

The possibilities
are
endless!

16th Annual Report
2009-2010

2009-10 was a busy year for us at Kemrock. We continued to evolve through expanding our product profile, broadening our geographical presence and deepening our business partnerships to cater to emerging market opportunities. We continued to imagine more – by investing in our greatest strengths – talented people, lean manufacturing, scalable capacities and world-class research & development capabilities. We continued to imagine more – by deciphering ever-evolving product demand and deliver quality products to our clients. Amidst the hectic pace of events, we also continued strengthening our credentials as a reputed and integrated player in Indian composites sector. All this – to create an organization that would not only grow exponentially given the potential opportunities in the future but would also sustain its growth in wake of steep challenges offered by the ever-flattening world.

The future is more than what one can imagine. At Kemrock, we are creating a future by imagining the possibilities.

Forward-looking Statements

The report contains forward-looking statements that involve risks and uncertainties. When used in this discussion, the words like 'plans', 'expects', 'anticipates', 'believes', 'intends', 'estimates', or other similar expressions as they relate to Company or its business are intended to identify such forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company's actual results, performance or achievements could differ materially from those expressed or implied in such forward-looking statements. The Company undertakes no obligation or responsibility to publicly amend, update, modify or revise any forward-looking statements, on the basis of any new information, future event, subsequent development or otherwise.

Chairman's Overview

Dear Members,

Everything you can imagine is real. [Pablo Picasso]

One can either wait for the 'next' to happen or initiate the 'next'. While the latter requires unflinching dedication and focus towards the goal - in the long term the same spirit segregates the leader from the crowd.

Ever since our existence, we at Kemrock have believed in pushing our limits to achieve what we set our eyes on. Be it our evolving into a respected Company or developing world-class quality products or even sustaining our growth momentum - we have always taken pride in taking the next step and realizing growth amidst challenges.

In 2009-10, we successfully unveiled a new chapter – of bigger capacity, higher efficiencies, superior quality products and greener operations. We successfully completed our carbon fibre plant at Vadodara in May 2010 which was inaugurated by H.E. Dr. APJ Abdul Kalam, the former President of India. What gives us immense pride is the fact that we were chosen to partner with one of the prestigious institutions in India – National Aerospace Laboratories, Bangalore for the commercialization of the carbon fibre technology. What gives us more pride is the fact that we not only built a stronger Company during the year but also more importantly, fulfilled our promises to shareholders and members of the Company. It is this feeling that makes us humble, confident and powerful to take charge of the opportunities that lie ahead of us.

What adds on to our excitement is our ability to forge strong partnership with well-established technological partners and broadening our horizons in the high growth sectors such as defense, aerospace, infrastructure, renewable energy and transportation.

The proof of success of our strategy clearly reflects on our achievements during the year. We became one of the first Indian companies to supply composites to European Railways. We continued to forge our position as one of the choicest suppliers to Indian Railways.

I take this opportunity to congratulate and thank each and every stakeholder of the Company for reposing their faith and confidence in us, which enabled us to take the Company onto the next growth phase. Together, we would continue to focus on creating value for all of us.



Kalpesh Patel
Chairman & Managing Director



Glimpses of Carbon Fiber Inauguration on 9th May, 2010



I am delighted to participate in the inauguration of Commercialisation of Facilities at Kemrock Carbon Fibre Facility at Vadodara...

I am glad to know that Kemrock is not only a leading Advanced Composite Solutions provider but also has taken several initiatives in building better environment through enhanced recycling facilities, renovating schools and providing access to clean

- Dr. APJ Abdul Kalam
(Former President of India)

National Aerospace
Laboratories

Today is Mother's Day. I would like to take this opportunity on the very special day, to dedicate this facility to both of my mothers', To the one seated in front of me, Mrudulaben, who inspired me to have courage throughout my life."

"And secondly to Mother India, who provided a platform to showcase her intellectual and technological strength to the world."

- Mr. Kalpesh Patel
(CMD, Kemrock Industries & Exports Ltd.)

