



KUNSTSTOFFE INDUSTRIES LTD.

**30th Annual Report
2015-16**

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

CHIEF FINANCIAL OFFICER

Ms. DHWANI P. SHETH

COMPANY SECRETARY

Ms. PADMINI RAVINDRAN

AUDITORS

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

BANKERS

BANK OF BARODA, Matunga, Mumbai
STATE BANK OF INDIA, Daman

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 30th Annual General Meeting of the Members of Kunststoffe Industries Limited will be held on Thursday, 29th day of September, 2016 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, 2016 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 **OrdinaryResolution**:

“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.”

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

Padmini Ravindran
Company Secretary

Place: Mumbai
Date: 4th August, 2016.

Registered Office:

Kiran Building,
128 Bhaudaji Road,
Matunga (East),
Mumbai-400 019.
CIN: L65910MH1985PLC037998
e-mail:kunststoffe@vsnl.net
Website: www.kunststoffeindia.com

KUNSTSTOFFE INDUSTRIES LTD.

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 Listing Regulations, 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 2014 AGM subject to ratification by the members at every AGM.
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 22/09/2016 to 29/09/2016 (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 Jeebhoy 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) In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted vide notification dated March 19, 2015 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its Members the facility to exercise their right to vote at the Thirteenth Annual General Meeting of the Company by electronic means and the business may be transacted through e-voting services provided by CDSL.
 - (ii) For Members attending the Meeting who have not cast their vote by remote e-voting, the Company shall be making arrangements for the Members to cast their votes in respect to the business stated in this Notice through ballot form. The Members who have cast their votes by remote e-voting prior to the Meeting 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 Ms. Kala Agarwal, Practicing Company Secretary, Mumbai as Scrutinizer to scrutinise the remote e-voting process in a fair and transparent manner and she has communicated her 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, 2016.
 - (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, 2016 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 **Monday 26/09/2016 at 9.00 a.m.** and ends on **Wednesday 28/09/2016 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 **Thursday 22/09/2016**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) 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.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) 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.

KUNSTSTOFFE INDUSTRIES LTD.

(viii) 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)

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) 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.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant KUNSTSTOFFE INDUSTRIES LIMITED on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) 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.
- (xix) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

(xx) 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.

(xxi) 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.

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

Padmini Ravindran
Company Secretary

Place: Mumbai
Date: 4th August, 2016

Registered Office:
Kiran Building,
128, Bhaudaji Road, Matunga (East),
Mumbai - 400 019
CIN: L65910MH1985PLC037998
e-mail: kunststoffe@vsnl.net
Website: www.kunststoffeindia.com

KUNSTSTOFFE INDUSTRIES LTD.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 30th Annual Report and Audited Financial Statements of the Company for the year ended 31st March 2016. The summarized financial results are given below:

SUMMARISED FINANCIAL RESULTS:

(Rs. In Lakhs)

	2015-16	2014-15
Sales & other receipts	242.18	156.73
Gross Profit/(Loss) before depreciations	151.22	74.11
Less : Depreciation	105.22	0.10
Profit(Loss) from regular Activities	6.47	42.75
Extraordinary items	0	(14.15)
Profit /(Loss) before and After taxation	6.47	28.60
Add: Balance carried from earlier year	(3876.06)	(3904.66)
Balance carried forward to next year	(3869.60)	(3876.06)

OPERATIONS:

During the year the sales turnover of the Company was Rs. 242.18 lakhs against Rs.156.73 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. The rehabilitation scheme has been approved by the BIFR and the rehabilitation process has progressed well.

DIVIDEND:

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

COURSE OF BUSINESS AND OUTLOOK

The Management's Discussion and Analysis Report as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 is forming a part of this report and gives the state of affairs of the business of the Company. The performance of your Company improved in line with the business engineering work undertaken in the previous year.

HEALTH, SAFETY AND ENVIRONMENT

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.

The report on Management's Discussion and Analysis includes observations on health, safety and environment compliances by the Company.

All Plant sites of the Company are environment regulations compliant.

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.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are set out as follows.

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.

SEGMENT REPORTING UNDER ACCOUNTING STANDARDS 17:

Your Company's main business is "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 and hence, the segment wise reporting as defined in Accounting Standards 17 is not applicable to the Company.

CHANGE IN THE NATURE OF BUSINESS, IF ANY:

There was no change in the nature of business of your Company during the Financial Year ended 31st March, 2016.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION:

No material changes and commitments, affecting the financial position of the Company occurred between the end of the Financial Year of the Company i.e. 31st March, 2016 and the date of this Directors' Report i.e. 4th August, 2016.

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. As per Clause 'C' of Schedule V on Annual Report pursuant to Regulations 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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.

KUNSTSTOFFE INDUSTRIES LTD.

- For Directors, it is based on the shareholders resolutions, provisions of the Companies Act, 2013 and Rules framed therein, circulars and guidelines issued by Central Government and other authorities from time to time.

ANNUAL EVALUATION BY THE BOARD OF ITS OWN PERFORMANCE, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

The Board of Directors of the Company has initiated and put in place evaluation of its own performance, its committees and individual directors. The results of the evaluation are satisfactory and adequate and meet the requirement of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Ms. Soniya P. Sheth retires by rotation and being eligible offers herself for reappointment. Mr. Rajender Sharma has been appointed as additional Director of the Company w.e.f. 01/08/2015. The Company has received a notice in writing from a member proposing his candidature for appointment as an Independent Director. Your Directors recommend that re-appointment of Mr. Rajender Sharma as Independent Director will be in the interest of the Company.

During the year, the Board has noted the appointment of Ms. Soniya P. Sheth as Managing Director and appointment of Mr. Rajender Sharma as Independent Directors of the Company.

DECLARATION OF INDEPENDENCE BY THE INDEPENDENT DIRECTORS

Pursuant to Section 149(7) of the Companies Act, 2013, Independent Directors of the Company have made a declaration confirming the compliance of the conditions of the independence stipulated in Section 149(6) of the Act and the same has been taken on record by the Board of Directors of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements of Section 134(1)(c) of the Companies Act, 2013 and on the basis of explanation and compliance certificate given by the executives of the Company, and subject to disclosures in the Annual Accounts and also on the basis of discussions with the Statutory Auditors of the Company from time to time, we state as under:

- ❖ That in the preparation of the accounts for the financial period ended 31st March, 2016, 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, 2013 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, 2016 on a 'going concern' basis.
- ❖ The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- ❖ The Directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

NUMBER OF MEETINGS OF THE BOARD:

Six meetings of the Board of Directors were held during the year. For further details, please refer report on Corporate Governance in the Annual Report.