



KUNSTSTOFFE INDUSTRIES LTD.

**28th Annual Report
2013-14**

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

AUDITORS

P.M. TURAKHIA & ASSOCIATES
Chartered Accountants, Mumbai

SOLICITORS

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

REGISTERED OFFICE

Kiran Building 128, Bhaudaji Road,
Matunga (E), Mumbai– 400 019

WORKS

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

REGISTRARS & 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.

KUNSTSTOFFE INDUSTRIES LIMITED

NOTICE

NOTICE

Notice is hereby given that the 28th Annual General Meeting of the Members of the Company will be held on Monday, 29th day of September, 2014 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, 2014 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S. C. Asnotkar (DIN: 01399862) who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT M/s. P. M. Turakhia & Associates, Chartered Accountants (Registration No.111086W) be and are hereby appointed as Auditors 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 shall be fixed by the Board of Directors of the Company.”

Special Business

4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to provision of Section 139 and all other applicable provisions of the Companies Act, 2013 and Rules made there under and pursuant to the recommendation of Audit Committee of the Board of Directors, M/s. A. V. Jobanputra & Co., Chartered Accountants (Registration No.016352) be and are hereby appointed as Joint Statutory Auditors of the Company in addition to existing Statutory Auditor i.e. M/s. P. M. Turakhia & associates, Chartered Accountant, for a period of five years subject to ratification by the members at every Annual General Meeting, to hold office from the conclusion of this Annual General Meeting till the conclusion of the 33rd Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company.”

5. To appoint Mr. Sacarian Chacko (DIN: 06825623) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. S. Chacko (DIN: 06825623), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed

as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to March 31, 2019.”

6. To appoint Mr. Ujjwal Kumar Jha (DIN: 06825669) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Ujjwal Kumar Jha (DIN: 06825669), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to March 31, 2019.”

7. To appoint Mr. Bhaskar T. Iyer (DIN: 01711750) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Bhaskar T. Iyer (DIN : 01711750), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 33rd Annual General Meeting of the Company in the calendar year 2019”.

8. To appoint Mrs. Soniya P. Sheth (DIN: 02658794) as Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the appointment of Mrs. Soniya P. Sheth (DIN: 02658794) as Managing Director of the Company liable to retire by rotation for a period of 5 (five) years with effect from 27.06.2014 , on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment and / or remuneration as it may deem fit and as may be acceptable to Mrs. Soniya P. Sheth, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

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RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

9. To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

Ujjwalkumar Jha
Chairman
(DIN: 06825669)

Place: Mumbai
Date: 30th July, 2014.

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

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
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. Members who hold shares in dematerialised form are requested to bring their CLIENT ID AND DP ID numbers for easy identification of attendance at the meeting.
3. Members holding shares in dematerialised form are requested to intimate any change in their address, bank details etc. to their respective DPs and those holding shares in physical form are to intimate the above said changes to the Secretarial Department at the Registered Office of the Company.
4. 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.
5. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting are given below which forms part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.

Name: Mr. S. C. Asnotkar Age: 85 years, Qualification: B. A. Nature of expertise : He is an Industrialist.
Name of companies in which he holds Directorship: None.
Name of companies in which he holds Membership/Chairmanship: Member of Share transfer cum stakeholders relationship committee, Audit and Remuneration Committee.
It will be in the interest of the company that Mr. S.C. Asnotkar continues as Director of the company.
6. The Share Transfer Books and the Register of Members of the Company will remain close from 20/09/2014 to 26/09/2014(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.

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8. 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.
9. 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.
10. 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.
11. 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.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 24.09.2014 at 10.00 a.m. and ends on 26.09.2014 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 22.08.2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<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 last 8 digits of the demat account/folio number in the PAN field.
	<ul style="list-style-type: none">• In case the folio 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 folio number 100 then enter RA00000100 in the PAN field.

DOB	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.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
	<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 number of shares held by you as on the cut off date in the Dividend Bank details field.

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

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in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- I. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off (record date) of 22nd August, 2014.
 - II. A copy of this notice has been placed on the website of the Company and the website of CDSL.
 - III. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman.
 - IV. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer’s Report shall be placed on the Company’s website www.kunststoffeindia.com and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to BSE Limited.

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

Item No. 4

In view of increasing activities, your Board of Directors proposes to appoint M/s. A. V. Jobanputra & Co., Chartered Accountant, Mumbai as Joint Statutory Auditor of the Company for the year 2014-2015 to hold the office until the conclusion of next Annual General Meeting.

Consent from M/s. A. V. Jobanputra & Co., Chartered Accountant, Mumbai has been received certifying that their appointment, if made would be within the limits specified under Section 141(3)(g) of the Companies Act 2013 as applicable and is kept open for inspection by members at the registered office of the Company.

Existing Statutory Auditor M/s. P. M. Turakhia & Associates, Chartered Accountants, Mumbai, have conveyed their consent for the same.

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

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested in this Resolution except to the extent of their shareholding in the Company, if any.

Item No. 5 & 6

Mr. S. Chacko, Age: 59 years, Qualification: B.Com. Mech. Engineer. Nature of expertise: He is Mechanical Engineer and has about 25 years of experience in the field of plastic processing & manufacturing. Name of Companies in Which he holds Directorship/Membership/Chairmanship: None.

Mr. Ujjwalkumar R. Jha, Age:49 years, Qualification:B.Com.ICWA(Inter) Nature of expertise: He has 20 years experience in Auditing, Accounting and Finance. Name of the Companies in which he holds Directorship/ Chairmanship/Membership: None.

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Mr. U. R. Jha & Mr. S. Chacko as an Additional Director of the Company with effect from January 30, 2014.

In terms of the provisions of Section 161(1) of the Act, Mr. U. R. Jha & Mr. S. Chacko would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. U. R. Jha & Mr. S. Chacko for the office of Director of the Company. Mr. U. R. Jha & Mr. S. Chacko are not disqualified from being appointed as a Director in terms of Section 164 of the Act and have given their consent to act as a Director.

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

The Company has received a declaration from Mr. U. R. Jha & Mr. S. Chacko that they meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

Mr. U. R. Jha possesses appropriate skills, experience and knowledge, inter alia, in the field of Accounts & Finance. Mr. S. Chacko possesses appropriate skills, experience and knowledge, inter alia, in the field of Plastic Processing & Manufacturing & finance.

In the opinion of the Board, Mr. U. R. Jha & Mr. S. Chacko fulfills the conditions for their appointment as an Independent Director as specified in the Act and the Listing Agreement. Mr. U. R. Jha & Mr. S. Chacko are independent of the management.

Keeping in view their vast expertise and knowledge, it will be in the interest of the Company that Mr. U. R. Jha & Mr. S. Chacko are appointed as an Independent Director.

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

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

Save and except Mr. S. Chacko & Mr. U. R. Jha and their relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives

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are, in any way, concerned or interested, financially or otherwise, in the resolution set out respectively at Item No. 5 & 6 of the Notice.

The Board commends the Ordinary Resolution set out respectively at Item No. 5 & 6 of the Notice for approval by the shareholders.

Item No. 7 :

Mr. Bhaskar T. Iyer Age: 50 years, Qualification: B.Com. from Bombay University, Nature of expertise: Vast business experience, particularly in field of marketing, good administrator. Name of the Companies in which also holds directorship: 1) AM Realty Pvt. Ltd. 2) AM Holidays & Travels Pvt Ltd. 3) AM Hygiene (International) P. Ltd. 4) AM Realtors Pvt Ltd., 5) AM Realty Pvt Ltd., 6) Kunststoffe Industries Ltd., 7) AM Entertainment & Broadcasting Pvt. Ltd. Name of companies in which he hold Membership: Member of share transfer cum stakeholder committee, Audit committee & Remuneration Committee of Kunststoffe Industries Ltd.

Mr. Bhaskar T. Iyer retired as an Independent Director at this Annual General Meeting.

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

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

It is proposed to appoint Mr. Bhaskar T. Iyer as Independent Director under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 33rd Annual General Meeting of the Company in the calendar year 2019.

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

The Company has received notice in writing from member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Bhaskar T. Iyer for the office of Director of the Company.

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

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

Copy of the draft letter for respective appointment of Mr. Bhaskar T. Iyer as Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

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

Mr. Bhaskar T. Iyer is interested in the resolution set out at Item Nos. 7 of the Notice with regard to his appointment.

The relatives of Mr. Bhaskar T. Iyer may be deemed to be interested in the resolution set out at Item Nos. 7 of the Notice, to the extent of his shareholding interest, if any, in the Company.

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

The Board commends the Ordinary Resolution set out at Item Nos. 7 of the Notice for approval by the shareholders.

Item no. 8 :

Mrs. Soniya P. Sheth Age: 29 years, Qualification: 12th Passed, Nature of Expertise : She is Interior Decorator, Investment consultant & Dynamic professional also having good marketing experience. Name of Company in which she holds Directorship: 1) M/s. Stallion Breweries Ltd. 2) Chemical & Alkali Distributors Ltd., 3) M/s. Bharat Capital & Holdings Ltd., 4) M/s Gayatri Pipes & Fittings Pvt. Ltd.

The Board of Directors of the Company (the 'Board'), at its meeting held on June 27, 2014 has, subject to the approval of members, appointed Mrs. Soniya Sheth as Managing Director liable to retire by rotation for a period of 5 (five) years with effect from 27.06.2014 to hold office till the conclusion of 33rd Annual General Meeting of the Company, at the remuneration recommended by the Nomination and Remuneration Committee of the Board and approved by the Board.