BOARD OF DIRECTORS

Mr. Kalpesh Patel (Chairman & Managing Director)
 Mr. Kaushik Bhatt
 Mr. Mukund Bakshi (ceased w.e.f. 28.08.2010)
 Mr. Navin Patel
 Mr. Tushar Patel
 Mr. K. K. Rai
 Mr. S. M. Hegde (ceased w.e.f. 15.01.2010)
 Mr. Mahendra R. Patel (appointed w.e.f. 03.06.2010)

CFO

Ms. Usha Moraes

COMPANY SECRETARY

Mr. Dinesh Patel

AUDITORS

H. K. Shah & Co.,
 Ahmedabad

BANKERS

Allahbad Bank
 Andhra Bank
 Axis Bank
 Exim Bank
 ICICI Bank
 Indian Bank
 Karur Vysya Bank
 Punjab National Bank
 State Bank of India

REGISTERED OFFICE & WORKS

Village Asoj, Vadodara-Halol Express Way
 Tal. Waghodia, Dist. Vadodara - 391 510, Gujarat, India
 Email : investor@kemrock.com
 Web : www.kemrock.com

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.
 308, 1st Floor, Jaldhara Complex, Opp. Manisha Society
 Off Old Padra Road, Vasna Road,
 Vadodara - 390 015, Gujarat, India
 Tel. : (0265) 2250241, 2252875, 3249857
 Fax : (0265) 2250246 Email : vadodara@linkintime.co.in

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Notice

NOTICE is hereby given that the SIXTEENTH ANNUAL GENERAL MEETING of KEMROCK INDUSTRIES AND EXPORTS LIMITED will be held at the registered office of the Company at Village Asoj, Vadodara - Halol Express Way, Tal. Waghodia, Dist. Vadodara - 391 510, Gujarat State, on **Friday, the 19th day of November, 2010 at 10:30 a.m.**, to transact the following business:

Ordinary Business :

1. To receive, consider and adopt the audited Balance Sheet as at 30th June, 2010 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare final dividend on equity shares for the financial year ended on 30th June, 2010.
3. To appoint a Director in place of Mr. K. K. Rai, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Navin Patel, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. H. K. Shah & Co., Chartered Accountants, the retiring Auditors as Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Chairman to fix their remuneration.

Special Business :

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

“RESOLVED THAT, in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr. Mahendrakumar R. Patel (Mr. M. R. Patel), who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 137 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company not liable to retire by rotation.

RESOLVED FURTHER THAT, in accordance with the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (the ‘Act’) or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the appointment of Mr. M. R. Patel as a Wholtime Director designated as Executive Director of the Company for a period of 3 (three) years with effect from 3rd June, 2010 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this 16th Annual General Meeting of the Company, with liberty to the Board of Directors (herein after referred to as “the Board” which term shall be deemed to include any committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of appointment and /or remuneration, subject to the same in compliance with and not exceeding the limits specified under Schedule XIII to the Act, or any statutory modification(s) or re-enactment thereof.

RESOLVED FINALLY THAT, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, appropriate, expedient or desirable to give effect to this resolution.”

By order of Board of Directors
Kemrock Industries and Exports Limited

Reg. Off.: Vill. Asoj
Vadodara-Halol Express Way
Tal. Waghodia, Dist. Vadodara-391 510
Date: August 27, 2010

Dinesh Patel
Company Secretary

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument appointing a proxy, in order to be valid and effective, must be deposited with the Company at its registered office not less than 48 hours before the time fixed for holding the meeting. The proxy form is attached to Annual Report.
3. Members/Proxies attending meeting should bring the Attendance Slip duly completed and may hand over the same at the entrance to the meeting hall.
4. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, setting out all material facts in respect of item No. 6 of the Notice is attached herewith.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 17th November, 2010 to Friday, the 19th November, 2010 (both days inclusive).
6. The dividend, as recommended by the Board, if sanctioned at the meeting, will be paid to those shareholders whose names appear (i) as Members in the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company or its Registrar on or before Tuesday, the 16th November, 2010; and (ii) as Beneficial Owners as at the end of the business hours on Tuesday, the 16th November, 2010 as per the list to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form.
7. Members holding shares in physical form are requested to notify immediately any change in their addresses with PIN Code to the Company's Share Transfer Agents, viz., Link Intime India Pvt. Ltd.; and in case of Members holding shares in electronic form, this information should be sent directly to their respective Depository Participants and not to the Company.
8. Members are informed that, in order to avoid fraudulent encashment of dividend warrants, they should send to the Company, under the signature of the Sole/First Joint holder, the information relating to Name and Address of the Banker along with the PIN code and Bank Account Number to print on the Dividend Warrants. Members holding shares in dematerialized form and desirous of changing or correcting the bank account details should send the same immediately to the concerned Depository Participant.

