

The possibilities
are
endless!

16th Annual Report
2009-2010



2009-10 was a busy year for us at Kemrock. We continued to evolve through expanding our product profile, broadening our geographical presence and deepening our business partnerships to cater to emerging market opportunities. We continued to imagine more – by investing in our greatest strengths – talented people, lean manufacturing, scalable capacities and world-class research & development capabilities. We continued to imagine more – by deciphering ever-evolving product demand and deliver quality products to our clients. Amidst the hectic pace of events, we also continued strengthening our credentials as a reputed and integrated player in Indian composites sector. All this – to create an organization that would not only grow exponentially given the potential opportunities in the future but would also sustain its growth in wake of steep challenges offered by the ever-flattening world.

The future is more than what one can imagine. At Kemrock, we are creating a future by imagining the possibilities.

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.

Chairman's Overview

Dear Members,

Everything you can imagine is real. [Pablo Picasso]

One can either wait for the 'next' to happen or initiate the 'next'. While the latter requires unflinching dedication and focus towards the goal - in the long term the same spirit segregates the leader from the crowd.

Ever since our existence, we at Kemrock have believed in pushing our limits to achieve what we set our eyes on. Be it our evolving into a respected Company or developing world-class quality products or even sustaining our growth momentum - we have always taken pride in taking the next step and realizing growth amidst challenges.

In 2009-10, we successfully unveiled a new chapter – of bigger capacity, higher efficiencies, superior quality products and greener operations. We successfully completed our carbon fibre plant at Vadodara in May 2010 which was inaugurated by H.E. Dr. APJ Abdul Kalam, the former President of India. What gives us immense pride is the fact that we were chosen to partner with one of the prestigious institutions in India – National Aerospace Laboratories, Bangalore for the commercialization of the carbon fibre technology. What gives us more pride is the fact that we not only built a stronger Company during the year but also more importantly, fulfilled our promises to shareholders and members of the Company. It is this feeling that makes us humble, confident and powerful to take charge of the opportunities that lie ahead of us.

What adds on to our excitement is our ability to forge strong partnership with well-established technological partners and broadening our horizons in the high growth sectors such as defense, aerospace, infrastructure, renewable energy and transportation.

The proof of success of our strategy clearly reflects on our achievements during the year. We became one of the first Indian companies to supply composites to European Railways. We continued to forge our position as one of the choicest suppliers to Indian Railways.

I take this opportunity to congratulate and thank each and every stakeholder of the Company for reposing their faith and confidence in us, which enabled us to take the Company onto the next growth phase. Together, we would continue to focus on creating value for all of us.



Kalpesh Patel
Chairman & Managing Director



Glimpses of Carbon Fiber Inauguration on 9th May, 2010



I am delighted to participate in the inauguration of Commercialisation of Facilities at Kemrock Carbon Fibre Facility at Vadodara...

I am glad to know that Kemrock is not only a leading Advanced Composite Solutions provider but also has taken several initiatives in building better environment through enhanced recycling facilities, renovating schools and providing access to clean

*- Dr. APJ Abdul Kalam
(Former President of India)*

National Aerospace
Laboratories

Today is Mother's Day. I would like to take this opportunity on the very special day, to dedicate this facility to both of my mothers', To the one seated in front of me, Maudulaben, who inspired me to have courage throughout my life."

"And secondly to Mother India, who provided a platform to showcase her intellectual and technological strength to the world."

*- Mr. Kalpesh Patel
(CMD, Kemrock Industries & Exports Ltd.)*



BOARD OF DIRECTORS

Mr. Kalpesh Patel (Chairman & Managing Director)
 Mr. Kaushik Bhatt
 Mr. Mukund Bakshi (ceased w.e.f. 28.08.2010)
 Mr. Navin Patel
 Mr. Tushar Patel
 Mr. K. K. Rai
 Mr. S. M. Hegde (ceased w.e.f. 15.01.2010)
 Mr. Mahendra R. Patel (appointed w.e.f. 03.06.2010)

CFO

Ms. Usha Moraes

COMPANY SECRETARY

Mr. Dinesh Patel

AUDITORS

H. K. Shah & Co.,
 Ahmedabad

BANKERS

Allahbad Bank
 Andhra Bank
 Axis Bank
 Exim Bank
 ICICI Bank
 Indian Bank
 Karur Vysya Bank
 Punjab National Bank
 State Bank of India

REGISTERED OFFICE & WORKS

Village Asoj, Vadodara-Halol Express Way
 Tal. Waghodia, Dist. Vadodara - 391 510, Gujarat, India
 Email : investor@kemrock.com
 Web : www.kemrock.com

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.
 308, 1st Floor, Jaldhara Complex, Opp. Manisha Society
 Off Old Padra Road, Vasna Road,
 Vadodara - 390 015, Gujarat, India
 Tel. : (0265) 2250241, 2252875, 3249857
 Fax : (0265) 2250246 Email : vadodara@linkintime.co.in

CONTENTS

1. Notice	02
2. Directors' Report	05
3. Management Discussion and Analysis	10
4. Corporate Governance Report	14
Standalone Financials	
5. Auditors' Report	18
6. Balance Sheet	20
7. Profit and Loss Account	21
8. Schedules forming part of Balance Sheet	22
9. Schedules forming part of Profit and Loss Account	25
10. Significant Accounting Policies and Notes on Accounts	27
11. Cash Flow Statement	34
12. Balance Sheet Abstract and Company's General Business Profile	35
Consolidated Financials	
13. Auditors' Report	36
14. Consolidated Balance Sheet	37
15. Consolidated Profit and Loss Account	38
16. Schedules forming part of Balance Sheet	39
17. Schedules forming part of Profit and Loss Account	43
18. Significant Accounting Policies and Notes on Accounts	45
19. Consolidated Cash Flow Statement	50
20. Statement pursuant to Section 212 of the Companies Act, 1956	51
Financial Statement of Subsidiary	52

Notice

NOTICE is hereby given that the SIXTEENTH 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 19th day of November, 2010 at 10:30 a.m.**, to transact the following business:

Ordinary Business :

1. To receive, consider and adopt the audited Balance Sheet as at 30th June, 2010 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare final dividend on equity shares for the financial year ended on 30th June, 2010.
3. To appoint a Director in place of Mr. K. K. Rai, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Navin Patel, 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 to authorise the Chairman 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, in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr. Mahendrakumar R. Patel (Mr. M. R. Patel), who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 137 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company not liable to retire by rotation.

RESOLVED FURTHER THAT, in accordance with the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (the ‘Act’) or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the appointment of Mr. M. R. Patel as a Wholtime Director designated as Executive Director of the Company for a period of 3 (three) years with effect from 3rd June, 2010 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this 16th Annual General Meeting of the Company, with liberty to the Board of Directors (herein after referred to as “the Board” which term shall be deemed to include any committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of appointment and /or remuneration, subject to the same in compliance with and not exceeding the limits specified under Schedule XIII to the Act, or any statutory modification(s) or re-enactment thereof.

RESOLVED FINALLY THAT, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, appropriate, expedient or desirable to give effect to this resolution.”

By order of Board of Directors
Kemrock Industries and Exports Limited

Reg. Off.: Vill. Asoj
Vadodara-Halol Express Way
Tal. Waghodia, Dist. Vadodara-391 510
Date: August 27, 2010

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 No. 6 of the Notice is attached herewith.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 17th November, 2010 to Friday, the 19th November, 2010 (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 16th November, 2010; and (ii) as Beneficial Owners as at the end of the business hours on Tuesday, the 16th November, 2010 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 Agents, viz., Link Intime India Pvt. Ltd.; and in case of Members holding shares in electronic form, this information should be sent 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. Members desirous of availing the facility of Electronic Credit of Dividend are requested to send NECS Mandate Form attached to the Annual Report alongwith a photocopy of a cheque for verification of details to the Share Transfer Agents of the Company.
10. 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 Agents viz., M/s. Link Intime India Pvt. Ltd.
11. 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.
12. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment/re-appointment at the 16th Annual General Meeting are contained in Annexure-I, vide Page No. 04.
13. 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.
14. 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.
15. 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.
16. 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: Appointment of Mr. M. R. Patel as Executive Director

The Board of Directors of the Company (the "Board") at its meeting held on 3rd June, 2010 appointed Mr. Mahendrakumar R. Patel (Mr. M. R. Patel) as an Additional Director effective 3rd June, 2010 pursuant to the provisions of Section 260 of the Companies Act, 1956 (the "Act") read with Article 137 of the Articles of Association of the Company.

In terms of the provisions of Section 260 of the Act, Mr. M. R. Patel holds office up to the date of the 16th Annual General Meeting.

The Company has received a notice in writing from a member alongwith deposit of Rs. 500/- for proposing the candidature of Mr. M. R. Patel for the office of Director of the Company under the provisions of Section 257 of the Act.

Mr. M. R. Patel is not disqualified from being appointed as Director in terms of Section 274 (1) (g) of the Act. The Company has received the requisite Form 'DD-A' from Mr. M. R. Patel, in terms of the Companies (Disqualification of Directors under Section 274 (1) (g) of the Act, 1956) Rules, 2003, confirming his eligibility for such appointment.

Further, the Board also appointed, subject to the approval of Members, Mr. M. R. Patel as Wholtime Director, designated as Executive Director of the Company, for a period of three years with effect from 3rd June, 2010.

It is proposed to seek Members' approval for the appointment of and remuneration payable to Mr. M. R. Patel as Wholtime Director, designated as Executive Director of the Company, in terms of the applicable provisions of the Act.

The Broad particulars of the terms & conditions of appointment of and remuneration payable to Mr. M. R. Patel are as under:

Terms and conditions of appointment including remuneration are :-

I. Remuneration :

- (a) Salary : Rs. 13,04,400 (per annum)
- (b) Perquisite & Allowances : Rs. 22,35,600 (per annum)
- (c) The perquisites and allowances, as aforesaid, shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; medical reimbursement, leave travel concession for self and family including dependents; medical insurance and such other perquisites and/or allowances. The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income-tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; and in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.
- (d) Annual increment in remuneration and perquisites by way of incentive/bonus, if any, payable to Mr. M. R. Patel and as may be determined by the Board and/or the Remuneration Committee of the Board, shall be over and above the aforesaid ceiling of remuneration (stated above at (a) Salary and (b) Perquisite & Allowances), provided that, such payment shall be within the overall ceiling of remuneration permissible under the Act. It is clarified that Options/Shares to be granted, if any, under Employee Stock Option/Purchase Schemes to Mr. M. R. Patel from time to time, are not to be included for the purpose of computation of the overall ceiling of remuneration.
- (e) The Company's contribution to Provident Fund, Superannuation or Annuity Fund, if any, to the extent these singly or together are not taxable under the Income tax law, and Gratuity payable and Encashment of Leave, as per the rules of the Company and to the extent not taxable under the Income-tax law shall not be included for the purpose of computation of the overall ceiling of remuneration.

II. Reimbursement of Expenses :

Reimbursement of expenses incurred for travelling, boarding and lodging including for his spouse and attendant(s) during business trips; provision of car for use on the Company's business and telephone facility at residence, if provided, shall be reimbursed and not considered as perquisites.

III. Overall Remuneration :

The aggregate remuneration in any financial year shall not exceed the permissible limits of remuneration prescribed from time to time

under Sections 198, 309 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the Act or any statutory modifications or re-enactment thereof for the time being in force.

IV. Minimum Remuneration :

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of the wholetime director, the payment of remuneration shall be governed under Section II of the Part II of Schedule XIII to the Act.

V. General :

- The Wholetime Director will perform his duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board and his functions will be under the overall authority of the Chairman & Managing Director.
- The Wholetime Director shall adhere to the Company's Code of Business Conduct and Ethics for Directors and Management Personnel.
- The office of Wholetime Director shall be for a period of 03 (three) years commencing from 03rd June, 2010 till 02nd June, 2013, however, may be terminated by either party by giving to the other 3 (three) months' prior notice in writing.
- The employment of Wholetime Director may be terminated by the Company without notice or payment in lieu of notice, where the director is found guilty of gross negligence, misconduct, serious and continuing breach of the terms of employment or in the event where the Board expresses its loss of confidence in the Director.

- Upon termination by whatever means of the Wholetime Director's employment:
 - The Director shall immediately tender his resignation from the office as Director of the Company and from such other offices held by him in the Company, in any subsidiary and associate Company and other entities.
 - The Director shall not without the consent of the Company at any time thereafter represent himself as connected with the Company or any of its subsidiary or associate Company.

- The Wholetime Director shall not be eligible to receive sitting fees for attending meetings of the Board of Directors or any Committee thereof.

Mr. M. R. Patel satisfies all the conditions set out in Part-I of Schedule XIII to the Act for being eligible for the appointment.

The above may be treated as an abstract of the terms of appointment of Mr. M. R. Patel under Section 302 of the Act.

Mr. M. R. Patel is interested in the Resolution as set out at Item No. 6 of the Notice which pertains to his appointment and remuneration payable to him. Save and except Mr. M. R. Patel, none of the Directors of the Company is, in any way, concerned or interested in the Resolution.

The Board commends the Resolution as set out at Item No. 6 of the Notice for your approval.

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

Reg. Off.: Vill. Asoj
Vadodara-Halol Express Way
Tal. Waghodia, Dist. Vadodara-391 510
Date: August 27, 2010

Dinesh Patel
Company Secretary

ANNEXURE- I

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

Name of Director	Mr. K. K. Rai	Mr. Navin Patel	Mr. M. R. Patel
Date of Birth	04.06.1944	02.01.1954	10.04.1949
Qualification	Bachelor of Arts and a Member of C.A.I.I.B.	Master in Mathematics & Computer Science	B. E. (Chemical Engineering)
Expertise	He is retired Banking Professional having 40 years of rich experience and had held important portfolios during his employment. With Allahabad Bank, he officiated as CMD for three quarters; acted as Executive Director pursuant to selection as whole-time Director by Government of India.	Business Advisory - Over 25 years of experience.	He has been associated with the Company since December 18, 2007 as chief executive officer for carbon fiber project. He has over 37 years of varied experience in the field of project execution, technical services, process operation/maintenance etc.
Name of the Companies in which also holds directorship	Techno Electric and Engineering Company Ltd. UB Engineering Ltd. V.S.T.Tillers Tractors Ltd. Canara Bank Securities Ltd.	Nil	Nil
Name of the Companies in the committees of which also holds membership/ chairmanship	Membership : Kemrock Industries and Exports Ltd. Audit Committee; Shareholders'/Investors' Grievance Committee Chairmanship: Nil	Membership : Nil Chairmanship: Nil	Membership: (w.e.f., 28th Aug 2010) Kemrock Industries and Exports Ltd. Audit Committee; Chairmanship: Nil
Number of Shares held in the Company as on June 30, 2010	Nil	Nil	100

Directors' Report

To,
The Members,

The Board presents the 16th Annual Report together with the audited statement of accounts for the year ended on 30th June, 2010.

Change in Financial year

The financial year 2009-2010 of the Company was extended by 3 months upto 30th June, 2010 and hence the Annual Accounts and Report of the Company have been prepared for the period of fifteen months, from 1st April, 2009 to 30th June, 2010; and therefore, these figures are not comparable with those of previous year ended on 31st March, 2009.

Financial Performance

The Company's financial performance for the year 2009-10 as compared to the previous year is furnished in the following table.

(Rs. in Crore)

Particulars	2009-2010 (01.04.2009 to 30.06.2010)	2008-2009 (01.04.2008 to 31.03.2009)
Gross Turnover	629.38	379.05
Total Income	610.09	373.96
Profit Before Interest, Depreciation and Tax	153.33	101.96
Interest and Financial Expenses	54.02	39.65
Depreciation	28.81	18.61
Profit Before Tax	70.51	43.70
Net Profit after Tax	52.97	31.82
Add: Balance brought forward from last year	74.35	48.57
Balance available, which the Board has appropriated as under : (A)	127.04	80.28
i) Dividend (including interim dividend @ 10%) on Equity Shares for the year @ 20% (previous year @ 15%)	2.77	1.65
ii) Corporate Tax on Dividend	0.47	0.28
iii) Transfer to General Reserve	5.00	4.00
(B)	8.24	5.93
Balance Carried to Balance Sheet (A-B)	118.80	74.35

Dividend

The Company had paid an interim dividend of Re. 1.00 per share (i.e., 10%) on equity shares during the year. Your Directors are pleased to recommend a final dividend of Re. 1.00 per share (i.e., 10%) on equity shares for the year ended on 30th June, 2010, subject to approval of shareholders at the ensuing Annual General Meeting. Thus, the aggregate dividend for the year ended on 30th June, 2010 works out to Rs. 2.00 per share (i.e., 20%) absorbing a total amount of Rs. 3.24 crore (previous year Rs. 2.03 crore).

Operations

The Company's total income increased from Rs. 373.96 crore for year ended on 31st March, 2009 to Rs. 610.09 crore for the period ended on 30th June, 2010. During the year under review, the Company's profits before depreciation, interest and taxation (PBIDT) increased from Rs. 101.96 crore for the year ended 31st March, 2009 to Rs. 153.33 crore for the period ended 30th June, 2010; its net profits for the period under review increased from Rs. 31.82 crore to Rs. 52.96 crore.

Consolidated Operating Results

The year under review was the first year of presenting consolidated financial statements in view of the acquisition of 80% stake by the Company in Top Glass SpA, Italy, on 26th May, 2010. During the year under report, the net sales on consolidated basis were Rs. 716.70 crore. The Company achieved PBIDT of Rs. 164.03 crore. Your directors are pleased to note that consolidated net profit stood at Rs. 76.24 crore.

Change in Capital Structure

Issue and allotment of warrants and shares:

The Company, on 23rd December, 2009, had issued and allotted 16,00,000 warrants to RPM International Inc., USA for a cash price of Rs. 360/- per warrant (including a premium of Rs. 350/- per warrant), on preferential basis, pursuant to the terms and conditions of issue of warrants. These warrants entitle the holder thereof to exercise the option to convert these warrants into equal number of equity shares (i.e., in ratio of 1:1) within 18 months from the date of allotment of warrants.

The Company, on 29th April, 2010, raised US\$ 50 million (Rs. 222.05 crore) through issue of 48,27,200 Global Depositary Receipts (each representing one equity share of Rs.10/- each) at an issue price of US\$ 10.358 per GDR. Pursuant to GDRs Issue, the Company issued and allotted underlying 48,27,200 equity shares of Rs. 10/- each at a price of Rs. 460/- per share (including a premium of Rs. 450/- per share).

Further, on 24th June, 2010, the Company had issued and allotted 9,11,268 fully paid-up equity shares of Rs. 10/- each to M/s. RPM International Inc., USA against conversion of their 9,11,268 warrants pursuant to the terms and conditions of issue of warrants on preferential basis.

Consequent upon issue and allotment, as aforesaid, of 48,27,200 and 9,11,268 equity shares aggregating to 57,38,468 equity shares during the year under report, the paid-up share capital of the Company increased from Rs. 11,01,49,980/- to Rs. 16,75,34,660/-, divided into 1,67,53,466 equity shares of Rs. 10/- each.

Listing

The equity shares of the Company are listed on BSE and NSE Stock Exchanges. All the equity shares issued and allotted during the financial year are also listed and have been admitted to dealings on both the stock exchanges. The GDRs issued by the Company are listed on the Luxembourg Stock Exchange.

