



**KUNSTSTOFFE INDUSTRIES LTD.**

**26TH ANNUAL REPORT  
2011-12**

## **KUNSTSTOFFE**

### **BOARD OF DIRECTORS**

Mr. PRAVIN V. SHETH - *Chairman*

Mr. BHADRESH H. SHAH

Mr. SUDHIR V. SHETH (upto AGM)

Mr. S. C. ASNOTKAR

Ms. SONIYA P. SHETH - *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 - 400 019.

### **WORKS**

Airport Road,

Kadaiya,

Nani Daman,

Daman, (U.T.) 396 210.

### **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 26th Annual General Meeting of the Shareholders of the Company will be held on Thursday, the 27th day of September, 2012, at 10.30 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, 2012 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
3. To appoint a Director in place of Mr. Bhadresh H. Shah who retires by rotation and being eligible, offers himself for re-election.
4. 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

5. To consider and if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution  
“RESOLVED THAT in accordance with the provision of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Bhaskar Thiagarajan Iyer, 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”.

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

Place: Mumbai  
Date: 30th July, 2012.

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

## **KUNSTSTOFFE INDUSTRIES LTD.**

### **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 hold 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 close from 20/09/2012 to 27/09/2012(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 Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a Green Initiative in Corporate Governance and allowed companies to serve documents on its shareholders through electronic mode. Members are requested to support this green initiative by registering/ updating their e-mail address, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with company/its Share Transfer Agents.
10. The Equity Shares of the Company are

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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.

11. 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:

- (1) Name: Mr. Bhadresh H. Shah Age:  
59 years, Qualification: B.E.,  
Bachelor of

Engineering, Nature of expertise:  
Civil & Plastic Engineering. Name  
of the Companies in which also  
holds directorship: 1) Fiberweb  
(India) Ltd. Name of companies  
in which he holds Membership/  
chairmanship: Fiberweb (India)  
Ltd. Audit & Share Transfer  
Committee's Chairman.

It will be in the interest of the  
company that Mr. B. H. Shah  
continues as Director of the  
Company.

### EXPLANATORY STATEMENT

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

#### Item No.5 – SPECIAL BUSINESS

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.

Bhaskar Thiagarajan Iyer, 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 him if  
Mr. Bhaskar Thiagarajan Iyer is elected as  
director.

Mr. Bhaskar Thiagarajan Iyer is graduate  
from Bombay University. He has vast  
business experience, particularly in the field  
of marketing. He is a good administrator.  
He will be of great help to the company in  
future. His experience and ability will be an  
assets to the company. As such directors of  
the company recommended his appointment  
be approved.

Except Mr. Bhaskar Thiagarajan Iyer, none  
of the Directors of the company is interested  
in the said resolution.

By Order of the Board of Directors  
**For Kunststoffe Industries Lintied**  
**Pravin V. Sheth**  
Chairman

Place: Mumbai  
Date: 30th July, 2012

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

# KUNSTSTOFFE INDUSTRIES LTD.

## DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the 26th Annual Report of the Company along with the audited statements of Accounts for the year ended 31st March, 2012. The summarised financial results are given below :

### 1. SUMMARISED FINANCIAL RESULTS:

	(Rs. In Lakhs)	
	2011-12	2010-11
Sales & other receipts	91.15	138.71
Gross Profit/(Loss) before depreciations	3.80	68.47
Less : Depreciation	14.06	12.56
Profit(Loss) from regular Activities	(10.26)	55.91
Extraordinary items	0.00	(1994.00)
Profit /(Loss)before and After taxation	(10.26)	(1938.09)
Add: Balance carried from earlier year	(5908.15)	(3970.05)
Balance carried forward to next year	(5918.41)	(5908.14)

### 2. OPERATIONS:

During the year the sales turnover of the Company was Rs.91.15 lakhs against Rs.138.71 lakhs being the sales of the previous year. 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 approved 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 IARC (assignee of Bank of Baroda). 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

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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 AS 17(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

## **KUNSTSTOFFE INDUSTRIES LTD.**

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 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.



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### 10. DIRECTORATE :

Your company has received notice from a member proposing the appointment of Mr. Mr. Bhaskar Thiagarajan Iyer as a Director of the company. The Board recommends the appointment of Mr. Bhaskar Thiagarajan Iyer as a Director liable to retire by rotation.

### 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, 2012, 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, 2012 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, 2012, about 60.72% share holding representing 7195390 Equity Shares of the Company have been dematerialised. Your Company has executed agreements with both NSDL and CDSL for demat of its shares.

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### 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 had 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 31.03.2012 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: Mumbai  
Date: 30th July, 2012

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

# **KUNSTSTOFFE INDUSTRIES LTD.**

## **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 five members, consisting of three 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.

The composition of Board of Directors is as follows:

Name of the Director	Designation	Category	Status
Mr. Pravin V. Sheth	Chairman	Non-Executive	Non-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.P. Sheth	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, 2012. these were held on :-

1. 30th April, 2011	2. 28th July, 2011
3. 31st October, 2011	4. 30th January, 2012

(ii) The attendance record of each of the Directors at the Board Meetings during the year ended 31st March, 2012 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	4	Yes
Mr. Bhadresh H. Shah	4	NO
Mr. Sudhir V. Sheth	4	Yes
Mr. S. C. Asnotkar	4	Yes
Ms. Soniya P. Sheth	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, 2011 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 19th April, 2011, 20th July, 2011, 20th October, 2011 and 20th January,2012.