9. Members desirous of availing the facility of Electronic Credit of Dividend are requested to send NECS Mandate Form attached to the Annual Report alongwith a photocopy of a cheque for verification of details to the Share Transfer Agents of the Company.
10. In terms of Section 205A of the Companies Act, 1956, any dividend which has not been paid or claimed within 30 (thirty) days from the date of declaration shall be transferred within seven days from the date of expiry of thirty days to an unclaimed dividend account with a scheduled bank. In terms of sub-section (5) of Section 205A any money transferred to the unpaid dividend account which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred to the fund established under Section 205C viz. Investors' Education and Protection Fund. Shareholders who have not encashed the dividend warrants are requested to send back their warrants or make their claims to our Registrar & Share Transfer Agents viz., M/s. Link Intime India Pvt. Ltd.
11. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.
12. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment/re-appointment at the 16th Annual General Meeting are contained in Annexure-I, vide Page No. 04.
13. Members are requested to bring their copies of Annual Report at the Meeting. No copies will be provided at the Meeting as a measure of economy.
14. Queries on accounts and operations of the Company, if any, may please be sent to the Company fifteen days in advance of the Meeting so that the information may be made readily available at the Meeting.
15. Members can avail of the facility of Nomination in respect of shares held by them in physical form pursuant to the provision of section 109A of the Companies Act, 1956. Members desiring to avail of this facility may send their Nomination in the prescribed Form No. 2B duly filled in to the Registrar and Transfer Agent viz., Link Intime India Pvt. Ltd. The Nomination Form 2B can be obtained from the Registrar and Transfer Agent or the Secretarial Department of the Company at its Registered Office.
16. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956

Item No. 6: Appointment of Mr. M. R. Patel as Executive Director

The Board of Directors of the Company (the "Board") at its meeting held on 3rd June, 2010 appointed Mr. Mahendrakumar R. Patel (Mr. M. R. Patel) as an Additional Director effective 3rd June, 2010 pursuant to the provisions of Section 260 of the Companies Act, 1956 (the "Act") read with Article 137 of the Articles of Association of the Company.

In terms of the provisions of Section 260 of the Act, Mr. M. R. Patel holds office up to the date of the 16th Annual General Meeting.

The Company has received a notice in writing from a member alongwith deposit of Rs. 500/- for proposing the candidature of Mr. M. R. Patel for the office of Director of the Company under the provisions of Section 257 of the Act.

Mr. M. R. Patel is not disqualified from being appointed as Director in terms of Section 274 (1) (g) of the Act. The Company has received the requisite Form 'DD-A' from Mr. M. R. Patel, in terms of the Companies (Disqualification of Directors under Section 274 (1) (g) of the Act, 1956) Rules, 2003, confirming his eligibility for such appointment.

Further, the Board also appointed, subject to the approval of Members, Mr. M. R. Patel as Wholtime Director, designated as Executive Director of the Company, for a period of three years with effect from 3rd June, 2010.

It is proposed to seek Members' approval for the appointment of and remuneration payable to Mr. M. R. Patel as Wholtime Director, designated as Executive Director of the Company, in terms of the applicable provisions of the Act.

The Broad particulars of the terms & conditions of appointment of and remuneration payable to Mr. M. R. Patel are as under:

Terms and conditions of appointment including remuneration are :-

I. Remuneration :

- (a) Salary : Rs. 13,04,400 (per annum)
- (b) Perquisite & Allowances : Rs. 22,35,600 (per annum)
- (c) The perquisites and allowances, as aforesaid, shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; medical reimbursement, leave travel concession for self and family including dependents; medical insurance and such other perquisites and/or allowances. The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income-tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; and in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.
- (d) Annual increment in remuneration and perquisites by way of incentive/bonus, if any, payable to Mr. M. R. Patel and as may be determined by the Board and/or the Remuneration Committee of the Board, shall be over and above the aforesaid ceiling of remuneration (stated above at (a) Salary and (b) Perquisite & Allowances), provided that, such payment shall be within the overall ceiling of remuneration permissible under the Act. It is clarified that Options/Shares to be granted, if any, under Employee Stock Option/Purchase Schemes to Mr. M. R. Patel from time to time, are not to be included for the purpose of computation of the overall ceiling of remuneration.
- (e) The Company's contribution to Provident Fund, Superannuation or Annuity Fund, if any, to the extent these singly or together are not taxable under the Income tax law, and Gratuity payable and Encashment of Leave, as per the rules of the Company and to the extent not taxable under the Income-tax law shall not be included for the purpose of computation of the overall ceiling of remuneration.