It is proposed to seek the members' approval for the appointment of and remuneration payable to Mrs. Soniya Sheth as Managing Director in terms of the applicable provisions of the Act. Broad particulars of the terms of appointment of and remuneration payable to Mrs. Soniya Sheth is as under:

1. Salary of Rs.1,00,000/- per month including dearness allowance, with an annual increase of Rs.10,000/-.
2. A commission @ 1% of the net profits of the Company subject to the ceiling prescribed under Schedule V (as amended) of the Companies Act, 2013.
3. The Company's contribution towards Provident Fund as per the Company's Rules but not exceeding 12% of the salary as laid down in the Income Tax Rules, 1962.
4. Privilege Leave on full pay and allowance as per the Rules of the Company but not exceeding 1 month's leave for every 11 months of service completed.
5. The Managing Director shall not be entitled to any sitting fees for attending the meeting of the Board of Director or any Committee thereof.

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6. Gratuity not exceeding half month's salary for each completed year of service.

PERQUISITES :

Mrs. Soniya Pravin Sheth shall be entitled to the following perquisites as Managing Director of the Company. However, the perquisites shall be counted for fulfilling the conditions mentioned in Schedule V of the Companies Act, 2013.

- a. Reimbursement of medical expenses actually incurred for self and family subject to a ceiling of one month's salary in any year or three month's salary in a block of three years.
- b. Leave Travel Concession for self and family once in a year in accordance with the Rules of the Company.
- c. Fees of clubs and credit/debit card for official use only.
- d. For the purpose of computing the aforesaid ceiling, perquisites would be valued as per the Income Tax Rules, 1962, wherever applicable. Provision for use of Company's car for official duties, Insurance, cellular phone and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of computing the aforesaid ceiling.

General:

- (i) The Managing Director will perform her respective duties as such with regard to all work of the Company and she will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board.
- (ii) The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- (iii) The Managing Director shall adhere to the Company's Code of Business, Conduct & Ethics for Directors and Management Personnel.
- (iv) The office of the Managing Director may be terminated by the Company or the concerned Director by giving the other 3 (three) months' prior notice in writing.

Mrs. Soniya Sheth satisfy all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for her appointment.

She is not disqualified from being appointed as Director in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of appointment of Mrs. Soniya Sheth under Section 190 of the Act.

Mrs. Soniya Sheth is interested in the resolution set out at Item No. 8 of the Notice, which pertain to her appointment and remuneration payable to her.

The relatives of Mrs. Soniya Sheth may be deemed to be interested in the resolution set out at Item No. 8 of the Notice, to the extent of her shareholding interest, if any, in the Company.

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

The Board commends the Ordinary Resolution set out at Item Nos. 8 of the Notice for approval by the shareholders.

Item No. 9:

The existing AoA are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Act.

The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs (“MCA”) had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction / confirmation of the National Company Law Tribunal (“Tribunal”) such as variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66), compromises, arrangements and amalgamations (Chapter XV), prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, *inter alia*, relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). However, substantive sections of the Act which deal with the general working of companies stand notified.

With the coming into force of the Act several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are based on Table ‘F’ of the Act which sets out the model articles of association for a company limited by shares. Shareholder’s attention is invited to certain salient provisions in the new draft AoA of the Company viz:

- (a) Company’s lien now extends also to bonuses declared from time to time in respect of shares over which lien exists;
- (b) the nominee(s) of a deceased sole member are recognized as having title to the deceased’s interest in the shares;
- (c) new provisions regarding application of funds from reserve accounts when amounts in reserve accounts are to be capitalized;
- (d) new provisions relating to appointment of chief executive officer and chief financial officer, in addition to manager and company secretary;
- (e) existing articles have been streamlined and aligned with the Act;
- (f) the statutory provisions of the Act which permit a company to do some acts “if so authorized by its articles” or provisions which require a company to do acts in a prescribed manner “unless the articles otherwise provide” have been specifically included; and

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- (g) provisions of the existing AoA which are already part of statute in the Act have not been reproduced in the new draft AoA as they would only lead to duplication – their non-inclusion makes the new AoA crisp, concise and clear and aids ease of reading and understanding.

The proposed new draft AoA is being uploaded on the Company's website for perusal by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 9 of the Notice.

The Board commends the Special Resolution set out at Item No. 9 of the Notice for approval by the shareholders.

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

Ujjwalkumar Jha
Chairman
(DIN: 06825669)

Place: Mumbai
Date: 30th July, 2014

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

DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the 28th Annual Report of the Company alongwith the audited statements of Accounts for the year ended 31st March, 2014. The summarised financial results are given below:

1. SUMMARISED FINANCIAL RESULTS:

	(Rs. In Lakhs)	
	<u>2013-14</u>	<u>2012-13</u>
Sales & other receipts	158.42	118.12
Gross Profit/(Loss) before depreciations	23.60	(3.84)
Less : Depreciation	67.06	66.78
Profit(Loss) from regular Activities	25.44	(39.30)
Extraordinary items	0.03	2027.58
Profit /(Loss)before and After taxation	25.47	1988.27
Add: Balance carried from earlier year	(3904.66)	(3930.13)
Balance carried forward to next year	(3904.66)	(3930.13)

2. OPERATIONS:

During the year the sales turnover of the Company was Rs.158.42 lakhs against Rs.118.12 lakhs the sales of the previous year. Due to paucity of working capital facilities from Banks as Company is under rehabilitation process by BIFR, the company is doing only job-work. Once the rehabilitation scheme is approved your company could market directly and the profitability and prospects will improve.

3. REFERENCE TO BIFR:

Pursuant to an order dated 18-01-2007 of the Hon'ble Bench of BIFR, the Company was declared as a sick industry and IDBI was appointed as the Operating Agency. As per Rehabilitation Scheme approved by the BIFR vide its order dated 8th March 2013 (dispatched on 15th March 2013) the paid up capital of the company has been derated by 60% i.e. from 1185 lacs to 474 lacs. Further the company has made preferential allotment of 21, 50,000 shares of Rs.10/- to promoters & their group and strategic Investor M/s. Gayatri Pipes & Fitting Pvt. Ltd.

4. DIVIDEND:

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

5. MANAGEMENT DISCUSSION AND ANALYSIS:

Your Company is engaged in the business of manufacture of Spirally Bound HDPE/PP Pipes, Vessels, Tanks, etc. The manufacturing facilities of the Company are at Daman, U.T. and the Spirally Bound profile wall pipes technology is patented and licensed by BAUKU of Germany. These Pipes ranging from 300 MM to 3000 MM diameter and are used in water sewerage & effluent disposal schemes, ocean out-fuel, etc. Your Company can also manufacture HDPE/PP Tanks of sizes ranging from 5000 liters to 70000 liters with varying wall thickness depending on load distribution and application.

The main objects of your Company to carry on the business of manufactures , dealers, importers, exporters, buyers & seller of all kinds plastic, PVC, polypropylene, polystyrene, polyethylene and polymers. As stated

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elsewhere, the immediate object of the Company is to set up facilities for the manufacture of large diameter non-pressure HDPE/PP tanks and vessels.

The Company's main business is manufacturing and marketing of "Polymer Processing" and all other activities of the company revolve around this main business. As such there are no separate reportable segments within the Company as defined by AS 17(Segment Reporting) issued by ICAI.

The Company maintains adequate internal control systems, which provide, among other things, reasonable assurance of recording the transaction of its operations in all material respects and of providing protection against significant misuse or loss of Company's assets.

The above statements on Management's Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectation of future events. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, finished goods prices, raw material costs & availability, change in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts and other factors such as litigation and Industrial relations. Your Company assumes no responsibility in respect of forward looking statements which may be amended or modified in future on the basis of subsequent developments, information or events.

6. FIXED DEPOSITS:

The Company has not accepted any deposits from the Public within the meaning of Section 58 A of the Companies Act, 1956 during the period under review.

7. ADDITIONAL INFORMATION

A. INFORMATION OF CONSERVATION ENERGY:

The particulars of additional requirement proposed by the Companies (Amendment) Act, 1988 and the Companies (disclosures of particulars of the report of the Board of Directors) Rules 1988 in respect of the conservation of Energy do not apply to the products of your Company.

B. INFORMATION OF TECHNOLOGY ABSORPTION:

The Company had initially entered into a Technological Collaboration with BAUKU of Germany and the Company has deputed their engineers for training at the collaborator's plant. The engineers have been trained in process control, production, maintenance and other technology aspects. The Company has absorbed closely guarded technology enabling in to produce wide range of plastic pipes which require much less raw material than any comparable product. This has enabled the Company to produce pipes and tanks for applications such as sewerage schemes, effluent disposal projects, storage tanks for chemicals etc.

8. INFORMATION OF FOREIGN EXCHANGE EARNED AND OUTGO:

During the year under review your Company has not spent on foreign travel and on import of raw material.

9. CORPORATE GOVERNANCE

Your Company has always the philosophy of conducting its business with due compliance of laws, rules,

regulations and sound internal control systems and procedures. Pursuant to clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Company has complied with all the provisions of Corporate Governance and a report on corporate governance is annexed hereto and forms part of this report. A certificate from the auditors of the company regarding compliance of conditions of corporate governance has been included in this Annual Report for your information. In future, the Company intends to implement the non-mandatory recommendations, as prescribed in Code of Corporate Governance.

10. DIRECTORATE:

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. S. C. Asnotkar retires by rotation and being eligible offers himself for reappointment. Your Directors recommend that re-election of Mr. S.C. Asnotkar will be in the interest of the Company.

During the year Mr. Sacarian Chacko and Mr. Ujjwal kumar Jha have been appointed as additional Directors of the Company w.e.f. 30.01.2014 and Mrs. Soniya P. Sheth has been appointed as Mg. Director of the Company w.e.f. 27.06.2014 for 5 years.