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 19th April 2011, 20th July 2011, 20th Oct. 2011 and 20th January 2012 during the year.

## **KUNSTSTOFFE INDUSTRIES LTD.**

### **Remuneration Policy and Details of Remuneration paid**

The Company had 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 20-01-2012, 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, 2012 (01-04-2011 to 31-03-2012) is as follows:

<b>Name</b>	<b>Position held During the year</b>	<b>Salary &amp; Allowances Remuneration</b>	<b>Perquisites (P.F.)</b>	<b>Total</b>
Ms. Soniya P. Sheth	Whole-time Executive Director	Rs.748500	Rs. 89400	Rs. 837900

No remuneration was paid to non-executive directors other than the sitting fees aggregating to Rs.16000/- 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 4 investor 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.

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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
23rd	Tuesday	29-09-2009	10.00 a.m.	Basant Cout,, 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
25th	Wednesday	28-09-2011	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 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.

## **KUNSTSTOFFE INDUSTRIES LTD.**

### **SHAREHOLDERS INFORMATION**

Date, time and venue of 26th AGM	: Wednesday, 27th Sept. 2012 at 10.30a.m. at. 17, Parekh-Vora-Chambers, 66, Nagindas Master Road, Fort, Mumbai – 400 023.
Dates of Book Closure	: 20/09/ 2012 to 27/09/ 2012 (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 – 400 019. Tel No. 022-24082689/90 Fax No.022-24044853 E-mail : kunststoffe@vsnl.net Website : kunststoffeindia.com
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 E-mail : sharexindia@vsnl.com
Compliance Officer	: <b>Mr. B. H. Shah</b> , <i>Non executive Director</i> .

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### Stock Data:

#### High and Low prices at BSE

Month	High (Rs.)	Low (Rs.)
April 2011	5.99	3.05
May 2011	6.50	3.23
June 2011	5.75	3.65
July 2011	4.20	3.28
August 2011	3.69	2.96
September 2011	4.49	3.02
October 2011	4.10	3.07
November 2011	4.55	3.21
December 2011	4.16	2.60
January 2012	3.32	2.83
February 2012	3.15	2.86
March 2012	3.17	2.72

Source : [www.bseindia.com](http://www.bseindia.com)

#### Categories of Shareholders as on 31st March, 2012:

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	11	24.22	2870236
(2) Foreign	0	0.00	0
<b>Total shareholding of Promoter &amp; Promoter Group</b>	<b>11</b>	<b>24.22</b>	<b>2870236</b>
(B) Public Shareholding			
(1) Institutions	10	4.60	545250
(2) Non-Institutions	15206	71.18	8434514
<b>Total Public Shareholding</b>	<b>15216</b>	<b>75.78</b>	<b>8979764</b>
(C) Shares held by custodians	0	0.00	0
<b>Grand Total (A)+(B)+(C)</b>	<b>15227</b>	<b>100.000</b>	<b>11850000</b>



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### Distribution of Shareholding as on 31st March, 2012 :

No. of Equity Shares	Shareholders		No. of Shares	
	Number	% of holders	Number	% of shares
1 - 100	6444	42.32	619635	5.23
101 - 200	4267	28.02	796215	6.72
201 - 500	2789	18.31	1082715	9.13
501 - 1000	1046	6.87	827393	6.98
1001 - 5000	528	3.47	1185002	10.00
5001 - 10000	71	0.47	500689	4.23
10001 - 100000	72	0.47	1890189	15.95
100001 - and above	10	0.07	4948162	41.76
TOTAL				
<b>Total</b>	<b>15227</b>	<b>100.00</b>	<b>11850000</b>	<b>100.00</b>

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, 2012 about 60.72 % share holding representing 7195390 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, 2012 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 investor grievance 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 information 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  
**PRAGNA PATEL**  
Partner

Place : Mumbai

Date : 30th July, 2012

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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 2012 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, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012 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 B.2,B.3,B.4 & B.5 of Notes forming part of the accounts for the year ended 31.3.2012 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 2012.
- 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

(PRAGNA PATEL)  
Partner

Place: Mumbai

Date : 30.07.2012

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### **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 2012.**

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) As the company has not purchased / sold goods during the year nor is there any opening stocks, requirement of reporting on physical verification of stocks or maintenance of inventory records, in our opinion, does not arise.
- iii) The Company had neither taken nor granted any loans, secured or unsecured from / to Companies, firms or other parties covered in the register maintained under section 301

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of the Companies Act 1956. Hence, the question of reporting whether the rate of interest and other terms and conditions of such loans are prima facie prejudicial to the interest of the company, whether reasonable step for recovery / payment of the overdues of such loans are taken does not arise.

