



# **XPRO INDIA LIMITED**

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**ANNUAL REPORT 2011/12**

**Board of Directors**

**Sri Sidharth Birla**

*Chairman*

**Smt. Madhushree Birla**

**Sri Amitabha Ghosh**

**Sri Amitabha Guha**

**Sri Haigreve Khaitan**

**Sri P. Murari**

**Sri Utsav Parekh**

**Sri S. Ragothaman**

**Sri C. Bhaskar**

*Managing Director & Chief Executive Officer*

**Company Secretary**

**Sri S.C. Jain**

**Senior Executives**

**Sri H. Bakshi**

*President & Chief Operating Officer*

**Sri V.K. Agarwal**

*Joint President & Chief Financial Officer*

**Sri N. Ravindran**

*Joint President (Marketing)*

**Sri Anil Jain**

*Executive Vice President, Coex Division (RNJ)*

**Sri Manmohan Krishan**

*Executive Vice President, Coex Division (FBD)*

**Sri Sunil Mehta**

*Executive Vice President, Biax Division (Pithampur)*

**Sri U.K. Saraf**

*Executive Vice President, Coex Division (GRN)*

**Registered Office**

Barjora-Mejia Road,  
P.O. Ghutgoria, Tehsil : Barjora,  
Distt : Bankura 722 202, West Bengal

**Corporate Office**

1, Industrial Area, NIT,  
Faridabad 121 001, Haryana

**Biax Division**

Barjora-Mejia Road,  
P.O. Ghutgoria, Tehsil : Barjora,  
Distt : Bankura 722 202, West Bengal

Plot No.78, Sector III,  
Industrial Area, Pithampur,  
Distt : Dhar 454 774, Madhya Pradesh

**Coex Division**

3, Industrial Area, NIT,  
Faridabad 121 001, Haryana  
  
32, Udyog Vihar, Greater Noida,  
Gautam Budh Nagar 201 306, Uttar Pradesh  
  
Plot E-89 & E-90/1, MIDC Industrial Area,  
Ranjangaon, Distt. Pune 412 220, Maharashtra

**Registrars & Share Transfer Agents**

MCS Limited,  
F-65, Okhla Industrial Area, Phase I, New Delhi 110 020

**Auditors**

M/s Deloitte Haskins & Sells  
Ahmedabad

## **XPRO INDIA LIMITED : ANNUAL REPORT 2011/12**

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### **NOTICE**

#### **TO THE SHAREHOLDERS**

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of Xpro India Limited will be held on Thursday, July 26, 2012 at 10.30 a.m. at the Registered Office of the Company at Barjora-Mejia Road, P.O. Ghutgoria, Tehsil: Barjora, Distt: Bankura, West Bengal 722 202 to transact the following business:

1. To consider and adopt the Directors' Report and audited Balance Sheet and Statement of Profit & Loss as at and for the year ended March 31, 2012.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Sri Utsav Parekh who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors of the Company and to fix their remuneration.

### **SPECIAL BUSINESS :**

To consider and, if thought fit, to pass with or without modification the following Resolutions:

#### **5. AS AN ORDINARY RESOLUTION**

“RESOLVED that the vacancy caused by the retirement by rotation of Sri Amitabha Ghosh, who does not seek re-appointment, be not filled in at this meeting or at any adjournment thereof.”

#### **6. AS A SPECIAL RESOLUTION**

“RESOLVED that pursuant to Sections 198, 309(4) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof), consent of the Company be and is hereby accorded to the payment of commission to the Directors (other than the Whole Time Directors), in addition to the sitting fees for attending the meetings of the Board or Committees thereof, for a period of 5 years commencing from April 1, 2012 at a rate not exceeding 1% (one percent) of the net profits of the Company calculated in accordance with the relevant provisions of the said Act, in each year, to be divided amongst the Directors in such proportion and in such manner as may be decided by the Board.

Provided that the Directors may at their discretion decide the exact amount to be disbursed by way of commission in each such financial year within the limit stipulated above.”

