

Forward-looking Statements

The report contains forward-looking statements that involve risks and uncertainties. When used in this discussion, the words like ‘plans’, ‘expects’, ‘anticipates’, ‘believes’, ‘intends’, ‘estimates’, or other similar expressions as they relate to Company or its business are intended to identify such forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company’s actual results, performance or achievements could differ materially from those expressed or implied in such forward-looking statements. The Company undertakes no obligation or responsibility to publicly amend, update, modify or revise any forward-looking statements, on the basis of any new information, future event, subsequent development or otherwise.

Composite Sense	4
Our visiting card	6
Performance highlights	10
Key milestones	8
Chairman’s review	12
Citius	14
Altius	20
Fortius	26
Management Discussion & Analysis	36
Directors’ Report	40
Corporate Governance Report	48
Financial Section	56

Content



“

**Citius. Altius. Fortius.**

It means Faster. Higher. Stronger. It's been the motto for the Olympics for the last 2500 years. But it doesn't mean faster, higher and stronger than who you are competing against. Just Faster. Higher. Stronger.”

- Bill Bowerman

The pursuit to achieve sustained growth demands patience. The patience to learn. The patience to understand. The patience to implement. Moreover, the patience to continuously persist with the efforts, till they translate into results, each time, every day. The process is demanding – both in terms of effort and time. This entails competing with oneself, understanding own limits and then stretching it continuously to achieve new frontiers. What follows is change. In the last two decades, we at Kemrock Industries and Exports Limited have been silently building not only a company but also an industry, through our spirit to redefine boundaries and limitations. Having commenced our operations in 1991, we were among the very few Indian companies catering to the relatively sunrise industry – FRP composites. Unlike metals, the history of composites is just a century old; thereby offering an immense potential to create value. However, the challenges were aplenty – lack of indigenous technology, limitation or absence of established markets and a cost disadvantage as compared to metals like steel and aluminium.

As they say, small steps and strong resolve conquer highest mountains. Our perspective of leading the change than adapting to it, coupled with a keen 'composite sense', established us as an integrated and global player in advanced engineered composites (Fibre reinforced plastics and Glass reinforced plastics). Over the years, we have evolved into a preferred partner to our clients offering high-quality engineered advanced composite solutions and carbon fibre.

In the first two decades of our operations, we have established technological competence, achieved industry and market specific certifications, developed intellectual capital, built formidable reputation and cultivated new clients and markets. Today we stand upon a strong platform through which we can envision the next level of growth.

The potential is evident. The abilities are demonstrated.

The aspirations are taking shape.

# The spirit beckons

Citius

Altius

Fortius





## Deciphering the Composite Sense.

**In a world where everything is getting thinner, lighter, mobile and fuel-efficient,** it takes more than traditional metallurgy to adapt and offer innovative solutions. At Kemrock, we believe the answer lies in two simple words that offer an immense potential – Composite Sense.

Composite sense dictates a new perspective of looking at traditional usage of metals and then substituting the same with new age solutions. While all polymer composites are plastics, but all plastics are not composites. When additional strength is needed, many types of plastics can be reinforced (usually with reinforcing fibers). This combination of plastic and reinforcement can produce some of the strongest materials for their weight. These are advanced composites.

### Flexibility

Composite can also be shaped and engineered into one complex part, often replacing assemblies of several parts and fasteners.

As a result, composite structures can be partially or completely pre-fabricated at the manufacturer's facility, delivered on-site and installed in hours.

### Light Weight

Composites deliver more strength per unit of weight than most metals.

Composites are generally 1/5th the weight of steel.

### High Strength and Stiffness Retention

Composites can be designed and customised to provide a wide range of mechanical properties including tensile, flexural, impact and compressive strengths.

### Highly environment resistant

Composites are corrosion resistant, resistant to extreme temperatures (from -60 degrees Celcius to +60 degrees Celcius) and can also be formulated to provide long-term resistance to nearly every chemical as well as salt water.

### Fire resistant

Composites can be designed to meet the most stringent fire regulations by the use of special resins and additives and can offer fire far better than most metals

02

What are the key advantages?

01

### What is Composites?

Composites comprise of Fiber Reinforced Polymer (FRP) and Glass Reinforced Polymer (GRP) composites. Composite is defined as a polymer (plastic) matrix, either thermoset or thermoplastic, that is reinforced (combined) with a fiber or other reinforcing material with a sufficient aspect ratio (length to thickness) to provide a discernable reinforcing function in one or more directions. Composites are different from traditional construction materials such as steel or aluminium.

## Our visiting card

**Rs. 1,100 crore company**

**Three decades of presence**

**An End-to-End Solutions Provider of FRP/  
GRP Products and Solutions**

**Concept Design, Manufacturing, Erection and  
Installation**

**More than 1000 Direct Employees and 2000  
Indirect Employees**

Established in 1981 by Mr. Kalpesh Patel, technocrat and first generation entrepreneur with more than four decades of experience in the composites industry, Kemrock Industries and Exports Limited has evolved into the largest Indian and among the largest globally, as an integrated advanced FRP composites company.





## What we produce?



### Carbon Fibre

- 'JAITEC' Oxidised Pan Fibre
- 'JAITEC' Commercial Grade Carbon Fibre



### Pultruded products

- Telecom Towers
- Modular Houses and Shelters
- Architectural Applications
- Cable Management Systems
- Car Park Systems
- Handrails and Ladder Systems
- Easy Reach – Access Systems (Scaffoldings)
- Decking Systems
- Soundwall / Barrier
- Louvers
- Cooling tower products
- Utility/lighting poles



### Mass Transportation Components

- Railways
- Metro Front ends
- Passenger Buses



### Piping Systems and Solutions

- GRP Pipes
- Flanges and Fittings



### Wind Energy Components

- Rotor Blade Tooling
- Rotor Blades for Windmill
- Nacelle Covers and Nose Cone



### Gratings

- Moulded Gratings
- Pultruded Gratings
- Trench Covers
- FRP Pallets



### Thermosetting Resins

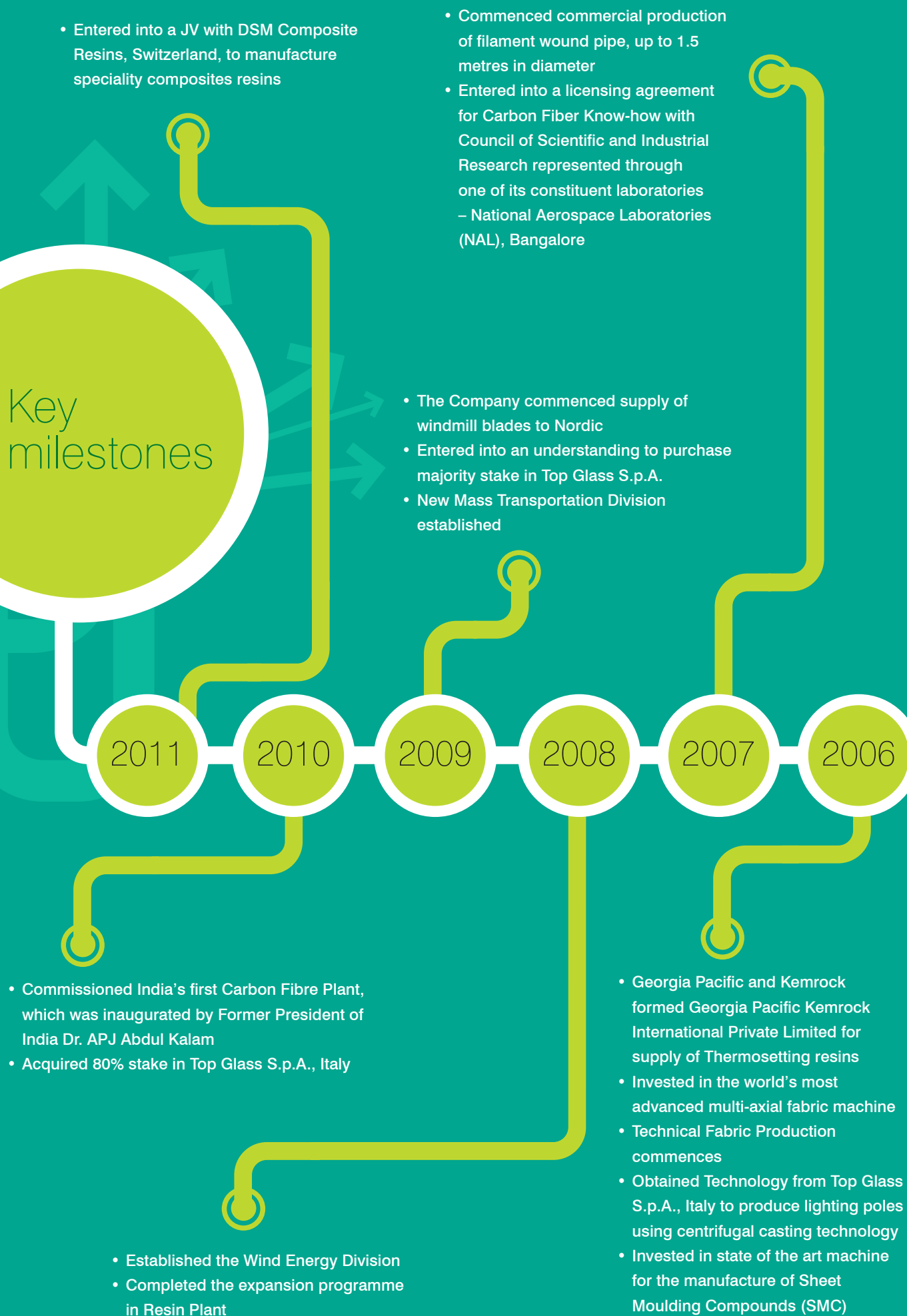
- Phenolic Resins
- Epoxy Resins
- Unsaturated Polyester Resins

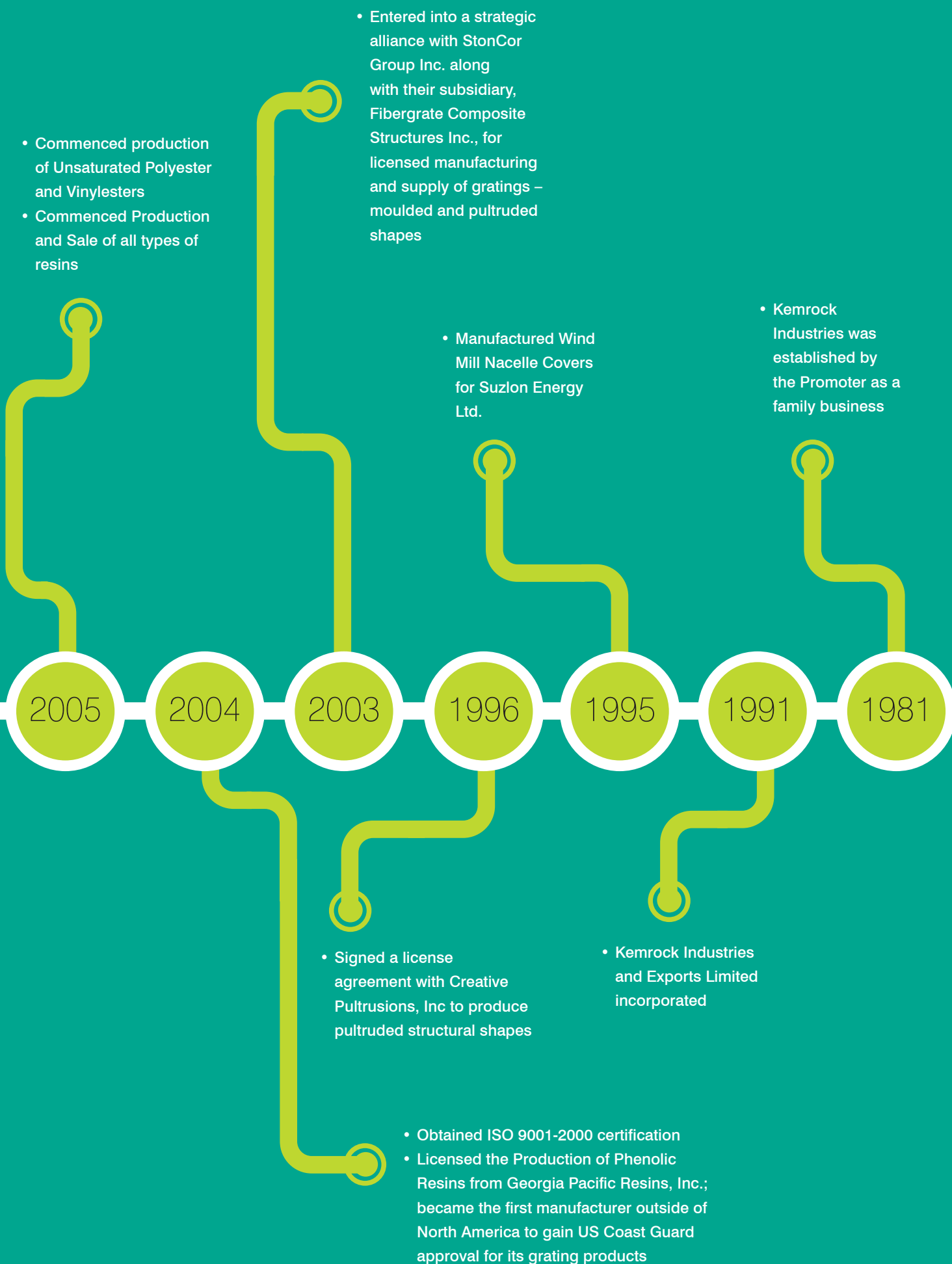


## Where are we listed?

Our shares are listed on the Bombay Stock Exchange (Stock code: 526015) and the National Stock Exchange (Stock code: KEMROCK). The GDRs are listed on Luxembourg Stock Exchange (ISIN: US4884721014) Our market capitalisation as on 5th October, 2011 was Rs. 889 crore.

## Key milestones





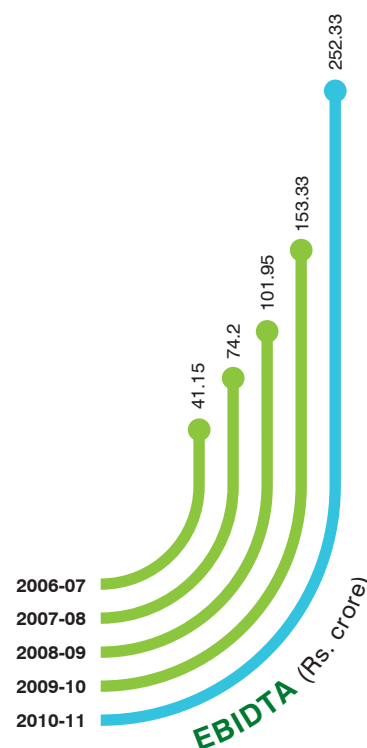
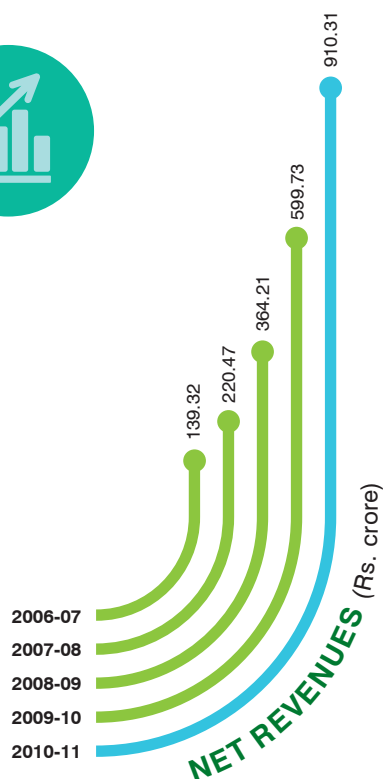
What did we achieve in 2010-11?



## Operational highlights

- Launched first indigenous industrial grade carbon fibre under the brand name 'JAITEC' which was successfully produced and qualified for aerospace and defense use.
- Entered into joint venture with Switzerland based DSM Composite Resins AG for the production of advanced FRP composite resins in India for manufacturing Speciality Resins in India.
- Signed an MoU with Hindustan Aeronautics Limited, Bangalore for the formation of a joint venture company to develop, manufacture and market aerospace grade Carbon Fibre pre-pregs alongwith its associated pre-pregs for defence and aerospace programmes in India.
- Designed and launched India's first composite school in Pune, in partnership with DSM.

5 year performance trend



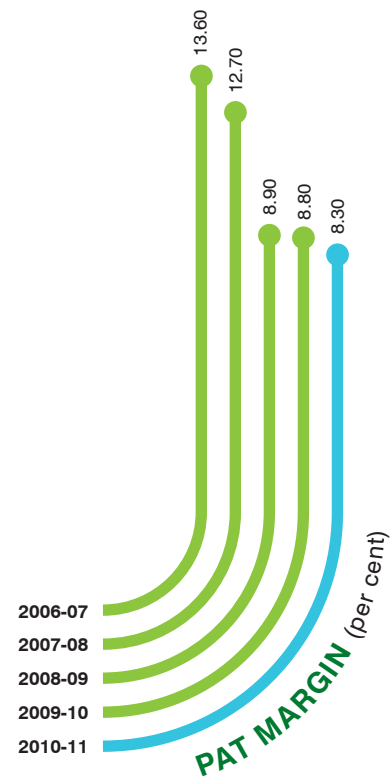
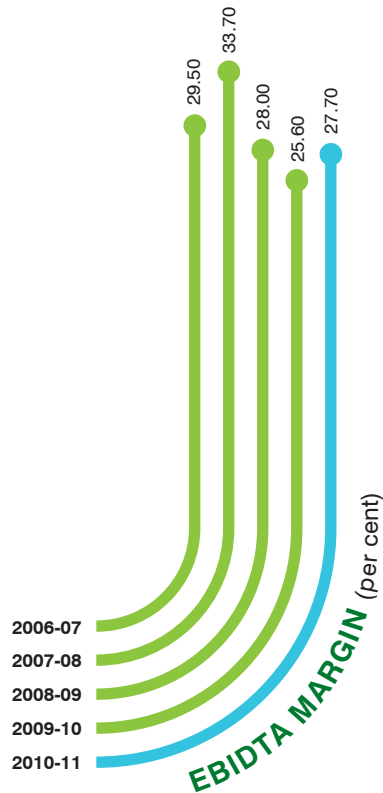
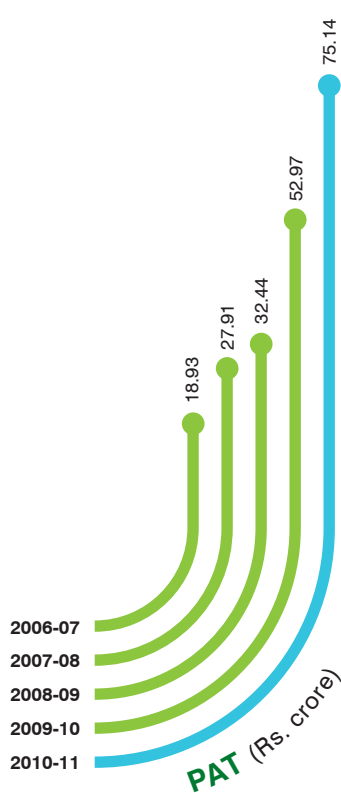


## Financial highlights 2010-11 (Standalone basis)

- Total income of Rs. **905.82 crore** in 2010-11  
as compared to Rs. **601.99 crore** in 2009-10
- EBITDA of Rs. **231.31 crore** in 2010-11  
as against Rs. **145.32 crore** in 2009-10
- Net profit of Rs. **75.14 crore** in 2010-11  
as against Rs. **52.97 crore** in 2009-10
- Earnings per share of Rs. **44.82** (Basic)
- Debt equity ratio of **1.8:1** as on 30th June 2011
- Average tax rate of **25.5 per cent**

### Note:

The above figures for the current financial year (2010-11) are not comparable with those of previous year (2009-10) comprising of fifteen months.



A graphic design featuring overlapping circles in shades of green and blue. A large blue circle on the left contains the text 'Chairman's review'. To its right, a green circle is connected by a thick green line that curves around the bottom of the page. Above the green circle is a blue envelope icon, and below it is a blue icon of a document with a plus sign. The text 'Chairman's review' is in white, sans-serif font.

## Chairman's review

RENOWNED FRENCH POET VICTOR HUGO ONCE SAID, "YOU CANNOT RESIST AN IDEA WHOSE TIME HAS COME." TODAY, COMPOSITE IS SUCH AN IDEA. IN A WORLD WHERE SUSTAINED EFFORTS ARE BEING DIRECTED TOWARDS ENERGY CONSERVATION, RECYCLING AND ENVIRONMENT PROTECTION, THE USE OF COMPOSITES HAS BEEN RISING STEADILY.



Renowned French Poet Victor Hugo once said, "You cannot resist an idea whose time has come." Today, composite is such an idea. In a world where sustained efforts are being directed towards energy conservation, recycling and environment protection, the use of composites has been rising steadily. Traditionally, composites usage was limited to defence and aerospace sectors due to lower supply and higher cost. However, in the wake of increasing prices of fuel and metals, the demand for composites has been gaining ground in diverse sectors such as infrastructure, automobiles, power, renewable energy and telecom. We at Kemrock believe it is the beginning of an eminent Composite Age.

Sensing the opportunity, we have well in time laid out a robust foundation. The process has been time-consuming, but nonetheless rewarding. At each step of the way, we have fortified our processes, gained exhaustive knowledge, delivered demanding products and solutions, and surpassed the expectations of our clients in terms of quality, customisation and timelines. As a result, we have successfully established Kemrock Industries and Exports Limited as the largest integrated composites company in India and among the most sought after players in the advanced composites sector globally.

The proof is simply in our achievements – be it in terms of orders won, in terms of sectors serviced or simply in terms of quality certifications achieved. In the past five years, we have grown at a CAGR of 58 per cent in terms of our revenues and 42 per cent in terms of our profits, making us among the fastest growing companies in

the sector. However, we benchmark our success simply with the most prestigious distinction earned. We have successfully partnered India's quest to develop captive supply of aerospace grade advanced composites. In 2010 we commissioned India's first carbon fibre plant of commercial capacity; and a year on, I feel proud to state that we have achieved operational stability. This will enable us to replicate our learning into large capacity plant going forward.

Having demonstrated our technological expertise we are now focusing on leveraging our abilities, certifications, geographical reach and intellectual capital to scale newer heights. Our readiness to lead and adapt to dynamic industry demands has already been proved in terms of new products introduced and new markets penetrated. Our strength is visible both in terms of our competitive strategies and our endurance based on sound commercial acumen. Moreover, our team comprising of highly experienced and motivated professionals provide us with insights that have helped us define our value proposition through our solutions.

The future is all set to begin. I invite you into the new world of Kemrock, and demonstrate our vision to create a sustainable organisation for the future.

**Kalpesh Patel**

*Chairman*





# Citius.

The high performance composites industry dates back to not more than five-six decades. Until 90s, these high performance composites were only used for aerospace, aviation and defence sectors. In the last two decades, the same has started gaining traction in the mainstream industries such as wind energy, mass transportation, oil and gas and infrastructure as a replacement of metals.

Being a part of a sunrise industry, one has to be faster or 'Citius' to identify, comprehend and reciprocate to evolving consumer demand. In the last two decades, we at Kemrock single-mindedly focused on identifying the key parameters upon which a sustainable and credible business model may be built. Ten years on, these parameters have not only enabled us to clock a faster rate of growth but also resulted into key entry barrier for the unorganised players.

**The future is fast approaching and we are  
pacing our growth story as you read this...**



Being a part of  
a sunrise industry,  
one has to be  
**faster or 'Citius'**  
to identify  
opportunities



### **RPM International Inc. (USA)**

RPM International Inc. is a USD 3.4 bn multinational holding company based at Cleveland, Ohio. RPM holds 23.25 per cent stake in Kemrock, at present.  
([www.rpminc.com](http://www.rpminc.com))



### **National Aerospace Laboratories (India)**

A constituent Institution under the Council of Scientific and Industrial Research of India. NAL is a high technology oriented institution concentrating on advanced topics in the aerospace and related disciplines.  
([www.nal.res.in](http://www.nal.res.in))



### **Fibergrate (USA)**

A wholly owned subsidiary of RPM International Inc., Fibergrate is a global manufacturer of fiberglass reinforced plastic (FRP) products for industrial and commercial use.  
([www.fibergrate.com](http://www.fibergrate.com))



### **Georgia-Pacific**

#### **Georgia-Pacific (USA)**

USD 27 bn, Georgia-Pacific (GP) is a part of Koch Group. GP is one of the world's leading manufacturing of tissue, pulp, paper, building products and industrial chemicals.  
([www.gp.com](http://www.gp.com))



### **DSM Composite Resins (Switzerland)**

DSM Composite Resins is a part of Royal DSM NV, the Life Sciences and Materials Sciences conglomerated with a net sales of Euro 8 bn.  
([www.dsm.com](http://www.dsm.com))





### Hindustan Aeronautics Ltd. (India)

India's prestigious Defence Sector Unit, making Helicopters and other aerospace components. Kemrock has signed a MoU with HAL for manufacturing of pre-pregs for advance composites applications.

([www.hal-india.com](http://www.hal-india.com))

## Partnerships & Alliances

**COMPANIES LIKE MEN ARE KNOWN FOR THE COMPANIES THEY KEEP. AT KEMROCK, WE HAVE ALWAYS BELIEVED THAT TO BE THE BEST, ONE HAS TO PARTNER WITH THE BEST.**

We commenced our journey in 1991 and came out with Initial Public Offer in 1993. By 1995 we developed in-house expertise in manufacturing of windmill nacelle covers with Suzlon. This resulted in a global exposure, which we further consolidated by forging strategic partnerships with three global companies within the next decade – Creative Pultrusions, USA, Fibregate Inc., USA and Stoncor Group, USA. Each of the partnerships were highly rewarding in terms of exposure and enabled us to absorb technological skills, leading to our evolution as the leader in high performance composites in India by 2004.

In 2004, we embarked on our backward integration, which led us to partner Georgia Pacific Resins Inc., USA. This partnership evolved into the next level by 2006 with the commissioning of a JV company, Georgia Pacific Kemrock International Private Limited, for manufacturing and supplying thermosetting resins to the Indian sub-continent and the GCC countries of the Middle East. We entered into an understanding with Top Glass S.p.A., then one of the chief and most highly qualified producers of Pultruded Composite Profiles. Subsequently in 2010, we acquired the company that resulted in cementing our operational footprint in the overseas markets.

With the scale up in operations, we further cemented our ability to forge and manage long-term partnerships with global companies and at the same time managing the stakeholders' expectations. In November 2010, we signed an MoU with DSM Composite Resins AG, Switzerland. DSM Composite Resins is part of Resins - a group within the Performance Materials cluster of DSM - is the largest producer of structural resins in Europe and a technology leader in resins for the composites industry.