- 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) Based on the audit procedures applied by us and the information and explanations provided by the management, we are of the opinion that there were no transactions during the year that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- vi) Based on our scrutiny of the company's records and according to the information and explanations provided by the management, in our opinion, the company has not accepted any public deposits so far upto 31st March, 2012.
- vii) The company has an internal audit system commensurate with the size of the company and nature of its business.
- viii) We are unable to offer any comment on the clause no. (viii) pertaining to maintenance of cost records as the cost auditor has not completed cost audit till date.
- 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.3,80,105/- in the Current Financial Year and a Cash Profit of Rs.68,47,398 /- 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) Based on the audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

## **KUNSTSTOFFE INDUSTRIES LTD.**

- (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) According to the record of the company, the company has not obtained any term loans. Hence, comments under the clause are not called for.
- 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 & ASSOCIATES**

Chartered Accountants

**(PRAGNA PATEL)**

Partner

PLACE: Mumbai

DATE: 30.07.2012

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### BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	AS AT 31-03-2012	AS AT 31-03-2011
<b>A EQUITY AND LIABILITIES</b>			
1 Shareholders' funds			
(a) Share capital	1	118,500,000	118,500,000
(b) Reserves and surplus	2	(495,425,724)	(571,064,612)
		<u>(376,925,724)</u>	<u>(452,564,612)</u>
2 Share application money pending allotment	18.1	13,800,000	4,800,000
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	3	490,208,000	484,063,162
<b>4 Current liabilities</b>			
(a) Short-term borrowings	4	-	5,044,000
(b) Trade payables	5	835,991	973,048
(c) Other current liabilities	6	14,301	17,470
<b>TOTAL</b>		<b><u>127,932,568</u></b>	<b><u>42,333,068</u></b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	7	119,489,605	41,457,813
<b>2 Current assets</b>			
(c) Trade receivables	8	6,193,449	-1,992,214
(d) Cash and cash equivalents	9	375,507	618,608
(e) Short-term loans and advances	10	1,810,015	2,184,869
(f) Other current assets	11	63,992	63,992
		<u>8,442,963</u>	<u>875,255</u>
<b>TOTAL</b>		<b><u>127,932,568</u></b>	<b><u>42,333,068</u></b>
See accompanying notes forming part of the financial statements			
As per our Report of Even Date <b>For P. M. TURAKHIA &amp; ASSOCIATES</b> Chartered Accountants  <b>PRAGNA PATEL</b> Partner Membership No. : 133872  Place: Mumbai Dated: 30-07-2012		For <b>KUNSTSTOFFE INDUSTRIES LTD.</b> On behalf of Board of Directors  Directors <b>PRAVIN SHETH</b> <b>S. C. ASNOTKAR</b>  Executive Director <b>SONIYA SHETH</b>	

# KUNSTSTOFFE INDUSTRIES LTD.

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note No.	For the year ended 31-03-2012	For the year ended 31-03-2011
<b>A CONTINUING OPERATIONS]</b>			
<b>1 Revenue from operations (gross)</b>	12	8,853,005	13,607,764
<b>2 Other income</b>	13	262,000	307,225
<b>3 Total revenue (1+2)</b>		9,115,005	13,914,989
<b>4 Expenses</b>			
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	14	-	43,443
(d) Employee benefits expense	15	3,228,941	2,442,735
(f) Depreciation and amortisation expense	7.C	1,405,676	1,256,123
(g) Other expenses	16	5,505,958	4,581,413
<b>Total expenses</b>		<b>10,140,575</b>	<b>8,323,714</b>
<b>5 Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)</b>		-1,025,570	5,591,275
<b>8 Revaluation reserve/Extraordinary items</b>	17	-	-199,400,241
<b>9 Profit / (Loss) before tax (7 + 8)</b>		-1,025,570	-193,808,966
See accompanying notes forming part of the financial statements			
As per our Report of Even Date <b>For P. M. TURAKHIA &amp; ASSOCIATES</b> Chartered Accountants  <b>PRAGNA PATEL</b> Partner Membership No.: 133872  Place: Mumbai Dated: 30-07-2012		For <b>KUNSTSTOFFE INDUSTRIES LTD.</b> On behalf of Board of Directors  Directors <b>PRAVIN SHETH</b> <b>S. C. ASNOTKAR</b>  Executive Director <b>SONIYA SHETH</b>	



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### CASH FLOW STATEMENT FOR COMPANIES OTHER THAN FINANCE COMPANIES

<b>Cash Flow Statement for the year ended 31 March, 2012</b>				
Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011	
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax		-1,265,569		5,351,275
<b>Adjustments for:</b>				
Depreciation and amortisation		1,405,675		1,256,123
Operating profit / (loss) before working capital changes		140,106		6,607,398
<b>Changes in working capital:</b>				
Adjustments for (increase) / decrease in operating assets:				
Inventories	-		45,368	
Trade receivables	-8,203,663		11,305,073	
Adjustments for increase / (decrease) in operating liabilities				
Trade payables	-140,227	-8,343,890	470,842	11,821,283
		-8,203,784		18,428,681
Cash flow from extraordinary items				-199,400,241
Cash generated from operations				18,428,681
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>-8,203,784</b>		<b>-180,971,560</b>

