



KUNSTSTOFFE INDUSTRIES LTD.

**29th Annual Report
2014-15**

KUNSTSTOFFE INDUSTRIES LIMITED

BOARD OF DIRECTORS

Ms. SONIYA P. SHETH – Managing Director
Mr. S. C. ASNOTKAR
Mr. BHASKAR T. IYER
Mr. S. CHACKO
Mr. UJJWALKUMAR R. JHA
Mr. RAJENDER SHARMA (appointed w.e.f. 01/08/2015)

CHIEF FINANCIAL OFFICER

Ms. DHWANI P. SHETH

COMPANY SECRETARY

Ms. PADMINI RAVINDRAN

AUDITORS

P.M. TURAKHIA & ASSOCIATES
Chartered Accountants, Mumbai
A. V. JOBANPUTRA & COMPANY
Chartered Accountants, Mumbai

SOLICITORS

LITTLE & CO., MUMBAI
DIVYAKANT MEHTA & ASSOCIATES, MUMBAI

REGISTERED OFFICE

Kiran Building 128, Bhaudaji Road,
Matunga (E), Mumbai – 400 019
Email – kunststoffe@vsnl.net
Website - www.kunststoffeindia.com

WORKS

Airport Road,
Kadaiya,
Nani Daman,
Daman, (U.T.) 396 210.

REGISTRARS & SHARE TRANSFER AGENTS

SHAREX DYNAMIC (INDIA) PVT. LTD.,
Unit No. 1, Luthra Industrial Premises, 1st Floor,
Andheri-Kurla Road, Safed Pool, Andheri (East),
Mumbai – 400 072.

NOTICE

Notice is hereby given that the 29th Annual General Meeting of the Members of Kunststoffe Industries Limited will be held on Tuesday, 29th day of September, 2015 at 10.00 A.M. at the Registered office of the Company at Kiran Building 128, Bhaudaji Road, Matunga (E), Mumbai- 400 019 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statement of the Company for the financial year ended 31st March, 2015 and the reports of the Board of Directors and Auditors thereon.
2. To reappoint Ms. Soniya Sheth (DIN: 02658794) Managing Director who retires by rotation and being eligible offers herself for re-appointment.
3. To ratify the appointment of Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to the provisions of section 139, 142 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, as amended from time to time, the Company hereby ratifies the appointment of M/s. A. V. Jobanputra & Co., Chartered Accountants (Registration No. 104314W) as an Auditor of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditor."

SPECIAL BUSINESS

4. To appoint Mr. S. C. Asnotkar (DIN:01399862) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. S. C. Asnotkar (DIN:01399862), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 3 (three) consecutive years for a term up to the conclusion of the 33rd Annual General Meeting of the Company in the calendar year 2018".
5. To Appoint Mr. Rajender J. Sharma (DIN: 07241852) as an Independent director and in this regard to consider and if thought fit, to pass or without modification(s) the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Rajender J. Sharma (DIN: 07241852), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to July 30, 2020."

By Order of the Board of Director
For **Kunststoffe Industries Limited**

Padmini Ravindran
Company Secretary

Place: Mumbai
Date: 30th July, 2015.
Registered Office:
Kiran Building,
128 Bhaudaji Road,
Matunga (East),
Mumbai-400 019.
CIN: L65910MH1985PLC037998
e-mail:kunststoffe@vsnl.net

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NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The Instrument of Proxy, in order to be effective should be deposited at the Registered office of the Company, duly completed and signed, not less than 48 Hours before the commencement of the Meeting.

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

2. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. In terms of Section 152 of the Companies Act, 2013, Ms. Soniya Sheth (DIN: 02658794) Managing Director, retire by rotation at the Meeting and being eligible offer herself for re-appointment. Brief resume of Directors proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between Directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, are provided in the Corporate Governance Report forming part of the Annual Report.
4. M/s A. V. Jobanputra & Company Chartered Accountant (Registration No. 104314W) has been appointed as Statutory Auditor for 5 years in the last AGM subject to ratification by the members at every AGM. The Company has received intimation from statutory auditor M/s. P. M. Turakhia & Associates, Chartered Accountants (Registration No. 111086W), about their unwillingness for re-appointment as statutory auditor of the Company for the coming Financial Year at ensuing AGM due to regulatory requirement.