In February 2011, we finally entered into a JV Agreement with DSM Composite Resins Holding International BV, Netherlands





# Certifications

Since composites have been gaining acceptance as a substitute to traditional metals in key industries such as mass transportation, infrastructure, construction, automobiles, power plants, etc., the consumers weigh the proposed vendors on highly stringent parameters. Such advance composites have to meet high performance standards. As a result, the converters or composite product manufacturers exercise a high level of due diligence in appointing or tying up with a supplier for composite materials.

Quality certifications from global authorities and esteemed institutions are therefore a pre-condition to be considered eligible for participation for the supply contracts. Getting the quality certification is a time-taking exercise and on an average the waiting period may range from 6 months to 6 years, depending on the certification sought. This too serves an important entry barrier.

At Kemrock, we deciphered this opportunity in wake of our global foray in early 2000s. As a result, we invested diligently into operations and processes, so as to ensure compliance to superior quality standards. Our ability to surpass customer expectations by proactively initiating quality compliance as well as undertaking quality checks enabled us evolve into a preferred supplier to global companies and also infused quality consciousness into our organisational DNA.



## Quality certifications

- **ISO 9001:2008** (Quality Management System)
- **ISO 14001:2004** (Environment Management System)
- **OHSAS 18001:2007** (Occupational Health and Safety)
- **IRIS Rev.01 TUV Rheinland**  
(International Railways Industry Standard)

## Product certifications

Various approvals from reputed institutions like Bureau of Indian Standards, DNV, Lloyd's Register of Shipping, Water Regulations Advisory Scheme, UK, United States Coast Guard (U.S Departmental of Homeland Security), Central Food Technological Research Institute and Germanischer Lloyd, Germany.







INTEGRATED MANAGEMENT SYSTEM  
BUREAU VERITAS  
Certification  
ISO 9001:2008 / ISO 14001:2004  
OHSAS 18001:2007

India's First **IRIS** Certified Company  
**IRIS**  
Certification  
(International Railway Industry Standard)

भारतीय मानक ब्यूरो  
BUREAU OF INDIAN STANDARDS

**GL**

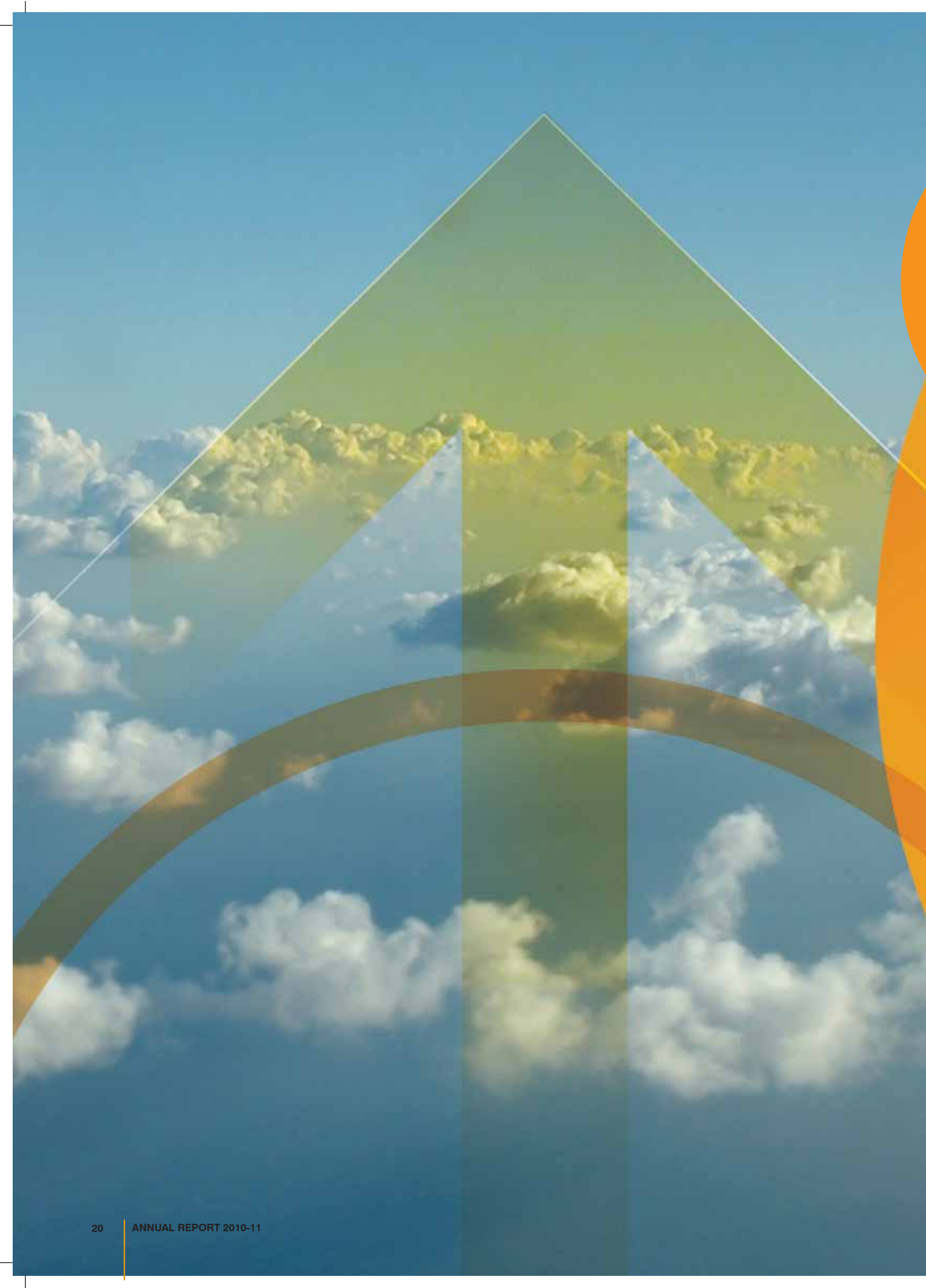
**DNV**



**Lloyd's Register**



**WRAS**  
Water Regulations Advisory Scheme



# Altius.

Being Altius is being higher. Aiming for new, unconquered frontiers; it demands the spirit to continuously set up benchmarks. The spirit to identify own limitations and then stretch them every step of the way. At Kemrock, we believe that one can only aim for the higher goals if the foundation is strong and robust.

At Kemrock, we have continuously invested in our core strengths – processes, people and production. Today, these core strengths have not only evolved into natural entry barriers for the unorganised segment but have also given us a holistic perspective to the entire business, which we have further leveraged to climb the value chain.

**The future is about soaring with potential and growth; and we are climbing steadily and surely.**

The spirit to identify own limitations and then stretch them every step of the way.









# Integrated business model

Advanced composites industry can be easily segregated into two sections – the skill and technology intensive finished product vertical and the capital and technology intensive raw material vertical. For an industry that is still evolving, the access to raw material is limited to the global players and therefore one needs to acquire technological knowhow and thorough understanding of the products and properties, to command total integration.

Moreover, average raw material consumption as a value of the finished advanced composite product/solution ranges between 40-80 per cent, which comprises of glass roving, resin and technical fabric. Access to high quality raw material coupled with world-class technical knowhow form the very core of the production process. Being a quality focused company, we at Kemrock opted to set-up a global composite village – first of its kind manufacturing facility in the world – fully integrated with facilities and state-of-the-art equipment, at Asoj, near Vadodara. The composite village offers dedicated set-up for advanced resins (thermosetting resins, comprising of phenolic resins, epoxy resins and unsaturated polyester resins) and fabrics, which in turn enables us to reduce process time and enhance the quality of the end product. In addition, we also make multi axial technical fabrics in the state of the art facility.

An integrated business model propels not just the margins but also the consumer confidence on the company. As a result, we have invested in aligning all the facets of our business model and created self-sufficient teams to drive each function. We operate using principles of 'Total Integrated Management' encompassing conceptual design, prototyping, testing, manufacturing, logistics, installation and comprehensive after sales services.

This business model coupled with our flexible production capacities have enabled us evolve as a preferred partner to our clients worldwide.





## Our people

An organisation is as good as its people. We at Kemrock have always believed in hiring the right talent for the right job. We believe in partnering our employees to emerge as thought leaders. We have more than 1000 direct employees and 2000 indirect employees with us.

Getting the right people in every industry is a challenge. However, it gets more challenging to recruit people for a sunrise industry. It is therefore important to strengthen the knowledge factor while on the job. Therefore, it is important to have a culture of complete trust, transparency and merit across the organisation. At Kemrock, we take pride in being able to deliver the same culture everyday for our employees. We also take pride in our people and their ability to partner us mutually over the years. In the last two decades, most of our senior management team has remained intact and the combined expertise and experience across various levels have propelled our growth story.

We have created a knowledge-based environment, with the highest standards of work ethics and transparency. We promote training programmes – both on and off the job, to acclimatize our employees to the new challenges at their workplace in an industry.

Our organisation has a very low attrition rate and a stable senior management team, reflecting stability and dedication. The organisational team reflects a synergy of experience and youth in the company.



## Engineering and R&D

Being open to ideas sparks change. When we set out to become a sustainable company, we focused on providing products and solutions, which are evaluated on their technical performance, robustness and quality, and not solely on the basis of cost. This enabled us to expand our engineering and R&D skills to be open to possibilities towards offering a better alternative through composite-based products for replacement of traditional materials.

Engineering and design form the crux of the manufacturing process. This encompasses identifying and replicating the customer requirements into the envisioned product or solution. We are the only Indian company that has in-house knowledge and expertise in various composite processes. This not only eliminates process time but also enables us offer higher levels of customisation to our clients. Our team comprise of engineers and IT graduates with design sensibilities, have enabled us deliver solutions that not only offer greater convenience, economical value but also better aesthetics. We have a state of the art design studio, fully equipped in terms of high value software and prototyping facilities, thereby enabling us to enhance client experience.

To emerge as a truly knowledge-driven company, it was vital for us to establish a dedicated R&D infrastructure. We established a state of the art R&D centre at our Asoj unit. This centre proved to be a shot in the arm. It enabled us to become a customised solutions provider to our clients and also foray into newer applications and products.







# Fortius.

Being Fortius is being stronger. The ability to adapt to change without diluting one's core vision is the key trait that demonstrates strength. At Kemrock, we derive our strength from the huge potential that the future has to offer. World over, the consumption of composites has witnessed a steady increase. While few global auto companies like BMW and Mercedes are now crafting the entire chassis and frames of their concept cars with composites; Aircraft manufacturer Boeing has created the world's most fuel efficient aircraft (Dreamliner 787) using composites to the extent of 80 per cent of the volume and 50 per cent of weight of the total materials.

We are silently crafting a robust future, by focusing on the potential of our product in the key sectors. Having established our credentials, across diverse markets and industries, we are concentrating on the key segments that will propel us to the next level of growth.

**The future is here and we are leading it...**

At Kemrock, we derive our strength from the huge potential that the future has to offer. World over, the consumption of composites has witnessed a steady increase.



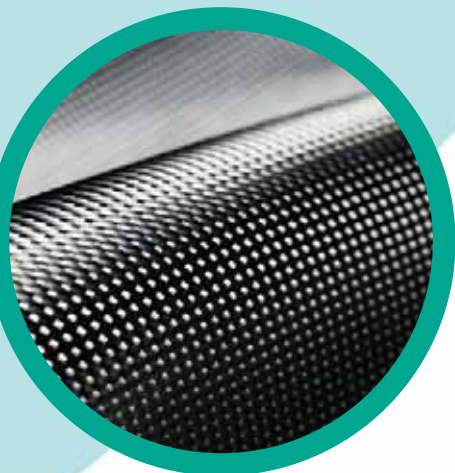


## The opportunity analysis

# Aerospace and Defence

Defence and aerospace sectors are moving towards lighter and smaller systems for certain applications. In these sectors, advanced materials, including composites, can offer potential robust, weight efficient solutions. The potential of composites to reduce the weight of aircraft and other defence vehicles implies that these sectors will be a large and growing market for composite materials over coming years.

Carbon fibre reduces aircraft mass by 20–40 per cent, a saving that directly impacts operating costs, particularly in terms of fuel consumption. Higher fuel prices and tighter emission standards requiring weight reduction in new aircraft in particular are likely to further increase the demands for composites within the aerospace sector, and we are likely to see an increasing shift from defence to civil aerospace applications.



Carbon fibers enable manufacturers to lower costs and prolong product life. At roughly 10 times stronger and 5 times lighter than steel and 8 times stronger and 1.5 times lighter than aluminium, carbon fibers offer significant advantages for applications in which strength and lightweight properties are critical. As the cost of carbon fibers has declined from USD 350 per kilogram in the 1970s to approximately USD 25 per kilogram in 2010, their use has increasingly penetrated new applications ranging from aerospace to blades for wind turbines, and more recently, automobiles.

The biggest boost has come with the commissioning of the Boeing 787 Dreamliner in 2010 and its rival the Airbus A350 which is scheduled for 2012, both of which feature extensive use of composites (carbon fibre) in the wings and fuselage and will be the first major airliners to use composite materials for their construction. The 787 'Dreamliner' is the first commercial jet aircraft in which composite materials have been used to create most of the primary structure and the A350 is expected to be close to 50 per cent composites by weight.

Improved reliability and reduced maintenance costs may have an increased importance in an era where defence budgets are under pressure and the capability

is stretched. In relation to land and sea defence, the needs are complicated due to the very broad range of applications, from body armour to ship hulls, and the fact that composite attributes (low radar signature, blast resistance, lightweight, corrosion resistance, thermal insulation, fire protection, etc.) have different degrees of value in different contexts. The importance of the materials and the most relevant properties will depend to some extent on the profiles of the armed forces that emerge in the future.

According to a survey, global carbon fiber market is estimated to reach USD 2.4 billion in 2014. In terms of carbon fiber consumption, the aerospace and defence sector is expected to account for 23 per cent of total world carbon fiber demand by 2014.

### The Kemrock edge

We commissioned India's first commercial scale carbon fibre plant in our Vadodara unit, with technical knowhow from CSIR - National Aerospace Laboratory, Bengaluru in May 2010. The state of the art fully integrated 400 MT plant includes polymerisation, wet spinning, and carbonisation. During the year under review, we successfully completed one year of operations and achieved process stabilisation.

Till date carbon fiber was not commercially produced in India due to lack of technical know-how from global manufacturers, which adversely affected the defence and the aerospace programs of our country. With the successful commissioning and stabilisation of the plant, we partnered to initiate the self-sufficiency of India for carbon fibre.

Furthering the initiative, during 2010-11 we signed an MoU with Hindustan Aeronautics Limited, Bangalore, to develop, manufacture and market aerospace grade carbon fibre pre-preg along with its associated pre-regs for defence and aerospace programmes in India.

During August 2011, we also launched a range of carbon fibre products for industrial applications under the brand name 'JAITEC', which are used in diverse applications such as Fire Retardant Apparels, Aircraft Brakes & Fuselage, Protective Insulation in Aircraft Seat and Automotive Engine Compartment.



## The opportunity analysis

### Wind energy

Wind power continued to be the leader in the renewable energy sector. According to a recently released report by the Global Wind Energy Council, India's wind energy capacity could increase by five times its current installed capacity, if the wind energy sector is supported by aggressive policies. According to the report, India Wind Energy Outlook, even in the absence of any new policies the wind energy capacity is likely to double to about 24 GW by 2020 and further increase to more than 30.5 GW by 2030.

The Government of India has outlined ambitious capacity expansion and investment plans for the current plan period (2007-2012) and wind power projects form the majority of the proposed capacity addition. The total investments on development of renewable energy during the plan period are expected to be in excess of USD 15 bn (Rs. 60,000 crore).





### The India advantage

In terms of wind power installed capacity, India is ranked 5th in the World. Established and proven wind turbine technology in India has led to huge investments in the sector. Increased domestic demand and expansion of the in-house manufacturing capacity of the Indian wind industry has resulted in attracting many new manufacturers into the fray. Indian Wind Turbine manufacturers are also increasingly engaging in the global market by taking advantage of lower manufacturing costs in India.

### The opportunity for composites

Composites consumption in the global wind energy market has grown 23 times in last 12 years. According to Lucintel, the current market for composites in wind energy segment is expected to be around USD 2 bn, accounting for 38 per cent penetration. The wind energy market for composites is estimated to reach USD 4.3 bn in 2013 according to a new market study. Most of the critical components of a wind turbine use composites and the need for bigger size turbines means more composite usage per turbine. Wind turbine requires the manufacture of large rotor blades, nacelles and other components using wet lay-up, VARTM, pre-preg lay-up and other processes. Increasing blade length requires better blade design, improved materials, lower process and life cycle cost.

FOSSIL FUEL-BASED ELECTRICITY GENERATION IS THE SINGLE LARGEST SOURCE OF GREENHOUSE GASES, CONTRIBUTING NEARLY 40 PER CENT OF GLOBAL CO<sub>2</sub> EMISSIONS. WIND ENERGY IS A VIABLE ALTERNATIVE TO FOSSIL FUELS – IT DOES NOT EMIT GREENHOUSE GASES OR OTHER POLLUTANTS. WITHIN LESS THAN ONE YEAR OF OPERATION, A WTG CAN OFFSET ALL EMISSIONS FROM ITS CONSTRUCTION TO RUN VIRTUALLY CARBON FREE FOR THE REMAINDER OF ITS 20-YEAR LIFETIME.

### Advantage Kemrock

We have a proven expertise in designing and manufacturing of key windmill components line rotor blade tooling, nacelle covers, nose cones and most importantly, wind blades. We have a state-of-the-art vertically integrated facility for Rotor Blade manufacturing and mould making for windmills.

We have developed valuable intellectual capital, backed with latest technological expertise and equipment, which has cemented our credentials as a preferred solutions provider to our globally reputed clientele.

### Key achievements

- We are the leading independent blade manufacturers in the country
- We are India's first composite company to manufacture 45 mtrs single piece mould for Rotor Blade (2 MW Wind Turbine Generator)
- We have forged a long-term strategic alliance with world's second largest windmill manufacturer for Wind Mill Blades to be manufactured at Kemrock facility in Baroda.



## The opportunity analysis

# Mass transportation

Composite materials are increasingly being used in railways sector where the resulting performance improvements and cost reductions are significant. Weight savings of up to 50 per cent for structural and 75 per cent for non-structural applications bring associated benefits of high-speed, reduced power consumption, lower inertia, less track wear and the ability to carry greater pay-loads.



## The India advantage

### *Railways*

Indian Railways is one of the largest railways under single management. The Rs. 57,360-crore earmarked in the annual plan for 2011-12 is the highest ever investment made in a single year for Indian Railways, which runs one of the largest networks in the world. Rs. 13,820 crore has been earmarked for acquisition of rolling stock of wagon, coaches and locomotives to overcome their shortage; much of which would also translate into replacement demand for passenger coaches.

### *Metro railways*

India would invest Rs. 2 lakh crore in the Metro rail system in the next 10 years. Rs. 80,000 crore had so far either been invested or committed to ongoing metro rail projects. Besides Delhi, Bengaluru, Hyderabad, Mumbai and Chennai, projects will be launched in Pune, Lucknow, Kanpur, Ahmedabad, Ludhiana, Kochi, Indore and Chandigarh.

## The opportunity for composites

Composites find major applications in passenger coaches for excellent structural properties and improved aesthetics. Indian Railways have already initiated actions for inducting composites especially in the coaches. For a mass transit system, lighter bodied coaches are instrumental for achieving higher speed. Moreover, the metro coaches offer a huge import substitution opportunity to the company. Composites demand in the Indian railway industry is growing at CAGR of 20 per cent.

## Advantage Kemrock

Our ability to understand, decipher and complement the client's requirements in designing, manufacturing and fabricating world-class coaches, has enabled us to demonstrate our abilities in the segment to a global clientele. We produce a wide range of customised products such as Railways and metro front-ends, Rail coach interior panels, driver consoles, flooring systems, side panels, etc.

## Key achievements

- We were the first and remain the only Indian composite manufacturer to be certified by IRIS (International Railway Industry Standard).
- The first Indian company to design world class interiors for passenger coaches including chair cars and sleepers, which are going to reduce fuel cost of railways substantially and at the same time, would ensure superior travel comfort for passengers.
- We are the only Company in India to be working on European metro and tram projects.
- The company has won product approvals from highly demanding clients in Japan and is the only Indian company to do so in Indian composites sector.
- The company is engaged in manufacture and supply of metro car interiors and exteriors for most of the Indian metro rail projects.



## The opportunity analysis Infrastructure

Composites have found extensive applications in the infrastructure sector since last two decades. The demand for lighter, stronger and stiffer structures and components has led various industries to move from steel to composites. Some of these include urban infrastructure, power, telecom, oil and gas, etc.





### Urban infrastructure

In India, GRP pipes and tanks have huge market potential. It is replacing metal based pipes due to its chronic problem of repair and maintenance, arising due to corrosion. GRP pipe in the last five years has made a sound footing in India though its penetration is only 2 per cent in the overall Indian pipe industry.

Primarily these pipes find large demand in key sectors like water and wastewater management and sewerage management. These pipes are used to transport corrosive and non-corrosive fluids for various applications including Oil and Gas, Petrochemical, Power Generation, Desalination, Potable Water, Municipal and General Industries.

### Cooling tower solutions

Offers end-to-end cooling tower solutions thereby ensuring improved efficiency and longevity of the cooling tower. We have been associated with the construction of the world's largest cooling tower. In the last three years, we have also established our reputation in key markets such as USA, Middle East and India.

### Telecom towers

Owing to our engineering and product design skills we have also evolved as one of the preferred telecom tower suppliers to our esteemed clients. Our towers can withstand wind speeds of 180 kmph at a height of 30 metres.



### Modular houses and shelters

The all-weather insulated design comprises pultruded structural members, walls and floors, continuous laminate roof, SMC door and contact moulded furniture. Being made of composite materials, these modular houses are light weight and easy to install, taking 50-60 per cent less time than traditional on-site constructions. The modular schools and shelters have been designed in a way that it doesn't need any tools or power for erection and installation.

Kemrock's modular structures are ideal for being utilised for various purposes like schools, shelter, for disaster management and dispensaries in remote areas.

### Advantage Kemrock

Our Global Composite Village at Asoj is one of the largest Pultrusion manufacturing facilities in the world. Our subsidiary M/s. Top Glass S.p.A. (Italy), is one of most reputed companies offering cutting edge technology in Pultrusion and Pullwinding processes. Our fully integrated facility offers superior pultrusion solutions like Cooling Tower Solutions, Car Parks Systems, Telecom Towers, Architectural Applications, Modular Shelters/Houses, Decking Systems and many complex structural profiles.

We manufacture GRE/GRP Pipes using the filament winding process. Pipes of diameter 25 mm to 3000 mm and a full range of flanges and fittings are manufactured in state-of-the-art CFW/ HW machines. We design, erect and install modular car parking systems for customers in European Union and Middle East.



## ECONOMY OVERVIEW

Weathering the turbulent global slowdown, the Indian economy managed commendable expansion of 8.0 per cent in 2009-10 and 6.8 per cent in 2008-09. During the fiscal year ended March 31, 2011, the growth has been reported as over 8.6 per cent. It is now widely believed that India could well be on course to be the third largest economy in the world in a couple of years, overtaking Japan. Besides, it is expected that, after 2020, India's growth would be faster than that of even China.

Since its first major commercial application in the late 1940s, composites usage has grown rapidly, on account of increased awareness of its performance and the increased demand for lightweight components in global markets. Of all available materials, composites have demonstrated the best potential as a worthy substitute to steel and aluminium. Composites can

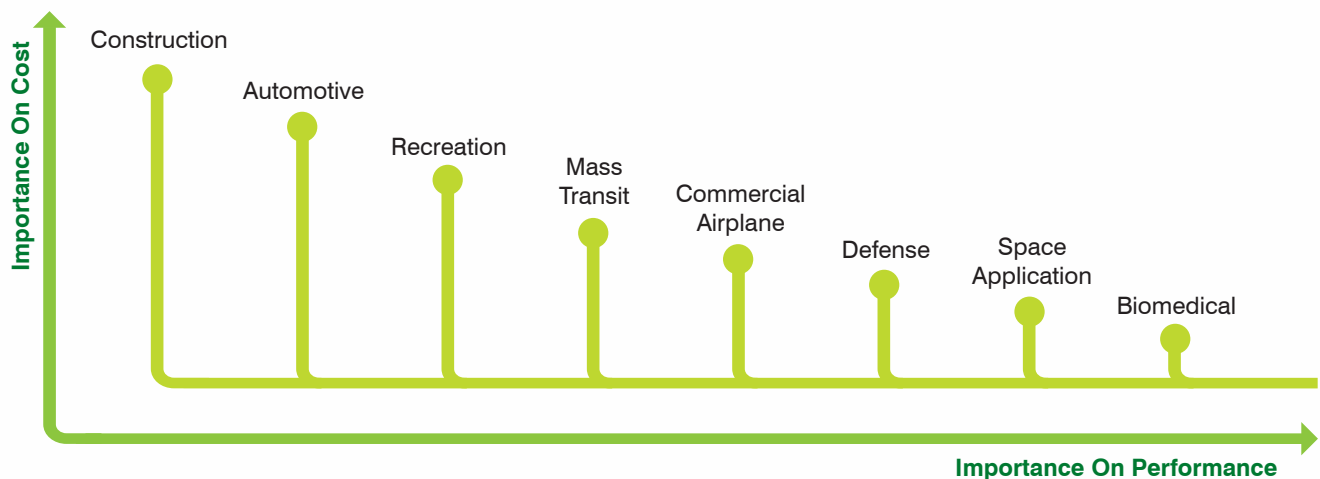


SINCE ITS FIRST MAJOR COMMERCIAL APPLICATION IN THE LATE 1940s, COMPOSITES USAGE HAS GROWN RAPIDLY, ON ACCOUNT OF INCREASED AWARENESS OF ITS PERFORMANCE AND THE INCREASED DEMAND FOR LIGHTWEIGHT COMPONENTS IN GLOBAL MARKETS.

save 60 per cent to 80 per cent of the weight in a product by replacing steel components. In replacing aluminium parts composites can save 20 per cent to 50 per cent of the weight. Composites have evolved as not just alternative materials, but also the material of choice for many engineering applications.

Composites are made by mixing fibers with resin materials. Today, more or less each industry has started to utilize or increase utilization of high performance composite

comprise USD 8.8 bn of resins, USD 7.7 bn of fibers, with ancillary materials making up the balance. The total value of composite end products reached USD 50.2 bn. The North American and European composites industries grew year-over-year by approximately 13 per cent and 8 per cent respectively in 2010, while Asia grew by about 9 per cent. Composites have a 3.6 per cent share in transportation (based on monetary value), a 68 per cent share in marine, a 38 per cent share in wind energy, a 7 per cent share in



materials. Over the past decade, several advanced manufacturing technology and material systems have been developed to meet the requirements of various market segments. Several industries have capitalized on the benefits of composite materials. The vast expansions of composites usage have resulted from the decrease in the cost of fibers as well as development of automation techniques and high volume production methods. Cost is crucial in many applications. Emphasis on cost varies depending upon the application in diverse industries.