# KUNSTSTOFFE INDUSTRIES LTD.

## CASH FLOW STATEMENT FOR COMPANIES OTHER THAN FINANCE COMPANIES

Cash Flow Statement for the year ended 31 March, 2012 (Contd.)				
Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011	
	B. Cash flow from investing activities			
Capital expenditure on fixed assets, including capital advances	(2773009)		(316116)	
Proceeds from sale of fixed assets				
Loans realised				
- Subsidiaries				
- Associates				
- Joint ventures				
- Others	392854		(864496)	
Rental income from investment properties	<u>240000</u>		<u>240000</u>	
Amounts received from LLPs				
Cash flow from extraordinary items		(2140155)		(940612)
		<u>0</u>		<u>0</u>
Net income tax (paid) / refunds				
Net cash flow from / (used in) investing activities (B)		<u>(2140155)</u>		<u>(940612)</u>

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### CASH FLOW STATEMENT FOR COMPANIES OTHER THAN FINANCE COMPANIES

Cash Flow Statement for the year ended 31 March, 2012 (Contd.)				
Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011	
<b>C. Cash flow from financing activities</b>				
Share application money received / (refunded)	9000000		4800000	
Proceeds from long-term borrowings	6144838		171156831	
Repayment of other short-term borrowings	(5044000)		5044000	
Tax on dividend		10100838		181000831
Cash flow from extraordinary items				
<b>Net cash flow from / (used in) financing activities (C)</b>		10100838		181000831
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		-243101		-911341
Cash and cash equivalents at the beginning of the year		618608		1529949
<b>Cash and cash equivalents at the end of the year</b>		375507		618608
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>				
Cash and cash equivalents as per Balance Sheet (Refer Note 19)				
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (give details)				
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 19				
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) (Refer Note (ii) to Note 16 Current investments)				
<b>Cash and cash equivalents at the end of the year *</b>				
* Comprises:				
(a) Cash on hand				
(b) Cheques, drafts on hand				
(c) Balances with banks				
(i) In current accounts				
(ii) In EEFC accounts				
(iii) In deposit accounts with original maturity of less than 3 months				
(iv) In earmarked accounts (give details) (Refer Note (ii) below)				
(d) Others (specify nature)				
(e) Current investments considered as part of Cash and cash equivalents (Refer Note (ii) to Note 16 Current investments)				
		375507		618608
<b>Notes:</b>				
(i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.				
(ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.				
See accompanying notes forming part of the financial statements				
<b>Note 1 Share capital</b>				
As per our Report of Even Date		For <b>KUNSTSTOFFE INDUSTRIES LTD.</b>		
<b>For P. M. TURAKHIA &amp; ASSOCIATES</b>		On behalf of Board of Directors		
Chartered Accountants		Directors		
<b>PRAGNA PATEL</b>		<b>PRAVIN SHETH</b>		
Partner		<b>S. C. ASNOTKAR</b>		
<b>Membership No. : 133872</b>		Executive Director <b>SONIYA SHETH</b>		
Place: Mumbai				
Dated: 30-07-2012				

# KUNSTSTOFFE INDUSTRIES LTD.

## Notes forming part of the financial statements

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares		Number of shares	
(a) Authorised Equity shares of Rs 10/- each with voting rights	15,000,000	150,000,000	15,000,000	150,000,000
(b) Issued Equity shares of Rs 10/- each with voting rights	11,850,000	118,500,000	11,850,000	118,500,000
(c) Subscribed and fully paid up Equity shares of Rs 10/- each with voting rights	11,850,000	118,500,000	11,850,000	118,500,000
(d) Subscribed but not fully paid up	-	-	-	-
Total	11,850,000	118,500,000	11,850,000	118,500,000

### Particulars

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Bonus	ESOP	Conversion	Buy back	Other changes (give details)	Closing Balance
Equity shares with voting rights								
Year ended 31 March, 2012								
- Number of shares	15,000,000	-	-	-	-	-	-	15,000,000
- Amount (₹)	15,000,0000	-	-	-	-	-	-	15,000,0000
Year ended 31 March, 2011								
- Number of shares	15,000,000	-	-	-	-	-	-	15,000,000
- Amount (₹)	15,000,0000	-	-	-	-	-	-	15,000,0000

### Particulars

Notes:

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Pravin V Sheth	1,103,084	9.309	989,033	8.346
Chemical And Alkali Distributors Limited	957,848	8.083	957,848	8.083
Bharat Equity Services Ltd	1,608,626	13.575	685,584	5.786
Marfatia Stock Broking Pvt Ltd	-	0	810,909	6.843

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<b>Note 2 Reserves and surplus</b>		
Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Securities premium account]		
Opening balance	19,750,000	19,750,000
Closing balance	19,750,000	19,750,000
(b) Revaluation reserve		
Opening balance	-	-
Add: Addition on revaluations during the year	121,519,764	-
Less: Utilised for set off against depreciation	44,855,306	-
Closing balance	76,664,458	-
(c) Other reserves (Profit & Loss Accounts)		
Opening balance	(590,814,612)	(397,005,646)
Add: Additions during the year	(1,025,570)	(193,808,966)
Closing balance	(591,840,182)	(590,814,612)
<b>Total</b>	<b>(495,425,724)</b>	<b>(571,064,612)</b>
<b>Note 3 Long-term borrowings</b>		
Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Term loans		
From banks		
Secured	-	22,000,000
	-	22,000,000
(b) Other loans and advances		
Secured	490,208,000	462,063,162
	490,208,000	462,063,162
<b>Total</b>	<b>490,208,000</b>	<b>484,063,162</b>

