Annual Report 2013-14

SINTEX
ACTIVE THINKING

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	
Dr. Narendra Kumar Bansal	
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*

BANKERS :
State Bank of India
Bank of Baroda
IDBI Bank Ltd.

AUDITORS :
Deloitte Haskins & Sells
Chartered Accountants
Ahmedabad

REGISTRAR & SHARE TRANSFER AGENT
Sharepro Services (India) Pvt. Ltd.
416-420, 4th Floor,
Devnandan Mall,
Opp. Sanyas Ashram,
Ashram Road,
Ellisbridge, Ahmedabad-380 006

COMPANY SECRETARY:
Hitesh T. Mehta

REGISTERED OFFICE :
Kalol (N.G.) 382721, Gujarat, India
Tel (91-2764) 253000
Fax : (91-2764) 253100, 222868
E-mail : bvm@sintex.co.in
Website : www.sintex.in
CIN : L17110GJ1931PLC000454

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Standalone Financial - 5 Years Highlights

Description	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010
A. BALANCE SHEET					
Total Assets:					
Fixed Assets (Net)	2,749.99	2,231.78	2,085.88	1,844.76	1,473.34
Investments	1,029.24	966.55	874.23	1,123.63	807.94
Net Assets (Current and Non Current)	3,088.25	2,968.41	2,361.49	1,892.84	1,927.36
	6,867.48	6,166.74	5,321.60	4,861.23	4,208.64
Total Liabilities:					
Net Worth	3,042.13	2,799.34	2,333.87	2,172.42	1,882.12
Loan Funds	3,513.92	3,096.37	2,758.32	2,495.98	2,174.37
Deferred Tax Liability (Net)	311.43	271.03	229.41	192.83	152.15
	6,867.48	6,166.74	5,321.60	4,861.23	4,208.64
B. STATEMENT OF PROFIT & LOSS					
Gross Sales	3,314.47	3,064.85	2,629.65	2,674.21	2,103.56
Earning before interest, tax and depreciation	829.77	670.47	578.67	648.52	476.83
Finance Costs	237.38	144.49	110.49	86.82	51.32
Depreciation	138.33	123.18	98.05	89.25	84.03
Profit before Exceptional Items	454.06	402.80	370.13	472.45	341.48
Exceptional Items	16.06	90.35	46.64	(6.24)	0.00
Profit Before Tax	438.00	312.45	323.49	478.69	341.48
Taxation	102.94	43.26	93.79	121.13	67.78
Profit After Tax	335.06	269.19	229.70	357.56	273.70
Dividend (including dividend distribute tax)	25.64	25.48	20.62	20.58	19.05
Retained Earnings	309.42	243.71	209.08	336.98	254.65
Earnings per Equity Share (₹)	10.77*	9.46*	8.48*	13.19*	20.20**
Debt/Equity Ratio	1.15	0.95	1.18	1.15	1.16
Dividend %	70%	70%	65%	65%	60%

* On subdivided equity shares of ₹1/- each

** On subdivided equity shares of ₹2/- each

Figures have been regrouped/re-classified whereever required

Directors' Report

Dear Shareholders,

Your Directors are pleased to present the 83rd Annual Report together with the audited accounts of your Company for the financial year ended 31st March 2014.

Financial highlights

The financial performance of the Company for the financial year ended on 31st March, 2014 is summarised below:

(₹ in Crore)

Particulars	2013-14	2012-13
Gross turnover	3314.47	3,064.85
Gross profit	576.33	435.63
Less : Depreciation	138.33	123.18
Profit before tax	438.00	312.45
Less: Provision for taxation — Current tax	93.07	62.68
MAT Credit Entitlement	(35.36)	(62.10)
Deferred tax	40.40	41.62
Profit/(loss) after tax before prior period items	339.89	270.25
Add/(Less): Short provisions for taxation of earlier years	(4.83)	(1.06)
Profit after tax	335.06	269.19
Balance of profit of previous year	1490.75	1,307.81
Profit available for appropriation	1825.81	1,577.00
Appropriations		
General reserve	35.00	27.50
Debenture redemption reserve	33.27	33.27
Proposed dividend on equity shares	21.92	21.92
Tax on dividend	3.72	3.56
Balance carried to balance sheet	1731.90	1,490.75
TOTAL	1825.81	1,577.00

Note: Previous year figures have been regrouped/re-classified wherever required

Financial performance :

Your Company's performance was commendable despite the prevailing policy logjam and the Government's inability to clear important growth inducing policies which put economic progress on the backburner.

Your Company's posted a gross turnover of ₹3314.47 Crores in 2013-14 – a growth of 8.14% over ₹3064.85 crores in 2012-13. The growth was primarily due to the robust performance of the prefab business supported by good business volumes from other business verticals.

The Company's flagship business segment – monolithic construction reported a subdued performance due to the prevailing external factors that impacted business profitability – namely delays in site clearances and a stretched receivables cycle.

EBIDTA grew to ₹829.77 crores against ₹670.47 crore in the previous year, while Net Profit climbed to ₹335.06 crore against ₹269.19 crore over the same period. The earning per share stood at ₹10.77 (basic) and ₹10.77 (diluted) in 2013-14.

Cash plough back into the business was ₹592.39 crore in 2013-14 as against ₹525.98 crore in 2012-13 – providing an adequate cushion for funding growth initiatives.

Dividend

Your Directors are pleased to recommend dividend of ₹0.70 per share on face value of ₹1/ each, on 31,31,09,980 Equity shares fully paid up as on March 31, 2014 (Previous Year ₹0.70 per share on face value of ₹1/ each, on 31,31,09,980 Equity shares) and any further equity shares that may be allotted by the Company upon conversion of FCCBs and Warrants prior to book closure date for 2013-14.

The dividend will be paid subject to the approval of shareholders at the forthcoming Annual General Meeting to those shareholders whose names appear on the Register of Members of the Company as on the specified date.

