

# 16th Annual Report 2009 - 2010

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### Board of Directors:

Mr. Makrand Appalwar	Executive & Non-Independent Chairman & Managing Director
Mrs. Rinku Appalwar	Executive & Non-Independent Director – Finance
Dr. Mitravinda Appalwar	Non-Executive & Non-Independent Director
Mr. Sanjay Rathi	Non-Executive & Independent Director
Mr. Ashesh Garg	Non-Executive & Independent Director
Dr. Venkatesh Joshi (upto 31 <sup>st</sup> May, 2010)	Non-Executive & Independent Director
Mr. Prashant Lohiya (w.e.f. 31 <sup>st</sup> May, 2010)	Non-Executive & Independent Director

### Company Secretary:

Ashvini Godbole  
info@emmbi.com

### Registered Office:

309/310, Third Floor, Kuber Complex,  
Opp. Laxmi Industrial Estate,  
New Link Road, Andheri (West),  
Mumbai 400053

### Auditors:

M/s. K. J. Shah & Associates

### Registrar & Transfer Agents:

Datamatics Financial Services Limited  
Plot No.A 16 & 17, MIDC,  
Part B Crosslane, Marol,  
Andheri (East), Mumbai 400093  
Tel: 022 66712151-56  
Email: emmbiipo@dfssl.com

# Emmbi Polyarns Limited

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## NOTICE

NOTICE is hereby given that Sixteenth Annual General Meeting of the Members of EMMBI POLYARNS LIMITED will be held on Thursday, 30<sup>th</sup> September, 2010, at Renaissance Federation Club, at Juhu Varsova Link Road, Andheri (West), Mumbai 400053, at 10.30 am, to transact the following business.

### ORDINARY BUSINESS

- 1) To consider and adopt the Directors' Report and the Audited Statement of Accounts of the Company for the year ended 31st March 2010.
- 2) To appoint director in place of Mr. Makrand Appalwar, who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint director in place of Mrs. Mitravinda Appalwar, who retires by rotation and being eligible offers herself for re-appointment.
- 4) To appoint M/s. K. J. Shah & Associates as Auditors and to fix their remuneration.

### SPECIAL BUSINESS

- 5) To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. Prashant Lohiya, who was appointed as an Additional Director of the Company on 31<sup>st</sup> May, 2010 under Article 112, of Articles of Association of the Company and who by virtue of Section 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting, but being eligible, offers himself for re-appointment and in respect of whom the Company has received Notice in writing under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation".

- 6) To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the resolution passed in the meeting of remuneration committee and Board of directors of the company held on 14<sup>th</sup> August, 2010 and in accordance with the provisions of sections 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, and as per provisions of Schedule XIII of the Companies Act, 1956, the Company hereby approves the following revision in remuneration payable to Mr. Makrand Appalwar, as Managing Director of the Company, from 01.09.2010 for the remaining period of appointment, i.e. upto 31.03.2012, on the terms and conditions as set out in the resolution approved by the Company in its Extra Ordinary General Meeting held on 25 July 2009.

Basic Salary – Rs.3,00,000 per month

**RESOLVED FURTHER THAT** Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay the above remuneration by way of salary, bonus, perquisites and allowances as specified above as minimum remuneration.

**RESOLVED FURTHER THAT** The Board of Directors of the Company are hereby further authorised to alter and vary the terms and conditions as set out in the above resolution in such manner as may be agreed to between the Board of Directors and Mr. Makrand Appalwar in the best interest of the Company, within the limits laid down in Section 198 and 309 of the Companies Act, 1956 and Schedule XIII thereto or any amendments thereof or as may be otherwise permissible in law."

- 7) To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the resolution passed in the meeting of remuneration committee and Board of directors of the company on 14<sup>th</sup> August, 2010 and in accordance with the provisions of sections 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, and as per provisions of Schedule XIII of the Companies Act, 1956, the Company hereby approves the following revision in remuneration payable to Mrs. Rinku Appalwar, as Finance Director of the Company, from 01.09.2010 for the remaining period of appointment, i.e. upto 31.03.2012, on the terms and conditions as set out in the resolution approved by the Company in its Extra Ordinary General Meeting held on 25 July 2009.

Basic Salary – Rs.2,75,000 per month

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**RESOLVED FURTHER THAT** Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Finance Director, the Company has no profits or its profits are inadequate, the Company will pay the above remuneration by way of salary, bonus, perquisites and allowances as specified above as minimum remuneration.

**RESOLVED FURTHER THAT** The Board of Directors of the Company are hereby further authorised to alter and vary the terms and conditions as set out in the above resolution in such manner as may be agreed to between the Board of Directors and Mrs. Rinku Appalwar in the best interest of the Company, within the limits laid down in Section 198 and 309 of the Companies Act, 1956 and Schedule XIII thereto or any amendments thereof or as may be otherwise permissible in law.”

**By Order of the Board of Directors of  
EMMBI POLYARNS LTD.**

Date : 14th August 2010  
Place : Mumbai

**Sd/-  
ASHVINI GODBOLE  
COMPANY SECRETARY**

### **NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Proxy, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed to and form part of this notice.
4. The Register of Members and Share Transfer Register of the Company will remain closed from Friday the 24th September, 2010 to Thursday the 30th September, 2010 (both days inclusive).
5. The members are requested to :
  - a. Intimate changes, if any, in their Registered address to the Registrar and Transfer Agents of the Company DATAMATICS FINANCIAL SERVICES LIMITED, Plot No. A -16 and 17, MIDC, Part B Cross Lane, Marol, Andheri (East), Mumbai 400 093; Tel. No. 66712151-56; Fax No. 66712192
  - b. Quote ledger folio numbers in all their correspondence.
  - c. Bring their copies of the Annual Report and the Attendance Slips with them at the Annual General Meeting.
  - d. Write atleast 10 days prior to the date of Meeting, any information which they desire on the accounts, to enable the management to keep the information ready.
6. The members are requested to note the ISIN allotted by the Depositories for Company's Equity Shares is INE753K01015.
7. Disclosure pursuant to Clause 49 of the Listing Agreement in regard to the directors seeking appointment and re-appointment at the ensuing Annual General Meeting is given in the Annexure.

# Emmbi Polyarns Limited

## EXPLANATORY STATEMENT

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

That following explanatory statement sets out the material facts referring to Item No. 6 of the Notice.

#### ITEM NO. 5

Mr. Prashant Lohiya, was appointed as an Additional Director under Article 112 of the Articles of Association of the Company w. e. f. 31<sup>st</sup> May, 2010 pursuant to Section 260 of the Companies Act, 1956. As per the term of appointment, his term as Director expires at the forthcoming Annual General Meeting. The Company in turn has received notice from a member alongwith a deposit of Rs. 500/- in cash pursuant to Section 257 of the Companies Act, 1956 signifying his intention to appoint him as Director of the Company liable to retire by rotation. The Directors recommend his appointment in the best interests of the Company.

None of the Directors of the Company is interested in the passing of this resolution.

#### ITEM NO. 6

Mr. Makrand Appalwar was appointed as Managing Director w.e.f. 01.04.2009 and his appointment had been approved by the members of the Company in Extra Ordinary General Meeting held on 25.07.2009. The Remuneration Committee and Board of Directors, at their meeting held on 14<sup>th</sup> August, 2010, approved the revision in his remuneration by increasing basic salary to Rs.3,00,000 per month with effect from 01.09.2010 for the remaining period of appointment, i.e. upto 31.03.2012 at the same terms and conditions as approved by the members on 25.07.2009.

*A statement as required under proviso (iv) of subparagraph B of Section II of Part II of Schedule XIII is attached herewith.*

The copy of the draft resolution and other related documents are kept at the Registered Office of the Company open for inspection during the 11:00 AM to 01:00 PM on all working days.

Mr. Makrand Appalwar for self and Mrs. Rinku Appalwar as wife of Mr. Makrand Appalwar and Mrs. Mitravinda Appalwar as mother of Mr. Makrand Appalwar are interested in the above resolution. No other directors are interested in the above resolution.

Directors recommend the Special Resolution for the approval of the Shareholders.

The above resolution and explanatory statement shall also be construed to be statement to be sent to shareholders under section 302 of the Companies Act, 1956.

#### ITEM NO. 7

Mrs. Rinku Appalwar was appointed as Director Finance w.e.f. 01.04.2009 and her appointment had been approved by the members of the Company in Extra Ordinary General Meeting held on 25.07.2009. The Remuneration Committee and Board of Directors, at their meeting held on 14<sup>th</sup> August, 2010, approved the revision in her remuneration by increasing basic salary to Rs. 2,75,000 per month with effect from 01.09.2010 for the remaining period of appointment, i.e. upto 31.03.2012 at the same terms and conditions as approved by the members on 25.07.2009.

*A statement as required under proviso (iv) of subparagraph B of Section II of Part II of Schedule XIII is attached herewith.*

The copy of the draft resolution and other related documents are kept at the Registered Office of the Company open for inspection during the 11:00 AM to 01:00 PM on all working days.

Mrs. Rinku Appalwar for self and Mr. Makrand Appalwar as husband of Mrs. Rinku Appalwar and Mrs. Mitravinda Appalwar as mother-in-law of Mrs. Rinku Appalwar are interested in the above resolution. No other directors are interested in the above resolution.

Directors recommend the Special Resolution for the approval of the Shareholders.

The above resolution and explanatory statement shall also be construed to be statement to be sent to shareholders under section 302 of the Companies Act, 1956.

