

Annual Report 2011-12



Sintex Industries Limited

Forward-looking statement

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and the underlying assumptions undergoing change. Should known or unknown risks or uncertainties materialise, or should underlying assumptions not materialise, actual results could vary materially from those anticipated, estimated or projected. Shareholders and Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Corporate Information

BOARD OF DIRECTORS

| | |
|-----------------------|---------------------------|
| Dinesh B. Patel | Chairman |
| Arun P. Patel | Vice Chairman |
| Ramnikbhai H. Ambani | |
| Ashwin Lalbhai Shah | |
| Rooshikumar V. Pandya | |
| Indira J. Parikh | |
| Dr. Rajesh B. Parikh | |
| Dr. Lavkumar Kantilal | |
| Rahul A. Patel | Managing Director (Group) |
| Amit D. Patel | Managing Director (Group) |
| S.B. Dangayach | Managing Director |

MANAGEMENT TEAM

| | |
|--------------------|--|
| Rahul A. Patel | Managing Director (Group) |
| Amit D. Patel | Managing Director (Group) |
| S.B. Dangayach | Managing Director |
| Sunilkumar Kanojia | Group President (Corporate) |
| Sanjib Roy | CEO (Plastic Div.) |
| D.N. Panda | President (Plastic Div.) |
| Rajan Gulabani | Resident Director |
| S.M. Anerao | Sr.Vice President – (Plastic Div.) |
| D.G. Mistry | Vice President – Tech (Plastic Div.) |
| Manish Srivastava | Vice President – (Plastic Div.) |
| Suddhobroto Ghosh | Vice President – Prefab & Project (Plastic Div.) |
| Shashidhar B.C | President – Marketing. (Textile Div.) |
| Ashoke Maitra | President – Opr. & Admn. (Textile Div.) |
| R.A. Sharma | President – Proc. (Textile Div.) |
| Siddhartha Jha | President – Tech. (Textile Div.) |
| Rajiv Naidu | Head – IR & PR |

COMPANY SECRETARY

L.M. Rathod

AUDITORS

Deloitte Haskins & Sells
Chartered Accountants
Ahmedabad

BANKERS

State Bank of India
Bank of Baroda
IDBI Bank Ltd.

REGISTERED OFFICE

Kalol (N.G.) 382721, Gujarat, India
Tel : (91-2764) 253000
Fax : (91-2764) 253100, 222868
E-mail : bvm@sintex.co.in

REGISTRAR & SHARE TRANSFER AGENT

Sharepro Services (India) Pvt. Ltd.
416-420, 4th Floor,
Devnandan Mall,
Op. Sanyas Ashram,
Ashram Road,
Ellisbridge,
Ahmedabad-380 006

Contents

| | | | | | | | | | | | | | | | | | |
|-----------------------|----|-------------------------|----|---------------------|----|--------------------------------------|----|-------------------------------|----|---|----|-----------------------------------|----|---|----|-------------------------------------|----|
| Corporate information | 01 | ■ Ten years at a glance | 02 | ■ Directors' report | 03 | ■ Management discussion and analysis | 12 | ■ Corporate governance report | 19 | ■ Auditors' report on standalone financial statements | 27 | ■ Standalone financial statements | 30 | ■ Auditors' report on consolidated financial statements | 59 | ■ Consolidated financial statements | 60 |
|-----------------------|----|-------------------------|----|---------------------|----|--------------------------------------|----|-------------------------------|----|---|----|-----------------------------------|----|---|----|-------------------------------------|----|