As per Lucintel, the global composite materials industry was valued around USD 17.7 bn in 2010, growing at over 10 per cent despite a still-sluggish world economy. Total global revenues in the composite materials market

construction, and 10 per cent in aerospace.

According to JEC Composites, the global composites market is expected to grow by 4 per cent pa from €60 bn in 2008 to €80-85 bn in 2013. In tonnage terms the market would grow from 8.6 mn tons to 10 mn tons over the same time span. Looking at the fast-growing BRIC countries (Brazil, Russia, India, China), JEC expects their global market share to grow from around 22 per cent in 2008 to 29 per cent in 2013. China would represent 23 per cent of the worldwide market in 2013, India 3 per cent, Brazil 3 per cent and Russia less than 1 per cent. The fast development of the composites market in Asia, typically in China and India, will keep driving the emergence of large players across the value chain of composites.



## INDIAN COMPOSITE INDUSTRY

The Indian composites industry has grown significantly in the last two decades and continued its strong growth in 2010, thereby posting 18.5 per cent growth during January-December 2010. The Rs. 6,000 crore Indian composites market has been on an upswing over the last five years with a growth of 18.6 per cent, driven by robust demand for pipes & tanks, renewable energy (wind & solar energy), mass transit, automobiles, mass transportation and power sector.

The Indian composites industry is growing rapidly and is projected to grow at 22 per cent CAGR over the next four years. By the end of 2014, total Indian composites industry would be over USD 3 billion market. The per capita composites consumption is increased from 2004 to 2010 as compared to 0.1 kgs to 0.2 kgs and is further expected to grow in wake of improved manufacturing activity and increased substitution in usage. Wind energy, mass transportation and urban infrastructure are going to be the key sectors driving the composites growth story in India.

## COMPANY OVERVIEW

### Major developments during the year

- The company crossed the Rs. 9 bn turnover mark
- Total production of FRP composites increased by 40 per cent
- EBIDTA increased to Rs. 231.31 crore
- Net profits increased to Rs. 75.14 crore
- EPS increased to Rs. 44.82 crore

### MoU with DSM

The company entered into a MoU with DSM Composite Resins AG, Switzerland to form a Joint venture unit for manufacturing Unsaturated Polyester and Vinyl Ester Speciality Resins in India. The company's speciality resins form a critical raw material and DSM brought with it an established brand and technological knowhow. This JV will also enable DSM, one of the leading

Composite Resins providers in the world, to strengthen its presence in India. In February 2011, the company further strengthened its relationship with DSM by entering into joint venture with Netherlands-based Euro 9 billion DSM Composite Resins AG for the production of speciality composite resins in India. As per the terms of JV, the company and DSM Composite together will invest USD 25 million in the joint venture in Pune for a 49 per cent and 51 per cent stake respectively. This JV would allow the company to concentrate on the production of high-end composite parts, having assured access to high quality raw material.

### Carbon Fiber

After having stabilized the carbon fibre plant within a year of its commissioning, the company successfully launched a range of carbon fibre products for industrial applications under the brand name 'JAITEC'. The company also inked an MoU with Hindustan Aeronautics Limited, Bangalore for the formation of a joint venture company to develop, manufacture and market aerospace grade carbon fibre pre-pegs along with its associated pre-pegs for defense and aerospace programmes in India.

### Awards and Accolades

During 2010-11, the company was honored with the prestigious Innovation Award in Composites under Telecom and Electronics for its 'Telecom Tower'.

The company was also recognized as Top Exporter of FRP/GRP Products for the years 2009-2010 and 2010-2011 by Plastics Exports Promotion Council, sponsored by The Ministry of Commerce & Industry, Dept. of Commerce, Government of India.

### Segment-wise and Product-wise Performance

The Company is primarily engaged in the manufacture of Fiberglass Reinforced Polymer (FRP) Composites and Resins.





The total turnover of FRP Composites during the year under review was Rs. 802.49 crore (2010-11) as against Rs. 492.84 crore (period ended 30.06.2010). However, Resin segment reported a net turnover of Rs. 98.82 crore as against Rs. 114.98 crore for the period ended 30.06.2010.

### SWOT Analysis

#### Strengths

- First mover in a sunrise industry
- The largest manufacturer of new age composites in India
- Three decades of proven expertise and focus
- Access to credible intellectual capital
- Long term technological tie-ups, resulting in superior quality and faster time to market
- Integrated business model, enabling through control over key input costs and availability
- Preferred supplier to a world-renowned clientele
- State-of-the art manufacturing unit, fully-capable of executing complex client demand

#### Weakness

- Operates in a business segment largely driven by infrastructure spending; therefore any slowdown in economy may result in lower demand
- Stiff resistance on account of consumer affordability and perception

#### Opportunities

- Defense and Aerospace
- Mass Transport
- Urban Infrastructure
- Power
- Renewable Energy
- Automobiles
- Telecom

#### Threats

- Probable competition from overseas players

#### Human Resources

The Company employed 1345 people (excluding contract labour) as on 30.06.2011. The Company believes in the highest standards of people management and personal growth. It instills in each of the members of the Kemrock family a feeling of ownership, responsibility and performance to the par of excellence in each of the operations pertaining to production and servicing. The Company aspires to set the highest standards of internationally benchmarked human resource practices, which would be exemplary for other manufacturers. The industrial relations were cordial and the management thoroughly acknowledges the support from the employees at all levels.

#### Internal Control System

The Company's internal control system commensurate with its size and operations and is adequate. Internal controls have been instituted and are regularly upgraded in line with the changes in the regulatory and control requirements. The internal audit is conducted regularly by the external professionals. The observations of the auditors are reviewed periodically by the audit committee and the appropriate actions are taken by the Management.

#### RISKS AND CONCERNS

The Company is exposed to normal industry risk factors of competition, economic cycle and uncertainties in the international and domestic markets and credit risk. The Company manages these risks, by maintaining a conservative financial profile and by following prudent business and risk management practices.



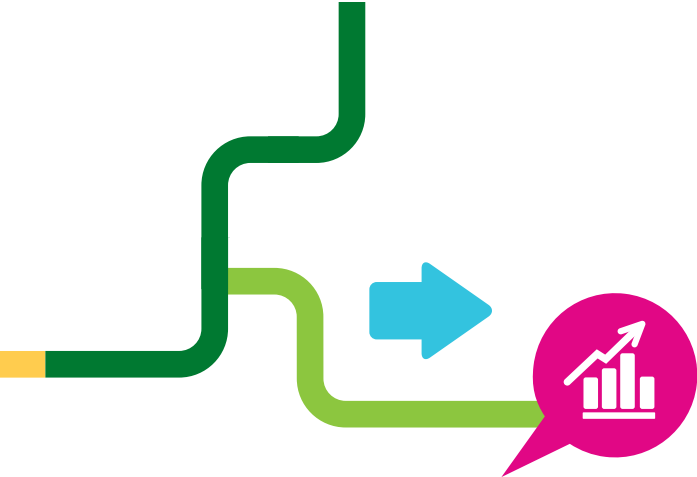
To,  
The Members,

The Directors have pleasure in presenting the Seventeenth Annual Report, together with the Audited Statement of Accounts for the financial year ended on June 30, 2011.

#### Standalone Financial Performance

The standalone financial performance of the Company for the year 2010-2011 as compared to the previous year is briefly highlighted hereunder. However, these figures for the current financial year are not comparable with those of previous year comprising of fifteen months.

Particulars	(Rs. in Crore)	
	2010-2011 (1st July 2010 to 30th June 2011)	2009-2010 (1st April 2009 to 30th June 2010)
Gross Turnover	927.50	629.38
Total Income	905.82	601.99
Profit Before Interest, Depreciation and Tax	231.31	145.32
Interest and Financial Expenses	109.43	54.02
Depreciation	42.12	28.81
Profit Before Tax	100.78	70.51
Net Profit after Tax	75.14	52.97
Add: Balance brought forward from last year	118.80	74.35
Balance available, which the Board has appropriated as under: (A)	194.26	127.04
i) Dividend on Equity Shares for the year @ 20% (previous year @ 20% including interim dividend of 10%)	3.49	2.77
ii) Corporate Tax on Dividend	0.58	0.47
iii) Transfer to General Reserve	7.50	5.00
(B)	11.57	8.24
Balance Carried to Balance Sheet		
(A-B)	182.69	118.80



### Operations

During 2010-11, the Company's total income stood at Rs. 905.82 crore as against Rs. 601.99 crore in 2009-10. EBITDA for the financial year 2010-11 was Rs. 231.31 crore as against Rs. 145.32 crore during 2009-10. Profit before tax for the year under review stood at Rs. 100.78 crore against Rs. 70.51 crore in 2009-10. After providing for income tax of Rs. 25.62 crore, net profit stood at Rs. 75.14 crore in 2010-11 as against Rs. 52.97 crore during 2009-10.

The year under review is the second year of presenting consolidated financial statements. During the year under report, on consolidated basis, the turnover (net) was Rs. 1,082.16 crore as compared to Rs. 716.70 crore in previous year. The profit after tax and minority interest was Rs. 75.53 crore as compared to Rs. 55.03 crore in the previous year.

### Project – Carbon Fiber

During the year under review, the Company has successfully started operations and commercial production of carbon fiber plant and launched a range of carbon fibre products for industrial applications under the brand name "JAITEC".

### Dividend

Based on the performance of the Company, your Directors are pleased to recommend for approval by members at the ensuing Annual General Meeting, a dividend of Rs. 2.00 per share (i.e. 20%) for the year 2010-11 on equity shares. The dividend, if approved by the members would involve outflow of Rs. 4.07 crore including dividend tax.

### General Reserve

The Company has transferred a sum of Rs. 7.5 crore to General Reserve against Rs. 5 crore in the previous year.

### Change in Capital Structure

During the year under report, the Company, on 10th May, 2011, issued and allotted 19,000 fully paid-up equity shares (of Rs. 10/- each) to RPM International Inc., USA against conversion of their 19,000 warrants pursuant to the terms and conditions of issue of warrants on preferential basis.

Further, on 18th May, 2011, the Company issued and allotted 6,69,732 fully paid-up equity shares (of Rs. 10/- each) to RPM International Inc., USA against conversion of their 6,69,732 warrants pursuant to the terms and

conditions of issue of warrants on preferential basis.

With the conversion of above referred 6,88,732 warrants in two tranches, all the 16 lakh warrants issued to RPM International Inc., USA on December 23, 2009, stood converted into equity shares and there does not remain any outstanding warrant.

The Company had received an aggregate sum of Rs. 18,59,57,640 equivalent to the balance 75% of the total issue price of the aforesaid 6,88,732 warrants.

Post issue of 19,000 equity shares and 6,69,732 equity shares (6,88,732 equity shares) to RPM International Inc., USA, the paid-up equity share capital of the Company has increased from Rs. 16,75,34,660 to Rs. 17,44,21,980 divided into 1,74,42,198 equity shares of face value of Rs. 10/- each.

### Listing of Shares

All the 1,74,42,198 equity shares (of Rs. 10/- each) of your Company, as at the date of this report, are listed on the Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai. The Company has paid Listing Fees to both the Stock Exchanges for the period from 1st April, 2011 to 31st March, 2012.

The Global Depository Receipts issued by the Company in previous year continues to be listed on the Luxembourg Stock Exchange, Luxembourg.

### Qualified Institutions Placement (QIP)

During the year under report, the Company had issued and allotted 2,500 12.5% Secured Redeemable Non-convertible Debentures ("NCDs") of face value of Rs. 3 lakh each, and 12,50,000 Warrants ("Warrants") at a Warrant Issue Price of Rs. 30.00/- each ("Securities") under QIP, however, on technical ground, the Company had rescinded and withdrawn the QIP on July 12, 2011; and consequently, NCDs and Warrants issued under the QIP stood annulled and extinguished; and on the date of this report, the Company does not have any outstanding securities. See Note No. 19 of schedule 19B on page 78 for detailed explanation.

### Board of Directors

Mr. Mukund Bakshi resigned as a Director of the Company effective August 28, 2010. The Board places on record its



sincere appreciation for the valuable contribution made by him during his tenure as Director of the Company.

Mr. Venugopal Shastri was appointed as an Additional Director of the Company with effect from October 30, 2010 and held office upto the date of the 16th Annual General Meeting held on November 19, 2010. He was again appointed as an Additional Director of the Company with effect from November 19, 2010, and holds office as such only upto the date of the ensuing 17th Annual General Meeting of the Company. The Company has received a notice in writing from a member of the Company under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr. Venugopal Shastri as a director of the Company.

Mr. Tushar Patel and Mr. Kaushik Bhatt, the Directors of the Company, will retire by rotation at the ensuing Annual General Meeting, and being eligible offer themselves for re-appointment.

#### **Directors' Responsibility Statement**

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

- a) in the preparation of the Annual Accounts for the year 2010-2011, the applicable Accounting Standards have been followed by the Company;
- b) 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 as at 30th June, 2011 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

#### **Wholly Owned & Overseas subsidiaries and Joint Venture Companies**

Presently, the Company has seven wholly owned Indian subsidiaries including two incorporated in the financial year under report viz., Kemrock Renewable Energy Limited

and Kemrock Hi-Performance Composites Limited having business objects relating to renewable energy and mass transportation respectively.

During the year under report, the Company has also formed two wholly owned overseas subsidiaries viz., Kemrock UK Limited (UK) and Kemrock International FZE, in DAFZA, Dubai. These subsidiaries are intended to carry on the business of international marketing in the fields of composite products and its parts and components including related materials like glass fibre, technical fabric, resins, polymers and chemicals. The above subsidiaries are yet to commence their business.

The Company continues to hold 80% stake in Top Glass S. p. A., Italy, which produces pultruded composite profiles.

As on the date of this report, the Company continues to have interest into its joint venture companies viz., Georgia-Pacific Kemrock International Private Limited, SK Polymers FZCO and Saertex-Kemrock India Private Limited.

As required by Accounting Standard-AS 21 on Consolidated Financial Statements, the audited Consolidated Financial Statements of the Company and its Subsidiaries are attached.

In accordance with the General Circular No: 2 /2011 issued by Government of India, Ministry of Corporate Affairs, dated February 08, 2011, the Balance Sheet, Profit & Loss Account and other documents of the Subsidiary companies are not being attached with the Balance Sheet of the Company.

The Annual Accounts of the subsidiary companies and the related detailed information shall be made available to shareholders of the holding and subsidiary companies seeking such information at any point. The Annual Accounts of the subsidiary companies shall be kept for inspection by any shareholders at registered office of the holding company and of the subsidiary companies concerned. A Statement containing prescribed particulars of the Company's subsidiaries is given as Annexure-II appended to this report.

#### **Corporate Governance & Management Discussion & Analysis**

The Corporate Governance Report, pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, is separately given under the head titled as "Corporate Governance Report", which forms part of this Annual

Report. A certificate of the statutory auditors of the Company regarding compliance with the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement is annexed to this Report as Annexure-B forming part of the report.

The Management Discussion and Analysis forming part of this Report is separately given under the head titled as "Management Discussion and Analysis".

#### **Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and Outgo**

The particulars required under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, are set out in Annexure-A to this report.

#### **Particulars of Employees**

As required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the particulars of employees are set out in Annexure and forms part of this report. However, having regard to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, this Annual Report is being sent to all shareholders and others entitled thereto excluding aforesaid particulars (Annexure). Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

#### **Health, Safety and Environmental (HSE)**

The Company had concentrated on continued training and awareness regarding Health, Safety and Environmental (HSE) improvement for entire cross section of employees and contract persons with primary focus on shop floor employees. This resulted in avoiding any major incident throughout the year. With initiative taken by the Company, mutual aid arrangement was finalised with neighboring major industries. The Company has procured air ambient monitoring and stack monitoring Systems to monitor periodically stack gases and ambient air in-house. The Company has completely satisfied all statutory compliances including solid, liquid and gaseous effluents. The Company has setup adequate in-house fire protection System and occupational health center on round the clock basis. Management has continued focus to conserve natural resources and periodically monitors the reduction in specific consumption of water, power, steam, compressed air etc.

#### **Public Deposits**

The Company has not accepted any deposits from the Public within the meaning of Section 58A of the Companies Act, 1956, and as such, no amount on account of principal or interest thereon was outstanding on the date of Balance Sheet.

#### **Auditors**

The Shareholders of the Company are requested to appoint auditors and to fix their remuneration. M/s. H. K. Shah & Co., Chartered Accountants, the existing Auditors of the Company, will retire at the conclusion of the next Annual General Meeting of the Company. The Company has received certificate from the Auditors to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

The observations made in the Auditor's reports on Standalone & Consolidated Financial Statements are self explanatory and therefore do not call for any further comments.

#### **Acknowledgment**

Your Directors take this opportunity to express their gratitude to the Banks, Central and State Governments and their departments and the local authorities for their support.

The Directors also place on record its sincere appreciation to customers, vendors, joint venture partners/subsidiaries, business associates and technology partners of the Company.

Besides, the Directors place on record their sincere appreciation to the Shareholders, Clients, Regulatory Authorities, Stock Exchanges and Depositories for their continued support and assistance and look forward to have such support in all future endeavours.

Board sincerely appreciate and acknowledge the concerted efforts of employees at all levels.

For and on behalf of the Board

**Kalpesh Patel**

*Chairman & Managing Director*

Date: October 05, 2011

Reg. Off.: Vill. Asoj

Vadodara-Halol Express Way

Tal. Waghodia, Dist. Vadodara-391 510



Statement regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo for the year ended on 30th June, 2011 as required under Section 217(1)(e) of the Companies Act, 1956, which forms part of the Directors' Report.

**A. CONSERVATION OF ENERGY:**

**(a) Energy conservation measures taken:**

Operation of 2 nos. X 8 Ton Boiler in carbon fiber plant converted from FO/LDO to natural gas for reducing the operating cost; and operation of incinerator was also converted in gas based burner from previous operation of FO/LDO. All new Heating applications for the new projects are gas operated instead of electricity.

**(b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy:**

Energy audit for the Electrical as well as Thermal (boilers, heaters and chilling applications) areas will be conducted by external agency during this year for identifying the future scope of energy conservation for conserving the energy and reducing the cost of production.

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

Due to above measures, operating cost of the steam boiler and incinerator is reduced, which has reduced the operating cost of Carbon Fiber Plant; and the same would also result in reduction of the operating cost of production of Company's products.



(d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure in respect of industries specified in the Schedule thereto is as under:

**FORM – A (see Rule 2)**

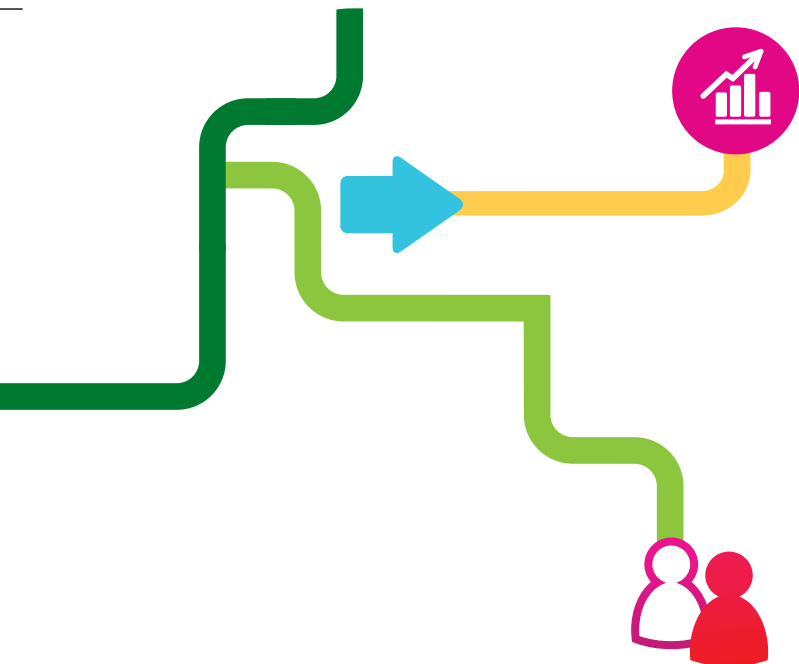
**Form for Disclosure of Particulars with respect to Conservation of Energy**

**(A) Power and fuel consumption**

Sr. No.	Particulars	Unit	Year ended	
			2010-2011	2009-2010
1.	(a) Electricity Purchased			
	Unit	KWH	17,847,820	17,844,200
	Total amount	Rupees	115,549,568	110,359,000
	Rate/Unit	Rs./ KWH	6.47	6.18/-
	(b) Own Generation			
	i) Through diesel generator			
	Unit	KWH	175,084	365,800
	Units per ltr. of diesel oil	KWH	3.0	3.5
	Cost / unit	Rs./KWH	13.56	12.25
	ii) Through steam turbine generator	N. A.	N. A.	N. A.
	Units			
	Units per ltr. of diesel oil/gas			
	Cost / units			
2.	Coal (specify quality and where used)	N. A.	N. A.	N. A.
	Quantity (tonnes)			
	Total cost			
	Average rate			
3.	Furnace oil			
	Quantity (K. Ltrs.)	-	176.78	-
	Total amount	Rs.	7,955,000	-
	Average rate	Rs./Ltrs	Rs.45	-
4.	Others/internal generation (CNG)			
	Quantity	-	111038 sm3	-
	Total cost	Rs.	2,664,000	-
	Rate/unit	Rs./sm3	Rs.24	-

**(B) Consumption per unit of production**





**B. TECHNOLOGY ABSORPTION:**

(e) Efforts made in technology absorption as per Form-B (Disclosure of particulars with respect to Technology Absorption) are as under:

**FORM – B (see Rule 2)**

**Form for Disclosure of Particulars with respect to Technology Absorption**

**[a] Research and Development (R&D):**

1. **Specific areas in which R&D carried out by the Company:**  
Development of thermosetting resins such as Unsaturated Polyesters, Vinyl Esters, Phenolic, Epoxy Resins and Epoxy Hardeners.
2. **Benefits derived as a result of the above R&D:**  
Developed more than 15 products of thermosetting resins and Epoxy Hardeners suitable for application in Hand Molding, Hand Lay-up, RTM, Filament Winding, Pultrusion, Centrifugal Casting, Infusion, Buttons, Agglomerated Marble, Engineering Stone, Putty/Body Resin etc.
3. **Future plan of action:**  
Based on Internal and Market requirements, R&D shall design and develop the products in the area of composites.
4. **Expenditure on R&D:**

a) Capital	Rs.497,133/-
b) Recurring	Rs.260,629/-
c) Total	Rs.757,762/-
d) Total R & D expenditure as a percentage of Total Turnover	00.01%

**[b] Technology absorption, adaptation and innovation:**

1. **Efforts, in brief, made towards technology absorption, adaptation and innovation:**  
The integrated carbon fiber manufacturing facility including polymerization, wet spinning and carbonization were commissioned and stabilized to produce aerospace grade and commercial grade quality carbon fiber. The integrated manufacturing facility for carbon fiber includes central distributed control system (DCS) to achieve consistency in productivity and quality of product. During design and detailing, maximum focus was for heat integration to reduce specific consumption of energy per unit of product. The production and targeted quality was achieved for carbon fiber product including intermediate products making necessary changes in the operating parameters and required changes in some of the equipments by Kemrock team with support from scientist from NAL (National Aerospace Laboratories). Complete quality monitoring system for raw material, in process control and finished product quality was established including setting up entire test facility in-house at Kemrock. Some of the initial commissioning issues were resolved and finally consistent productivity and aerospace and commercial grade carbon fiber product was achieved.



2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution etc.:

Consistency in the productivity of intermediate products and final carbon fiber products was achieved by implementing required changes in the operating parameters monitoring quality improvement with incorporating the changes. Some of the modifications in the equipments were carried out to achieve consistent productivity. The consistency in the productivity and quality of intermediate and carbon fiber product was achieved for aerospace and commercial grade carbon fiber with minimum consumption of raw material and utilities per unit of final product. Indigenous carbon fiber product from commercial facilities for the first time in India at Kemrock will help to reduce dependence from overseas producers for defense, aerospace, wind energy, automobile, infrastructure, offshore, Medicare and sports goods sectors.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

a) Technology imported	N. A.
b) Year of import	N. A.
c) Has technology been fully absorbed?	N. A.
d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action	N. A.

**[c] Foreign exchange Earnings and Outgo:**

a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans:

The Company always strives to maintain its focus and presence in the global market being an export oriented unit. The Company has a good network for marketing and export activities and it avails and explores export opportunities based on economic considerations, international market analysis and embarking on new product applications.

b) Total Foreign Exchange used and earned:

**Foreign Exchange used:**

Value of imports calculated on CIF basis:

Raw Materials	Rs.464.56 Crore
Components & Spare parts	Rs.1.08 Crore
Capital Goods	Rs.141.43 Crore
Export of goods on FOB basis:	Rs.711.39 Crore

# CORPORATE GOVERNANCE REPORT

(Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges)

The Report on Corporate Governance is set out below:

## I. Company's Philosophy on Code of Corporate Governance

The Company fully subscribes to the philosophy on Corporate Governance to ensure transparency, accountability, integrity, consistent value systems, delegation across all facets of its operations leading to sharply focused and operationally efficient growth. The business operations are carried out to benefit all its stakeholders.

## II. Board of Directors

### Composition:

As of the year ended June 30, 2011, the strength of Board of Directors was Seven, of which, two were executive directors and five were non-executive directors. Mr. Kalpesh Patel is the promoter and Chairman and Managing Director. Mr. Mahendra Patel (Mr. M. R. Patel) is an Executive Director. Thus, more than fifty percent of the board of directors comprised of non-executive directors, and more than half of the board members were Independent Directors during the year under report. All the Directors, except two Executive Directors, were rotational directors.

None of the Directors of the Board was member of more than ten Committees or Chairman of more than five Committees across all the Companies in which such directors were directors. Necessary disclosures regarding Committee positions in other public companies as on 30th June, 2011 have been made by the Directors.

The requisite particulars, for the year ended on June 30, 2011, are given below.