*Statement as referred in Item No. 6 & 7.*

#### I. GENERAL INFORMATION :

- (1) **Nature of industry : Manufacturer of the Poly-yarn and poly-fabrics to be used in multiple applications including predominant use in packaging industry;**
- (2) **Date or expected date of commencement of commercial production: not applicable since already in commercial production;**
- (3) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: not applicable since already in commercial production;**
- (4) **Financial performance based on given indicators (Rs. in Lacs)**

	2009-10	2008-09
Operating income	5,183.62	3,973.86
Profits for the year before tax	284.52	172.69
Profit after tax	177.13	126.96

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(5) Export performance and net foreign exchange collaborations (Rs. in Lacs)

	2009-10	2008-09
Foreign Exchange Earnings	2049.46	2249.00
Foreign Exchange Outgo	395.44	7.03

(6) Foreign investments or collaborators, if any: **No foreign investment or collaboration.**

II. INFORMATION ABOUT THE APPOINTEE : **MR. MAKRAND APPALWAR**

- (1) Background details : **Engineering Graduate**
- (2) Past remuneration: **Rs.2,50,000 per month**
- (3) Recognition or awards: **Presented paper on technical paper in the World FIBC Congress "India advantage to improve the Carbon Footprint on the mother earth", Received "Udyog Ratan Award" by institute of Economic Studies.**
- (4) Job profile and his suitability: **Managing Director responsible for overall management and operations of the Company**
- (5) Remuneration proposed: **Rs.3,00,000 per month**
- (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin): **The remuneration payable is comparatively commensurate to the person with similar profile in similar industry.**
- (7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any: **Promoter of the company and spouse of the Finance Director.**

II. INFORMATION ABOUT THE APPOINTEE : **MRS. RINKU APPALWAR**

- (1) Background details : **Science Graduate, MBA**
- (2) Past remuneration: **Rs.2,25,000 per month**
- (3) Recognition or awards: **Being first generation entrepreneur, developed all financial tools with help of the consultants to develop a good MIS system.**
- (4) Job profile and his suitability: **Finance Director responsible for Finance, procurement and administration.**
- (5) Remuneration proposed: **Rs.2,75,000 per month**
- (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin): **The remuneration payable is comparatively commensurate to the person with similar profile in similar industry.**
- (7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any: **Promoter of the company and spouse of the Managing Director.**

III. OTHER INFORMATION :

- (1) Reasons of loss or inadequate profits: **The Company is continuously taking expansions to achieve economies of scale. The Company has been improving its profit track record on continuous basis.**
- (2) Steps taken or proposed to be taken for improvement: **With expansion of the production facility and the increase of the market to international customers, now the management is expecting the better profitability levels. Increase of economies of scale would also contribute to the profitability.**
- (3) Expected increase in productivity and profits in measurable terms: **The Company continued to see profitable growth in the financial year 2009-2010 across all markets in existing business. The year ended March 31 2010, the Company earned net profit of Rs.177.13 lacs an increase of 40 % over previous year's Rs.126.96 lacs. With the proposed expansion, the profitability of the Company would further surge to more better levels.**

IV. DISCLOSURES :

- (1) The shareholders of the company shall be informed of the remuneration package of the managerial person **Remuneration package is included in the resolution.**
- (2) **The corporate governance report is attached and the details of the remuneration package is being included at appropriate place in the report and accounts and notes to accounts.**

The above disclosure shall also be treated as the disclosure under section 302 of the Companies Act, 1956.

By Order of the Board of Directors of  
EMMBI POLYARNS LTD.

Date : 14th August 2010  
Place : Mumbai

Sd/-  
**ASHVINI GODBOLE**  
COMPANY SECRETARY

## Emmbi Polyarns Limited

Information provided pursuant to Clause 49 of the Listing Agreement with the Exchange(s) in respect of individuals proposed to be appointed / re-appointed as Director(s) and for whom revision in terms of appointment (including revision of remuneration) is to be considered at the Meeting.

Name of Director	Mr. Makrand Appalwar	Mrs. Rinku Appalwar	Mrs. Mitravinda Appalwar
Date of Birth	21.11.1969	19.08.1971	03.10.1945
Date of Appointment	29.11.1994	29.11.1994	29.11.1994
Number of Shares held	28,35,250	18,81,550	1,94,000
Number of Warrants held	Nil	Nil	Nil
Qualifications	B.E. (Electronics & Telecommunications)	B. Sc (Chemistry), DMM, DAM	B.A.M.S.
Experience in special functional Area	Development of Production systems and Production planning along with product development	Financial Systems Manager, Risk Management and Forex Management	Nil
Directorship held in other Public CompaniesAs on (31-03-2010)	Nil	Nil	Nil

Name of Director	Chairman/Membership in Committees of other Companies		
	Name of the Company	Type of Committee	Membership Status
Mr. Makrand Appalwar	Nil	Nil	N.A.
	Nil	Nil	N.A.
	Nil	Nil	N.A.
	Nil	Nil	N.A.
Mrs. Rinku Appalwar	Nil	Nil	N.A.
	Nil	Nil	N.A.
	Nil	Nil	N.A.
	Nil	Nil	N.A.
Mrs. Mitravinda Appalwar	Nil	Nil	N.A.
	Nil	Nil	N.A.
	Nil	Nil	N.A.
	Nil	Nil	N.A.

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## DIRECTORS' REPORT

To  
The members,  
**Emmbi Polyarns Limited.**

Your Directors have pleasure in presenting their 16<sup>th</sup> Annual Report alongwith the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2010.

### Financial Results.

(Rs. in lacs)

	2009-10	2008-09
Operating income	5,183.62	3,973.86
Other income (including non-recurring income)	6.03	0.78
<b>Earnings before Interest &amp; Depreciation</b>	575.11	489.32
Less : Depreciation	85.38	78.55
Interest	205.22	238.09
<b>Profits for the year before tax</b>	284.52	172.69
Less : Provision for Taxation.	107.39	45.73
<b>Profit after tax</b>	177.13	126.96
Add : Surplus brought forward from previous year	471.13	344.17
<b>Amount available for appropriation</b>	648.26	471.13
<b>Appropriation</b>		
Less : Issue of Bonus shares	(469.95)	Nil
Surplus carried to Balance Sheet	178.31	471.13

**Note:** Figures of previous year have been regrouped wherever necessary to make the information comparable.

### Initial Public Offer:

During the year under review, the Company had successfully completed its initial Public Offer for raising its Equity for an amount of Rs. 38.95 Crores. The proceeds of this IPO will be used for the capacity expansion programme of the Company and other objects as stated in the Prospectus. The shares were listed on 24<sup>th</sup> February, 2010 on Bombay Stock Exchange and National Stock Exchange.

### Expansion:

The Company is under implementation to enhance its manufacturing capacity from present level of 5000 M/Ts per year with addition of around 13000 M/Ts per year. The final installed capacity of the Company will be around 18,000 M/Ts. per year.

### Overview of Operations:

The year under review was under the shadow of last years global economic down turn. Considering the above fact Company has focused to develop the business into the domestic market. Company continued to improve its operational profitability by conserving costs and improving efficiencies.

The Company has the philosophy of long term partnerships with clients while addressing their packaging requirements. The focused customer-centric approach of your Company has resulted in high levels of client satisfaction and retention even during the difficult period of global recession.

The management decided to increase the product base of the Company in order to fight the wave of global showdown. The Company was able to maintain the 95% of its sale in the field of Export vis a vis previous year There was also a steep growth in the Domestic market that was achieved by launching new products range of “**AquaSave**” in the Domestic market. We have created large network retail distributors for our new product range.

The Company continues to see growth in Sales as well as in Profit for the Financial Year 2009-2010 across all markets in existing business. For the year ended 31<sup>st</sup> March, 2010, the Company earned a total income of Rs.51.90 crores, posting an increase of 31% over the previous year of Rs.39.75 Crores.

### DIVIDEND

The Board do not recommend any dividend for the year under review in view to conserve of the expansion project of the Company.



# Emmbi Polyarns Limited

## Management Discussion and Analysis

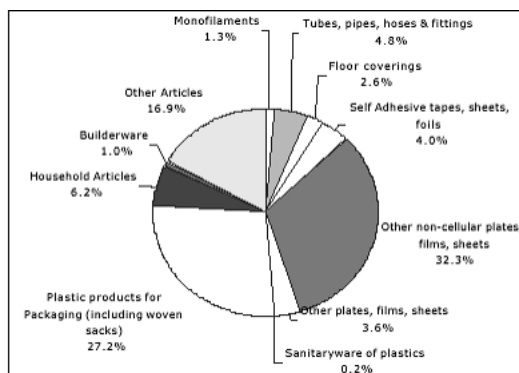
### Industry Overview:

Polymer Based Packaging Industry has now matured over past 25 years in this country. The industry was initially progressed in 1970 era in the developed economies like US & EU. Many fold increase in the cost of wages has forced the industry to shift its base to the satellite countries like Mexico & other South American countries for the US Market and East European countries for the European Market. This shift took place during 1985 to 1995. With increase in popularity in the NAFTA agreement and the formation of “European Union” the wages in these satellite countries went through the roof and highly labour oriented packaging industry once again started looking for the New Place to settle.

This was the same period when India experienced the “Polymer Revolution”.

### Scope and Global Opportunity:

In the past three years Company has set a very strong base across the globe and has reached a level where the Company can reap the fruits for all the hard work put in developing the product line and distributor network across the world. The global demand of the raffia sector, which is a principal focus product line of the Company, will show a tremendous growth in years to come.



### New Products:

This was one of the most fruitful year in the field of the Launch of New products for the Company. “AquaSave” the Product range specially focused on the water conservation based products was one of the big success.

Company has commissioned a pilot project for its most innovative product “Canal Liner” in the Goki Irrigation Project in the State of Maharashtra and the product is tested and approved by the Department of Irrigation Government of Maharashtra.

With the Completion of Phase 1 Expansion of the Expansion project Company will be in position to commercially reap the fruits of past two years of its longdrawn research.

Company was able to main the sale of its bags through the Rural weekly markets also secured the sale of 0.5 % of total domestic revenue through its rural initiative.

The base product produced by the Company remains as the “Technical Textile”. For this Base Product, value added usages are under development by the Company and may be developed along with the users as well. Presently, the Company is involved in producing various types of packaging material for the Domestic as well as Export Markets. In Domestic market, your Company remains one of the most active players for the packaging needs of the FMCG products such as Detergent Powder, Branded Salt and Branded Wheat flour etc. In recent years, the Company has acquired substantial share in the export markets for the various packaging needs for products like Construction Aggregates, Chemicals, Seeds, Fertilizers, and Cement & Food Grains etc.

Few of the most value added products, the Company make are Car/Automobile Covers, Container Liners, Anti Corrosive Packaging, Electrically conductive polymer based packaging etc.

### Corporate Vision:

Management’s vision for the Company is to be a global leader in the field of woven polymer based products in multifaceted applications. We will achieve the same through our acquired in-depth knowledge in polymer processing and continuously



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adhering to best manufacturing practices. We will augment our “state of art” manufacturing processes with innovative product applications to increase the future sustainability and growth for the Company.

We are committed to the conservation of environmental resources. Company is working towards generating the highest yield in “per kg polymer usage”. We would be initiating the research and development programme to develop the products with highest level of recyclable advantage.

### Corporate Mission:

Management continuously seeks to maximize returns to all stakeholders through its vision, which will be attained through the following practices.

- Nurturing a strong management culture, which provides clear objectives to achieve acceptable growth and returns to all the shareholders.
- Streamlining and investing in appropriate technologies to expand the capabilities to provide in time supply to customers.
- Inculcating in employees a culture of service excellence to all customers to provide services to customers to their satisfaction.
- Optimising operational efficiencies and working capital investment by strategic investment in the manufacture of quality branded products for getting maximum benefits from its suppliers of equipments.
- Continuing expansion of product ranges and services to promote the growth of markets, penetrate additional sectors, and contribute to the development of infrastructure.
- Implementing ongoing skills and development programmes for employees to improve their capability to contribute their maximum for the benefit of other stakeholders;
- Embracing the principle of sustainable development, to achieve and effectively measure and manage integrated economic, social, environmental and business performance.