Board of Directors

During the year under report, Mr. Suresh Hegde resigned as a director of the Company w.e.f., 15th January, 2010. Mr. Mukund Bakshi resigned as a director of the Company w.e.f., 28th August, 2010. The Board places on record its appreciation for the contribution made by them during their tenure as directors of the Company.

Mr. Mahendra R. Patel, a senior executive of the Company, was appointed as an Additional Director for tenure of three years effective 3rd June, 2010 and was designated as an “Executive Director” in wholetime employment of the Company pursuant to relevant provisions of the Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956, he shall hold office only upto the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing his candidature for the office of Director. The Directors recommend his appointment.

Mr. K. K. Rai and Mr. Navin Patel, the non-executive directors of the Company, retire by rotation at the upcoming Annual General Meeting of the Company and being eligible offer themselves for re-appointment. The Directors recommend their appointment.

As per the requirements of Clause 49 of the Listing Agreement, brief profiles of Mr. K. K. Rai, Mr. Navin Patel and Mr. Mahendra R. Patel are given in Annexure - I appended to the Notice convening the Annual General Meeting.

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 2009-2010, 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, 2010 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 Subsidiaries and Joint Venture

During the year under review and till the date of this report, the Company has formed and acquired subsidiary companies and created a joint venture entity in order to create more business opportunities and to make strategic investments.

Wholly Owned Subsidiaries

The Company has incorporated on 24th June, 2010, five wholly owned subsidiary companies with the Office of Registrar of Companies, Gujarat, with their names as Kemrock Advanced Composites Limited; Kemrock Infratech Limited; Kemrock Speciality Polymers Limited; Kemrock Filament Windings Limited; and Kemrock Advance Reinforcements Limited having objects of carrying on business relating to windmill blades, EPC, resins, pipes and carbon fiber respectively. These companies have also procured certificate of commencement of business, however, are yet to commence its business.

Overseas Subsidiary

On 26th May, 2010, the Company has acquired 80% stake in Top Glass S.p.A., one of the chief and highly qualified producers of Pultruded Composite Profiles, situated 20 Kms. north east of Milano, Italy.

Joint Venture Company

Your Company has also entered into a 50:50 Joint Venture with SAERTEX Beteiligungsgesellschaft mbH & Co. KG., Germany. The name of newly formed 50:50 Joint Venture Company incorporated with the Registrar of Companies, Gujarat, is Saertex-Kemrock India Private Limited. The company is formed to manufacture various components for Indian and global aeronautical industry.

Corporate Governance & Management Discussion Analysis

The Report of Board of Directors of the Company on Corporate Governance, pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, is given under a separate Section 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 it.

The Management Discussion and Analysis forming part of this Report is given under a separate Section titled as “Management Discussion and Analysis”.

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

The information relating to Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and outgo as required under clause (e) of Sub-Section (1) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, is given in Annexure-A to this report.

Particulars of Employees

In terms of provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees forms part of this report as Annexure. However, as permitted by Section 219(1)(b)(iv) of the Companies Act, 1956, this Annual Report is being sent to all shareholders excluding aforesaid particulars(Annexure). Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

Integrated Management System

The Company has implemented certified Integrated Management System encompassing ISO: 9001:2008, ISO: 14001:2004 and OHSAS 18001:2007 systems across the organization. Company's HSE performance is regularly monitored by the management. The management is committed to continually enhance HSE performance by designing and implementing innovative improvement initiatives in the area of processes, technological upgradation, training/skill development and effective use of all manpower, material and natural resources.

Public Deposits

Your 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 Statutory Auditors, M/s. H. K. Shah & Co., Chartered Accountants, Ahmedabad, holds office upto the conclusion of the forthcoming Annual General Meeting of the Company and being eligible are recommended for re-appointment. The Company has received a certificate from M/s. H. K. Shah & Co., to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Insurance

The Company continues to carry adequate insurance for all its insurable assets and other interests.

Acknowledgment

The Board takes an opportunity to express its gratitude for the confidence reposed by the customers, vendors, joint venture partners/subsidiaries, business associates and technology partners in the Company. Further, the

Board wishes to place on record their appreciation for the Shareholders, Clients, Banks, Government Authorities, Regulatory Authorities, Stock Exchanges and Depositories for their continued support and assistance and look forward to having the same support in all future endeavours. Your Directors sincerely appreciate the employees at all levels for their dedicated efforts.

For and on behalf of the Board

Reg. Off.: Vill. Asoj
Vadodara-Halol Express Way
Tal. Waghodia, Dist. Vadodara-391 510
Date: August 27, 2010

Kalpesh Patel
Chairman & Managing Director

ANNEXURE - A

Statement regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo for the year ended on 30th June, 2010 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 :**

Installed 30HP and 50 HP VFD base Air Compressor for optimization of electrical energy. Installed more than 200 nos. of VFDs in new Carbon Fiber plant for saving of electrical energy. Stopped operation of 100 HP blower in ETP. Installation of Lighting sensors for street lighting operation. Awareness program strengthened by wall posters. On line energy monitoring system for the entire site was established for monitoring and necessary action for the energy conservation.

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

It is proposed to install VFD in ETP Blower for optimization of air flow and saving of electrical energy. Supply of Natural Gas has commenced and efforts will be made to convert all the heating applications to gas base operation, which will improve energy efficiency of the plant operation.

(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 measures taken at (a) operational cost (Rs/cfm) of the compressed air is reduced in the Carbon Fiber plant. Running cost of the ETP reduced significantly. By installation of on Line EMS, we are able to study the load characteristic of the particular plant/equipments for necessary action.

(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	
			2009-2010	2008-2009
1.	(a) Electricity Purchased			
	Unit	KWH	1,78,44,200	1,09,88,396
	Total amount	Rupees	11,03,59,000/-	6,79,57,222/-
	Rate/Unit	Rs./ KWH	Rs. 6.18/-	Rs. 6.14/-
	(b) Own Generation			
	i) Through diesel generator			
	Unit	KWH	3,65,800	1,23,512
	Units per ltr. of diesel oil	KWH	3.5	3.25
	Cost / unit	Rs./KWH	12.25	12.19
	ii) Through steam turbine generator			
Units	N. A.		N. A.	
Units per ltr. of diesel oil/gas				
Cost / unit				
2.	Coal (specify quality and where used)			
	Quantity (tonnes)			
	Total cost	N. A.		N. A.
Average rate				
3.	Furnace oil			
	Quantity (k. ltrs.)			
	Total amount	N. A.		N. A.
Average rate				
4.	Others/internal generation (please give details)			
	Quantity			
	Total cost	N. A.		N. A.
Rate/unit				

(B) Consumption per unit of production

The products of the Company are manufactured in different shapes and sizes and hence, consumption per unit of production is not ascertainable.

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, Epoxy and phenolic resins for composite applications.

2. Benefits derived as a result of the above R&D :

Developed more than 50 products of thermosetting resins 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. 20,14,942/-
b) Recurring	:	Rs. 57,22,451/-
c) Total	:	Rs. 77,37,393/-
d) Total R & D expenditure as a percentage of Total Turnover	:	0.12%

[b] Technology absorption, adaptation and innovation :
1. Efforts, in brief, made towards technology absorption, adaptation and innovation :

The Company has commenced producing Phenolic Resins from its plant from April 2005.

Further, the Company procured a license from National Aerospace Laboratories (NAL), Bangalore, to set up the first commercial scale continuous operating carbon fibre manufacturing facility from the research based plant set up by NAL. The basic process know-how available from NAL, Bangalore, was used as basis to design the integrated scale up facilities. Detailed design of individual critical equipments for higher required capacity

was carried out in consultation with specific **equipment designer and NAL. Based upon detailed design of critical equipments, the complete detailing and design of Integrated manufacturing facility was finalised** in-house.

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

The Company meets its captive consumption requirements of Phenolic Resins at reduced cost; and can also sell it in the market.

Some of the improved technological/engineering improvements were integrated during design of plant to improve on stream factor and product quality and reducing specific consumption of raw-material, utilities etc. Continuous operation of plant also helps to achieve consistent product quality and reduce off spec production. Availability of carbon fibre from Kemrock will reduce dependence on overseas suppliers and problems of restricted availability of carbon fiber to some sectors due to strategic reasons.

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	:	Phenolic Resins
b) Year of import	:	2004
c) Has technology been fully absorbed?	:	Yes
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 being an EOU (Export Oriented Unit) always strives to maintain its focus and presence in the global market. The Company has a good network for marketing and export activities and it explores and avail of export opportunities based on economic considerations, international market analysis and embarking on new products.

b) Total Foreign Exchange used and earned:

Foreign Exchange used:

Value of imports calculated on C I F basis :-

-Raw Materials	Rs. 289.33 crores
-Components & Spare parts	Rs. 0.35 crores
-Capital Goods	Rs. 213.05 crores
Export of goods on FOB basis :	Rs. 416.81 crores

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 (consisting of 15 months) ended on 30th June, 2010 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
Firm Reg. No. 109583/W

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

Place: Asoj, Vadodara - 391 510
Date: August 27, 2010

Management Discussion and Analysis

Economy overview

2009-10 was largely an year of resurgence for the Indian economy. As per the CSO (Central Statistical Organization) estimates, the growth in Gross Domestic Product (GDP) was 7.4 per cent in 2009-10 as compared to a level of 6.7 per cent in 2008-09. The economic resurgence was spearheaded by robust performance of manufacturing sector in wake of sustained government and consumer spending.

Indian economy is expected to perform with an increasing trend in both the industrial and agricultural sectors showing good sign of its positive journey and the prospects of the Indian Composites industry is slated to be consistent with the country's economic development in coming years.

Composites industry overview

Composites are new age products and are ideal replacement for conventional materials such as steel, aluminium and wood on account of its durability, corrosion and maintenance free character. The composites are finding increased usage and applications in more than 30,000 products.

The global composite industry is estimated at about USD 85 billion. North America and Europe accounts for about three quarters of the composite industry's total market. The Asia-Pacific region represents about 20 per cent of the market and the rest for the world accounting for the remainder.

Indian composites industry has progressed at more than twice the GDP growth rate, reflecting the upbeat economy and strong fundamental drivers for growth. India is the fastest growing market for composite materials, registering double-digit growth during the past five years. The Indian composites industry offers an attractive value proposition based on its low cost manufacturing base, world class automated processes coupled with strong design and product development expertise.

Global Outlook

Market projections suggest that Asia will be leading the growth in global composites industry, with CAGR of more than 9 per cent by 2013 compared to global growth of 4.9 per cent. At this growth rate, Asia will represent around 40 per cent of the total composites market.

- The major growth of composites will be seen in the Aeronautics industry from 15 per cent to 20 per cent mainly led by revival of air transportation business and increased usage of composites, replacing older generation aircrafts with low weight composites. The Aeronautics industry is expected to grow at 6.4 per cent per year in volume between 2005 and 2015.
- Another major sector of growth is Automobile industry again led by Asia-Pacific as compared to developed countries. The Asian-Pacific market is expected to account for 51 per cent of the composite industry in 2015 vs. 36 per cent in 2006 in volume.
- Composites for windmill blade application are expected to grow at 9 per cent in volume per year between 2005 and 2015.

According to the industry estimates, the market for composite materials in India is expected to grow at a CAGR of 17.4 per cent between 2009-2014 worth USD 1400 million.

Key Demand Drivers

Advantage Composites

The opportunities for the composite market is manifold due to increasing demand and the persistent need of the industries to reduce energy use and costs by producing increasingly light weight structures without affecting their strength. Its enormous light weight and corrosion resistant materials and structures results in enormous benefits and energy saving. Further, a relatively large flexibility with regard to the manufacturing scope is certainly considered to be a definite advantage of processors of reinforced plastics.

There are many usages of composite products but the major application of composites is on increasing trend in Wind energy, infrastructure and transportation sector. Besides, the Technology Information, Forecasting and Assessment Council (TIFAC), an autonomous organization under Department of Science and Technology (DST) in India has launched a mission to develop necessary technologies to increase use of composites in transport and building sector.

Wind Energy

Wind energy is a rapidly growing market segment for the composites industry and is a fastest growing energy sector. On an average, the global wind energy market is growing at a rate of 23 per cent p.a., since last ten years. A growing sensitivity for the environment and depleting reserves of fossil fuels are all fueling the growth of wind energy in 21st century. Further, the Government support through incentive schemes and strong research budget allocation is an added advantage to the growth of wind energy in Economy.

Most of the critical components of a wind turbine use composites and the need for bigger size turbines means more composite usage per turbine. Composites consumption in the global wind energy market has grown 23 times in last 12 years. Wind turbine requires the manufacture of large rotor blades, nacelles and other components using wet lay-up, VARTM, prepreg lay-up and other processes.

The wind energy in India is growing at the CAGR of 16.6 per cent. The Indian wind energy sector has an installed capacity of 11807.00 MW (as on March 31, 2010). In terms of wind power installed capacity, India is ranked 5th in the World.

The wind energy market for composites is estimated to reach \$4.3 billion in 2013 according to a new market study.

Railways

Composites, the wonder material with light-weight, high strength-to-weight ratio and stiffness properties has witnessed an ever increased usage in Railway industry where resultant performance improvement and achievable cost reduction are significant. Weight savings of up to 50 per cent for structural and 75 per cent for non-structural applications brings associated benefits of high-speed, reduced power consumption, lower inertia, less track wear and the ability to carry greater pay-loads.

Composites find major application in passenger coaches for excellent structural properties and improved aesthetics. Components of coaches are generally made of glass fibre reinforced with polyesters/epoxies and phenolic resins. Its fire resistant properties ensure full safety to the entire system. The improved design features and performance characteristics of composite products have evoked keen interest among Indian Railways in substituting the existing conventional materials.

Today's performance requirements for the global rail industry demand that trains travel faster and carry more passengers and freight. Improved fire, smoke and toxicity (FST) properties are also desired for enhanced safety as rail systems carry more people.

Since requirement of replacement of rail coaches is on a rising trend, Indian Railways has further stated that there would be a need of approximately 2,500 to 3,000 coaches per year over the next few years. The railways' annual requirement is estimated to be 4,500 coaches, including air-conditioned coaches, during the 11-Plan period from 2007-12. Composites in the Indian railway industry is growing at CAGR of 20 per cent.

Pultrusion Products

Pultruded Composite profiles are increasingly being used in a variety of applications like cooling towers, mobile towers, structural process equipment support etc. With the high strength, low weight, non-corrosive features, fiber reinforced polymer (FRP) materials are rapidly growing in demand, and FRP pultrusion are leading the way. The amount

of energy required fabricating FRP composite materials for structural application with respect to conventional materials such as steel and aluminium is lower and would work for its economic advantage in the end.

Some of the major applications are in oil platforms, chemical industry, cable tray systems, ladders and scaffolding, cooling towers and telecom towers. A composites application in the cooling tower industry in India is growing at CAGR 17.1 per cent. The telecom industry in India is growing at CAGR of 8 per cent.

Aerospace

The Indian aerospace market has been witnessing steady growth in the past decade on account of success track record of several domestic and international aerospace projects. India is expected to procure USD 100 billion in defense purchases over the next 10-12 years and the statutory defense offset policy of 30 per cent is expected to provide significant opportunities in Indian aerospace market. A survey estimates the offset opportunities to touch USD 11 billion over the next 5 years opening opportunities for carbon fiber reinforced plastic (CFRP) parts.

Aircraft and rotorcraft parts made from high-performance composite materials are superior to earlier generation metals due to their increased strength, reduced weight, and increased service life. For these reasons, most aircraft part designers choose to create new parts out of carbon-fiber-reinforced plastic despite the challenges involved, namely that the manufacture of CFRP parts is more complex than traditional materials and can therefore make parts more costly to produce.

Filament Winding (Pipes & Tanks)

The filament winding technology has established itself worldwide as a very fast and efficient method to manufacture strong, lightweight composite products.

The filament wound components namely pipes and tanks, are widely accepted in most of the developed countries, are now fast catching up in other parts of the world. The FRP/GRP pipes are preferred for providing an economical solution to severe corrosion problems in addition to its light weight and flame retardant properties. Due to resistance to crude oil as well as ability to withstand relatively high pressures, these FRP/GRP pipes are gaining preference over the traditional pipes. The advantages of FRP pipes are particularly the outstanding longevity, the elasticity even with specific rigidity and the possibility of special shaping. The sewer pipe application in India provides a great opportunity for the composites industry.

The composite pipes industry requirement in India is having a share of about 32 per cent of the total composites used in the Indian Composites Industry.

Thermo-setting Resins Industry

Thermo-setting resin (the 'matrix') is one of the two important components of any Composite product (the other being fiber, a reinforcement).

The Global Thermosetting resin industry is around USD 9.00 billion. The Resin market will show a corresponding growth as the Composites market.

Indian resin industry is largely unorganized and is geographically fragmented.

Unsaturated (thermoset) polyester is expected to remain the main resin and account for 80 percent of all demand because of its low cost and excellent properties. Vinyl esters are expected to grow in importance where higher levels of corrosion and temperature resistance are mandated. Epoxy resin usage is expected to be determined by the fact that they have the highest mechanical properties of all major resins used, but are also higher-priced and difficult to process. Phenolic resin usage is expected to be in applications where enhanced fire, smoke and toxicity reduction is required. Hence, it can be expected that in the Indian market also, phenolic resins for FRP products would be used in specialized applications.

The thermo-set resin market for Composites application is estimated to be 1,20,000 TPA in India, with a CAGR of > 20 per cent p.a. Unsaturated polyester resin market in India is the largest with a share of 80 per cent in composites, followed by Epoxy resins and Phenolic resins.

The Company is a leading manufacturer of thermo-set resins and also a leading manufacturer of Composites. Being vertically integrated, it is in a unique position to offer customized solutions to other end-use industry as well, thus giving it a competitive edge.

Carbon fibre – the next big thing !

Carbon Fiber is an extremely strong thin fiber about 0.005-0.010 mm in diameter and composed mostly of carbon atoms. It is known for its excellent tensile strength, low weight, low thermal expansion, heat resistance and chemical resistance. Superior to the other high performance fiber, the property of crystal alignment makes the fiber strong. These fibers are used as reinforcing moulds, heat insulating materials and as a raw material for the manufacture and design of special utility components of aviation machine, space rockets, commercial and defense aerospace industries, Industrial applications such as wind energy, high speed transportation, marine, civil engineering, fuel cells and tanks etc. The market for these applications is growing at an average rate of 10 per cent to 30 per cent.

Among global market segments, industrial application market is the largest with 60 per cent of the total carbon fiber market, Aerospace ranks second with 20 per cent and sporting goods ranks third accounting for the balance of 20 per cent. According to a survey, global carbon fiber market is estimated to reach \$2.4 billion in 2014.

The usage of carbon fiber in specialized segments such as high end luxury cars, sports cars, formula 1 racing cars, aircraft, space vehicles, rockets, industrial rollers, wind turbine blades and golf shafts is well accepted.

Because of its properties, the demand for carbon fibers has increased. Presently carbon fiber market is going through a phase of huge gap in demand and supply. The shortage of carbon fiber is caused by a booming aerospace industry, and the fact that new passenger aircraft being built contain far higher levels of carbon fiber than was previously the case. In the industrial segment, the wind energy market is also causing demand for carbon fiber.

Geographically the demand for carbon fiber is the highest in Europe, and is forecasted to reach 52 per cent by 2015, compared to 18 per cent for Asia, 15 per cent for US and 15 per cent for Japan.