Name of Director	Category	No. of outside Directorship(s) Held*	No. of Outside Committee Position(s) Held#	
			Member	Chairman
Mr. Kalpesh Patel	Chairman & Managing Director-Executive	07	-	-
Mr. Kaushik Bhatt	ID & NED	-	-	-
Mr. Navin Patel	NID & NED	-	-	-
Mr. Tushar Patel	ID & NED	02	-	-
Mr. K. K. Rai	ID & NED	05	05	-
Mr. Mahendra Patel	Executive Director	01	-	-
Mr. Venugopal Shastri \$	ID & NED	-	-	-
Mr. Mukund Bakshi**	ID & NED	-	-	-

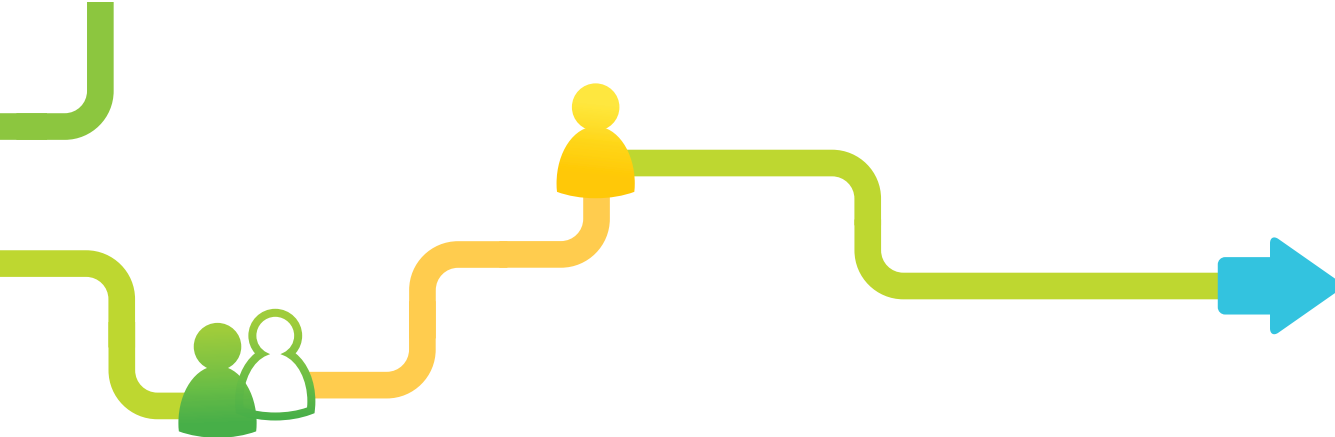
**Note:** ID- Independent Director; NED- Non-executive Director; NID-Non-Independent Director

\*excluding private limited companies

#includes only Audit Committee and Shareholders' Grievance Committee

\$appointed as Additional Director w.e.f., 30th Oct 2010 up to AGM held on 19 Nov 2010; and again appointed as Additional Director w.e.f., 19th Nov 2010

\*\*resigned w.e.f. 28th Aug 2010



### Details of Board Meetings and Attendance

Name of Director	Category	No. of Board Meeting Attended	Whether last AGM Attended
Mr. Kalpesh Patel	Chairman & Managing Director-Executive	11	Yes
Mr. Kaushik Bhatt	ID & NED	07	Yes
Mr. Navin Patel	NID & NED	01	No
Mr. Tushar Patel	ID & NED	05	No
Mr. K. K. Rai	ID & NED	05	Yes
Mr. Mahendra Patel	Executive Director	10	Yes
Mr. Venugopal Shastri \$	ID & NED	06	No
Mr. Mukund Bakshi*	ID & NED	01	No

**Note:** ID– Independent Director; NED– Non-executive Director; NID-Non-Independent Director

\$appointed as Additional Director w.e.f., 30th Oct 2010 up to AGM held on 19 Nov 2010; and again appointed as Additional Director w.e.f., 19th Nov 2010

\*resigned w.e.f. 28th August, 2010

Eleven Board Meetings were held during the financial year ended on June 30, 2011 i.e., (i) In 2010, on 12th and 30th July; 27th August; 30th October (two Meetings); 19th November; and (ii) In 2011, on 12th February; 20th March; 10th, 20th & 30th May. The gap between two consecutive Board meetings was well within the statutory requirements of four months.

### III. Audit Committee

The Audit Committee of the Company has been constituted as per the requirements of Clause 49(II)(A) of the Listing Agreement. The Committee consisted of Four (4) directors. The Chief Financial Officer, Internal Auditors and Statutory Auditors are invitees to the meeting. The Audit Committee of the Company exercises the powers and discharge the functions as stipulated in Section 292A of the Companies Act, 1956; Clause 49 of the Listing Agreement with the Stock Exchanges and other relevant statutory/regulatory provisions. The Company Secretary of the Company acts as the secretary to the Audit Committee.

The composition of the Audit Committee and particulars of meetings attended by its members, during the year, are given below.

Sr. No.	Name of Member	Composition of Audit Committee	Attendance
1	Mr. Kaushik Bhatt	(Chairman) ID & NED	5
2	Mr. K. K. Rai	(Member) ID & NED	3
3	Mr. M. R. Patel #	Executive Director	4
4	Mr. Venugopal Shastri \$	(Member) ID & NED	4
5	Mr. Mukund Bakshi*	(Member) ID & NED	1

**Note:** ID– Independent Director; NED– Non-executive Director

#appointed as a member of committee w.e.f., 27th Aug 2010

\$appointed w.e.f. 30th Oct 2010

\*resigned w.e.f. 28th Aug 2010

Five (5) Audit Committee Meetings were held during the financial year ended on 30th June, 2011 i.e., on 27.08.2010; 30.10.2010; 18.11.2010; 12.02.2011; and 10.05.2011.

The Audit Committee, in addition to other business, reviews the quarterly (unaudited) financial results and annual accounts before submitting to the Board of Directors. It also oversees the financial reporting process, reviews the financial statements and adequacy of internal control system and thus acts as a link amongst the management and the Auditors and the Board of Directors of the Company. The Committee discusses issues related to risk management and compliances.

#### IV. Remuneration of Directors

The Executive Directors - Mr. Kalpesh Patel and Mr. M. R. Patel - were paid remuneration as per their respective terms of appointment approved by the Shareholders of the Company. The present agreement with Mr. Kalpesh Patel, the Chairman and Managing Director of the Company, is for a period of five years w.e.f., 01st August 2008, whereas appointment of Mr. M. R. Patel is for a tenure of three years w.e.f., 03rd June 2010 and with such remuneration as is approved by the shareholders.

The salary of Mr. Kalpesh Patel was increased from Rs.10 lakh p.m., to Rs.15 lakh p.m., effective July 01, 2010 as per the terms of his appointment and authority contained in the shareholders' resolution passed at the 14th Annual General Meeting. The aggregate remuneration paid to Mr. Kalpesh Patel during the financial year under report was Rs.279.78 lakh.

The remuneration of Mr. M. R. Patel was increased from Rs. 35.40 lakh to Rs. 41.77 lakh per annum effective July 01, 2010 as per the terms of his appointment and authority contained the shareholders' resolution passed at the 16th Annual General Meeting. The aggregate remuneration paid to Mr. M. R. Patel during the financial year under report was Rs.40.21 lakh.

The increase in remuneration, as aforesaid, of the executive directors was as per the recommendation of Remuneration Committee of directors of the Company; and total remuneration paid to the executive directors is within the permissible limits of remuneration prescribed under the relevant provisions of the Companies Act, 1956.

The particulars of sitting fees paid to non-executive Directors are as under:

Mr. K. K. Rai	- Rs.2.20 lakh
Mr. Venugopal Shastri	- Rs.2.00 lakh

The Company does engage Mr. Kaushik Bhatt, a lawyer, for availing his legal services. The services provided by him are purely of professional nature and professional fees paid are not considered material enough to affect the independence of Mr. Kaushik Bhatt.

#### V. Shareholders'/Investors' Grievance Committee

During the year under review, the Shareholders'/Investors' Grievance Committee, under the Chairmanship of a non-executive director viz., Mr. Kaushik Bhatt, comprised of following directors viz., Mr. Kaushik Bhatt, Mr. Mukund Bakshi (who resigned w.e.f., August 28, 2010); Mr. K. K. Rai; and Mr. M. R. Patel (who was appointed as a member of committee w.e.f., May 10, 2011).

Three committee meetings were held during the financial year i.e., 27.08.2010; 30.10.2010; and 10.05.2011. The details of attendance at the meetings are given below.

Name of Member	Category	Attendance
Mr. Kaushik Bhatt	(Chairman) ID & NED	3
Mr. K. K. Rai	(Member) ID & NED	2
Mr. M. R. Patel #	Executive Director	1
Mr. Mukund Bakshi*	(Member) ID & NED	1

**Note:** ID-Independent Director; NED- Non-executive Director

#appointed as a member of committee w.e.f. May 10, 2011

\*resigned as director w.e.f., August 28, 2010

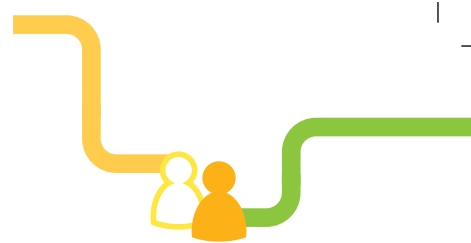
The Shareholders'/Investors' Grievance Committee looks into the redressal of shareholders'/investors' complaints like transfer of shares, non-receipt of Annual Report, non-receipt of declared dividend, revalidation of dividend warrants etc.

The Committee also oversees the performance of the secretarial department and working of the Registrar and Share Transfer Agents and recommends measures for overall improvement in the quality of investor services.

The Compliance Officer is Mr. Dinesh Patel, the Company Secretary of the Company, and his designated e-mail ID is: dpatel@kemrock.com

All the complaints received during the year were resolved and no complaint was pending for redressal as on 30th June, 2011.





## VI. General Body Meetings

The details of the last three Annual General Meetings (AGMs) of the Company and Special Resolutions passed thereat are as under:

Date & Time	Venue (Regd. Office)	No. of Special Resolutions passed
6th Sept., 2008 at 10:30 a.m.	Village Asoj, Vadodara – Halol Express Way, Tal. Waghodia, Dist. Vadodara – 391 510, Gujarat State, India	2
28th August, 2009 at 10:30 a.m.	Village Asoj, Vadodara – Halol Express Way, Tal. Waghodia, Dist. Vadodara – 391 510, Gujarat State, India	6
19th November, 2010 at 10:30 a.m.	Village Asoj, Vadodara – Halol Express Way, Tal. Waghodia, Dist. Vadodara – 391 510, Gujarat State, India	-

In addition to Annual General Meeting, the Company holds General Meetings of the Shareholders as and when need arises. There was no such meeting held during the year under report.

No special resolution requiring a postal ballot was proposed during the year. No special resolution requiring a postal ballot is proposed at the ensuing AGM.

## VII. Disclosures

- In terms of Accounting Standard AS-18, details of related party transactions during the year have been set out under Note 17(b) of Schedule 19 (B) annexed to the Balance Sheet and Profit and Loss Account. However, they are not having any potential conflict with the interest of the Company at large.
- During last three years, no penalties or strictures have been imposed on the Company by Stock Exchanges, SEBI or any other Statutory Authority on any matter related to capital markets.
- Adoption of non-mandatory requirements under the Clause 49 of the Listing Agreement is reviewed from time to time.

## VIII. Means of Communication

Quarterly, half yearly and annual results are usually and regularly published by the Company in widely circulating national and local dailies such as “Business Standard” in English and “Loksatta” in Gujarati and are also submitted to the Stock Exchanges in accordance with the Listing Agreement requirements. Financial Results are sent through e-mail and by post to the shareholders on receipt of requests. Financial results and shareholding pattern for each quarter and annual results of the Company are also displayed on the Company’s website [www.kemrock.com](http://www.kemrock.com).

## IX. General Shareholder Information

<b>Annual General Meeting</b> (Date, time and Venue)	: Friday, December 16, 2011 at 11:00 a.m., at the registered office at village Asoj, Vadodara Halol Express Way, Tal. Waghodia, Dist. Vadodara – 391510, Gujarat State
<b>Financial Year</b>	: 1 July 2010 to 30 June 2011
<b>Financial Calendar</b>	: During the year, results were announced as under:-
First Quarter Results	: 30.10.2010
Second Quarter Results	: 12.02.2011
Third Quarter Results	: 10.05.2011
Fourth Quarter and Audited Results	: 27.08.2011 and revised on 05.10.2011
Annual general Meeting	: Friday, December 16, 2011
<b>Details of Book Closure</b>	: The Register of Members and Share Transfer Register will remain closed from 14 December, 2011 to 16 December, 2011 (both days inclusive).
<b>Listing on Stock Exchanges</b>	: 1. Equity Shares are listed at: <ul style="list-style-type: none"> <li>Bombay Stock Exchange Limited Phiroze Jeejeebhoy towers, Dalal Street, Mumbai – 400 001 and</li> <li>National Stock Exchange of India Limited Exchange plaza, Bandra-Kurla Complex Bandra (East), Mumbai – 400 051</li> </ul> 2. GDRs are listed at: <ul style="list-style-type: none"> <li>Luxembourg Stock Exchange [LuxSE], Societe Anonyme 11, av de la Porte-Neuve, L-2227, Luxembourg</li> </ul>
<b>Stock Code/Scrip ID</b>	<b>BSE</b> : 526015 / KEMIE <b>NSE</b> : KEMROCK <b>LuxSE</b> : US4884721014

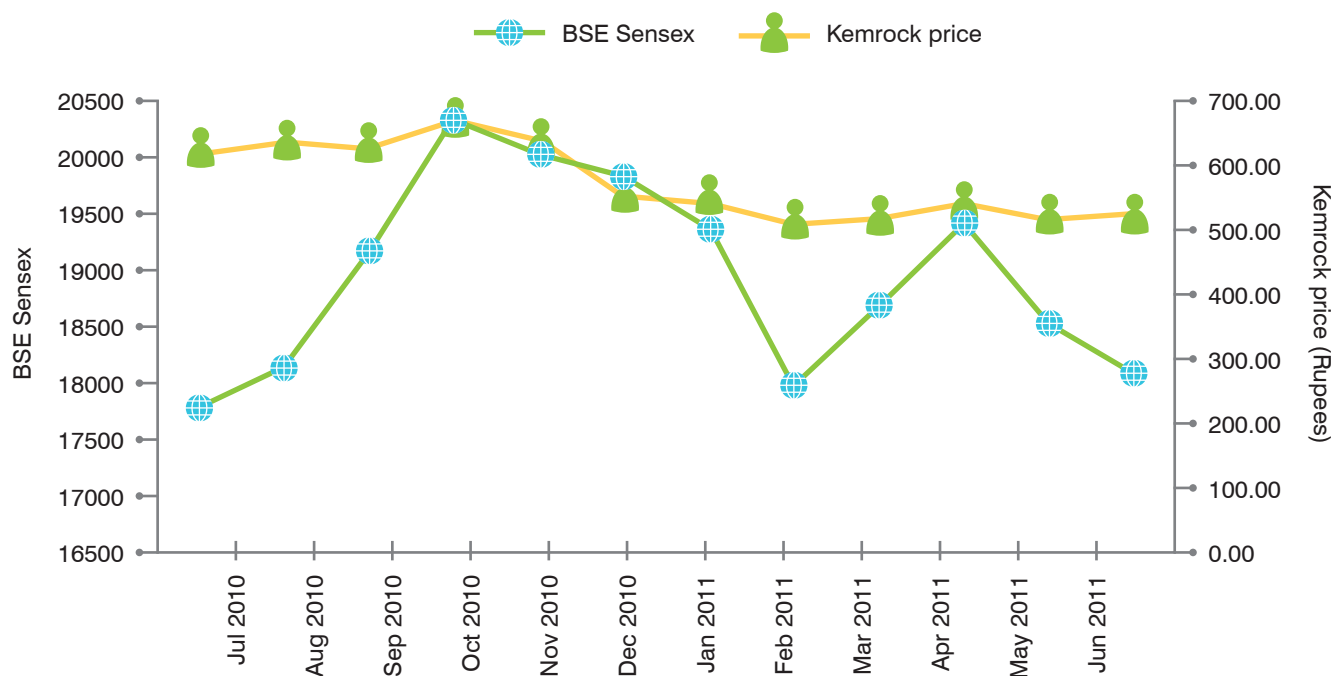
Annual Listing Fees for the year 2010-11 have been paid to all the stock exchanges, where the company's securities are listed.

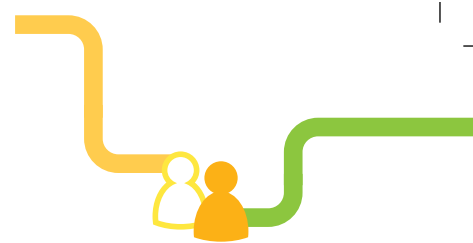
### Stock Market Data

Monthly High and Low prices of Equity Shares of the Company quoted at the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) during the year 2010-11 were as under:

Month	Bombay Stock Exchange Ltd.				National Stock Exchange of India Limited			
	Share Price (Rs.)		Sensex Points		Share Price (Rs.)		Nifty Points	
	High	Low	High	Low	High	Low	High	Low
Jul 2010	644.35	585.10	18237.56	17395.58	646.00	585.00	5477.50	5225.60
Aug 2010	685.00	581.10	18475.27	17819.99	688.00	572.00	5549.80	5348.90
Sep 2010	665.00	580.00	20267.98	18027.12	665.00	582.00	6073.50	5403.05
Oct 2010	728.30	597.10	20854.55	19768.96	728.30	591.00	6284.10	5937.10
Nov 2010	742.10	525.10	21108.64	18954.82	742.80	521.00	6338.50	5690.35
Dec 2010	637.70	475.55	20552.03	19074.57	636.60	475.00	6147.30	5721.15
Jan 2011	581.60	496.10	20664.80	18038.48	582.20	497.00	6181.05	5416.65
Feb 2011	524.90	490.00	18690.97	17295.62	525.95	482.40	5599.25	5177.70
Mar 2011	550.00	482.05	19575.16	17792.17	555.00	476.40	5872.00	5348.20
Apr 2011	562.20	506.00	19811.14	18976.19	586.90	507.20	5944.45	5693.25
May 2011	537.90	490.50	19253.87	17786.13	534.90	497.00	5775.25	5328.70
Jun 2011	542.00	506.10	18873.39	17314.38	542.00	506.05	5657.90	5195.90

### Performance of Share Price of the Company in comparison to the BSE Sensex





#### Registrar and Share Transfer Agent:

Link Intime India Private Limited  
Unit: Kemrock Industries and Exports Limited  
B-102 & 103, Shangrila Complex, 1st Floor  
Near Radhakrishna Char Rasta, Akota  
Vadodara – 390 015 (Gujarat)

#### Share Transfer System

The Share Transfer Committee of the Directors has been constituted by the Board. The Board has also delegated the power of share transfer, approvals for transmission, issue of duplicate certificates etc., to the Share Transfer Committee of Directors. The delegated authority attends to share transfer formalities at least once in fortnight. The share transfers received in physical form are processed and the duly transferred share certificates are returned within the prescribed time limit, subject to the documents being valid and complete in all respects. The Board of Directors has appointed the Company Secretary as Compliance Officer of the Company to monitor the share transfer process. Share transfers approved by the delegated authority are placed at the Board Meeting from time to time. As on 30th June, 2011, no shares were pending for transfer for more than 20 days.

M/s. Link Intime India Private Limited is the Share Transfer Agent for both physical and demat segment of Equity Shares of the Company.

All requests for Dematerialization of shares are processed and confirmation is given to the respective depositories, i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 21 days except sparingly in few cases.

#### Distribution of Shareholding as on 30th June, 2011

No. of Equity Shares	Shareholders		Shares	
	No.	%	No.	%
Up to 500	8348	91.80	817888	4.69
501 to 1000	336	3.69	268418	1.54
1001 to 2000	187	2.06	280316	1.61
2001 to 3000	59	0.65	146979	0.84
3001 to 4000	23	0.25	82412	0.47
4001 to 5000	27	0.30	126840	0.73
5001 to 10000	49	0.54	350632	2.01
10001 and above	65	0.71	15368713	88.11
Total	9094	100.00	17442198	100.00

#### Dematerialization of Shares and Liquidity

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE990B01012.

The Company's equity shares are regularly traded on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited in electronic form. As on 30th June, 2011, 1,55,50,210 equity shares representing 89.15% of the total equity shares have been dematerialized by the shareholders.



### Outstanding GDRs / ADRs / Warrants or any Convertible Instruments

48,27,200 Global Depository Receipts (GDRs) (each GDR represents one underlying equity Share of the face value of Rs.10/- each of the Company) were issued by the Company on April 29, 2010, and are listed on the Luxembourg Stock Exchange.

During the financial year under report, the Company had issued and allotted 12,50,000 warrants under the Qualified Institutions Placement (QIP) pursuant to Chapter-VIII of the SEBI (ICDR) Regulations 2009, and accordingly, as at the end of financial year, the said 12,50,000 warrants were outstanding. However, on rescission and withdrawal of QIP Issue by the Company subsequently on July 12, 2011, the said warrants issued under the QIP stood annulled and extinguished; and on the date of the report of the Board of Directors, the Company does not have any outstanding Warrants. See Note no. 19 of Schedule 19-B to Notes to Accounts on page 78 for detailed explanation.

The Company has not issued any ADRs or convertible instruments other than above.

#### Registered Office & Plant Location

Kemrock Industries and Exports Limited  
Village Asoj,  
Vadodara - Halol Express Way  
Tal. Waghodia,  
Dist. Vadodara – 391 510  
Gujarat State, India  
Email: investor@kemrock.com  
Website : www.kemrock.com

#### Investor Correspondence

Link Intime India Private Limited  
Unit: Kemrock Industries and Exports Limited  
B-102 & 103, Shangrila Complex, 1st Floor,  
Near Radhakrishna Char Rasta, Akota  
Vadodara – 390 015 (Gujarat)  
Tel.: (0265) 2250241; Fax: (0265) 2250246  
E-mail: vadodara@linkintime.co.in  
Website: www.linktime.co.in

---

### Code of Conduct

The Company has always encouraged and supported ethical business practices. The Company has framed a specific Code of Conduct for the members of the Board of Directors and Senior Management personnel of the Company.

All the members of Board and Senior Management Personnel of the Company have affirmed due observance of the Code of Conduct framed pursuant to Clause 49-I-D of the Listing Agreement with the Stock Exchanges in so far as it is applicable to them.

For and on behalf of the Board

Date: August 27, 2011

Reg. Off. Vill. Asoj

Vadodara-Halol Express Way

Tal. Waghodia, Dist.: Vadodara-391 510

**Kalpesh Patel**

*Chairman & Managing Director*





## ANNEXURE 'B'

### AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To,  
The Members of  
**Kemrock Industries and Exports Limited,**

We have examined the compliance of conditions of Corporate Governance by Kemrock Industries and Exports Limited for the financial year ended on 30th June, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with relevant Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation 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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders'/Investors' Grievance Committee.

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.

For **H. K. Shah & Co.**  
*Chartered Accountants*  
FR No. 109583/W

**H. K. Shah**  
*Partner*  
Partner - M.No. 42758

Date : October 05, 2011  
Place : Asoj



# Auditors' Report on standalone financial statements

To  
The Members of

## KEMROCK INDUSTRIES AND EXPORTS LTD.

- 1 We have audited the attached Balance Sheet of KEMROCK INDUSTRIES AND EXPORTS LIMITED (the "Company") as at 30th June, 2011 and the Profit & Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the "Order") issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, (the "Act") 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
- 4
  - a) The Standalone Financial Statements (SFS) of the Company were earlier approved by the Board of Directors at their meeting held on 27th August, 2011 inter alia for the purpose of publishing annual audited financial results pursuant to Clause 41 of the Listing Agreement with the Stock Exchanges, which were prepared considering recommendation of dividend @ Rs.2/- per share subject to approval of shareholders at the ensuing annual general meeting but without providing for dividend and necessary adjustments thereof in the SFS. We had issued our report dated 27th August, 2011 on the said SFS. Subsequently, those SFS have been amended to give effect by management of provisioning of dividend and necessary adjustments thereof for the year ended on 30th June 2011 (see Note 22 of Schedule 19 (B)).
  - b) Apart from the forgoing event, the attached SFS do not take into account any events subsequent to the date of approval of the SFS approved earlier by the Board of Directors and reported upon by us as aforesaid.

5 Further to our comments in the annexure referred to in paragraph 3 above we report as Follows:

- (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 appears from our examination of those books.
- (c) The Balance Sheet and Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (d) In our opinion, and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report read together with the notes thereon comply with Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable.
- (e) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified from being appointed as director as on 30th June, 2011 in terms of clause (g) of sub-section(1) of section 274 of the Act.
- (f) In the absence of the notification in the Official Gazette of the Central Government, the company has not made any provision for cess payable under Section 441A of the Companies Act, 1956. As per the explanation given to us, the required provisions for the cess payable shall be made in accordance with the notification, as and when issued by the Central Government in its Official Gazette.
- (g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
  - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 2011.
  - ii. In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
  - iii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **H.K.Shah & Co.,**  
Chartered Accountants  
Firm Reg. No. 109583/W  
**H.K.Shah**  
Partner  
M.No.42758

Place: Asoj,  
Date: October 05, 2011

## Annexure to the Auditors' Report

(Referred to in paragraph (3) of our report of even date)

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the management at reasonable intervals. In our opinion and according to the information and explanations given to us in respect of assets physically verified during the year, the discrepancies noticed were not material and have been properly dealt with in the books of account.
- (c) There was no substantial disposal of fixed assets during the year.
2. (a) In our opinion and according to the information and explanations given to us, the inventories have been physically verified by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of inventory and no material discrepancies were noticed on physical verification.
3. As informed to us, the Company has neither taken nor given any loan secured or unsecured from/to parties listed under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and with regard to sale of goods. During the course of audit, no major weakness has been noticed in the internal controls.
5. (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, transactions exceeding Rs. 5 Lakh have been made at a price which is reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted any deposits during the year from the public within the meaning of the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules made there under. Therefore, the provision of clause (vi) of Para 4 of the Order are not applicable.
7. In our opinion, the Company has an Internal Audit System commensurate with the size of the Company and the nature of its business.
8. We have broadly reviewed books of accounts maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been maintained. We have, not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records examined by us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise-duty, cess and other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 30th June, 2011 for a period of more than six months from the date they became payable.



# Annexure to the Auditors' Report (Contd.)

(Referred to in paragraph (3) of our report of even date)

- (b) According to the information and explanations given to us, the statutory dues which have not been deposited on account of disputes and the forum where the disputes are pending are as under:

## Under Income Tax Act, 1961:

Nature of Dues	Assessment Year	Amount (Rs. In Lakh)	Forum where dispute is pending
Income Tax Assessment	2007-08	28.46	Commissioner of Income Tax (Appeals), Vadodara
Income tax Penalty	2003-04	3.07	Commissioner of Income Tax (Appeals), Vadodara

## Under Central Excise and Customs Acts:

Nature of Dues	Assessment Year	Amount (Rs. In Lakh)	Forum where dispute is pending
Applicability of Service Tax in Intellectual Property	2009-10	32.17	Addl. Comm. C. Ex. & Cus. Vadodara-II
Payment of 3rd time sales on DTA Sales	2009-10	72.83	Comm. of C. Ex. & Cus. Vadodara-II
CENVAT Credit of not eligible services (Courier Services & CHA Services)	2009-10	2.73	Asst. Comm. C. Ex. & Cus. Vadodara-II
Refund under Rule 11B	2009-10	5.57	Commissioner (Appeals)
Wrong availment of CENVAT Credit on specified Capital Goods	2010-11	40.37	Jt. Comm. C. Ex. & Cus. Vadodara-II
Wrong availment of Service Tax Credit on Courier Services	2011-12	0.92	Superintendent of C. Ex. & Customs R-II, Waghodia Div. Vadodara-II
Wrong availment of Service Tax Credit on CHA Services	2010-11	33.42	Joint Commissioner of C. Ex. & Cus. Subhanpura, Vadodara-II
Wrong availment of Service Tax Credit on CHA Services	2011-12	7.20	Joint Commissioner of C. Ex. & Cus. Subhanpura, Vadodara-II

10. The Company has no accumulated losses as at 30th June, 2011. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. Based on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to the financial institutions or bank or debenture holders.
12. Based on the examination of the records and the information and explanations given to us, the Company has not granted any loans and / or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. The provisions of clause 4(xiii) of the order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company has obtained term loans from banks and they have been applied for the purpose for which they were obtained.
17. In our opinion and according to the information and explanations given to us and based on our examination of the books of accounts, short term funds raised by the Company have not been used for long term investment.
18. The Company has not made any preferential allotment of shares / warrants to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has issued secured debentures by QIP route initially, by way of subservient charge on immovable assets and on first pari passu charge basis after receipt of NOCs from existing lenders. Further see Note no. 19 of Schedule 19B in notes to accounts.
20. The Company has not raised monies by public issue during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the course of our audit.