### Corporate Values:

Your Company **Emmbi Polyarns Limited**, subscribes to a comprehensive value system.

- **Accountability** – extended to all stakeholders and including ongoing communication with both internal and external role players.
- **Entrepreneurship** –constantly innovating and encouraging individual participation to build and develop the business.
- **Equal opportunity and development** - employing best employment practices, empowerment policies and training to create an environment where a positive work ethic is encouraged and rewarded.
- **Fairness** – ensuring that all stakeholders are treated equally.
- **Honesty** – in all interaction with both with both internal and external stakeholders.
- **Respect** – for human rights, human dignity and social justice.
- **Responsibility** – for decisions and actions and for employees.
- **Service excellence** - reinforcing partnerships and relationships and creating new ones by standards of performance.
- **Transparency** – providing comprehensive accurate, timely communication with all stakeholders.
- **Environmental protection** – optimizing resource utilization and implementing environmental management to minimize waste and emission.

The above value system has been summarized into six core values that is driven and published throughout the Company.

These values are:

- **Total commitment to the cause:** Understanding and supporting the greater purpose of the Company to create an environment in which every individual can prosper and provide for his or her family's needs and aspirations. Even more than this, providing opportunities for people to grow and to express their leadership abilities for the good of all involved with the Company.

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- **Absolute honesty and integrity:** requires that each employee is honest with himself or herself by living up to the Company's requirements of conduct and performance and treating the Company's assets with care and respect.
- **Tenacity:** having the stamina and persistence to remain with cause even though difficult and challenging times, knowing that the reward will make the journey worthwhile.
- **The leadership:** is not about self interest or self gratification. It requires the ability to coordinate the resources of the Company in the best interest of all involved in the Company.
- **Drive:** being goal and performance oriented seeking fair reward and career fulfillment.
- **Respect:** treating one another with dignity and the Company's time, resources and assets with respect.

## **Quality Management Systems**

Management has initiated a new "**Quality Value Programme**" for the implementation of Various Quality Standards in the Company. Company is at present in the process of implementation of ISO – 22000 HACCP, a standard respected by the Food Grade Packaging Industry Globally. This would help the Company to penetrate the market of the high returns regime, i.e. Food & Pharmaceutical Industry.

Your Company is also in the process of upgrading the present **ISO 9001:2000** standard certification to **ISO 9001-2008** level. This would position the Company with the latest level of global quality standard. The certification is expected to be completed during the third quarter of the next financial year.

## **Public Deposits**

During the year under review, the Company has not accepted any deposit within the meaning of the Section 58A of the Companies Act, 1956.

## **Particulars of The Employees**

The Company has not paid any remuneration attracting the provisions of the Companies (Particulars of Employees) Rules, 1975 read with section 217(2A) of the Companies Act, 1956. Hence, no information is required to be appended in this regard.

## **Directors**

Mrs. Mitravinda Appalwar and Mr. Makrand Appalwar resign from the Board by rotation and are eligible for the re-appointment at the forthcoming Annual General Meeting.

It is further proposed to increase remuneration of Mr. Makrand Appalwar, Managing Director of the Company and Mrs. Rinku Appalwar, Exevutive director. Necessary resolution and explanatory statement giving details of increase is attached separately.

## **Directors' Responsibility Statement:**

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

- i. That in the preparation of the Annual Accounts, the applicable accounting standards have been followed and there has been no material departure.
- ii. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- iii. That the Directors have taken proper and sufficient care for the maintenance of adequate 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.
- iv. That the annual accounts have been prepared on a going concern basis; and
- v. That the Company has adequate internal system and controls in place to ensure compliance of laws applicable to the Company

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

### **A) Conservation of Energy:**

1. The energy required for the production is the electricity and fuel. The management had devised various research programmes to conserve the energy, keeping in view the peculiarity of the production process.
2. The Company does not have any specific proposal on hand to invest the fund for the conservation of energy.
3. No particulars are required to be disclosed in Form No. "A" with respect to conservation of energy as the Company does not fall into any category of the industries which should furnish the information in the said form.

### **B) Technology Absorption -**

**All the technologies are developed in house and there is no import of any technology.**

### **C) Foreign Exchange Earnings & Outgo.**

(Rs. In lacs)

	2009-10	2008-09
Foreign Exchange Earnings	2049.46	2249.00
Foreign Exchange Outgo	395.44	7.03

Export Initiative and achievements have been explained at appropriate places in the report and hence not repeated here.

## Auditors

The Auditors M/s. K.J Shah & Associates, Chartered Accountants hold office until the conclusion of the ensuing Annual General Meeting and are recommended for the appointment. Certificate from the Auditors has been received to the effect that there re-appointment, if made, would be within the limits prescribed under section 224 (1B) of the Companies Act, 1956.

## Achievements/Recognitions:

### **Member of European FIBC Manufacturing Association**

**Your Company** has honour to be a **First Non European FIBC Manufacturing Company to be part of European FIBC Manufacturing Association**. This affiliation would help the Company to gain much higher confidence in the products of the Company from European Customers.

## Company Policies

Company in it's strive to perform at the best corporate levels have created certain policies, which are adhered to as the commandments.

Company has its Quality Policy, Safety Policy, Environmental Policy and Labour Policy, which helps the Company to achieve its objective to produce the best quality products by motivated and well trained labour in safe and environment friendly plant.

## **Appreciation**

The Directors wish to place on record their appreciation to shareholders customers, banks, financial institutions for showing confidence in the Company. The Directors also wish to place on record their deep appreciation of the devoted services to the workers, staff and executives of the Company which have in no small way contributed to the Company's progress. The Directors also wish to acknowledge the continued support of the Central Government, State Government, Administration of Union Territory of Dadra and Nagar Haveli, Local Authorities, Auditors and other professionals.

**For and on behalf of the Board**

Place: Mumbai  
Date: 31<sup>st</sup> May, 2010

Sd/-  
MAKRAND APPALWAR  
Chairman & Managing Director

# Emmbi Polyarns Limited

## CORPORATE GOVERNANCE REPORT

As per Schedule of Implementation of Clause 49 of the Listing Agreement with the Stock Exchange, the said Clause 49 is applicable to your company from the Financial Year ending as on 31<sup>st</sup> March, 2010. As per the Clause 49 of Listing Agreement with Stock Exchange, incorporate certain mandatory disclosure requirements with regard to Corporate Governance. In pursuance of the requirements of Corporate Governance, the Board of Directors report the following;

### I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance strives for attaining the optimum level of transparency and accountability in all facets of its operations and all dealings which is shareholders, employees, lenders, creditors, customers and the government. The Board of Directors by considering itself by trustee of its Shareholders aims at maximizing shareholders value and protecting the interest of other stakeholders

### II. BOARD OF DIRECTORS;

- i) The strength of the Board is 6 Directors comprising of three promoter Directors consisting of One Managing Director, One Whole-Time Director and One Non-Executive Director and three Independent Directors. The independent Directors do not have any material or pecuniary relationship or transaction with the Company, its promoters or its management, which may affect their judgment in any manner.

One of the Independent Directors, Mr. Venkatesh Joshi has resigned due to his pre occupation and Mr. Prashant Lohiya has been appointed as an Additional Director w.e.f. 31<sup>st</sup> May, 2010.

#### STRENGTH OF BOARD

Sr. No.	Name of Director	Category & Designation
1.	Mr. Makrand Appalwar	Executive & Non-Independent Chairman & Managing Director
2.	Mrs. Rinku Appalwar	Executive & Non-Independent Director – Finance
3.	Dr. Mitravinda Appalwar	Non-Executive & Non-Independent Director
4.	Mr. Sanjay Rath	Non-Executive & Independent Director
5.	Dr. Venkatesh Joshi	Non-Executive & Independent Director
6.	Mr. Ashesh Garg	Non-Executive & Independent Director

- ii) None of the Directors hold Directorship in more than the permissible no. of Company under the relevant provision. Further, none of the Directors on the Board is a member of Ten Committees or Chairman of more than Five Committees.

- iii) The Board met 12 times during the year from April, 2009 to March, 2010, i.e. as per following:

Sr. No.	Board Meetings	Sr. No.	Board Meetings
1	24.06.2009	7	25.11.2009
2	01.07.2009	8	11.01.2010
3	20.07.2009	9	20.01.2010
4	20.08.2009	10	05.02.2010
5	01.09.2009	11	11.02.2010
6	16.11.2009	12	16.02.2010

The necessary quorum was present for all the meetings.

Attendance of Board Meetings:

Sr. No.	Director	Attendance of Board Meetings
1	Makrand Appalwar	12
2	Rinku Appalwar	12
3	Mitravinda Appalwar	07
4	Sanjay Rath	8
5	Venkatesh Joshi	4
6	Ashesh Garg	4

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### iv) Directors seeking Appointment & Re-appointment

- a. The following Directors retire by rotation, in the Annual General Meeting and being eligible offer themselves for reappointment.

Sr. No.	Director	Category
1	Makrand Appalwar	Executive & Non-Independent Chairman & Managing Director
2	Mitravinda Appalwar	Non-Executive Non-Independent Director

- b. Mr. Prashant Lohiya, Chartered Accountants, who was appointed as an Additional Director w. e. f. 31<sup>st</sup> May, 2010 pursuant to Section 260 of the Companies Act, 1956. As per the term of appointment, his term as Director expires at the forthcoming Annual General Meeting. The Company in turn has received notice from a member alongwith a deposit of Rs. 500/- in cash pursuant to Section 257 of the Companies Act, 1956 signifying his intention to propose candidature of Mr. Prashant Lohiya, as Director of the Company liable to retire by rotation. The Directors recommend his appointment in the best interests of the Company.

### III. AUDIT COMMITTEE

The company is fully complying with the accounting standards prescribed by the Institute of Chartered Accountants of India under the Companies Act, 1956 and the same has been stated by the Directors in the Directors Report as DIRECTORS RESPONSIBILITY Statement.

Composition of the committee:

Sr. No.	Name	Position	Category
1.	Sanjay Rathi	Chairman	Non-Executive Independent Director
2.	Ashesh Garg	Member	Non-Executive Independent Director
3.	Rinku Appalwar	Member	Promoter – Director (Finance)
4.	Venkatesh Joshi (upto 31.05.2010)	Member	Non-Executive Independent Director
5.	Prashant Lohiya (w.e.f 31.05.2010)	Member	Non-Executive Independent Director

### IV. REMUNERATION COMMITTEE

The Company has constituted a separate committee to determine the terms of reference and remuneration package for its managerial personnel.

The remuneration committee recommends and the Board of Directors determine the remuneration to the Managing Director and Whole Time Director within the framework as approved by the Shareholders and also decide on the sitting fees to be paid to the Non-Executive Directors and Independent Directors for attending the Board Meetings.