## KUNSTSTOFFE INDUSTRIES LTD.

Particulars					
Notes:					
(iii) Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:					
Particulars	Terms of repayment and security*	As at 31 March, 2012		As at 31 March, 2011	
		Secured	Unsecured	Secured	Unsecured
Term loans from banks:					
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 & future of the company.	-	-	22,000,000	-
		-	-	-	-
<b>Total - Term loans from banks</b>		-	-	22,000,000	-
Other loans and advances:					
Gayatri Pipes & Fittings Pvt. Ltd.	takenover in terms of deed of assignments entered into between IDBI & Company.	490,208,000	-	462,063,162	-
<b>Total - Other loans and advances</b>		490,208,000	-	462,063,162	-
<b>Note 4 Short-term borrowings</b>					
Particulars				As at 31 March, 2012	As at 31 March, 2011
(b) Loans and advances from related parties (Refer Note below) Unsecured				-	44,000
(d) Other loans and advances Unsecured				-	5,000,000
Total				-	5,044,000

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Particulars		
Related party transactions		
Details of related parties:		
Description of relationship		Names of related parties
Director		Pravin V Sheth
Note: Related parties have been identified by the Management.		
<b>Note 5 Trade payables</b>		
Particulars	As at 31 March, 2012	As at 31 March, 2011
Trade payables:		
Acceptances	835,991	973,048
Total	835,991	973,048
<b>Note 6 Other current liabilities</b>		
Particulars	As at 31 March, 2012	As at 31 March, 2011
(j) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	14,301	17,470
Total	14,301	17,470
<b>Note 8 Trade receivables</b>		
Particulars	As at 31 March, 2012	As at 31 March, 2011
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	8,185,662	-
Less: Provision for doubtful trade receivables	1,992,214	1,992,214
Total	6,193,448	-1,992,214

## KUNSTSTOFFE INDUSTRIES LTD.

Note 9 Cash and cash equivalents		
Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Cash on hand	143,583.00	192,396.00
(b) Balances with banks		
(i) In current accounts	231,924.00	426,212.00
Total	375,507.00	618,608.00
Note 10 Short-term loans and advances		
Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Loans and advances to related parties (Refer Note below)		
Unsecured, considered good	105,000	5,000
(b) Security deposits		
Secured, considered good	504,000	504,000
(c) Loans and advances to employees		
Secured, considered good	157,500	191,000
(d) Prepaid expenses - Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.)	52,600	78,900
(e) Balances with government authorities		
Unsecured, considered good		
(ii) VAT credit receivable	17,827.00	15,617.00
(iii) Service Tax credit receivable	254,963.00	164,332.00
(iv) Others - TDS	718,125.00	726,020.00
Total	1,810,015.00	1,684,869.00
(f) Others (specify)		
Unsecured, considered good	-	500,000
Total	1,810,015	2,184,869
Particulars		
Related party transactions		
Details of related parties:		
Description of relationship	Names of related parties	
Common Director - Pravin Sheth	Bharat Capital & Holding Ltd.	
Common Director - Soniya Sheth	Stallion Breweries Ltd.	
Note: Related parties have been identified by the Management.		
Note 11 Other current assets		
Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Accruals		
(i) Interest accrued on deposits	45,992	45,992
(b) Others		
(i) Others -Rent Receivable	18,000	18,000
Total	63,992	63,992



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## Notes forming part of the financial statements

<b>Note 7 Fixed assets</b>										
A. Tangible assets	GROSS BLOCK									
	Balance as at 1 April, 2011	Additions	Disposals	Acquisitions through business combinations	Reclassified as held for sale	Revaluation increase	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments (revaluation of prior period)	Balance as at 31 March, 2012
(a) Land Freehold	2,235,250	-	-	-	-	9,000,000	-	-	12,764,750	24,000,000
(b) Buildings Own use	6,637,800	-	-	-	-	2,233,023	-	-	3,630,907	12,501,730
(c) Plant and Equipment Owned	225,213,218	-	-	-	-	110,286,741	-	-	-134,529,596	200,970,363
(d) Furniture and Fixtures Owned	302,039	-	-	-	-	-	-	-	-157,764	144,275
(e) Vehicles Owned	-	2,773,009	-	-	-	-	-	-	-	2,773,009
(f) Office equipment Owned	735,130	-	-	-	-	-	-	-	-301,012	434,118
(g) Others (computer), etc. Owned	192,388	-	-	-	-	-	-	-	-12,809	179,579
<b>Total</b>	235,315,825	2,773,009	-	-	-	121,519,764	-	-	-118,605,524	241,003,074
Previous year	43,651,529	543,386	(227,270.00)	-	-	-	-	-	-	43,967,645