Company overview

About the Company

We are Kemrock Industries and Exports Limited (Kemrock), one of the largest manufacturers of composites products in India. The Company provides the largest portfolio of composite products and delivers both ready and customised solutions that are ideal replacements for traditional materials prone to corrosion and maintenance. The Company's product range includes Windmill Blades, Rail Coach Interiors & Exteriors, Cable Management Systems, Pultruded profiles, Gratings, Piping Systems, Lighting Poles, Access Systems and Thermosetting Resins; and now Carbon Fibre.

Kemrock, incorporated in 1991, is headquartered at Vadodara, Gujarat and have established a prominent position across domestic and international markets, including product presence in over 50 countries. It is listed on BSE, NSE and LuxSE.

Change in Financial year

The financial year 2009-2010 of the Company was extended by 3 months upto 30th June, 2010 and hence the accounts of the Company have been prepared for the period of fifteen months.

Major performance highlights

- The Company crossed the Rs. 6 bn turnover mark
- Total production of composites increased by 122.34%

- Total operational revenues (net) increased to Rs. 607.83 crore for the 15 months ended 30th June, 2010
- EBIDTA increased to Rs. 153.33 crore
- Net profits increased to Rs. 52.97 crore
- EPS (basic) increased to Rs. 45.05

Major developments during the period under review

The Company turned on a new leaf in its operations by undertaking two major initiatives during the year. The Company achieved successful completion of its expansion programme and established its carbon fibre unit at Vadodara. On the other hand, the Company also expanded inorganically by acquiring majority stake in Top Glass S.p.A, an Italian company, also being one of the premier glass companies in the world, with presence across key European and South American markets.

Carbon Fiber

The Company has set up its first and also India's first commercial scale integrated carbon fiber manufacturing facility to produce aerospace and commercial grade carbon fiber for defense, aerospace, wind energy, infrastructures, automobile, offshore and sports sectors.

Honourable Dr. A.P.J. Abdul Kalam, distinguished former President of India, inaugurated the state-of-the-art facility at Vadodara, in presence of eminent scientists and dignitaries on 9th May 2010. This fully integrated plant, which includes polymerization, wet spinning and carbonization was established with technology know-how from CSIR- National Aerospace Laboratory, Bangalore, with an initial capacity of 400 tonnes per annum.

The Company will manufacture carbon fibre composites and prepregs for advanced composites applications, which would serve the defense, aerospace, wind energy, transportation and infrastructure sectors. Carbon fibre reinforced composites have high strength and stiffness and are also very light weight. With the commissioning of this unit, the Company completes its most coveted project since its inception. This would propel the Company to greater heights in the coming years. The carbon fibre capability will be a strategic fit to Company's existing operations, augmenting resin production, technical fabric capability and moulding ability.

Acquisition of Top Glass S.p.A., Italy

During the period under review, the Company acquired 80 per cent share in Italy based Top Glass, S.p.A. With a proven track record of more than four decades in the business of different composite profiles, Top Glass has expertise in advanced and complicated technologies, which shall be used by Kemrock for Indian and Asian market to increase its market size.

Having a customer base in France, UK, Germany, China, Switzerland, Portugal, USA, Brazil, Spain, this acquisition will open the gateway for Kemrock to enter effectively in European and US market, which jointly accounts for three fourth of composite market share in the world. With low cost manufacturing base in India, Kemrock shall be able to supply the final products in European market at the most competitive rates.

Currently, Top Glass has two facilities where pultruded profiles are produced. One in Pioltello (near Linarte Airport in Milan), and another in Osnago (50km from Milan).

This acquisition will help Kemrock to learn and adapt to the needs of European market from the rich experience of Top Glass. With this type of synergy, Kemrock can explore new applications and cater to potential customers and sell the goods under "Top Glass" brand in Europe and US. In other words, this acquisition would reinforce the Company's reputation as a leader for composite manufacturer in Asia.

Exports

The Company exports its products to more than 50 countries. The export turnover during the year 2009-10 was 428.17 crore representing 68 per cent of total turnover of the Company recording a growth of 58.47 per cent over previous year.

Financial Performance with respect to Operational Performance

The Company clocked a gross sales of Rs. 629.38 crore for the period ended 30th June 2010 (15 months from 1st April 2009 to 30th June 2010) as against Rs. 379.05 crore for the previous year (12 months from 1st April 2008 to 31st March 2009) registering a growth of 66 per cent. The Profit After Tax for the year under review grew by 61.39 per cent to Rs. 70.51 crore from Rs. 43.69 crore in the previous year.

The Company achieved an operating profit (PBIDT) of Rs. 153.33 Crore for the current year under report as compared to Rs. 101.96 Crore in previous year depicting an increase of 50.38 per cent.

Earning Per Share (Basic) for the year was Rs.45.05 per share as against Rs. 29.43 per share in previous year.

Segment-wise and Product-wise Performance

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

The total turnover of FRP Composites during the year under report was Rs. 492.84 Crore (current year) as against Rs. 221.66 Crore (previous year) showing a growth of 122.34 per cent. However, Resin segment reported a gross turnover of Rs. 114.98 Crore as against Rs. 142.55 Crore in previous year.

The Company recorded an export turnover of Rs. 428.17 Crore representing 68 per cent of the total turnover during the current year. Whereas, domestic turnover of the Company for the current year stood at Rs. 201.21 Crore representing 31.97 per cent of total turnover.

SWOT Analysis

Strengths

- The largest manufacturer of new age composites in India
- Three decades of proven expertise and focus
- Access to educated and credible intellectual capital
- Competence to offer and develop wide range of composite products
- Qualified management team
- A well-defined and scalable organization structure, capable of supporting surging growth
- Preferred supplier to a world-renowned clientele
- Continuous innovation and quality control

Weakness

- Operates in a business segment largely driven by infrastructure spending; therefore any slowdown in economy may result in lower demand
- Largely a sunrise industry; the consumers need to be educated

Opportunities

- Industrial applications
- Wind energy
- Railways
- Aviation
- Carbon fibre

Threats

- Probable competition from overseas players

Threat, Risk and Concerns

As with any markets and business organization, the major risks to which the industry is exposed are:

- The slowdown of some of the European Economy and its duration.
- As the Company uses crude oil/petro products as its primary raw materials, the volatility in its prices may adversely affect the profitability of the Company.
- The Company has substantial exports as well as imports, which give rise to market exposure risk related to fluctuations in foreign exchange rates and other international market related factors.
- The Company is carrying out its Research and Development activities for its products for meeting the market needs. However, there is a risk of translating all investments that the Company is making in

innovation into successful business opportunities for its future growth.

- e) As the composite market matures in India, it may lead to increasing competition in coming years.
- f) Shift in the Government regulatory policies affecting Import of key raw-materials may affect the price and cost of such key-raw materials.

Human Resources

The Company always endeavours to provide an environment that encourages talented professionals to perform to their fullest potential. The Company owes its success to its loyal and efficient human asset. The Company believes that, by effectively managing and developing human resources, it can achieve its vision. It imparts specialized and technical training to its employees at regular intervals, which enrich their knowledge, skill and competency to perform their job effectively and efficiently. This also encourage employees to shoulder more responsibilities and take part in the growth of the Company's business. The Human Resource strategies aim at attracting, developing and retaining talent pool in the Company. As on 30.06.2010 the number of employees was 1473. The industrial relations were also cordial during the period under review.

Internal Control and its Adequacy

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.

Risk Management

Economy risk

Any slowdown in the economy is expected to translate into lower demand in main user industries and therefore would impact the demand for composites

Risk mitigation

- Composites cater to a highly diversified industry segments, comprising of industrial applications to railways and aviation.
- While demand from some sectors is highly dependent on the economic performance like aviation; there are some sectors which ensure sustained demand sans economic sentiments such as railways and renewable energy.
- Being a highly energy-efficient material, its demand in the coming years is expected to increase substantially in wake of higher energy awareness and sustained programmes to harness renewable energy sources.

Technology obsolescence risk

In an ever evolving composite industry, a company has to be quick to respond to technology changes. Any delay could lead to a loss in market share.

Risk mitigation

- The Company has consistently invested in the technological updation in its unit.
- The Company has invested in state-of-the art carbon fibre manufacturing unit in Vadodara.
- Constant R&D initiatives, in-house product development and extensive training programmes have enabled the Company to offer qualitatively superior products.
- The Company has also acquired To Glass, one of the largest manufacturers of composites, thereby further strengthening its technological aspect.

Competition risk

The Company is a leading player in the segment that has been traditionally

dominated by the both the established domestic as well as foreign players.

Risk mitigation

- The Company has emerged as a leader in composites on account of its superior product quality and impeccable product customization capabilities.
- Being situated in India, the Company ensures a cost advantage alongwith the best in class quality for its customers.
- It has already established a large scale of operations comprising a world-class unit. Therefore, it has a clear advantage over the new prospective competitors, resulting in a entry barrier.

Foreign exchange fluctuation risk

Volatile currency movements, depreciation of rupee in particular, may adversely affect the operations of the Company.

Risk mitigation

- The Company's exports account for 68% of its topline and 82% of the Company's total input cost is imported. As a result, the Company commands a natural hedge as regards its foreign exchange transactions.
- Besides, the Company's revenue exposures are hedged to the maximum extent.

Human resource risk

In a knowledge-led business, any attrition at the key managerial level is injurious to the Company's profitability.

Risk mitigation

- The Company has created a successful and scalable business model by putting people first.
- The Company ensures a progressive career path for each of its employees.
- High levels of interdepartmental and intra-departmental transparency allows speedy resolution of the employees' concerns.
- Continuous efforts for training and development of all personnel across departments.
- The attrition rate in the Company is amongst the lowest in the industry.

Quality risk

Being a manufacturer of composites, any compromise with the product quality may not only result in financial loss but also render the Company out of business.

Risk mitigation

- The Company has strict quality policy and is adhered to each employee across processes.
- Each of our units is certified by credible authorities and has successfully passed key client audits.
- The quality consciousness also stems from the top management that comprise of reputed technocrats, doctors and scientists.
- As a result of such stringent practices, the Company caters to marquee clients of global stature.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, outlook, estimates and expectations are 'forward looking statements' within the meaning applicable under the securities laws and regulations. As 'forward looking statements' are based on certain assumptions and expectations of future events over which the Company exercises no control, the Company cannot guarantee their accuracy nor can it warrant that the same will be realized by the Company. Actual results could differ materially from those expressed or implied. Significant factors that could make the difference to the Company's operations includes domestic and international economic conditions affecting demand, supply and price conditions in the Composites Industry, changes in the government regulations, tax regimes and other statutes and incidental factors.

Corporate Governance Report

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 of the Board and the related information are furnished hereunder.

As on 30th June, 2010, the Board of Directors of the Company consisted of Seven (7) Directors comprising two (2) Executive Directors and five (5) Non-Executive Directors. The Chairman of the Board is an Executive Director and more than half of the Board members are Independent Directors. All the Directors except Chairman & Managing Director and an Executive Director are rotational directors.

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	05	-	-
Mr. Kaushik Bhatt	ID & NED	-	-	-
Mr. Mukund Bakshi ⁺	ID & NED	-	-	-
Mr. Navin Patel	NID & NED	-	-	-
Mr. Tushar Patel	ID & NED	01	-	-
Mr. K. K. Rai	ID & NED	04	02	-
Mr. S. M. Hegde [#]	ID & NED	12	06	-
Mr. Mahendra Patel ^{\$}	Wholetime Director - Executive	-	-	-

Note: ID - Independent Director;
 NED - Non-executive Director;
 NID - Non-Independent Director
 * - Excluding Private Limited Companies, Foreign Companies and Section 25 Companies

+ - Resigned as director w.e.f., 28th Aug, 2010
 # - Resigned as director w.e.f., 15th Jan, 2010
 \$ - Appointed as Additional Director w.e.f., 03rd June, 2010
 @ - Includes only Audit Committee and Shareholders' Grievance Committee

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	18	Yes
Mr. Kaushik Bhatt	ID & NED	15	No
Mr. Mukund Bakshi ⁺	ID & NED	17	Yes
Mr. Navin Patel	NID & NED	02	No
Mr. Tushar Patel	ID & NED	03	No
Mr. K. K. Rai	ID & NED	10	Yes
Mr. S. M. Hegde [#]	ID & NED	02	No
Mr. Mahendra Patel ^{\$}	Wholetime Director-Executive	02	N.A. - Appointed after AGM

Note: ID - Independent Director;
 NED - Non-executive Director;
 NID - Non-Independent Director
 * - Excluding Private Limited Companies, Foreign Companies and Section 25 Companies

+ - Resigned as director w.e.f., 28th Aug, 2010
 # - Resigned as director w.e.f., 15th Jan, 2010
 \$ - Appointed as Additional Director w.e.f., 03rd June, 2010
 @ - Includes only Audit Committee and Shareholders' Grievance Committee

During the fifteen months period ended on 30th June, 2010, twenty (20) Board Meetings were held. The dates on which the meeting of the Board of Directors were held are: (i) In 2009, on 29th June; 30th July; 05th August; 01st September; 25th September; 15th October; 31st October; 12th December; 14th December; 23rd December; and (ii) In 2010, on 16th January; 30th January; 11th March; 16th March; 01st April; 29th April; 07th May; 10th May; 03rd June and 24th June. 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. During the financial year ended on 30th June, 2010, the committee consisted of three (3) directors, all of whom, including the Chairman, are Independent 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 Chairman of the Audit Committee was present at the last Annual General Meeting held on 28th August, 2009.

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. Mukund Bakshi ⁺	(Chairman) ID & NED	7
2	Mr. Kaushik Bhatt	(Member) ID & NED	5
3	Mr. K. K. Rai	(Member) ID & NED	8

Note: ID - Independent Director; NED - Non-executive Director
+ - Resigned as director w.e.f., 28th Aug, 2010

Upon resignation of Mr. Mukund Bakshi w.e.f., 28th August, 2010, Mr. Mahendra Patel was inducted as a member of Audit Committee w.e.f., 28th August, 2010.

During the fifteen months period ended on 30th June, 2010, eight (8) Audit Committee Meetings were held. The dates on which the meetings of the Audit Committee were held are: (i) In 2009, on 29th June; 11th July; 30th July; 31st October; 14th November; and (ii) In 2010, on 30th January; 10th May; 18th May.

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 between the management and the Auditors and the Board of Directors of the Company. The Committee discussed issues related to risk management and compliances.

IV. Remuneration of Directors

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 till 31st July 2013. The aggregate value of remuneration paid to Mr. Kalpesh Patel, for the year ended on 30th June, 2010 was Rs. 167 lacs. Whereas the remuneration paid to Mr. Mahendra Patel from the date of his appointment (i.e., 03rd June 2010) till the end of financial year was Rs.2.75 lacs. The remuneration paid to the Managing Director and Wholtime Director is within the permissible limits of remuneration prescribed under the relevant provisions of the Companies Act, 1956. The total sitting fees paid to non-executive Director viz., Mr. K. K. Rai during the year ended on 30th June, 2010, was Rs. 2.90 lacs.

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 financial year 2009-10, Shareholders'/Investors' Grievance Committee comprised of three independent non-executive Directors viz., Mr. Kaushik Bhatt, the Chairman; Mr. Mukund Bakshi and Mr. K. K. Rai, the members. The Committee met five (5) times on 29th June, 2009; 30th July, 2009; 31st October, 2009; 30th January, 2010 and 10th May, 2010 during the year under report and the details of meetings attended by its members are given below.

Name of Member	Category	Attendance
Mr. Kaushik Bhatt	(Chairman) ID & NED	3
Mr. Mukund Bakshi ⁺	(Member) ID & NED	4
Mr. K. K. Rai	(Member) ID & NED	5

Note: ID - Independent Director; NED - Non-executive Director
+ - Resigned as director w.e.f., 28th Aug, 2010

The Shareholders/Investor's Grievance Committee looks into the redressal of shareholders' and 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, 2010.

VI. General Body Meetings

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

Date & Time	Venue	Number of Special Resolutions passed
20th Sep., 2007 at 10:00 a.m.	Village Asoj, Vadodara – Halol Express Way, Tal. Waghodia, Dist. Vadodara – 391 510 Gujarat State, India	1
6th Sep., 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

During the period of Fifteen (15) Months ended on June 30, 2010; no special resolution was passed through postal ballot.

As of date, there is no proposal to pass any resolution by postal ballot.

VII. Disclosures

- In terms of Accounting Standard AS-18, details of related party transactions during the year have been set out under Note 16 of Schedule 20 (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 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

IX. General Shareholder Information

Annual General Meeting : Friday, the 19th November, 2010
(Date, time and Venue) at 10:30 a.m., at the registered office at Village Asoj, Vadodara-Halol Express Way, Tal. Waghodia, Dist. Vadodara – 391510, Gujarat State

Financial Year : 1st April 2009 to 30th June 2010

Financial Calendar

First Quarter Results : end of July

Second Quarter Results : end of October

Third Quarter Results : end of January

Fourth Quarter Results : on or before May 15, 2010

And

Fifth Quarter and Annual

Audited Results : on or before August 29, 2010

Details of Book Closure : The Register of Members and

Share Transfer Register will remain closed from 17th November, 2010 to 19th November, 2010 (both days inclusive).

Listing on Stock Exchanges : 1. Equity Shares are listed on :
• Bombay Stock Exchange Limited; and
• National Stock Exchange of India Limited.

2. GDRs are listed on :
• Luxembourg Stock Exchange
BSE : 526015 / KEMIE
NSE : KEMROCK
LuxSE : U54884721014

Stock Code/Script ID

Annual Listing Fees for the year 2010-11 have been paid as applicable to all the stock exchanges.