Composition of the committee:

Sr. No.	Name	Position	Category
1.	Sanjay Rathi	Chairman	Non-Executive Independent Director
2.	Ashesh Garg	Member	Non-Executive Independent Director
3.	Venkatesh Joshi (upto 31.05.2010)	Member	Non-Executive Independent Director
4.	Prashant Lohiya (w.e.f 31.05.2010)	Member	Non-Executive Independent Director

The details of remuneration paid to the Managing Director and Whole-Time Director during the year ended 31<sup>st</sup> March, 2010 is given as follows:

Director	Position	Remuneration	Service Contract
Mr. Makrand Appalwar	Managing Director	Rs.2,50,000/-p.m.	3 Years
Mrs. Rinku Appalwar	Whole-Time Director	Rs.2,25,000/- p.m.	3 Years

# Emmbi Polyarns Limited

## V. INVESTORS/SHAREHOLDERS GRIEVANCES COMMITTEE

The Company has constituted a shareholders/investors Grievances Committee of Directors to look into the redressal of complaints of investors such as transfer or credit of shares, non-receipt of dividend/notices/annual reports, subdivision/consolidation of share certificates, transmission of shares, issue of duplicate share certificates, dematerialization/rematerialisation of shares.

Present composition of the committee:

Sr. No.	Name	Position	Category
1.	Ashesh Garg	Chairman	Non-Executive Independent Director
2.	Sanjay Rathi	Member	Non-Executive Independent Director
3.	Rinku Appalwar	Member	Promoter – Director (Finance)

### Details of Investor Complaints:

The Corporate secretarial department and Datamatics Financial Services Limited, RTA, attend all the grievances of the investors received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs and Registrar of Companies etc.

## VI. DISCLOSURES

There are no materially significant transactions made by the Company's with its Promoters, Directors or Management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company at large.

## VII. MEANS OF COMMUNICATIONS

As the Members are aware the Company's Shares got listed on 24<sup>th</sup> February, 2010 and hence the Company was not required to publish the past quarterly results.

The following details are displayed on the Company's website [www.fibcindia.com](http://www.fibcindia.com)

- Financial results
- Shareholding patterns
- Code of conduct
- Presentations

## VIII. GENERAL SHAREHOLDER INFORMATION

### General Body Meetings

Date time and venue for the last 3 Annual General Meetings are given below;

Fin. Year	Date	Time	Location
31-03-2007	29 <sup>th</sup> September, 2007	11.00 a. m.	Registered Office of the Company
31-03-2008	21 <sup>st</sup> July, 2008	11.00 a. m.	
31-03-2009	20 <sup>th</sup> August, 2009	10.30 a. m.	

### Financial Year

1<sup>st</sup> April, to 31<sup>st</sup> March.

### Book Closure

Friday, 24<sup>th</sup> September, 2010 to Thursday, 30<sup>th</sup> September, 2010

### Dividend

No dividend was declared for last financial year.

### Listing of Shares

The Company's shares are listed at Bombay Stock Exchange Limited and National Stock Exchange of (India) Limited.

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Listing fees for the same have been paid to the stock exchanges.

### Stock code

Stock Exchange, BSE :

Physical Scrip Code : 533161

Stock Exchange, NSE : EMMBI

Demat Script Code No. - ISIN: INE 753K01015

### Registrar & Transfer Agents

Share Transfers in physical and demat form is handled by the Company's Share Transfer Agents M/s. Datamatics Financial Services Limited, having their office situated at Plot No. A-16 and 17, MIDC, Part B, Cross Lane, Marol, Andheri (East), Mumbai 400 093.; Tel. No. 66712151-56.; Fax No. 66712192.; E-mail : emmbipo@dfssl.com

### Share Transfer System

All the transfers are received, processed and approved by the Registrar and Share Transfer Agents and sent back to transferee.

### Shareholding Pattern

Pattern of shareholding by ownership as on 31<sup>st</sup> March, 2010.

Category		No. of Shares Held	% of ShareHolding
A.	Promoter's Holding		
1	Promoters	7,766,300	47.09
	- Indian Promoters	00	00
	- Foreign Promoters	00	00
2	Person Acting In Concern		
	Sub – Total	77,66,300	47.09
B.	Non – Promoter's Holding		
3	Institutional Investors	00	00
a	Mutual Funds & UTI	00	00
b	Banks, Fis, Insurance Cos., (Central/ State Govt. Inst., Non-Govt. Inst.)	00	00
c	FIIS	00	00
	Sub – Total	00	00
4	Others		
a	Private Corporate Bodies	41,07,895	24.91
b	Indian Public	45,83,401	27.80
c	NRIs / OCBs / FIIS	32,654	00.20
d	Any other (please specify)(Clearing Member)		
	Sub – Total	87,23,950	52.91
	Grand – Total	1,64,90,250	100.00

### Dematerialization of shares and liquidity

100.00 % of shareholding has been dematerialized.

### Declaration by the CEO on Code of Conduct as required by Clause 49I(D)(ii)

This is to declare that the company has received affirmations of compliance with the applicable Code of Conduct from the Directors and Senior Management personnel of the Company in respect of the financial year 2009-10.

### Registered Office

309/310, Third Floor, Kuber Complex,  
New Link Road, Andheri (West)  
Mumbai 400053

For and on behalf of the Board

Place: Mumbai  
Date: 31<sup>st</sup> May, 2010

Sd/-  
MAKRAND APPALWAR  
Chairman & Managing Director



# Emmbi Polyarns Limited

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## CEO/CFO Certificate

To, the Board of Directors of Emmbi Polyarns Limited

Dear Sirs,

We hereby certify that -

- (a) we have reviewed financial statements and the cash flow statement for the year ended on 31<sup>st</sup> March, 2010, and that to the best of our knowledge and behalf:
  - (i) these statements do not contain any material untrue statement or omit any material fact or contain statements that might be misleading.
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We hereby certify that
  - (i) there have been no significant changes in internal control over financial reporting during the year;
  - (ii) there have been no significant changes in accounting policies during the year; and
  - (iii) there have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Mumbai  
Date: 31<sup>st</sup> May, 2010

Sd/  
Makrand Appalwar  
Managing Director

Sd/  
Rinku Appalwar  
Finance Director

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## CORPORATE GOVERNANCE CERTIFICATE

TO THE MEMBERS,  
**EMMBI POLYARNS LIMITED**

We have examined the compliance of conditions of Corporate Governance by Emmbi Polyarns Limited for the year ended 31<sup>st</sup> March, 2010 as stipulated in the Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of corporate governance. It is neither an audit for an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, and based on the representations made by Directors and the Management, we certify that the Company has complied with the conditions as contained in the listing Agreement with the Stock Exchange.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or the effectiveness with which the management has conducted the affairs of the Company.

For **Sanjay Dholakia & Associates,**

Place: Mumbai  
Date: 31<sup>st</sup> May, 2010

Sd/-  
**Sanjay Dholakia**  
Practising Company Secretary  
Proprietor

## 16th Annual Report 2009 - 2010

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### Auditor's Report

- 1 We have audited the attached Balance Sheet of **EMMBI POLYARNS LIMITED**, MUMBAI as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with generally accepted auditing standards 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 misstatements. An audit includes examining, on test basis, evidence supporting the amounts and disclosure in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies ( Auditors' Report ) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956 (' the Act') and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order to the extent applicable to the Company.
- 4 In accordance with the provision of section 227 of the Companies Act , 1956, we report as under :
  - i. 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.
  - ii. In our opinion, proper Books of Accounts as required by Law, have been kept by the Company so far as appears from our examination of such Books.
  - iii. The said Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Account .
  - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by the report is in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
  - v. On the basis of written representations received from the Directors as on March 31, 2010 and taken on record by the Board of Directors, we report that the none of the Directors are disqualified as on 31st March, 2010 from being appointed as Director under clause (g) of sub-section (1) of Section 274 of the Companies act, 1956.
  - vi. In our opinion and to the best of our information and according to the explanation given to us, the said accounts read with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in the accounting principles generally accepted in India : -
    - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
    - b) In the case of the Profit and Loss Account, of the Profit for the year ended on 31st March, 2010.
    - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on 31st March, 2010.

For and on behalf of  
K. J. SHAH & ASSOCIATES  
Chartered Accountants  
FRN : 127308W

Place : Mumbai  
Dated : 31.05.2010

Sd/-  
K. J. SHAH  
Proprietor  
Membership No. 030784

# Emmbi Polyarns Limited

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## **Annexure to the Auditor's Report of even date to the members of M/s Emmbi Polyarns Limited.**

- (i) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. Fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on verification.

There was no substantial disposal of fixed assets during the year.

- (ii) The management has conducted physical verification of inventory at reasonable intervals. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) As informed to us, during the year the Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion, and according to the information and explanation given to us, there is an adequate internal control procedure commensurate with the size of the company and nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit no major weakness has been noticed in the internal control. We have not observed any failure on the part of the company to correct major weakness in internal control.
- (v) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transaction that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (vi) The company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- (vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- (viii) Maintenance of cost records under section 209 (1) (d) of the Act have not been prescribed by the Central Government.
- (ix) (a) According to the records, information and explanation provided to us, the company is generally regular in depositing with appropriate authorities undisputed amount of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and other statutory dues applicable to it and no undisputed amounts payable were outstanding as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date they became payable.
- (b) According to the records of the company, there are no dues of Sales Tax, Custom duty, Wealth Tax, Excise duty, Service Tax, Cess and other statutory dues which has not been deposited on account of any dispute.
- (x) The Company has neither accumulated losses as at March 31, 2010 nor it has incurred any cash losses during the financial year ended on that date and the immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanation given to us, the company has not defaulted in repayment of dues to any financial institution or bank.
- (xii) Based on our examination and according to the information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

## 16th Annual Report 2009 - 2010

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- (xiii) The company is not a Chit/Nidhi/Mutual Benefit Fund/Society and Clause (xiii) of the Order is not applicable.
- (xiv) In our opinion, and according to the information and explanation given to us, there is no dealing or trading in shares, securities, debentures and other investments.
- (xv) On the basis of the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The term loan taken by the company has been applied for the purpose for which they were raised.
- (xvii) On the basis of our examination of the books of accounts and information and explanation given to us, in our opinion, no funds have been raised on short term basis.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has raised money by public issues during the year aggregating to Rs. 38,95,96,500/-
- (xxi) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For and on behalf of  
K. J. Shah & Associates  
Chartered Accountants.  
FRN 127308W.