Ten years at a glance

(₹ in crore)

| | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11# | 2011-12# |
|--|---------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Fixed Assets (Net) | 364.87 | 480.25 | 493.44 | 470.64 | 635.43 | 783.96 | 1,221.29 | 1,336.59 | 1,788.55 | 2,010.07 |
| New Project Expenses | 121.49 | 18.33 | 29.62 | 19.02 | 38.79 | 242.68 | 197.38 | 136.75 | 121.06 | 151.02 |
| Investments | 11.53 | 56.86 | 167.47 | 156.83 | 206.53 | 429.77 | 637.89 | 807.94 | 1,123.64 | 874.24 |
| Net Current Assets | 122.79 | 136.05 | 219.92 | 449.59 | 518.63 | 1,690.47 | 1,640.05 | 1,927.36 | 1,827.99 | 2,286.27 |
| Misc. Exp. (Not Written off) | 3.51 | 3.20 | 6.10 | 3.40 | 2.12 | 1.15 | 0.17 | 0.00 | 0.00 | 0.00 |
| Total Assets (Net) | 624.18 | 694.69 | 916.56 | 1,099.48 | 1,401.49 | 3,148.03 | 3,696.78 | 4,208.64 | 4,861.23 | 5,321.59 |
| Borrowings | 250.33 | 298.58 | 338.41 | 582.66 | 678.26 | 1536.93 | 1938.36 | 2174.37 | 2495.98 | 2,758.32 |
| Preference Share Capital | 15.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Equity Share Capital | 14.56 | 14.56 | 18.48 | 19.73 | 22.19 | 27.10 | 27.10 | 27.10 | 27.11 | 27.11 |
| Share Warrants | 0.00 | 0.00 | 13.92 | 5.41 | 0.00 | 47.80 | 0.00 | 0.00 | 0.00 | 0.00 |
| Reserves & Surplus | 335.23 | 337.42 | 488.71 | 429.73 | 628.68 | 1,436.75 | 1,600.63 | 1,855.02 | 2,145.31 | 2,306.75 |
| Deferred Tax Liability | 9.06 | 44.13 | 57.04 | 61.95 | 72.36 | 99.45 | 130.69 | 152.15 | 192.83 | 229.41 |
| TOTAL CAPITAL EMPLOYED | 624.18 | 694.69 | 916.56 | 1,099.48 | 1,401.49 | 3,148.03 | 3,696.78 | 4,208.64 | 4,861.23 | 5,321.59 |
| Debt/Equity Ratio | 1.35:1 | 1.59:1 | 0.95:1 | 1.28:1 | 1.04:1 | 1.02:1 | 1.19:1 | 1.16:1 | 1.15:1 | 1.18:1 |
| Sales & Other Income | 447.01 | 547.27 | 687.98 | 874.74 | 1,184.17 | 1,719.60 | 1,998.06 | 2,093.49 | 2,670.62 | 2,581.82 |
| Raw Materials | 196.51 | 254.37 | 318.15 | 510.54 | 695.39 | 1,025.08 | 1,159.22 | 1,272.89 | 1,657.69 | 1,657.98 |
| Salaries & Wages | 23.25 | 26.46 | 30.55 | 37.42 | 47.90 | 63.46 | 77.52 | 85.24 | 93.15 | 94.46 |
| Operations & Other Expenses | 142.25 | 168.35 | 215.57 | 152.26 | 196.88 | 242.58 | 293.29 | 258.53 | 265.02 | 297.35 |
| Interest/Finance Cost | 28.49 | 26.24 | 24.85 | 29.09 | 40.99 | 56.25 | 63.97 | 51.32 | 86.82 | 110.49 |
| Gross Profit (Loss) | 56.50 | 71.85 | 98.86 | 145.43 | 203.00 | 332.23 | 404.06 | 425.51 | 567.94 | 421.54 |
| Depreciation | 22.07 | 22.63 | 28.25 | 31.13 | 41.47 | 51.70 | 62.40 | 84.03 | 89.25 | 98.05 |
| Profit/(Loss) before Taxes | 34.43 | 49.22 | 70.61 | 114.30 | 161.53 | 280.53 | 341.66 | 341.48 | 478.69 | 323.49 |
| Taxes | 10.49 | 15.40 | 20.49 | 22.26 | 30.93 | 64.20 | 72.56 | 60.97 | 114.07 | 86.16 |
| Profit/(Loss) after Taxes | 23.95 | 33.82 | 50.12 | 92.04 | 130.60 | 216.33 | 269.10 | 280.51 | 364.62 | 237.33 |
| Extra ordinary items/Exceptional Items | 0.00 | (0.16) | 3.79 | (0.03) | (0.02) | 0.00 | (2.39) | (6.81) | (7.06) | (7.63) |
| Net Profit | 23.95 | 33.66 | 53.91 | 92.02 | 130.58 | 216.33 | 266.71 | 273.70 | 357.56 | 229.70 |
| Dividend | 4.79 | 5.63 | 7.39 | 8.86 | 10.75 | 13.65 | 15.02 | 16.38 | 17.74 | 17.74 |
| Tax on Dividend | 0.57 | 0.72 | 0.97 | 1.24 | 1.83 | 2.32 | 2.51 | 2.67 | 2.84 | 2.88 |
| Retained Earnings | 40.65 | 49.94 | 73.80 | 113.04 | 159.48 | 252.05 | 311.58 | 338.68 | 426.23 | 307.13 |
| Earning per Equity Share ₹ | 2.97 | 4.43 | 7.14 | *9.95 | *12.15 | *18.35 | *19.68 | *20.2 | 13.19** | 8.47** |
| Book Value per Equity Share ₹ | 246 | 272 | 313 | *52 | *65 | *119 | *130 | *150 | 87** | 95** |
| Dividends per Equity Share (₹) | 2.00 | 3.00 | 4.00 | *0.88 | *0.96 | *1.00 | *1.10 | *1.20 | 0.65** | 0.65** |

