



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 Limtied
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 alongwith 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