Place :- Mumbai  
Date : 31.05.2010

Sd/-  
( Kirti J. Shah ) Proprietor  
Membership No. :- 030784

# Emmbi Polyarns Limited

## BALANCE SHEET AS AT 31ST MARCH, 2010

	SCHEDULE		As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
<b>I. SOURCES OF FUNDS</b>				
<b>1. Shareholders' Funds:</b>				
Share Capital	1	164,902,500		31,330,200
Reserves & Surplus	2	282,075,630		47,113,389
			446,978,130	78,443,589
<b>2. Loan Funds:</b>				
Secured Loans	3	122,455,722		189,745,282
Unsecured Loans	4	17,403,575		14,091,826
			139,859,297	203,837,107
<b>3. Deferred Tax Liability (Net)</b>			13,320,509	7,476,079
<b>TOTAL</b>			<b>600,157,936</b>	<b>289,756,775</b>
<b>II. APPLICATION OF FUNDS</b>				
<b>1. Fixed Assets: (AT COST)</b>				
Gross Block	5	190,096,872		171,809,941
Less: Depreciation		38,357,875		30,034,073
Net Block		151,738,998		141,775,868
Capital Work In Progress		10,224,305		-
			161,963,303	141,775,868
<b>2. Investments :</b>	6		125,463,018	125,000
<b>3. Current Assets, Loans and Advances:</b>				
<b>Current Assets :-</b>				
(a) Inventories	7	115,794,423		75,754,682
(b) Sundry Debtors	8	120,683,360		70,523,297
(c) Cash and Bank Balances	9	7,626,011		5,019,638
		244,103,795		151,297,617
<b>Loans and Advances</b>	10	117,339,904		23,982,787
		361,443,699		175,280,403
<b>Less: Current Liabilities &amp; Provisions</b>	11			
(a) Current Liabilities		38,698,296		20,132,388
(b) Provisions		10,354,784		7,687,504
		49,053,080		27,819,892
Net Current Assets			312,390,619	147,460,511
<b>4. Miscellaneous Expenditure:</b>				
Miscellaneous expenses (to the extent not written off or adjusted)	12		340,996	395,396
<b>TOTAL</b>			<b>600,157,936</b>	<b>289,756,775</b>
<b>NOTES TO THE ACCOUNTS</b>	19			

Schedules referred to above and notes attached there to form an integral part of the Balance Sheet.  
This is the Balance Sheet referred to in our report of even date.

For and on behalf of

K. J. SHAH & ASSOCIATES  
Chartered Accountants  
FRN : 127308W

Sd/-

K. J. SHAH (Proprietor)  
Membership No. 030784  
Place : Mumbai  
Dated : 31.05.2010

Sd/-

Company Secretary

On behalf of the Board.

1 Sd/-

2 Sd/-

Directors  
Place : Mumbai  
Dated : 31.05.2010

# 16th Annual Report 2009 - 2010

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCHEDULE	For the year Ended on 31st March, 2010 Rupees	For the year Ended ON 31st March, 2009 Rupees
<b>INCOME</b>			
Export Sales		212,869,372	224,900,300
Domestic Sales (TDS Rs.19,834)		326,716,799	194,007,857
Gross Turnover		539,586,171	418,908,157
Less: Excise duty		21,223,869	21,522,264
Net Turnover		518,362,302	397,385,893
Other Income	13	603,357	78,222
<b>TOTAL INCOME</b>		<b>518,965,659</b>	<b>397,464,115</b>
<b>EXPENDITURE</b>			
Cost of Materials	14	345,306,409	240,118,623
Manufacturing Expenses	15	59,957,063	50,331,834
Payment to and provisions for employees	16	20,085,459	20,191,486
Selling and administrative expenses	17	36,105,360	37,889,296
		<b>461,454,291</b>	<b>348,531,239</b>
Profit before financial expenses and Depreciation		57,511,368	48,932,876
Less : Financial Expenses	18	20,521,512	23,808,820
Depreciation		8,537,732	7,855,461
<b>Profit before Tax</b>		<b>28,452,124</b>	<b>17,268,595</b>
Less : PROVISION FOR TAX :-			
Current Income Tax		4,993,840	3,376,819
Mat Credit		-	(1,308,064)
Deferred Income Tax		5,844,430	2,240,080
Provision for fringe benefit tax		-	264,100
Excess Provision of Income Tax ( Net )		120,793	-
Short Provision of Fringe Benefit Tax ( Net )		(22,054)	-
<b>Profit after Tax</b>		<b>17,712,593</b>	<b>12,695,660</b>
Earning Per Share (Refer Note.12) : BASIC		2.04	1.62
Earning Per Share (Refer Note.12) : DILUTED		2.04	1.62
NOTES TO THE ACCOUNTS	19		

Schedules referred to above and notes attached there to form an integral part of the Profit and Loss Account  
This is the Profit and Loss Account referred to in our report of even date.

For and on behalf of

K. J. SHAH & ASSOCIATES  
Chartered Accountants  
FRN : 127308W

Sd/-

K. J. SHAH (Proprietor)  
Membership No. 030784  
Place : Mumbai  
Dated : 31.05.2010

Sd/-

Company Secretary

On behalf of the Board.

1 Sd/-

2 Sd/-

Directors  
Place : Mumbai  
Dated : 31.05.2010

# Emmbi Polyarns Limited

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010.

	AS AT 31st March, 2010 Rupees	AS AT 31st March, 2009 Rupees
<b>SCHEDULE : '1'</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
1,80,00,000 (previous year 32,00,000) equity shares of Rs. 10/- each	<b>180,000,000</b>	32,000,000
TOTAL	<b>180,000,000</b>	32,000,000
<b>Issued, Subscribed &amp; Paid-up</b>		
1,64,90,250 equity shares( 31,33,020) of Rs. 10/- each fully paid up	<b>164,902,500</b>	31,330,200
Of the above:		
i) 46,99,530 Equity Shares of Rs. 10 Each fully paid up were allotted on Dt: 20.08.2009 by way of bonus shares by capitalising free reserves of the company.		
ii) 50,000 Pref. Shares fully converted to Equity shares of Rs. 10 each during the year ended 31st March, 2007.		
iii) 86,57,700 Equity Shares of Rs. 10/- each were issued during the year ended 31st March, 2010 for cash as initial public offer in February,2010		
TOTAL	<b>164,902,500</b>	31,330,200
<b>SCHEDULE : '2'</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>a) Securities Premium A/c</b>		
As per last Balance Sheet	-	-
Add : Premium on Issue of Equity Shares	303,019,500	-
Less : Share Issue expenses	38,774,552	-
	<b>264,244,948</b>	-
<b>b) Profit and Loss Account :</b>		
As per last Balance Sheet	47,113,389	34,417,729
Add : Profit for the Year	17,712,593	12,695,660
Less : Issue of Bonus Shares	(46,995,300)	-
	<b>17,830,682</b>	47,113,389
	<b>282,075,630</b>	47,113,389



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### SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010.

#### SCHEDULE : '3'

##### SECURED LOANS

##### 1. FROM BANKS :

Term Loan (Note 1)	52,586,181	69,816,917
Packing Credit	53,622,222	70,387,045
Working capital : (Note 1 )	14,638,936	48,228,739
	<b>120,847,339</b>	<b>188,432,701</b>

##### 2. OTHER LOAN : (Note 2 )

a) From Banks	581,952	1,086,984
b) From Corporate	1,026,431	225,597
	<b>1,608,383</b>	<b>1,312,581</b>
	<b>122,455,722</b>	<b>189,745,282</b>

#### Notes:

- Secured by way of deposit of the title deed in respect of all the the immovable properties of the Company situated at plot no. 194/2/4 at village Masat, Taluka Silvassa within UT of Dadara and Nagar Haveli plot no. 191/2/4 at village Masat and at plot no. 99/2/1, Madhuban Ind. Estate, Rakholi, Taluka Silvassa within UT of Dadara and Nagar Haveli Dadara and Nagar Haveli
  - Secured by way of hypothecation of movables including movable machinery, machinery spares, tools and accessories, present and future.
  - Secured by hypothecation of all inventories, book debts and other current assets.
- The Company has purchased cars and transport vehicles under hire purchase scheme and the said loan is secured by the hypothecation of vehicles acquired under the loan.
- Rupee term loan repayable within twelve months Rs. 1,71,49,744 /- (Previous year Rs. 1,80,65,794/-).

#### SCHEDULE: '4'

##### UNSECURED LOANS :

From Banks & Inter Corporates (Amount repayable within twelve months Rs.1,28,68,803 /-) (Previous Year Rs.72,06,346/—)	<b>17,119,575</b>	12,057,826
Loans from Directors and shareholders (Amount repayable within twelve months RS. NIL/-)(Previous Year Rs.NIL/-)	<b>284,000</b>	2,034,000
<b>TOTAL</b>	<b>17,403,575</b>	<b>14,091,826</b>

# Emmbi Polyarns Limited

## SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2010. SCHEDULE "5" : FIXED ASSETS

SR. NO.	PARTICULARS	G R O S S B L O C K				D E P R E C I A T I O N				N E T B L O C K	
		Cost of Acqui. As on 1-4-2009	Addition during the year	Deduction during the year	Cost as on 31-03-2010	Up to 1-4-2009	Charge for the year	Deduction during the year	Total up to 31-03-2010	As on 31-03-2010	As on 31-3-2009
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
1	Land : Freehold	7,548,499	-	-	7,548,499	-	-	-	-	7,548,499	7,548,499
2	Building	41,922,698	4,313,203	-	46,235,901	4,904,923	1,456,068	-	6,360,991	39,874,909	37,017,775
3	Compound Wall	263,916	-	-	263,916	102,428	8,815	-	111,243	152,673	161,488
4	Office premises	1,855,317	-	1,855,317	-	202,165	11,765	213,930	-	-	1,653,152
5	Plant and Machinery	99,136,828	13,859,152	-	112,995,980	18,887,139	5,216,339	-	24,103,477	88,892,502	80,249,689
6	Electrical Installation	5,563,557	192,763	-	5,756,320	1,236,230	268,698	-	1,504,928	4,251,392	4,327,327
7	Furniture & Fixtures	5,187,377	669,779	-	5,857,156	1,065,562	347,063	-	1,412,625	4,444,530	4,121,814
8	Crates	711,271	-	-	711,271	103,572	45,023	-	148,595	562,676	607,700
9	Office Equipment	2,982,380	1,107,352	-	4,089,732	1,415,519	555,782	-	1,971,302	2,118,430	1,566,860
10	Other Equipment	77,020	-	-	77,020	43,888	4,875	-	48,764	28,256	33,132
11	Vehicles	6,561,078	-	-	6,561,078	2,072,647	623,302	-	2,695,949	3,865,128	4,488,431
	CAPITAL WORK IN PROGRESS :-										
12	Building at Rakholi	-	10,224,305	-	10,224,305	-	-	-	-	10,224,305	-
	<b>GRAND TOTAL</b>	<b>171,809,940</b>	<b>30,366,554</b>	<b>1,855,317</b>	<b>200,321,177</b>	<b>30,034,073</b>	<b>8,537,732</b>	<b>213,930</b>	<b>38,357,875</b>	<b>161,963,303</b>	<b>141,775,867</b>
	Previous Year	139,791,367	17,048,445	-	156,843,667	15,143,111	7,035,502	-	22,178,613	134,665,054	124,648,256

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## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010.