During the year Mr. Bhaskar T. Iyer has been appointed as an Independent Director for 5 years.

Mr. Pravin V. Sheth and Mr. Bhadresh H. Shah resigned as the Directors of the Company during the year.

11. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- That in the preparation of the accounts for the financial period ended 31st March, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial period and of the profit or loss of the Company for the period under review;
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the Directors have prepared the annual accounts for the financial period ended 31st March, 2014 on a 'going concern' basis.

12. DEPOSITORY SYSTEM:

Electronic trading of the Company's Equity Shares has been made compulsory by the Securities & Exchange Board of India (SEBI) from June, 2001. As on 31st March, 2014, about 75.37% share holding representing 5193129 Equity Shares of the Company have been dematerialised. Your Company has executed agreements with both NSDL and CDSL for demat of its shares.

13. ENVIRONMENTAL PROTECTION & INSURANCE:

The manufacturing process of the Company is environmental friendly in as much there is no effluent discharge.

Adequate Insurance cover has been taken for properties of the Company including Buildings, Plant & Machinery, Stocks and inventories.

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14. AUDITORS:

The retiring Auditors, M/s P.M. Turakhia & Associates, Chartered Accountants, Mumbai, are eligible for re-appointment and have indicated their willingness to act as such. In terms of Section 139 of the Companies Act, 2013, their appointment needs to be confirmed and their remuneration has to be fixed.

The Company has decided to appoint A.V. Jobanputra & Co. Chartered Accountants, Mumbai as Joint Statutory Auditor of the Company in addition to existing statutory Auditor of the company to hold office till the conclusion of next Annual General Meeting.

The company has received letters from all of them to the effect that their re-appointment/appointment respectively, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment/appointment respectively.

15. AUDITORS' REPORT:

The notes to the Accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further explanation.

16. CONSTITUTION OF AUDIT COMMITTEE:

As required by the provisions of Section 177 of the Companies Act, 2013, the Board of Directors had reconstituted an Audit Committee comprising of three Non-Executive Directors viz. Mr. U. R. Jha , Mr. Mr. S.C. Asnotkar and Mr. Bhaskar T. Iyer.

17. PARTICULARS OF EMPLOYEES:

None of the Company's employees were covered by the disclosure requirement pursuant to provisions of Section 217(2A) of the Companies Act, 1956 and rules framed thereunder.

18. REGULATORY STATEMENT:

In conformity with the provisions of clause 32 of the Listing Agreement/(s) the Cash Flow Statement for the year ended 31.03.2014 is annexed to the Accounts.

19. ACKNOWLEDGEMENT

Yours Directors place on record their deep appreciation of the continued support received from shareholders, bankers and employees.

On behalf of the Board
For Kunststoffe Industries Limited

Place: Mumbai
Date: 30th July, 2014.

Soniya P. Sheth
Mg. Director

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

REPORT ON CORPORATE GOVERNANCE

This report on Corporate Governance forms part of the Directors Report. This section besides being in compliance of the mandatory listing agreement requirement gives an insight into the process of functioning of the Company.

Company’s Philosophy on Code of Corporate Governance

- To adopt internal and external measures to increase the level of transparency and accountability.
- To demonstrate to stakeholders that the Company is following right governance practices.
- To lead the Company towards high growth path of higher profits and revenue.
- To respect the laws of the land and rights of stakeholders and to get respect from all concerned.
- To uphold at all times fundamental values of accountability, probity and transparency in all areas of its operations and business practices.

Board of Directors

The Board of Directors comprises of five members, consisting of four Non-Executive Directors, who account for hundred percent of the Board’s strength as against minimum requirements of fifty percent as per the listing agreement. The Board of Directors of the Company consists of eminent persons with considerable professional experience and expertise in respective fields. All the above non-executive directors are professionals & independent.

The composition of Board of Directors is as follows:

Name of the Director	Designation	Category	Status
Ms. Soniya P. Sheth	Mg.Director	Executive	Non-Independent
Mr. S. C. Asnotkar	Director	Non-Executive	Independent
Mr. Bhaskar T. Iyer	Director	Non-Executive	Independent
Mr. Ujjwal Kumar Jha	Director	Non-Executive	Independent
Mr. S. Chacko	Director	Non-Executive	Independent

During the year, six Board meeting were held and the requisite quorum was present at all Board meetings. There is no gap of four months between any two meetings. None of the Directors is a member in more than 10 committees or acts as a Chairman in more than five committees across all companies in which he is a Director.

Directors’ Profile :

Mrs. Soniya P. Sheth Age: 29 years, Qualification: 12th Passed, Nature of Expertise:She is Interior Decorator, Investment consultant & Dynamic professional also having good marketing experience. Name of Company in which she holds Directorship: 1) M/s. Stallion Breweries Ltd. 2) Chemical & Alkali Distributors Ltd 3) M/s. Bharat Capital & Holdings Ltd. 4) M/s Gayatri Pipes & Fittings Pvt. Ltd.

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Mr. S. Chacko, Age: 59 years, Qualification: B.Com. Mech. Engineer. Nature of expertise: He is Mechanical Engineer and has about 25 years of experience in the field of plastic processing & manufacturing. Name of Companies in which he holds Directorship/Membership/Chairmanship: None.

Mr. Ujjwalkumar R. Jha, Age:49 years, Qualification:B.Com.ICWA(Inter) Nature of expertise: He has 20 years experience in Auditing, Accounting and Finance. Name of the Companies in which he holds Directorship/Chairmanship/Memership: None.

Mr. S. C. Asnotkar Age: 85 years, Qualification: B. A. Nature of expertise : He is an Industrialist. Name of companies in which he holds Directorship: None. Name of companies in which he holds Membership/Chairmanship: Member of Share transfer cum stakeholders relationship committee, Audit and Remuneration Committee.

Mr. Bhaskar T. Iyer Age: 50 years, Qualification: B.Com. from Bombay University, Nature of expertise: Vast business experience, particularly in field of marketing, good administrator. Name of the Companies in which also holds directorship: 1) AM Realty Pvt. Ltd. 2)AM Holidays & Travels Pvt Ltd. 3) AM Hygiene (International) P. Ltd. 4) AM Realtors Pvt Ltd., 5) AM Realty Pvt Ltd., 6) Kunststoffe Industries Ltd., 7) AM Entertainment & Broadcasting Pvt. Ltd. Name of companies in which he hold Membership: Member of share transfer cum stakeholder committee, Audit committee & Remuneration Committee of Kunststoffe Industries Ltd.

• Board Meetings and attendance record of each Director

(i) Six Meetings of the Board of Directors were held during the year ended 31st March, 2014. these were held on :-

- | | | |
|----------------------|-----------------------|---------------------|
| (1) 30th April, 2013 | (2) 30th May, 2013 | (3) 25th June, 2013 |
| (4) 30th July, 2013 | (5) 29thOctober, 2013 | (6) 30thJauary 2014 |

(ii) The attendance record of each of the Directors at the Board Meetings during the year ended 31st March, 2014 and of the last Annual General Meeting is as under:-

Directors	No. of Board Meeting attended	Attendance at the last AGM
Mr. Pravin V. Sheth	6	Yes
Mr. Bhadresh H. Shah	6	Yes
Mr. S. C. Asnotkar	6	Yes
Ms. Soniya P. Sheth	6	Yes
Mr Bhaskar T. Iyer	6	No
Mr. S. Chacko	1	N/A
Mr U. R. Jha	1	N/A

Audit Committee

In terms of the provisions of Section 177 of the Companies Act, 2013 and clause 49 of Listing Agreement Members of the Audit Committee possess financial/accounting expertise/exposure. Order to comply with the corporate governance code, the Board of Directors at its meeting held on 30th January, 2014 reconstituted

the Audit Committee comprising of Mr. U. R. Jha (Chairman of the Committee), Mr. S. C. Asnotkar and Mr. Bhaskar T. Iyer who are all Independent Non-Executive Directors. Four Audit Committee Meeting were held on 20th April, 2013, 20th July, 2013, 21st October, 2013 and 20th January, 2014.

The Composition, powers and functions of the Audit Committee were as stipulated under clause 49 of the Listing Agreement and under section 177 of the Companies Act, 2013.

The Composition of Audit Committee is as follows:

Name of the Director	Designation	Category	Status
Mr. U. R. Jha	Chairman of the Committee	Non-Executive	Independent
Mr. S.C. Asnotkar	Member of the Committee	Non-Executive	Independent
Mr. Bhaskar T. Iyer	Member of the Committee	Non-Executive	Independent

The Audit Committee shall have the authority to investigate into any matter that may be prescribed under Company Law for the time being in force and shall also comply with the terms of reference as specified herein as under :-

The role of the Audit Committee shall be as under :-

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with management the annual financial statements before submission to the Board, for approval with particular reference to :
 - a. Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1955,
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with Listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval,
6. Reviewing with the management performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussions with internal auditors any significant findings and follow up thereon_

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9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussions with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern,
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
12. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee. The Audit Committee shall mandator* review the following information.
 1. Management discussion and analysis of financial condition and results of operations
 2. Statement of significant related party transactions (as defined by the audit committee), submitted by Management ;
 3. Management letters/letters of internal control weaknesses issued by the statutory auditors
 4. Internal audit reports relating to internal control weakness ; and
 5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

Nomination & Remuneration Committee

As per clause 49 of Listing Agreement the Company had on 30th April 2014 reconstituted and renamed Nomination Remuneration Committee of Independent Directors, consisting of Mr. U. R. Jhah Chairman, Mr. S.C. Asnotkar and Mr. Bhaskar T. Iyer.