Business review and divisional performance:

Despite the external environment being plagued with high interest costs, stubborn inflation and a policy logjam, your Company's performance was heartening. Most key business verticals, other than monolithic construction, registered improved numbers. A detailed discussion of your Company's operations is given under the 'Management discussion and analysis report.'

A. Plastics division: The Company's plastics business performed well. Revenue grew 6.77% from ₹2593.14 crore in 2012-13 to ₹2768.61 crore in 2013-14 despite the planned degrowth in the monolithic construction space. The plastics business contributed 90.87% of the Company's consolidated revenues.

   The prefab business retained its star performer position with large business volumes from Maharashtra (for sprucing up education facilities), Gujarat (for strengthening infrastructure in tribal areas) and heartening volumes from other states.

   Other businesses namely water storage tanks, sandwich panels and sub-ground structures logged in strong business volumes to make a meaningful contribution to the business segment growth.

   The SMC business remained the key growth contributor as the Company extended its footprint into new states generating heartening volumes. Pallets and insulated boxes also made important contribution to the division's growth.

B. Textiles division: Your Company's textile business recorded a strong rebound in 2013-14 supported by strong business volumes. Revenue grew 15.72% from ₹471.71 crore in 2012-13 to ₹545.86 crore in 2013-14. This was achieved primarily due to the shift in focus from international markets to domestic customers which strengthened business volumes. Besides, the Company's innovation efforts in rejuvenating its products baskets, optimising costs and widen its reach in domestic markets also contributed rich dividends.

Subsidiaries

The Company's subsidiaries Nief Plastics SAS, Sintex Wausaukee Composites Inc., Bright AutoPlast Ltd and Sintex Infra Projects Ltd and provide infrastructure and highly-engineered custom moulding solutions. These companies work closely with each other to generate more business and enhance profitability of the parent company. On Account of disinvestment, of entire holding, Zep Infratech Limited has ceased to be a subsidiary of the Company.

Performance of subsidiaries

1) **Nief Plastics SAS:** The figures of the financial year closed to March 31st , 2014 represent a growth as well as an excellent resistance to the difficult economic and business environment that prevailed across Europe. The integration of the new subsidiaries during 2012 (German and Polish) progressed on schedule with the implementation of good practice of the SINTEX NP group. This allowed us to be close to local markets and enrich the customer basis with prestigious German references. The year 2014 should go further in consolidating these gains and ensure the further development of SINTEX NP.

2) **Sintex Wausaukee Composites Inc.:** During the year, Sintex Wausaukee undertook extraordinary action that facilitated the Company's return to profitability. In addition, the team implemented several initiatives to expand its capabilities which would drive growth in 2014 and beyond. Some of them include:
   - Added an ERP system to improve our cost accounting and reporting
   - Restructured our organization to allow our sales and marketing teams to drive growth in our new Business Units
   - Securing organic growth with our core OEMs including the awarding of Phase III at New Flyer and reorganizing our plants to meet the increased demand for components.
   - Seek opportunities to expand our capabilities with strategic acquisitions in thermoforming and RIM.
   - Continue to drive the growth of our Special Projects Vehicle with the installation of the Pune LRTM cell and growth opportunities with Cummins Power Generation.

   We are confident that these initiatives will strengthen the Company contribution to the consolidated revenue and profitability.

3) **Bright AutoPlast Ltd.:** Due to de-growth in the automotive segment the key customer for Bright Auto resulted in a subdued performance for the Company thus revenue declined by 2.8% – its first decline in absolute numbers since its takeover, However, due to various cost reduction measures, Company has improved its EBIDTA by 10.8%. Also the Company made heartening progress in securing approvals from large and respected global and Indian brands for new products which will lay the foundation for a robust growth in the coming years. These approvals include:
   - Eicher-Polaris: Tailgate outer, Hood Cover, Front & Rear Fender, Fire Wall, Fuel Tank etc.
   - Volvo Eicher: Fuel tanks, degassing tanks, Cabin ducts, Air-intake system ducts and wheel guards
   - Volvo: DEF Tank (Urea) to serve domestic and export demand for ducts and wheel guards
   - Borg-Warner: engine management components
   - TRW: PAB Cover LH and RH.
   - Hydec: degassing tanks.

   The Company has set-up a Roto-moulding facility inside its Pithampur factory which is expected to commence operation in the second quarter of 2014-15. In addition, the Company is setting up a new composite manufacturing facility with LRTM (Light Resin Transfer Moulding) at its Pune unit. This technology has been acquired from Sintex Wausaukee Composites Inc USA and will be used for manufacturing large-sized exterior and interior parts of (more than 2 Sq Meter) with painting for automotive, construction equipment, mass transit and medical equipment OEMs.

4) **Sintex Infra Projects Ltd.:** The Company leverages its rich track record of executing civil and mechanical construction to execute infrastructure projects. It is working on some important projects namely 1) executing an EPC Contract worth ₹1300 crore for Shirpur Power 2) creating check posts projects in Madhya Pradesh and 3) creating pollution management infrastructure in Uttar Pradesh and 4) a low-cost housing project in Rajasthan. These projects have progressed as per agreed schedules and the Company has consistently received funds as per the scheduled milestones.

   During the year under review, the company successfully bagged a major EPC contract worth ₹1406.51 Crores for setting up the Spinning Project in the state of Gujarat.

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. These ESOPS are 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.

The Members of the Company in the Annual General meeting held on September 17, 2012 have approved the extension of exercise period from two years to four years of Sintex Industries Limited Employees Stock Option scheme 2006.

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 there under 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
- BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001
- Singapore Exchange Securities Trading Limited, 2 Shenton Way, # 19 – 00 SGX Centre 1, Singapore-068804. (FCCB'S US$ 140 million)
- BSE Limited (Wholesale Debt Market), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001 (NCD ₹250 crores and NCD ₹350 crores)

The equity shares of the Company have been delisted from Ahmedabad Stock Exchange Limited w.e.f. 26th August, 2013 and the Company paid Listing Fees to all the above Stock Exchanges for FY 2014-15.

Management Discussion and Analysis

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the Management Discussion and Analysis Report for the year under review are annexed to this Report and forms part of this Annual Report.