# KUNSTSTOFFE INDUSTRIES LTD.

## Notes forming part of the financial statements

A Tangible assets		Accumulated depreciation and impairment							Net book		
		Balance as at 1 April, 2011	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	Eliminated on reclassification as held for sale	Impairment losses recognised in statement of profit and loss	Reversal of impairment losses recognised in Statement of Profit and Loss	Other adjustments	Balance as at 31 March, 2012	Balance as at 31 March, 2012	Balance as at 31 March, 2011
(a)	Land Freehold	-	-	-	-	-	-	-	-	24,000,000	15,000,000
(b)	Buildings Own use	3,162,389	254,341	-	-	-	-	-69,997	3,346,733	9,154,997	7,106,318
(c)	Plant and Equipment Owned	71,462,899	1,007,033	-	-	-	-	44,819,408	117,289,340	83,681,023	19,220,724
(d)	Furniture and Fixtures Owned	121,029	1,614	-	-	-	-	21,632	144,275	-	23,245
(e)	Vehicles Owned	-	131,357	-	-	-	-	-	131,357	2,641,652	-
(f)	Office equipment Owned	361,718	3,800	-	-	-	-	68,600	434,118	-	72,400
(g)	Others (computers) Owned	144,453	7,531	-	-	-	-	15,663	167,647	11,932	35,126
	Total	75,252,488	1,405,676	-	-	-	-	44,855,306	121,513,470	119,489,604	41,457,813
	Previous year	1,253,709	1,256,123	-	-	-	-	-	2,509,832	41,457,813	42,397,821

## ANNUAL REPORT 2011-12

Note 7 Fixed assets (contd.)						
Particulars						
<b>C. Depreciation and amortisation relating to continuing operations:</b>						
Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011				
Depreciation and amortisation for the year on tangible assets as per Note 12 A	1,405,676	1,256,123				
Depreciation and amortisation for the year on intangible assets as per Note 12 B						
Less: Utilised from revaluation reserve						
Depreciation and amortisation relating to discontinuing operations (Refer Note 30.11)						
Depreciation and amortisation relating to continuing operations						
Notes:						
(i) Details of amounts written off on reduction of capital or revaluation of assets or sums added to assets on revaluation during the preceding 5 years:						
Particulars		Year				
		31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Dec-07
≈ Details to be provided for each class of asset	LAND					
Opening balance		15,000,000	15,000,000	15,000,000	3,000,000	2,235,250
Written off on reduction of capital						
Date						
Amount		-	-	-	-	-
Written off on revaluation						
Date						
Amount		-	-	-	-	-
Added on revaluation						
Date		31.03.2012			31.03.2009	31.03.2007
Amount		9,000,000	-	-	12,000,000	764,750
Balance as at 31 March		24,000,000	15,000,000	15,000,000	15,000,000	3,000,000

## KUNSTSTOFFE INDUSTRIES LTD.

Particulars		Year				
		31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Dec-07
Details to be provided for each class of asset	FACTORY BUILDINGS					
Opening balance		7,106,316	7,360,657	7,614,998	4,132,213	6,637,800
Written off on reduction of capital						
Date						
Amount		-	-	-	-	-
Written off on revaluation						
Date						
Amount		254,341	254,341	254,341	221,766	2,507,492
Added on revaluation						
Date		31.03.2012			31.03.2009	31.03.2007
Amount		2,233,023	-	-	3,704,551	219,857
Balance as at 31 March		6,851,975	7,106,316	7,360,657	3,910,447	4,130,308

  

Particulars		Year				
		31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Dec-07
Details to be provided for each class of asset	PLANT & MACHINERIES - 1					
Opening balance		15,112,327	15,395,361	16,190,627	9,212,563	203,704,291
Written off on reduction of capital						
Date						
Amount		-	-	-	-	-
Written off on revaluation						
Date						
Amount		821,545	812,623	796,366	325,878	52,520,079
Added on revaluation						
Date		31.03.2012	-	-	31.03.2009	31.03.2007
Amount		110,286,741	-	-	9,904,946	-141,971,649
Balance as at 31 March		124,577,523	15,112,327	15,395,361	16,190,627	9,212,563

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Particulars		Year				
		31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Dec-07
⌘ Details to be provided for each class of asset	PLANT & MACHINERIES - 2					
Opening balance		3,167,500	3,333,750	3,500,000	1,508,220	18,314,585
Written off on reduction of capital						
Date						
Amount		-	-	-	-	-
Written off on revaluation						
Date						
Amount		166,250	166,250	166,250	738,779	12,051,476
Added on revaluation						
Date		31.03.2012	-	-	31.03.2009	31.03.2007
Amount		-	-	-	2,730,559	-4,754,889
Balance as at 31 March		3,001,250	3,167,500	3,333,750	3,500,000	1,508,220

  

Particulars		Year				
		31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Dec-07
⌘ Details to be provided for each class of asset	PLANT & MACHINERIES - 3					
Opening balance		344,444	363,682	382,920	354,157	2,337,658
Written off on reduction of capital						
Date						
Amount		-	-	-	-	-
Written off on revaluation						
Date						
Amount		19,238	19,238	19,238	54,291	715,761
Added on revaluation						
Date		31.03.2012	-	-	31.03.2009	31.03.2007
Amount		-	-	-	83,054	-1,267,740
Balance as at 31 March		325,206	344,444	363,682	382,920	354,157