The terms of remuneration committee include review and recommendation to the Board of Directors of the remuneration paid to the Directors. The Committee had meeting on 30-04-2014, which was attended by Mr. U.R.Jha, Mr. S. C. Asnotkar and Mr. Bhaskar T. Iyer.

Remuneration Policy and Details of Remuneration paid

Details of remuneration paid/payable to the Directors for the year ended on 31st March, 2014 (01-04-2013 to 31-03-2014) is as follows:

Name	Position held During the year Remuneration	Salary & Allowances	Perquisites	Total
Ms. Soniya P. Sheth	Whole-time Executive Director	Rs.972300	Rs.50231	Rs.1022531

No remuneration was paid to non-executive directors and also no sitting fee was paid to the non-executive directors during the year for attending the Board Meetings.

Board Procedures

The members of the Board have been provided with the requisite information mentioned in the listing agreement well before the Board Meetings and the same were dealt with appropriately. All the Directors who are on various committees are within permissible limits of the listing agreement.

Stakeholders Relationship Committee

As a measure of good corporate governance and to focus on the shareholders' grievances and towards strengthening investors relations and to expedite the transfer process in the physical segment. The Company has reconstituted and renamed as Stakeholders Relationship Committee consisting of non executive directors of which Shri U. R. Jha is the Chairman and the members of the Committee are Mr. S.C. Asnotkar and Mr. Bhaskar T. Iyer. During the year the Company had received 2 investors complaints. The number of pending compliants at the close of the year were nil. There were no share transfer pending for registration for more than 30 days. The Committee met 29 times during the year.

Corporate Social Responsibility Committee:

The Corporate Social Responsibility Committee was constituted on 30.04.2014 as per Clause 49 of Listing Agreement for corporate Governance. This committee comprises of following 4 directors of the company: Mrs. Soniya P. Sheth Executive Director & Mr. Ujjwal R. Jha, Mr. S.C. Asnotkar and Mr. Bhaskar T. Iyer all non-executive independent directors.

All the members of Corporate Social Responsibility Committee mentioned above have good knowledge and exposure to utilize the company's resources towards its corporate social responsibility.

Power of Corporate Social responsibility Committee: The Committee is authorized to exercise all powers available to them as per Companies Act, 2013.

Sexual Harassment Committee:

The Sexual Harassment Committee was constituted on 30th April 2014 as per Clause 49 of Listing Agreement for Corporate Governance. This committee comprised the following 2 Directors of the Company: Ms. Soniya P. Sheth, Executive Director and Mr. S. C. Asnotkar independent director.

Power of Sexual Harassment Committee: The committee is authorized to exercise all powers for compliance of the sexual harassment for women at work place (prevention), prohibition and redressal) Act 2013.

Compliance Certificate

Compliance Certificate for corporate governance from Auditors of the Company is annexed herewith.

General Body Meetings

- The details of Annual General Meetings held in last three year are as follows:-

AGM	Day	Date	Time	Venue
25th	Wednesday	28-09-2011	10.00 a.m.	Parekh-Vora Chambers, 66, N. Master Road, Fort, Mumbai- 400 023.
26th	Thursday	27-09-2012	10.30 a.m.	Parekh-Vora Chambers, 66, N. Master Road, Fort, Mumbai- 400 023.
27th	Thursday	26-09-2013	10.30 a.m.	Kiran Bldg, 128 Bhaudaji Road, Maunga (E), Mumbai-400 0019.

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- | | |
|---|-----|
| • Whether special resolutions were put through postal ballot last year? | Yes |
| • Are special resolutions proposed to be put through postal ballot this year? | No |

Means of Communication

- The Board takes on record the unaudited quarterly financial results in the prescribed proforma of the stock exchanges within one month of close of the quarter and announces forthwith the results to all the stock exchanges where the shares of the Company are listed within 48 hours of the conclusion of the meeting of the Board in which they are approved and are published in any one of the prominent English publication such as the Free Press Journal and one of the prominent vernacular publications such as Navshakti (Marathi). as per the terms of Listing agreements with Stock Exchanges. Quarterly financial results are being displayed on the Company's website.
- The Annual General Meeting is the principal forum for face to face communication with shareholders, where the Board responds to the specific queries of the shareholders.
- No presentation was made during the year either to the Institutional Investors or to the analysts.
- Management Discussion and Analysis Report has been included in the Directors' Report and forms part of this Annual Report.

Disclosure

- The particulars of transactions between the Company and its related parties as per the Accounting Standard -18 are set out at Note 4 in Notes forming part of the Financial Statements in the Annual Report. These transactions are not likely to have any conflict with Company's interest.
- No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

Whistle Blower policy

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. The Company has a whistle blower policy wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor or such other workgroups. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

SHAREHOLDERS INFORMATION

Company's Registration No.	: CIN: L65910MH1985PLC037998
Date, time and venue of 28th AGM	: Monday, 29 th Sept. 2014 at 10.00a.m. at. Kiran Building, 128, Bhaudaji Road, Matunga (E), Mumbai-400 019.
Dates of Book Closure	: 20/09/ 2014 to 26/09/ 2014 (both days inclusive)
Listing on Stock Exchanges	: Bombay Stock Exchange Ltd Mumbai
Listing Fees	: Paid for above stock exchange as per the Listing Agreement.
Demat Arrangement	: With NSDL and CDSL
ISIN No.	: INE 638D01021
BSE Stock Code	: 523594
Registered Office	: Registered Office: Kiran Building , 128, Bhaudaji Road, Matunga (East), Mumbai – 400 019. Tel No. 022-24082689/90 Fax No.022-24044853 E-mail: kunststoffe@vsnl.net Website: kunststoffeindia.com
Registrar & Share Transfer Agents	: Sharex Dynamic (India) Pvt. Ltd., Unit No.1, Luthra Industrial Premises, 1st Floor, Andheri-Kurla Road, Safed Pool, Andheri (East), Mumbai-400072. Tel No.022- 2851 5606, 28515644 Fax No.022-2851 2885 Email: sharexindia@vsnl.com
Compliance Officer	: Mr. U. R. Jha, Non executive Director.

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Stock Data:

High and Low prices at BSE

Month	High (Rs.)	Low (Rs.)
April 2013	7.35	6.45
May 2013	7.45	5.70
June 2013	6.00	5.10
July 2013	5.98	5.60
August 2013	7.53	5.64
September 2013	11.02	10.00
October 2013	22.30	10.50
November 2013	21.75	16.20
December 2013	18.80	16.35
January 2014	15.55	11.75
February 2014	13.12	11.00
March 2014	12.50	10.25

Source : www.bseindia.com

Categories of Shareholders as on 31st March, 2014:

Category of Shareholders	Number of Shareholders	Percentage of (A+B+C)	Total Number of Shares held
(A) Shareholding of Promoters			
And Promoter Group			
(1) Indian	11	38.23	2634319
(2) Foreign	0	0.00	0
Total shareholding of Promoter & Promoter Group	11	38.23	2634319
(B) Public Shareholding			
(1) Institutions	10	3.16	217900
(2) Non-Institutions	14668	58.61	4037781
Total Public Shareholding	14678	61.77	4255681
(C) Shares held by custodians			
	0	0.00	0
Grand Total(A)+(B)+(C)	14689	100.00	6890000

Distribution of Shareholding as on 31st March, 2014:

No. of Equity Shares	Shareholders		No. of Shares	
	Number	% of holders	Number	% of shares
1 - 100	10523	71.64	562520	8.16
101 - 200	2568	17.48	404464	5.87
201 - 500	1064	7.24	345839	5.02
501 - 1000	277	1.89	199608	2.90
1001 - 5000	188	1.28	409817	5.95
5001 - 10000	27	0.18	210516	3.06
10001 - 100000	33	0.22	831238	12.06
100001 - and above	9	0.06	3925998	56.98
TOTAL				
Total	14689	100.00	6890000	100.00

Plants: Airport Road, Kadaiya Village, Nani Daman, Daman (U.T.)

Dematerialisation of equity shares

The shares of the Company have been brought under compulsory demat mode with effect from June, 2001. As on 31st March, 2014 about 75.37% share holding representing 5193129 shares of the Company have been converted into demat form. The Company has executed agreements with both NSDL and CDSL for demat of its shares.

KUNSTSTOFFE INDUSTRIES LIMITED

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

KUNSTSTOFFE INDUSTRIES LIMITED

1. We have examined the Corporate Governance report of Kunststoffe Industries Limited for the year ended 31st March, 2014 with the relevant records and documents maintained & furnished to us by the Company and as approved by the Board of Directors.
2. The Compliance of conditions on Corporate Governance is the responsibility of the management. Our examination was limited to review of procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
4. We state that no investor grievance is pending for a period exceeding one month against the Company as per records maintained by the Shareholders/Investors Grievance Committee.
5. On the basis of our review and according to information and explanations provided to us, we certify that the Company has complied with the mandatory conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

For P.M. Turakhia & Associates

Chartered Accountants

Firm Registration No: 111086W

M.D.Turakhia

Partner

Membership No: 017399

Place: Mumbai

Date: 30.05.2014

AUDITORS' REPORT

Independent Auditor's Opinion

**To the Members of
Kunststoffe Industries Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of KUNSTSTOFFE INDUSTRIES LIMITED, ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the general circular 15/2013 dated 13th September, 2013 of the ministry of corporate affairs in the respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and **subject to Note 21(VI)(C), 22(I), (II), (III), (IV), (V), (VI)**, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;

KUNSTSTOFFE INDUSTRIES LIMITED

- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The company doesnot have any Branch office and accordingly this clause is not applicable to the company;
 - (d) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (e) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
 - (f) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.
 - (g) Since the central Government has not issued any notification as to the rate at which the cess is to be paid under Section 441 of the Act, nor has it issued any rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the company.