#### **7. AS A SPECIAL RESOLUTION**

“RESOLVED that pursuant to the Articles of Association of the Company and provisions of Sections 198, 269, 309 & 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification or re-enactment thereof and subject to such other approvals as may be necessary, the Company do hereby approve the re-appointment of Sri C. Bhaskar, as Managing Director & Chief Executive Officer of the Company, whose office shall not be liable to retirement by rotation under the Companies Act, 1956 for a period of three years with effect from January 1, 2012, subject to the superintendence, control and direction of Board of Directors, entrusted with substantial powers of management in respect of the whole of the affairs of the Company and shall perform such duties and exercise such powers as have been or may be entrusted from time to time to or conferred upon him by the Board and with liberty to either party to terminate the appointment with three months' notice to the other. Sri C Bhaskar shall be paid remuneration by way of either:

- i) Salary, commission (not exceeding 2% of the net profits), perquisites and other benefits/allowances (as per the rules of the Company) as may be decided by the Board of Directors from time to time subject in

## XPRO INDIA LIMITED : ANNUAL REPORT 2011/12

aggregate to a maximum of 5% of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Companies Act, 1956; or

- ii) Where in any financial year the Company has no profits or its profits are inadequate, the Company shall pay remuneration to Sri C Bhaskar by way of salary, house rent allowance, special allowance and other benefits/allowances (as per the rules of the Company) as may be approved by the Board of Directors of the Company from time to time as minimum remuneration, within the limits specified in Part II, Section II, Para 1(B) of Schedule XIII of the Companies Act, 1956 i.e. Rs.4.00 lacs per month or such higher sum as may be permitted pursuant to an application to the Central Government or vide any statutory modification or re-enactment thereof; whichever of (i) or (ii) is higher.

RESOLVED FURTHER that Sri C Bhaskar shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on minimum remuneration specified here-in-above in accordance with the provisions of Schedule XIII and any amendments or statutory modifications or re-enactment thereof, if the Company has no profits or its profits are inadequate:

- a) contribution to provident, superannuation or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- c) encashment of un-availed leave at the end of the tenure."

### 8. AS AN ORDINARY RESOLUTION

"RESOLVED that the consent of the Company be and is hereby accorded to the Board of Directors of the Company under Section 293(1)(d) of the Companies Act, 1956 to borrow any sum of moneys from time to time notwithstanding that the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes, provided, however, the total amount so borrowed and outstanding at any one time shall not exceed Rs. 500 Crores."

Registered Office :  
Barjora-Mejia Road, P.O. Ghutgoria,  
Tehsil: Barjora, Distt.: Bankura  
West Bengal 722 202

By Order of the Board

S.C. JAIN  
*Company Secretary*

April 26, 2012

### 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 Form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time of holding the meeting.
3. The Register of Members of the Company will remain closed from July 01, 2012 to July 08, 2012 (both days inclusive).
4. Dividend on Equity Shares declared at the Annual General Meeting will be paid to those Shareholders, whose names appear on the Register of Members of the Company or whose names appear as the beneficial owner(s) of the Equity Shares of the Company at the close of working hours on June 30, 2012 and the Dividend Warrants will be posted on August 3, 2012.
5. Members who continue to hold shares in physical form are requested to intimate any changes in their address immediately with postal pin code to the Company's Registrars & Share Transfer Agents, MCS Ltd., F-65, Okhla Industrial Area, Phase - I, New Delhi - 110 020 quoting their folio numbers. **Further, please note**

## **XPRO INDIA LIMITED : ANNUAL REPORT 2011/12**

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**that in the case of dematerialized shares any change(s) required in Address, Bank details, Bank Mandate, ECS Mandate, Power of Attorney and also requests for registration of Nomination, Transmission, etc., are to be intimated to your DP and not to the Company or our Registrars.**