Corporate Governance

Sintex continues to be committed to good Corporate Governance aligned with the best practices. It has complied with all the standards set out by SEBI and the Stock Exchanges.

A separate Report on Corporate Governance along with Practising Company Secretary's Certificate on compliance with the conditions of Corporate Governance as per Clause 49 of the

Listing Agreement with the Stock Exchanges is provided as a part of this Annual Report, besides the Management Discussion and Analysis.

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

Directors

Mr. Rahul A. Patel, Managing Director (Group) and Mr. S. B. Dangayach, the Managing Director of the Company are due to retire by rotation at this Annual General Meeting in terms of section 152(6) of the Companies Act, 2013 and are eligible for reappointment. The Board recommends the reappointment of above Directors of the Company.

The independent directors of the Company were appointed as such being liable to retire by rotation under the erstwhile Companies Act, 1956. However, Explanation to Section 152(6) (e) of the Companies Act, 2013 provides that for the purpose of this sub section "total number of directors" shall not include independent directors , whether appointed under this Act or any other law for the time being in force, on the Board of a company. Accordingly, none of the Independent director shall be liable to retire by rotation under the new term.

The company at present has six independent directors and in terms of clarification issued by Ministry of Corporate affairs vide Circular No. 14/2014 Dated 9th June, 2014 and provisions of Section 149(5) of the Companies Act, 2013, all the independent directors as on commencement of new act have to be appointed under the provisions within a period of one year. Mr. Ramnikbhai H Ambani, Smt. Indira J Parikh and Dr. Rajesh B Parikh are due for retirement in 2014 and other independent directors Dr. Luvkumar Kantilal Shah, Dr. Narendra K Bansal and Shri Ashwin Lalbhai Shah are due to retire in 2015, 2015 and 2016, respectively. However, in view of the aforesaid circular, the above three Independent directors would be deemed to have demitted their office at the ensuing Annual general Meeting and would be appointed for the first term as Independent Director for a term of three years i.e. up to the 86th Annual General Meeting in the year 2017. The Company has received declaration in terms of Section 149(6) of the Companies Act, 2013. The Company has received specific notices from the members of the Company under section 160 of the Companies Act, 2013, along with a requisite security deposit in each case for appointments as Independent Directors for a term of 3 (three) years.

The Board recommends the appointment of above as Independent Directors of the Company.

As stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, brief profile of the Directors proposed to be re-appointed, nature of their expertise in specific functional areas, names of the companies in which they hold directorships and shareholding are provided in the Notice attached forming part of the Annual Report.

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 Properties of your Company, including plant and machinery, buildings, equipments, and stocks among others have been adequately insured.

Auditors and Auditors Report

M/s Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, are associated with the Company, since long as Statutory Auditors. The Company is in receipt of a Special Notice u/s 140 (4) read with section 115 of the Companies Act, 2013 proposing M/s Shah & Shah Associates, Chartered Accountants, Ahmedabad (FRN 113742W) as Statutory Auditors in place of M/s Deloitte Haskins & Sells, Chartered Accountants, the retiring Auditor of the Company. Although not statutorily required under the provisions of the Companies Act, 2013, but as part of pro-active governance and considering the Auditor's rotation, the Board of Directors on the recommendation of the Audit Committee has decided to support the said Special Notice. M/s. Shah & Shah Associates, Chartered Accountants, Ahmedabad (FRN 113742W) have furnish a letter dated 27th June, 2014 to the effect that the appointment, if made, would be within the prescribed limits under the Section 141(3)(g) of the Companies Act, 2013 and they are not disqualified for appointment.

The Board places on record its appreciation for services rendered by M/s Deloitte Haskins & Sells, as Statutory Auditors' of the Company.

The Notes on Financial Statement referred to in the Auditors Report are self explanatory and do not call for any further comments.

Cost Auditor

The Central Government has approved the appointment of M/s. Kiran J Mehta & Co, Cost Accountants, Ahmedabad (Membership No. 00025) and Mr. V. H. Shah, Cost Accountants, Ahmedabad (Registration No. 100257) for conducting Cost Audit for the Financial Year 2013-14 for the Textile and Plastic Businesses of the Company respectively.

The Company has filed the consolidated Cost Audit Report for the year ended March 31, 2013 on September 27, 2013 within the time limit as prescribed by the Ministry of Corporate Affairs. The Company has also filled the cost compliance report on September 27, 2013 within the time limit as prescribed by the Ministry of Corporate Affairs.

Acknowledgements

Your Directors wish to place on record the excellent support, assistance and guidance provided by the financial institutions, banks, customers, suppliers and other business associates. Thanks to our Company's employees for their tireless efforts and high degree of commitment and dedication. Your Directors especially appreciate the continued understanding and confidence of the Members.

On behalf of the Board,

Date: July 4, 2014 — **Dinesh B Patel**
Place: Ahmedabad — *Chairman*

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, 2014

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	The Members of the Company at the Annual General Meeting held on 17.09.2012 have approved extension of exercise period from two years to four years.
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.

Annexure "II" to the Directors' Report

Information required under section 217 (1)(e) of the Companies Act, 1956

1) CONSERVATION OF ENERGY

a) **Energy conservation measures taken:**

Plastics Division:

1) Installed 2 no (30 hp & 40 HP) Ac freq. drive at Hydraulic Press in SMC Dept. resulting in power saving and less maintenance.

2) LED Lighting Fixtures installed in place of old light Fixtures resulting resulting in power saving and less maintenance.

3) T-5 Lighting Fixtures installed in all New Out side Plant resulting in less power consumption and less maintenance.

4) For SMC Dept, Pultrusion Dept, Roto Moulding Dept & Street light planned for LED Lighting Fixtures in place of Old Light Fixture.

5) Replaced A.C. Variable Drives in Place of DOL Starter on Rock & Roll Machines in Roto Molding dept. resulting in Energy Saving and Reduction in Mechanical & Electrical Maintenance and down time.

6) Replaced Energy Efficient Bore well pump in Bore well No.-2 to get energy saving.