II. Reimbursement of Expenses :

Reimbursement of expenses incurred for travelling, boarding and lodging including for his spouse and attendant(s) during business trips; provision of car for use on the Company's business and telephone facility at residence, if provided, shall be reimbursed and not considered as perquisites.

III. Overall Remuneration :

The aggregate remuneration in any financial year shall not exceed the permissible limits of remuneration prescribed from time to time

under Sections 198, 309 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the Act or any statutory modifications or re-enactment thereof for the time being in force.

IV. Minimum Remuneration :

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of the wholtime director, the payment of remuneration shall be governed under Section II of the Part II of Schedule XIII to the Act.

V. General :

- The Wholtime Director will perform his duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board and his functions will be under the overall authority of the Chairman & Managing Director.
- The Wholtime Director shall adhere to the Company's Code of Business Conduct and Ethics for Directors and Management Personnel.
- The office of Wholtime Director shall be for a period of 03 (three) years commencing from 03rd June, 2010 till 02nd June, 2013, however, may be terminated by either party by giving to the other 3 (three) months' prior notice in writing.
- The employment of Wholtime Director may be terminated by the Company without notice or payment in lieu of notice, where the director is found guilty of gross negligence, misconduct, serious and continuing breach of the terms of employment or in the event where the Board expresses its loss of confidence in the Director.

- Upon termination by whatever means of the Wholtime Director's employment:

- The Director shall immediately tender his resignation from the office as Director of the Company and from such other offices held by him in the Company, in any subsidiary and associate Company and other entities.
- The Director shall not without the consent of the Company at any time thereafter represent himself as connected with the Company or any of its subsidiary or associate Company.

- The Wholtime Director shall not be eligible to receive sitting fees for attending meetings of the Board of Directors or any Committee thereof.

Mr. M. R. Patel satisfies all the conditions set out in Part-I of Schedule XIII to the Act for being eligible for the appointment.

The above may be treated as an abstract of the terms of appointment of Mr. M. R. Patel under Section 302 of the Act.

Mr. M. R. Patel is interested in the Resolution as set out at Item No. 6 of the Notice which pertains to his appointment and remuneration payable to him. Save and except Mr. M. R. Patel, none of the Directors of the Company is, in any way, concerned or interested in the Resolution.

The Board commends the Resolution as set out at Item No. 6 of the Notice for your approval.

By order of Board of Directors of
Kemrock Industries and Exports Limited

Reg. Off.: Vill. Asoj
Vadodara-Halol Express Way
Tal. Waghodia, Dist. Vadodara-391 510
Date: August 27, 2010

Dinesh Patel
Company Secretary

ANNEXURE- I

Information pursuant to Clause 49.IV(G)(i) of the Listing Agreement pertaining to directors seeking appointment at the Annual General Meeting:

Name of Director	Mr. K. K. Rai	Mr. Navin Patel	Mr. M. R. Patel
Date of Birth	04.06.1944	02.01.1954	10.04.1949
Qualification	Bachelor of Arts and a Member of C.A.I.I.B.	Master in Mathematics & Computer Science	B. E. (Chemical Engineering)
Expertise	He is retired Banking Professional having 40 years of rich experience and had held important portfolios during his employment. With Allahabad Bank, he officiated as CMD for three quarters; acted as Executive Director pursuant to selection as whole-time Director by Government of India.	Business Advisory - Over 25 years of experience.	He has been associated with the Company since December 18, 2007 as chief executive officer for carbon fiber project. He has over 37 years of varied experience in the field of project execution, technical services, process operation/maintenance etc.
Name of the Companies in which also holds directorship	Techno Electric and Engineering Company Ltd. UB Engineering Ltd. V.S.T.Tillers Tractors Ltd. Canara Bank Securities Ltd.	Nil	Nil
Name of the Companies in the committees of which also holds membership/ chairmanship	Membership : Kemrock Industries and Exports Ltd. Audit Committee; Shareholders'/Investors' Grievance Committee Chairmanship: Nil	Membership : Nil Chairmanship: Nil	Membership: (w.e.f., 28th Aug 2010) Kemrock Industries and Exports Ltd. Audit Committee; Chairmanship: Nil
Number of Shares held in the Company as on June 30, 2010	Nil	Nil	100

Directors' Report

To,
The Members,

The Board presents the 16th Annual Report together with the audited statement of accounts for the year ended on 30th June, 2010.