6. Members holding shares in the same name(s) but under different Ledger Folios, are requested to apply for consolidation of such folios and send the relevant Share Certificates to the Company's Registrar and Share Transfer Agents at New Delhi as stated in Note No.5 above for endorsement of the consolidated folio number.
7. The Ministry of Corporate Affairs ("Ministry") has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. We, therefore, request you to provide your e-mail ID to our Registrars, MCS Limited, F-65, Okhla Industrial Area, Phase I, New Delhi 110 020 ([admin@mcsdel.com](mailto:admin@mcsdel.com) or [mcscomplaintsdel@mcsdel.com](mailto:mcscomplaintsdel@mcsdel.com)), if you are holding shares in physical form or to your Depository participants if you are holding shares in Demat form. We intend using e-mail addresses provided by you to the Depositories viz. NSDL/CDSL and available to the Company from time to time, to send various notices/documents, etc.
8. Members are hereby informed that the Company would transfer unpaid/unclaimed dividends, which remains unclaimed over a period of 7 years, to the Investor Education and Protection Fund (IEP Fund) constituted by the Central Government under section 205C of the Companies Act, 1956. Details of dividends paid by the Company and respective due dates for transfer of unclaimed dividend to such IEP Fund of the Central Government are as under:

<b>Financial Year</b>	<b>Date of Declaration</b>	<b>Due date for transfer to IEP Fund</b>
2004-05	June 24, 2005	July 30, 2012
2005-06	July 27, 2006	September 2, 2013
2006-07	July 26, 2007	September 1, 2014
2007-08	July 29, 2008	September 4, 2015
2008-09	July 23, 2009	August 29, 2016
2009-10	July 22, 2010	August 28, 2017
2010-11	August 11, 2011	September 17, 2018

It may be noted that no claim shall lie against the Company or the Fund in respect of individual amounts which were unclaimed and unpaid for a period of 7 years and transferred to the Fund on respective due dates indicated hereinabove. Members are advised to claim/encash dividend warrants before due dates for transfer of unclaimed dividend to the IEP Fund.

### **9. EXPLANATORY STATEMENT (Pursuant to Section 173 of the Companies Act, 1956/SEBI Regulations)**

#### **Item No. 3**

Sri Utsav Parekh, aged 56 years, holds a Bachelor's Degree in Commerce with honours. He has vast and continuing experience of about 31 years as Merchant Banker, and in Stock Broking and Financial Services. He is a member of the Calcutta Stock Exchange Ltd. Sri Utsav Parekh is presently a Director on the Boards of Bengal Aerotropolis Projects Ltd., Lend Lease Company (India) Ltd., McLeod Russell (India) Ltd., McNally Bharat Engg. Co. Ltd., SMIFS Capital Markets Ltd. and Texmaco Infrastructure & Holdings Ltd.

He is a member of Audit Committee of McNally Bharat Engg. Co. Ltd. & SMIFS Capital Markets Ltd., member of Remuneration Committee of McNally Bharat Engg. Co. Ltd., member of Committee of Directors of SMIFS Capital Markets Ltd., member of Investors Grievance Committee of McLeod Russell (India) Ltd., McNally Bharat Engg. Co. Ltd. and member of Share Transfer Committee of SMIFS Capital Markets Ltd. He is a member of Audit Committee, Remuneration & Nomination Committee and Committee of Directors and Chairman of Share Transfer & Shareholders/Investors Grievance Committee of the Company.

Sri Utsav Parekh holds 28,500 (0.25 %) equity shares of the Company.

Except Sri Utsav Parekh, no other Director is interested in the resolution.

**Item No. 5**

Sri Amitabha Ghosh, retires by rotation at this Annual General Meeting, and due to personal reasons has not offered himself for re-appointment. The Company does not propose to fill the vacancy arising out of his retirement at this meeting or any adjournment thereof. Hence, as required under Section 256 of the Companies Act, 1966, a resolution is proposed not to fill up the vacancy caused by the retirement of Sri Amitabha Ghosh at this meeting or any adjournment thereof.

