**

KUNSTSTOFFE INDUSTRIES LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	31-03-2011 Rupees	31-03-2010 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit/(Loss) Before Tax and Extraordinary Items	5,591,275	3,834,796
Less Rent Received	240,000	90,000
	5,351,275	3,744,796
Adjustments for :		
i) Depreciation	1,256,123	1,253,708
ii) Misc Expenses W/Off	0	0
	6,607,398	4,998,504
Operating Profit/(Loss) Before Working Capital Changes	6,607,398	4,998,504
Adjustment for :		
i) Trade and Other receivables	11,305,073	(4,188,733)
ii) Inventories	45,368	0
iii) Trade and Other Payables	470,842	(74,504)
	18,428,681	735,267
Cash Generated from Operations	18,428,681	735,267
Cash Flow Before Extraordinary Items	18,428,681	735,267
Net Cash From Operating Activities	18,428,681	735,267
Net Cash From Operating Activities	18,428,681	735,267
Extra Ordinary Items	(199,400,241)	0
B. CASH FLOW FROM INVESTING ACTIVITIES :		
i) Purchase of Fixed Assets	(316,116)	(26,601)
ii) Decrease/(Increase) in Advances	(864,496)	(205,901)
iii) Sale of Fixed Assets	0	0
iii) Rent Received	240,000	90,000
	(940,612)	(142,502)
Net Cash used in Investing Activities	(940,612)	(142,502)
C. CASH FLOW FROM FINANCING ACTIVITIES		
i) Proceeds from Application Money	4,800,000	0
ii) Proceeds from Long Term Borrowings (Net)	171,156,831	0
iii) Repayment of Short Term Borrowings (Net)	5,044,000	0
	181,000,831	0
Net Cash used in Financing Activities	181,000,831	0
	0	0

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	31-03-2011 Rupees	31-03-2010 Rupees
D. NET DECREASE (INCREASE) IN CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents (Opening Balance)	1,529,949	937,184
Cash and Cash Equivalents (Closing Balance)	618,608	1,529,949
(Decrease)/Increase in Cash and Cash Equivalents	<u>911,341</u>	<u>(592,765)</u>
	0	0

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

M. D. TURAKHIA
Partner
Membership No. : 017399
Place: DAMAN
Dated: 28-07-2011

For **KUNSTSTOFFE INDUSTRIES LTD.**

Directors **PRAVIN SHETH**
B. H. SHAH
S. V. SHETH
S. C. ASNOTKAR
Executive Director **SONIYA SHARMA**

AUDITOR'S REPORT

We have examined the above Cash Flow Statement of KUNSTSTOFFE INDUSTRIES LIMITED for the period ended 31st March, 2011. 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 28-07-2011 to the members of the Company and reallocation required for the purpose are as made by the Company.

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

M. D. TURAKHIA
Partner
Membership No. : 017399
Place: DAMAN
Dated: 30-07-2011

KUNSTSTOFFE INDUSTRIES LTD.

Registered Office :

REGD. OFF. : KIRAN BUILDING, 128 BHAUDAJI ROAD, MATUNGA (EAST), MUMBAI -400 019.

ATTENDANCE CARD

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

I/We hereby record my/our presence at the 25th Annual General Meeting of the Company at C/o. P. Sheth & Co., (Chartered Accountant), 17, Parekh Vora Chambers, 66, N. Master Road, Fort, Mumbai-400 023, at 10-00 a.m. on Wednesday 28th September, 2011.

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 :

REGD. OFF. : KIRAN BUILDING, 128 BHAUDAJI ROAD, MATUNGA (EAST), MUMBAI -400 019.

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 25th Annual General Meeting of the Company to be held on Wednesday 28th September, 2011 and at any adjournment thereof.

Please affix Rs. 1.00 Revenue Stamp
--

Signed this _____ day of _____ 2011

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 $\frac{\text{favour}}{\text{against}}$ 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.**