Change in Financial year

The financial year 2009-2010 of the Company was extended by 3 months upto 30th June, 2010 and hence the Annual Accounts and Report of the Company have been prepared for the period of fifteen months, from 1st April, 2009 to 30th June, 2010; and therefore, these figures are not comparable with those of previous year ended on 31st March, 2009.

Financial Performance

The Company's financial performance for the year 2009-10 as compared to the previous year is furnished in the following table.

(Rs. in Crore)

Particulars	2009-2010 (01.04.2009 to 30.06.2010)	2008-2009 (01.04.2008 to 31.03.2009)
Gross Turnover	629.38	379.05
Total Income	610.09	373.96
Profit Before Interest, Depreciation and Tax	153.33	101.96
Interest and Financial Expenses	54.02	39.65
Depreciation	28.81	18.61
Profit Before Tax	70.51	43.70
Net Profit after Tax	52.97	31.82
Add: Balance brought forward from last year	74.35	48.57
Balance available, which the Board has appropriated as under : (A)	127.04	80.28
i) Dividend (including interim dividend @ 10%) on Equity Shares for the year @ 20% (previous year @ 15%)	2.77	1.65
ii) Corporate Tax on Dividend	0.47	0.28
iii) Transfer to General Reserve	5.00	4.00
(B)	8.24	5.93
Balance Carried to Balance Sheet (A-B)	118.80	74.35

Dividend

The Company had paid an interim dividend of Re. 1.00 per share (i.e., 10%) on equity shares during the year. Your Directors are pleased to recommend a final dividend of Re. 1.00 per share (i.e., 10%) on equity shares for the year ended on 30th June, 2010, subject to approval of shareholders at the ensuing Annual General Meeting. Thus, the aggregate dividend for the year ended on 30th June, 2010 works out to Rs. 2.00 per share (i.e., 20%) absorbing a total amount of Rs. 3.24 crore (previous year Rs. 2.03 crore).

Operations

The Company's total income increased from Rs. 373.96 crore for year ended on 31st March, 2009 to Rs. 610.09 crore for the period ended on 30th June, 2010. During the year under review, the Company's profits before depreciation, interest and taxation (PBITD) increased from Rs. 101.96 crore for the year ended 31st March, 2009 to Rs. 153.33 crore for the period ended 30th June, 2010; its net profits for the period under review increased from Rs. 31.82 crore to Rs. 52.96 crore.

Consolidated Operating Results

The year under review was the first year of presenting consolidated financial statements in view of the acquisition of 80% stake by the Company in Top Glass SpA, Italy, on 26th May, 2010. During the year under report, the net sales on consolidated basis were Rs. 716.70 crore. The Company achieved PBITD of Rs. 164.03 crore. Your directors are pleased to note that consolidated net profit stood at Rs. 76.24 crore.

Change in Capital Structure

Issue and allotment of warrants and shares:

The Company, on 23rd December, 2009, had issued and allotted 16,00,000 warrants to RPM International Inc., USA for a cash price of Rs. 360/- per warrant (including a premium of Rs. 350/- per warrant), on preferential basis, pursuant to the terms and conditions of issue of warrants. These warrants entitle the holder thereof to exercise the option to convert these warrants into equal number of equity shares (i.e., in ratio of 1:1) within 18 months from the date of allotment of warrants.

The Company, on 29th April, 2010, raised US\$ 50 million (Rs. 222.05 crore) through issue of 48,27,200 Global Depositary Receipts (each representing one equity share of Rs.10/- each) at an issue price of US\$ 10.358 per GDR. Pursuant to GDRs Issue, the Company issued and allotted underlying 48,27,200 equity shares of Rs. 10/- each at a price of Rs. 460/- per share (including a premium of Rs. 450/- per share).

Further, on 24th June, 2010, the Company had issued and allotted 9,11,268 fully paid-up equity shares of Rs. 10/- each to M/s. RPM International Inc., USA against conversion of their 9,11,268 warrants pursuant to the terms and conditions of issue of warrants on preferential basis.

Consequent upon issue and allotment, as aforesaid, of 48,27,200 and 9,11,268 equity shares aggregating to 57,38,468 equity shares during the year under report, the paid-up share capital of the Company increased from Rs. 11,01,49,980/- to Rs. 16,75,34,660/-, divided into 1,67,53,466 equity shares of Rs. 10/- each.