For P.M. Turakhia & Associates

Chartered Accountants

Firm Registration No: 111086W

M.D.Turakhia

Partner

Membership No: 017399

Place: Mumbai

Date: 30.05.2014

ANNEXURE TO THE AUDITOR'S REPORT

The Annexure referred to in our report to the members of KUNSTSTOFFE INDUSTRIES LIMITED for the year ended 31 March, 2014. We report that: -

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details & situation of fixed assets;
- (b) All the Assets have not been physically verified by the Management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its Fixed Assets. No material discrepancies were noticed on such verification;
- (c) During the year, the Company has not disposed off a major or substantial part of fixed assets so as to affect the going concern status of the Company;
- ii) As the company has not purchased / sold goods during the year nor is there any opening stock, requirement of reporting on physical verification of stocks or maintenance of inventory records, in our opinion, does not arise;
- iii) The Company had neither taken nor granted any loans, secured or unsecured from / to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. Hence, the question of reporting whether the rate of interest and other terms and conditions of such loans are prima facie prejudicial to the interest of the company, whether reasonable step for recovery / payment of the overdues of such loans are taken does not arise;
- iv) There is adequate inventory control procedure commensurate with the size of the company and nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. There is no continuing failure to correct major weaknesses in internal control;
- v) Based on the audit procedures applied by us and the information and explanations provided by the management, we are of the opinion that there were no transactions during the year that need to be entered in the register maintained under section 301 of the Companies Act, 1956;
- vi) Based on our scrutiny of the company's records and according to the information and explanations provided by the management, in our opinion, the company has not accepted any public deposits so far upto 31st March, 2014;
- vii) The company has an internal audit system commensurate with the size of the company and nature of its business;
- viii) We are unable to offer any comment on the clause no. (viii) pertaining to maintenance of cost records as the cost auditor has not completed cost audit till date;
- ix) (a) The company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax Wealth Tax, Custom Duty, Excise Duty, and Cess any other material statutory dues applicable to it;
- (b) No Un-disputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Cess were in arrears, as at 31st March, 2014, for a period of more than six months from the date they became payable;

KUNSTSTOFFE INDUSTRIES LIMITED

- (c) There are no dues of sales tax , income tax, custom tax , wealth tax, service tax , excise duty and Cess which have not been deposited on account of any dispute;
- x) The accumulated losses of the company exceeds 50% (fifty percent) of its Net Worth and hence the Company has filed a reference with BIFR, New Delhi under the SICA 1985 which has been registered by the BIFR vide order passed dated 18/01/2007. The Company has incurred Cash Profit of ₹ 72,53,433/- in the Current Financial Year and a Cash Profit of ₹38,69,925/- in the immediately preceding financial Year. In arriving at the accumulated loss and net worth, we have considered the qualifications, which are quantifiable in the Audit Reports of the year to which these losses pertain;
- xi) The Company has not granted any Loans & Advances on the basis of Security by way Pledge of Shares, Debentures and other securities. Hence, the provisions as to whether the adequate documents and records are maintained and to point out the deficiencies, if any in this regard are not applicable;
- xii) The Company is not a Chit Fund or Nidhi / Mutual Benefit Fund/Society. Hence, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company;
- xiii) The Company is not dealing in or trading in Shares, Securities, Debentures and other investments. Hence, the provisions of Clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company;
- xiv) The company has not given any guarantee for loans taken by others from Bank or Financial Institution. Accordingly, the provisions as to whether the terms & conditions in respect thereof are prejudicial to the interest of the Company are not applicable to the company;
- xv) The company has not recorded, obtained any terms loans. Hence, comments under the clause are not called for the provisions as to whether the price at which shares have been issued is prejudicial to the interest of the company are not applicable;
- xvi) No funds raised on short term basis have been used for the long term investment by the company;
- xvii) The company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956. Hence the provisions as to whether the price at which shares have been issued is prejudicial to the interest of the company are not applicable;
- xviii) According to the records of the company, the company has not issued any Debentures;
- xix) The company has not raised any money by public issue. Hence the provisions as to whether the management has disclosed on the end use of money raised by public issue and the same has been verified are not applicable;
- xx) No fraud on or by the company has been noticed or reported during the course of our Audit;

For P.M. Turakhia & Associates

Chartered Accountants

Firm Registration No: 111086W

M.D.Turakhia

Partner

Membership No: 017399

Place: Mumbai

Date: 30.05.2014

BALANCE SHEET AS AT 31 MARCH, 2014

Particulars		Note No.	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1	68,900,000	118,500,000
	(b) Reserves and surplus	2	43,529,611	(29,525,705)
			112,429,611	88,974,295
2	Share application money pending allotment	3	-	21,500,000
3	Non-current liabilities			
	(a) Long-term borrowings	4	16,800,000	21,800,000
			16,800,000	21,800,000
4	Current liabilities			
	(a) Short-term provisions	5	213,110	-
	(b) Trade payables	6	736,474	4,833,912
	(c) Other current liabilities	7	107,227	14,843
			1,056,811	4,848,755
	TOTAL		130,286,422	137,123,050
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets - Tangible assets	8	119,615,222	126,284,105
	(b) Long Term Loans and Advances	9	759,374	1,497,196
			120,374,596	127,781,301
2	Current assets			
	(a) Trade receivables	10	5,636,335	5,494,685
	(b) Cash and cash equivalents	11	1,305,117	1,085,832
	(c) Short-term loans and advances	12	2,952,374	2,743,232
	(d) Other current assets	13	18,000	18,000
			9,911,826	9,341,749
			130,286,422	137,123,050
The accompanying notes 1 to 22 are an integral part of the financial statements.				

As per our report of even date

For P.M.Turakhia & Associates
Chartered Accountants
Firm Registration No: 111086W

M.D.Turakhia
Partner
Membership No. 017399
Place : Mumbai
Date : 30.05.2014

For and on behalf of the Board of Directors
Soniya P. Sheth
Chairman & Executive Director

U. K. Jha **S. Chacko**
Director Director
Place : Mumbai
Date : 30.05.2014

KUNSTSTOFFE INDUSTRIES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2014

Particulars		Note No.	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
A	INCOME			
1	Revenue from operations (gross)	14	15,841,570	11,812,485
2	Other income	15	3,224,261	422,630
3	Total Income (1+2)		19,065,831	12,235,115.00
B	EXPENSES			
	Employee benefits expense	16	3,631,665	3,329,441
	Depreciation and amortisation expense	8	6,706,646	6,677,906
	Other expenses	17	6,184,019	6,158,245
4	Total expenses		16,522,330	16,165,592
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		2,543,501	(3,930,477)
6	Exceptional Income	18	3,561	-
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)		2,547,062	(3,930,477)
8	Extraordinary items		-	202,757,557
9	Profit / (Loss) before tax (7 ± 8)		2,547,062	198,827,080
10	Tax expense:			
	Current tax expense		-	-
	Deferred tax		-	-
11	Profit / (Loss) after tax for the Year (9 - 10)		2,547,062	(3,930,477)
12	Earning per equity share of nominal value of ₹10/- each	19		
	Basic and Diluted (Before extraordinary item)		0.37	(0.33)
	Basic and Diluted (After extraordinary item)		N.A.	16.78
The accompanying notes 1 to 22 are an integral part of the financial statements.				

As per our report of even date

For P.M.Turakhia & Associates
Chartered Accountants
Firm Registration No: 111086W

M.D.Turakhia
Partner
Membership No. 017399
Place : Mumbai
Date : 30.05.2014

For and on behalf of the Board of Directors
Soniya P. Sheth
Chairman & Executive Director

U. K. Jha **S. Chacko**
Director Director
Place : Mumbai
Date : 30.05.2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014

Particulars	For the year ended 31 March, 2014		For the year ended 31 March, 2013	
	₹		₹	
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		2,547,062		(3,930,477)
Adjustments for:				
Depreciation and amortisation	6,706,646		6,677,906	
Rental Income From Investment Properties	(240,000)		(240,000)	
Commission Received	(888,182)		-	
Bad Debts	-		45,194	
Interest income	(44,934)	5,533,530	(154,339)	6,328,761
Operating profit / (loss) before working capital changes		8,080,592		2,398,284
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Trade receivables	(141,650)		653,571	
Short-term loans and advances	(209,142)		(2,417,842)	
Long-term loans and advances	737,822		(42,571)	
Other current assets	-	387,030	45,992	(1,760,850)
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(4,097,438)		3,997,921	
Other current liabilities	92,384		542	
Short-term provisions	213,110	(3,791,944)	-	3,998,463
Cash Generated form Operations		4,675,678		4,635,897
Interest Paid		-		-
Cash Before Extraordinary Items		4,675,678		4,635,897
Cash flow from extraordinary items		-		202,757,557
Cash generated from operations		4,675,678		207,393,454
Net income tax (paid) / refund		-		-
Net cash flow from / (used in) operating activities (A)		4,675,678		207,393,454