	AS AT 31st March, 2010 Rupees	AS AT 31st March, 2009 Rupees
<b>SCHEDULE : '6'</b>		
<b>INVESTMENTS :</b>		
<b>Unquoted Shares:</b>		
Zoroastrian Coop Bank Ltd. - Share account	100,000	100,000
10000 shares of Rs 10/- each		
Saraswat Co-op Bank Ltd. - Share account	25,000	25,000
2500 shares of Rs 10/- each		
<b>Unquoted Mutual Funds :</b>		
- HDFC Cash Management Fund-Treasury Advantage Plan	20,051,658	-
- LIC MF Liquid Fund - Dividend Plan	65,179,889	-
- UTI MF - Dividend Plan	40,106,471	-
	<u>125,463,018</u>	<u>125,000</u>
<b>SCHEDULE : '7'</b>		
<b>INVENTORIES</b>		
(At Cost or Market Value whichever is lower)		
Raw materials	27,403,893	5,703,215
Work-in-process	63,811,844	60,453,838
Finished Goods	22,076,991	6,938,519
Stores & Spares	2,501,695	2,659,110
	<u>115,794,423</u>	<u>75,754,682</u>
<b>SCHEDULE : '8'</b>		
<b>SUNDRY DEBTORS</b>		
Unsecured ( Considered Good)		
Debts Outstanding for more than Six months :		
Considered good	11,958,785	246,599
Considered doubtful	-	-
	<u>11,958,785</u>	<u>246,599</u>
Others : Considered Good	108,724,575	70,276,698
<b>TOTAL</b>	<u>120,683,360</u>	<u>70,523,297</u>

# Emmbi Polyarns Limited

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010.

### SCHEDULE : '9'

#### CASH AND BANK BALANCES

Cash on hand	3,192,196	2,865,222
Balances with Scheduled Banks :		
On Current account:	1,590,082	949,959
On Term deposits	2,843,733	1,204,456
	<u>7,626,011</u>	<u>5,019,638</u>

### SCHEDULE : '10'

#### LOANS AND ADVANCES

(Unsecured Considered Good)

Advances recoverable in cash or in kind or for value to be received	93,298,813	11,634,996
Balance with Central Excise Authorities	11,372,238	5,096,949
Deposits - Others	3,026,186	753,036
Prepaid expenses	1,636,489	1,048,059
Advance Income Tax and TDS	6,340,286	4,610,650
Advance Fringe benefit Tax	472,710	764,881
MAT Credit Entitlement	1,193,182	74,215
	<u>117,339,904</u>	<u>23,982,787</u>

### SCHEDULE : '11'

#### CURRENT LIABILITIES AND PROVISIONS

(A) CURRENT LIABILITIES

Sundry Creditors - Raw Materials	18,910,460	2,242,113
Sundry Creditors - Others material	1,773,994	6,254,831
Sundry Creditors - Micro, Small and Medium enterprises	-	-
Trade Deposits	2,762,730	4,781,100
Other Liabilities	15,251,111	6,854,343
TOTAL	<u>38,698,296</u>	<u>20,132,388</u>

(B) PROVISIONS:

Provision for Employees Benefit	1,659,075	1,683,401
Provision for Income Tax	8,225,895	5,234,622
Provision for Fringe Benefit tax	469,814	769,481
TOTAL	<u>10,354,784</u>	<u>7,687,504</u>

### SCHEDULE : '12'

#### MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

Miscellaneous Expenditure	340,996	395,396
	<u>340,996</u>	<u>395,396</u>

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### SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31.03.2010

	For the Year Ended on 31st March, 2010 Rupees	For the Year Ended on 31st March, 2009 Rupees
<b>SCHEDULE : '13'</b>		
<b>OTHER INCOME</b>		
Interest	228,633	58,222
Dividend	374,724	20,000
	<u>603,357</u>	<u>78,222</u>
 <b>SCHEDULE : '14' : COST OF MATERIALS :</b>		
<b>Raw Materials Consumed :</b>		
Opening Stock	5,703,215	7,788,236
Add : Purchases (net of material returned)	385,503,566	257,075,171
	391,206,781	264,863,407
Less : Closing stock	27,403,893	5,703,215
	<u>363,802,888</u>	<u>259,160,192</u>
 <b>Adjustment of Stock in process and Finished goods :</b>		
Closing Stock :		
Work-in-process	63,811,844	60,453,838
Finished goods	22,076,991	6,938,519
	85,888,835	67,392,357
Less : Opening Stocks:		
Work-in-process	60,453,838	38,342,432
Finished goods	6,938,519	10,008,355
	67,392,357	48,350,788
(Increase)/Decrease in Stock Process and Finished Goods	(18,496,479)	(19,041,569)
<b>TOTAL</b>	<b>345,306,409</b>	<b>240,118,623</b>
 <b>SCHEDULE : '15' : MANUFACTURING AND OPERATING EXPENSES :</b>		
Processing, Lamination and Bag Making charges	6,800,640	5,168,754
Security Expenses	1,082,692	946,913
Power and Fuel	14,476,285	13,113,940
Consumable Stores	11,557,983	11,730,367
Factory Wages	15,623,505	12,173,146
Labour Charges	7,838,062	6,588,404
Excise duty - Provision on Finished Stock (Net)	923,248	(563,769)
Vat / Cst Account	439,327	268,052
Repairs & Maintenance	978,606	772,426
Container Detention Charges	79,979	61,000
Freight Charges on Stock Transfer	156,735	72,600
<b>TOTAL</b>	<b>59,957,063</b>	<b>50,331,834</b>

# Emmbi Polyarns Limited

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31.03.2010

	For the Year Ended on 31st March, 2010 Rupees	For the Year Ended on 31st March, 2009 Rupees
<b>SCHEDULE : '16' : PAYMENT TO AND PROVISION FOR EMPLOYEES :</b>		
Directors' Remuneration	5,700,000	3,135,000
Directors' Sitting Fees	65,000	-
Salaries, Allowances & Bonus to Staff	12,463,923	14,137,090
Contribution to PF & Admn Charges	587,740	569,238
Employees welfare	935,407	666,757
Provision for Gratuity and Leave encashment	333,389	1,683,401
<b>TOTAL</b>	<b>20,085,459</b>	<b>20,191,486</b>

### SCHEDULE : '17' : SELLING & ADMINISTRATION EXPENSES :

Insurance	1,838,987	1,656,338
Rent	1,236,540	877,064
License Fees	3,200	28,800
Legal and Professional Charges	2,728,790	1,762,056
Tour & Travelling Exp.	842,065	2,070,411
Conveyance Exp.	149,023	118,394
Vehicle Expenses	583,195	597,347
Freight Forwarding Exp.	17,656,445	18,403,427
Telephone Expenses	661,550	624,421
Postage and courier Expenses	1,066,071	2,486,788
Printing, Stationary, Computer & Xerox Exp.	1,403,041	784,610
Audit Fees	500,000	200,000
Sundry Balances written back	(48,504)	(16,076)
Sales promotion expenses	3,217,139	2,751,751
Discount	1,250,818	4,785,752
Commission	75,764	87,000
Electricity expenses	239,160	221,239
Sundry Export Expenses	612,563	175,053
Profit on Foreign Exchange Fluctuation (net )	(266,528)	(1,247,366)
Loss on Sale of Fixed Assets	16,387	-
Other Miscellaneous Expenses	2,339,655	1,522,286
<b>TOTAL</b>	<b>36,105,360</b>	<b>37,889,296</b>

### SCHEDULE : '18' : FINANCIAL EXPENSES :

<b>Interest :</b>		
Term Loans	6,951,522	9,839,951
Others	3,058,716	2,497,753
Hire charges	106,460	40,173
Cash Credit Account	10,065,697	11,108,985
Bank interest on Export	339,117	321,958
<b>TOTAL</b>	<b>20,521,512</b>	<b>23,808,820</b>

### NOTES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2010

#### SCHEDULE : 19

##### A. NATURE OF OPERATIONS :

The Company is a manufacturer of various woven polymer based products. The products manufactured by the Company are used in packaging , automobiles, infrastructure and various other sectors.

##### B. SIGNIFICANT ACCOUNTING POLICIES :

###### 1 Basis of preparation of Financial Statements :-

- (a) The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and as per the Accounting Standards referred to in Section 211(3C) of the Companies Act.
- (b) The Company generally follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

###### 2 Fixed Assets :-

Fixed Assets are stated at cost less accumulated depreciation. The cost is inclusive of interest and incidental expenses incurred during construction period and is net of cenvet credit availed. The fixed assets are tested for impairment. There is no impairment loss.

###### 3 Depreciation :-

Depreciation on all Tangible assets is provided on Straight Line Method (SLM) as per Section 205(2)(b) of the Companies Act, 1956 at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on assets purchased or acquired during the year is provided on pro rata basis according to the period each asset was put to use during the year. No depreciation has been provided on Vat, Excise Duty, Education cess and Higher Education Cess which has been claimed as CENVAT

###### 4 Investments :

Long term investments are carried at cost.

###### 5 Valuation of Inventories :-

Items of inventories are valued at lower of cost or net realisable value. Cost of inventories comprise of all cost purchase, cost of conversion and other costs incurred in bringing the inventory to their present location and condition. Raw materials , stores and spares are valued at weighted average cost. Processed stocks and finished goods are valued at material cost plus appropriate value of overheads Excise duty related to finished goods(domestic stock) is included under Schedule 15

###### 6 Revenue Recognition :-

Revenue (Income) is recognised only when it is reasonably certain that the ultimate collection will be made. Revenue and Expenses are accounted on an accrual basis and at historical cost. Dividend income is accounted when right to receive is established. Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.

###### 7 Sales:-

Sales are recognised on despatch of material to customers. Sales are net of trade discount, rebates and indirect taxes payable. Rebates and discounts are accounted for as and when determined.

###### 8 Expenses :-

Material known liabilities are provided for on the basis of available information/estimates. Expenses are accounted on an accrual basis and at historical cost.



# Emmbi Polyarns Limited

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## B. SIGNIFICANT ACCOUNTING POLICIES :

### 9 Contingent Liabilities :-

Contingent Liabilities are disclosed by way of Notes on Accounts. Provision is made in the accounts for those liabilities which are likely to materialise after the year end till the Finalisation of accounts and having effect on the position stated in the Balance Sheet as at the year end.

### 10 Employee benefits :

Provision for Gratuity and leave encashment are accounted on the basis of valuation made by the actuary.

### 11 Foreign Exchange Transactions :

- a) Transactions in Foreign Currency are accounted at the exchange rate prevailing on the date of Transactions. Exchange fluctuations between the transaction date and the settlement date in respect of Revenue Transactions are recognized in Profit & Loss A/c
- b) All export proceeds not realised at the year end are restated at the rate prevailing at the year end. The exchange difference arising there from has been recognised as income / expenses in the Current Year's Profit & Loss A/c alongwith underlying transaction.
- c) The premium or discount arising at the inception of forward exchange contract is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or as expense for the year. None of the forward exchange contracts are taken for trading or speculation purpose.