7) Installed Smart Sense instrument at Namakkal, Ulubearia, Nalagarh Plant to see Online (Current and previous day's) various parameters of electric power, i.e voltage, Amp., KVA and KWH in any computer with Internet connection. Also provision of SMS alert if any value goes beyond the set parameters. The benefit is to get proper load shedding as per advance planning.

8) Installed New 6 No's Inverter type Split Air condition in place of very old window Air Condition resulting energy saving.

9) Using PLC Based Blow Molding Machine we have Benefited Considerably such as Productivity increased, reduced consumption of Power, reduced Maintenance and Man Power

10) Installed AC Freq. Drive at compressor in FRP dept. The Result is Less Power consumption and Break Down Reduced in Power cost.

11) In office building chilling plant & Pre Molding chilling plant replaced 5 H.P. Efficient pump in place of old inefficient 7.5 H.P. pump.

12) Renovated the screw & barrel in 150 MM Extruder m/c. The result is increased the Production.

13) Insulation of all Inlet & Out let pipe lines of Voltas Chilling Plant in Pre-molding dept. was revamped. The result is increase in cooling efficiency and saving the electrical consumption.

14) Installed CCTV cameras in SMC, Roto Molding & Various Security Points to control the various activities.

Textile Division:

1) In the Process Division, an overhead water tank was installed. Prior to this, water was supplied through a pump, which was running for 24 hours continuously. After the installation of an overhead tank, the working of the pump is reduced there by reducing power consumption and got smooth distribution of water supply with equal pressure at different water usages.

2) Existing MS Water Supply Pipeline of Processing Department is replaced with ASTRAL CPVC line for rustless water supply and it consumes the less power because of the resistance less surface.

3) At Central Effluent Treatment Plant, earlier one no. Blower Motor (having 30 HP capacity) was running continuously 24 Hrs. After changing the process of treatment, working hours of this blower motor is now reduced to 40 % resulting into saving of energy.

4) After modification is done on pipe line at Old ETP plant. Before from Old ETP to Central Effluent plant Effluent is supply through two nos of pump 50HP and 40HP. After modification only one pump 50HP is used and working of 40HP pump is reduce to 80% Which resulting into saving of energy.

5) Condensate water from CRP plant is taken back into system for re-use, resulting in cost savings. This Water is fed to feed water of boiler and due to its high temperature the boiler efficiency is increased.

6) Process Department, Mercerise Machine Condensate Return Water is now recovered and being used as Feed Water in Mill Steam Boiler. This water was earlier drained in to effluent.

7) In Omni Airjet Looms, LED type under loom lighting fixtures installed for weaving fabric quality checking

on loom. This LED type fixtures are having less power consumption and less maintenance compared to conventional type fixtures.

8) For Increasing the efficiency of Steam Boilers, High Pressure Jetting Wash introduced while annual inspection of boilers.

9) In IBL Steam Boilers, Common Draft of Flue Gas is divided in to two individual draft for increasing the efficiency of the IBL boiler.

10) In Yarn dyeing Division, Overhead water Tank is installed. Before water supply through pump was running continuously 10 Hrs. After installation of overhead tank this pump is eliminated resulting in power saving.

11) In Softening Plant, the supply of bore well water was given by two nos. centrifugal pumps which are replaced by one submerged pump resulting in power reduction.

12) In textile Division, Humidification Plants are audited for its performance by calculation of volume and existing CFMs. From the report, CFMs are balanced in all plants by changing blade angles and switching off the return and supply air fans, ultimately resulting into saving of energy.

b) **Additional investments and proposals, if any, being implemented to reduce consumption of energy.**

Plastics Division

1) To install Ac freq drive at Pultrusion & rock & roll Machine Machine in Pre Molding & Roto Molding dept. at out site plant

2) Working on replacement of remaining Street Light & Departments lights by LED fixtures which consume less power and reduction in maintenance.

3) Renovation of Screw & Barrel of 150 MM Extruder m/c to increased the production.

4) P.S. department cooling water pipe line modification. This is to introduce reducing power consumption.

5) P.S. department chilling plant working efficiency with less energy consumption is to be increased by introducing heat exchanger.

Textile Division:

1) In Textile Division, we are introducing Effluent Heat Recovery Skid which recollect the thermal energy from the hot effluent of yarn dye house and gives the hot water output for the dyeing machines.

2) In Textile Division, we are working on replacement of underloom tubelights by LED strips which consumes 50% less power than the tube light fixtures without affecting the light output for quality inspection and control to reduce energy consumption and maintenance.

3) In the textile division, by replacing high-efficiency ring frames, power consumption reduced and productivity increased.

4) In the textile division, Staffy-made yarn dyeing machines are to be replaced with fully-automatic Gofront-made yarn dyeing machines, which are more energy-efficient.

c) **Impact of the measures (a) and (b) above for reduction of the energy consumption and the consequent impact on the cost of production of goods.**

1) In the textile division, quality production is achieved by saving a considerable amount of power.

2) The above mentioned measures resulted in energy saving and a subsequent reduction in energy costs, reducing production costs.

3) In the plastics division, the impact of energy saving devices will be peripheral in the beginning. However, it will be substantial if the entire programme is implemented.

d) **Total energy consumption and energy consumption per unit of production with respect to the Company's products.**

Details are provided in Form A annexed hereto.

2) TECHNOLOGY ABSORPTION.

e) **Efforts made in technology absorption**

Details are provided in Form B annexed hereto.

3) **FOREIGN EXCHANGE EARNINGS AND OUTGO.**

f) Activities relating to exports, initiatives taken to increase exports, development of new markets for products and services and export plans

g) **Total foreign Exchange used and earned.**

	2013-14 (₹ in Crores)	2012-13 (₹ in Crores)
i) Foreign Exchange earned including direct exports	38.50	36.55
ii) Foreign Exchange used	25.07	17.72

Form - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSUMPTION OF ENERGY.