None of the Directors may be deemed to be interested in the resolution.

**Item No. 6**

The Members had approved payment of commission to the non-executive Directors vide special resolution passed at the Annual General Meeting held on July 26, 2007 for a period of 5 financial years commencing from April 1, 2007. The said approval has expired on March 31, 2012.

Since non-executive Directors have to devote considerable time to the business of the Company and the Company is benefited by their expertise and mature advice, it is appropriate that they are paid suitable remuneration by way of a share of the profits of the Company. Furthermore, keeping in view the recent amendments to the Companies Act, 1956 and applicability of SEBI Code for Corporate Governance which have cast onerous responsibilities on non-executive Directors also, it is considered proper and equitable to suitably remunerate the non-executive Directors on the Board. The Board recommends to the members to approve payment of commission to the non-executive Directors in accordance with the provisions of Section 198(1) read with Section 309(4) & 309(7) of the Companies Act, 1956.

All non-executive Directors (not in the employ of the Company) may be deemed to be concerned or interested in this Special Resolution.

**Item No. 7**

Sri C Bhaskar was appointed as Managing Director & Chief Executive Officer of the Company with effect from January 1, 2009 for a period of 3 years. Sri C Bhaskar's term as Managing Director & Chief Executive Officer expired on December 31, 2011. The Remuneration & Nomination Committee and the Board of Directors at their respective meetings held on November 10, 2011 have unanimously approved the re-appointment of Sri C Bhaskar as Managing Director & Chief Executive Officer of the Company for a period of three years with effect from January 1, 2012 on the payment of remuneration as proposed in the resolution, subject to the approval of the Members of the Company in General Meeting and other relevant approvals including from Central Government.

During Sri C Bhaskar's long association with the Company at different levels and with various businesses since 1984, he has contributed greatly in the Company achieving its present position. The Company has exhibited a fair but stable performance during his tenure and all accounting years have been profitable with dividends also being paid. He has extensive experience of 33 years approximately in consultancy, industry and business.

Sri C Bhaskar shall subject to superintendence, control and direction of the Board of Directors, be entrusted with substantial powers of management in respect of the whole of the affairs of the Company and shall perform such duties and exercise such powers as have been or may be entrusted to or conferred upon him by the Board from time to time.

The Board of Directors of the Company considers that the re-appointment of Sri C Bhaskar as Managing Director & Chief Executive Officer will prove beneficial to the Company and accordingly recommend the resolution, as set out at Item No. 7 of the Notice convening this meeting, for your approval.

Sri C Bhaskar is presently also a Director on the Boards of Digjam Ltd., Market Cafe Foods Ltd., Prosperous Healthy Life Pvt. Ltd., Xpro Global Ltd. and Xpro Global Pte. Ltd., Singapore. He is a member of Share Transfer & Shareholders/Investors Grievance Committee & Committee of Directors of the Company.

## **XPRO INDIA LIMITED : ANNUAL REPORT 2011/12**

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In accordance with the requirements of Schedule XIII to the Companies Act, 1956, as amended, a statement providing the required information for the re-appointment and payment of remuneration to Sri C Bhaskar is given below:

### **I. General Information:**

- | 1 Nature of Industry   | Polymer Business (diversified)   |             |                                    |         |      |         |       |         |       |
|--|--|-------------|------------------------------------|---------|------|---------|-------|---------|-------|
| 2 Date or Expected date of commencement of commercial production   | The company has Manufacturing units at different locations where commercial production first commenced as per details below:<br>a) Barjora, West Bengal - 1991<br>b) Pithampur, Madhya Pradesh - 2003<br>c) Faridabad, Haryana - 1984<br>d) Gr. Noida, Uttar Pradesh - 2003<br>e) Ranjangaon, Maharashtra - 2008 |             |                                    |         |      |         |       |         |       |
| 3 In case of new companies, expected date of commencement of activities as per projects approved by financial institutions appearing in the prospectus | Not Applicable   |             |                                    |         |      |         |       |         |       |
| 4 Financial performance based on given indicators  | The net profit after tax for last three years was as follows :<br><table><thead><tr><th><u>Year</u></th><th><u>Net Profits</u> (In Rs. Crores)</th></tr></thead><tbody><tr><td>2009-10</td><td>4.40</td></tr><tr><td>2010-11</td><td>11.38</td></tr><tr><td>2011-12</td><td>33.61</td></tr></tbody></table>      | <u>Year</u> | <u>Net Profits</u> (In Rs. Crores) | 2009-10 | 4.40 | 2010-11 | 11.38 | 2011-12 | 33.61 |
| <u>Year</u>  | <u>Net Profits</u> (In Rs. Crores)   |             |                                    |         |      |         |       |         |       |
| 2009-10  | 4.40   |             |                                    |         |      |         |       |         |       |
| 2010-11  | 11.38  |             |                                    |         |      |         |       |         |       |
| 2011-12  | 33.61  |             |                                    |         |      |         |       |         |       |
| 5 Export performance and net foreign exchange collaborations   | <u>Exports</u> (FOB Value)<br><table><thead><tr><th><u>Year</u></th><th><u>Amount</u> (In Rs. Crores)</th></tr></thead><tbody><tr><td>2009-10</td><td>3.68</td></tr><tr><td>2010-11</td><td>2.90</td></tr><tr><td>2011-12</td><td>6.41</td></tr></tbody></table>   | <u>Year</u> | <u>Amount</u> (In Rs. Crores)      | 2009-10 | 3.68 | 2010-11 | 2.90  | 2011-12 | 6.41  |
| <u>Year</u>  | <u>Amount</u> (In Rs. Crores)  |             |                                    |         |      |         |       |         |       |
| 2009-10  | 3.68   |             |                                    |         |      |         |       |         |       |
| 2010-11  | 2.90   |             |                                    |         |      |         |       |         |       |
| 2011-12  | 6.41   |             |                                    |         |      |         |       |         |       |
| 6 Foreign Investments or Collaborators, if any.  | Nil  |             |                                    |         |      |         |       |         |       |

### **II. Information about appointee:**

- |                         |  |
|-------------------------|--|
| 1 Background details    | Sri C Bhaskar, B.Tech. (Chem.) with distinction, and a post-graduate from Indian Institute of Management, Calcutta, aged about 56 years, has extensive experience of 33 years in Consulting, Industry, Business and Financial Management including 5 years with Tata Sons Limited/Tata Economic Consultancy Services and 28 years with the businesses of Xpro India Limited. He has worked in areas of Corporate and Business planning, Market Research, Asset Revaluation, Diversification/Mergers/Acquisition/Disinvestment, Marketing, Operations and Factory Management, and as Divisional/Business Head. He has attended management development programmes at the Indian School of Business and other Institutions. |
| 2 Past remuneration     | <u>For the year 2011-12</u><br>Salary : Rs. 43.50 lacs;<br>Housing : Rs.4.05 lacs<br>Other Perquisites: Rs.6.16 lacs<br>Contribution to PF & Superannuation: Rs.6.22 lacs.   |
| 3 Recognition or Awards | Fellow of the Indian Plastics Institute; Member of Executive Committee & Treasurer of the Organisation of Plastic Processors of India; Member of committees of the Plastindia Foundation; Former Vice President of All India Plastic Manufacturers Association.  |

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## XPRO INDIA LIMITED : ANNUAL REPORT 2011/12