For **H.K.Shah & Co.,**  
Chartered Accountants  
Firm Reg. No. 109583/W  
**H.K.Shah**  
Partner  
M.No.42758

Place: Asoj,  
Date: October 05, 2011

# Balance Sheet as at 30th June, 2011

(Amount in Rs.)

	Schedule	As at 30.06.2011	As at 30.06.2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	174,421,980	167,534,660
Equity Share Warrants		37,500,000	61,985,880
Reserves & Surplus	2	6,403,747,316	5,479,301,734
<b>Loan Funds</b>			
Secured Loans	3	11,776,563,963	9,173,423,433
Unsecured Loans	4	2,869,968	2,869,968
Deferred Tax Liability		316,315,820	202,905,818
<b>Total</b>		<b>18,711,419,047</b>	<b>15,088,021,493</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	7,928,085,131	5,679,258,770
Less : Depreciation		1,166,007,610	751,395,561
Net Block		6,762,077,521	4,927,863,209
Capital Work In Progress including Advances for Capital Expense		3,262,940,350	3,293,139,018
<b>Total</b>		<b>10,025,017,871</b>	<b>8,221,002,227</b>
<b>INVESTMENTS</b>	6	<b>927,710,007</b>	<b>910,092,602</b>
<b>Current Assets, Loans &amp; Advances</b>			
<b>Current Assets</b>			
Inventories	7	2,827,547,068	2,362,731,564
Sundry Debtors	8	4,542,857,402	3,156,649,206
Cash & Bank Balances	9	1,275,124,338	1,751,354,447
Loans & Advances	10	1,714,895,681	847,772,643
		<b>10,360,424,489</b>	<b>8,118,507,860</b>
Less : Current Liabilities & Provisions	11	2,601,733,320	2,161,581,196
Net Current Assets		<b>7,758,691,169</b>	<b>5,956,926,664</b>
<b>Total</b>		<b>18,711,419,047</b>	<b>15,088,021,493</b>
Significant Accounting Policies & Notes on Accounts	19		

The Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date

For **H.K.Shah & Co.**

Chartered Accountants

FR No. 109583/W

**H.K.Shah**

Partner

Membership No. 42758

Place: Asoj

Date: October 05, 2011

**Kalpesh Patel**

Chairman & Managing Director

**Kaushik Bhatt**

Director

**Usha Moraes**

Chief Financial Officer

**Dinesh Patel**

Company Secretary

# Profit & Loss Account for the year ended 30th June, 2011

		(Amount in Rs.)	
	Schedule	Year ended 30.06.2011	Period ended 30.06.2010
<b>INCOME</b>			
Sales & Operations		9,275,011,861	6,293,828,444
Less: Excise Duty /Sales Tax		261,915,319	296,549,233
Net Sales		9,013,096,542	5,997,279,211
Other Income	12	45,057,662	22,646,010
Increase/(Decrease) in Stocks	13	456,919,948	110,062,319
		9,515,074,152	6,129,987,540
<b>EXPENDITURE</b>			
Raw Materials Consumed		5,322,093,887	3,382,250,092
Manufacturing Expenses	14	707,994,003	426,351,422
Provisions & Payments to Employees	15	401,564,095	360,314,013
Administration & General Expenses	16	291,825,162	169,743,262
Selling & Distribution Expenses	17	268,346,539	257,997,179
Financial Expenses	18	1,094,312,177	540,155,749
Depreciation		421,160,551	288,086,043
		8,507,296,414	5,424,897,760
Profit Before Tax		1,007,777,738	705,089,780
Less : Provision for Current Tax		200,100,000	119,817,000
Less : Provision for Wealth Tax		185,000	73,600
Less/(Add): Provision for Deferred Tax		113,410,002	55,521,961
Less/(Add): MAT credit entitlement		(57,357,731)	-
Profit After Tax		751,440,467	529,677,219
Add/(Less): Prior Period Income/(Expenses)		3,150,673	(2,777,692)
Profit for the year for appropriation		754,591,140	526,899,527
Less:Provision for Final Dividend		34,884,396	16,753,466
Less:Provision for Tax on Final Dividend		5,793,862	2,782,541
Less: Interim Dividend		-	11,014,998
Less: Dividend Tax on Interim Dividend		-	1,872,000
Profit for the year after appropriation		713,912,882	494,476,522
Profit Transferred from Previous Year		1,188,019,717	743,543,195
Transfer to General Reserve Account		75,000,000	50,000,000
Balance Carried to Balance Sheet		1,826,932,599	1,188,019,717
EPS (Basic)		44.82	45.05
EPS (Diluted)		44.12	42.67
Significant Accounting Policies & Notes on Accounts	19		

The Schedules referred to above form an integral part of the Profit & Loss Account

As per our report of even date

For **H.K.Shah & Co.**

Chartered Accountants

FR No. 109583/W

**H.K.Shah**

Partner

Membership No. 42758

Place: Asoj

Date: October 05, 2011

**Kalpesh Patel**

Chairman & Managing Director

**Kaushik Bhatt**

Director

**Usha Moraes**

Chief Financial Officer

**Dinesh Patel**

Company Secretary

# Cash Flow Statement for the year ended on 30th June, 2011

	30-Jun-11	(Rs. In Lakh) 30-Jun-10
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	10,078	7,051
<i>Add / (Deduct) : Adjustments for</i>		
Interest Paid	10,943	5,402
Depreciation (net)	4,212	2,881
Preliminary Expenses / Deferred Revenue Written off	-	10
Interest Income	(304)	(150)
<b>(Profit)/Loss on sale of assets</b>	-	13
Other Income	81	-
Prior Year adjustments	32	(28)
Provision for Write Off / Diminution in value of Current Investment	-	-
	<u>14,964</u>	<u>8,128</u>
<b>Operating Profit before working capital changes</b>	<u>25,042</u>	<u>15,179</u>
<i>Add / (Deduct) Adjustments for :</i>		
Trade and Other Receivables	(13,862)	(5,276)
Inventories	(4,648)	(3,976)
Trade and Other Payables	607	10,938
Loans and Advances	(8,671)	(7,050)
Other Current Assets	-	-
	<u>(26,574)</u>	<u>(5,364)</u>
<b>Cash Generated from Operations</b>	<u>(1,532)</u>	<u>9,815</u>
Direct taxes paid (net of refunds)	2,003	(901)
Cash flow before extraordinary items	471	8,914
Extraordinary items	-	-
Net cash from operating activities	<u>471</u>	<u>8,914</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
<i>Activities - Inflow / (outflow)</i>		
Purchase of fixed assets (including CWIP and advances for CAPEX)	(22,186)	(41,442)
Proceeds from Sale of Fixed assets	-	14
Increase in Preliminary Expenses / Deferred Revenue	-	-
(Increase)/Decrease in value of Investment	(176)	(8,899)
Income from Investments	-	0
Net cash generated / (used) in investing activities	<u>(22,362)</u>	<u>(50,327)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase in loans	22,150	18,805
Increase in / (Repayment of) unsecured loans	-	(30)
Increase/(Decrease) in Bank borrowings	3,883	11,150
Interest Income	304	150
Interest paid	(10,943)	(5,402)
Issue of shares/Equity Warrants	1,930	25,869
Dividends paid	(195)	(303)
Net cash generated/(used) in financing activities	<u>17,129</u>	<u>50,239</u>
Net increase/(decrease) in cash equivalents	<u>(4,762)</u>	<u>8,826</u>
Cash and cash equivalents as at 1st July 2010	<u>17,513</u>	<u>8,687</u>
Cash and cash equivalents as at 30th June 2011	<u>12,751</u>	<u>17,513</u>

As per our report of even date

For **H.K.Shah & Co.**

Chartered Accountants

FR No. 109583/W

**H.K.Shah**

Partner

Membership No. 42758

Place: Asoj

Date: October 05, 2011

**Kalpesh Patel**

Chairman &amp; Managing Director

**Kaushik Bhatt**

Director

**Usha Moraes**

Chief Financial Officer

**Dinesh Patel**

Company Secretary



# Schedules to Balance Sheet

(Amount in Rs.)

As at  
30.06.2011

As at  
30.06.2010

**SCHEDULE - 1****SHARE CAPITAL***Authorised*

35,000,000 equity shares of Rs. 10/- each	350,000,000	350,000,000
<b>Total</b>	<b>350,000,000</b>	<b>350,000,000</b>

*Issued, Subscribed and Paid Up Capital*

17,442,198 Equity Shares of Rs. 10/- each fully paid for cash (Previous Year 16,753,466 Equity Shares of Rs. 10/- each)	174,421,980	167,534,660
<b>Total</b>	<b>174,421,980</b>	<b>167,534,660</b>

**SCHEDULE - 2****RESERVES & SURPLUS***Capital Reserve*

Securities Premium Opening	4,087,660,767	1,620,146,974
Security Premium during the year	241,607,700	2,491,183,800
Less: Share Issue Expenses	(31,075,000)	(23,670,007)
<b>Total-Securities Premium</b>	<b>4,298,193,467</b>	<b>4,087,660,767</b>
Warrants Forfeiture Opening	113,621,250	58,496,250
Warrants Forfeiture during the year	-	55,125,000
<b>Total-Warrants Forfeiture</b>	<b>113,621,250</b>	<b>113,621,250</b>
	<b>4,411,814,717</b>	<b>4,201,282,017</b>
General Reserve - Balance as per last year	90,000,000	40,000,000
Add: Provided during the year	75,000,000	50,000,000
Closing Balance	165,000,000	90,000,000
Balance of Profit & Loss Account	1,826,932,599	1,188,019,717
	<b>1,991,932,599</b>	<b>1,278,019,717</b>
<b>Total</b>	<b>6,403,747,316</b>	<b>5,479,301,734</b>

1. Equity Share warrants of Rs.37,500,000 represents receipts towards 1,250,000 warrants issued by the company at the warrant price of Rs. 30 each.
2. Balance 688,732 Share warrants which were issued to RPM International Inc. USA on 23.12.2009 were converted into Equity Shares(19,000 warrants on 10th May 2011 & 669,732 warrants on 18th May 2011) upon receipt of monies as per terms of issue (on exercise of option by RPM International Inc. USA).

## Schedules to Balance Sheet (Contd.)

(Amount in Rs.)

	As at 30.06.2011	As at 30.06.2010
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
<b>Term Loans</b>	4,831,134,751	3,932,881,720
Includes Interest Accrued & Due Rs. 53,959,967/- (PY:Rs.35,093,063/-)		
<b>Short Term Loans</b>	1,310,780,980	505,547,945
Includes Interest Accrued & Due Rs. 1,07,80,981/- (PY:Rs.5,547,945/-)		
Foreign Currency Term Loan/ECB from Banks	1,333,218,001	1,564,494,213
	7,475,133,732	6,002,923,878
<b>QIP Issue</b>		
Secured Redeemable Non Convertible Debentures-NCDs ( See note no.19)	750,000,000	-
	750,000,000	-
<b>Vehicle Loans</b>		
From Banks	22,537,602	29,844,069
Vehicle Financing Companies		
Total of Vehicle Loan	22,537,602	29,844,069
Sub Total	8,247,671,334	6,032,767,947
Working Capital from Banks	3,528,892,629	3,140,655,486
Total	11,776,563,963	9,173,423,433

**Notes :**

1. Term Loans from banks are availed against first pari passu charge on fixed assets and second pari passu charge on current assets of the Company.
2. Short Term Loans from banks are secured against hypothecation of current assets of the Company and guaranteed personally by Managing Director in some cases.
3. ECB from ICICI is availed against first pari passu charge on fixed assets and second pari passu charge on current assets of the Company and is further secured by personal guarantee of the Managing Director.
4. ECB from PNB International Ltd. and Syndicate Bank, London, are secured by way of pledge of Equity Shares of Top Glass S.p.A, Italy and second pari passu charge on the fixed assets of the company.
5. Vehicle Loans from Banks are secured by way of hypothecation of Vehicles.
6. Working Capital from banks are secured by way of first pari passu charge on current assets and second pari passu charge on fixed assets of the Company.
7. 2,500 12.5% secured redeemable non-convertible debentures of the face value of Rs. 300,000 each issued (under Qualified Institutions Placement (QIP)) to Lakshmi Vilas Bank Ltd. and Sicom Limited were secured initially, by way of subservient charge on immovable assets and on first pari passu charge basis after receipt of NOCs from existing lenders. However, the Company has rescinded and withdrawn QIP Issue on 12th July, 2011, and consequently securities (NCDs and Warrants) stood annulled thereby rendering said subservient charge ineffective.

**SCHEDULE - 4****UNSECURED LOANS**

External Commercial Borrowings (Fibregrate Composites Structures, Inc. USA)	2,869,968	2,869,968
Total	2,869,968	2,869,968

# Schedules to Balance Sheet (Contd.)

## SCHEDULE - 5 FIXED ASSETS

Description of Assets	Gross Block (At Cost)			Depreciation [S.L.M.]			Net Block	
	As at 01.07.2010	Addition During the Year	Deduction During the Year	As at 30.06.2011	Up to 01.07.2010	During Year	Up to 30.06.2011	As at 30.06.2011
(Amount in Rs.)								
Land	72,129,449	8,974,853	-	81,104,302	-	-	-	81,104,302
Building	1,600,147,362	496,743,896	-	2,096,891,258	136,713,059	66,120,736	196,374,063	1,900,517,195
Plant & Machinery	3,800,528,983	1,686,085,494	-	5,486,614,477	558,957,665	332,069,642	891,027,307	4,595,587,170
Furniture, Office Equipments, etc.	134,286,661	47,735,243	-	182,021,904	36,179,016	17,883,645	54,062,661	127,959,243
Vehicles	63,088,781	8,237,712	442,373	70,884,120	17,499,974	4,316,911	21,728,116	49,156,004
Quality Control Assets	9,077,534	1,491,536	-	10,569,070	2,045,847	769,616	2,815,463	7,753,607
<b>Total</b>	5,679,258,770	2,249,268,734	442,373	7,928,085,131	751,395,561	421,160,550	1,166,007,610	6,762,077,521
Previous Year	3,279,375,940	2,404,068,821	4,185,991	5,679,258,770	464,788,825	288,086,043	751,395,561	4,927,863,209

### Notes :

1. Depreciation has been charged on double shift basis at SLM rates.
2. Deduction of Depreciation of Rs. 6,459,732 is on account of excess depreciation charged on assets which is reversed.
3. Deduction of Depreciation of Rs. 88,769 under vehicle is on account of a car sold during the year 2010-11.

## Schedules to Balance Sheet (Contd.)

(Amount in Rs.)

As at  
30.06.2011

As at  
30.06.2010

**SCHEDULE - 6****INVESTMENTS (AT COST)****Long Term :***Unquoted (Trade Investment)*

Georgia - Pacific Kemrock International Pvt. Ltd. [15,975 Equity Shares of Rs. 1,000/- each]	15,975,000	15,975,000
S. K. Polymers FZCO, UAE [3 Shares of AED 100,000/- each]	3,367,500	3,367,500
Top Glass S.p.A. - Italy [6,400,000 Equity Shares of Euro 1/- each, which represent 80% of total shares of Top Glass S.p.A.]	889,352,522	889,352,522
Kemrock International FZE [1 Equity Share of AED 1,000,000/- each]	12,110,000	-
Kemrock Advanced Composites Ltd. [50,000 Equity Shares of Rs.10/- each]	500,000	-
Kemrock Advance Reinforcements Ltd. [50,000 Equity Shares of Rs.10/- each]	500,000	-
Kemrock Filament Windings Ltd. [50,000 Equity Shares of Rs.10/- each]	500,000	-
Kemrock Infratech Ltd. [50,000 Equity Shares of Rs.10/- each]	500,000	-
Kemrock Speciality Polymers Ltd. [50,000 Equity Shares of Rs.10/- each]	500,000	-
Kemrock Renewable Energy Ltd. [50,000 Equity Shares of Rs.10/- each]	500,000	-
Saertex-Kemrock India Pvt. Ltd. [250,000 Equity Shares of Rs.10/- each]	2,500,000	-
Kemrock UK Limited [100 Equity Shares of GBP 1/- each]	7,405	-
Total of Unquoted Shares	926,312,427	908,695,022

*Quoted*

SNS Textiles Ltd. (Erstwhile Suzlon Fibers Ltd.) [4,500 Equity Shares of Rs. 10/- each, Rs. 3/- paid up]	13,500	13,500
Punjab National Bank [472 Equity shares of Rs. 390/- per share]	184,080	184,080
Total of Quoted Shares	197,580	197,580

**CURRENT INVESTMENTS***Quoted*

SBI One India Fund - Dividend Option [20,000 Units]	200,000	200,000
PNB Long term equity fund based 3 years plan Series - II (Growth Option) [100,000 Units]	1,000,000	1,000,000
Total of Current Investment	1,200,000	1,200,000
Total	927,710,007	910,092,602

**SCHEDULE - 7****INVENTORIES**

(As taken, valued and certified by the Management; pl. see note no. 6 (c))

Raw Materials	701,892,001	724,602,373
Stores & Spares	66,435,317	35,829,389
Stock in process	1,985,430,269	1,507,483,381
Finished goods	73,789,481	94,816,421
Total	2,827,547,068	2,362,731,564

**SCHEDULE - 8****SUNDRY DEBTORS (Unsecured, Considered good)**

Exceeding six months	483,035,071	653,120,266
Others (Pl. see note no. 8 (b) )	4,059,822,331	2,503,528,940
Total	4,542,857,402	3,156,649,206



## Schedules to Balance Sheet (Contd.)

(Amount in Rs.)

	As at 30.06.2011	As at 30.06.2010
--	---------------------	---------------------

**SCHEDULE - 9****CASH & BANK BALANCES**

Cash on Hand	1,886,428	12,368,868
--------------	-----------	------------

*Balance with Scheduled Banks:*

In Current Accounts	871,063,323	1,430,745,705
In Fixed Deposit Accounts (Under Lien with Bank)	401,416,120	307,473,418
In Dividend Accounts	758,467	766,456

<b>Total</b>	<b>1,275,124,338</b>	<b>1,751,354,447</b>
--------------	----------------------	----------------------

**SCHEDULE - 10****LOANS & ADVANCES** (Unsecured, Considered good)

Advances recoverable in cash or in kind or for value to be received	1,279,872,416	788,050,221
Balances with Customs and Excise Authorities	85,745,533	44,731,503
Deposits	75,706,776	14,990,919
Advance Payment of Taxes (Net)	273,570,956	-

<b>Total</b>	<b>1,714,895,681</b>	<b>847,772,643</b>
--------------	----------------------	--------------------

**SCHEDULE - 11****CURRENT LIABILITIES AND PROVISIONS****Current Liabilities***Sundry Creditors*

i) Total Outstanding Dues of Micro/Small Scale Industrial Undertakings	369,042	1,082,564
ii) Total Outstanding Dues other than Micro/Small Industrial Undertakings	1,743,749,971	1,919,453,935
Unclaimed Dividend#	758,468	766,456
Advance from Customers	175,163,382	6,351,969
Other Liabilities	241,867,199	173,534,450
	<b>2,161,908,062</b>	<b>2,101,189,374</b>

**Provisions**

Provision for Income Tax	398,897,000	40,790,815
Provision for Wealth Tax	250,000	65,000
Proposed Dividend	34,884,396	16,753,466
Corporate Dividend Tax on Proposed Dividend	5,793,862	2,782,541
	<b>439,825,258</b>	<b>60,391,822</b>

<b>Total</b>	<b>2,601,733,320</b>	<b>2,161,581,196</b>
--------------	----------------------	----------------------

#There is no amount, due and outstanding to be credited to Investor Education and Protection Fund.

# Schedules to Profit and Loss Account

(Amount in Rs.)

For the year ended  
30.06.2011

For period ended  
30.06.2010

**SCHEDULE - 12****OTHER INCOME**

Interest (TDS Rs.1,222,538/-(Prev. Year Rs.1,075,952/-)	30,364,976	15,076,736
Insurance Claim Received	24,577	452,610
Other Income	12,025,109	4,023,754
Dividend from Long Term Trade Investment	-	14,160
Rental Income (TDS Rs.266,040/- (Prev. Year Rs.475,731/-)	2,643,000	3,078,750
<b>Total</b>	<b>45,057,662</b>	<b>22,646,010</b>

**SCHEDULE - 13****INCREASE / (DECREASE) IN STOCKS**

Stock as on 01.07.2010 - Finished Goods	94,816,421	71,299,907
Process Goods	1,507,483,381	1,420,937,576
	<b>1,602,299,802</b>	<b>1,492,237,483</b>
Less :		
Stock as on 30.06.2011 - Finished Goods	73,789,481	94,816,421
Process Goods	1,985,430,269	1,507,483,381
	<b>2,059,219,750</b>	<b>1,602,299,802</b>
<b>Total</b>	<b>456,919,948</b>	<b>110,062,319</b>

**SCHEDULE - 14****MANUFACTURING EXPENSES**

Stores & Spares Consumed	190,849,304	216,927,602
Labour Charges	183,198,595	7,778,357
Loading & Unloading Charges	175,622,618	49,500,155
Fire & Safety Expenses	142,254	744,253
Power & Fuel	114,684,974	114,048,747
Factory Expenses	23,063,418	16,994,340
Repairs to Plant & Machinery	19,845,991	18,524,233
Technical Consultancy Fee	586,849	1,833,735
<b>Total</b>	<b>707,994,003</b>	<b>426,351,422</b>

**SCHEDULE - 15****PROVISION & PAYMENTS TO EMPLOYEES**

Salaries, Wages & Bonus	352,880,794	310,312,082
Contribution to Provident Fund & Other Funds	7,148,957	6,278,762
Staff Welfare	41,534,344	43,723,169
<b>Total</b>	<b>401,564,095</b>	<b>360,314,013</b>

# Schedules to Profit and Loss Account (Contd.)

(Amount in Rs.)

For the year ended  
30.06.2011

For period ended  
30.06.2010

**SCHEDULE - 16****ADMINISTRATION & GENERAL EXPENSES**

Insurance	42,204,456	40,130,747
Rent, Rates & Taxes	3,283,301	1,831,803
Legal & Professional Charges	77,657,518	13,544,172
Travelling Expenses	24,269,407	26,118,785
Vehicle Expenses	15,598,931	14,728,904
General Administration Charges	121,532,001	53,836,052
Repairs to Others	4,263,435	9,631,494
Loss on Sale of Assets	-	1,273,959
Deferred Revenue Expenditure W/Off	-	970,596
Sitting Fees	420,000	290,000
Donation	2,596,113	7,386,750
<b>Total</b>	<b>291,825,162</b>	<b>169,743,262</b>

**SCHEDULE - 17****SELLING & DISTRIBUTION EXPENSES**

Freight Charges	129,207,517	157,359,958
Royalty	11,233,516	18,058,382
Sales Commission Expenses	31,255,024	30,776,490
Advertisement Expenses	7,921,436	9,251,577
Rebates and Discounts	113,535	1,709,112
Sales Promotion Expenses	42,813,164	38,330,319
Return, Rejection and Claims	-	2,511,341
Provision for Doubtful Debt	45,802,347	-
<b>Total</b>	<b>268,346,539</b>	<b>257,997,179</b>

**SCHEDULE - 18****FINANCIAL EXPENSES**

Interest on Fixed Loan	499,342,632	203,340,878
Interest on Working Capital	381,909,394	253,198,744
Interest on Others	2,935,329	3,501,046
Bank Commission and Charges	210,124,822	80,115,081
<b>Total</b>	<b>1,094,312,177</b>	<b>540,155,749</b>

# Schedules (Contd.)

## SCHEDULE - 19

### A SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of Preparation of Financial Statements

The company follows the accrual method of accounting. The financial statements have been prepared in accordance with the historical cost convention as modified where required by Accounting Standards and as per accounting principles generally accepted in India.

Expenditure on R & D, Trademark, development of markets, which are determined to have a useful life spanning more than one year are amortized over its useful life.

#### 2. Fixed Assets

Fixed assets are capitalized at cost i.e. direct cost and other expenses including interest and other finance cost incurred in connection with acquisition of assets apportioned thereto and is net of MODVAT / CENVAT taken. Assets related to R&D are capitalized as such.

##### *Capital Work in Progress*

Capital work in Progress includes advances for pre-production expenses and expenditure on project under implementation including interest and other expenses to be capitalized.

#### 3. Depreciation

Depreciation on Fixed assets has been provided on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956 on pro rata basis with reference to the actual date of Purchase/Installation, on basis of efflux of time.

#### 4. Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### 5. Revenue recognition

Revenue is recognised only when it can be reliably measured and it is reasonable to expect ultimate collection. Sales include Excise duty, Service tax and Sales tax (net off).

#### 6. Excise Duty

The Excise Duty payable on finished goods is accounted for on the clearance of the goods from factory.

#### 7. Employee Benefits

- Gratuity benefits are accounted for on the basis of amount determined by actuarial valuation made by Life Insurance Corporation of India (LIC) and are funded accordingly by the approved Trust. Any shortfall between liabilities determined on actuarial basis and funds available is charged to Profit and Loss Account. Contribution made to LIC is charged to Profit and Loss Account. In respect of certain employees who are not covered under approved Gratuity Fund, the liability is determined on the basis of actuarial valuation and is charged to Profit and Loss Account.
- Retirement benefits in the form of provident fund and pension scheme are accounted on accrual basis and charged to the Profit and Loss Account for the year.
- The monetary value of leave encashment benefit is provided on the basis of actuarial valuation.

#### 8. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary, if any in the value of the investments.

#### 9. Foreign Currency Transactions

- Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at closing rates.
- The difference in translation of monetary assets and liabilities and realised gains and losses on foreign transactions are recognized in the Profit and Loss Account.

#### 10. Borrowing Cost

Borrowing costs attributable to the acquisition, construction of assets are capitalized as part of such assets. All other borrowing costs are recognized as expense in the period for which they are incurred.



## Schedules (Contd.)

### 11. Valuation Of Inventories

Inventories relating to Raw Materials, Stores and Spares, Stock in Process and Finished Goods are valued at lower of Cost or Net Realizable Value and after providing for obsolescence if any.