KUNSTSTOFFE INDUSTRIES LIMITED

B. Cash flow from investing activities			
Capital expenditure on fixed assets, including capital advances		(37,763)	(13,472,407)
Proceeds from sale of fixed assets		-	-
Loans realised			
- Others		-	30,000
Interest received			
- Others		44,934	154,339
Other non-operating income comprises:			
Rental income from investment properties	240,000		240,000
Commission Received	888,182	1,128,182	-
Net cash flow from / (used in) investing activities (B)		1,135,353	(13,048,068)
C. Cash flow from financing activities			
Share application money received / (refunded)		-	7,700,000
Repayment of amount borrowed		(5,000,000)	(201,335,061)
Capital Reduction Expenses		(591,746)	-
Finance cost		-	-
Net cash flow from / (used in) financing activities (C)		(5,591,746)	(193,635,061)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		219,285	710,325
Cash and cash equivalents at the beginning of the year		1,085,832	375,507
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		-	-
Cash and cash equivalents at the end of the year		1,305,117	1,085,832

As per our report of even date

For P.M.Turakhia & Associates

Chartered Accountants

Firm Registration No: 111086W

M.D.Turakhia

Partner

Membership No. 017399

Place : Mumbai

Date : 30.05.2014

For and on behalf of the Board of Directors

Soniya P. Sheth

Chairman & Executive Director

U. K. Jha

Director

S. Chacko

Director

Place : Mumbai

Date : 30.05.2014

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Share Capital

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares	₹	Number of shares	₹
(a) Authorised				
Equity shares of ₹10/- each with voting rights	150,00,000	1500,00,000	150,00,000	1500,00,000
(b) Issued, Subscribed and fully paid up				
Equity shares of ₹10/- each with voting rights	6,890,000	68,900,000	11,850,000	118,500,000
Total	6,890,000	68,900,000	11,850,000	118,500,000

Footnotes:

(i) Reconciliation of the number of Equity shares outstanding at the beginning and at the end of the year	As at 31 March, 2014	As at 31 March, 2013
	Nos.	Nos.
Number of shares at the beginning of the year	11,850,000	11,850,000
Add/(Less):		
Issued during the year	2,150,000	-
Capital Reduction during the year	(7,110,000)	-
Buyback during the year	-	-
Number of shares at the end of the year	6,890,000	11,850,000

(ii) Capital reduction has taken place during the year as per BIFR order dtd. 08.03.2013, details provided are as under:

As on 01.04.2013, 14,960 Equity Share holders were holding 1,18,50,000 shares. During the year, number of shares are reduced by 60% i.e. 71,10,000 shares vide BIFR Order dtd. 08.03.2013. Also during the year further allotment of 21,50,000 shares were made. Hence, Balance as at the end of the year is 14,965 share holders holding 68,90,000 shares at ₹10/- per share.

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2014		As at 31 March, 2013	
	Nos.	% holding	Nos.	% holding
Equity shares with voting rights				
Pravin V Sheth	979,399	14.21	1,183,081	9.98
Bharat Equity Services Ltd	581,866	8.45	1,510,534	12.75
Gayatri Pipes & Fittings Pvt .Limited	650,000	9.43	-	-
Bharat Capital & Holdings Limited	1,008,088	14.63	-	-
Marfatia Stock Broking Pvt Ltd	-	-	1,270,222	11.00

(iv) Terms / rights attached to Equity Shares :

The Company has a single class of equity shares having a par value of ₹10/- per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company in proportion to the number of equity shares held by each

KUNSTSTOFFE INDUSTRIES LIMITED

shareholder, after settlement of all preferential obligations.

Note 2: Reserves & Surplus

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
(a) Securities premium account	19,750,000	19,750,000
(b) Revaluation Reserve	76,664,458	76,664,458
(c) General reserve		
Opening balance	267,072,939	-
Add: Additions during the year	-	267,072,939
Closing balance	267,072,939	267,072,939
(d) Capital reduction reserve		
Opening balance	-	-
Add: Additions during the year	71,100,000	-
Less: Capital reduction expenses	591,746	-
Closing balance	70,508,254	-
(e) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(393,013,102)	(591,840,182)
Add: Profit / (Loss) for the year	2,547,062	198,827,080
Closing balance	(390,466,040)	(393,013,102)
Total	43,529,611	(29,525,705)
Note 3 : Share application money pending allotment		
As at 31 March 2013, the Company had received an amount of ₹ 2,15,00,000 towards share application money for 21,50,000 equity shares of the company at a premium of ₹ NIL. The share application money was received pursuant to the BIFR direction in its hearing dated 15/10/2010. As per the Order of the BIFR, the entire allotment has been made in current year.	-	215,00,000

Note 4: Long-term borrowings

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
(a) Term loans (Secured) (Refer footnote)		
From Related Party	10,000,000	15,000,000
(b) Other Loans and advances (Unsecured) (Refer footnote)		
From Related Party	800,000	800,000
From Other Party	6,000,000	6,000,000
Total	16,800,000	21,800,000

Footnote:

- (i) Secured Term Loan from Related Parties consists of loan bearing no interest from Gayatri Pipes & Fittings Pvt Ltd. for a period as may be agreed upon between the parties having first charge on all immovable properties both present & future AND first charge on all movables including Plant & Machinery, Spares, Tools, etc. present & future and plot & land at Kadaiya village, Daman, Bearing S.No. 107/1 admeasuring 6,000 sq mtrs with Building thereon and Plant & machinery, etc.
- (ii) Unsecured Loans and advances from Related Party consists of loan bearing no interest from Pravin V. Sheth for a period as may be agreed upon between the parties.
- (ii) Unsecured Loans and advances from other party consists of loan bearing no interest from A.M. Reality Pvt. Ltd. for a period as may be agreed upon between the parties.

Details of repayment of Long term Borrowings are as follows:

Particulars	Up to 1 year	2 to 5 years	Above 5 years	Total
Term Loan from Related Party	-	-	10,000,000	10,000,000
Other loans and advances from related parties	-	-	800,000	800,000
Other loans and advances from related parties	-	-	6,000,000	6,000,000
Total	-	-	16,800,000	16,800,000

Disclosures under AS 18		
Related party transactions		
Details of related parties:		
Description of relationship	Names of related parties	
Key Management Personnel (KMP)	Soniya Sheth	
Relatives of KMP		
Spouse	Pravin Sheth	
Daughter	Dhwani Sheth	
Common Director - Soniya Sheth	Stallion Breweries Ltd.	
Common Director - Soniya Sheth	Gayatri Pipes & Fittings Pvt. Ltd.	
Note: Related parties have been identified by the management and relied upon by the auditors.		
Details of related party transactions during the year :		
Particulars	Current Year ₹	Previous Year ₹
Remuneration & Perquisites		
Soniya Sheth	1,022,531	948,905
Term Loan from related party		
Gayatri Pipes & Fittings Pvt Ltd.	10,000,000	10,000,000
Loans and Advances - Liability		
Mr. Pravin V. Sheth	800,000	800,000

KUNSTSTOFFE INDUSTRIES LIMITED

Loans and advances - Assets		
Stallion Breweries Ltd.	5,000	5,000
Rent Paid		
Pravin Sheth	72,000	72,000
Dhwani Sheth	72,000	96,000

Note 5: Short Term Provisions		
Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹	₹
Provision for employee benefits	213,110	-
Total	213,110	-

Note 6: Trade payables		
<u>Trade payables**</u>		
Creditors for Expenses	736,474	4,833,912
Total	736,474	4,833,912

** Trade payables in above Note includes ₹ NIL (P.Y. ₹ NIL) due to micro, small and medium enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED).

Note 7: Other current liabilities		
Other payables		
Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	107,227	14,843
Total	107,227	14,843

Note 8: Fixed Assets

Tangible assets	Gross block				Accumulated depreciation and impairment				Net block		
	Balance as at 1 April, 2013	Additions	Disposals	Other adjustments	Balance as at 31 March, 2014	Balance as at 1 April, 2013	Depreciation expense for the year	Eliminated on disposal of assets	Other Adjustments	Balance as at 31 March, 2014	Balance as at 31 March, 2013
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
(a) Freehold Land	24,000,000	-	-	-	24,000,000	-	-	-	-	24,000,000	24,000,000
(b) Buildings	12,501,730	-	-	-	12,501,730	303,439	-	-	-	8,548,119	8,851,558
(c) Plant and Equipment**	214,410,910	-	-	37,763	214,448,673	6,130,070	-	-	63	84,925,430	91,017,800
(d) Furniture and Fixtures	144,275	-	-	-	144,275	-	-	-	-	-	-
(e) Vehicles	2,773,009	-	-	-	2,773,009	263,436	-	-	-	2,114,780	2,378,216
(f) Office equipment	434,118	-	-	-	434,118	-	-	-	-	-	-
(g) Computer	211,439	-	-	-	211,439	9,638	-	-	-	26,893	36,531
Total	254,475,481	-	-	37,763	254,513,244	6,706,583	-	-	63	119,615,222	126,284,105
Previous year	241,003,074	13,472,407	-	-	254,475,481	6,677,906	-	-	-	126,284,105	41,457,813

** Plant and equipment wrongly added last year now rectified, also depreciation charged thereon reversed during the year.