* On subdivided equity share of ₹ 2/- each

** On subdivided equity share of ₹ 1/- each

Figures for 2010-11 and 2011-12 have been reclassified in erstwhile Schedule VI format to enable comparison over years.

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the 81st Annual Report of the Company, together with audited accounts for the year, which ended on March 31, 2012.

Financial results:

Your Company's financial performance for 2011-12 was heartening considering the external adversities that plagued the economic and industrial environment of the country.

(₹ in crore)

| | 2011-12 | 2010-11 |
|--|-----------------|-----------------|
| Gross turnover | 2,629.65 | 2,674.21 |
| Gross profit | 421.54 | 567.94 |
| Less : Depreciation | 98.05 | 89.25 |
| Profit before tax | 323.49 | 478.69 |
| Less: Provision for taxation — Current tax | 64.63 | 95.48 |
| MAT Credit Entitlement | (15.05) | (22.09) |
| Deferred tax | 36.58 | 40.68 |
| Profit/(loss) after tax before prior period items | 237.33 | 364.62 |
| Add/(Less): Short provisions for taxation of earlier years | (7.63) | (7.06) |
| Profit after tax | 229.70 | 357.56 |
| Balance of profit of previous year | 1,157.00 | 888.60 |
| Profit available for appropriation | 1,386.70 | 1,246.16 |
| Appropriations | | |
| General reserve | 25.00 | 40.00 |
| Debenture redemption reserve | 33.27 | 28.58 |
| Proposed dividend on equity shares | 17.74 | 17.74 |
| Tax on dividend | 2.88 | 2.84 |
| Balance carried to balance sheet | 1,307.81 | 1,157.00 |
| Total | 1,386.70 | 1,246.16 |

Financial performance:

Your Company's posted a Gross turnover of ₹ 2,629.65 crores in 2011-12 as against ₹ 2,674.21 crores in the previous year 2010-11. This underperformance was primarily due to the degrowth in the monolithic construction business — the Company's flagship business vertical — a conscious decision by the management to control the ballooning working capital requirement consequent to the decline in cash flow

from these projects from government agencies. The key business driver for 2011-12 was the prefabricated structures supported by marginal growth in the custom moulding segment for domestic OEMs. The textiles business also witnessed reasonable growth.

EBIDTA slipped to ₹ 578.67 crores against ₹ 648.52 crores in the previous year, while Net Profit decelerated to ₹ 229.70 crores as against ₹ 357.56 crores over the same period.

Cash plough back into the business was ₹ 468.18 crores in 2011-12 as against ₹ 567.93 crores in 2010-11 — providing an adequate cushion to fund growth initiatives to capitalise on emerging opportunities.