	Current year	Previous year
(A) Power and Fuel Consumption.	2013-14	2012-13
1. **Electricity:**		
(a) purchased: Unit (lacs)	715.53	504.52
Total Amount (₹ lacs)	4000.10	3,881.78
Rate/Unit(₹)	5.59	7.69
(b) Own Generation		
(i) Through Captive Power Plant: (M&W)		
Units(lacs)	–	2.32
Units per liter of Diesel/Furnace oil/Gas	–	3.20
Cost/Unit(₹)	–	11.93
(ii) Through Captive Power Plant: (GT)		
Units (lacs)	–	298.67
Units per SCM of Gas	–	2.85
Cost/Unit (₹)	–	9.22
2. **Furnace Oil: (Qty.Kilolitres)**	–	72.44
Total Amount (₹ lacs)	–	27.66
Average Rate (₹/litre)	–	38.18
3. **Others:**		
(a) Natural Gas		
Quantity Consumed in M3	5,427.49	6,189.28
Total cost (₹ lacs)	640.06	568.46
Rate/Unit(1000 m3)(₹)	11792.97	9,184.59
(b) RLNG Gas		
Quantity Consumed in (000) SCM	3,007.02	10,393.45
Total cost (₹ lacs)	1,310.09	3,087.07
Rate/Unit (000 SCM)(₹)	43,567.76	29,702.07
(c) L.P.G		
Quantity consumed (in lacs kgs)	17.74	26.67
Total cost (₹ in lacs)	1,231.86	1,721.92
Rate/unit (Kgs.) (₹)	69.38	64.57

	Standard	Current year	Previous year
(B Consumption per Unit of Production:			
1. **Electricity (Units)**			
Textile a) Fabrics on production meters basis	No	1.42	1.51
b) Yarn (per kg.)	Specific	5.87	5.60
Plastic Containers (per kg.)	standard as such	0.56	0.49
Plastic Section (per kg.)	The	0.75	0.71
Sheet Moulding (per kg.)	consumption	0.52	0.51
Thermoforming	per unit	0.00	4.93
2. **Gas Consumption** (Textile – on production mtr.basis)	depends	0.15	0.62
3. Others: (a) Gas (M3)	On the		
(Textile on production meters basis)	Product	0.10	0.25
Plastic Containers (Per kg.)	Mix	0.21	0.22
Plastic Sections (Per kg.)		0.02	0.02
(b) L.P.G			
Plastic Containers (Per kg.)		0.20	0.21

The variation in consumption in power and fuel was due to a different product mix between current and previous year.

Form - B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY, RESEARCH & DEVELOPMENT

Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company	Prefab shops, prefab houses, kiosks, modular toilets, portable toilets, underground water tanks, underground petroleum tanks, septic tanks, package type wastewater treatment systems, bamboo houses etc.
2. Benefits derived as a result of the above R & D.	Plastics Division developed various technologies and techniques in the field of plastics for the manufacture of above products.
3. Future plan of action	Plastics Division will continue to work on the improvement of major products as well as develop specialized applications on existing processes.
4. Expenditure on R & D	Nil
a) Capital	
b) Recurring	
c) Total	
d) Total R & D expenditure as a percentage of total turnover	

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.	Efforts are made to improve cost effective technology for productive and quality improvement.
1. Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.	The Plastics Division has introduced a number of new products and opened up new areas of business.
2. Information regarding technology imported during the last five years.	Not applicable.

Management discussion and analysis

> "Despite the subdued business environment, largely a fallout of the prevailing policy logjam and reduced consumer spending, your Company registered superior all-round growth. This contrarian performance was primarily due to the shock-absorbers built into the business model that facilitated business growth."
>
> *Amit Patel – Managing Director, Sintex Industries Limited*

FY 2013-14 in numbers (Consolidated)

₹58426 mn	₹10416 mn	₹3647 mn	₹7116 mn
Revenue	EBIDTA	Profit after tax	Net cash flow from operations

17.83 %	6.24 %	10.22 %	5.22 %
EBIDTA margin	Net margin	Return on networth	Return on capital employed

₹35695 mn	₹37403 mn	₹14786 mn	₹69669 mn
Networth	Net block	Net current assets	Capital employed

₹40064 mn	1.12	3.60x	57.51 %
Total debt	Debt-equity ratio	Interest cover	Debt as a proportion of capital employed

Economic overview

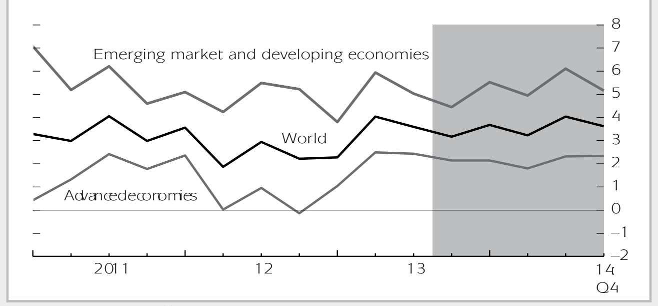
A. Global economy

Global gross domestic product grew by 3% in 2013 against 3.1% in 2011 primarily due to the continuing economic volatility in the first half of the year followed by better conditions in the second half. Demand in advanced economies improved, much of the increase being derived from higher inventory demand. In emerging market economies, an export rebound strengthened the improved showing even as domestic demand remained subdued.

Outlook for the current year: Financial conditions which help to shape the economy's growth performance have improved substantially over the last few months. Positive contributions from the equity markets, interest rate spreads and credit conditions support the economic momentum going forward. Furthermore, easing fiscal drags should give the private sector more breathing room to push the economy forward.

The IMF indicates that emerging markets will account for much of global growth, with their economies forecast to expand nearly four times faster over advanced economies. As far as advanced economies are concerned, the US is expected to emerge as the key growth driver. Eurozone is turning a corner after recovering from recession and is expected to post positive economic growth in 2014. The result is that global growth is projected slightly higher (around 3.7%) in 2014, rising to 3.9% in 2015 *(Source: IMF)*.