KUNSTSTOFFE INDUSTRIES LIMITED

Footnote:

(i) Details of amounts written off on reduction of capital or revaluation of assets or sums added to assets on revaluation during the preceding 5 years:

Particulars	Years				
	31 March, 2014	31 March, 2013	31 March, 2012	31 March, 2011	31 March, 2010
	₹	₹	₹	₹	₹
FREE HOLD LAND					
Opening balance	24,000,000	24,000,000	15,000,000	15,000,000	15,000,000
Added on revaluation	-	-	9,000,000	-	-
Closing balance	24,000,000	24,000,000	24,000,000	15,000,000	15,000,000
FACTORY BUILDINGS					
Opening balance	8,851,556	9,084,998	7,106,316	7,360,657	7,614,998
Written off on revaluation	-	233,442	254,341	254,341	254,341
Added on revaluation	-	-	2,233,023	-	-
Closing balance	8,851,556	8,851,556	9,084,998	7,106,316	7,360,657
PLANT & MACHINERY - 1					
Opening balance	120,703,123	126,647,838	17,182,642	17,995,265	18,791,631
Written off on revaluation	-	5,944,715	821,545	812,623	796,366
Added on revaluation	-	-	110,286,741	-	-
Closing balance	120,703,123	120,703,123	126,647,838	17,182,642	17,995,265
PLANT & MACHINERY - 2					
Opening balance	2,858,691	3,001,250	3,167,500	3,333,750	3,500,000
Written off on revaluation	-	142,559	166,250	166,250	166,250
Closing balance	2,858,691	2,858,691	3,001,250	3,167,500	3,333,750
PLANT & MACHINERY - 3					
Opening balance	308,710	325,206	344,444	363,682	382,920
Written off on revaluation	-	16,496	19,238	19,238	19,238
Closing balance	308,710	308,710	325,206	344,444	363,682
LAB & OFFICE EQUIPMENT					
Opening balance	68,126	68,126	71,926	75,726	79,526
Written off on revaluation	-	-	3,800	3,800	3,800
Closing balance	68,126	68,126	68,126	71,926	75,726
COMPUTERS					
Opening balance	20,334	27,595	35,126	28,587	34,118
Written off on revaluation	-	7,261	7,531	-	5,531
Added on revaluation	-	-	-	6,539	-
Closing balance	20,334	20,334	27,595	35,126	28,587
VEHICLES					
Opening balance	2,378,216	2,641,652	2,773,009	-	-
Written off on revaluation	-	263,436	131,357	-	-
Closing balance	2,378,216	2,378,216	2,641,652	-	-

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Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Note 9: Long Term loans and advances		
(Secured, considered good)		
(a) Loans and advances		
To related parties (Refer footnote to Note 4)	5,000	5,000
(Unsecured, considered good)		
(a) Loans and advances		
To other parties	100,000	100,000
(b) Security deposits	-	504,000
(c) Other loans and advances		
To employees	52,000	127,500
(d) Balances with government authorities		
TDS - A.Y. 2011-12	-	296,159
A.Y. 2012-13	-	204,287
A.Y. 2013-14	260,250	260,250
A.Y. 2014-15	342,124	-
Total	759,374	1,497,196
Note 10: Trade receivables		
Trade receivables (Unsecured, considered good)		
Outstanding for a period NOT exceeding six months from the date they were due for payment	5,636,335	7,486,899
Less: Provision for doubtful trade receivables	-	1,992,214
Total	5,636,335	5,494,685
Note 11: Cash and cash equivalents		
(a) Cash on hand	709,537	650,578
(b) Balances with banks		
In current accounts	595,580	435,254
Total	1,305,117	1,085,832
Note 12: Short-term loans and advances		
Unsecured, considered good		
(a) Prepaid expenses	58,080	55,973
(b) Balances with government authorities		
(i) CENVAT credit	2,293,717	2,343,480
(ii) Service Tax credit	437,577	343,779
(c) Security Deposit - Others	163,000	-
Total	2,952,374	2,743,232
Note 13: Other current assets		
(a) Others		
Rent Receivable	18,000	18,000
Total	18,000	18,000

KUNSTSTOFFE INDUSTRIES LIMITED

Note 14: Revenue from operations		
Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
Sale of services (Labour Charges)	15,841,570	11,812,485
Total	15,841,570	11,812,485
Note 15: Other Income		
(a) Interest income		
On Income tax refund	51,650	28,291
On fixed deposit	44,934	-
On Others	2,781	154,339
(b) Provision for doubtful trade receivables written back	1,992,214	-
(c) Rental income from investment properties	240,000	240,000
(d) Bad debt recovered	4,500	-
(e) Commission Received	888,182	-
Total	3,224,261	422,630
Note 16: Employee benefits expense		
Salaries and wages	3,140,180	2,895,067
Contributions to provident and other funds (Refer footnote)	295,490	275,700
Staff welfare expenses	195,995	158,674
Total	3,631,665	3,329,441
Disclosure under AS 15		
Employee benefit plans(Defined contribution plans)		
The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹2,95,490/- (Year ended 31 March, 2013 ₹2,75,700/-) for Provident Fund contributions and N.A. (Year ended 31 March, 2011 N.A.) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.		
Note 17: Other expenses		
Manufacturing Expense		
Consumption of stores and spare parts	47,813	102,682
Power and fuel	3,685,138	2,995,873
Administration Expense		
AGM Expenses	80	525
Bad Debts	-	45,194
Bank Charges	2,333	16,906
Canteen Expenses	1,472	1,116

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Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
Communication (Telephone Expenses)	141,571	78,283
Coolie & Cartage Expenses	15,500	13,900
Data Processing Charges	59,763	54,570
Festival Expenses	-	21,000
Insurance	86,243	88,895
Legal and professional	5,000	1,137,196
Miscellaneous expenses	1,451	2,500
Office Expenses	15,826	42,972
Payments to auditors (Refer footnote)	61,500	63,000
Postage & Telegram	945	980
Printing and stationery	89,998	30,973
Rates and taxes	340,872	118,060
Rent	144,000	168,000
Repairs and maintenance - Buildings	6,700	-
Repairs and maintenance - Machinery	450,723	130,181
Repairs and maintenance - Others	25,204	20,361
Security Charges	757,070	698,563
Service Tax	10,850	5,072
Travelling and conveyance	154,765	239,318
Selling & Distribution Expense		
Advertisement & Publicity	79,202	82,125
Total	6,184,019	6,158,245
Footnotes:		
Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	40,000	40,000
For other services - Tax Audit	20,000	20,000
For other services - VAT Audit	1,500	3,000
Total	61,500	63,000

KUNSTSTOFFE INDUSTRIES LIMITED

Note 18: Exceptional Item (Income)		
Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
Refund of TDS over provision made	3,561	-
Total	3,561	-
Note 19: Earnings Per Share		
Net Profit as per statement of profit and loss before extraordinary item (₹)	2,547,062	(3,930,477)
Weighted average number of equity shares outstanding during the year (Nos.)	6,890,000	11,850,000
Earning per equity share (Nominal value per share ₹10/- each)		
Basic and diluted	0.37	(0.33)
Net Profit as per statement of profit and loss after extraordinary item (₹)		198,827,080
Weighted average number of equity shares outstanding during the year (Nos.)		11,850,000
Earning per equity share (Nominal value per share ₹10/- each)		
Basic and diluted	N.A.	16.78

NOTE '20' : CORPORATE INFORMATION

Kunststoffe Industries Limited is a listed public limited Company, incorporated under The Companies Act, 1956. The Company is engaged in the business of "Job Works for Processing of HDPE/PP Pipes, etc."

NOTE '21' : SIGNIFICANT ACCOUNTING POLICIES

I. Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention using the accrual basis of accounting in accordance with the accounting principles generally accepted in India and are in accordance with the applicable Accounting Standards, Guidance Notes and the relevant provisions of the Companies Act, 1956.

Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles.

II. Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles in India requires the management to make estimates and assumptions, that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known / materialized.

III. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will accrue to the Company and the revenue can be reliably measured and also when it is reasonably certain that the ultimate collection will be made and that there is buyers' commitment to make the complete payment.

A. Revenue from sale

In case of Sales of Goods – When the property and all significant risk and rewards of ownership are transferred to the buyer or no significant uncertainty exists regarding the amount of consideration that is derived from the sale of goods. It excludes amounts recovered towards Sales Tax and includes amount received towards processing activities done for other, if any.

B. Interest and dividend:

Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend income is recognized when right to receive dividend is established.

C. Others:

Other revenues / incomes and costs / expenditure are accounted on accrual, as they are earned or incurred.

IV. Tangible assets and depreciation / amortisation

A. Tangible fixed assets are stated at cost of acquisition less accumulated depreciation / amortisation and accumulated impairment losses, if any.

B. Fixed Assets are shown at Original cost of acquisition less accumulated depreciation.
Fixed Assets were revalued as on 31.03.2012. The surplus arising from the revaluation has been transferred to "Revaluation Reserve" and shown under the head "Reserves & Surplus". As the Fixed Assets were revalued on the last day of the Balance sheet, no depreciation has been provided on Revalued Figures.

C. Depreciation is provided on straight line basis applying the rates specified in Schedule XIV of the Companies Act 1956 under straight line method. Depreciation on additions to assets or on sale/disposal of assets is calculated pro-rata from the date of such addition, or upto the date of such sale/disposal, as the case may be. Individual assets costing less than rupees five thousand are depreciated fully in the year of acquisition.

i No Depreciation has been provided on Office Building as same has not been in use for the business of the company during the Current year.

ii In respect of assets acquired on 01.01.1994 and thereafter at revised rates specified in the said Schedule vide Notification No 756 E dated 16.12.93 and as clarified in Circular No. 14 dated 20.12.1993 issued by the Department of the Company Affairs.

iii In respect of assets on hand as on 31.12.93 at the rates in force prior to the abovementioned notification.

V. Operating Cycle

Receivables and Payables in relation to operations are considered as "Current Assets" and "Current Liabilities" as the case may be considering the nature of business of the Company.

All other Assets and Liabilities have been classified as provided in Revised Schedule VI, issued by the Institute of Chartered Accountants of India.

KUNSTSTOFFE INDUSTRIES LIMITED

VI. Employee benefits

- A. Short term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss for the year in which the related service is rendered;
- B. Post Employment Benefits
Defined contribution plans: Company's contribution to State governed Provident Fund Scheme is recognized during the year in which the related service is rendered;
- C. The company has not ascertained liability towards payment of gratuity and hence no provision has been made in accounts. It is accounted for on the basis of payment.
- D. Benefits payable to employees during their tenure of employment viz. Bonus, Leave Encashment etc are accounted on cash basis. Retirement benefits are accounted as and when the same become due for payment.