The earning per share stood at ₹ 8.48 (basic) and ₹ 8.48 (diluted) in 2011-12.

Dividend:

After considering your Company's profitability, cash flow and expansion needs, your Directors are pleased to recommend a Dividend of ₹ 0.65 per equity share on a face value of ₹ 1/- each on 27,29,90,866 equity shares fully paid-up as on March 31, 2012 (previous year ₹ 0.65 each per equity share on a face value of ₹ 1/- each on 27,29,90,866 equity shares) and any further equity shares that may be allotted by the Company upon the conversion of FCCBs prior to book closure date for 2011-12. This dividend will be paid subject to the approval of shareholders at the forthcoming Annual General Meeting.

The total quantum of dividend, if approved by the members will be ₹ 20.62 crores, including dividend tax.

Business review and divisional performance:

Your Company's performance was depressed in 2011-12 impacted by a considerable decline in the monolithic construction segment which overshadowed the otherwise healthy growth in other business verticals and sub-segments. A detailed discussion of your Company's operations is given under 'Management discussion and analysis report.'

A. Plastics division:

This is the Company's flagship business which accounts for more than 90% of the Company's revenue. Over the years, the Company moved

up the value chain from manufacturing plastic products for final consumption to leveraging plastic products into creating unique solutions – monolithic construction is a case in point.

The plastics division of the Company exhibits a heartening performance despite external challenges which were compelled a slowing down of business operations in key business verticals. It clocked a turnover of ₹ 2,161.83 crores as against ₹ 2,278.95 crores in 2010-11.

Monolithic construction: Fiscal 2011-12 was the toughest for this business division as funds inflow remained a concern due to the government's preoccupation with other priorities and challenges. Your Company consciously strategised to accelerate execution for projects with timely cash flow visibility to optimise working capital requirement. Despite this, the Company witnessed a growth in revenues and order book size through efficient project management skills. Your Company displayed intelligent project management skills by executing the single-largest township development project in Delhi – constructing 600 buildings.

Prefabs: Your Company's prefab business generated sizeable revenue in 2011-12, facilitated by increased social spending by the government on healthcare and education. In 2011-12, your Company received sizeable business volumes from Madhya Pradesh to strengthen its healthcare infrastructure across the state. Additionally, your Company successfully marketed prefab solutions as the preferred solution for educational infrastructure in forest and tribal areas, which was well received by decision-making agencies with reasonable business inflow.

Building products: Your Company strengthened its presence in the interiors business primarily doors; it introduced unique promotional schemes with reasonable success. Additionally, it bundled doors and windows with monolithic and prefab projects. Also, your Company launched and aggressively marketed plastic kitchen cabinets as a value-for-money product with inherent benefits over the plywood-based traditional variants.

Sandwich panel segment, essentially a business-government model (B-G model), your Company marketed these products through its retail network (B-C model) to increase customer awareness and volumes.

Water and liquid storage: Water tanks, the Company's flagship brand, maintained its growth and expanded its presence across geographies with greater reach in rural and semi-urban markets, maintaining a dominant position. In 2011-12, your Company launched the high-value,

triple-walled white water storage tanks pan-India through a unique positioning which transformed a commodity into an aspiration. Additionally, your Company's underground FRP tanks were approved by IOCL, HPCL and BPCL for installation at all new dispensing stations pan-India – a huge opportunity over the coming years. Your Company successfully marketed these products to large malls and commercial complexes for liquid storage purposes.

Sub-ground structures: Your Company made significant progress in this business vertical which comprised manhole structures, underground septic tanks covers and packaged water treatment solutions – these products received approvals from a number of state government authorities. Your Company successfully marketed a sizeable volume of septic tanks in urban locations leveraging its key USP – underground applications leading to space saving.

Your Company created a special marketing team to strengthen the awareness of its decentralised packaged waste water treatment solution from managing liquid waste with considerable success – the Company successfully marketed these products to state agencies and private builders.