Figure 2. Global GDP Growth
(Percent; quarter over quarter, annualized)



source: IMF staff estimates

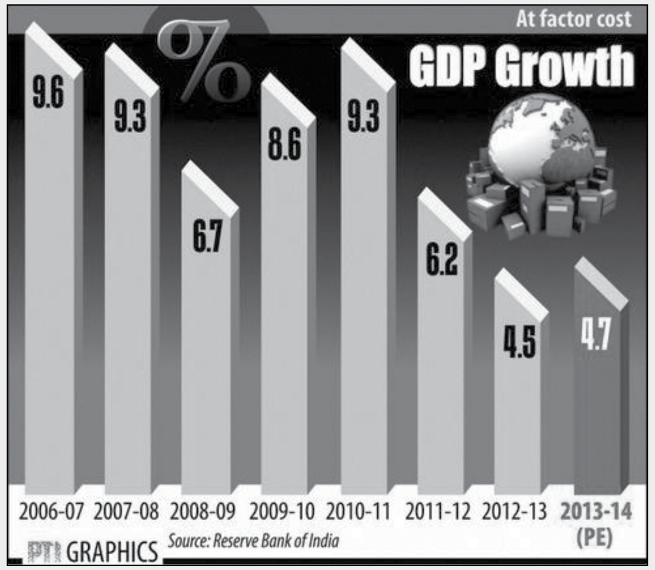
B. Indian economy

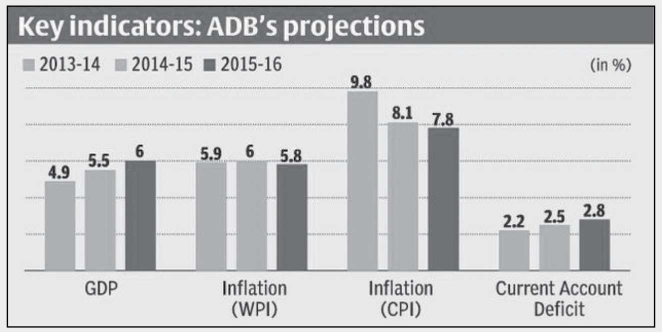
India's economic growth rate in 2013-14 was estimated at 4.9 per cent, faster pace than in the previous year mainly following improved performance in its agriculture and allied sectors. An Economic expansion improved in the second half, given that GDP grew by 4.6 per cent in the April-September period.

For 2013-14, the CSO projected a growth rate of 4.6 per cent in agriculture and allied sectors, up from 1.4 per cent a year earlier. Manufacturing, however, was expected to register a contraction of 0.2% compared to a growth of 1.1 per cent in the previous year. More importantly, CAD, which is the difference between the inflow and outflow of foreign exchange, declined to US$ 32 billion in 2013-14 against US$ 88.2 billion in 2012-13 *(Source: Economic Times)*. This was largely due to a steep decline in gold imports and increase in exports.

Per capita income at current prices during 2013-14 was estimated at ₹74,920 compared with ₹67,839 during 2012-13, a rise of 10.4 per cent.

Estimates: According to the NCAER, India's economic growth is likely to accelerate at 5.6% while Asian Development Bank projected India's GDP growth at 5.5% for 2014-15, depending on its ability to implement structural reforms.



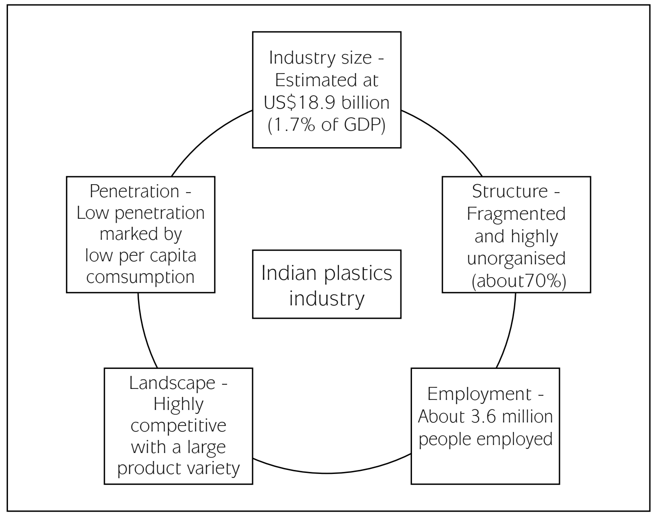


The plastics sector

The Indian plastic industry is making significant contribution to the development and growth of various key sectors in India, mainly automotive, agriculture, construction, electronic, healthcare, textile and FMCG as this sector continues to break into newer spheres of manufacturing enabling products to become lighter, stronger and more cost-effective.

The plastic industry is one of the biggest contributors to India's GDP and is among the fastest growing sectors with annual growth rates averaging between 12%-15%.The growth in plastic consumption is primarily due to the substitution of traditional material with plastic variants, expansion of the middle income group and numerous new applications.

The Indian plastic industry enjoys a pan-India presence. However, is, highly fragmented with more than 25,000 processors in the fray, with less than 100 large processors accounting for 30% share of the industry. The growth of organised players has outpaced that of other players in the sector through constant innovation and niche product launches.



The plastics industry can be classified into (a) manufacturing of polymers, or 'upstream' processes, and (b) conversion of polymers into plastic articles, which is commonly referred to as 'downstream'.

Despite more than 10 technologies prevailing for plastic processing in India, the sector can be largely categorised into three broad segments namely injection moulding, blow moulding and extrusion, catering to the requirements of a wide array of applications like packaging, automobile, consumer durables, healthcare, among others. The processes for conversion of polymers determine the final products.

Process type	Plastic products	Share in consumption (%)
Extrusion	Films and sheets, fibre and filament pipes, conduits and profiles and other miscellaneous applications.	60
Injection moulding	Industrial injection moulding, household injection moulding and thermoware/moulded luggage.	25
Blow moulding	Bottles, containers, toys, and housewares	6
Roto moulding	Large circular tanks such as water tanks	1
Others	Miscellaneous	8

Catching up!

- India's per capita packaging consumption stands at US$15 against the global average of US$100.
- India low per capita vehicle ownership – the passenger car stock of only around 13 per 1000 population – presents a sizeable opportunity for the plastics processing sector.