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- |   |   |  |
|---|---|--|
| 4 | Job Profile and its Suitability                             | He has been appointed as Managing Director & Chief Executive Officer subject to the superintendence, control and direction of Board of Directors, entrusted with substantial powers of management in respect of the whole of the affairs of the Company and shall perform such duties and exercise such powers as have been or may be entrusted to or conferred upon him by the Board from time to time. He has been associated with the business of the Company since 1984. Considering his background and experience, he is eminently suitable to continue to hold the position of Managing Director & Chief Executive Officer in the Company. |
| 5 | Remuneration proposed                                       | As per details contained in the Notice for the Annual General Meeting.   |
| 6 | Comparative remuneration with respect to Industry Standards | The proposed remuneration is in line with remuneration payable to the managerial personnel holding similar stature/position in the Industry.   |
| 7 | Any Pecuniary Relationship                                  | Besides remuneration, Sri C Bhaskar and his dependent family members hold 45,001 (0.40%) of Equity Shares of the Company.  |

### III. Other Information:

- |   |   |   |
|---|---|---|
| 1 | Reasons for loss or inadequate profit             | The Company has been consistently earning profits since inception and has a strong networth and effective capital in excess of Rs.165 Crores. Profit before tax for the year ended March 31, 2012 was Rs. 44.14 Crores. Profit at Rs.10.85 Crores as computed in accordance with Sec.349 was inadequate for the relevant purpose. This is seen as a temporary phenomenon largely due to market forces which resulted in lower selling prices for certain products and steep increases in raw material prices due to global volatility in petro product prices. With stabilization in the markets and correspondingly in our product selling prices profitability is expected to be restored to adequate levels. |
| 2 | Steps taken/ proposed to be taken for improvement |   |
| 3 | Projected Increase in productivity /profit        |   |

### IV. Disclosures:

The Remuneration details are given in the proposed resolution and Corporate Governance Report.

Except Sri C Bhaskar no other Director is interested in the resolution.

### **Item No. 8**

At the Extra-ordinary General Meeting held on September 12, 1998 the Board was authorised by Ordinary Resolution of Shareholders to borrow a sum not exceeding Rs.250 Crores (Rupees Two hundred and fifty crores only) from time to time. Keeping In view the growth plans and future fund requirements (including non-fund based facilities) it is considered necessary to increase the present borrowing powers. It is, therefore, proposed to obtain the consent of the members in terms of Section 293(1)(d) of the Companies Act, 1956 as mentioned in the resolution set out in the Notice. The Board of Directors recommends the resolution for your approval.

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

Registered Office :  
Barjora-Mejia Road, P.O. Ghutgoria,  
Tehsil: Barjora, Distt.: Bankura  
West Bengal 722 202  
April 26, 2012

By Order of the Board  
  
S.C. JAIN  
Company Secretary



## XPRO INDIA LIMITED : ANNUAL REPORT 2011/12

### REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

We have pleasure in presenting herewith our Annual Report together with the Audited Accounts of your Company for the year ended March 31, 2012.

#### FINANCIAL RESULTS

	<b>FY 2012</b>	<b>(Rs. Lacs)</b> <b>FY 2011</b>
<b>Revenue from Operations</b>		
- Continuing Businesses	<b>2,70,17.43</b>	2,40,72.45
- Discontinued Businesses ( <i>till Aug 18, 2011</i> )	<b>37,07.05</b>	97,80.00
	<b>3,07,24.48</b>	3,38,52.45
<b>Continuing Businesses resulted in a Profit before Depreciation and Tax of</b>	<b>18,57.47</b>	16,26.68
less : Depreciation	<b>11,54.44</b>	10,82.73
	<b>7,03.03</b>	5,43.95
<b>Discontinued Business (<i>till August 18, 2011</i>) resulted in a Profit before Depreciation and Tax of</b>	<b>3,41.62</b>	6,25.39
less : Depreciation	<b>88.05</b>	2,28.32
	<b>2,53.57</b>	3,97.07
	<b>9,56.60</b>	9,41.02
add: Exceptional items ( <i>profit from slump sale of discontinued business</i> )	<b>34,57.46</b>	-
<b>Profit Before Tax</b>	<b>44,14.06</b>	9,41.02
less : Provisions for		
- Income & Wealth Tax	<b>8,86.50</b>	1,80.00
- Deferred Tax	<b>2,18.00</b>	( 1,63.00 )
- Credit for MAT Entitlement	<b>( 70.00 )</b>	( 1,76.00 )
- Tax pertaining to earlier years	<b>18.56</b>	( 37.97 )
<b>Profit After Tax</b>	<b>33,61.00</b>	11,37.99
add : Surplus brought forward	<b>39,31.92</b>	32,38.44
Balance available for appropriation	<b>72,92.92</b>	43,76.43
Which is appropriated as :		
- General Reserve	<b>5,00.00</b>	1,80.90
- Proposed Dividend	<b>2,92.09</b>	2,26.82
- Dividend Tax	<b>47.50</b>	36.79
- Surplus carried forward	<b>64,53.33</b>	39,31.92
	=====	=====