Environmental products: Your Company is a leader in portable, prefabricated and moulded biogas plants in India, a unique solution perfectly suited for Indian villages bereft of basic utilities primarily electricity. The product received clearances from central and state governments as it provided energy to rural areas – the government's top priority. During the year, your Company marketed good volumes across Gujarat, Maharashtra, Karnataka, Tripura and Kerala.

Custom moulded products: The Company has two important segments in this division – 1) products which are customised to certain applications and 2) products which are customised to customer requirements. The pallets business registered a robust growth as your Company intelligently segmented the market with unique products to suit various applications. In the SMC-based enclosures targeted to the power distribution space, your Company established its footprint in Kerala, Uttar Pradesh and Uttarakhand in 2011-12. During the year, it also initiated the product approval process in Himachal Pradesh, Punjab, Haryana, Tamil Nadu and West Bengal. In the OEM business, the Company customised a number of products for global and large Indian corporate brands which will generate significant returns over the coming years.

B. Textiles division:

Your Company created a niche for itself in the value-added textile

segment by supplying high-end yarn dyed structured fabrics for men's shirting, yarn dyed corduroy, ultima cotton yarn-based corduroy and fabrics for ladies wear.

The Company's textiles business managed to maintain turnover of ₹ 467.82 crores as against ₹ 439.79 crores in 2010-11.

The improved performance was on account of increased demand from domestic as well as international markets. The Company's recent entry into ready-to-stitch fabric received favourable response in the domestic market and it plans to further develop this market. Your Company increased its product portfolio in the ladies wear segment, registering robust volumes.

Your Company is working towards strengthening its infrastructure by replacing existing machinery with sophisticated equipment to improve product quality and machine productivity to capitalise on growing opportunities. Additionally, your Company's innovation in product development is also expected to create a demand pull for its products from discerning international brands.

Subsidiaries:

The Company's subsidiaries Zep Infratech Limited, Bright AutoPlast Ltd, Wausaukee Composites Inc., Nief Plastics SAS and Sintex Infra Projects Ltd provide infrastructure and highly-engineered custom moulding solutions. These companies work closely with each other to generate more business and enhance profitability of the Group.

Performance of subsidiaries:

During the year, your subsidiaries registered a moderate performance. While revenues grew to ₹ 1,904.53 crores in 2011-12 against ₹ 1,883.55 crores in 2010-11. Profit after tax dipped significantly to ₹ 65.56 crores from ₹ 102.45 crores over the same period. Their contribution to consolidated revenues remained stable at 42% in 2011-12.

1) Zep Infratech Limited

The Company strategically diversified as a holistic infrastructure company due to a meltdown in the telecom infrastructure segment. The Company aims to streamline business with other group companies (Sintex Infra and Zillion InfraProjects) to improve technical, project management and execution skills, and take advantage of a large work force availability.

The Company's current focus areas include:

- ▶ Value-added and O&M (operation and maintenance) services to telecom operators
- ▶ BT shelter installation for defence sector at high altitudes

- ▶ Cold chain management solutions
- ▶ Prefabs for classroom in rural areas

The Company successfully transitioned its operations as an infrastructure solutions provider and is working on small projects to build credentials.

2) Bright AutoPlast Ltd

The Company specifically focuses on auto and electrical sectors for custom moulding solutions. It successfully created synergies with Nief to gain better technical skills to work with MNCs in India. This resulted in good topline growth for the Company despite challenging conditions.

During the year, the Company commissioned its Precitech division undertaking European technology. The unit specialises in manufacturing precision parts for the electrical and automotive sectors. The Company also started manufacturing fuel tanks, fuel filler pipes, air vent assemblies, precision parts in engineering materials and a range of interior parts for various MNCs in India.

3) Wausaukee Composites Inc.

The Company manufactures high-engineered composites for OEMs in mass transportation, construction equipment, agricultural equipment, wind energy, medical and security imaging, corrosion-resistant material handling, architectural and commercial site furnishings, therapeutic and specialty bathing system and recreation industry.

During the year, the Company appointed a new CEO to focus on growth, expansion, new technology adoption and creating new business segments. In 2011-12, the Company received orders from NeuroLogica for medical imaging x-ray compound and the US Airport for baggage screening x-ray.