Outlook

According to the All India Plastic Manufacturer's Association (AIPMA), domestic consumption has been growing at 10-12% CAGR over the last decade. Going ahead, the size of the plastic processing industry – is expected to touch ₹1.3 trillion(18.9 million tonnes) by 2015. The exponential growth will see this number go up to 40,000 units, employment will increase to 7 million by 2015 from the current 3.5 million-plus people (direct and indirect). To achieve this target, India will require 42,000 new machines and an investment estimated at US$ 10 billion by 2015.

PLASTIC INDUSTRY – VISION 2015

	2015
Consumption (million tonnes)	18.9
Per capita consumption (Kilograms)	16
Turnover (Rs.in billion)	1,332
Employment generation (million)	7
Processing machines (units)	125,636

(Source: CIPET)

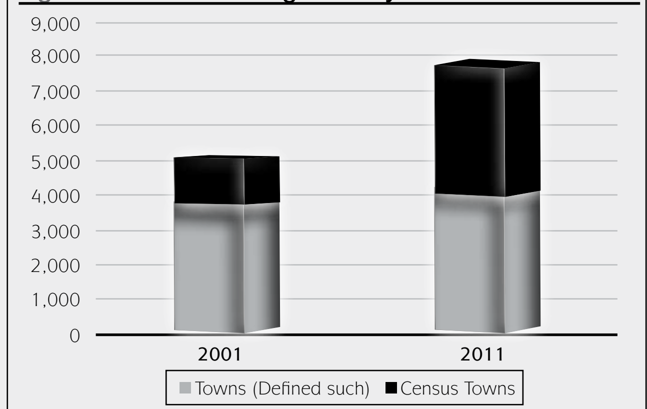
Growth drivers

A. Macroeconomic drivers

- Currently, over 30% of India's population is under 14 years. This combined with a rapidly growing middle class and increasing disposable income is expected to fuel the demand for consumer electronics and vehicles.
- Inadequate mass transportation infrastructure and increasing urbanisation is expected to contribute to higher domestic passenger vehicle sales
- Deeper penetration into Tier-II and Tier-III towns by corporates and convenient access to finance is expected to improve offtake of consumer electronics and vehicles

The number of 'census towns' in 2011 was 3x that of in 2001, translating into a growing appetite for white goods and other plastic durables

Figure 12: Towns formong naturally



Source: India Population Census, 2011

B. User-segment opportunities

- The Indian automotive industry is expected to witness high growth in coming years. Passenger vehicle sales are likely to grow at 15% p.a. over the next five years to reach six million in FY 2016.
- India's emergence as a global hub for small cars is an important growth driver for plastic consumption.
- The Indian auto component industry is poised for robust growth with a strong domestic automobile industry and a likely doubling of the India auto components industry; more importantly as fuel prices move northward the propensity of conversion (from steel to plastic) will only accelerate over time.
- Indian consumer electronics market is expected to grow at a robust pace of 15% p.a. over the next few years. Growing disposable incomes increasing affordability and improving accessibility is expected to increase the low penetration rates of consumer electronic products.
- The Indian packaging industry is expected to grow at a rate of 17% p.a. over the next few years with huge potential for increase in per capita consumption of packaging.

C. Niche growth spaces

Plasticulture – The emerging sector in India

Plasticulture applications are one of the most useful indirect economy and agriculture inputs with huge unrealised potential such as:

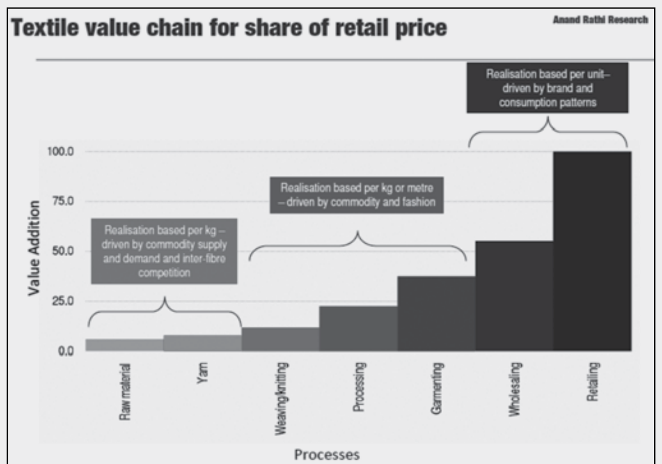
- **Water management:** Lining of canals, ponds and reservoirs with plastic film, drip and sprinkle irrigation system, water conveyance using PVC and HDPE pipes and sub-surface drainage.
- **Nursery management:** Nursery bags, pots, pro-trays, root trainers, coco peats, hanging baskets, plastic trays among others.
- **Surface cover cultivation:** Soil solarisation and plastic mulching
- **Controlled environment agriculture:** Greenhouses, shade net houses, plastic tunnels and plant protection nets.
- **Innovative packing solutions:** Plastic crates, bins, boxes, leno bags, unit packaging nets among others and CAP covers, controlled atmosphere packaging (CAP) and modified atmospheric packaging (MAP).

As plastics are more enduring than traditional materials used for these applications, the demand for these products in plastic variants is expected to increase with growing awareness.

The textile sector

Textile industry plays a significant role in determining the economic development of a country in terms of not just net foreign exchange earnings but also via direct and indirect employment generation. The industry contributes around 4% to the gross domestic product (GDP), around 11% to the country's export earnings and nearly 14% to industrial production, besides providing direct employment to over 45 million people. The textile sector is the second largest provider of employment after agriculture in India.

The industry is self-reliant and inclusive as far as the value chain is concerned - right from availability of raw materials to manufacture of garments. On the global front, the industry is the world's second largest producer of textiles and represents around 4.5% share of the global export turnover.



Supportive regulatory environment

Since the growth and all-round development of the textile industry has a direct bearing on the development of the Indian economy, it has received significant thrust from the Government (Central and State) through favourable policies.