### 12 Borrowing Costs :-

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

### 13 Taxes on Income :-

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, after taking into consideration benefits admissible under the provisions of the Income - Tax Act, 1961.

Deferred tax liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Asset is not recognised unless, in the management judgement, there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

### 14 Earning per Share :

The Company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on "Earnings per share".

### 15 Excise : Excise duty deducted from turnover represents excise duty collected on sale of goods. Excise duty shown under expenditure represents difference between excise duty on opening and closing stocks of finished goods.

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### C. NOTES ON ACCOUNTS:

1. Corresponding figures of the previous year have been regrouped wherever necessary to confirm to current period's figures.

	<b>2009-10</b>	2008-09
	<b>RS. / Lacs</b>	Rs. / Lacs
2. Contingent Liabilities not provided for :-		
Guarantee given by the Company to Electricity Department	<b>28.50</b>	25.00
Income tax Penalty demanded for A.Y. 2001-02	-	10.52
L.C.	<b>104.16</b>	38.00
3 Auditor's Remuneration:		
Audit Fee	<b>4.50</b>	1.50
Tax audit work.	<b>0.50</b>	0.50
Others : Taxation, preparing and certifying Prospectus details etc.	<b>5.63</b>	0.47
Service tax	<b>1.09</b>	-
<b>TOTAL</b>	<b>11.72</b>	2.47

- 4 Disclosure of Deferred Tax Asset & Liability :-

Particulars	As on 31.03.10	As on 31.03.09
Deferred Tax Liability on Account of :-		
Difference between book and tax depreciation	<b>5,963,320</b>	2,812,260
Deferred Tax Liability	<b>5,963,320</b>	2,812,260
Deferred Tax Asset on Account of :-		
Provisions for Gratuity	<b>12,270</b>	478,420
Provisions for Leave Encashment	<b>101,050</b>	93,760
Loss on sale of Fixed Assets	<b>5,570</b>	-
Bonus Disallowed u/s 43B for the A.Y. 2008-09		220,940
Deferred Tax Asset	<b>118,890</b>	793,120
Deferred Tax Liability ( Net )	<b>5,844,430</b>	2,019,140
Add :- Reversal of Deferred Tax Asset		
Bonus Disallowed u/s 43B for the A.Y. 2008-09	-	220,940
Amt. of D.T. Liab. to be charged in P & L A/c.	<b>5,844,430</b>	2,240,080

- 5 Additional information pursuant to the provisions of

Paragraph 3 & 4 of Part II of Schedule VI of the Companies Act, 1956 :-

#### (I) Information in respect of Capacities and Production :-

	Unit of Measurment	Licensed Current Year	Capacity Previous Year	Installed Current Year	Capacity* Previous Year	Actual Current Year	Production Previous Year
Polymer based finished Products	MT	N.A.	N.A.	M.T.  5,000	M.T.  5,000	M.T.  4612.108	M.T.  3857.014

\* Installed capacity is as certified by the management.

# Emmbi Polyarns Limited

## (II) Information regarding Sales and Stocks :-

Particulars	For the year ended on 31.03.2010		For the year ended on 31-03-2009	
	Quantity / MTS	value / Rupees	Quantity / MTS.	value / Rupees
SALES :-				
Polymer based multiple Products	5255.272	538,266,767	3,503.5460	402,149,798
HDPE/ PP based'B' class finished Products	204.194	1,319,404	197.4630	2,060,555
<b>Total</b>	<b>5459.466</b>	<b>539,586,171</b>	<b>3,701.0090</b>	<b>404,210,353</b>
OPENING STOCK				
Polymer based multiple Products	177745 NOS.	4,858,878	203018 NOS.	6,057,174
HDPE/ PP based'B' class finished Products	34689 KGS	2,079,641	54127.80 KGS	3,951,181
CLOSING STOCK				
Polymer based multiple Products	295638 NOS.	16,422,550	177745 NOS.	4,858,878
HDPE/ PP based'B' class finished Products	66500 KGS	4,329,150	34689 KGS	2,079,641

## (III) Details of Raw Materials Consumed:-

Particulars	For the year ended on 31.03.2010		For the year ended on 31-03-2009	
	Quantity / MTS	value / Rupees	Quantity / MTS.	value / Rupees
Polymer granules and Films of various grades.	5,000.327	363,802,888	3,929.842	244,465,056

## (IV) Details of indigenous and imported Raw Materials , components and spares consumed :-

### Raw material

Particulars	For the year ended on 31.03.2010		For the year ended on 31-03-2009	
	% of total consumption	value / Rupees	% of total Consumption	value / Rupees
<b>Raw material</b>				
Imported	10.70%	38,937,448	1.01 %	2,351,427
Indigenous	89.30%	324,865,440	98.99 %	242,113,629
	<b>100.00 %</b>	<b>363,802,888</b>	<b>100.00 %</b>	<b>244,465,056</b>
<b>Components and spare parts :</b>				
Imported	NIL	NIL	NIL	NIL
Indigenous	100 %	11,557,983	100 %	11,730,367

## 6 Expenditure in foreign currency :

### Foreign Travelling Expenses :-

New Product Development 09-10

For Conference

115,954

-

Market Development 09-10

For Business Development

169,489

-

Travelling Expenses - Miscellaneous

169,083

703,002

EFIBCA Membership Fees

153,000

-

**607,526**

**703,002**

**2009-10**  
Rupees

**2008-09**  
Rupees

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- 7 Sundry Creditors include dues to small and medium scale industrial undertaking Rs. - -
- 8 CIF Value of imports : **2009-10** 2008-09
- Raw Material **38,937,448** 2,452,179
- Stores and spares Nil Nil
- Capital Goods Nil Nil
- 9 Earning in Foreign Exchange : Sale Value (FOB) **204,945,711** 224,900,300
- 10 Directors remuneration :
- a) Makrand Appalwar **3,000,000** 1,710,000
- b) Rinku Appalwar **2,700,000** 1,425,000
- 11 The Company has received further share application money during the year Rs. - -
- 12 Earning Per Share as computed in accordance with the AS-20 **2009-10** **2008-09**
- Basic & Diluted EPS for the year 2008-09 (Before Bonus Issue) - **Rs. 4.05**
- Basic & Diluted Restated EPS for 2008-09 (After Bonus Issue) - **Rs. 1.62**
- Basic & Diluted EPS for the year 2009-10 **Rs. 2.04** -
- 13 Since Company operates in only one segment i.e. manufacture of HDPE/ PP/ raffia products and trading in similar items hence no need for separate disclosure of segment information as per AS - 17 issued by ICAI.
- 14 Expenditure on employees in respect of Remuneration of not less than Rs. 24,00,000/- per year where employed throughout the year or Rs. 2,00,000/- per month where employed for a part of the year.

	Current year		Previous year	
	Throughout the year Rupees	For the part of the year Rupees	Throughout the year Rupees	For the part of the year Rupees
Salaries, Bonus & Ex-gratia and commission	5,700,000	—	—	—
No. of Employees ( Directors )	2	—	—	—

**2009-10** 2008-09

- 15 Estimated amounts of contracts remaining to be executed on Capital account (Net of Advances) 905,954 -
- 16 Disclosures required by AS 29 "Provisions, Contingent liabilities and contingent Assets."
- a) Movement in provisions:
- | Sr. No. | Particulars of disclosure              | Provision for Excise duty | Provision for Others | Totals    |
|---------|--|---------------------------|----------------------|-----------|
| 1       | Balance as at 1-4-2009                 | 402,043                   | 89,870               | 491,913   |
| 2       | Additional provision during the Period | 1,325,291                 | 99,185               | 1,424,476 |
| 3       | Provision used during the Period       | 402,043                   | 89,870               | 491,913   |
| 4       | Provision reversed during the Period   | -                         | -                    | -         |
| 5       | Balance as at 31-03-2010               | 1,325,291                 | 99,185               | 1,424,476 |
- b) Nature of Provisions:
- i. Provision for Excise duty of Rs.1,325,290.71 on Finished stock on 31.03.2010
- ii. Other provision includes Provision for Contribution to PF
- 17 Disclosure pertaining to Micro, Small and Medium Enterprises (as per information available with the company) The Company has sought confirmation from all the creditors regarding their registration as Micro, Small and Medium Enterprises, however till date of the Balance Sheet, no confirmation has been received and hence none of the creditors have been categorised as pertaining to Micro, Small and Medium Enterprises.

## Emmbi Polyarns Limited

### 18 Disclosures required by AS 18 relating to related parties / related party transactions.

Name of Related Party	Nature of Relationship	Nature of Transaction	Amount of Transaction Current period	Amount of Transaction Previous year	Balance 31.03.2010
i Makrand Appalwar	Managing Director	Remuneration Share Application Money Bonus Equity shares allotted Unsecured Loan  Payable for Remuneration	3,000,000 - 1,701,150 (500,000)  	1,710,000   -  	- - - 35,000 (535,000)* 160,751 (113708)*
Purchase of Office premises as per MOU dated 19.01.1999 option to purchase office premises, option exercised jointly with Rinku Appalwar vide letter dated 19.08.2009			625,000		
ii Rinku Appalwar	Finance Director	Remuneration Bonus Equity shares allotted Unsecured Loan  Payable for Remuneration	2,700,000 1,128,930 (1,000,000)  	1,425,000  -  	- - 9,000 (1,009,000)* 79,259 (117418)*
Purchase of Office premises as per MOU dated 19.01.1999 option to purchase office premises, option exercised jointly with Makrand Appalwar vide letter dated 19.08.2009			1,000,000	-	
iii Moreswar Appalwar		Consultancy fees Bonus Equity shares allotted	165,000 71,235	165,000	-
iv Emmbi Laboratories Pvt. Ltd	Associate Company	Bonus Equity shares allotted	975,000	-	-
v Maithili Appalwar	Relative	Unsecured Loan Bonus Equity shares allotted	- 37,050	-	50,000 (50,000)*
vi M.B.Appalwar HUF	Relative	Unsecured Loan Bonus Equity shares allotted	- 15	-	190,000 (190,000)*
vii Maithilee Agrotech Pvt. Ltd.	Associate Company	Bonus Equity shares allotted	- 30,000	-	-

\*(Figures in Bracket represent Balances as on 31.03.2009)

- 19 Exchange Loss on Export debtors works out to Rs. (566,722)  
Exchange gain on Import creditors works out to Rs. 833250  
and Exchange Loss on Forward Contract is Rs. NIL the net of which has been credited to Profit & Loss A/c  
Exchange Gain on sale is added to Sales Rs. 1,741,313  
(Exchange Loss on sale of Previous year is debited to Sales Rs.10,27,257.16)
- 20 Post employment benefits  
In the previous year, the provision for Gratuity and Leave encashment benefits are made as per Actuarial certificate.  
For the current period, Provision for Gratuity and Leave encashment benefits are made on estimated basis, based on previous year's provisions, which in the opinion of the management is sufficient.