4) Nief Plastics SAS

The Company manufactures thermoplastics and thermosetting sub-assemblies for clients in automotive, electrical, medical, aeronautics, defence, household appliances and building industries. During the year, the Company successfully shifted its manufacturing presence to low-cost locations in Hungary, Slovakia, Tunisia and Morocco, resulting into higher margins.

The Company received a major order from Snecma Safran to supply aeronautic parts for Airbus and Dassault Aviation. The Company also received 'best supplier award' from Schneider Electric and Safran.

5) Sintex Infra Projects Ltd

Sintex Infra focuses on executing all infrastructure projects of the parent company. The Company has a track record of executing civil and

mechanical construction work in airports, industrial plants, residential and commercial complexes, road and land development projects among others.

During the year, the Company successfully bagged a major project worth ₹ 1,300 crores for civil and mechanical construction of Shirpur power plant.

Employee stock option scheme:

The shareholders of the Company had approved of its employee stock option plan (Sintex Industries Limited Employees Stock Option Scheme 2006) in February 2006. This ESOPS is administered by the Sintex Employee Welfare Trust on the basis of recommendations of the Compensation Committee of the Board. In terms of the plan, the Company periodically granted stock options to eligible employees. The Company will conform to the accounting policies specified in the guidelines as amended periodically. The details of the scheme are set out in Annexure I of this report.

Directors:

In accordance with the requirements of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Shri Rushikumar Pandya, Shri Rahul A. Patel and Shri Amit D. Patel, the Directors retire by rotation, but being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

The necessary resolutions for obtaining the approval of the members for the aforesaid re-appointments are contained in the Notice of the ensuing Annual general Meeting.

A brief resume of each of them, the nature of their expertise and the names of the companies in which they hold directorships and the details of membership of the committees of the Board are enclosed. Your Directors recommend their appointments and reappointments.

Fixed deposits:

Your Company did not float any deposit scheme to which provisions of Section 58A of the Companies Act, 1956 and the Rules made thereunder are applicable.

Listing of shares and securities:

The names and addresses of the stock exchanges where the Company's securities are listed are given below:

- The National Stock Exchange of India Ltd, Exchange Plaza, Plot No. C-1, G Block, IFB Centre, Bandra Kurla Complex, Bandra (East), Mumbai-400051

- Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001
- Ahmedabad Stock Exchange Ltd., Kamdhenu Complex, Panjrapole, Ahmedabad-380015
- Singapore Exchange Securities Trading Limited, 2 Shenton Way, # 19 – 00 SGX Centre 1, Singapore-068804. (FCCB'S US\$ 225 million)
- Bombay Stock Exchange Limited (Wholesale Debt Market), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001 (NCD ₹ 250 crores and NCD ₹ 350 crores)

The Company paid listing fees to all the above stock exchanges for F.Y. 2012-13.

Management Discussion and Analysis:

Management Discussion and Analysis Report for the year under review as stipulated under Clause 49 of the Listing Agreement is presented in a separate section forming part of the Annual Report.

Corporate Governance Report:

Your Company has taken structured initiatives towards Corporate Governance and its practices are valued by the various stakeholders.

In terms of Clause 49 of the Listing Agreement, a Report on Corporate Governance for the year ended March 31, 2012, supported by a certificate from the Company's Statutory Auditors confirming compliance of conditions, forms part of this Report.

Your Company has made all information, required by investors, available on the Company's website www.sintex.in

Your Company is also in the process of implementing Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs, Government of India in December, 2009

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:

1. In the preparation of the annual accounts for the year under review, the applicable accounting standards have been followed and there have been no material departures.
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 year and of the profit of the Company for that period.

3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
4. The annual accounts of the Company have been prepared on a going concern basis.

Consolidated financial statements:

The Consolidated Financial Statements have been prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard.

Subsidiaries:

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit & Loss Account and other documents of the subsidiary companies are not being attached with the Balance sheet of the Company. However, the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

Conservation of energy, technology absorption and foreign exchange earnings and outgo:

A statement containing the necessary information required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in the Annexure II forming part of this Report.