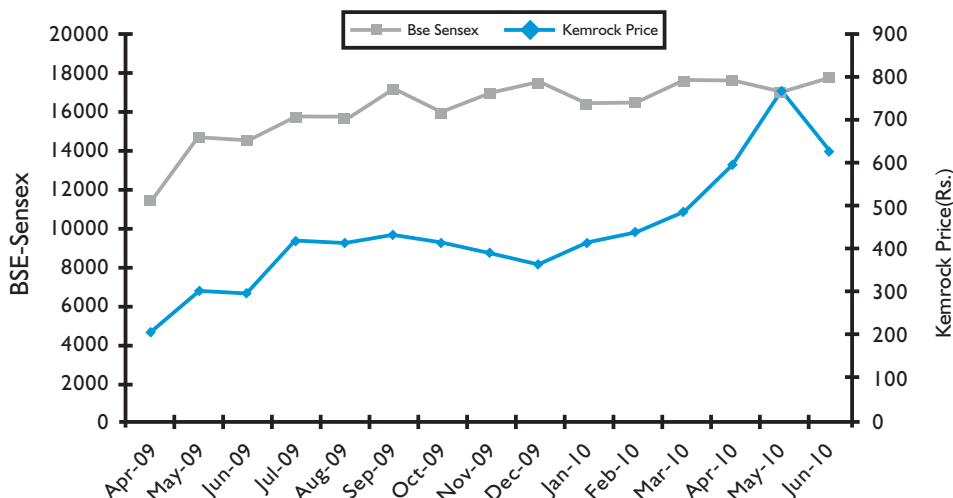
Stock Market Data

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 2009-2010 were as under :

Month	BSE				NSE			
	Share Price (Rs.)		Sensex Points		Share Price (Rs.)		Nifty Points	
	High	Low	High	Low	High	Low	High	Low
Apr 2009	208.40	125.50	11,492.10	9,546.29	---	---	3517.25	2965.70
May 2009	301.20	153.00	14,930.54	11,621.30	---	---	4509.40	3478.70
Jun 2009	299.50	235.00	15,600.30	14,016.95	290.00*	231.10*	4693.20	4143.25
Jul 2009	419.00	248.20	15,732.81	13,219.99	419.90	240.00	4669.75	3918.75
Aug 2009	413.00	348.10	16,002.46	14,684.45	419.40	347.00	4743.75	4359.40
Sep 2009	432.30	356.00	17,142.52	15,356.72	437.40	355.10	5087.60	4576.60
Oct 2009	415.00	335.00	17,493.17	15,805.20	415.20	333.75	5181.95	4687.50
Nov 2009	392.45	340.00	17,290.48	15,330.56	393.00	338.25	5138.00	4538.50
Dec 2009	366.30	332.55	17,530.94	16,577.78	368.90	331.25	5221.85	4943.95
Jan 2010	413.00	328.25	17,790.33	15,982.08	414.00	322.00	5310.85	5167.10
Feb 2010	437.70	351.00	16,669.25	15,651.99	438.00	351.05	4992.00	4757.25
Mar 2010	485.00	377.65	17,793.01	16,438.45	485.10	369.00	5329.55	4935.35
Apr 2010	593.20	438.60	18,047.86	17,276.80	593.80	438.05	5399.65	5160.90
May 2010	777.00	509.50	17,536.86	15,960.15	777.00	508.00	5278.70	4786.45
Jun 2010	627.45	545.10	17,919.62	16,318.39	627.00	548.55	5366.75	4961.05

*The Company's shares were listed on NSE for the first time on 16.06.2009.

Performance of share price of the Company in comparison to the BSE Sensex (To change)



Registrar and Share Transfer Agent : Link Intime India Private Ltd.

Unit : Kemrock Industries and Exports Limited
308, 1st Floor, Jaldhara Complex
Opp. Manisha Society, Off Old Padra Road
Vasna Road, 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, 2010, 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, 2010

No. of Equity Shares	Shareholders		Shares	
	No.	%	No.	%
Up to 500	7353	90.54	746793	4.46
501 to 1000	328	4.04	263907	1.58
1001 to 2000	196	2.41	301134	1.80
2001 to 3000	55	0.68	140005	0.84
3001 to 4000	35	0.43	122432	0.73
4001 to 5000	36	0.44	167395	1.00
5001 to 10000	54	0.67	398614	2.38
10001 and above	64	0.79	14613186	87.22
Total	8121	100.00	16753466	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, 2010, 1,51,82,810 equity shares representing 90.62% of the total equity shares have been dematerialized by the Shareholders.

Outstanding GDRs / ADRs / Warrants or any Convertible Instruments

During the year under review, the Company –

- on 23rd December, 2009, had issued and allotted 16,00,000 warrants for cash at a price of Rs. 360/- per warrants (including a premium of Rs. 350/-), pursuant to the terms and conditions of issue of warrants on preferential basis, to RPM International Inc., USA. Out of these 16,00,000 warrants, warrant-holder exercised its option to convert 9,11,268 warrants into equity shares; and accordingly, the Company had issued and allotted, on June 24, 2010, equal number of equity shares.
- on April 29, 2010, had issued 4,827,200 Global Depository Receipts (each representing one Equity Share of the face value of Rs.10/-) at an issue price of US\$ 10.358 per Global Depository Receipt. Pursuant to GDRs Issue, Company issued and allotted underlying 4,827,200 Equity Shares of Rs. 10/- each at a price of Rs. 460/- per share (including a premium of Rs. 450/- per share).

The Company has not issued any ADRs or Convertible Instruments other than the above. As on 30th June, 2010, total 6,88,732 Warrants were outstanding. Each warrant represents one underlying Equity Share.

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: dpatel@kemrock.com
Website : www.kemrock.com

Investor Correspondence

Link Intime India Private Limited
Unit: Kemrock Industries and Exports Ltd
308, 1st Floor, Jaldhara Complex
Opp. Manisha Society, Off Old Padra Road
Vasna Road, Vadodara – 390 015 (Gujarat)
Tel.: (0265) 2250241; Fax: (0265) 2250246
E-mail: vadodara@linkintime.co.in
Website: www.linkintime.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

Reg. Off.: Vill. Asoj
Vadodara-Halol Express Way
Tal. Waghodia,
Dist. Vadodara-391 510
Date: August 27, 2010

Kalpesh Patel
Chairman & Managing Director

STANDALONE FINANCIALS

Auditors' Report

To
The Members of
KEMROCK INDUSTRIES AND EXPORTS LIMITED

1. We have audited the attached Balance Sheet of KEMROCK INDUSTRIES AND EXPORTS LIMITED (the "Company") as at 30th June, 2010 and the Profit & Loss Account and Cash Flow Statement for the 15 months 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 of India 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. 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 purpose 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, 2010 in terms of clause (g) of sub-section(1) of section 274 of the Act.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with other 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, 2010 ;
- ii) In the case of the Profit and Loss Account, of the profit of the Company for the period ended on that date and
- iii) In the case of Cash Flow Statement, of the cash flows for the period 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, Vadodara
Date: August 27, 2010

Annexure 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 needs 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 lacs have been made at a price which are 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 account 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, 2010 for a period of more than six months from the date they became payable.
- (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 Lakhs)	Forum where dispute is pending
Income Tax Assessment	2006-07	28.46	Income Tax Appellate Tribunal, Ahmedabad

10. The Company has no accumulated losses as at 30th June, 2010. 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. (There are no 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. According to the information and explanations given to us the Company has obtained term loans from banks and they have been applied for the purpose for which they were obtained.
17. 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 not issued any secured debentures.
20. The Company has not raised monies by public issue during the year however the company has made GDR issue during the period.
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, Vadodara
Date: August 27, 2010

Balance Sheet as at 30th June, 2010

Particulars	Schedules	As at 30.06.2010 (Rs.)	As at 31.03.2009 (Rs.)
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share Capital	1	167,534,660	110,149,980
Equity Share Warrants		61,985,880	55,125,000
Reserves & Surplus	2	5,479,301,734	2,462,186,419
LOAN FUNDS			
Secured Loans	3	9,173,423,433	6,177,914,178
Unsecured Loans	4	2,869,968	5,896,743
Deferred Tax Liability		202,905,818	147,383,857
TOTAL		15,088,021,493	8,958,656,176
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	5,679,258,770	3,279,375,940
Less : Depreciation		751,395,561	464,788,825
Net Block		4,927,863,209	2,814,587,115
Capital Work In Progress including Advances for Capital Expense		3,293,139,018	1,553,039,711
TOTAL		8,221,002,227	4,367,626,826
INVESTMENTS	6	910,092,602	20,095,880
CURRENT ASSETS, LOANS & ADVANCES			
Current Assets			
Inventories	7	2,362,731,564	1,965,085,337
Sundry Debtors	8	3,156,649,206	2,629,092,520
Cash & Bank Balances	9	1,751,354,447	868,740,358
Loans & Advances	10	847,772,643	142,821,558
		8,118,507,860	5,605,739,773
Less : Current Liabilities & Provisions	11	2,161,581,196	1,035,776,899
Net Current Assets		5,956,926,664	4,569,962,874
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	12	-	970,596
TOTAL		15,088,021,493	8,958,656,176

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: August 27, 2010

Kalpesh Patel
Chairman & Managing Director

Kaushik Bhatt
Director

Usha Moraes
Chief Financial Officer

Dinesh Patel
Company Secretary

Place: Asoj
Date: August 27, 2010

Profit & Loss Account for the Period ended 30th June, 2010

Particulars	Schedules	15 Months ended 30.06.2010 (Rs.)	12 Months ended 31.03.2009 (Rs.)
INCOME			
Sales & Operations		6,293,828,444	3,790,546,900
Less: Excise Duty		215,570,005	148,479,672
Net Sales		6,078,258,439	3,642,067,228
Other Income	13	22,646,010	97,552,984
Increase/(Decrease) in Stocks	14	110,062,319	554,404,149
		6,210,966,768	4,294,024,361
EXPENDITURE			
Raw Materials Consumed		3,364,824,326	2,388,125,450
Manufacturing Expenses	15	443,777,188	292,086,117
Provisions & Payments to Employees	16	360,314,013	216,312,660
Administration & General Expenses	17	169,743,262	74,437,194
Selling & Distribution Expenses	18	338,976,407	303,446,376
Financial Expenses	19	540,155,749	396,540,268
Depreciation		288,086,043	186,138,916
		5,505,876,988	3,857,086,981
Profit Before Tax		705,089,780	436,937,379
Less: Provision for Current Tax		119,817,000	48,680,000
Less: Provision for Wealth Tax		73,600	15,000
Less: Provision for Fringe Benefit Tax		-	2,800,000
Less/(Add): Provision for Deferred Tax		55,521,961	61,026,909
Profit After Tax		529,677,219	324,415,470
Add/(Less): Prior Period Income/(Expenses)		(2,777,692)	(6,198,931)
Profit for the year for appropriation		526,899,527	318,216,539
Less: Provision for Final Dividend		16,753,466	16,522,497
Less: Provision for Tax on Final Dividend		2,782,541	2,808,000
Less: Short Provision for Final Dividend		-	884,998
Less: Short Provision for Tax on Final Dividend		-	150,405
Less: Interim Dividend		11,014,998	-
Less: Dividend Tax on Interim Dividend		1,872,000	-
Less: Prior Year Tax Adjustment		-	55,259
Profit for the year after appropriation		494,476,522	297,795,380
Profit Transferred from Previous Year		743,543,195	485,747,815
Transfer to General Reserve account		50,000,000	40,000,000
Balance Carried to Balance Sheet		1,188,019,717	743,543,195
EPS (Basic)		45.05	29.43
EPS (Diluted)		42.67	26.38

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: August 27, 2010

Kalpesh Patel
Chairman & Managing Director

Kaushik Bhatt
Director

Usha Moraes
Chief Financial Officer

Dinesh Patel
Company Secretary

Place: Asoj
Date: August 27, 2010

Schedules forming part of Balance Sheet

Particulars	As at 30.06.2010 (Rs.)	As at 31.03.2009 (Rs.)
SCHEDULE - 1		
SHARE CAPITAL		
Authorised		
35,000,000 equity shares of Rs. 10/- each (Previous Year 25,000,000 equity shares of Rs. 10/- each)	350,000,000	250,000,000
Total	350,000,000	250,000,000
Issued, Subscribed and Paid Up Capital		
1,67,53,466 Equity Shares of Rs. 10/- each	167,534,660	110,149,980
Total	167,534,660	110,149,980
SCHEDULE - 2		
RESERVES & SURPLUS		
Securities Premium Opening	1,620,146,974	1,348,720,560
Security Premium during the period	2,491,183,800	368,773,720
Less: Share Issue Expenses	(23,670,007)	(97,347,306)
Total-Securities Premium	4,087,660,767	1,620,146,974
Warrants Forfeiture Opening	58,496,250	7,076,250
Warrants Forfeiture during the period	55,125,000	51,420,000
Total-Warrants Forfeiture	113,621,250	58,496,250
	4,201,282,017	1,678,643,224
General Reserve (Transferred from Profit & Loss Account)	90,000,000	40,000,000
Balance of Profit & Loss Account	1,188,019,717	743,543,195
Total	5,479,301,734	2,462,186,419

Notes:

- The Company on April 29, 2010, raised USD 50 Million through issue of 48,27,200 GDRs (each representing one equity share of par value of Rs. 10/-) at an issue price of USD 10.358 per GDR. Each GDR represents one underlying equity share in the Company. Pursuant to GDRs issue, the Company issued and allotted underlying 48,27,200 Equity Shares of Rs. 10/- each at a price of Rs. 460/- per share (including premium of Rs. 450/- per share).
- Equity Share Warrants of Rs. 6,19,85,880 represents receipts towards initial subscription of 25% of the issue price of warrants issued by the Company on preferential basis in terms of approval of the shareholders of the Company and as per the applicable statutory provisions including SEBI (ICDR) Regulations, 2009. A total of 16,00,000 Equity share warrants were issued to RPM International Inc. USA on 23.12.2009, out of which 9,11,268 warrants were converted into equity shares on receipt of money on 24.06.2010 as per terms of issue (exercise of rights by RPM International Inc. USA). The balance 6,88,732 warrants are outstanding as on 30.06.2010 and pending for conversion.
- Warrants Forfeiture of Rs. 11,36,21,250/- (Previous year Rs.5,84,96,250/-) includes amount of Rs. 5,51,25,000/- forfeited on account of expiry of 11,49,000 warrants, for which its holders could not exercise option to convert them into equity shares.

Particulars	As at 30.06.2010 (Rs.)	As at 31.03.2009 (Rs.)
SCHEDULE - 3		
SECURED LOANS		
Term Loans	3,932,881,720	767,139,092
[Includes Interest Accrued & Due Rs.3,50,93,063/- (PY:Rs.81,38,518/-)]		
Short Term Loans	505,547,945	2,518,966,138
[Includes Interest Accrued & Due Rs.55,47,945/- (PY:Rs.1,89,66,138/-)]		
Foreign Currency Term Loan/ECB from Banks	1,564,494,213	846,972,500
	6,002,923,878	4,133,077,730
VEHICLE LOANS		
Banks	29,844,069	19,198,732
	29,844,069	19,198,732
Sub-Total	6,032,767,947	4,152,276,462
Working Capital from Banks	3,140,655,486	2,025,637,716
TOTAL	9,173,423,433	6,177,914,178

Schedules forming part of Balance Sheet

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 assets of the Company pending final sanction of term loan by banks for the project and guaranteed personally by Managing Director in some cases.
3. ECB from ICICI is availed against hypothecation of assets and is further secured by personal guarantee of the Managing Director.
4. ECBs 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 on 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.

Particulars	As at 30.06.2010 (Rs.)	As at 31.03.2009 (Rs.)
SCHEDULE - 4 UNSECURED LOANS External Commercial Borrowings (Fibregrate Composites Structures, Inc. USA)	2,869,968	5,896,743
Total	2,869,968	5,896,743

SCHEDULE - 5 FIXED ASSETS

Sr. No.	Description of Assets	Gross Block (At Cost)				Depreciation (S.L.M.)			Net Block		
		As at 01.04.2009 Rs.	Addition During the Period Rs.	Deduction During the Period Rs.	As at 30.06.2010 Rs.	Up to 01.04.2009 Rs.	During Year Rs.	Deduction Rs.	Up to 30.06.2010 Rs.	As at 30.06.2010 Rs.	As at 31.03.2009 Rs.
1	Land	41,126,769	31,002,680	-	72,129,449	-	-	-	-	72,129,449	41,126,769
2	Building	1,177,700,107	422,447,255	-	1,600,147,362	75,463,250	61,273,561	23,752	136,713,059	1,463,434,303	1,102,236,857
3	Plant & Machinery	1,925,732,734	1,874,796,249	-	3,800,528,983	353,012,016	205,945,649	-	558,957,665	3,241,571,318	1,572,720,718
4	Furniture, Office Equipments, etc.	84,812,568	49,657,793	183,700	134,286,661	22,595,496	13,629,924	46,405	36,179,016	98,107,645	62,217,072
5	Vehicles	42,672,999	24,418,073	4,002,291	63,088,781	12,439,362	6,469,763	1,409,151	17,499,974	45,588,807	30,233,637
6	Quality Control Assets	7,330,763	1,746,771	-	9,077,534	1,278,701	767,146	-	2,045,847	7,031,687	6,052,062
7	Total	3,279,375,940	2,404,068,821	4,185,991	5,679,258,770	464,788,825	288,086,043	1,479,307	751,395,561	4,927,863,209	2,814,587,115
8	Previous Year	2,520,470,367	760,191,003	1,285,430	3,279,375,940	278,978,956	186,138,916	329,047	464,788,825	2,814,587,115	

Note: 1) Depreciation has been charged on double shift basis at SLM rates

Particulars	As at 30.06.2010 (Rs.)	As at 31.03.2009 (Rs.)
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 [3 Shares of AED 1,00,000/- each]	3,367,500	3,367,500
Top Glass S.P.A. [64,00,000 Equity Shares of Euro 1/- each]	889,352,522	-
	908,695,022	19,342,500
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
	197,580	197,580
LONG TERM-TOTAL	908,892,602	19,540,080

Schedules forming part of Balance Sheet

Particulars	As at 30.06.2010 (Rs.)	As at 31.03.2009 (Rs.)
CURRENT INVESTMENTS		
SBI One India Fund - Dividend Option [20,000 Units]	200,000	200,000
PNB long term equity fund based 3 year plan series II-Growth option [1,00,000 Units]	1,000,000	1,000,000
Less : Provision for increase/(decrease) in value of investment	-	(644,200)
CURRENT INVESTMENTS-TOTAL	1,200,000	555,800
Total	910,092,602	20,095,880
SCHEDULE - 7		
INVENTORIES (As taken, valued and certified by the Management; and at cost or market value, whichever is lower)		
Raw Materials	724,602,373	455,391,481
Stores & Spares	35,829,389	17,456,373
Stock in process	1,507,483,381	1,420,937,576
Finished goods	94,816,421	71,299,907
Total	2,362,731,564	1,965,085,337
SCHEDULE - 8		
SUNDRY DEBTORS (Unsecured, Considered good)		
Exceeding six months	653,120,266	1,069,083,019
Others	2,503,528,940	1,560,009,501
Total	3,156,649,206	2,629,092,520
SCHEDULE - 9		
CASH & BANK BALANCES		
Cash on Hand	12,368,868	1,521,065
Balance with Scheduled Banks:		
In Current Accounts	1,430,745,705	683,541,384
In Fixed Deposit Accounts (Under Lien with Bank)	307,473,418	183,457,795
In Dividend Accounts	766,456	220,114
Total	1,751,354,447	868,740,358
SCHEDULE - 10		
LOANS & ADVANCES (Unsecured, Considered good)		
Advances recoverable in cash or in kind or for value to be received	788,050,221	109,415,834
Balances with Customs and Excise Authorities	44,731,503	18,658,628
Deposits	14,990,919	14,747,096
Total	847,772,643	142,821,558
SCHEDULE - 11		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors		
i) Total Outstanding Dues of Micro, Small and Medium Enterprise	1,082,564	1,556,918
ii) Total Outstanding Dues other than Micro/Small Industrial Undertakings	1,919,453,935	887,396,027
Unclaimed Dividend [#]	766,456	220,114
Advance from Customers	6,351,969	5,997,073
Other Liabilities	173,534,450	112,174,141
Total	2,101,189,374	1,007,344,273

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

Schedules forming part of Balance Sheet

Particulars	As at 30.06.2010 (Rs.)	As at 31.03.2009 (Rs.)
Provisions		
Provision for Income Tax	40,790,815	9,087,129
Provision for Wealth Tax	65,000	15,000
Proposed Dividend	16,753,466	16,522,497
Corporate Dividend Tax on Proposed Dividend	2,782,541	2,808,000
	60,391,822	28,432,626
Total	2,161,581,196	1,035,776,899
SCHEDULE - 12		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Deferred Revenue Expenditure Opening	970,596	98,864,149
Deferred Revenue Expenditure - Transferred to SP/Written Off	(970,596)	(97,893,553)
Total	-	970,596