VII. Segment reporting

The Company is engaged in the business of Jobworks for Processing of HDPE/PP Pipes, etc, which as per Accounting Standard - 17 'Segment Reporting' is considered to be the only reportable business segment. The Company is also operating within the same geographical segment. Hence, disclosures under AS-17 are not applicable.

VIII. Impairment of assets

The carrying amount of assets is reviewed at each Balance Sheet date. If there is any indication of impairment based on internal/external factors, i.e. when the carrying amount of the assets exceeds the recoverable amount, an impairment loss is charged to the statement of profit and loss in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed or reduced if there has been a favourable change in the estimate of the recoverable amount.

IX. Treatment of Contingent Liabilities & Contingent Assets

The amount of contingent losses are charged to the Profit & Loss Account on a reasonable estimated basis that probable future event confirm that an asset has been impaired or a liability has been incurred as at the Balance Sheet Date and contingent gains are not recognized in the accounts.

NOTE '22' : OTHER NOTES ON ACCOUNTS

- I. Pursuant to reference made by the company, The Hon. Bench of BIFR, New Delhi by their order dated 18.01.2007 declared the Company as Sick Industry. Rehabilitation Scheme has been approved by BIFR during the year.
- II. The Company has revalued Fixed Assets, Investments and Loans & Advances for the year ended 31.12.2007; Fixed Assets & Investments for the year ended 31.03.2009 and Fixed Assets for the year ended 31.03.2012. The Revaluation of the year ended 31.12.2007 has resulted into a loss of ₹14,79,06,784/- and the same has been debited to Profit & Loss Account and shown below the line as "Extra Ordinary Items". Similarly, the Revaluation of the year ended 31.03.2009 has resulted into a Profit of ₹2,89,66,113/- and the same has been credited to Profit & Loss Account as "Profit on Revaluation of Assets" and shown below the line. So also, the Revaluation of the year ended 31.03.2012 has resulted into a Profit of ₹12,15,19,764/- and the same has been credited to the Revaluation Reserve Account and shown in the Balance Sheet as at 31.03.2012 under the head, Reserves & Surplus. At the time of earlier revaluations carried out as on 31.12.2007 & 31.03.2009, the Gross Block was shown at Revalued Figures instead of Cost. Hence the same has been rectified in the year under consideration i.e. as at 31.03.2012 by replacing the Gross Cost of the Assets deducting the loss on revaluation and adding the profit on revaluation carried out as at 31.12.2007 & 31.03.2009 respectively. The difference

of ₹4,48,55,306/- between the under depreciation provided on reduced value of the said assets for the year commencing from 01.01.2008 to 31.03.2009 (i.e. for a period of 15 months) and the over depreciation provided on the increased value of the said assets has been debited to the Revaluation Reserve Account of the year under consideration viz. 31.03.2012.

III. "The liability of ₹ 46,98,30,496.00/- was created in favour of Gayatri Pipes & Fittings Pvt. Ltd. As under:

- 1) ₹ 26,70,72,939.00/- by debiting IDBI A/c for taking over it's liability on 31.03.2008.
- 2) ₹ 20,27,57,557.00/- by debiting P/L A/c as Prior year adjustment on 20.03.2011.

In the year 2012-13, the Company has transferred ₹ 26,70,72,939.00/- to General reserve as the said liability is waived by Gayatri Pipes & Fittings Pvt. Ltd. as per their undertaking given to BIFR. Also, the Company has transferred ₹ 20,27,57,557/- to P/L A/c and shown under the head "Prior year Adjustment" as Gayatri Gayatri Pipes & Fittings Pvt. Ltd. as per the same undertakings given to BIFR."

- IV. No Provision for Income Tax liability has been made in terms of BIFR Order dated 08.03.2013 under which vide clause 10.3(iii) the company is exempt form the applicability of minimum Alternate tax (MAT) under section 115JB of the income Tax Act, 1961.
- V. Debtors and Creditors balances are subject to confirmations from the parties.
- VI. In the opinion of the Board of Directors the Current Assets, Loans & Advances except those shown as doubtful have a value on realization in the ordinary course of business at least equal to the amount at which items are stated in the Balance Sheet.
- VII. Figures of the previous year have been re-grouped / rearranged /reclassified wherever necessary.

KUNSTSTOFFE INDUSTRIES LIMITED

CALCULATION OF CASH PROFIT	₹
Profit / (Loss) before exceptional and extraordinary items and tax	2,543,501
ADD: Depreciation and amotisation expense	6,706,646
CASH PROFIT	9,250,147

As per our report of even date

For P.M.Turakhia & Associates
Chartered Accountants
Firm Registration No: 111086W

M.D.Turakhia
Partner
Membership No. 017399
Place : Mumbai
Date : 30.05.2014

For and on behalf of the Board of Directors
Soniya P. Sheth
Chairman & Executive Director

U. K. Jha **S. Chacko**
Director Director
Place : Mumbai
Date : 30.05.2014

AUDITORS' REPORT

We have examined the above Cash Flow Statement of KUNSTSTOFFE INDUSTRIES LIMITED for the period ended 31st March, 2014. The Statement has been prepared by the Company in accordance with the requirements of listing agreement Clause 32 with Stock Exchanges and is based on and in agreement with corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 30-05-2014 to the members of the Company and reallocation required for the purpose are as made by the Company.

For P.M. Turakhia & Associates

Chartered Accountants

Firm Registration No: 111086W

M.D.Turakhia

Partner

Membership No: 017399

Place: Mumbai

Date: 30.05.2014



KUNSTSTOFFE INDUSTRIES LIMITED.

Registered office :- Kiran Bidg.,128, Bhaudaji Road, Matunga, Mumbai - 400 019.

CIN:L65910MH1985PLC037998

ATTENDANCE SLIP

Only Shareholders or the Proxies will be allowed to attend the meeting

D. P. ID	
Client ID	

L. F. No.	
No. of Share :- held	

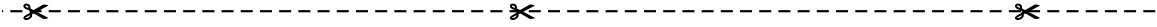
I/We hereby record my/our presence at the 28th Annual General Meeting of the Company being held on Monday 29th September 2014 at 10.00 a.m at the Registered office Kiran Bidg.,128, Bhaudaji Road, Matunga, Mumbai - 400 019.

Name of the Shareholder(s) 1. 2.3.

Signature of Shareholder(s) 1. 2.3.

Signature of Proxyholder

Note: Member/ Proxy attending the Meeting must fill-in this attendance slip and hand it over at the entrance of the venue of the Meeting.



KUNSTSTOFFE INDUSTRIES LIMITED.

(Pursuant to Section 105(6) of the Company Act,2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

CIN:L65910MH1985PLC037998

FORM NO. MGT-11

PROXY FORM

Name of the Company : KUNSTSTOFFE INDUSTRIES LIMITED.
Registered office : Kiran Bidg.,128, Bhaudaji Road, Matunga, Mumbai - 400 019.

Name of the Member(s)	
Registered Address	
E-mail ID	
Folio No/Client Id	
DP/ ID	

I/We, being the member(s)ofShares of the above named Company, hereby appoint:

(1) Name: Address:.....

E-mail Id:.....Signature:.....or falling him;

(2) Name: Address:.....

E-mail Id:.....Signature:..... or falling him;

(3) Name: Address:.....

E-mail Id:..... Signature:.....

----- ✂ ----- ✂ ----- ✂ -----

as my/our proxy to attend and vote (on a poll) for me/us and on my/ our behalf at the 28th Annual General Meeting of the Company to be held on Monday, 29th September 2014 at 10.00 a.m. at the Registered Office of the Company at Kiran Bidg., 128, Bhaudaji Road, Matunga, Mumbai - 400 019, and any adjournment thereof in respect of such resolutions as are indicated below:

Optional *

Resolution No.	Resolutions	For	Against
1	Consider and adopt the Report of Auditors / Directors and Audited Financial Statements for the year ended 31 st March, 2014.		
2	Re-appointment of Mr. S.C. Asnotkar who retires by rotation.		
3	Appointment of M /s P.M. Turakhia & Associates, Chartered Accountants as Auditors and authorize the Board of Directors to fix their remuneration.		
4	Appointment M /s A. V. Jobanputra, Chartered Accountants as joint Statutory Auditor and authorized Board of Directors to fix their remuneration.		
5	Appointment of Mr. S. Chacko as an Independent Director.		
6	Appointment of Mr. Ujjwalkumar Jha as an Independent Director.		
7	Appointment of Mr. Bhaskar T. Iyer as an Independent Director.		
8	Appointment of Mrs. Soniya Sheth as Managing Director & to fix her remuneration.		
9	Adoption of New Articles of Association.		

Signed this.....day of2014.

Signature of shareholder (s).....

Signature of Proxy holders (s).....

Affix 15 Paise Revenue Stamp

Notes:

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered - Office of the Company, not less than 48 hours before the commencement of the meeting.
- (2) For the Resolution, Explanatory Statement and Notes, please refer to the Notice of the 28th Annual General Meeting.
- (3) It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (4) Please complete all details including details of member(s) in above box before submission.

To

If undelivered, please return :

SHAREX DYNAMIC (INDIA) PVT. LTD.

Unit :Kunststoffe Industries Limited

Luthra Ind Premises, Unit-1, Safeed Pool,

Andheri Kurla Road, Andheri East,

Mumbai 400 072.