Particulars of employees:

The information required as amended under section 217(2A) of the Companies Act, 1956, read with Companies (Particular of Employees) Rules, 1975, forms part of this report as Annexure III. However, as permitted by section 219(l) (b) (IV) of the Companies Act, 1956, this Annual Report is being sent to all shareholders excluding the said Annexure. Any shareholder interested in obtaining the particulars may

obtain it by writing to the Company Secretary at the Registered Office of the Company.

Insurance:

All the insurable interests of the Company, including plant and machinery, stocks, loss of profits, standing charges and insurable interest are adequately insured.

Auditors:

M/s. Deloitte Haskins & Sells, Statutory Auditors of the Company, retire and being eligible, have indicated their willingness to be reappointed. The observations made in the Auditor's Report are self-explanatory and do not call for any further comments under Section 217 of the Companies Act, 1956.

Cost Auditor:

The Central Government has approved the appointment of M/s. Kiran J Mehta & Co, Cost Accountants, Ahmedabad (Membership No. 00025) for conducting Cost Audit for the Financial Year 2011-12 for the Textile Business of the Company. The Cost Audit report of the Textile Business, for the year 2010-11 was due for submission within 180 days from the close of the financial year. It was submitted on 5th September, 2011.

Acknowledgements:

Yours Directors are highly grateful for all the help, guidance and support received from valued customers and various government, semi-government and local authorities, suppliers and other business associates, vendors, as well as the various banks.

Your Directors thank all the members of the Sintex Family and business partners for their trust and confidence reposed in the Company.

Your Directors wish to place on record their sincere appreciation for the efforts and contributions put in by all associated with the Company at all levels, to ensure that the Company continues to grow and excel.

On behalf of the Board,



Dinesh B Patel
Chairman

Date: May 10, 2012
Place: Ahmedabad

Annexure I to the Directors' Report

Disclosure pursuant to the provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

| Details of the grants as on March 31, 2012 | |
|--|--|
| a. Total number of options covered under the plan | 10,00,000 |
| b. Total number of options granted | 10,00,000 |
| c. Pricing formula | An exercise price of ₹ 45.85 per equity share shall be payable by an employee pursuant to the ESOP Scheme. |
| | The employee can opt for conversion of the options by applying to the Trust by a written notice during the exercise period, in a specified format accompanied by payment of the exercise price and all applicable taxes. Such notice is required to be provided by the employees to the Trust not less than 30 (thirty) days before the exercise of the options by the employee. |
| d. Vesting schedule | All options granted on any date shall vest at the expiry of 36 months from the date of the grant |
| e. Options vested | 10,00,000 |
| f. Options exercised | 38,500* |
| g. Options lapsed | Nil |
| h. Variation of terms of options | No terms of the ESOP scheme have been varied. |
| i. Money realised by exercise of options | Nil |
| j. Total number of options in force | 9,61,500 |
| k. Person-wise details of options granted to: | |
| (i) Directors | 10,000 |
| (ii) Key managerial employees | 9,90,000 |
| (iii) Any other employee who received a grant in any year of options amounting to 5% or more of options granted during that year | Nil |
| (iv) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding warrants and conversions) of the Company at the time of grant | Nil |
| l. Diluted earnings per share | On exercise of option during the period under review there is no dilution earning per share |
| m. Weighted average exercise price | An exercise price of ₹ 45.85 per equity share shall be payable to the ESOP Scheme |
| n. Weighted average fair value of options | Not applicable |
| o. Description of method and assumptions used for estimating fair value of options | Not applicable |

* Consequent upon sub-division of the each equity share of the company from ₹ 2/- per equity share into two equity shares of ₹ 1/- each, the employees of the Company eligible for equity of the company under Sintex Industries Limited Employees Stock Option Scheme, 2006 (ESOP 2006) be entitled to two equity shares of ₹ 1/- each, on exercise of option under the said Scheme, at an exercise price of ₹ 45.85 per equity share, as stated in the said scheme.