1. Central Government-driven policies
   - The Technology Upgradation Fund Scheme (TUFS) has, till FY13, driven investments worth US$100 billion
   - The 12th Five Year Plan envisages investments worth US$28 billion in the textile sector through policy initiatives
   - TUFS has now diverted its focus from the spinning and composite segments to matching investments in weaving and knitting
   - The Integrated Processing Development Scheme (IPDS) armed with investments worth US$79 million would help textile-processing units become more environment-friendly and globally competitive
   - A sum of ₹7 billion has been sidelined as per the 12th Five Year Plan for the development of technical textiles
2. State Government-driven policies

   In September 2012, the Gujarat Government unveiled the Gujarat Textile Policy 2012. Titled as 'Navi Gujarat Vastraniti', the policy seeks to attract investment of over ₹20,000 crore as well as creating new employment opportunities for over 2.5 million people (50% of them being rural women) over next five years.

   The new policy will facilitate in enhancing the growth of cotton farmers and ginners, by way of better price realisations and enable them to withstand uncertainties due to price fluctuations, nationally and internationally. New cotton spinning activities to strengthen the value chain have been encourages.

   Incentives for creating spinning and ginning infrastructure:
   - Interest subsidy of 5%, without ceiling for the period of five years on new plant and machinery for ginning and processing
   - Interest subsidy of 7% on new plant and machinery for cotton spinning, as well as for second-hand imported cotton spinning machinery with certain conditions, without ceiling for a period of five years
   - Power tariff concession on new investments for cotton spinning at the rate of ₹1 per unit for a five year period
   - Minimum 150 acre land, stamp duty exemption to developers and units, and assistance up to 50% with maximum ceiling of ₹30 crore for common infrastructure for Cotton Spinning Park with or without weaving.
   - Stamp duty exemption to developers and units in parks, and assistance up to 50% with maximum ceiling of ₹10 crore for common infrastructure in parks and other textiles activities.
   - Refund of Value Added Tax (VAT) paid by cotton-based units like ginning, spinning and weaving on purchase of cotton/cotton yarn and remission of tax collected on cotton yarn (applicable to the extent of investment in plant and machineries)

Performance

In 2013-14, the textile industry registered a heartening performance largely facilitated by stable cotton prices at the start of the fiscal, a depreciated Rupee and improved demand from developed nations especially in the US and Europe. The demand from the domestic market also remained buoyant despite the economic slowdown as the disposable incomes in the hands of the Indian consumer increased.

Cotton: Domestic cotton prices remained stable till February 2013 at about ₹99/kg , well below minimum support prices of ~₹110/kgs in some states (especially Andhra Pradesh), which led to support price operations including purchase of ~2.3 million bales in CY13 by governmental agencies. However, increased domestic cotton demand to meet export demand of yarn and continued cotton exports led to gradual increase in cotton prices to ~₹140/kg by September 2013.

Yarn: The domestic yarn production was been driven by high import duty on cotton in China, whereby Chinese players resorted to the import of cotton yarn. While the domestic demand remained healthy, higher import duty on cotton in China led to a decline in Indian cotton exports. Moreover, the depreciating rupee strengthened business margins for Indian spinners.

The cotton fibre

a) Global scenario

- Global cotton production is expected to outpace the consumption for the fourth consecutive year in CY2014, despite an expected decline in cotton production by ~2.5% for CY2014, the closing stock levels are estimated to reach all time high levels of ~121 million bales by the end of July 2014.
- The world cotton consumption is estimated to have grown by 4% for the International Cotton Year (CY) ended July 2013 to ~136.8 million bales (of 170 kgs) and is further expected to grow by ~2% in CY2014. However, despite two consecutive years of increase in estimated cotton consumption, it continues to remain below the peak levels of ~155 million bales witnessed in CY2007 and CY2008 and the recent peak consumption of 151.3 million bales in CY2010.
- The global cotton stock levels reached all-time highs of ~80% of the annual consumption (estimated closing stock as on July 2013 is ~109.6 million bales). This is estimated to increase further to 120.8 million bales by end of July 2014 and will be equivalent to ~ 86% of the estimated global cotton consumption for the international cotton year ending July 2014.
- Amid the high global stock levels, the international cotton prices have remained range-bound at US$1.8~2.1/Kg over the last 24 months with an average of ~US$2/kgs, however with high stock position, the prices remain vulnerable to risks.
- As per the trade data of major cotton producing and consuming countries, China accounted for ~45% of global trade during CY13 (down from 54% in CY12) as it houses ~46% of world's spinning capacities against its 29% share in global cotton production.
- Despite being the largest cotton consumer and importer, China witnessed a steady decline in its cotton consumption from the peak of 64 million bales in CY 10 to 46 million bales in CY13, owing to high cotton prices.
- The average cotton price in China is higher at ~US$3/kg than the international price of US$2/kg, which in-turn is supported by the high support prices offered by the Chinese government to its farmers to incentivise cotton production; and to maintain a price-parity vis a vis imports. China has also levied an import duty (peak of 40%) to curb cheaper imports.

Million bales of 170 kgs	Jul-06	Jul-07	Jul-08	Jul-09	Jul-10	Jul-11	Jul-12	Jul-13	Jul-14E
Opening stock	77.6	79.1	80.5	79.3	78.8	59.8	63.3	91.2	109.6
Production	149.0	156.5	153.2	137.4	130.8	149.0	160.3	154.9	151.1
Trade: (Import/Export)	57.4	48.0	50.4	39.2	46.9	46.0	57.7	60.1	49.0
Consumption	147.4	156.1	154.9	138.3	151.3	146.0	131.4	136.8	139.9
Closing Stock	79.1	80.5	79.3	78.8	59.8	63.3	91.2	109.6	120.8
Stock to use ratio	54%	52%	51%	57%	39%	43%	69%	80%	86%

Source: ICRA Estimates, Industry data, ICAC, USDA

a) Indian scenario

- The domestic demand for cotton is estimated to increase significantly for the Indian Cotton Year (CY) ending September 2013, mainly driven by an increase in mill demand which is reflected in the 13% increase in yarn