## 16th Annual Report 2009 - 2010

### Balance Sheet :-

i)	<b>Details of Provision for Gratuity.</b>		
	<b>Particulars</b>	<b>2009-10</b>	<b>2008-09</b>
	Defined Benefit Obligation	1,361,796	1,407,541
	Fair Value of Plan Assets	Nil	Nil
	Plan (Assets)/Liability	Nil	Nil
ii)	<b>Change in defined benefit obligation</b>		
	<b>Particulars</b>	<b>2009-10</b>	<b>2008-09</b>
	Defined benefit obligation at the beginning of the year	1,407,541	792,441
	Current Service cost	324,251	334,204
	Interest cost @ (0.0775)	109,084	63,395
	Actuarial (gain)/loss on obligation	(397,225)	231,347
	Benefits paid during the year ending 31.03.2009	(81,855)	(13,846)
	Defined benefit obligation, end of the period	1,361,796	1,407,541
iii)	<b>Net Period gratuity cost</b>		
	<b>Particulars</b>	<b>2009-10</b>	<b>2008-09</b>
	Current Service cost	324,251	334,204
	Interest cost on benefit obligation	109,084	63,395
	Net actuarial (gain) / loss recognised in the year	(397,225)	231,347
	Expected return on plan assets	Nil	Nil
	Net benefit expense	36,110	628,946
iv)	<b>Details of Provision for Leave Encashment Benefits.</b>		
	<b>Particulars</b>	<b>2009-10</b>	<b>2008-09</b>
	Defined Benefit Obligation	297,279	275,860
	Fair Value of Plan Assets	Nil	Nil
	Plan (Assets)/Liability	Nil	Nil
v)	<b>Change in defined Leave Encashment Benefit obligation</b>		
	<b>Particulars</b>	<b>2009-10</b>	<b>2008-09</b>
	Defined benefit obligation at the beginning of the year	275,860	136,051
	Current Service cost	222,849	171,023
	Interest cost @ (0.0775)	21,379	11,185
	Actuarial (gain)/loss on obligation	53,051	(15,146)
	Benefits paid during the year ending 31.03.2009	(275,860)	(31,011)
	Defined benefit obligation, end of the period	297,279	272,102
vi)	<b>Net Period Leave Encashment Benefits cost</b>		
	<b>Particulars</b>	<b>2009-10</b>	<b>2008-09</b>
	Current Service cost	222,849	171,023
	Interest cost on benefit obligation	21,379	11,185
	Net actuarial (gain) / loss recognised in the year	(216,854)	(15,146)
	Expected return on plan assets	Nil	Nil
	Net benefit expense	27,374	167,062
21	During the year the Company has allotted on date 20.08.2009, 46,99,530 Bonus Equity shares of Rs. 10/- each fully paid up in the ratio of 3:2		
22	The Company has made initial public offer during the year at a premium of Rs. 35/- per share on the face value of Rs. 10/- per share, aggregating to 86,57,700 shares allotted on date 16.02.2010 Out of Securities Premium Account amounting to Rs. 30,30,19,500/- expenses relating to IPO of Rs.3,87,74,552/- has been deducted.		
23	Research and development expenditure debited to the Profit and Loss account by charge to relevant heads of account amount to Rs. 275.479 (Previous year Rs. Nil)		

# Emmbi Polyarns Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	Rs. P.	Rs. P.	Rs. P.
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>			
Net Profit Before Tax		28,452,123.63	
Depreciation	8,537,732.11		
Interest Paid :-			
Term Loans	6,951,522.42		
Others	3,165,175.44		
Cash Credit Account	10,065,696.95		
Bank interest on Export	339,117.00		
Market Development expenses written off	54,400.00		
20% Advance expenses for Export written off	1,541,739.00		
Provision For Gratuity	36,110.23		
Provision For Leave Encashment	297,279.00		
Donations	142,490.00		
Net Foreign Exchange Gain on closing			
Debtors and Creditors	(266,528.00)		
Foreign Exchange fluctuation Profit on Sales	(1,741,313.17)		
Loss on Transfer of Office Premises	16,387.28		
		29,139,808.26	
		57,591,931.89	
Interest Received	(228,633.00)		
Dividend Received	(374,723.89)		
		(603,356.89)	
		56,988,575.00	
Extraordinary Items :			
Donations	(142,490.00)		
Net Foreign Exchange Gain on Closing			
Debtors and Closing Creditors	266,528.00		
Foreign Exchange Profit on Sales	1,741,313.17		
		1,865,351.17	
Operating Profit Before Working Capital Changes		58,853,926.17	
Working Capital Changes :-			
Increase in Stock	(40,039,741.73)		
Increase in Debtors	(50,160,063.02)		
Increase in Loans & Advances	(92,345,416.06)		
Increase in Current Liabilities	18,565,908.15		
		(163,979,312.66)	
CASH FLOW FROM OPERATIONS		(105,125,386.49)	
Taxes Paid		(4,759,925.75)	
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>			<b>(109,885,312.24)</b>



## 16th Annual Report 2009 - 2010

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

PARTICULARS	Rs. P.	Rs. P.	Rs. P.
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets :-			
Building	(4,313,202.99)		
Plant and Machinery	(13,859,152.00)		
Electrical Installation	(192,763.00)		
Furniture & Fixtures, Crates	(669,779.00)		
Office Equipment & Computer	(1,107,352.36)		
New Factory Bldg. At Rakholi(WIP)	(10,224,305.00)		
HDFC Cash Management Fund-Treasury Advance	(20,051,657.97)		
LIC MF Liquid Fund - Dividend Plan	(65,179,888.67)		
UTI MF - Dividend Plan	(40,106,471.25)		
	(155,704,572.24)		
Decrease in Fixed Assets :-			
Office premises	125,000.00		
		(155,579,572.24)	
Dividend Received		20,000.00	
Interest Received		228,633.00	
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>			(155,330,939.24)
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES :-</b>			
Decrease in Term Loan		(67,585,361.76)	
Increase in Other Loan		295,802.42	
Interest paid on Loan		(20,521,511.81)	
Increase in Unsecured loan		4,811,748.94	
Issue of equity share capital		389,596,500.00	
Share issue expenses		(38,774,552.44)	
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>			267,822,625.35
<b>CASH GENERATED DURING THE YEAR</b>			2,606,373.87
Cash & Cash Equivalent at the beginning of the Year 01.04.2009			5,019,637.61
Cash & Cash Equivalent at the end 31.03.2010			7,626,011.48
			7,626,011.48
<b>NOTES</b>			(0.00)

- 1 Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statement" issued by the ICAI.
- 2 Cash and cash equivalents at the end of the year represent cash and bank balances .

For and on behalf of

On behalf of the Board.

K. J. SHAH & ASSOCIATES  
Chartered Accountants  
FRN : 127308W

1 Sd/-

Sd/-

Sd/-

2 Sd/-

K. J. SHAH (Proprietor)  
Membership No. 030784  
Place :Mumbai  
Dated : 31.05.2010

Company Secretary

Directors  
Place :Mumbai  
Dated : 31.05.2010

# Emmbi Polyarns Limited

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :-

### I. Registration Details :-

Registration No.	:	U17120MH1994PLC083322
State Code	:	1 1
Balance Sheet Date	:	3 1 - 0 3 - 2 0 1 0.

### II. Capital Raised During the Year :-

		Rupees
Public Issue including premium	:	389,596,500
Right Issue	:	N I L
Bonus Issue	:	46,995,300
Private Placement	:	N I L

### III. Position of Mobilisation and Deployment of Funds :-

		Rupees
Total Liabilities	:	600,157,936
Total Assets	:	600,157,936
Sources of Funds :-		
Paid - up Capital	:	164,902,500
Share application money	:	-
Reserve & Surplus	:	282,075,630
Secured Loans	:	122,455,722
Unsecured Loans	:	17,403,575
Deferred Tax Liability	:	13,320,509
Application of Funds :-		
Net Fixed Assets	:	161,963,303
Investments	:	125,463,018
Net Current Assets	:	312,390,619
Misc. Expenditure	:	340,996
Accumulated Losses	:	-

### IV. Performance of Company :-

Turnover	:	518,965,659
Total Expenditure	:	490,513,535
Profit/(Loss) Before Tax	:	28,452,124
Profit/(Loss) After Tax	:	17,712,593
Earning Per Share	:	2.04
Dividend Rate	:	N I L

### V. Generic Names of Three Principal Products/Services of Company ( as per monetary terms ) :-

Description		
Manufacturer of H.D.P.E./ PP Circular Woven Sacks products		392390

## EMMBI POLYARNS LIMITED

**Registered Office:** 309/310. Third Floor, Kuber Complex, New Link Road, Andheri (West), Mumbai 400053.

### ATTENDANCE SLIP

Members **attending the** meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I, hereby record my attendance at the Sixteenth Annual General Meeting held on 30th September, 2010 at The Renaissance Federation Club, Juhu Varsova Link Road, Andheri (West), Mumbai 400053 at 10:30 am.

<b>DP ID :</b>	<b>CLIENT ID :</b>
NAME AND ADDRESS OF SHAREHOLDER(IN BLOCK CAPITALS) _____ _____	FOLIO NO.  

SIGNATURE OF THE SHARE HOLDER OR PROXY: \_\_\_\_\_



Tear Here



## EMMBI POLYARNS LIMITED

**Registered Office:** 309/310. Third Floor, Kuber Complex, New Link Road, Andheri (West), Mumbai 400053.

### PROXY

<b>DP ID :</b>	<b>CLIENT ID :</b>
----------------	--------------------

Folio No. \_\_\_\_\_

Name of the Shareholder(s): \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ Being a Member/Members of EMMBI POLYARNS LIMITED hereby appoint \_\_\_\_\_ of \_\_\_\_\_ (or failing him) \_\_\_\_\_ of \_\_\_\_\_ as my/our Proxy to attend and vote for me/us and on my/our behalf at the sixteenth Annual General Meeting of the company to be held on Thursday, 30th September, 2010 at Renaissance Federation Club, Juhu Varsova Link Road, Andheri (West), Mumbai 400053 at 10:30 am and at any adjournment thereof.

AS WITNESS my hand/our hands this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

SIGNATURE OF THE SHAREHOLDER OR PROXY \_\_\_\_\_

Affix  
Revenue  
Stamp

Signed by the said

NOTE: The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting. The Proxy need not be a member of the Company.

Note: The Proxy must be lodged with the Company at its registered office at 309/310, Kuber Complex, New Link Road, Andheri (West), Mumbai 400053, not less than Forty Eight hours before the time for holding the aforesaid meeting.