Schedules forming part of Profit and Loss Account

Particulars	15 Months ended 30.06.2010 (Rs.)	12 Months ended 31.03.2009 (Rs.)
SCHEDULE - 13		
OTHER INCOME		
Interest (TDS Rs. 10,75,952/- (Prev. Year Rs.13,28,680/-))	15,076,736	5,764,759
Foreign Exchange Fluctuation (Net)	-	71,692,492
Insurance Claim Received	452,610	1,167,389
Other Income	4,023,754	4,364
Dividend from Long Term Trade Investment	14,160	16,463,980
Rental Income (TDS Rs.4,75,731/- (Prev. Year Rs.5,50,957/-))	3,078,750	2,460,000
Total	22,646,010	97,552,984
SCHEDULE - 14		
INCREASE / (DECREASE) IN STOCKS		
Stock as on 01.04.2009 - Finished Goods	71,299,907	44,764,914
Stock in Process	1,420,937,576	893,068,420
	1,492,237,483	937,833,334
Less :		
Stock as on 30.06.2010 - Finished Goods	94,816,421	71,299,907
Stock in Process	1,507,483,381	1,420,937,576
	1,602,299,802	1,492,237,483
Total	110,062,319	554,404,149
SCHEDULE - 15		
MANUFACTURING EXPENSES		
Stores & Spares Consumed	216,927,602	159,745,914
Labour Charges	7,778,357	7,518,905
Loading & Unloading Charges	49,500,155	28,673,034
Excise Duty Paid	17,425,766	8,275,172
Fire & Safety Expenses	744,253	1,462,414
Power & Fuel	114,048,747	69,889,279
Factory Expenses	16,994,340	7,105,792
Repairs to Plant & Machinery	18,524,233	9,351,750
Legal & Professional Fees	1,833,735	63,857
Total	443,777,188	292,086,117

Schedules forming part of Profit and Loss Account

Particulars	15 Months ended 30.06.2010 (Rs.)	12 Months ended 31.03.2009 (Rs.)
SCHEDULE - 16		
PROVISION & PAYMENTS TO EMPLOYEES		
Salaries, Wages & Bonus	310,312,082	182,081,287
Contribution to Provident Fund & Other Funds	6,278,762	7,686,844
Staff Welfare Expenses	43,723,169	26,544,529
Total	360,314,013	216,312,660
SCHEDULE - 17		
ADMINISTRATION & GENERAL EXPENSES		
Insurance Expenses	40,130,747	25,764,864
Rent, Rates & Taxes	1,831,803	1,500,709
Legal & Professional Charges	13,544,172	4,819,577
Travelling Expenses	26,118,785	13,049,695
Vehicle Expenses	14,728,904	10,401,201
General Administration Charges	31,841,942	10,602,703
Foreign Exchange Fluctuation (Net)	21,994,110	-
Repairs to Others	9,631,494	2,049,633
Loss on Sale of Assets	1,273,959	308,822
Deferred Revenue Expenditure W/Off	970,596	1,222,496
Provision for Write Off / Diminution in value of Current Investment	-	667,700
Sitting Fees	290,000	130,000
Donation	7,386,750	3,919,794
Total	169,743,262	74,437,194
SCHEDULE - 18		
SELLING & DISTRIBUTION EXPENSES		
Freight Charges	157,359,958	164,669,931
Royalty Expenditure	18,058,382	21,881,218
Sales Commission Expenses	30,776,490	24,662,698
Advertisement Expenses	9,251,577	7,120,369
Rebates and Discounts	1,709,112	7,699,938
Sales Tax	80,979,228	51,828,788
Sales Promotion Expenses	38,330,319	20,540,489
Return, Rejection and Claims	2,511,341	5,042,945
Total	338,976,407	303,446,376
SCHEDULE - 19		
FINANCIAL EXPENSES		
Interest on Term Loans	203,340,878	178,388,997
Interest on Working Capital	253,198,744	175,911,200
Interest on Others	3,501,046	2,092,349
Bank Commission and Charges	80,115,081	40,147,722
Total	540,155,749	396,540,268

SCHEDULE - 20**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 assets 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.

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.

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

1. Figures of previous year have been regrouped / reworked wherever necessary. The Company has extended its financial year by a period of 3 months beyond 31st March, 2010 to 30th June, 2010. Accordingly, the financial results have been prepared for the period of 15 months from 1st April, 2009 to 30th June, 2010 and therefore are not comparable.

2. Contingent Liabilities not provided for:

(Amt. in Rupees)

Particulars	15 Months ended 30.06.2010	As at 31.03.2009
Letters of Credit issued by Bank on behalf of the Company	118,922,738	503,232,079
Guarantees issued by Bank on behalf of the Company	99,633,485	5,817,771
Estimated amounts of Contracts remaining unpaid on Capital Account	79,059,007	417,235,898
Disputed Income Tax Demands (not acknowledged) against which proceedings are pending before Income Tax Authorities	6,223,000	1,675,103
Litigations against the Company	2,185,038	2,185,038

3. Payment To Auditors (Net of Service Tax)

(Amt. in Rupees)

Particulars	15 Months ended 30.06.2010	2008-2009
Audit Fees	775,000	200,000
Tax Audit Fees	30,000	30,000
Other Services including Certification work	3,75,000	300,000
Out of Pocket Expenses	52,000	52,000
Total	1,232,000	582,000

4. (a) The Company has purchased certain assets on deferred credit from foreign suppliers which is to be paid over a period of 7 years, where, as per the terms of credit, no interest is payable.

(b) Borrowing Costs directly attributable to creation of assets has been capitalized. The relevant amount is Rs. 499,330,191/- (Previous Year Rs. 64,641,498/-)

5. Managerial Remuneration Paid / Payable

(Amt. in Rupees)

Particulars	15 Months ended 30.06.2010	2008-2009
Salary to Managing Director	15,000,000	12,000,000
Salary to Wholetime director	275,333	Nil
LTC	1,783,371	Nil
Total	17,058,704	12,000,000

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. 970,596/- (Previous Year Rs. 1,222,496/-)

(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. 23,670,007/- (Previous Year Rs. 97,347,306/-)

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	15 Months ended 30.06.2010	2008-2009
Employer's Contribution to Provident Fund & Pension Scheme	5,519,183	2,849,282
Total	5,519,183	2,849,282

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:

(Amt. in Rupees)

Particulars	15 Months ended 30.06.2010 Gratuity	15 Months ending 30.06.2010 Leave encashment
1. Reconciliation of Opening and Closing Balances of Defined Benefit Obligation		
Present Value of Defined Benefit Obligation as at the beginning of the year	6,516,122	6,436,096
Interest Cost	503,149	643,610
Current Service Cost	4,048,998	2,212,384
Benefits Paid	Nil	415,206
Actuarial (Gain)/Loss	(62,910)	(2,838,392)
Present Value of Defined Benefit Obligation as at the end of the year	9,596,075	6,038,492
2. Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	6,331,929	Nil
Expected Return on Plan Assets	631,738	Nil
Employer Contribution	2,907,042	Nil
Benefits Paid	Nil	415,206
Actuarial (Gain) / Loss	Nil	(2,838,392)
Fair Value of Plan Assets at the end of the year	9,870,709	Nil
Actual return on Plan Assets	631,738	Nil
3. Reconciliation of Fair Value of Assets and Obligations		
Fair Value of Plan Assets at the end of the year	9,870,709	Nil
Present Value of Defined Benefit Obligation as at the end of the year	9,596,075	6,038,492
Net Liability / (Asset) Recognised in the Balance Sheet	(274,634)	6,038,492
4. Expenses Recognised During the Year		
Current Service Cost	4,048,998	2,212,384
Interest Cost	503,149	643,610
Expected Return on Plan Assets	(631,738)	Nil
Net Actuarial (Gain) / Loss	(62,910)	(2,838,392)
Expenses Recognised During the Year in Profit & Loss Account	3,857,499	17,602
Actuarial Assumptions		
Mortality Table (LIC)		
Discount Rate (Per Annum)	8.25%	8.25%
Expected Rate of Return on Plan Assets	9.00%	0.00%
Rate of Escalation of Salary (Per Annum)	7.00%	7.00%

8. (a) Balances are subject to confirmation and in the opinion of management, all known liabilities are accounted for and there are no contingent liabilities other than those disclosed.
 (b) All loan and advances, debtors on the balance sheet are good and recoverable in the opinion of the management and hence no provision there against is made.

9. Provision for Income Tax has been made on the basis of Section 115JB of the Income Tax Act, 1961. (Minimum Alternate Tax)

The tax benefit under Section 10B of the Income Tax Act is available to the Company in respect of its EOU Undertaking. In view of this, the deferred tax liability in respect of timing differences that originate and reverse during the tax holiday period are ignored and deferred tax liability in respect of timing differences that originate during tax holiday period but likely to be reversed after the tax holiday period are recognized. The components of deferred tax liability and assets for the year are as under :

(Amt. in Rupees)

Particulars	15 Months ended 30.06.2010	As at 31.03.2009
A. Deferred Tax Liability: - Related To Fixed Assets	55,521,961	61,026,909
B. Deferred Tax Assets: - Related to Fixed Assets - Others	- -	- -
Provision for Deferred Tax Liability / (Asset) (A-B) Net	55,521,961	61,026,909

10. 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	15 Months ended 30.06.2010	2008-2009
The principal amount and interest due thereon remaining unpaid due to supplier	1,082,564	1,556,918
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.

11. Quantitative Information

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

FRP PRODUCTS

(Quantity in Nos.)

Particulars	15 Months ended 30.06.2010		2008-2009	
Licensed Capacity	Not Applicable		Not Applicable	
Installed Capacity	*		*	
Production of FRP Products	2,146,229		1,039,943	
	Quantity	Rs.	Quantity	Rs.
Opening Stock	26,912	71,299,907	6,313	44,764,914
Closing Stock	29,797	94,816,421	26,912	71,299,907
Sale of FRP & related Items (includes Trading Items)	2,142,394	5,069,557,873	1,019,344	2,299,292,430
Captive Consumption	950	-	-	-

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

RESINS

(Quantity in Kgs.)

Particulars	15 Months ended 30.06.2010		2008-2009	
Licensed Capacity	Not Applicable		Not Applicable	
Installed Capacity	*		*	
Production of Resin	22,641,213		20,014,147	
	Quantity	Rs.	Quantity	Rs.
Opening Stock	353,873	20,397,520	258,124	20,397,520
Closing Stock	529,570	40,470,076	353,873	28,147,136
Sale of Resin	13,585,504	1,224,270,571	14,726,014	1,491,254,470
Captive Consumption	8,880,012	-	5,192,384	-

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

II. Raw Material Consumption

(Quantity in Kgs.)

Sr. No.	Particulars	15 Months ended 30.06.2010		2008-2009	
		Quantity	Rs.	Quantity	Rs.
1.	Resins	**	**	**	**
2.	Glass Fiber	28,568,493	591,828,345	12,801,658	420,749,297
3.	Chemicals	***	1,843,297,852	***	1,730,727,026
4.	Others		929,698,129		236,649,127
	TOTAL		3,364,824,326		2,388,125,450

** 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.

Particulars	15 Months ended 30.06.2010		2008-2009	
	Value Rs.	% (per centage)	Value Rs.	% (per centage)
Imported	2,770,794,394	82.35	1,808,254,282	75.72
Indigenous	594,029,932	17.65	579,871,168	24.28
TOTAL	3,364,824,326	100.00	2,388,125,450	100.00

III. Stores Consumption

Particulars	15 Months ended 30.06.2010		2008-2009	
	Value Rs.	% (per centage)	Value Rs.	% (per centage)
Imported	3,485,240	1.61	-	-
Indigenous	213,442,362	98.39	159,745,914	100.00
TOTAL	216,927,602	100.00	159,745,914	100.00

12. CIF Value of Imports

(Amt. in Rupees)

Particulars	15 Months ended 30.06.2010	2008-2009
Raw Materials	2,893,281,786	1,630,308,975
Machinery / Equipments / Advances	2,130,520,486	895,217,997

13. Expenditure in Foreign Currency

(Amt. in Rupees)

Particulars	15 Months ended 30.06.2010	2008-2009
Traveling Expenses	8,240,346	1,338,377
Legal & Professional Fees	352,125	166,783
Royalty Expenditure	18,058,382	20,151,220
Marketing Expenses	10,973,339	6,552,490
Interest Expenses	57,401,996	8,251,690
Carriage Outward / Shipping Charges	12,100,391	3,874,143
Laboratory Testing	86,952	-
License Fees	529,725	-
Banks Fees	119,889	-
Selling and distribution expenses	8,255,222	-
Total	116,118,367	40,334,703

14. (a) During the period, Dividend of Rs. 49,24,812/- (Previous year Rs. 40,54,288/-) pertaining to Financial Year 2008-09 was remitted outside India to 4 non-resident shareholders holding 32,83,208 shares in the Company.

(b) Further, Interim Dividend of Rs. 32,83,208/- (Previous Year Nil) pertaining to Financial Year 2009-10 was remitted outside India to 4 non-resident shareholders holding 32,83,208 shares in the Company.

15. Earnings in Foreign Exchange

(Amt. in Rupees)

Particulars	15 Months ended 30.06.2010	2008-2009
FOB Value of Exports (as per Shipping Bills)	4,168,052,909	2,309,646,611
Dividend Income	Nil	16,463,980

16. Related Party Disclosures

(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.	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.	Georgia-Pacific Kemrock International Pvt. Ltd.	Joint Venture Company
12.	S. K. Polymers FZCO	Joint Venture Company
13.	Kemrock Agritech Pvt. Ltd.	Enterprise over which Key Management Personnel and relatives of Key Management Personnel are able to exercise significant influence.
14.	Greenspace Enertech Pvt. Ltd.	
15.	Greenspace Infratech Pvt. Ltd.	

(b) Related Party Transactions:

(Amt. in Rupees)

Sr. No.	Name of related party	Nature of Relationship	Nature of transaction	15 Months ended 30.06.2010	2008-09
1	Mr. Kalpesh M. Patel	KMP	Remuneration	16,783,371	12,000,000
2	Top Glass SPA, Italy	Subsidiary	Sale of Finished Goods	110,963,134	Nil
			Purchase of Rawmaterials	6,028,099	Nil
			Purchase of Fixed Assets	278,857,250	Nil
			Investment	827,009,029	Nil
3	Kemrock Advanced Composites Ltd.	Subsidiary	Advances	133,120	Nil
4	Kemrock Advance Reinforcements Ltd.	Subsidiary	Advances	133,120	Nil
5	Kemrock Filament Windings Ltd.	Subsidiary	Advances	133,120	Nil
6	Kemrock Infratech Ltd.	Subsidiary	Advances	133,120	Nil
7	Kemrock Speciality Polymers Ltd.	Subsidiary	Advances	133,120	Nil
8	Georgia-Pacific Kemrock International Pvt. Ltd.	Joint Venture	Commission on Sales	29,551,800	26,318,928
			Sales	Nil	1,267,438
			Rent Received	2,481,750	2,019,390
9	S. K. Polymers FZCO	Joint Venture	Sales	Nil	288,402,677
			Dividend received	Nil	16,463,980
10	Kemrock Agritech Pvt. Ltd.	*	Sales	775,451	Nil

* Enterprise over which Key Management Personnel and relatives of Key Management Personnel are able to exercise significant influence.

(Amt. in Rupees)

Particulars	Nature of Relationship	Balance as on balance sheet date
Top Glass S.p.A, Italy	Subsidiary	259,424,683 (Dr)
Kemrock Advanced Composites Ltd.	Subsidiary	133,120 (Dr)
Kemrock Advance Reinforcements Ltd.	Subsidiary	133,120 (Dr)
Kemrock Filament Windings Ltd.	Subsidiary	133,120 (Dr)
Kemrock Infratech Ltd.	Subsidiary	133,120 (Dr)
Kemrock Speciality Polymers Ltd.	Subsidiary	133,120 (Dr)
Georgia-Pacific Kemrock International Pvt. Ltd.	Joint Venture	63,188,583 (Cr)

17. 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	15 Months ended 30.06.2010	2008-2009
Net Profit After Tax	526,899,527	318,216,539
Weighted average paid up equity shares (in Nos.)	11,695,903	10,812,656
Basic earnings per share of Rs. 10 each	45.05	29.43
Diluted earnings per share of Rs. 10 each	42.67	26.38

18. 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	
		15 months ended on 30/06/10	2008-09	15 months ended on 30/06/10	2008-09	15 months ended on 30/06/10	2008-09	15 months ended on 30/06/10	2008-09	15 months ended on 30/06/10	2008-09
1	Segment Revenue	4,928,436	2,216,583	1,949,024	1,892,798	6,877,460	4,109,381	799,201	467,314	6,078,259	3,642,067
	External Turnover	4,928,436	2,216,583	1,149,823	1,425,484	6,078,259	3,642,067	-	-	6,078,259	3,642,067
	Inter Segment Turnover	-	-	799,201	467,314	799,201	467,314	799,201	467,314	-	-
	Gross Turnover	5,069,558	2,299,292	1,224,271	1,491,254	6,293,829	3,790,546	-	-	6,293,829	3,790,546
	Less: Excise Duty/										
	Service Tax Recovered	141,122	82,709	74,447	65,770	215,569	148,479	-	-	215,569	148,479
	Net Turnover	4,928,436	2,216,583	1,149,824	1,425,484	6,078,260	3,62,067	-	-	6,078,260	3,62,067
2	Segment Result before	1,145,808	723,682	84,360	104,031	-	-	-	-	1,230,168	827,713
	Interest & Taxes										
	Less: Interest Expense									540,156	396,540
	Add: Interest Income									15,076	5,764
	Profit Before Tax									705,088	436,937
	Less: Current Tax/Wealth Tax									119,891	48,695
	Less: Fringe Benefit Tax									-	2,800
	Less: Deferred Tax									55,522	61,027
	Add: Prior Period Income/ (Expense)									2,778	(6,199)
	Net Profit after Tax									526,897	318,216
3	Other Information										
	Segment Assets	12,653,472	7,647,586	1,086,910	1,314,219	13,740,382	8,961,805	-	-	13,740,382	8,961,805
	Unallocable Corporate Assets	-	-	-	-	-	-	-	-	3,509,220	1,032,629
	Total Assets	12,653,472	7,647,586	1,086,910	1,314,219	13,740,382	8,961,805	-	-	17,249,602	9,994,434
	Segment Liabilities	-	-	-	-	-	-	-	-	-	-
	Unallocable Liabilities	-	-	-	-	-	-	-	-	11,540,780	7,366,972
	Total Liability	-	-	-	-	-	-	-	-	11,540,780	7,366,972
	Capital Expenditure	2,400,350	745,747	22,592	14,444	2,422,942	760,191	-	-	2,422,941	760,191
	Depreciation & Amortization of Expenses	255,883	161,770	32,203	24,369	288,086	186,139	-	-	288,086	186,139
	Non Cash Expenses other than Depreciation										

Secondary Segment Information - Geographical

(Rs. In 000's)

Sr. No.	Particulars	Domestic		Exports		Unallocable		Total	
		15 Months ended on 30/06/10	2008-09	15 Months ended on 30/06/10	2008-09	15 Months ended on 30/06/10	2008-09	15 Months ended on 30/06/10	2008-09
1	Segment Revenue	2,012,145	1,088,670	4,281,682	2,701,877	-	-	6,293,827	3,790,547
2	Segment Assets	-	-	-	-	17,249,602	9,994,434	17,249,602	9,994,434
3	Capital Expenditure	-	-	-	-	2,422,941	760,191	2,422,941	760,191