In terms of Sec.139(2) of the Companies Act, 2013, No auditor shall be appointed for more than two terms of five consecutive years. Further provided that every company existing on or before the commencement of this Act which is required to comply with provision of this sub-section shall comply with this requirement within three years from the date of commencement of this Act. M/s. P. M. Turakhia & Associates, Chartered Accountants (Registration No. 111086W) have already completed the above mentioned tenure hence shown their unwillingness to continue as statutory auditor for the coming financial year. Since the Company has M/s A. V. Jobanputra & Company Chartered Accountant (Registration No. 104314W) as statutory Auditors, it does not require to fill vacancy caused by other Auditors M/s P. M. Turakhia & Associates.

5. 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.
6. The Share Transfer Books and the Register of Members of the Company will remain close from 23/09/2015 to 29/09/2015 (both days inclusive).
7. 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.
8. 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.
9. 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.
10. As a measure of economy, copies of the Annual Report shall not be distributed at the meeting and therefore members are requested to bring their copies of Annual Report to the meeting.
11. 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.

12. In terms of provisions of section 72 of the Companies Act, 2013, nomination facility is available to individual shareholders. The shareholders who are holding shares in physical form and are desirous of availing this facility may kindly write to the Company's Share Transfer Agent, **M/s. Sharex Dynamic (India) Private Limited, Unit No.1, Luthra Industrial Premises, 1st Floor, Andheri-Kurla Road, Safed Pool, Andheri (East) Mumbai-400072** for nomination form quoting their folio number. Shareholders holding shares in the dematerialized form may contact their Depository Participant for recording nomination in respect of their shares.
13. The Equity Shares of the Company are listed at the following stock exchange:
The Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai-400001.
The listing fee to the above exchange has been paid.
14. **Information and other instruction relating to e-voting are as under:**
- (i) Pursuant to the provisions of Section 108 and other applicable provision, if any, of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Clause 35B of the Listing Agreement, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').
 - (ii) The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
 - (iii) The Company has engaged the services of Central Depository Service Limited ("CDSL") as the Agency to provide e-voting facility.
 - (iv) The Board of Directors of the Company has appointed Shri Bipin C. Shah, a Practicing Chartered Accountant, Mumbai as Scrutinizer to scrutinise the remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
 - (v) Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. September 22, 2015.
 - (vi) A person, whose name is recorded in the register of member or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. September 22, 2015 only shall be entitled to avail the facility of remote e-voting.
 - (vii) Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on **Saturday 26/09/2015 at 9.00 a.m. and ends on Monday 28/09/2015** at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **Tuesday 22/09/2015**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

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- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv)

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant **KUNSTSTOFFE INDUSTRIES LIMITED** on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- I. At the Annual General Meeting at the end of the discussion of the Resolution on which voting is to be held, the chairman shall with the assistance of the Scrutiniser order voting for all those members who are present but have not cast their vote electronically using the Remote e-voting facility.
- II. A copy of this notice has been placed on the website of the Company and the website of CDSL.
- III. The Scrutinizer shall immediately after the conclusion of voting at the Annual General Meeting, first count the votes at the Annual General Meeting. The Scrutiniser shall not later than 48 hours of conclusion of the meeting, make a consolidated Scrutiniser's report of the total votes cast in favour or against, if any to the Chairman or a person authorized by him in writing who shall countersign the same.
- IV. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.kunststoffeindia.com and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to BSE Limited.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act")

Item No. 4

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of independent directors by a listed company.

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

It is proposed to appoint Mr. S. C. Asnotkar as an Independent Director under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 3 (Three) consecutive years for a term up to the conclusion of the 32nd Annual General Meeting of the Company in the calendar year 2018.

Mr. S. C. Asnotkar is B.A. Nature of expertise: He is an Industrialist. Name of companies in which he holds Directorship: None. Name of companies in which he holds Membership / Chairmanship : Member of Share transfer cum stakeholders relationship committee, Audit and Remuneration Committee : Kunststoffe Industries Limited. It will be in the interest of the company that Mr. S. C. Asnotkar continues as Director of the company.

He is Holding 600 Shares of the Company in his name.

The Company has also received declaration from Mr. S. C. Asnotkar that he meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. S. C. Asnotkar fulfill the conditions for appointment as an Independent Director as specified in the Act and the Listing Agreement. Mr. S. C. Asnotkar is independent of the management.

Mr. S. C. Asnotkar is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Copy of the draft letter for appointment of Mr. S. C. Asnotkar as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. S. C. Asnotkar is interested in the resolution set out at Item No. 4 of the Notice with regard to his appointment.

The relatives of Mr. S. C. Asnotkar may be deemed to be interested in the resolution set out at Item No. 4 of the Notice, to the extent of his shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board commends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the members.

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Item no. 5:

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of independent directors by a listed company.