### 12. Income Tax

Income Tax has been computed using the tax effect accounting method, where taxes are accrued in the same period as the related revenue expenses. Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to timing differences between the taxable income and the accounting income for a period. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the timing differences are expected to be recovered or settled. The effect of changes in the tax rates on deferred tax assets and liabilities is recognized in the statement of income in the period of change. Deferred tax assets are recognized based on management's judgment as to the sufficiency of future taxable income against which the deferred tax asset can be realized.

### 13. Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in notes. Contingent assets are neither recognised nor disclosed in the financial statements.

### 14. Contingent liabilities not provided for are disclosed in accounts by way of notes explaining the nature and quantum of such liabilities.

### 15. Prior period adjustments are accounted for in relation to all identified items of income and expenditure relating to prior period.

### 16. Deferred Revenue Expenses identified in accordance with AS -26 are amortized over the period for which the benefit is estimated to accrue. The management reviews the amortization period on a regular basis and if expected future benefits from such expenditure are significantly lower from previous estimates, the amortization period is accordingly changed.

### B. NOTES TO ACCOUNTS

- Figures of previous year have been regrouped / reworked wherever necessary.
- Contingent Liabilities not provided for:

(Amt. in Rupees)

Particulars	Year ended 30.06.2011	15 Months ended 30.06.2010
Letters of Credit issued by Bank on behalf of the Company	171,172,493	118,922,738
Guarantees issued by Bank on behalf of the Company	980,920,018	99,633,485
Estimated amounts of Contracts remaining unpaid on Capital Account	48,459,657	79,059,007
Disputed Income Tax Demands (not acknowledged) against which proceedings are pending before Income Tax Authorities	2,846,000	6,223,000
Litigations against the Company	2,185,038	2,185,038

### 3. Payment To Auditors (Net of Service Tax)

(Amt. in Rupees)

Particulars	Year ended 30.06.2011	15 Months ended 30.06.2010
Audit Fees	1,000,000	775,000
Tax Audit Fees	300,000	30,000
Other Services including Certification work	600,000	375,000
Out of Pocket Expenses	100,000	52,000
<b>Total</b>	<b>2,000,000</b>	<b>1,232,000</b>

- The company has purchased certain assets on deferred credit from a foreign supplier which is to be paid over a period of 7 years. Last installment of Rs. 2,869,968/- remains unpaid during the year. As per the terms of credit, no interest is payable.
  - Borrowing Costs directly attributable to creation of assets has been capitalized. The relevant amount is Rs. 361,742,216/- (Previous Year Rs. 499,330,191/-).

## Schedules (Contd.)

### 5. Managerial Remuneration Paid / Payable

(Amt. in Rupees)

Particulars	Year ended 30.06.2011	15 Months ended 30.06.2010
Salary to Managing Director	18,000,000	15,000,000
Salary to Whole time director	4,021,300	275,333
Perquisites to Managing Director (inclusive of Key man insurance policy)	9,978,436	1,783,371
<b>Total</b>	<b>31,999,736</b>	<b>17,058,704</b>

6. (a) Deferred Revenue Expenditure carried over from the previous year is deferred and amortized over the period for which the benefit is estimated to accrue. During the year the amount charged to Profit and Loss Account is Rs. Nil (Previous Year Rs. 970,596/-)
- (b) As per section 78 of the Companies Act, 1956, the Securities Premium Account has been applied in writing off the expenses in connection with issue of shares to the extent of Rs. 31,075,000/- (Previous Year Rs. 23,670,007/-)

- (c) The inventory of Raw Material, Stores & Spares, Stock in Process and Finished Goods has been taken, valued and certified by the Management. The inventory of Stock in Process has been verified and valued by govt. approved technical agency. The valuation is technical in nature and it is relied upon by the auditors.

### 7. Employee Benefits:

The Company adopts Accounting Standard (AS-15) (Revised 2005) "Employee Benefits". The disclosures required as per the Revised AS-15 are as under:

#### A. Defined Contribution Plan:

Contribution to Defined Contribution Plan, recognised as expenses for the year are as under:

(Amt. in Rupees)

Particulars	Year ended 30.06.2011	15 Months ended 30.06.2010
Employer's Contribution to Provident Fund & Pension Scheme	8,886,614	5,519,183
<b>Total</b>	<b>8,886,614</b>	<b>5,519,183</b>

## Schedules (Contd.)

### B. Defined Benefit Plan:

The employee's gratuity fund scheme managed by a Trust is a Defined Benefit Plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

The disclosures required as per the Revised AS-15 are as under:

Particulars	(Amt. in Rupees)			
	Year ended 30.06.2011	Period ended 30.06.2010	Year ended 30.06.2011	Period ended 30.06.2010
	Gratuity		Leave encashment	
<b>1. Reconciliation of Opening and Closing Balances of Defined Benefit Obligation</b>				
Present Value of Defined Benefit Obligation as at the beginning of the year	9,596,075	6,516,122	6,038,492	6,436,096
Interest Cost	791,676	503,149	498,176	643,610
Current Service Cost	4,505,200	4,048,998	2,834,973	2,212,384
Benefits Paid	Nil	Nil	(1,956,101)	415,206
Actuarial (Gain)/Loss	92,513	(62,910)	(1,641,635)	(2,838,392)
Present Value of Defined Benefit Obligation as at the end of the year	14,985,464	9,596,075	5,773,905	6,038,492
<b>2. Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets</b>				
Fair Value of Plan Assets at the beginning of the year	2,067,275	6,331,929	Nil	Nil
Expected Return on Plan Assets	186,055	631,738	Nil	Nil
Employer Contribution	7,096,350	2,907,042	1,956,101	Nil
Benefits Paid	Nil	Nil	(1,956,101)	415,206
Actuarial (Gain) / Loss	379,612	Nil	1,641,635	(2,838,392)
Fair Value of Plan Assets at the end of the year	9,729,292	9,870,709	Nil	Nil
Actual return on Plan Assets	287,099	631,738	Nil	Nil
<b>3. Reconciliation of Fair Value of Assets and Obligations</b>				
Fair Value of Plan Assets at the end of the year	9,729,292	9,870,709	Nil	Nil
Present Value of Defined Benefit Obligation as at the end of the year	5,256,172	9,596,075	5,773,905	6,038,492
Net Liability / (Asset) Recognised in the Balance Sheet	(14,985,464)	(274,634)	5,773,905	6,038,492
<b>4. Expenses Recognised During the Year</b>				
Current Service Cost	4,505,200	4,048,998	2,834,973	2,212,384
Interest Cost	791,676	503,149	498,176	643,610
Expected Return on Plan Assets	(186,055)	(631,738)	Nil	Nil
Net Actuarial (Gain) / Loss	(287,099)	(62,910)	(1,641,635)	(2,838,392)
Expenses Recognised During the Year in Profit & Loss Account	4,823,722	3,857,499	1,671,514	17,602
<b>Actuarial Assumptions</b>				
<i>Mortality Table (LIC)</i>				
Discount Rate (Per Annum)	8.25%	8.25%	8.25%	8.25%
Expected Rate of Return on Plan Assets	9.00%	9.00%	0.00%	0.00%
Rate of Escalation of Salary (Per Annum)	7.00%	7.00%	7.00%	7.00%

## Schedules (Contd.)

8. (a) Balances are subject to confirmation, whether gross or net. In the opinion of management, all known liabilities are accounted for and there are no contingent liabilities other than those disclosed.
- (b) All loans, advances, and debtors are good and recoverable in the opinion of the management. Provision has been made for bad debts of Rs. 45,802,347.
9. Foreign currency Transactions:
- (a) Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at closing rates.
- (b) The difference in translation of monetary assets and liabilities and realized gains and losses on foreign transactions are recognized in the Profit and Loss Account.
- (c) Forward contracts not intended for trading or speculation purpose the premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the profit and loss in the year in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or expense for the year.
- (d) Accounting for derivatives: As per the ICAI announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Accordingly, an amount of Rs.1, 413,180/- has been charged to the income statement.
10. Provision for Income Tax has been made on the basis of Section 115JB of the Income Tax Act, 1961 (Minimum Alternate Tax) up to March'11. From 01.04.2011 company has made the provision at normal tax rate.
11. Minimum Alternate Tax (MAT) Credit:  
Minimum Alternate Tax Credit is recognized as an asset to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Eligible MAT Credit has been recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit & Loss Accounts, and shown as MAT Credit entitlement.

Deferred Tax Liabilities recognized for timing difference due to:

(Amt. in Rupees)		
Particulars	Year ended 30.06.2011	15 Months ended 30.06.2010
<b>A. Deferred Tax Liability:</b>		
- Related To Fixed Assets	113,410,002	55,521,961
<b>B. Deferred Tax Assets:</b>		
- Related to Fixed Assets	-	-
- Others	-	-
Provision for Deferred Tax Liability / (Asset) (A-B) Net	113,410,002	55,521,961

12. The Company has amounts due to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) at the year end.

(Amt. in Rupees)		
Particulars	Year ended 30.06.2011	15 Months ended 30.06.2010
The principal amount and interest due thereon remaining unpaid due to supplier.	369,042	1,082,564
The amount of interest paid by the company along with the amounts of the payment made to supplier beyond the appointed date for the year ended.	Nil	Nil
The amount of interest due and payable for the period of delay for making payment (beyond the appointing date during the year).	Nil	Nil
The amount of Interest accrued and remaining unpaid for the year ended.	Nil	Nil
The amount of further interest remaining due and payable for the earlier years.	Nil	Nil

**Note:** The above information has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors.



## Schedules (Contd.)

### 13. Quantitative Information

#### I. Licensed & Installed Capacity, Production, Sales, and Opening & Closing Stocks of Goods Manufactured/Traded FRP PRODUCTS

(Quantity in Nos.)

Particulars	Year ended 30.06.2011		15 Months ended 30.06.2010	
Licensed Capacity	Not Applicable		Not Applicable	
Installed Capacity	*		*	
Production of FRP/General Products & Related Products	3,017,518		2,146,229	
	Quantity	Rs.	Quantity	Rs.
Opening Stock	29,797	94,816,421	26,912	71,299,907
Closing Stock	36,588	73,789,481	29,797	94,816,421
Sale of FRP	3,010,727	8,148,737,668	2,142,394	5,069,557,873
Captive Consumption	1523	-	950	-

\*Cannot be determined as the final products are of various sizes &amp; shapes.

#### RESINS

(Quantity in Nos.)

Particulars	Year ended 30.06.2011		15 Months ended 30.06.2010	
Licensed Capacity	Not Applicable		Not Applicable	
Installed Capacity	*		*	
Production of Resin	16,572,016		22,641,213	
	Quantity	Rs.	Quantity	Rs.
Opening Stock	529,570	40,470,076	353,873	20,397,520
Closing Stock	569,116	45,711,669	529,570	40,470,076
Sale of Resin	9,877,729	1,126,274,193	13,585,504	1,224,270,571
Captive Consumption	6,654,742	-	8,880,012	-

\*Cannot be determined as there are various resin products being manufactured.

#### II. Raw Material Consumption

(Quantity in Nos.)

Sr. No.	Description	Year ended 30.06.2011		15 Months ended 30.06.2010	
		Quantity	Rs.	Quantity	Rs.
1	Resins	**	**	**	**
2	Glass Fiber	14,483,180	385,885,847	28,568,493	591,828,345
3	Chemicals	***	2,131,718,437	***	1,843,297,852
4	Others	***	2,775,504,469	***	929,698,129
<b>Total</b>			5,293,108,753		3,364,824,326

\*\* Resins have been manufactured in-house and the raw material consumption cost pertaining to the same is included in the figures stated for chemicals.

\*\*\*In absence of common measure for the quantification of quantity of consumption, the same is not furnished.

(Quantity in Nos.)

Particulars	Year ended 30.06.2011		15 Months ended 30.06.2010	
	Value Rs.	%age	Value Rs.	%age
Imported	4,697,576,865	88.75%	2,770,794,394	82.35%
Indigenous	595,531,888	11.25%	594,029,932	17.65%
<b>Total</b>	5,293,108,753	100%	3,364,824,326	100%

#### III. Stores Consumption

(Quantity in Nos.)

Description	Year ended 30.06.2011		15 Months ended 30.06.2010	
	Value Rs.	%age	Value Rs.	%age
Imported	10,830,642	5.67%	3,485,240	1.61%
Indigenous	180,018,662	94.33%	213,442,362	98.39 %
<b>Total</b>	190,849,304	100%	216,927,602	100%

## Schedules (Contd.)

### 14. CIF Value of Imports

(Amt. in Rupees)		
Particulars	Year ended 30.06.2011	15 Months ended 30.06.2010
Raw Materials	4,645,681,411	2,893,281,786
Machinery / Equipments / Advances	1,414,341,584	2,130,520,486

### 15. Expenditure in Foreign Currency

(Amt. in Rupees)		
Particulars	Year ended 30.06.2011	15 Months ended 30.06.2010
Traveling Expenses	4,020,666	8,240,346
Legal & Professional Fees	0	352,125
Royalty Expenditure	10,169,976	18,058,382
Marketing Expenses	8,015,865	10,973,339
Interest Expenses	83,094,721	57,401,996
Carriage Outward / Shipping Charges	1,979,606	12,100,391
Laboratory Testing	7,918,245	86,952
License Fees	0	529,725
Banks Fees	136,887	119,889
Selling and distribution expenses	1,027,121	8,255,222
<b>Total</b>	<b>116,363,087</b>	<b>116,118,367</b>

### 16. Earnings in Foreign Exchange

(Amt. in Rupees)		
Particulars	Year ended 30.06.2011	15 Months ended 30.06.2010
FOB Value of Exports (as per Shipping Bills)	7,113,944,958	4,168,052,909
Dividend Income	Nil	Nil

### 17. Related Party Disclosures

(a) List of related parties:

Sr. No.	Name of the related party	Relationship
1.	Mr. Kalpesh M. Patel	Key Management Personnel (KMP)
2.	Mrs. Binita K. Patel	Relative of Key Management Personnel
3.	Mrs. Mrudula M. Patel	Relative of Key Management Personnel
4.	Master Aditya K. Patel	Relative of Key Management Personnel
5.	Top Glass SPA, Italy	Subsidiary
6.	Kemrock Advanced Composites Ltd.	Subsidiary
7.	Kemrock Advance Reinforcements Ltd.	Subsidiary
8.	Kemrock Filament Windings Ltd.	Subsidiary
9.	Kemrock Infratech Ltd.	Subsidiary
10.	Kemrock Speciality Polymers Ltd.	Subsidiary
11.	Kemrock Renewable Energy Ltd.	Subsidiary
12.	Kemrock Hi-Performance Composites Limited	Subsidiary
13.	Kemrock UK Limited	Subsidiary
14.	Kemrock International FZE	Subsidiary
15.	Georgia-Pacific Kemrock International Pvt. Ltd.	Joint Venture Company

## Schedules (Contd.)

(a) List of related parties: (Contd.)

Sr. No.	Name of the related party	Relationship
16.	S. K. Polymers FZCO	Joint Venture Company
17.	Saertex-Kemrock India Pvt. Ltd.	Joint Venture Company
18.	Kemrock Agritech Pvt. Ltd.	Company of relative of Key Management personnel
19.	Greenspace Eneritech Pvt. Ltd.	} Company of Key Management Personnel
20.	Greenspace Infratech Pvt. Ltd.	
21.	Greenspace Ventures Pvt. Ltd.	
22.	Greenspace Agriculture Pvt. Ltd.	

(b) Related Party Transactions:

(Amt. in Rupees)					
Sr. No.	Name of related party	Nature of Relationship	Nature of transaction	Year ended 30.06.2011	15 Months ended 30.06.2010
1	Mr. Kalpesh M. Patel	KMP	Remuneration	27,978,436	16,783,371
2	Top Glass SPA, Italy	Subsidiary	Sale of F.G.	104,573,015	110,963,134
			Purchase of RM	2,088,359	6,028,099
			Purchase of F.A.	141,682,500	278,857,250
			Investment	889,352,522	827,009,029
3	Kemrock Advanced Composites Ltd.	Subsidiary	Investment	500,000	-
			Advance	397,645,875	133,120
4	Kemrock Advance reinforcements Ltd.	Subsidiary	Investment	500,000	-
			Advance	144,875	133,120
5	Kemrock Filament Windings Ltd.	Subsidiary	Investment	500,000	-
			Advance	144,875	133,120
6	Kemrock Infratech Ltd.	Subsidiary	Investment	500,000	-
			Advance	8,623,505	133,120
7	Kemrock Speciality Polymers Ltd.	Subsidiary	Investment	500,000	-
			Advance	144,875	133,120
8	Kemrock Renewable Energy Limited	Subsidiary	Investment	500,000	-
			Advance	1,611,565	-
9	Kemrock UK Limited	Subsidiary	Investment	7,405	-
			Advance	37,246	-
10	Kemrock International FZE	Subsidiary	Investment	12,110,000	-
			Advance	375,690	-
11	Kemrock Hi- Performance Composites Limited	Subsidiary	Advance	133,845	-
12	Saertex Kemrock India Pvt. Ltd.	J.V.	Sale of Goods	440,720	-
			Investment	2,500,000	-
			Advance	1,136,781	-
13	Georgia-Pacific Kemrock International Pvt. Ltd.	J.V.	Commission on Sales	25,329,199	29,551,800
			Sales	Nil	Nil
			Rent Received	1,805,400	2,481,750
14	S. K. Polymers FZCO	J.V.	Sales	Nil	Nil
			Dividend received	Nil	Nil
15	Kemrock Agritech Pvt. Ltd.	*	Sales	268,582	775,451

\* Company of relative of Key Management personnel

## Schedules (Contd.)

(Amt. in Rupees)			
Name of company	Nature of Relationship	Balance as on 30.06.2011	Balance as on 30.06.2010
Top Glass S.P.A, Italy	Subsidiary	234,736,984 (Dr)	259,424,683 (Dr)
Kemrock Advanced Composites Ltd.	Subsidiary	397,645,875 (Dr)	133,120 (Dr)
Kemrock Advance reinforcements Ltd.	Subsidiary	144,875 (Dr)	133,120 (Dr)
Kemrock Filament Windings Ltd.	Subsidiary	145,875 (Dr)	133,120 (Dr)
Kemrock Infratech Ltd.	Subsidiary	8,623,505 (Dr)	133,120 (Dr)
Kemrock Speciality Polymers Ltd.	Subsidiary	144,875 (Dr)	133,120 (Dr)
Georgia-Pacific Kemrock International Pvt. Ltd	J.V.	81,847,307 (Cr)	63,188,583 (Cr)
Kemrock Renewable Energy Ltd.	Subsidiary	1,611,565 (Dr)	Nil
Kemrock Hi – Performance Composites Ltd.	Subsidiary	133,485 (Dr)	Nil

## 18. Earnings Per Share

The Institute of Chartered Accountants of India has issued Accounting Standard-20 for working of earning per share and accordingly the working is given below:

(Amt. in Rupees)		
Particulars	Year ended 30.06.2011	15 Months ended 30.06.2010
Net Profit After Tax	754,591,140	526,899,527
Weighted average paid up equity shares (in Nos.)	16,836,907	11,695,903
Basic earnings per share of Rs. 10 each	44.82	45.05
Diluted earnings per share of Rs. 10 each	44.12	42.67

## 19. Qualified Institutions Placement (QIP Issue) :

During the financial year under report, the Company on 18.04.2011 had opened a Qualified Institutions Placement (QIP) issue under SEBI (ICDR) Regulations 2009, for the issue of 2,500 12.5% Secured Redeemable Non-Convertible Debentures (NCDs) of Rs.300,000 each and 12,50,000 Warrants at an Issue Price of Rs.30.00 each, which entitled the holder, upon payment of the Warrant Exercise Price, to one (1) Equity Share. The securities so offered were on closure of the offer and receipt of moneys, issued and allotted (on 19.04.2011) to two entities viz., the Lakshmi Vilas Bank Limited (LVB) and SREI Infrastructure Finance Ltd., (SREI) who the Company believed were QIBs, eligible to participate in the issue. However, subsequently, it was discovered that one of the entities viz., SREI was not a QIB under the SEBI (ICDR) Regulations, and hence, the Company rectified the allotment under the issue by replacing a Non-QIB with a QIB viz., SICOM Limited. However, the Company, on technical ground and resulting delays in the process of listing of securities issued under the QIP, rescinded and withdrew the QIP (on 12.07.2011) in its entirety informing the Stock Exchanges and SEBI; and the Company repaid the moneys received from the investors with interest. Accordingly, the said securities issued under the QIP stood annulled.

## Schedules (Contd.)

### 20. Segment Reporting

As per AS 17, business segment has been identified as the primary segment and geographic segment has been identified as the secondary segment as reportable segments of the company.

#### Primary Segment Information – Business

(Rs. In 000's)

Sr. No.	Particulars	FRP		Resins		Sub - Total		Eliminations		Total	
		Year ended on 30/06/11	15 months ended on 30/06/10	Year ended on 30/06/11	15 months ended on 30/06/10	Year ended on 30/06/11	15 months ended on 30/06/10	Year ended on 30/06/11	15 months ended on 30/06/10	Year ended on 30/06/11	15 months ended on 30/06/10
1	Segment Revenue	8,024,871	4,928,436	1,587,151	1,949,024	9,612,022	6,877,460	598,926	799,201	9,013,096	6,078,259
	External Turnover	8,024,871	4,928,436	988,225	1,149,823	9,013,096	6,078,259	-	-	9,013,096	6,078,259
	Inter Segment Turnover	-	-	598,926	799,201	598,926	799,201	598,926	799,201	-	-
	Gross Turnover	8,138,054	5,069,558	1,136,958	1,224,271	9,275,012	6,293,829	-	-	9,275,012	6,293,829
	Less: Excise Duty/ Service Tax Recovered	113,183	141,122	148,732	74,447	261,915	215,569	-	-	261,915	215,569
	Net Turnover	8,024,871	4,928,436	988,226	1,149,824	9,013,097	6,078,260	-	-	9,013,097	6,078,260
2	Segment Result before Interest & Taxes	1,964,706	1,145,808	107,019	84,360	-	-	-	-	2,071,725	1,230,168
	Less : Interest Expense	-	-	-	-	-	-	-	-	1,094,312	540,156
	Add : Interest Income	-	-	-	-	-	-	-	-	30,365	15,076
	Profit Before Tax	-	-	-	-	-	-	-	-	1,007,778	705,088
	Less : Current Tax / Wealth Tax	-	-	-	-	-	-	-	-	142,927	119,891
	Less : Deferred Tax	-	-	-	-	-	-	-	-	113,410	55,522
	Add : Prior Period Income / (Expense)	-	-	-	-	-	-	-	-	3,150	(2,778)
	Net Profit after Tax	-	-	-	-	-	-	-	-	754,591	526,897
3	<b>Other Information</b>										
	Segment Assets	16,337,404	12,653,472	1,058,018	1,086,910	17,395,422	13,740,382	-	-	17,395,422	13,740,382
	Unallocable Corporate Assets	-	-	-	-	-	-	-	-	3,917,730	3,509,220
	Total Assets	16,337,404	12,653,472	1,058,018	1,086,910	17,395,422	13,740,382	-	-	21,313,152	17,249,602
	Segment Liabilities	-	-	-	-	-	-	-	-	-	-
	Unallocable Liabilities	-	-	-	-	-	-	-	-	14,656,805	11,540,780
	Total Liability	-	-	-	-	-	-	-	-	14,656,805	11,540,780
	Capital Expenditure	2,205,983	2,400,350	43,286	22,592	2,249,269	2,422,942	-	-	2,249,269	2,422,941
	Depreciation & Amortization of Expenses	392,197	255,883	28,963	32,203	421,160	288,086	-	-	421,160	288,086

### 21. Secondary Segment Information- Geographical

(Rs. In 000's)

Sr. No.	Particulars	Domestic		Exports		Unallocable		Total	
		2010-11	15 Months ended on 30.06.2010	2010-11	15 Months ended on 30.06.2010	2010-11	15 Months ended on 30.06.2010	2010-11	15 Months ended on 30.06.2010
1	Segment Revenue	2,107,703	2,012,145	7,167,308	4,281,682	-	-	9,275,011	6,293,827
2	Segment Assets	-	-	-	-	21,313,152	17,249,602	21,313,152	17,249,602
3	Capital Expenditure	-	-	-	-	2,249,269	2,422,941	2,249,269	2,422,941



## Schedules (Contd.)

22. These revised Standalone Financial Statements (SFS) have been drawn by the Company revising the SFS earlier approved by the Board on 27th August 2011, on which the Statutory Auditors of the Company have issued their report dated 27th August 2011. The SFS earlier approved by the Board on 27th August 2011 and the Statutory Auditors' Report thereon dated 27th August 2011 have not been circulated to the Shareholders of the Company. In the SFS approved earlier, the Board had recommended a dividend @ Rs.2/- per share subject to approval of shareholders at the ensuing annual general meeting, however, the provision for dividend and necessary adjustments thereof in the SFS were not made then. The Board has approved the revised SFS after providing provisioning for dividend and necessary adjustments thereof on 5th October, 2011.

Consequently, the earlier approved SFS of the Company are revised to incorporate effects of making provision for dividend for the financial year ended 30th June 2011, and these revised SFS have been approved by the Board of the Company on 5th October, 2011.