Listing

The equity shares of the Company are listed on BSE and NSE Stock Exchanges. All the equity shares issued and allotted during the financial year are also listed and have been admitted to dealings on both the stock exchanges. The GDRs issued by the Company are listed on the Luxembourg Stock Exchange.

Board of Directors

During the year under report, Mr. Suresh Hegde resigned as a director of the Company w.e.f., 15th January, 2010. Mr. Mukund Bakshi resigned as a director of the Company w.e.f., 28th August, 2010. The Board places on record its appreciation for the contribution made by them during their tenure as directors of the Company.

Mr. Mahendra R. Patel, a senior executive of the Company, was appointed as an Additional Director for tenure of three years effective 3rd June, 2010 and was designated as an "Executive Director" in wholetime employment of the Company pursuant to relevant provisions of the Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956, he shall hold office only upto the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing his candidature for the office of Director. The Directors recommend his appointment.

Mr. K. K. Rai and Mr. Navin Patel, the non-executive directors of the Company, retire by rotation at the upcoming Annual General Meeting of the Company and being eligible offer themselves for re-appointment. The Directors recommend their appointment.

As per the requirements of Clause 49 of the Listing Agreement, brief profiles of Mr. K. K. Rai, Mr. Navin Patel and Mr. Mahendra R. Patel are given in Annexure - I appended to the Notice convening the Annual General Meeting.

Directors' Responsibility Statement

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

- a) in the preparation of the Annual Accounts for the year 2009-2010, the applicable Accounting Standards have been followed by the Company;
- b) 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 as at 30th June, 2010 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

Wholly Owned Subsidiaries and Joint Venture

During the year under review and till the date of this report, the Company has formed and acquired subsidiary companies and created a joint venture entity in order to create more business opportunities and to make strategic investments.

Wholly Owned Subsidiaries

The Company has incorporated on 24th June, 2010, five wholly owned subsidiary companies with the Office of Registrar of Companies, Gujarat, with their names as Kemrock Advanced Composites Limited; Kemrock Infratech Limited; Kemrock Speciality Polymers Limited; Kemrock Filament Windings Limited; and Kemrock Advance Reinforcements Limited having objects of carrying on business relating to windmill blades, EPC, resins, pipes and carbon fiber respectively. These companies have also procured certificate of commencement of business, however, are yet to commence its business.

Overseas Subsidiary

On 26th May, 2010, the Company has acquired 80% stake in Top Glass S.p.A., one of the chief and highly qualified producers of Pultruded Composite Profiles, situated 20 Kms. north east of Milano, Italy.

Joint Venture Company

Your Company has also entered into a 50:50 Joint Venture with SAERTEX Beteiligungsgesellschaft mbH & Co. KG., Germany. The name of newly formed 50:50 Joint Venture Company incorporated with the Registrar of Companies, Gujarat, is Saertex-Kemrock India Private Limited. The company is formed to manufacture various components for Indian and global aeronautical industry.

Corporate Governance & Management Discussion Analysis

The Report of Board of Directors of the Company on Corporate Governance, pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, is given under a separate Section titled as "Corporate Governance Report", which forms part of this Annual Report.

A certificate of the Statutory Auditors of the Company regarding compliance with the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement is annexed to this Report as Annexure-B forming part of it.

The Management Discussion and Analysis forming part of this Report is given under a separate Section titled as "Management Discussion and Analysis".

Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and Outgo

The information relating to Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and outgo as required under clause (e) of Sub-Section (1) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, is given in Annexure-A to this report.

Particulars of Employees

In terms of provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees forms part of this report as Annexure. However, as permitted by Section 219(1)(b)(iv) of the Companies Act, 1956, this Annual Report is being sent to all shareholders excluding aforesaid particulars(Annexure). Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

Integrated Management System

The Company has implemented certified Integrated Management System encompassing ISO: 9001:2008, ISO: 14001:2004 and OHSAS 18001:2007 systems across the organization. Company's HSE performance is regularly monitored by the management. The management is committed to continually enhance HSE performance by designing and implementing innovative improvement initiatives in the area of processes, technological upgradation, training/skill development and effective use of all manpower, material and natural resources.

Public Deposits

Your Company has not accepted any deposits from the Public within the meaning of Section 58A of the Companies Act, 1956, and as such, no amount on account of principal or interest thereon was outstanding on the date of Balance Sheet.