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

Keeping in view the above legal requirements the Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Mr. Rajender Sharma as an Additional Director of the Company with effect from August 01, 2015.

In terms of the provisions of Section 161(1) of the Act, Mr. Rajender Sharma would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under section 160 of the Act proposing the candidature of Mr. Rajender Sharma for the office of Director of the Company. It is proposed to appoint Mr. Rajender Sharma as an Independent Director under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 34th Annual General Meeting of the Company in the calendar year 2020.

Mr. Rajender J. Sharma Age: 61 years. Mr. Rajender J. Sharma is B.A. Nature of expertise. He is having vast experience of accounts and admin work. Name of companies in which he holds Directorship : None. Name of companies in which he holds Membership/Chairmanship: None. It will be in the interest of the company that Mr. Rajender J. Sharma continues as Director of the company.

He is not holding any shares of the Company in his name.

The Company has also received declaration from Mr. Rajender Sharma that he meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Rajender Sharma fulfill the conditions for appointment as an Independent Director as specified in the Act and the Listing Agreement. Mr. Rajender Sharma is independent of the management.

Mr. Rajender Sharma is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Copy of the draft letter for appointment of Mr. Rajender Sharma as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. Rajender Sharma is interested in the resolution set out at Item No. 4 of the Notice with regard to his appointment.

The relatives of Mr. Rajender Sharma may be deemed to be interested in the resolution set out at Item No. 5 of the Notice, to the extent of his shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board commends the Ordinary Resolution set out at Item No.5 of the Notice for approval by the members.

By Order of the Board of Director
For **Kunststoffe Industries Limited**

Padmini Ravindran
Company Secretary

Place: Mumbai

Date: 30th July, 2015.

Registered Office:

Kiran Building, 128 Bhaudaji Road,

Matunga (East), Mumbai-400 019.

CIN: L65910MH1985PLC037998

e-mail:kunststoffe@vsnl.net

DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the 29th Annual Report of the Company alongwith the audited statements of Accounts for the year ended 31st March, 2015. The summarised financial results are given below:

SUMMARISED FINANCIAL RESULTS:

(Rs. In Lakhs)

	2014-15	2013-14
Sales & other receipts	156.73	158.42
Gross Profit/(Loss) before depreciations	74.11	23.60
Less : Depreciation	0.10	67.06
Profit(Loss) from regular Activities	42.75	25.44
Extraordinary items	14.15	0.03
Profit /(Loss)before and After taxation	28.60	25.47
Add: Balance carried from earlier year	(3904.66)	(3904.13)
Balance carried forward to next year	(3876.06)	(3904.66)

OPERATIONS:

During the year the sales turnover of the Company was Rs.156.73 lakhs against Rs.158.42 lakhs the sales of the previous year. Due to paucity of working capital facilities from Banks as Company was 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.

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. As per Rehabilitation Scheme approved by the BIFR vide its order dated 8th March 2013 (dispatched on 15th March 2013) the paid up capital of the company has been derated by 60% i.e. from 1185 lacs to 474 lacs. Further the company has made preferential allotment of 21,50,000 shares of Rs.10/- to promoters & their group and strategic Investor M/s. Gayatri Pipes & Fittings Pvt. Ltd.

DIVIDEND:

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

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 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

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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.

FIXED DEPOSITS:

Your Company has not accepted any fixed deposits from the Public under chapter V of the Companies Act, 2013 during the period under review.

ENVIRONMENTAL PROTECTION AND INSURANCE:

Top priority continues to be given to environmental protection for all the units of the Company by keeping emission levels to the minimum possible. Adequate Insurance cover has been taken for properties of the Company including Buildings, Plant & Machineries, Stocks and other assets.

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.

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.

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. Infuture, the Company intends to implement the non-mandatory recommendations, as prescribed in Code of Corporate Governance.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

(including criteria for determining qualification, positive attributes, independence of a Director, policy relating to remuneration for Directors, Key Managerial Personnel and other employees)

Policy on Directors' Appointment

Policy on Directors' appointment is to follow the criteria as laid down under the Companies Act, 2013 and the Listing Agreement with Stock Exchange and good corporate practices. Emphasis is given to persons from diverse fields or professions.

Policy on Remuneration

Guiding Policy on remuneration of Directors, Key Managerial Personnel and employees of the Company is that –

- Remuneration to unionized workmen is based on the periodical settlement with the workmen union.
- Remuneration to Key Managerial Personnel, Senior Executives, Managers, Staff and Workmen (non Unionised) is industry driven in which it is operating taking into account the performance leverage and factors such as to attract and retain quality talent.