Signature to schedules 1 to 19

As per our attached report of even date

For **H.K.Shah & Co.**

Chartered Accountants

FR No. 109583/W

**H.K.Shah**

Partner

Membership No. 42758

Place: Asoj

Date: October 05, 2011

**Kalpesh Patel**

Chairman & Managing Director

**Kaushik Bhatt**

Director

**Usha Moraes**

Chief Financial Officer

**Dinesh Patel**

Company Secretary

ADDITIONAL INFORMATION PERSUANT TO THE PROVISION OF PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

## Balance Sheet Abstract and Company's General Business Profile

### PART IV OF SCHEDULE VI

#### I. REGISTRATION DETAILS

Registration No.	L36999GJ1991PLC016625	State Code	4
Balance Sheet Date	30.06.2011		

#### II. CAPITAL RAISED DURING THE YEAR ((Amount in Rs.) in Thousands)

Public Issue	-	Right Issue	-
Bonus Issue	-	Private Placement	6887

#### III. POSITION OF MOBILIZATION & DEPLOYMENT OF FUNDS ((Amount in Rs.) in Thousands)

Total Liability	18,711,419	Total Assets	18,711,419
-----------------	------------	--------------	------------

#### SOURCES OF FUNDS

Paid Up Capital	174,422	Reserve and Surplus	6,403,747
Secured Loan	11,776,564	Unsecured Loan	2,870

#### APPLICATION OF FUNDS

Net Fixed Assets	6,762,077	Investment	927,710
Net Current Assets	7,758,691	Misc. Expenditure	0

#### IV. PERFORMANCE OF COMPANY ((Amount in Rs.) in Thousands)

Turnover	9,275,011	Total Expenditure	8,507,296
Profit Before Tax	1,007,777	Profit After Tax	751,440
Earning per Share - Basic	44.82	Dividend	20%
- Diluted	44.12		

#### V. GENERAL NAMES OF PRINCIPAL PRODUCTS

Products Name	FRP	Articles Item Code No.	70,199,000
	Resin	Articles Item Code No.	39,079,100

As per our report of even date

For **H.K.Shah & Co.**

Chartered Accountants

FR No. 109583/W

**H.K.Shah**

Partner

Membership No. 42758

Place: Asoj

Date: October 05, 2011

**Kalpesh Patel**  
Chairman & Managing Director

**Kaushik Bhatt**  
Director

**Usha Moraes**  
Chief Financial Officer

**Dinesh Patel**  
Company Secretary

## ANNEXURE II

## Statement pursuant to General Exemption granted by the Ministry of Corporate Affairs U/s. 212(8) of the Companies Act, 1956

Name of Subsidiary Company	Top Glass S.p.A, Italy	Kemrock Infratech Ltd.	Kemrock Advanced Composites Ltd.	Kemrock Filament Windings Ltd.	Kemrock Advance Reinforcements Ltd.	Kemrock Speciality Polymers Ltd.	Kemrock Renewable Energy Ltd.	Kemrock Hi-performance Composites Ltd.	Kemrock UK Ltd., U.K.	Kemrock International FZE, Dubai
Financial Year ended on	30.06.2011	30.06.2011	30.06.2011	30.06.2011	30.06.2011	30.06.2011	30.06.2011	#N.A.	#N.A.	#N.A.
Capital	5179	5.00	5.00	5.00	5.00	5.00	5.00	5.00	0.07	122
Reserves	343	NIL	NIL	NIL	NIL	NIL	NIL	N.A.	N.A.	N.A.
Total Assets	7814	91	3981	6	6	6	21	N.A.	0.43	122
Total Liabilities	7814	91	3981	6	6	6	21	N.A.	0.43	122
Investments (excluding investment in subsidiaries)	543	NIL	NIL	NIL	NIL	NIL	NIL	N.A.	N.A.	N.A.
Turnover	19157	*NIL	*NIL	*NIL	*NIL	*NIL	*NIL	*N.A.	*N.A.	*N.A.
Profit/ (Loss) before taxation	340	NIL	NIL	NIL	NIL	NIL	NIL	N.A.	N.A.	N.A.
Provision for taxation	158	NIL	NIL	NIL	NIL	NIL	NIL	N.A.	N.A.	N.A.
Profit after taxation	182	NIL	NIL	NIL	NIL	NIL	NIL	N.A.	N.A.	N.A.
Proposed Dividend	NIL	NIL	NIL	NIL	NIL	NIL	NIL	N.A.	N.A.	N.A.
Exchange Rate used	64.74	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	71.5525	12.17
Reporting Currency	EURO	INR	INR	INR	INR	INR	INR	INR	GBP	AED

#The first financial year of the Company has not ended on the day of report.

\*The Company is yet to commence its business.

# Auditors' Report on consolidated financial statements

To  
The Board of Directors of  
**KEMROCK INDUSTRIES AND EXPORTS LTD.**

We have audited the attached consolidated Balance Sheet of KEMROCK INDUSTRIES AND EXPORTS LIMITED (KIEL) and its subsidiaries and joint ventures as at 30th June, 2011 and also the consolidated Profit & Loss Account and the Consolidated Cash Flow statement for the year ended on that date annexed thereto ("consolidated financial statements"). These consolidated financial statements are the responsibility of KIEL's management and have been prepared by management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Financial Statement / Consolidated financial statements of certain subsidiary and Joint Ventures, which reflect total assets of Rs. 0.05 Crores as at 30th June, 2011, Total revenue of Rs. NIL and net cash flows amounting to Rs. 0.37 Crores for the year then ended, have been audited by us.

We have relied on the unaudited financial statement of certain subsidiary companies and joint ventures, whose unaudited financial statements reflect total assets of Rs. 45.98 Crores as on 30th June, 2011, total revenues of Rs. 188.02 Crores and cash flows amounting to Rs. 3.66 Crores for the year then ended. These financial statements and other financial information have been certified by management and our opinion is based solely on these management certified accounts and audited upto 31st December 2010 for part of the year.

The Consolidated Financial Statements (CFS) of the Company were earlier approved by the Board of Directors at their meeting held on 27th August, 2011 inter alia for

the purpose of publishing annual audited financial results pursuant to Clause 41 of the Listing Agreement with the Stock Exchanges, which were prepared considering recommendation of dividend @ Rs.2/- per share subject to approval of shareholders at the ensuing annual general meeting but without providing for dividend and necessary adjustments thereof in the CFS. We had issued our report dated 27th August, 2011 on the said CFS addressed to the Board of Directors. Subsequently, those CFS have been amended to give effect by management of provisioning of dividend and necessary adjustments thereof for the year ended on 30th June 2011 (see Note 14 of Schedule 20 (B)).

Apart from the forgoing event, the attached CFS do not take into account any events subsequent to the date of approval of the CFS approved earlier by the Board of Directors and reported upon by us as aforesaid.

We report that the consolidated financial statements have been prepared by KIEL's management in accordance with the requirements of Accounting Standards (AS) 21, consolidated financial statements, Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures notified pursuant to the Companies (Accounting Standards) Rules, 2006.

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 30th June, 2011;
- (ii) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
- (iii) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For **H.K.Shah & Co.,**  
Chartered Accountants  
Firm Reg. No. 109583/W  
**H.K.Shah**  
Partner  
M.No.42758

Place: Asoj,  
Date: October 05, 2011

# Balance Sheet as at 30th June, 2011

(Amount in Rs.)

15 months ended  
as at 30.06.2010

	Schedule	As at 30.06.2011	15 months ended as at 30.06.2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	174,421,980	167,534,660
Equity Share Warrants		37,500,000	61,985,880
Reserves & Surplus	2	6,508,673,049	5,492,769,973
Minority Interest		109,867,327	92,885,706
<b>Loan Funds</b>			
Secured Loans	3	12,005,711,713	9,413,507,121
Unsecured Loans	4	2,869,968	2,869,968
Deferred Tax Liability		332,715,493	202,944,895
Total		19,171,759,530	15,434,498,203
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	9,097,467,088	6,996,040,220
Less : Depreciation		1,667,883,819	1,197,583,315
Net Block		7,429,583,269	5,798,456,905
Capital Work In Progress including Advances for Capital Expense		3,268,673,992	3,016,635,018
Total		10,698,257,261	8,815,091,923
<b>INVESTMENTS</b>	6	55,692,894	54,845,872
<b>Current Assets, Loans &amp; Advances</b>			
<b>Current Assets</b>			
Inventories	7	3,014,064,173	2,520,791,104
Sundry Debtors	8	5,046,127,907	3,363,441,752
Cash & Bank Balances	9	1,315,427,197	1,776,740,659
Loans & Advances	10	1,554,118,881	1,256,462,539
		10,929,738,158	8,917,436,054
Less : Current Liabilities & Provisions	11	2,512,497,689	2,352,944,465
Net Current Assets		8,417,240,469	6,564,491,589
Miscellaneous Expenditure (To the extent not written off or adjusted)	12	568,906	68,819
Total		19,171,759,530	15,434,498,203
Significant Accounting Policies & Notes on Accounts	20		

The Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date

For **H.K.Shah & Co.**

Chartered Accountants

FR No. 109583/W

**H.K.Shah**

Partner

Membership No. 42758

Place: Asoj

Date: October 05, 2011

**Kalpesh Patel**

Chairman &amp; Managing Director

**Kaushik Bhatt**

Director

**Usha Moraes**

Chief Financial Officer

**Dinesh Patel**

Company Secretary



# Profit & Loss Account for the year ended 30th June, 2011

		(Amount in Rs.)	
	Schedule	Year ended 30.06.2011	Period ended 30.06.2010
<b>INCOME</b>			
Sales & Operations		11,083,481,162	7,382,568,725
Less: Excise Duty		261,915,319	215,570,005
Net Sales		10,821,565,843	7,166,998,720
Other Income	13	104,787,936	82,952,532
Increase/(Decrease) in Stocks	14	468,928,994	171,486,278
		11,395,282,773	7,421,437,530
<b>EXPENDITURE</b>			
Raw Materials Consumed		6,267,692,322	3,678,598,451
Manufacturing Expenses	15	1,201,174,801	865,443,253
Provisions & Payments to Employees	16	499,015,410	479,216,891
Administration & General Expenses	17	495,412,761	351,511,238
Selling & Distribution Expenses	18	303,432,022	406,390,187
Financial Expenses	19	1,106,838,587	549,892,152
Depreciation		471,335,620	328,027,376
Preliminary expenses written off		68,819	-
		10,344,970,342	6,659,079,548
Profit Before Tax		1,050,312,431	762,357,982
Less : Provision for Current Tax		219,262,452	149,489,191
Less : Provision for Wealth Tax		185,000	73,600
Less/(Add): Provision for Deferred Tax		129,784,434	55,539,543
Less/(Add): MAT credit		(57,357,731)	-
<b>Profit After Tax</b>		758,438,276	557,255,648
Add/(Less): Prior Period Income/(Expenses)		3,150,673	(2,756,770)
Profit After Tax but before adjustment of minority interest		761,588,949	554,498,878
Less: Minority Interest		6,283,327	4,168,808
<b>Profit for the year for appropriation</b>		755,305,622	550,330,070
Less: Provision for Final Dividend		34,884,396	16,753,466
Less: Provision for Tax on Final Dividend		5,793,862	2,782,541
Less: Interim Dividend		-	11,014,998
Less: Dividend Tax on Interim Dividend		-	1,872,000
Less: Other Reserves		-	13,771,257
Profit for the year after appropriation		714,627,364	504,135,808
Profit Transferred from Previous Year		1,197,679,007	743,543,199
Transfer to General Reserve account		75,000,000	50,000,000
<b>Balance Carried to Balance Sheet</b>		1,837,306,371	1,197,679,007
EPS (Basic)		45.06	47.05
EPS (Diluted)		44.39	44.57
Significant Accounting Policies & Notes on Accounts	20		

The Schedules referred to above form an integral part of the Profit & Loss Account

As per our report of even date

For **H.K.Shah & Co.**

Chartered Accountants

FR No. 109583/W

**H.K.Shah**

Partner

Membership No. 42758

Place: Asoj

Date: October 05, 2011

**Kalpesh Patel**  
Chairman & Managing Director

**Kaushik Bhatt**  
Director

**Usha Moraes**  
Chief Financial Officer

**Dinesh Patel**  
Company Secretary

# Cash Flow Statement

for the year ended on 30th June, 2011

	Year ended 30.06.2011	(Rs. In Lacs) Period ended 30.06.2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extra ordinary items	10,503.12	7,624.00
Add/(Deduct) Adjustment for Interest	11,068.39	5,499.00
Depreciation (Net)	4,713.36	3,280.00
Preliminary Expenses/ Deferred Revenue written off	0.68	9.00
(Profit)/ Loss on sale of assets		13.00
Prior year adjustments	15,782.43	(28.00)
<b>Operating profit before working capital changes</b>	<b>26,285.55</b>	<b>16,397.00</b>
Add/(Deduct) Adjustment for		
Trade receivables	(16,826.86)	(4,578.00)
Inventories	(4,932.73)	(5,557.00)
Loans and advances	(2,976.56)	(11,136.00)
Trade payables	1,188.75	12,493.00
Other payable	617.14	(22,930.26)
<b>Cash Generated from Operations</b>	<b>3,355.29</b>	<b>7,619.00</b>
Direct taxes paid	(2,159.00)	(838.00)
<b>Cash flow before extraordinary items</b>	<b>1,196.29</b>	<b>6,781.00</b>
<b>Net cash from Operating Activities</b>	<b>1,196.29</b>	<b>6,781.00</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Activities- Inflow/ Outflow		
Purchase of fixed assets (including CWIP and advance for CAPEX)	(23,534.66)	(54,555.00)
Minority interest and others	169.81	749.00
(Increase)/ Decrease in value of Investments	(8.47)	(347.00)
<b>Net cash generated/(Used) in investing activities</b>	<b>(23,373.32)</b>	<b>(54,153.00)</b>

# Cash Flow Statement for the year ended on 30th June, 2011 (Contd.)

	Year ended 30.06.2011	(Rs. In Lacs) Period ended 30.06.2010
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase in Secured loan	22,134.90	18,805.00
Increase/ (Repayment of) unsecured loans		(30.00)
Increase/(Decrease) in bank borrowings	3,773.01	13,551.00
Interest paid	(11,068.39)	(5,499.00)
Issue of shares/ Equity warrants	68.87	642.00
Increase/ (Decrease) in security premium	2,105.33	25,226.00
Increase /(Decrease) in General reserve	119.20	83.00
Increase /(Decrease) in Legal reserve		
Increase/ (Decrease) in Foreign Currency Translation reserve	870.82	(44.00)
Dividends paid	(195.00)	(303.00)
Increase/ (Decrease) share warrant	(244.86)	
<b>Net Cash Generated/(Used) in financing activities</b>	<b>17,563.88</b>	<b>52,431.00</b>
Net increase/ (Decrease) in cash and cash equivalent	(4,613.15)	5,059.00
Cash and cash equivalent as at the beginning of the year	17,767.41	8,687.00
Adjustment due to consolidation		4,021.00
<b>Cash and cash equivalents as at the end of the year</b>	<b>13,154.26</b>	<b>17,767.00</b>

As per our report of even date

For **H.K.Shah & Co.**

Chartered Accountants

FR No. 109583/W

**H.K.Shah**

Partner

Membership No. 42758

Place: Asoj

Date: October 05, 2011

**Kalpesh Patel**

Chairman & Managing Director

**Kaushik Bhatt**

Director

**Usha Moraes**

Chief Financial Officer

**Dinesh Patel**

Company Secretary

# Schedules to Balance Sheet

(Amount in Rs.)

As at  
30.06.2011

As at  
30.06.2010

**SCHEDULE - 1****SHARE CAPITAL***Authorised*

35,000,000 equity shares of Rs. 10/- each	350,000,000	350,000,000
<b>Total</b>	<b>350,000,000</b>	<b>350,000,000</b>

*Issued, Subscribed and Paid Up Capital*

17,442,198 Equity Shares of Rs. 10/- each fully paid for cash	174,421,980	167,534,660
<b>Total</b>	<b>174,421,980</b>	<b>167,534,660</b>

**SCHEDULE - 2****RESERVES & SURPLUS***Capital Reserve*

Securities Premium Opening	4,087,660,767	1,620,146,974
Security Premium during the during the year	210,532,700	2,491,183,800
Less: Share Issue Expenses	-	(23,670,007)
Total-Securities Premium	4,298,193,467	4,087,660,767
Warrants Forfeiture Opening	113,621,250	58,496,250
Warrants Forfeiture during the during the year	-	55,125,000
Total-Warrants Forfeiture	113,621,250	113,621,250
	<b>4,411,814,717</b>	<b>4,201,282,017</b>
General Reserve - Balance as per last year	173,258,805	98,258,805
Balance of Profit & Loss Account	1,837,306,371	1,197,679,007
	<b>2,010,565,176</b>	<b>1,295,937,812</b>
Foreign Currency Translation Reserve	86,293,156	(4,449,856)
<b>Total</b>	<b>6,508,673,049</b>	<b>5,492,769,973</b>

1. Equity Share warrants of Rs.37,500,000 represents receipts towards 1,250,000 warrants issued by the company at the warrant price of Rs. 30 each.
2. Balance 688,732 Share warrants which were issued to RPM International Inc. USA on 23.12.2009 were converted into Equity Shares(19,000 warrants on 10th May 2011 & 669,732 warrants on 18th May 2011) upon receipt of monies as per terms of issue (on exercise of option by RPM International Inc. USA).

## Schedules to Balance Sheet (Contd.)

(Amount in Rs.)

	As at 30.06.2011	As at 30.06.2010
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
<b>Term Loans</b>	4,831,134,751	3,932,881,720
Includes Interest Accrued & Due Rs. 53,959,967/- (PY:Rs.35,093,063/-)		
Short Term Loans	1,310,780,981	505,547,945
Includes Interest Accrued & Due Rs. 10,780,981/- (PY:Rs.5,547,945/-)		
Foreign Currency Term Loan/ECB from Banks	1,333,218,002	1,564,494,213
	7,475,133,734	6,002,923,877
<b>QIP Issue</b>		
Secured Redeemable Non Convertible Debentures-NCDs	750,000,000	-
	750,000,000	
<b>Vehicle Loans</b>		
From Banks	22,537,602	29,844,069
<b>Total of Vehicle Loan</b>	22,537,602	29,844,069
<b>Sub Total</b>	8,247,671,336	6,032,767,947
Working Capital from Banks	3,758,040,377	3,380,739,174
<b>Total</b>	12,005,711,713	9,413,507,121

**Notes :**

1. Term Loans from banks are availed against first pari passu charge on fixed assets and second pari passu charge on current assets of the Company.
2. Short Term Loans from banks are secured against hypothecation of current assets of the Company and guaranteed personally by Managing Director in some cases.
3. ECB from ICICI is availed against first pari passu charge on fixed assets and second pari passu charge on current assets of the Company and is further secured by personal guarantee of the Managing Director.
4. ECB from PNB International Ltd. and Syndicate Bank, London, are secured by way of pledge of Equity Shares of Top Glass S.p.A, Italy and second pari passu charge on the fixed assets of the company.
5. Vehicle Loans from Banks are secured by way of hypothecation of Vehicles.
6. Working Capital from banks are secured by way of first pari passu charge on current assets and second pari passu charge on fixed assets of the Company.
7. 2,500 12.5% secured redeemable non-convertible debentures of the face value of Rs. 300,000 each issued (under Qualified Institutions Placement (QIP)) to Lakshmi Vilas Bank Ltd. and Sicom Limited were secured initially, by way of subservient charge on immovable assets and on first pari passu charge basis after receipt of NOCs from existing lenders. However, the Company has rescinded and withdrawn QIP Issue on 12th July, 2011, and consequently securities (NCDs and Warrants) stood annulled thereby rendering said subservient charge ineffective.

**SCHEDULE - 4****UNSECURED LOANS**

External Commercial Borrowings (Fibregrate Composites Structures, Inc. USA)	2,869,968	2,869,968
<b>Total</b>	2,869,968	2,869,968



# Schedules to Balance Sheet (Contd.)

## SCHEDULE - 5 FIXED ASSETS

Description of Assets	Gross Block (At Cost)			Depreciation [S.L.M.]			Net Block	
	As at 01.07.2010	Addition During the Period	Deduction During the Period	As at 30.06.2011	Up to 01.07.2010	During Year	Deduction	Up to 30.06.2011
<b>INTANGIBLE</b>								
Goodwill on Consolidation	516,828,356	-	-	516,828,356	-	-	-	516,828,356
Other Intangible Assets	43,011,426	476,816	-	43,488,242	19,302,656	-	-	24,185,585
<b>TANGIBLE</b>								
Land	72,129,449	9,774,466	-	81,903,915	-	-	-	81,903,915
Building	1,601,382,711	514,496,519	-	2,115,879,230	137,816,061	66,170,744	946,347	203,040,458
Plant & Machinery	4,522,236,269	1,516,979,642	-	6,039,215,911	961,109,481	375,227,771	-	1,336,337,252
Furniture, Office Equipments, etc.	159,802,408	49,518,482	-	209,320,890	54,761,913	23,054,743	-	77,816,655
Vehicles	71,572,068	9,031,146	442,373	80,160,841	22,547,357	6,112,746	88,769	28,571,334
Quality Control Assets	9,077,534	1,592,168	-	10,669,702	2,045,847	769,616	-	2,815,463
<b>Total</b>	<b>6,996,040,220</b>	<b>2,101,869,239</b>	<b>442,373</b>	<b>9,097,467,088</b>	<b>1,197,583,315</b>	<b>471,335,620</b>	<b>1,035,116</b>	<b>1,667,883,819</b>
<b>Previous Year</b>	<b>4,079,319,731</b>	<b>2,939,778,710</b>	<b>23,058,221</b>	<b>6,996,040,220</b>	<b>871,035,251</b>	<b>328,027,376</b>	<b>1,479,308</b>	<b>1,197,583,315</b>

### Notes :

- Depreciation has been charged on double shift basis at SLM rates.
- Deduction of Depreciation of Rs. 946,347 is on account of excess depreciation charged on assets which is reversed.
- Deduction of Depreciation of Rs. 88,769 under vehicle is on account of a car sold during the year 2010-11.

## Schedules to Balance Sheet (Contd.)

(Amount in Rs.)

	As at 30.06.2011	As at 30.06.2010
--	---------------------	---------------------

**SCHEDULE - 6****INVESTMENTS (AT COST)****Long Term :***Unquoted (Trade Investment)*

S. K. Polymers and others	-	53,448,292
Tecniconsult SPA	27,045,275	-
Eurofidi	10,030	-
Consorzio Apimilano	66,871	-
Cogumelo Ind. E Comercio	27,173,138	-
<b>Total of Unquoted Investment</b>	<b>54,295,314</b>	<b>53,448,292</b>

*Quoted*

SNS Textiles Ltd. (Erstwhile Suzlon Fibers Ltd.) [4,500 Equity Shares of Rs. 10/- each, Rs. 3/- paid up]	13,500	13,500
Punjab National Bank [472 Equity shares of Rs. 390/- per share]	184,080	184,080
<b>Total of Quoted Investment</b>	<b>197,580</b>	<b>197,580</b>

**CURRENT INVESTMENT***Quoted*

SBI One India Fund - Dividend Option [20,000 Units]	200,000	200,000
PNB Long term equity fund based 3 years plan Series - II (Growth Option) [1,00,000 Units]	1,000,000	1,000,000
<b>Total of Current Investment</b>	<b>1,200,000</b>	<b>1,200,000</b>
<b>Total</b>	<b>55,692,894</b>	<b>54,845,872</b>

**SCHEDULE - 7****INVENTORIES** (As taken, valued and certified by the Management)

Raw Materials	767,580,830	787,941,550
Stores & Spares	66,435,317	35,829,389
Stock in process	1,985,430,269	1,507,483,381
Finished goods	194,617,757	189,536,784
<b>Total</b>	<b>3,014,064,173</b>	<b>2,520,791,104</b>

**SCHEDULE - 8****SUNDRY DEBTORS** (Unsecured, Considered good)

Exceeding six months	483,035,071	653,082,058
Others	4,563,092,836	2,710,359,694
<b>Total</b>	<b>5,046,127,907</b>	<b>3,363,441,752</b>

## Schedules to Balance Sheet (Contd.)

(Amount in Rs.)

	As at 30.06.2011	As at 30.06.2010
--	---------------------	---------------------

**SCHEDULE - 9****CASH & BANK BALANCES**

Cash on Hand	2,114,920	13,990,890
--------------	-----------	------------

**Balance with Scheduled Banks:**

In Current Accounts	911,137,689	1,454,509,895
In Fixed Deposit Accounts (Under Lien with Bank)	401,416,120	307,473,419
In Dividend Accounts	758,468	766,456

<b>Total</b>	<b>1,315,427,197</b>	<b>1,776,740,659</b>
--------------	----------------------	----------------------

**SCHEDULE - 10****LOANS & ADVANCES** (Unsecured, Considered good)

Advances recoverable in cash or in kind or for value to be received	1,119,095,615	1,196,740,117
Balances with Customs and Excise	85,745,533	44,731,503
Deposits	75,706,776	14,990,919
Advance Payment of Taxes (Net)	273,570,957	-

<b>Total</b>	<b>1,554,118,881</b>	<b>1,256,462,539</b>
--------------	----------------------	----------------------

**SCHEDULE - 11****CURRENT LIABILITIES AND PROVISIONS****Current Liabilities***Sundry Creditors*

i) Total Outstanding Dues of Micro/Small Scale Industrial Undertaking	276,731,249	1,082,564
ii) Total Outstanding Dues other than Micro/Small Industrial Undertakings	1,234,536,671	1,904,569,265
Unclaimed Dividend#	758,468	766,456
Advance from Customers	278,315,259	134,841,151
Other Liabilities	265,523,374	215,368,849
	<b>2,055,865,021</b>	<b>2,256,628,285</b>

**Provisions**

Provision for Income Tax	398,897,000	76,715,173
Provision for Wealth Tax	250,000	65,000
Proposed Dividend	34,884,396	16,753,466
Corporate Dividend Tax on Proposed Dividend	5,793,862	2,782,541
Risk Fund	16,807,410	-
	<b>456,632,668</b>	<b>96,316,180</b>

<b>Total</b>	<b>2,512,497,689</b>	<b>2,352,944,465</b>
--------------	----------------------	----------------------

#There is no amount, due and Outstanding to be credited to Investor Education and Protection Fund.

**SCHEDULE - 12****MISCELLANEOUS EXPENDITURE** (To the extent not written off or adjusted)

Deferred Revenue Expenditure	568,906	68,819
<b>Total</b>	<b>568,906</b>	<b>68,819</b>

# Schedules to Profit and Loss Account

(Amount in Rs.)

Year ended  
30.06.2011

Period ended  
30.06.2010

**SCHEDULE - 13****OTHER INCOME**

Interest (TDS Rs.1,222,538/-(Prev. Year Rs.1,075,952/-)	30,491,140	15,076,736
Foreign Exchange Fluctuation ( Net )	-	36,370
Insurance Claim Received	24,577	452,610
Other Income	73,429,219	65,396,406
Dividend from Long Term Trade Investment	-	14,160
Rental Income (TDS Rs.266,040/- (Prev. Year Rs.475,731/-)	843,000	1,976,250
<b>Total</b>	<b>104,787,936</b>	<b>82,952,532</b>

**SCHEDULE - 14****INCREASE / (DECREASE) IN STOCKS**

Stock as on 01.07.2010 - Finished Goods	196,513,147	166,365,744
Process Goods	1,507,483,381	1,422,507,320
	1,703,996,528	1,588,873,064
Less :		
Stock as on 30.06.2011 - Finished Goods	187,495,253	189,536,784
Process Goods	1,985,430,269	1,570,822,558
	2,172,925,522	1,760,359,342
<b>Total</b>	<b>468,928,994</b>	<b>171,486,278</b>

**SCHEDULE - 15****MANUFACTURING EXPENSES**

Stores & Spares Consumed	190,849,304	219,003,773
Labour Charges	251,404,477	7,778,357
Loading & Unloading Charges	175,622,618	340,199,386
Excise Duty Paid	-	17,425,766
Fire & Safety Expenses	142,254	744,253
Power & Fuel	128,011,015	132,575,669
Factory Expenses	23,063,418	113,506,146
Repairs to Plant & Machinery	36,558,396	21,529,403
Technical Consultancy Fees	5,720,655	12,680,500
External Processing and Specialised services	351,429,733	-
Ammortisation Expenses	38,372,931	-
<b>Total</b>	<b>1,201,174,801</b>	<b>865,443,253</b>

**SCHEDULE - 16****PROVISION & PAYMENTS TO EMPLOYEES**

Salaries, Wages & Bonus	419,429,243	401,373,794
Contribution to Provident Fund & Other Funds	32,356,767	26,024,805
Staff Welfare	47,229,400	51,818,292
<b>Total</b>	<b>499,015,410</b>	<b>479,216,891</b>

# Schedules to Profit and Loss Account (Contd.)

(Amount in Rs.)