## KUNSTSTOFFE INDUSTRIES LTD.

Particulars		Year				
		31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Dec-07
⌘ Details to be provided for each class of asset	LAB & OFFICE EQUIPMENT					
Opening balance		71,926	75,726	79,526	28,101	735,130
Written off on reduction of capital						
Date						
Amount		-	-	-	-	-
Written off on revaluation						
Date						
Amount		3,800	3,800	3,800	17,852	326,017
Added on revaluation						
Date		31.03.2012	-	-	31.03.2009	31.03.2007
Amount		-	-	-	69,277	-381,012
Balance as at 31 March		68,126	71,926	75,726	79,526	28,101

  

Particulars		Year				
		31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Dec-07
⌘ Details to be provided for each class of asset	FURNITURE & FIXTURES					
Opening balance		23,245	24,859	25,500	-	276,539
Written off on reduction of capital						
Date						
Amount		-	-	-	-	
Written off on revaluation						
Date						
Amount		1,614	1,614	641	-	118,775
Added on revaluation						
Date						31.03.2007
Amount		-	-	-	-	-157,764
Balance as at 31 March		21,631	23,245	24,859	25,500	-

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Particulars		Year				
		31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Dec-07
⌘ Details to be provided for each class of asset	COMPUTERS					
Opening balance		35,126	28,587	34,118	-	142,050
Written off on reduction of capital						
Date						
Amount		-	-	-	-	-
Written off on revaluation						
Date						
Amount		7,531	5,799	5,531	3,882	129,241
Added on revaluation						
Date						
Amount		-	-	-	-	-
Balance as at 31 March		27,595	35,126	28,587	34,118	-

  

Particulars		Year				
		31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Dec-07
⌘ Details to be provided for each class of asset	VEHICLES					
Opening balance		-	-	-	-	53,770
Written off on reduction of capital						
Date						
Amount		-	-	-	-	-
Written off on revaluation						
Date						
Amount		131,357	-	-	-	51,220
Added on revaluation						
Date						31.3.2007
Amount		-	-	-	-	2,550
Balance as at 31 March		2,641,652	-	-	-	-

# KUNSTSTOFFE INDUSTRIES LTD.

## Notes forming part of the financial statements

<b>Note 12 Revenue from operations</b>			
	<b>Particulars</b>	<b>For the year ended 31 March, 2012</b>	<b>For the year ended 31 March, 2011</b>
(a)	Sale of services (Refer Note (ii) below)	8,853,005	13,607,764
	Total	8,853,005	13,607,764
<b>Note</b>	<b>Particulars</b>	<b>For the year ended 31 March, 2012</b>	<b>For the year ended 31 March, 2011</b>
(ii)	Sale of services comprises :		
	Labour Charges	8,853,005	13,607,764
	Total - Sale of services	8,853,005	13,607,764
<b>Note 13 Other income</b>			
	<b>Particulars</b>	<b>For the year ended 31 March, 2012</b>	<b>For the year ended 31 March, 2011</b>
(a)	Interest income (Refer Note (i) below)	22,000	67,225
(b)	Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	240,000	240,000
	Total	262,000	307,225
<b>Note</b>	<b>Particulars</b>	<b>For the year ended 31 March, 2012</b>	<b>For the year ended 31 March, 2011</b>
(i)	Interest on income tax refund	22,000	67,225
	Total - Interest income	22,000	67,225
<b>Note 13 Other income (contd.)</b>			
<b>Note</b>	<b>Particulars</b>	<b>For the year ended 31 March, 2012</b>	<b>For the year ended 31 March, 2011</b>
ii)	Other non-operating income comprises:		
	Rental income from investment properties	240,000	240,000
	Total - Other non-operating income	240,000	240,000
<b>Note 14. Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>			
	<b>Particulars</b>	<b>For the year ended 31 March, 2012</b>	<b>For the year ended 31 March, 2011</b>
<b>Inventories at the beginning of the year:</b>			
	Finished goods	-	43,443.00
	Net (increase) / decrease	-	43,443.00
<b>Note 15 Employee benefits expense</b>			
	<b>Particulars</b>	<b>For the year ended 31 March, 2012</b>	<b>For the year ended 31 March, 2011</b>
	Salaries and wages	2,770,276	2,158,079
	Contributions to provident and other funds (Refer Note 19.1)	266,885	175,597
	Staff welfare expenses	191,780	109,059
	Total	3,228,941	2,442,735



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Note 16 Other expenses		
Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Consumption of stores and spare parts	72,817	52,566
Security Charges	623,107	470,003
Power and fuel	2,426,760	1,977,583
Rent 72,000	-	
Repairs and maintenance - Buildings	126,492	8,500
Repairs and maintenance - Machinery	156,512	267,776
Repairs and maintenance - Others	26,611	71,724
Insurance	35,379	50,483
Rates and taxes	131,384	221,452
Communication	85,200	69,369
Travelling and conveyance	376,811	123,820
Printing and stationery	34,357	29,143
Freight and forwarding	12,300	11,700
Business promotion	-	25,000
Legal and professional	1,106,452	868,372
Payments to auditors (Refer Note (i) below)	60,000	60,000
Miscellaneous expenses	159,776	273,922
Total	5,505,958	4,581,413
<b>Notes:</b>		
Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	40,000	40,000
For other services -Tax Audit	20,000	20,000
Total	60,000	60,000
<b>Note 17 Extraordinary items</b>		
Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Liabilities as per Deed of Assignment	-	(202,757,557)
Liabilitied reduced BOB Loan	-	3,455,888
Unrealised Advances	-	(98,572)
Total	-	(199,400,241)

# KUNSTSTOFFE INDUSTRIES LTD.

## Note 18 Additional information to the financial statements

Note      Particulars

### 18.1 Share application money pending allotment

As at 31 March 2012, the Company has received an amount of Rs. 13,800,000 towards share application money towards 1,380,000 equity shares of the Company. (As at 31 March, 2011 Rs. 4,800,000 towards 480,000 equity shares) at a premium of Rs. 0 (As at 31 March, 2011 Rs. 0). The share application money was received pursuant to the BIFR direction in its hearing dated 15/10/2010. The Company has sufficient authorised capital to cover the allotment of these shares.