Signatures to Schedules 1 to 20

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: August 27, 2010

Kalpesh Patel
Chairman & Managing Director

Kaushik Bhatt
Director

Usha Moraes
Chief Financial Officer

Dinesh Patel
Company Secretary

Place: Asoj
Date: August 27, 2010

Cash Flow Statement for the Period ended on 30th June, 2010

(Rupees in Lakh)

Particulars	15 Months ended 30.06.2010	12 Months ended 31.03.2009
A. Cash Flow from Operating Activities		
Net Profit before tax and extraordinary items	7,051	4,369
Add / (Deduct) : Adjustments for		
Interest	5,402	3,965
Depreciation (net)	2,881	1,861
Preliminary Expenses / Deferred Revenue Written off	10	12
(Profit)/Loss on sale of assets	13	3
Prior Year adjustments	(28)	(62)
Provision for Write Off / Diminution in value of Current Investment	-	7
Income from Investment	-	(165)
	8,278	5,621
Operating Profit before working capital changes	15,329	9,991
Add / (Deduct) Adjustments for :		
Trade and Other Receivables	(5,276)	(16,771)
Inventories	(3,976)	(5,775)
Trade and Other Payables	10,938	3,161
Loans and Advances	(7,050)	555
	(5,364)	(18,830)
Cash Generated from Operations	9,965	(8,839)
Direct taxes paid (Net)	(901)	(314)
Cash flow before extraordinary items	9,064	(9,153)
Net cash from operating activities	9,064	(9,153)
B. Cash Flow from Investing Activities		
Activities - Inflow / (outflow)		
Purchase of fixed assets (including CWIP and advances for CAPEX)	(41,442)	(21,958)
Proceeds from Sale of Fixed assets	14	6
(Increase)/Decrease in value of Investment	(8,899)	
Income from Investments	-	165
	(50,327)	(21,787)
C. Cash Flow from Financing activities		
Increase in loans	18,805	25,664
Increase in / (Repayment of) unsecured loans	(30)	(18)
Increase/(Decrease) in Bank borrowings	11,150	9,680
Interest paid	(5,402)	(3,965)
Issue of shares/Equity Warrants	25,869	3,942
Dividends paid	(303)	(129)
Net cash generated/(used) in financing activities	50,089	35,174
Net increase/(decrease) in cash equivalents	8,826	4,233
Cash and cash equivalents as at the beginning of year	8,687	4,454
Cash and cash equivalents as at the end of year	17,513	8,687

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: August 27, 2010

Kalpesh Patel
Chairman & Managing Director

Usha Moraes
Chief Financial Officer

Place: Asoj
Date: August 27, 2010

Kaushik Bhatt
Director

Dinesh Patel
Company Secretary

Balance Sheet Abstract and Company's General Business Profile

(Additional Information as required under Part IV of Schedule VI to the Companies' Act, 1956)

I. Registration Details

Registration No	:	L36999GJ1991PLC016625	Balance Sheet Date	:	30 / 06 / 2010
State Code	:	04			

II. Capital Raised During the year (see Note 1 below)

					(Amount in Rs. Thousands)
Public/GDR Issue	:	48,272	Rights Issue	:	Nil
Bonus Issue	:	Nil	Private Placement	:	9,112

III. Position of Mobilization & Deployment of Funds

					(Amount in Rs. Thousands)
Total Liabilities	:	15,088,021	Total Assets	:	15,088,021

SOURCES OF FUNDS

Paid up capital	:	167,535	Reserve and Surplus	:	5,479,302
Secured Loans	:	9,173,423	Unsecured Loans	:	2,869

APPLICATION OF FUNDS

					(Amount in Rs. Thousands)
Net Fixed Assets	:	4,927,863	Investments	:	910,092
Net Current Assets	:	5,956,927	Misc. Expenditure	:	Nil
Accumulated Losses	:	Nil			

IV. Performance of the Company

					(Amount in Rs. Thousands)
Turnover	:	6,293,828	Total Expenditure	:	5,505,877
Profit Before Tax	:	705,090	Profit After tax	:	529,677
Earning Per Share in Rs.			Dividend Rate (%)	:	20% (see Note 2 below)
Basic	:	45.05			
Diluted	:	42.67			

V. Generic Names of Principal Products of the Company

Products Description	:	FRP	Item Code No.	:	70199000
	:	RESIN	Item Code No.	:	39079100

Note: 1

Share Capital of the Company has increased by Rs. 57,384,680 during the year consequent to GDRs Issue and conversion of warrants into equity shares.

Note: 2

Dividend includes interim dividend of 10% paid by the Company.

CONSOLIDATED FINANCIAL STATEMENTS

Auditors' Report

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 subsidiary and joint ventures as at 30th June, 2010 and also the consolidated Profit & Loss Account and the Consolidated Cash Flow statement for the period 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.

We did not audit the financial statements of subsidiary Company and joint ventures, whose unaudited financial statements reflect total assets of Rs. 34.64 Crores as on 30th June, 2010 total revenues of Rs. 121.78 Crores and total cash flows of Rs. 2.54 Crores for the period 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 2009 for part of the period.

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, 2010;
- (ii) in the case of the consolidated profit and loss account, of the profit for the period ended on that date; and
- (iii) in the case of the consolidated cash flow statement, of the cash flows for the period ended on that date.

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

Place: Asoj, Vadodara
Date: August 27, 2010

H. K. Shah
Partner
M. No. 42758

Consolidated Balance Sheet as at 30th June, 2010

Particulars	Schedules	As at 30.06.2010 (Rs.)
SOURCES OF FUNDS		
SHARE HOLDERS' FUNDS		
Share Capital	1	167,534,660
Equity Share Warrants		61,985,880
Reserves & Surplus	2	5,492,769,973
Minority Interest		92,885,706
LOAN FUNDS		
Secured Loans	3	9,413,507,121
Unsecured Loans	4	2,869,968
Deferred Tax Liability		202,944,895
Total		15,434,498,203
APPLICATION OF FUNDS		
FIXED ASSETS		
Gross Block	5	6,996,040,220
Less : Depreciation		1,197,583,315
Net Block		5,798,456,905
Capital Work In Progress including Advances for Capital Expense		3,016,635,018
Total		8,815,091,923
INVESTMENTS		
	6	54,845,872
CURRENT ASSETS, LOANS & ADVANCES		
Current Assets		
Inventories	7	2,520,791,104
Sundry Debtors	8	3,363,441,752
Cash & Bank Balances	9	1,776,740,659
Loans & Advances	10	1,256,462,539
		8,917,436,054
Less : Current Liabilities & Provisions	11	2,352,944,465
Net Current Assets		6,564,491,589
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)	12	68,819
Total		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: August 27, 2010**Kalpesh Patel**

Chairman & Managing Director

Usha Moraes

Chief Financial Officer

Place: Asoj

Date: August 27, 2010

Kaushik Bhatt

Director

Dinesh Patel

Company Secretary

Consolidated Profit & Loss Account for the Period ended 30th June, 2010

Particulars	Schedules	15 Months ended 30.06.2010 (Rs.)
INCOME		
Sales & Operations		7,382,568,725
Less: Excise Duty		215,570,005
Net Sales		7,166,998,720
Other Income	13	82,952,532
Increase/(Decrease) in Stocks	14	171,486,278
		7,421,437,530
EXPENDITURE		
Raw Materials Consumed		3,678,598,451
Manufacturing Expenses	15	865,443,253
Provisions & Payments to Employees	16	479,216,891
Administration & General Expenses	17	351,511,238
Selling & Distribution Expenses	18	406,390,187
Financial Expenses	19	549,892,152
Depreciation		328,027,376
		6,659,079,548
Profit Before Tax		762,357,982
Less: Provision for Current Tax		149,489,191
Less: Provision for Wealth Tax		73,600
Less/(Add): Provision for Deferred Tax		55,539,543
Profit After Tax		557,255,648
Add/(Less): Prior Period Income/(Expenses)		(2,756,770)
Profit after Tax before Adjustment of Minority Interest		554,498,878
Less: Share of Minority Interest		4,168,808
Profit for the year for appropriation		550,330,070
Less: Provision for Final Dividend		16,753,466
Less: Provision for Tax on Final Dividend		2,782,541
Less: Interim Dividend		11,014,998
Less: Dividend Tax on Interim Dividend		1,872,000
Less: Legal Reserve		538,402
Less: Adjustment on account of consolidation		13,232,855
Profit for the year after appropriation		504,135,808
Profit Transferred from Previous Year		743,543,199
Transfer to General Reserve account		50,000,000
Balance Carried to Balance Sheet		1,197,679,007
EPS (Basic)		47.05
EPS (Diluted)		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: August 27, 2010

Kalpesh Patel

Chairman & Managing Director

Usha Moraes

Chief Financial Officer

Place: Asoj

Date: August 27, 2010

Kaushik Bhatt

Director

Dinesh Patel

Company Secretary

Schedules forming part of Balance Sheet

Particulars	As at 30.06.2010 (Rs.)
SCHEDULE - 1	
SHARE CAPITAL	
Authorised 35,000,000 equity shares of Rs. 10/- each	350,000,000
Total	350,000,000
Issued, Subscribed and Paid Up Capital	
1,67,53,466 Equity Shares of Rs. 10/- each	167,534,660
Total	167,534,660
SCHEDULE - 2	
RESERVES & SURPLUS	
Securities Premium Opening	1,620,146,974
Security Premium during the period	2,491,183,800
Less: Share Issue Expenses	(23,670,007)
Total-Securities Premium	4,087,660,767
Warrants Forfeiture Opening	58,496,250
Warrants Forfeiture during the period	55,125,000
Total-Warrants Forfeiture	113,621,250
	4,201,282,017
General Reserve (Transferred from Profit & Loss Account)	98,258,805
Balance of Profit & Loss Account	1,197,679,007
Foreign Currency Translation Reserve	(4,449,856)
	1,291,487,956
Total	5,492,769,973

- The Company increased its Share Capital by way of issue of 48,27,200 GDRs with underlying security of equivalent number of Equity Shares.
- Equity Share Warrants of Rs. 6,19,85,880 represents receipts towards initial subscription of 25% of the issue price of warrants issued by the Company on preferential basis in terms of approval of the shareholders of the Company and as per the applicable statutory provisions including SEBI (ICDR) Regulations, 2009. A total of 16,00,000 Equity share warrants were issued to RPM International Inc., USA on 23.12.2009, out of which 9,11,268 warrants were converted into equity shares on receipt of money on 24.06.2010 as per terms of issue (exercise of rights by RPM International Inc. USA). The balance 6,88,732 warrants are outstanding as on 30.06.2010 and pending for conversion.
- Warrants Forfeiture of Rs. 11,36,21,250/- (Previous year Rs. 5,84,96,250/-) includes amount of Rs. 5,51,25,000/- forfeited on account of expiry of 11,49,000 warrants, for which its holders could not exercise option to convert them into equity shares.

Schedules forming part of Balance Sheet

Particulars	As at 30.06.2010 (Rs.)
SCHEDULE - 3	
SECURED LOANS	
Term Loans [Includes Interest Accrued & Due Rs.3,50,93,063/-]	3,932,881,720
Short Term Loans [Includes Interest Accrued & Due Rs.55,47,945/-]	505,547,945
Foreign Currency Term Loan/ECB from Banks	1,564,494,213
	6,002,923,878
VEHICLE LOANS	
Banks	29,844,069
	29,844,069
SUB-TOTAL	6,032,767,947
Working Capital from Banks	3,380,739,174
Total	9,413,507,121

Notes (as at 30th June, 2010):

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 assets of the Company pending final sanction of term loan by banks for the project and guaranteed personally by Managing Director in some cases.
3. ECB from ICICI is availed against hypothecation of assets and is further secured by personal guarantee of the Managing Director.
4. ECBs 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 on 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.

Particulars	As at 30.06.2010 (Rs.)
SCHEDULE - 4	
UNSECURED LOANS	
External Commercial Borrowings (Fibregrate Composites Structures, Inc. USA)	2,869,968
Total	2,869,968

Schedules forming part of Balance Sheet

SCHEDULE - 5

FIXED ASSETS

Sr. No.	Description of Assets	Gross Block (At Cost)			Depreciation [S.L.M.]			Net Block		
		As at 01.04.2009 Rs.	Addition During the Period Rs.	Deduction During the Period Rs.	As at 30.06.2010 Rs.	Up to 01.04.2009 Rs.	During Year Rs.	Deduction Rs.	Up to 30.06.2010 Rs.	As at 30.06.2010 Rs.
	Intangible									
1	Goodwill on Consolidation	-	516,828,356	-	516,828,356	-	-	-	-	516,828,356
2	Other Intangible Assets	43,011,426	-	-	43,011,426	4,989,602	14,313,055	-	19,302,656	23,708,769
	Tangible									
1	Land	41,126,769	31,002,680	-	72,129,449	-	-	-	-	72,129,449
2	Building	1,178,935,456	441,319,485	18,872,230	1,601,382,711	76,504,484	61,335,329	23,752	137,816,061	1,463,566,650
3	Plant & Machinery	2,647,440,020	1,874,796,249	-	4,522,236,269	743,894,056	217,215,425	-	961,109,481	3,561,126,788
4	Furniture, Office Equipments, etc.	110,319,010	49,667,098	183,700	159,802,408	30,916,617	23,891,701	46,405	54,761,913	105,040,495
5	Vehicles	51,156,287	24,418,071	4,002,291	71,572,068	13,451,791	10,504,721	1,409,151	22,547,357	49,024,711
6	Quality Control Assets	7,330,763	1,746,771	-	9,077,534	1,278,701	767,146	-	2,045,847	7,031,687
	Total	4,079,319,731	2,939,778,710	23,058,221	6,996,040,220	871,035,251	328,027,376	1,479,308	1,197,583,315	5,798,456,905

Schedules forming part of Balance Sheet

Particulars	As at 30.06.2010 (Rs.)
-------------	---------------------------

SCHEDULE - 6

INVESTMENTS (AT COST)

LONG TERM :	
UNQUOTED (TRADE INVESTMENT)	
S. K. Polymers FZCO	3,367,500
[3 Shares of AED 1,00,000/- each]	
Investment of Top Glass S.p.A.	50,080,792
	53,448,292
QUOTED	
SNS Textiles Ltd. (Erstwhile Suzlon Fibers Ltd.)	13,500
[4,500 Equity Shares of Rs. 10/- each, Rs. 3/- paid up]	
Punjab National Bank	184,080
[472 Equity shares of Rs. 390/- per share]	
(Aggregate market value Rs. 2,04,790/-)	197,580
LONG TERM-TOTAL	53,645,872
CURRENT INVESTMENTS	
SBI One India Fund - Dividend Option	200,000
[20,000 Units]	
PNB long term equity fund based 3 year plan series II-Growth option	1,000,000
[1,00,000 Units]	
Less : Provision for increase/(decrease) in value of investment	-
CURRENT INVESTMENTS-TOTAL	1,200,000
Total	54,845,872

Schedules forming part of Balance Sheet

Particulars	As at 30.06.2010 (Rs.)
SCHEDULE - 7	
INVENTORIES	
(As taken, valued and certified by the Management; and at cost or market value, whichever is lower)	
Raw Materials	787,941,550
Stores & Spares	35,829,389
Stock in process	1,507,483,381
Finished goods	189,536,784
Total	2,520,791,104
SCHEDULE - 8	
SUNDRY DEBTORS	
(Unsecured, Considered good)	
Exceeding six months	653,082,058
Others	2,710,359,694
Total	3,363,441,752
SCHEDULE - 9	
CASH & BANK BALANCES	
Cash on Hand	13,990,890
Balance with Scheduled Banks :	
In Current Accounts	1,454,509,895
In Fixed Deposit Accounts (Under Lien with Bank)	307,473,418
In Dividend Accounts	766,456
Total	1,776,740,659
SCHEDULE - 10	
LOANS & ADVANCES	
(Unsecured, Considered good)	
Advances recoverable in cash or in kind or for value to be received	1,196,740,117
Balances with Customs and Excise Authorities	44,731,503
Deposits	14,990,919
Total	1,256,462,539
SCHEDULE - 11	
CURRENT LIABILITIES AND PROVISIONS	
Current Liabilities	
Sundry Creditors	
i) Total Outstanding Dues of Micro, Small and Medium Enterprises	1,082,564
ii) Total Outstanding Dues other than Micro/Small Industrial Undertakings	1,904,569,265
Unclaimed Dividend [#]	766,456
Advance from Customers	134,841,151
Other Liabilities	215,368,849
	2,256,628,285
Provisions	
Provision for Income Tax	76,715,173
Provision for Wealth Tax	65,000
Proposed Dividend	16,753,466
Corporate Dividend Tax on Proposed Dividend	2,782,541
	96,316,180
Total	2,352,944,465

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

Schedules forming part of Balance Sheet

Particulars	As at 30.06.2010 (Rs.)
SCHEDULE - 12	
MISCELLANEOUS EXPENDITURE	
(To the extent not written off or adjusted)	
Deferred Revenue Expenditure	68,819
Total	68,819

Schedules forming part of Profit and Loss Account

Particulars	15 Months ended 30.06.2010 (Rs.)
SCHEDULE - 13	
OTHER INCOME	
Interest (TDS Rs. 1,075,952/-)	15,076,736
Foreign Exchange Fluctuation	36,370
Insurance Claim Received	452,610
Other Income	65,396,406
Dividend from Long Term Trade Investment	14,160
Rental Income (TDS Rs.475,731/-)	1,976,250
Total	82,952,532
SCHEDULE - 14	
INCREASE / (DECREASE) IN STOCKS	
Stock as on 01.04.2009 - Finished Goods	166,365,744
Stock in Process	1,422,507,320
	1,588,873,064
Less :	
Stock as on 30.06.2010 - Finished Goods	189,536,784
Stock in Process	1,570,822,558
	1,760,359,342
Total	171,486,278
SCHEDULE - 15	
MANUFACTURING EXPENSES	
Stores & Spares Consumed	219,003,773
Labour Charges	7,778,357
Loading & Unloading Charges	340,199,386
Excise Duty Paid	17,425,766
Fire & Safety Expenses	744,253
Power & Fuel	132,575,669
Factory Expenses	113,506,146
Repairs to Plant & Machinery	21,529,403
Legal & Professional Fees	12,680,500
Total	865,443,253
SCHEDULE - 16	
PROVISION & PAYMENTS TO EMPLOYEES	
Salaries, Wages & Bonus	401,373,794
Contribution to Provident Fund & Other Funds	26,024,805
Staff Welfare Expense	51,818,292
Total	479,216,891

Schedules forming part of Profit and Loss Account

Particulars	15 Months ended 30.06.2010 (Rs.)
SCHEDULE - 17	
ADMINISTRATION & GENERAL EXPENSES	
Insurance Expense	43,842,844
Rent, Rates & Taxes	79,182,785
Legal & Professional Charges	31,279,026
Travelling Expenses	38,367,647
Vehicle Expenses	16,868,847
General Administration Charges	96,624,846
Foreign Exchange Fluctuation	24,295,965
Repairs to Others	10,950,627
Loss on Sale of Assets	1,273,959
Deferred Revenue Expenditure W/Off	1,039,416
Sitting Fees	290,000
Donation	7,495,276
Total	351,511,238
SCHEDULE - 18	
SELLING & DISTRIBUTION EXPENSES	
Freight Charges	218,243,581
Royalty Expenditure	18,058,382
Sales Commission Expenses	24,207,571
Advertisement Expenses	13,197,952
Rebates and Discounts	1,709,112
Sales Tax	80,979,227
Sales Promotion Expenses	47,483,021
Return, Rejection and Claims	2,511,341
Total	406,390,187
SCHEDULE - 19	
FINANCIAL EXPENSES	
Interest on Fixed Loan	203,340,878
Interest on Working Capital	261,988,560
Interest on Others	3,501,046
Bank Commission and Charges	81,061,668
Total	549,892,152

SCHEDULE - 20**Significant Accounting Policies****I. Principles of consolidation**

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

- a) The financial statements of the Company and its subsidiary Company is 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 subsidiary, 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 subsidiary, 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 subsidiary is 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 subsidiary 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.