Year ended  
30.06.2011

Period ended  
30.06.2010

**SCHEDULE - 17****ADMINISTRATION & GENERAL EXPENSES**

Insurance	49,470,358	43,842,844
Rent, Rates & Taxes	166,708,833	79,182,785
Legal & Professional Charges	77,657,518	31,279,026
Travelling Expenses	24,269,407	38,367,647
Vehicle Expenses	15,598,931	16,868,847
General Administration Charges	154,428,166	120,920,811
Repairs to Others	4,263,435	10,950,627
Loss on Sale of Assets	-	1,273,959
Deferred Revenue Expenditure W/Off	-	1,039,416
Sitting Fees	420,000	290,000
Donation	2,596,113	7,495,276
<b>Total</b>	<b>495,412,761</b>	<b>351,511,238</b>

**SCHEDULE - 18****SELLING & DISTRIBUTION EXPENSES**

Freight Charges	129,207,517	218,243,581
Royalty	11,233,516	18,058,382
Sales Commission Expenses	18,231,041	24,207,571
Advertisement Expenses	7,921,436	13,197,952
Rebates and Discounts	113,535	1,709,112
Sales Tax	-	80,979,227
Sales Promotion Expenses	90,922,630	47,483,021
Return, Rejection and Claims	-	2,511,341
Provision for doubtful debts	45,802,347	-
<b>Total</b>	<b>303,432,022</b>	<b>406,390,187</b>

**SCHEDULE - 19****FINANCIAL EXPENSES**

Interest on Fixed Loan	499,342,632	203,340,878
Interest on Working Capital	381,909,394	261,988,560
Interest on Others	15,461,739	3,501,046
Bank Commission and Charges	210,124,822	81,061,668
<b>Total</b>	<b>1,106,838,587</b>	<b>549,892,152</b>



## Schedules (Contd.)

### 20 A SIGNIFICANT ACCOUNTING POLICIES

#### 1. Principles of consolidation

The consolidated financial statements relate to Kemrock Industries and Exports Ltd. ('the Company') its subsidiary companies and joint ventures. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements".
- b) Interest in Joint Ventures has been accounted by using the proportionate consolidation method as per Accounting Standard (AS) 27 - "Financial Reporting of Interest in Joint Ventures".
- c) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the period/date of acquisition. Any exchange difference arising on consolidation is recognised in the foreign currency translation reserve.
- d) The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiary is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- e) Minority Interest's in share of net profit of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- f) Minority Interest's in share of net assets of consolidated subsidiaries are identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- g) As far as possible, the consolidated financial statements are prepared using uniform

accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

2. Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".

#### 3. Other significant accounting policies

These are set out under "Significant Accounting Policies" as given in the Company's separate financial statements, to the extent applicable.

### 20 B NOTES ON ACCOUNTS:

1. Figures of Previous year have been regrouped/ reworked/ rearranged wherever necessary.
2. The financial statements of subsidiaries and jointly controlled entities used in consolidation are drawn up to the same reporting date as that of parent Company.
3. The Company has formed wholly owned subsidiary in the name of Kemrock Hi-Performance Composites Limited as on 11th April, 2011 however, Kemrock Industries and Exports Limited has not subscribed for the Share Capital of the same as on 30th June, 2011 and hence it has not been considered for consolidation.
4. The Subsidiary Companies considered in the consolidated financial statements are :

Name of subsidiary	Country of Incorporation	% of ownership interest
Top Glass S.p.A.	Italy	80%
Kemrock Infratech Ltd.	India	100%
Kemrock Filament Windings Ltd.	India	100%
Kemrock Advance Reinforcements Ltd.	India	100%
Kemrock Speciality Polymers Ltd.	India	100%
Kemrock Renewable Energy Ltd.	India	100%
Kemrock International FZE	UAE	100%
Kemrock Advanced Composites Ltd.	India	100%
Kemrock UK Ltd	UK	100%

## Schedules (Contd.)

5. The significant Associates / Joint Ventures considered in the consolidated financial statements are:

Name of Associates/JV	Country of Incorporation	% of ownership interest
Georgia-Pacific Kemrock International Pvt. Ltd.	India	49%
Saertex-Kemrock India Pvt. Ltd.	India	50%
SK Polymers FZCO	UAE	50%

6. In respect of jointly controlled entities, the Company's share of assets, liabilities, income and expenditure of the joint venture companies are as follows:

(Amt. in Rupees)

Sr. No.	Particulars	As on 30th June, 2011	As on 30th June, 2010
(i)	<b>Assets</b>		
	Long Term Assets	562,481	464,365
	Investments	Nil	Nil
	Current Assets	50,168,899	39,208,807
(ii)	<b>Liabilities</b>		
	Loans (Secured & Unsecured)	Nil	Mil
	Current Liabilities and Provisions	10,770,493	9,091,467
	Deferred Tax Liability/(Asset)	7,689	39,078
(iii)	Income	28,143,556	13,128,178
(iv)	Expenses	6,634,029	2,882,764

7. The unaudited financial statements of foreign subsidiaries and joint ventures have been prepared in accordance with the generally accepted accounting principle of its country of incorporation.

8. Managerial Remuneration Paid / Payable

(Amt. in Rupees)

Particulars	As on 30th June, 2011	As on 30th June, 2010
Directors remuneration	46,465,731	43,465,731
LTC	13,724,403	1,783,371
<b>Total</b>	<b>60,190,134</b>	<b>45,249,102</b>

9. In compliance of Accounting Standard – 22 on "Accounting for Taxes on Income", The item-wise details of Deferred Tax Liability (net) are as under

(Amt. in Rupees)

Particulars	As on 30th June, 2011	As on 30th June, 2010
<i>Deferred Tax Liability:</i>		
- Related To Fixed Assets	332,715,493	55,539,543
<i>Deferred Tax Assets:</i>		
- Related to Fixed Assets	Nil	Nil
Provision for Deferred Tax Liability / (Asset) (A-B) Net	332,715,493	55,539,543

10. Earnings Per Share (EPS)

The Institute of Chartered Accountants of India has issued Accounting Standard - 20 for working of earning per share and accordingly the working is given below:

(Amt. in Rupees)

Particulars	As on 30th June, 2011	As on 30th June, 2010
Net Profit After Tax and minority interest	755,305,622	550,330,070
Weighted average paid up equity shares (in Nos.)	16,836,907	11,695,903
Basic earnings per share of Rs. 10 each	45.06	47.05
Diluted earnings per share of Rs. 10 each	44.39	44.57

## Schedules (Contd.)

### 11. Segment Reporting

As per AS 17, business segment has been identified as the primary segment and geographic segment has been identified as the secondary segment as reportable segments of the company.

#### Primary Segment Information – Business

(Rs. In 000's)

Sr. No.	Particulars	FRP		Resins		Sub - Total		Eliminations		Total	
		Year ended on 30/06/11	15 months ended on 30/06/10	Year ended on 30/06/11	15 months ended on 30/06/10	Year ended on 30/06/11	15 months ended on 30/06/10	Year ended on 30/06/11	15 months ended on 30/06/10	Year ended on 30/06/11	15 months ended on 30/06/10
1	Segment Revenue	9,833,341	6,017,176	1,587,151	1,949,024	11,420,492	7,966,200	598,926	799,201	10,821,566	7,166,999
	External Turnover	9,833,341	6,017,176	988,225	1,149,823	10,821,566	7,166,999	-	-	10,821,566	7,166,999
	Inter Segment Turnover	-	-	598,926	799,201	598,926	799,201	598,926	799,201	-	-
	Gross Turnover	9,946,523	6,158,298	1,136,958	1,224,271	11,083,481	7,382,569	-	-	11,083,481	7,382,569
	Less: Excise Duty/Service Tax Recovered	113,183	141,122	148,732	74,447	261,915	215,569	-	-	261,915	215,569
	Net Turnover	9,833,340	6,017,176	988,226	1,149,823	10,821,566	7,167,000	-	-	10,821,566	7,167,000
2	Segment Result before Interest & Taxes	2,019,641	1,212,814	107,019	84,360	2,126,660	1,297,174	-	-	2,126,660	1,297,174
	Less : Interest Expense	-	-	-	-	-	-	-	-	1,106,839	549,892
	Add : Interest Income	-	-	-	-	-	-	-	-	30,491	15,076
	Profit Before Tax	-	-	-	-	-	-	-	-	1,050,312	762,358
	Less : Current Tax / Wealth Tax	-	-	-	-	-	-	-	-	162,089	149,563
	Less : Deferred Tax	-	-	-	-	-	-	-	-	129,784	55,540
	Add : Prior Period Income / (Expense)	-	-	-	-	-	-	-	-	3,150	(2,757)
	Net Profit after Tax	-	-	-	-	-	-	-	-	761,589	554,498
3	<b>Other Information</b>										
	Segment Assets	17,700,431	13,191,313	1,058,018	1,086,910	18,758,449	14,278,223	-	-	18,758,449	14,278,223
	Unallocable Corporate Assets	-	-	-	-	-	-	-	-	-	3,509,220
	Total Assets	17,700,431	13,191,313	1,058,018	1,086,910	18,758,449	14,278,223	-	-	18,758,449	17,787,443
	Segment Liabilities	-	-	-	-	-	-	-	-	-	-
	Unallocable Liabilities	-	-	-	-	-	-	-	-	-	12,290,375
	Total Liability	-	-	-	-	-	-	-	-	-	12,290,375
	Capital Expenditure	2,058,583	2,400,350	43,286	22,592	2,101,869	2,422,942	-	-	2,101,869	2,422,942
	Depreciation & Amortization of Expenses	442,372	295,824	28,963	32,203	471,335	328,027	-	-	471,335	328,027

#### Secondary Segment Information - Geographical

(Rs. In 000's)

Sr. No.	Particulars	Domestic		Exports		Unallocable		Total	
		2010-11	15 Months ended on 30.06.2010	2010-11	15 Months ended on 30.06.2010	2010-11	15 Months ended on 30.06.2010	2010-11	15 Months ended on 30.06.2010
1	Segment Revenue	2,107,703	2,012,145	8,975,778	5,370,424	-	-	11,083,481	7,382,569
2	Segment Assets	17,395,422	-	1,363,027	537,841	-	17,249,602	18,758,449	17,787,443
3	Capital Expenditure	-	-	-	-	-	2,422,941	2,101,869	2,422,941

## Schedules (Contd.)

### 12. Related party transactions

#### (a) List of related parties:

Sr. No.	Name of the related party	Relationship
1	Mr. Kalpesh M. Patel (CMD)	Key Management Personnel (KMP)
2	Mrs. Binita K. Patel	Relative of Key Management Personnel
3	Mrs. Mrudula M. Patel	Relative of Key Management Personnel
4	Master Aditya K. Patel	Relative of Key Management Personnel
5	Mr. Alfonso Branca	Key Management Personnel (CMD Subsidiary)
6	Georgia-Pacific Kemrock International Pvt. Ltd.	Joint Venture Company
7	S. K. Polymers FZCO	Joint Venture Company
8	Saertex-Kemrock India Pvt. Ltd.	Joint Venture Company
9	Kemrock Agritech Pvt. Ltd.	Company of relative of Key Management Personnel
10	Greenspace Eneritech Pvt. Ltd.	} Company of Key Management Personnel
11	Greenspace Infratech Pvt. Ltd.	
12	Greenspace Ventures Pvt. Ltd.	
13	Greenspace Agriculture Pvt. Ltd.	

#### (b) Related Party Transactions:

(Amt. in Rupees)

Sr. No.	Name of Related party	Nature of Relationship	Nature of Transaction	As at 30th June, 2011	As at 30th June, 2010
1	Mr. Kalpesh M. Patel	Key Management Personnel	Remuneration	27,978,436	16,783,371
2	Mr. Alfonso Branca	Key Management Personnel	Remuneration	28,190,398	28,190,398
3	Georgia-Pacific Kemrock International Pvt. Ltd.	Joint Venture Company	Commission on Sales	25,329,199	29,551,800
			Rent Received	1,805,400	2,481,750
4	Kemrock Agritech Pvt. Ltd.	Owned by relative of Key management personnel	Sales	268,582	755,451
5	Saertex-Kemrock India Pvt. Ltd.	Joint Venture Company	Sales of Goods	440,720	-
			Investment	2,500,000	-
			Advance	1,136,781	-
6	S. K. Polymers FZCO	Joint Venture Company	Sales	-	-
			Dividend	-	-

## Schedules (Contd.)

### 13. Contingent Liabilities not provided for:

Particulars	(Amt. in Rupees)	
	As at 30th June, 2011	As at 30th June, 2010
Letters of Credit issued by Banks on behalf of the Company	171,172,493	118,922,738
Guarantees issued by Banks on behalf of the Company	980,920,018	99,633,485
Estimated amounts of Contracts remaining unpaid on Capital Account	48,459,657	79,059,007
Disputed Income Tax Demands (not acknowledged) against which proceedings are pending before Income Tax Authorities	2,846,000	6,223,000
Litigations against the Company	2,185,038	2,185,038

14. These revised Consolidated Financial Statements (CFS) have been drawn by the Company revising the CFS earlier approved by the Board on 27th August 2011, on which the Statutory Auditors of the Company have issued their report dated 27th August 2011. The CFS earlier approved by the Board on 27th August 2011 and the Statutory Auditors' Report thereon dated 27th August 2011 have not been circulated to the Shareholders of the Company. In the CFS approved earlier, the Board had recommended a dividend @ Rs.2/- per share subject to approval of shareholders at the ensuing annual general meeting, however, the provision for dividend and necessary adjustments thereof in the CFS were not made then. The Board has approved the revised CFS after providing for dividend and necessary adjustments thereof on 5th October 2011.

Consequently, the earlier approved CFS of the Company are revised to incorporate effects of making provision for dividend for the financial year ended 30th June 2011, and these revised CFS have been approved by the Board of the Company on 5th October, 2011.

Signature to Schedules 1 to 20

As per our attached report of even date

For **H.K.Shah & Co.**

Chartered Accountants

FR No. 109583/W

**H.K.Shah**

Partner

Membership No. 42758

Place: Asoj

Date: October 05, 2011

**Kalpesh Patel**

Chairman & Managing Director

**Kaushik Bhatt**

Director

**Usha Moraes**

Chief Financial Officer

**Dinesh Patel**

Company Secretary



# Corporate Information

## 17th Annual report 2010-11

### BOARD OF DIRECTORS

Mr. Kalpesh Patel (*Chairman & Managing Director*)

Mr. Kaushik Bhatt

Mr. Navin Patel

Mr. Tushar Patel

Mr. K. K. Rai

Mr. Mahendra R. Patel (*Executive Director*)

Mr. Venugopal Shastri

### CFO

Ms. Usha Moraes

### COMPANY SECRETARY

Mr. Dinesh Patel

### AUDITORS

H. K. Shah & Co., Chartered Accountant, Ahmedabad

### BANKERS

Allahabad Bank

Andhra Bank

Axis Bank Ltd.

Exim Bank

ICICI Bank Ltd.

Indian Bank

Punjab National Bank

State Bank of India

The Karur Vysya Bank Ltd.

### REGISTERED OFFICE & WORKS

Village Asoj, Vadodara-Halol Express Way

Tal. Waghodia, Dist. Vadodara - 391 510

Gujarat, India.

Tel. : +91 2668 666200

Fax: +91 2668 666400

Email: investor@kemrock.com

Web: www.kemrock.com

### REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.

B-102 & 103, Shangrila Complex, First Floor

Near Radhakrishna Char Rasta, Akota

Vadodara – 390020, Gujarat, India

Tel. : (0265) 2252875 / 2250241

Fax: (0265) 2250246

Email: vadodara@linkintime.co.in

# Notice

NOTICE is hereby given that the SEVENTEENTH ANNUAL GENERAL MEETING of KEMROCK INDUSTRIES AND EXPORTS LIMITED will be held at the registered office of the Company at village Asoj, Vadodara - Halol Express Way, Tal. Waghodia, Dist. Vadodara - 391 510, Gujarat State, on Friday, the 16th day of December, 2011 at 11:00 a.m., to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Balance Sheet as at 30th June, 2011 and Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares for the financial year ended on 30th June, 2011.
3. To appoint a Director in place of Mr. Tushar Patel, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Kaushik Bhatt, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. H. K. Shah & Co., Chartered Accountants, the retiring Auditors as Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and authorise the Board of Directors to fix their remuneration.

## SPECIAL BUSINESS:

6. To consider, and if thought fit, to pass the following resolution, with or without modification(s), as an Ordinary Resolution:  
**"RESOLVED THAT**, Mr. Venugopal Shastri who was appointed by the Board of Directors as an Additional Director of the Company effective 19th November, 2010 and who holds office as such upto the date of this Annual General Meeting pursuant to Article 137 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 ('Act'); and in respect of whom the Company has received a notice pursuant to Section 257 of the Act proposing his candidature for the office of Director, be and is hereby appointed as Director on the Board of the Company, whose office shall be liable to retire by rotation."
7. To consider, and if thought fit, to pass the following resolution, with or without modification(s), as an Ordinary Resolution:  
**"RESOLVED THAT**, pursuant to the provisions of Sections 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 (the "Act") (including any statutory modification or re-enactment thereof for the time being in force) and the Memorandum and Articles of Association of the Company, and notwithstanding the resolution passed earlier in this respect, the Authorised Share Capital of the Company be increased and re-classified from Rs.35,00,00,000 (Rupees thirty five crore only) divided into 3,50,00,000 (three crore fifty lakh only) equity shares of Rs.10/- (Rupees ten only) each to Rs.75,00,00,000 (Rupees seventy five crore only) divided into 4,50,00,000 (Four crore fifty lakh only) equity shares of

Rs.10/- (Rupees ten only) each and 3,00,00,000 (Three crore only) Preference Shares of Rs.10/- (Rupees ten only) each by creation of an additional 1,00,00,000 (one crore) equity shares of Rs.10/- (Rupees ten only) each and 3,00,00,000 (three crore) preference shares of Rs.10/- (Rupees ten only) each for an aggregate amount of Rs.40,00,00,000 (Rupees forty crore) with the power to the Board to decide on the extent of variation in such rights and to classify from time to time such shares into any class of shares.

**RESOLVED FURTHER THAT**, for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary and expedient and to settle any question, difficulty or doubt that may arise from time to time in this regard.

**RESOLVED FURTHER THAT**, the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following new Clause V.

- V. The Authorised Share Capital of the Company is Rs.75,00,00,000 (Rupees seventy five crore only) divided into 4,50,00,000 (Four crore fifty lakh only) equity shares of Rs.10/- (Rupees ten only) each and 3,00,00,000 (Three crore only) Preference Shares of Rs.10/- (Rupees ten only) each with power to the Board to increase, reduce, divide and/or sub divide the Share Capital or to classify from time to time such shares into any class of shares and attach thereto respectively such preferential, priority, deferred, qualified or special rights, privileges, conditions or restrictions, whether in regard to dividend, voting, return of capital, distribution of assets or otherwise, as may be determined in accordance with the laws, rules and regulations from time to time of the Company and to vary, modify or abrogate such rights, privileges, conditions or restrictions in such manner as may from time to time be provided by the regulations/ resolutions of the Company or are provided for in the Articles of Association of the Company and to consolidate or sub divide or reorganize shares or issue shares of higher or lower denominations."

By order of the  
Board of Directors of  
**Kemrock Industries  
and Exports Limited**

Date: October 05, 2011  
Reg. Off.: Vill. Asoj  
Vadodara-Halol Express Way  
Tal. Waghodia, Dist. Vadodara-391 510

**Dinesh Patel**  
Company Secretary

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing a proxy, in order to be valid and effective, must be deposited with the Company at its registered office not less than 48 hours before the time fixed for holding the meeting. The proxy form is attached to Annual Report.
3. Members/Proxies attending meeting should bring the Attendance Slip duly completed and may hand over the same at the entrance to the meeting hall.
4. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, setting out all material facts in respect of item Nos. 6 & 7 of the Notice is attached herewith.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 14th December, 2011 to Friday, the 16th December, 2011 (both days inclusive).
6. The dividend, as recommended by the Board, if sanctioned at the meeting, will be paid to those shareholders whose names appear (i) as Members in the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company or its Registrar on or before Tuesday, the 13th December 2011; and (ii) as Beneficial Owners as at the end of the business hours on Tuesday, the 13th December 2011 as per the list to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form.
7. Members holding shares in physical form are requested to notify immediately any change in their addresses with PIN Code to the Company's Share Transfer Agent, viz., Link Intime India Pvt. Ltd.; and in case of Members holding shares in electronic form, this information should be passed on directly to their respective Depository Participants and not to the Company.
8. Members are informed that, in order to avoid fraudulent encashment of dividend warrants, they should send to the Company, under the signature of the Sole/First Joint holder, the information relating to Name and Address of the Banker along with the PIN code and Bank Account Number to print on the Dividend Warrants. Members holding shares in dematerialized form and desirous of changing or correcting the bank account details should send the same immediately to the concerned Depository Participant.
9. In terms of Section 205A of the Companies Act, 1956, any dividend which has not been paid or claimed within 30 (thirty) days from the date of declaration shall be transferred within seven days from the date of expiry of thirty days to an unclaimed dividend account with a scheduled bank. In terms of sub-section 5 of Section 205A any money transferred to the unpaid dividend account which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred to the fund established under Section 205C viz. Investors' Education and Protection Fund. Shareholders who have not encashed the dividend warrants are requested to send back their warrants or make their claims to our Registrar & Share Transfer Agent viz., M/s. Link Intime India Pvt. Ltd.
10. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.
11. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment/re-appointment at the Seventeenth Annual General Meeting are contained in Annexure-I, vide Page No.3.
12. Members are requested to bring their copies of Annual Report at the Meeting. No copies will be provided at the Meeting as a measure of economy.
13. Queries on accounts and operations of the Company, if any, may please be sent to the Company fifteen days in advance of the Meeting so that the information may be made readily available at the Meeting.
14. Members can avail of the facility of Nomination in respect of shares held by them in physical form pursuant to the provision of section 109A of the Companies Act, 1956. Members desiring to avail of this facility may send their Nomination in the prescribed Form No. 2B duly filled in to the Registrar and Transfer Agent viz., Link Intime India Pvt. Ltd. The Nomination Form 2B can be obtained from the Registrar and Transfer Agent or the Secretarial Department of the Company at its Registered Office.
15. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.

**EXPLANATORY STATEMENT**

(pursuant to Section 173(2) of the Companies Act, 1956)

**Item No. 6**

Pursuant to Article 137 of the Articles of Association of the Company, the Board of Directors, on 19th November, 2010, appointed Mr. Venugopal Shastri as an Additional Director on the Board of the Company. Being an Additional Director, he holds office only upto the date of this Annual General Meeting. As required by Section 257 of the Companies Act, 1956, the Company has received a notice alongwith deposit from a member proposing the candidature of Mr. Venugopal Shastri for the office of Director of the Company.

Mr. Venugopal Shastri is B.Com., M.Com., LL.B (Gen). He is a Chartered Accountant and a Certified Information System Auditor (ISA) and possesses post qualification certificate in ISA from ICAI. He is Practicing Chartered Accountant, and has vast experience in the field of income tax, auditing, project finance, information system, management consultancy, bank audits and company law matters.

No Director other than Mr. Venugopal Shastri is, in any way, concerned or interested in the said resolution.

**Item No. 7**

Presently, the Authorised Capital of the Company is Rs. 35 crore. The Company, in order to meet its growth objectives and to strengthen its financial position, would be required to generate long term resources by issuing shares and securities with underlying shares. It is therefore deemed appropriate to increase

the Authorised Share Capital of the Company to Rs. 75 crore and reclassify it into 4,50,00,000 (Four crore fifty lakh only) equity shares of Rs.10/- (Rupees ten only) each and 3,00,00,000 (Three crore only) Preference Shares of Rs.10/- (Rupees ten only) each with the power to the Board to decide on the extent of variation in such rights and to classify from time to time such shares into any class of shares; and for that purpose, the Memorandum of Association of the Company is proposed to be suitably altered as set out at item No. 7 of the accompanying notice.

In terms of the provisions of the Companies Act, 1956 the Company is required to seek the approval of the members for increase in the Authorized Share Capital and for the alteration of Capital Clause of the Memorandum of Association of the Company.

The Board of Directors accordingly recommends the resolution set out at Item No. 7 of the accompanying notice for the approval by the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

By order of the  
Board of Directors of  
**Kemrock Industries  
and Exports Limited**

Date: October 05, 2011

Reg. Off.: Vill. Asoj

Vadodara-Halol Express Way

Tal. Waghodia, Dist. Vadodara-391 510

**Dinesh Patel**  
Company Secretary

## Annexure- I Information pursuant to Clause 49.IV(G)(i) of the Listing Agreement pertaining to directors seeking appointment/re-appointment at the Annual General Meeting:

Name of Director	Mr. Tushar Patel	Mr. Kaushik Bhatt	Mr. Venugopal Shastri
Age	50 Yrs	57 Yrs	48 Yrs
Qualification	B. E. Mechanical	B. Com.; LL B (Spl.)	B.Com., M.Com., LL.B (Gen) C.A, I.S.A.
Expertise	Entrepreneur – International Business	Legal Matters	Practicing Chartered Accountant
Name of other public Companies in which also holds directorship	Crystal Caschem India Ltd. Sebacic India Ltd.	NONE	NONE
Name of other public companies in the committees of which also holds membership/chairmanship	NONE	NONE	NONE
Number of Shares held in the Company as on June 30, 2011	NONE	8,000	NONE
Relationship with Directors	NONE	NONE	NONE







**Registered Office:** Village Asoj, Vadodara - Halol Express Way,  
Tal. Waghodia, Dist. Vadodara -391 510 Gujarat (India)

## Attendance Slip

Regd. Folio No./DP ID – Client ID : .....

No. of Shares held : .....

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the 17th Annual General Meeting of the Company to be held at the Registered Office of the Company at Village Asoj, Vadodara-Halol Express Way, Tal. Waghodia, Dist. Vadodara - 391 510 Gujarat (India) on Friday, the 16th December, 2011 at 11:00 a.m.

.....  
Member's/Proxy's name in BLOCK letter

.....  
Member's / Proxy's Signature

**Note:** Please fill up this attendance slip and hand it over at the entrance of the meeting. Members are requested to bring their copy of the Annual Report.



**Registered Office:** Village Asoj, Vadodara - Halol Express Way,  
Tal. Waghodia, Dist. Vadodara -391 510 Gujarat (India)

## Proxy Form

Regd. Folio No./DP ID – Client ID : .....

No. of Shares held : .....

I/We ..... of .....

..... being Member/Members of Kemrock Industries and Exports Limited hereby appoint

Mr./ Ms. .... of ..... or failing

him/her, Mr./Ms. .... of ..... as my/our proxy to

attend and vote for me/us and on my/our behalf at the 17th Annual General Meeting of the Company to be held on Friday, the

16th December, 2011 at 11:00 a.m. and at any adjournment thereof.

Affix  
Revenue  
Stamp

Signed this ..... day of ....., 2011

Signature .....

**Note:** This form of Proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before commencement of the Meeting.



