



KUNSTSTOFFE INDUSTRIES LTD.

**25TH ANNUAL REPORT
2010-11**

KUNSTSTOFFE INDUSTRIES LTD.

BOARD OF DIRECTORS

Mr. PRAVIN V. SHETH - *Chairman*

Mr. BHADRESH H. SHAH

Mr. SUDHIR V. SHETH

Mr. S. C. ASNOTKAR

Ms. SONIYA S. SHARMA - *Executive Director*

AUDITORS

P. M. TURAKHIA & ASSOCIATES,

Chartered Accountants, Mumbai

SOLICITORS

LITTLE & CO. MUMBAI

DIVYAKANT MEHTA & ASSOCIATES, MUMBAI

REGISTERED OFFICE

Kiran Building.

128, Bhaudaji Road,

Matunga (E.),

Mumbai - 400 023.

WORKS

Airport Road,

Kadaiya Village,

Nani Daman,

Daman, (U.T.)

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

Unit - 1, Luthra Industrial Premises,

Safed Pool, Andheri Kurla Road,

Andheri (E), Mumbai-400 072.

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NOTICE

Notice is hereby given that the 25th Annual General Meeting of the Shareholders of the Company will be held on Wednesday, the 28th day of September, 2011, at 10.00 A.M. at 17, Parekh-Vora Chambers 66, Nagindas Master Road, Fort, Mumbai – 400 023 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March,, 2011 and the Profit and Loss Account for the year ended on that date and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S. C. Asnotkar who retires by rotation, but being eligible, offers himself for re-election.
3. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next annual general Meeting of the company and to fix their remuneration.

SPECIAL BUSINESS

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

“RESOLVED THAT Mr. Pravin V. Sheth who was appointed as an additional Director of the Company on 30th October 2010 under article 86 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting of by reason of the Section 260 of the Companies Act, 1956 but being eligible offers himself for the reappointment and in respect of whom the Company has received a notice in writing from a shareholder proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

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

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

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

PERQUISITES :

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

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

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

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

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

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

Place: Daman

Date: 28th July, 2011.

Registered Office:

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

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NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. Members who hold shares in dematerialised form are requested to bring their CLIENT ID AND DP ID numbers for easy identification of attendance at the meeting.
3. Members holding shares in dematerialised form are requested to intimate any change in their address, bank details etc. to their respective DPs and those holding shares in physical form are to intimate the above said changes to the Secretarial Department at the Registered Office of the Company.
4. Members who holds shares in physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail the nomination facility by filing Form 2B. Blank forms will be supplied by Company's Registrar & Transfer Agent on request. Members holding shares in the dematerialized form may contact their Depository Participant for recording nomination in respect of their shares.
5. The Share Transfer Books and the Register of Members of the Company will remain closed from 21/09/2011 to 28/09/2011(both days inclusive).
6. The documents referred above to in any of the items of the Notice are available for inspection at the Registered Office of the Company on any working day during the business hours of the Company.
7. Members seeking any information with regard to accounts of the Company are requested to send their queries so as to reach the registered office at least 10 days before the meeting to enable the management to keep the information ready for clarification.
8. As a measure of economy, copies of the Annual Report shall not be distributed at the meeting and therefore, Member are requested to bring their copies of Annual Report to the Meeting.

9. The Equity Shares of the Company are listed at the following stock exchange:

The Bombay Stock Exchange Ltd.,
Phiroze Jeebhoy Towers, Dalal Street,
Fort, Mumbai - 400 001.

The listing fee to the above exchange has been paid.

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

- (I) Name: Shri S. C. Asnotkar Age: 82 years, Qualification: B. A., Nature of expertise: He is an Industrialist. Name of the companies in which also holds directorship: None. Name of the companies's committees in which he holds Memberships/ chairmanship: None. It will be in the interest of the Company that Mr. S.C. Asnotkar continues as Director of the Company.

EXPLANATORY STATEMENT

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

Item No.4

At the Meeting of the Board of Directors held on 30th October, 2010 Mr. Pravin V. Sheth. was appointed as additional director of the company pursuant to Section 260 of the Companies Act, 1956 read with Articles 86 of the Articles of Association of the Company. Mr. Pravin V. Sheth holds office only upto the date of forthcoming Annual general Meeting.

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

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

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

Item No. 5

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

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

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

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

Place: Daman

Date: 28th July, 2011.

Registered Office:

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

KUNSTSTOFFE INDUSTRIES LTD.

DIRECTORS' REPORT

Dear Shareholders,

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

1. SUMMARISED FINANCIAL RESULTS :

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

2. OPERATIONS :

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

3. REFERENCE TO BIFR :

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

Your Directors are hopeful for early result.

4. DIVIDEND :

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

5. MANAGEMENT DISCUSSION AND ANALYSIS :

Your Company is engaged in the business of manufacture of Spirally Bound HDPE/PP Pipes, Vessels, Tanks, etc. The manufacturing facilities of the Company are at Daman, U.T. and the Spirally Bound profile wall

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

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

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

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

The above statements on Management's Discussion and Analysis describing the Company's objectives, projections, estimates,

expectations or predictions may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectation of future events. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, finished goods prices, raw material costs & availability, change in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts and other factors such as litigation and Industrial relations. Your Company assumes no responsibility in respect of forward looking statements which may be amended or modified in future on the basis of subsequent developments, information or events.

6. FIXED DEPOSITS:

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

7. ADDITIONAL INFORMATION

A. INFORMATION OF CONSERVATION ENERGY:

The particulars of additional requirement proposed by the Companies (Amendment) Act, 1988 and the Companies (disclosures of