The presentation above is a summary of the financial results. In view of newer accounting standards applicable to financial statements, particularly presentation relating to discontinued business, it is suggested that due care be exercised by readers in evaluating the businesses, financials and any comparisons with earlier periods.

Considering improved profits and extraordinary income, and applying prudent discretion particularly in view of investments being undertaken, we recommend for your approval a Dividend of Rs.2.50 per share.

**REVIEW OF KEY BUSINESS MATTERS**

The optimism of the early part of the year, following a GDP growth @8.4% during previous two years, gave way to revised estimates projecting a lower growth @6.9% primarily due to lower industrial production; the Indian economy battled challenges including but not limited to forex volatility and managing price stability. Additional pressures stemmed from a deteriorating global scene, European debt crises and its possibility of impact on financial markets. Domestic constraints of inflation, rising interest and costs and general negative sentiment affected customer confidence. However, despite this largely negative background the Company's operating results improved and should be considered generally satisfactory. But our optimism remains cautious due to uncertainties arising from volatile markets and sentiment, inflation and high financial costs.

Total Sales were Rs. 307.24 Crores. Gross Profit from continuing businesses improved by 14% to Rs.1857.47 lacs despite marginal fall in volume from 21,887 MT to 20,453 MT. Profits from Discontinued Business were higher on pro-rata basis. Performance is dealt with in greater detail in the Managements' Discussion & Analysis Report.

The year witnessed material progress in strategic initiatives of the Company, particularly completion of sale of the Thermosets Division at Ranjangaon (manufacturing Thermoset Moulding Powders & Synthetic Resins) in an all-cash transaction on a going concern and slump sale basis. Completion of merger of erstwhile subsidiary Blix Specialty Films Private Limited was informed in our last Report. The proceeds from the above sale, after tax and partial reduction of debt, are supplementing finances for growth and expansion of core businesses.

Our strategic intent for BOPP and Cast films is towards specialization in certain types of films (including thin, dielectric, hygiene and metalized films). The plants at Barjora and Pithampur both concentrate on thin BOPP Films for special applications and the Company remains the only indigenous producer of such films; both plants operated at high utilization levels. Considering the sustainable potential in domestic and export markets, and the capabilities of the Company, capacity enhancement had been proposed and implementation is proceeding on schedule.

After years of sustained growth the consumer durables industry - particularly Refrigerators (a significant client base for the Company) turned in a negative growth performance, affecting off-take of sheets and liners. However this seems to be only a phase, as the industry continues to have good prospects going forward; to meet future needs capacities at Greater Noida and Ranjangaon were enhanced. Coex facilities at Ranjangaon are being systematically moved to a neighbouring location, as sale of Thermoset Division included the area where these were operating.

Employees Stock Option ("ESOP") Schemes are implemented in accordance with SEBI Guidelines. Details of options granted and outstanding along with other particulars, as required, are annexed hereto.