NOTES ON ACCOUNTS:

1. The previous year's figures have not been provided for as this is a first year of consolidation for the Company.

2. The financial statements of subsidiary and jointly controlled entity used in consolidation are drawn up to the same reporting date as that of parent Company.
3. The Company has formed wholly owned subsidiaries by the name Kemrock Advanced Composites Ltd., Kemrock Advance reinforcements Ltd., Kemrock Filament Windings Ltd., Kemrock Infratech Ltd. and Kemrock Speciality Polymers Ltd. on 24th June, 2010 and obtained a certificate of commencement of business w.e.f. 11th July, 2010. During the period the subsidiaries have neither carried out any activity nor prepared the financial statements for the period ending 30th June, 2010. Therefore the accounts for the subsidiaries have not been facilitated and not considered for consolidation.
4. Financials of S.K. Polymers FZCO which is a Jointly Controlled Entity of a Company has not been taken for consolidation because they were considered insignificant.
5. The Subsidiary Company considered in the consolidated financial statements is:

Name of subsidiary	Country of Incorporation	% of ownership interest
Top Glass S.p.A.	Italy	80%

6. 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%

7. 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)

Particulars	As on 30th June, 2010
(i) Assets	
Long term assets	464,365
Investments	Nil
Current assets	39,208,807
(ii) Liabilities	
Loans (Secured & Unsecured)	Nil
Current Liabilities and Provisions	9,091,467
Deferred Tax Liability / (Asset)	39,078
(iii) Income	13,128,178
(iv) Expenses	2,882,764

8. The unaudited financial statements of foreign subsidiary and joint venture have been prepared in accordance with the generally accepted accounting principle of its country of incorporation.

9. Managerial Remuneration Paid / Payable

(Amt. in Rupees)

Particulars	15 Months ended 30.06.2010
Directors remuneration	43,465,731
LTC	1,783,371
Total	45,249,102

10. 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	15 Months ended 30.06.2010
Deferred Tax Liability: - Related To Fixed Assets	55,539,543
Deferred Tax Assets: - Related to Fixed Assets	Nil
Provision for Deferred Tax Liability / (Asset) (A-B) Net	55,539,543

11. 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	15 Months ended 30.06.2010
Net Profit After Tax and minority interest	550,330,070
Weighted average paid up equity shares (in Nos.)	11,695,903
Basic earnings per share of Rs. 10 each	47.05
Diluted earnings per share of Rs. 10 each	44.57

12. 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
		15 months ended 30.06.10	15 months ended 30.06.10	15 months ended 30.06.10	15 months ended 30.06.10	15 months ended 30.06.10
1	Segment Revenue	6,017,176	1,949,024	7,966,200	799,201	7,166,999
	External Turnover	6,017,176	1,149,823	7,166,999	-	7,166,999
	Inter Segment Turnover	-	799,201	799,201	799,201	-
	Gross Turnover	6,158,298	1,224,271	7,382,569	-	7,382,569
	Less: Excise Duty / Service Tax Recovered	141,122	74,447	215,569	-	215,569
	Net Turnover	6,017,176	1,149,823	7,166,999	-	7,166,999
2	Segment Result before Interest & Taxes	1,212,814	84,360	-	-	1,297,174
	Less : Interest Expense					549,892
	Add : Interest Income					15,076
	Profit Before Tax					762,358
	Less : Current Tax / Wealth Tax					149,563
	Less : Fringe Benefit Tax					-
	Less : Deferred Tax					55,540
	Add : Prior Period Income / (Expense)					2,757
	Net Profit after Tax					554,498
3	Other Information					
	Segment Assets	13,191,313	1,086,910	14,278,223	-	14,278,223
	Unallocable Corporate Assets	-	-	-	-	3,509,220
	Total Assets	13,191,313	1,086,910	14,278,223	-	17,787,443
	Segment Liabilities	-	-	-	-	-
	Unallocable Liabilities	-	-	-	-	12,290,375
	Total Liability	-	-	-	-	12,290,375
	Depreciation & Amortization of Expenses	295,824	32,203	328,027	-	328,027
	Non Cash Expenses other than Depreciation				-	

Secondary Segment Information - Geographical

(Rs. In 000's)

Particulars	Domestic 15 Months ended 30/06/10	Exports 15 Months ended 30/06/10	Unallocable 15 Months ended 30/06/10	Total 15 Months ended 30/06/10
Segment Revenue	2,012,145	5,370,424	-	7,382,569
Segment Assets	-	537,841	17,249,602	17,787,443
Capital Expenditure	-	-	2,422,941	2,422,941

13. 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	Kemrock Agritech Pvt. Ltd.	Enterprise over which Key Management Personnel and relatives of Key Management Personnel are able to exercise significant influence.
9	Greenspace Energetech Pvt. Ltd.	
10	Greenspace Infratech Pvt. Ltd.	

(b) Related Party Transactions :

(Amt. in Rupees)

Sr. No.	Name of Related party	Nature of Relationship	Nature of Transaction	15 Months ended 30.06.2010
1	Mr. Kalpesh M. Patel	Key Management Personnel	Remuneration	16,783,371
2	Mr. Alfonso Branca	Key Management Personnel	Remuneration	28,190,398
3	Georgia-Pacific Kemrock International Pvt. Ltd.	Joint Venture Company	Commission on Sales	29,551,800
			Rent Received	2,481,750
4	Kemrock Agritech Pvt. Ltd.	*	Sales	775,451

* Enterprise over which Key Management Personnel and relatives of Key Management Personnel are able to exercise significant influence.

14. Contingent Liabilities not provided for:

(Amt. in Rupees)

Particulars	15 Months ended 30.06.2010
Letters of Credit issued by Banks on behalf of the Company	118,922,738
Guarantees issued by Banks on behalf of the Company	99,633,485
Estimated amounts of Contracts remaining unpaid on Capital Account	79,059,007
Disputed Income Tax Demands (not acknowledged) against which proceedings are pending before Income Tax Authorities	6,223,000
Litigations against the Company	2,185,038

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: August 27, 2010

Kalpesh Patel
 Chairman & Managing Director

Kaushik Bhatt
 Director

Usha Moraes
 Chief Financial Officer

Dinesh Patel
 Company Secretary

Place: Asoj
 Date: August 27, 2010

Consolidated Cash Flow Statement for the period ended on 30th June, 2010

(Rs. in Lakh)

Particulars		15 Months ended 30.06.2010
A. Cash Flow from Operating Activities		7,624
Net Profit before tax and extra ordinary items		
Add / (Deduct) : Adjustments for		
Interest	5,499	
Depreciation (net)	3,280	
Preliminary Expenses / Deferred Revenue Written off	9	
(Profit)/Loss on sale of assets	13	
Prior Year adjustments	(28)	8,773
Operating Profit before working capital changes		16,397
Add / (Deduct) Adjustments for :		
Trade and Other Receivables	(4,578)	
Inventories	(5,557)	
Trade and Other Payables	12,493	
Loans and Advances	(11,136)	(8,778)
Cash Generated from Operations		7,619
Direct taxes paid (net)		(838)
Cash flow before extraordinary items		6,781
Net cash from operating activities		6,781
B. Cash Flow from Investing Activities		
Activities - Inflow / (outflow)		
Purchase of fixed assets (including CWIP and advances for CAPEX)	(54,555)	
Minority Interest and others	749	
(Increase)/Decrease in value of Investment	(347)	
Net cash generated / (used) in investing activities		(54,153)
C. Cash Flow from Financing activities		
Increase in secured loan	18,805	
Increase in / (Repayment of) unsecured loans	(30)	
Increase / (Decrease) in Bank borrowings	13,551	
Interest paid	(5,499)	
Issue of shares / Equity Warrants	642	
Increase / (Decrease) in Security Premium	25,226	
Increase / (Decrease) in General Reserve	83	
Increase / (Decrease) in Foreign Currency Translation Reserve	(44)	
Dividends paid	(303)	
Net cash generated / (used) in financing activities		52,431
Net increase / (decrease) in cash equivalents		5,059
Cash and cash equivalents as at the beginning of year		8,687
Adjustment due to Consolidation		4,021
Cash and cash equivalents as at the end of year		17,767

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: August 27, 2010

Kalpesh Patel
 Chairman & Managing Director

Usha Moraes
 Chief Financial Officer

Place: Asoj
 Date: August 27, 2010

Kaushik Bhatt
 Director

Dinesh Patel
 Company Secretary

Statement under Section 212 (I) (e) & (f) of the Companies Act, 1956

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO THE HOLDING COMPANY'S INTEREST IN THE SUBSIDIARY COMPANY

1	Name of Subsidiary Company	Top Glass S.p.A., Italy	Kemrock Infratech Limited	Kemrock Advanced Composites Limited	Kemrock Filament Windings Limited	Kemrock Advance Reinforcements Limited	Kemrock Speciality Polymers Limited
2	Financial year of the subsidiary Company ended on	31.12.2009	N.A.*	N.A.*	N.A.*	N.A.*	N.A.*
	Shares of the Subsidiary Company held by Kemrock Industries and Exports Limited on the above date						
	a) Number and Face Value	64,00,000 of Euro 1 each	50,000 Equity** Shares of Rs. 10/- each aggregating to Rs. 5,00,000/-	50,000 Equity** Shares of Rs. 10/- each aggregating to Rs. 5,00,000/-	50,000 Equity** Shares of Rs. 10/- each aggregating to Rs. 5,00,000/-	50,000 Equity** Shares of Rs. 10/- each aggregating to Rs. 5,00,000/-	50,000 Equity** Shares of Rs. 10/- each aggregating to Rs. 5,00,000/-
	b) Extent of holding	80%	100%	100%	100%	100%	100%
3	Net aggregate amount of profit/(loss) of the Subsidiary Company so far as it concerns the members of Kemrock Industries and Exports Ltd.						
	a) Not dealt with in the accounts of Kemrock Industries and Exports Limited for the year ended 30th June, 2010						
	i) for the subsidiary's financial year as aforesaid	18,755,874	N.A.	N.A.	N.A.	N.A.	N.A.
	ii) for the previous financial year of the subsidiary since it became the holding Company's subsidiary.	Nil	N.A.	N.A.	N.A.	N.A.	N.A.
	b) Dealt with in the accounts of Kemrock Industries and Exports Limited for the year ended 30th June, 2010						
	i) for the subsidiary's financial year as aforesaid	Nil	N.A.	N.A.	N.A.	N.A.	N.A.
	ii) for the previous financial year of the subsidiary since it became the holding Company's subsidiary.	Nil	N.A.	N.A.	N.A.	N.A.	N.A.
4	Changes in the interest of the Company between the end of the financial year of the subsidiary and 30th June, 2010	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
5	Material changes between the end of financial year of the subsidiary and 30th June, 2010 in respect of the subsidiary's fixed assets, investments and money lent/borrowed by it.	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

* The Company was incorporated on 24.06.2010 and has not commenced its business as on the date of report, hence, Not Applicable.

** Six (6) shares are held in names of 6 individual nominees (one share each held by each nominee) on Company's behalf pursuant to Sec. 49(3) of the Companies Act, 1956, date of issue of shares being 12.08.2010.

FINANCIAL STATEMENTS OF SUBSIDIARY (Top Glass S.p.A., Italy)

The Board of Directors' Report

To,
The Shareholders of
Top Glass S.p.A.,

The year 2009 registered a turnover of Rs.1,41,47,20,800/- with an increase of Rs.31,30,27,249/- compared with the previous year.

Company's profitability improved despite the general crisis in the sector.

The cash flow produced of approximately Rs.5,73,10,655/- allows us to be hopeful for the future, thanks partly to the international relations with the Indian company Kemrock Industries and Exports Limited.

It has been a year of profound global crisis, which affected all industrial sectors and all nations. This has forced us, in order to protect the Company value and as already mentioned in the annual report of the previous year, to introduce a Company reorganisation plan and sign an agreement with trade union organisations for an extraordinary redundancy scheme. The consequent reduction in costs in relation to employment, combined with a decisive development in trading activities of fibre-glass reinforced section bars, as also mentioned in the past, has allowed us to close our income statement with profits.

Our market of reference remains Europe which, thanks to our trading activities and the activities of our sales agents, accounts for over 50% of our turnover.

It should be noted that our trading activities did not relate solely to a range of industrial sections bars, but also plant and know-how.

Various marketing and communications activities were undertaken. Participation in a range of trade fairs continued, such as the JEC in Paris, the main event for composite materials at European level, PLAST in Milan and COMPOTEC in Carrara, the 2nd international composite material show.

For management of quality, on which we always necessarily focus maximum attention, in the first quarter we had a supervisory inspection, which we passed with several recommendations.

A look at 2010 clearly indicates that the worries are not over yet. Market demand is still stagnant and the workload is consequently not optimal.

Another serious worry is the heavy tension in costs of our main raw materials, glass and resins. In view of the crisis, many manufacturers have reduced their production capacity and now, despite stagnant requirements, there are firm demands for an increase in costs, with actual shortage of supplies in certain moments. Customers absolutely do not understand these market situations and they consequently further increase our worries.

Collaboration with the Indian Kemrock group, a world leader in the composites sector, continued.

Lastly, we would like to specify, in compliance with art. 2428 of the Italian Civil Code, that :

- the Company acquired a 5% stake in a company operating in the production and marketing of fibre-glass reinforced products in Brazil, with which we have had relations since 1992. This move will allow us to position ourselves better on international markets, since we will be able to handle current and future European customers which are or become active on South American markets as well.
- the Company does not possess its own shares, not even through third parties or trust Companies;
- no purchase or sale of own shares were made during the year, including through third parties or trust Companies;
- the production plant of the Company is in Osnago (Lecco), Via Dei Soldani n. 3;
- the Company has a local unit in Pioltello (Milan), Via Bergamo no. 15, which is a warehouse.

The Board of Directors proposes allocating profits for the year of Rs.2,34,44,842/- as follows:

- Rs.11,72,243/- equal to 5%, to the Legal Reserve;
- Rs.2,22,72,600/-, the remainder, to partial coverage of prior losses.

The Board of Directors has called the Shareholders' meeting in first call on 30 April, 2010, at 9 a.m., and, in second call, on 13 May, 2010, at 9 a.m., with the agenda containing examination and approval of the financial statements at 31.12.2009, formed of the Balance Sheet, Income Statement and Accompanying Notes.

THE BOARD OF DIRECTORS

MARIA ADELE OLGATI Director	ALFONSO BRANCA Director	AUGUSTO MONGINI Director
--------------------------------	----------------------------	-----------------------------

Osnago, 22 March, 2010

Auditors' Report

The Board of Auditors issued the following report, after examining the Financial Statements drawn up by the Board of Directors for the Financial Statements of **Top Glass S.p.A.**, closed as at 31.12.2009.

To the shareholders,

The Financial Statements closed as at 31 December 2009, comprising the Balance Sheet, Profit and Loss Account, Explanatory Notes and accompanied by the Directors' Report, drawn up by the Corporate Body, pursuant to Article 2423, paragraph 1 of the Italian Civil Code were communicated to the Board of Auditors within the terms prescribed by Law.

The Auditors hereby inform that :

- the accounts auditing function, pursuant to Article 2409-bis of the Italian Civil Code was assigned to the Board of Auditors by the provision set out in the Company By Laws;
- compliance with correct administrative and supervisory principles was verified, pursuant to Article 2403 of the Italian Civil Code as regards the aspects within their area of jurisdiction, the adequacy of the company's organisational structures was verified, establishing the effectiveness of the administrative accounting system, as well as the adequacy of the management audit;
- no notification was received from the Shareholders during the supervisory activities, pursuant to Article 2408 of the Italian Civil Code, as well as not identifying any omissions, reprehensible events, limitations, exceptions or irregularities, requiring a mention in this report;
- the Auditors participated in the Meetings held by the Board of Directors and obtained information from the directors regarding the activities performed and as regards the operations of significant importance in the terms of the economic, financial and equity aspects engaged in by the Company.
- As regards the 2009 financial year, the operations generated a result amounting to Rs.2,34,44,842/- and the principal accounting records can be summarised as follows :

Equity Position :

- Assets	Rs. 1,43,22,88,311/-
- Liabilities	Rs. 89,81,43,101/-
- Share Capital/Reserves	Rs. 51,07,00,368/-
- profit for the financial year	Rs. 2,34,44,842/-

Profit and Loss Account :

- Difference between value and cost of production	Rs. 5,01,04,512/-
- Financial income and charges	Rs. - 1,18,80,566/-
- Value adjustments in respect of financial	Rs. NIL
- Extraordinary income and charges	Rs. NIL
- Income taxes for the financial period	Rs. 1,47,79,104/-
- Net Income for the financial year	Rs. 2,34,44,842/-

On the basis of the audits performed and the verifications executed, pursuant to Article 2409-ter of the Italian Civil Code, we report that the Financial Statements, which are submitted to your approval, correspond to the entries in the Company's accounts. As regards the layout and content, the Financial Statements were drawn up in compliance with the current regulations and adopted adequate and fair valuation methods, consistent with the methods adopted in the preceding financial year.

No exceptional events occurred during the financial year which rendered it necessary to resort to the derogations set forth in Article 2423, paragraph 4 and in Article 2423-bis, paragraph 2 of the Italian Civil Code.

The explanatory Notes contain the information set forth in Article 2427 of the Italian Civil Code and have also provided supplementary information necessary to ensure a full understanding of financial Statements in question. Furthermore, the principal events which characterized the operations and the results achieved in the 2009 financial year are detailed in the Directors' Report.

The Auditors inform that the Company has correctly fulfilled the collective information requirements as regards the corporate organisational structure, pursuant to Article 2381, paragraph 4 of the Italian Civil Code.

Furthermore, the Company has deemed that the requirements set forth in Article 2497 and following Articles of the Italian Civil Code, pertaining to the corporate management and coordination activities, are not applicable.

In conclusion, the audits, also the accounting audits, performed have indicated that the draft Financial Statements as prepared and presented by the Corporate Body have been found reliable overall, and give a truthful and fair representation of the Company's equity and cash flow position. Consequently, the Board of Auditors expresses its favourable opinion both regarding approval of the Financial Statements and in relation to the proposal to allocate the profit accruing to the financial year.