## Note 19 Disclosures under Accounting Standards (contd.)

### 19.1 Employee benefit plans

#### 19.1.a Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 266,885 (Year ended 31 March, 2011 Rs. 175,597) for Provident Fund contributions and N.A. (Year ended 31 March, 2011 N.A.) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

#### 19.1.b Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

- i. Gratuity Refer accounting note A 5 of Auditors report.

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NOTES FORMING PARTS OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012.

### Note No. 1

#### 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 are shown at Original cost of acquisition less accumulated depreciation.

Fixed Assets are revalued as on 31.03.2012. The surplus arising from the revaluation has been transferred to "Revaluation Reserve" and shown under the head "Reserves & Surplus". As the Fixed Assets were revalued on the last day of the Balance sheet, no depreciation has been provided on 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 on 01.01.1994 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 20.12.1993 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. 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.

## **KUNSTSTOFFE INDUSTRIES LTD.**

### **5. 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.

### **6. 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.

### **B. OTHER NOTES ON ACCOUNTS:**

1. Pursuant to reference made by the company, The 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 revalued Fixed Assets, Investments and Loans & Advances for the year ended 31.12.2007; Fixed Assets & Investments for the year ended 31.03.2009 and Fixed Assets for the year ended 31.03.2012. The Revaluation of the year ended 31.12.2007 has resulted into a loss of Rs.14,79,06,784/- and the same has been debited to Profit & Loss Account and shown below the line as "Extra Ordinary Items". Similarly, the Revaluation of the year ended 31.003.2009 has resulted into a Profit of Rs.2,89,66,113/- and the same has been credited to Profit & Loss Account as "Profit on Revaluation of Assets" and shown below the line. So also, the Revaluation of the year ended 31.03.2012 has resulted into a Profit of Rs.12,15,19,764/- and the same has been credited to the Revaluation Reserve Account and shown in the Balance Sheet as at 31.03.2012 under the head, Reserves & Surplus. At the time of earlier revaluations carried out as on 31.12.2007 & 31.03.2009, the Gross Block was shown at Revalued Figures instead of Cost. Hence the same has been rectified in the year under consideration i.e. as at 31.03.2012 by replacing the Gross Cost of the Assets deducting the loss on revaluation and adding the profit on revaluation carried out as at 31.12.2007 & 31.03.2009 respectively. The difference of Rs.4,48,55,306/- between the under depreciation provided on reduced value of the said assets for the year commencing from 01.01.2008 to

## ANNUAL REPORT 2011-12

31.03.2009 (i.e. for a period of 15 months) and the over depreciation provided on the increased value of the said assets has been debited to the Revaluation Reserve Account of the year under consideration viz. 31.03.2012.

3. The company has not ascertained liability towards payment of gratuity and hence no provision has been made in the accounts.
4. Debtors and Creditors balances are subject to confirmations from the parties.
5. 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.
6. 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.
7. Figures of the previous year have been re-grouped / rearranged /reclassified wherever necessary.

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

**PRAGNA PATEL**  
Partner  
Membership No. : 133872

Place : Mumbai  
Dated : 30-07-2012

For **KUNSTSTOFFE INDUSTRIES LTD.**

On behalf of Board of Directors

Directors                   **PRAVIN SHETH**  
   **S. C. ASNOTKAR**

Executive Director   **SONIYA SHETH**

## **KUNSTSTOFFE INDUSTRIES LTD.**

### **AUDITOR'S REPORT**

We have examined the above Cash Flow Statement of KUNSTSTOFFE INDUSTRIES LIMITED for the period ended 31st March, 2012. 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 30-07-2012 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

**PRAGNA PATEL**

Partner

**Membership No.:** 133872

Place : MUMBAI

Dated: 30-07-2012



## KUNSTSTOFFE INDUSTRIES LTD.

*Registered Office :*

REGD. OFF. : KIRAN BUILDING, 128 BHAUDAJI ROAD, MATUNGA (EAST), MUMBAI-400019.

### ATTENDANCE CARD

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

I/We hereby record my/our presence at the 26th Annual General Meeting of the Company at 17, Parekh Vora Chambers, 66, N. Master Road, Fort, Mumbai-400 023, at 10-30 a.m. on Thursday 27th September, 2012.

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-400019.

### 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 26th Annual General Meeting of the Company to be held on Thursday 27th September, 2012 and at any adjournment thereof.

**Please  
affix Rs. 1.00  
Revenue  
Stamp**

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

**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.**