THE BOARD OF AUDITORS

DOTT. FRUGONI DAVIDE DOTT. CAMBI GIANCARLO DOTT.SSA MORANDI BARBARA

Brescia, 12 April, 2010

Top Glass S.p.A., Italy

Balance Sheet as at 31.12.2009

Particulars	Schedule	As at 31.12.2009 (Rs.)	As at 31.12.2008 (Rs.)
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share Capital	1	466,353,600	466,353,600
Reserves & Surplus	2	67,791,610	74,654,354
LOAN FUNDS			
Secured Loans	3	149,486,512	228,154,180
Total		683,631,722	769,162,134
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	473,631,482	523,975,737
Less : Depreciation		40,520,894	43,117,342
Net Block		433,110,588	480,858,395
Capital Work In Progress including Advances for Capital Expense			
INVESTMENTS	5	59,388,161	31,080,317
CURRENT ASSETS, LOANS & ADVANCES			
Current Assets			
Inventories	6	221,270,296	219,008,042
Sundry Debtors	7	589,373,154	402,249,405
Cash & Bank Balances	8	112,600,421	93,386,857
Loans & Advances	9	16,545,692	42,740,964
		939,789,563	757,385,268
Less : Current Liabilities & Provisions	10	748,656,590	500,161,846
Net Current Assets		191,132,973	257,223,422
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		-	-
Total		683,631,722	769,162,134

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

Top Glass S.p.A., Italy

Profit & Loss Account for the year ended 31.12.2009

Particulars	Schedule	Year 2009 (Rs.)	Year 2008 (Rs.)
INCOME			
Sales & Operations		1,414,720,800	1,101,693,551
Less: Excise Duty		-	-
Net Sales		1,414,720,800	1,101,693,551
Other Income		65,993,691	49,891,467
Increase/(Decrease) in Stocks		48,736,374	25,694,969
		1,529,450,865	1,177,279,987
EXPENDITURE			
Raw Materials Consumed		727,070,141	613,802,653
Provisions & Payments to Employees	11	96,431,245	174,581,280
Administration & General Expenses	12	615,324,073	317,918,677
Financial Expenses	13	11,880,566	18,967,720
Depreciation		40,520,894	43,117,342
		1,491,226,919	1,168,387,672
Profit Before Tax		38,223,946	8,892,315
Less: Provision for Current Tax		14,779,104	13,415,895
Profit After Tax		23,444,842	(4,523,580)

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

Schedules forming part of the Balance Sheet

Particulars	As at 31.12.2009 (Rs.)	As at 31.12.2008 (Rs.)
Schedule 1		
SHARE CAPITAL		
Authorised Capital Issued, Subscribed and paid up Equity Capital 8000000 equity share of Euro 1/- each	466,353,600	466,353,600
	466,353,600	466,353,600
Schedule 2		
RESERVES AND SURPLUS		
Legal reserves	1,090,280	1,136,915
Opening balance Profit and loss account	(19,986,852)	(21,401,286)
Profit and loss account	23,444,842	(4,523,580)
Foreign currency translation reserve	63,243,340	99,442,305
	67,791,610	74,654,354
Schedule 3		
SECURED LOANS		
Debts to banks beyond next financial year	149,486,512	228,154,180
	149,486,512	228,154,180

Schedules forming part of the Balance Sheet

Particulars	As at 31.12.2009 (Rs.)	As at 31.12.2008 (Rs.)
Schedule 4		
FIXED ASSETS		
Lands and buildings	282,098	294,164
Machinery and equipment	67,092,913	69,969,668
Industrial and commercial equipments	314,369,756	334,211,953
Other assets	8,114,892	8,070,269
Sub - Total	389,859,659	412,546,054
Intangible assets		
Costs of search, development and publicity	1,583,228	2,702,285
Patents and related fees	856,509	1,685,783
Copyrights fees	2,927,913	3,174,896
Other immobilizations	37,883,279	60,749,377
Sub - Total	43,250,929	68,312,341
Grand Total	433,110,588	480,858,395
Schedule 5		
INVESTMENTS (UNQUOTED AT COST - LONG TERM)		
Investments in associated and other Companies	59,388,161	31,080,317
	59,388,161	31,080,317
Schedule 6		
INVENTORIES		
Stock of RM	55,144,733	50,772,124
Stock of WIP	65,833,858	45,667,114
Stock of FG	100,291,705	122,568,804
	221,270,296	219,008,042
Schedule 7		
SUNDRY DEBTORS		
Trade debtors	320,001,961	300,562,877
Sundry debtors	269,371,193	101,686,528
	589,373,154	402,249,405
Schedule 8		
CASH AND BANK		
Cash	172,539	211,108
Bank and post deposits	112,427,882	93,175,749
	112,600,421	93,386,857
Schedule 9		
LOANS AND ADVANCES		
Credit to controlled Companies	11,359,183	40,335,927
Repayments	5,186,509	2,405,037
	16,545,692	42,740,964

Schedules forming part of the Balance Sheet

Particulars	As at 31.12.2009 (Rs.)	As at 31.12.2008 (Rs.)
Schedule 10		
CURRENT LIABILITIES AND PROVISIONS		
Provision for doubtful debts	5,418,465	3,301,407
Advances	288,674,477	-
Debt to suppliers	305,594,955	288,366,042
Fiscal debts	14,779,104	13,415,895
Debt to social security institutions	7,414,589	10,685,854
Sundry creditors	22,236,373	23,492,044
Accrued expenses and discounts	77,498	1,659,640
Debts to banks within next financial year	62,813,794	85,363,758
Retirement gratuity	41,647,335	73,877,206
	748,656,590	500,161,846

Schedules forming part of Profit & Loss Account

Particulars	2009 (Rs.)	2008 (Rs.)
SCHEDULE - 11		
PROVISION & PAYMENTS TO EMPLOYEES		
Salary and wages	66,202,167	120,145,751
Social cost	23,607,540	42,956,327
Retirement bonus	6,621,538	11,470,774
Other costs		8,428
Total	96,431,245	174,581,280
SCHEDULE - 12		
ADMINISTRATION & GENERAL EXPENSES		
For services	530,766,921	230,385,794
For enjoyment of assets of third party	75,108,175	83,242,237
Devaluation of credits included in circulating assets and in liquidity	2,053,542	1,784,577
Other management expenses	4,343,811	3,619,211
Foreign exchange fluctuation gain / (loss)	3,038,544	275,508
Extraordinary items	13,080	(1,388,650)
Total	615,324,073	317,918,677
SCHEDULE - 13		
FINANCIAL EXPENSES		
Financial revenues	(545,395)	(653,813)
Interest and financial expenses	12,425,961	19,621,533
Total	11,880,566	18,967,720

Notes Accompanying the Financial Statements

Shareholders,

We are submitting to your attention the notes accompanying the 2009 Financial Statements, which form an integral part of them in accordance with art. 2423 of the Italian Civil Code.

In view of the fact that the Company exceeds the limits contemplated by art. 2435-bis of the Italian Civil Code, the financial statements have been prepared in ordinary form.

General Information

The principal corporate purpose of Top Glass S.p.A. is the manufacturing and sale of plastic and fibre-glass reinforced plastic products, accessory and similar products in the various industrial and commercial applications, and also the construction and sale of equipment for the processing and use of the materials indicated above.

Research & Development Activities

All the costs sustained for research and development have been charged to the year under the individual items on the Income Statement by kind.

Other Information

The Company has proceeded within the times required by law with the adoption of new measures on protection of personal data introduced by Legislative Decree no. 196 of 30 June, 2003, in addition to those governed by the previous regulations under Law 675/96.

General Evaluation Criteria Applied

The financial statements have been prepared in accordance with the general standards contemplated by art. 2423-bis of the Italian Civil Code, and also those prepared by the National Association of Accountants and the Italian Accounting Organisation; the items which appear on it have been stated separately following the evaluation criteria indicated in art. 2426 of the Italian Civil Code.

Evaluation of the items on the financial statements has been made on the basis of general criteria of prudence and the company being a going concern, the basic principle for preparation of the financial statements of an operating Company, taking possible operating developments into account.

In application of international accounting standards and EU regulations on entry of assets and liabilities, prevalence is given to substance over form. In preparation of these financial statements, charges and income have been entered on an accruals basis, irrespective of the moment when the cash operation takes place (collections and payments). It is also specified that:

- the data for this year was compared with the data for the previous year;
- certain items have not been indicated on the Income Statement due to being zero in value and since this is a division of costs preceded by Arabic numerals, in full compliance with art. 2423-ter of the Italian Civil Code.

The evaluation criteria adopted in formation of the financial statements are described below in detail.

Tangible assets

Tangible assets are stated at purchase or manufacturing cost, including directly attributable accessory charges.

The item is stated on the balance sheet adjusted by depreciation accumulated over the years.

The portions of depreciation have been charged to the income statement and have been applied adopting systematic criteria and on the basis of the remaining individual possibilities of use, considering expected physical wear and tear and obsolescence of amortisable assets.

No technical-economic depreciation was applied to the higher value attributed to generic plant, specific plant and machinery and moulds material, as in previous years, since these are assets not subject to economic-technical wear and tear.

Final inventories

Raw materials, components, finished products and moulds awaiting sale are stated at the lesser between purchase or production cost, including accessory charges, and the presumed realisation value obtainable from market trends;

Trade payables and receivables

Receivables are stated at presumed realisation value. Adjustment of the nominal value of receivables to the presumed realisation value is obtained through a special reserve for bad credit.

Payables are stated at their nominal value, altered in the case of returns or invoicing adjustments.

Receivables and payables in foreign currency

Receivables and payables expressed in foreign currency, entered into accounts at the current exchange rate at the date when the relative operation took place, have generated both positive and negative exchange differences, which have been entered in the balance sheet; receivables and payables in foreign currency and open at 31.12.2009 are entered at the spot exchange rate at the end of the year and the relative exchange gains and losses are charged to the income statement, with any net gain being placed in a special reserve not distributable until realisation.

Cash and current accounts

These items are stated at their effective amount.

Employee severance indemnity reserve

The reserve corresponds with the total of the individual indemnity accrued in favour of employees at the date of closure of the financial statements, net of advances paid out and any taxes on revaluation, and in compliance with current legislation and collective employment contracts, and is equal to the amount which would be due to employees in the case of termination of the working relationship at that date.

Accruals and deferrals

Accruals and deferrals are calculated taking into consideration the principle of entry on an accruals basis.

Revenues, Income, Costs and Charges

Revenues and costs are entered on the income statement on an accruals basis, with entry of accruals and deferrals, and in compliance with the principle of prudence and relevance. Revenues and income, costs and charges are entered net of returns, discounts, allowances and bonuses, and also taxes directly connected with the sale of products and the supply of services. Revenues on the sale of fixed assets are entered at the moment of transfer of ownership, which generally coincides with delivery. In the case of services, recognition of revenues coincides with completion of performance of the services. Financial revenues and those deriving from supply of services are entered on an accruals basis.

Income tax for the year

Current taxes are based on the taxable amount for the year. Taxable income differs from the result entered on the income statement since it excludes positive and negative components which will be taxable or deductible in subsequent years and also excludes items which will never be taxable or deductible. Current income tax is calculated on an accruals basis and therefore represents a provision according to current tax rates and regulations, on the basis of a realistic forecast of taxable income.

Change In Evaluation Criteria

There have been no changes in the criteria adopted.

These financial statements, formed of the Balance Sheet, Income Statement and Accompanying Notes, offer a truthful and correct reflection of equity and the financial situation and also the economic results of the year and correspond with the accounting entries.

THE BOARD OF DIRECTORS

MARIA ADELE OLGIATI
Director

ALFONSO BRANCA
Director

AUGUSTO MONGINI
Director

Top Glass S.p.A., Italy

Cash Flow Statement for the Year ended on 31.12.2009

Rs. in Lakh

	31.12.2009		31.12.2008	
A. Cash Flow from Operating Activities				
Net Profit before tax and extraordinary items	382	382	89	89
Add / (Deduct) : Adjustments for				
Interest	119		189	
Depreciation (net)	405		431	
		524		620
Operating Profit before working capital changes		906		709
Add / (Deduct) Adjustments for :				
Trade and Other Receivables	(1,871)		(1,834)	
Raw Materials	(44)		39	
Work In Progress	(202)		(296)	
Finished Goods	223		(76)	
Trade and Other Payables				
Loans and Advances	262		508	
Current Liabilities	2,486		812	
		854		(847)
Cash Generated from Operations		1,760		(138)
Direct taxes paid (net)	(148)	(148)	(134)	(134)
Cash flow before extraordinary items		1,612		(272)
Net cash from operating activities		1,612		(272)
B. Cash Flow from Investing Activities				
Activities - Inflow / (outflow)				
Purchase of fixed assets (including CWIP and advances for CAPEX)	72		(1,230)	
(Increase)/Decrease in value of Investment	(283)		(62)	
Net cash generated / (used) in investing activities		(211)		(1,292)
C. Cash Flow from Financing activities				
Increase in loans			894	
Increase in / (Repayment of) unsecured loans				
Increase/(Decrease) in Bank borrowings	(787)		(190)	
Interest paid	(119)		975	
Foreign currency translation	(303)		2	
Legal Reserves	(0)			
Net cash generated/(used) in financing		(1,209)		1,681
Net increase/(decrease) in cash equivalents		192		117
Cash and cash equivalents as at the beginning of year	934	934	817	817
Cash and cash equivalents as at the end of year		1,126		934

NECS MANDATE FORM

To,
Link Intime India Pvt. Ltd.
Unit : Kemrock Industries and Exports Ltd.
308, 1st Floor, Jaldhara Complex,
Opp. Manisha Soc, Off. Old Padra Rd,
Vasna Road,
Vadodara - 390015. Gujarat. India

I/We, hereby authorize you to make all dividend related payments in respect of my holding in your company to my Bankers for crediting to my account as detailed below :

Sr. No.	Particulars	Details
1	Shareholder's Name including Joint holders (In Block letter)	
2	Ledger Folio No.	
3	No. of Shares	
4	Bank Name	
5	Bank Branch Name and Address	
6	Bank A/c. No.	
7	Account Type (Saving/Current/Others)	
8	9 Digit MICR No.	
9	STD Code & Tel. No. of the Bank	

I, hereby, declare that the particulars given above are correct and complete. If the transaction is delayed or credit is not effected at all for reasons of incomplete or incorrect information, I would not hold the Company responsible.

Dated : _____

Signature of the First Shareholder
(as appearing in the Company's records)

INSTRUCTIONS

- Please attach a photocopy of the Cheque issued by your Bank relating to your above account for verifying the accuracy of the MICR code number.
- In case NECS Scheme does not meet the desired response or due to any other operational reasons, it is found to be unworkable, the Company reserves the right to pay the dividend by issue of physical warrants.
- If any transition is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, Link Intime India Private Limited / Kemrock Industries and Exports Limited will not be held responsible.
- Whenever the shares in the given folio are entirely dematerialized, then this NECS form will stand rescinded.
- For shares held in dematerialized form, NECS mandate is required to be submitted to the concerned Depository Participant in their prescribed form.



Regd. 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 16th 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 19th November, 2010 at 10:30 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.



Regd. 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 _____

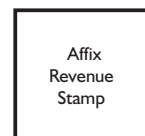
of _____ being Member/Members of **Kemrock Industries and Exports Limited** hereby appoint

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 16th Annual General Meeting of the Company to be held on **Friday, the**

19th November, 2010 at 10:30 a.m., and at any adjournment thereof.



Signed this _____ day of _____ 2010

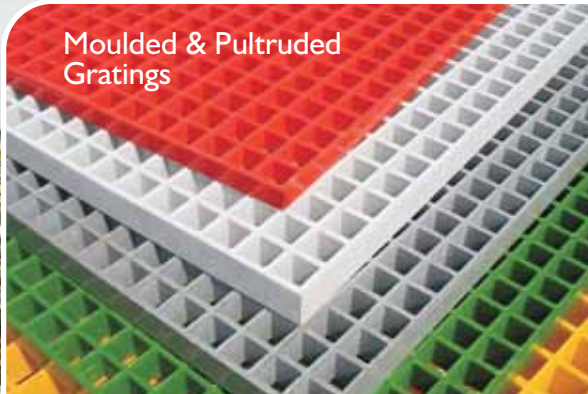
Signature _____

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.

Industrial Applications of Kemrock Products



Moulded & Pultruded Gratings



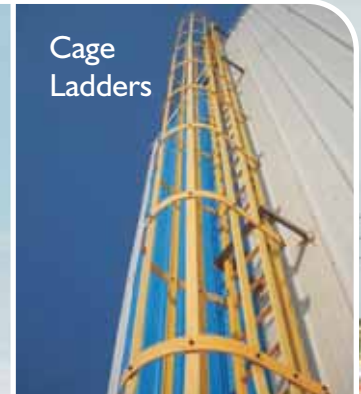
Lighting Poles



Telecom Tower



Cage Ladders



Cable Management System



Handrails & Ladders



Renewable Energy



Windmill Blades



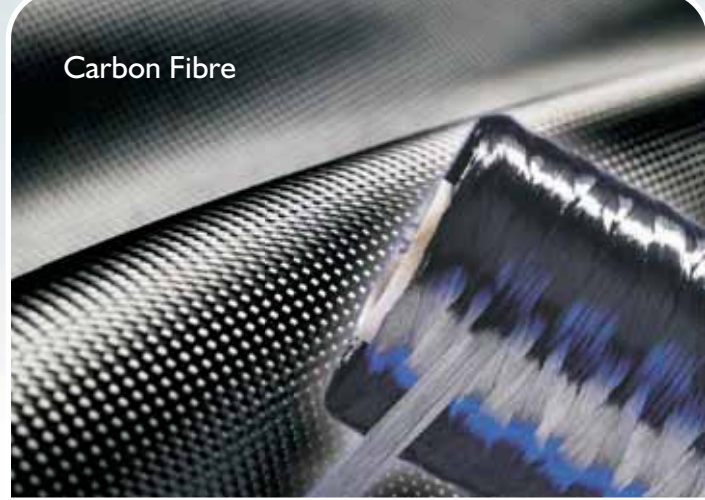
GRP Piping System



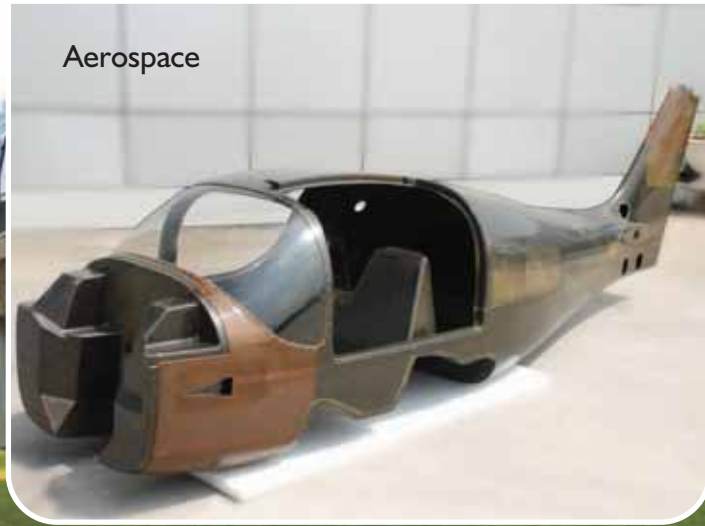
Infrastructure



Carbon Fibre



Aerospace



Mass Transportation -
Railway / Metro Interiors & Exteriors





Kemrock manufacturing facility in Asoj, Vadodara