**STATUTORY AND OTHER MATTERS**

Information as per the requirements of the Companies Act, 1956, our report on Corporate Governance and the Managements' Discussion & Analysis Report form a part of this Report and are annexed hereto. Section 217(2A) of the Act is not applicable as there were no relevant employees during the year. As per General Circular No.2/2011 of February 8, 2011 issued by the Ministry of Corporate Affairs, the Board has consented by resolution for not attaching balance sheets and other statements of the subsidiary companies, i.e., Xpro Global Limited and Xpro Global Pte. Ltd., Singapore. Financial highlights in terms of the said notification are annexed. Shareholders of the holding company may obtain, free of cost and upon request, hard copies of annual accounts and related information of subsidiaries. A copy of these annual accounts shall be kept open for inspection by shareholders at the Registered Office of the Company and of the subsidiary companies.

Relations with employees were generally cordial, and we record our appreciation of contributions made by employees during the year. Specific mention is also made of the long and dedicated service by employees of the erstwhile Thermosets Division and whose services transferred with continuity to the buyer company.

Sri Utsav Parekh, Director, retires by rotation and being eligible offers himself for reappointment. Sri Amitabha Ghosh also retires by rotation but is not seeking reappointment due to personal reasons. The Board places on

## **XPRO INDIA LIMITED : ANNUAL REPORT 2011/12**

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record its deepest appreciation of the valuable guidance and services rendered by Sri Amitabha Ghosh during his association with the Company as an Independent Director almost since inception. The Board re-appointed Sri C Bhaskar, Managing Director & Chief Executive Officer, in the said position for a period of three years from January 1, 2012 (subject to necessary approvals including that of the shareholders).

The Company, having regard to its size and scope, is generally compliant with relevant voluntary guidelines on Corporate Social Responsibility (CSR). The Board has also constituted a committee to mentor and monitor CSR activities. Small steps have been always taken by our plants for social and inclusive development in their local areas; however given their relatively small size and geographical spread it has not been practical to undertake directly any significant projects outside these. The Company has accordingly budgeted for and adopted a policy to support external bodies including relevant bodies, NGOs or Government Relief Funds selected by the Board, including through financial contribution to them.

During the year the Company also established the "Sri S.K. Birla Chair" Professorship at the Birla Institute of Technology & Sciences, Pilani as one of the early Chairs established at this renowned institute, to promote and recognise contribution to teaching and research; an appointment has since been made by the institute.

The CEO and CFO have certified as per requirements of Clause 49(V) of the Listing Agreement, which has been reviewed by the Audit Committee and taken on record by the Board. Having taken reasonable and bonafide care, pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors indicate that (i) in the preparation of the annual accounts the applicable accounting standards had been followed along with proper explanations relating to material departures; (ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year; (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and (iv) the directors had prepared the annual accounts on a going concern basis.

### **AUDITOR'S OBSERVATIONS**

The observations of the Auditors are in the nature of general disclosures which read together with the accounting policies and the relevant notes to the accounts are self-explanatory.

### **AUDITORS**

The Auditors M/s Deloitte, Haskins & Sells, Chartered Accountants, retire, and being eligible offer themselves for reappointment.

### **ACKNOWLEDGEMENTS**

We place on record our sincere appreciation of the valuable cooperation and support received at all times by the Company from all its Bankers, particularly the lead bank, State Bank of India, all concerned Government/other authorities and Shareholders.

**For and on behalf of the Board**

New Delhi  
April 26, 2012

**Sidharth Birla**  
Chairman

**REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE**

The Board has adopted, and is committed to adopting, its corporate governance obligations under relevant regulations, listing agreement and laws as well as best practices relating thereto. The Board believes that good governance is voluntary and self-disciplining, with the strongest impetus coming from Directors and the management itself, and ultimately leads to enhancement of value for all stakeholders. The management and organization at Xpro India Limited aims to be progressive, competent and trustworthy, creating and enhancing value for stakeholders and customers, while reflecting and respecting the best of Indian values in conduct. The Board lays significant emphasis on integrity, transparency and accountability.

**THE BOARD OF DIRECTORS**

***Composition***

The Board consists of 9 Directors, of whom 5 are independent and 4 are non-executive. At its strictest, current regulations require that at least 50% of the Directors should be independent; this criterion is met. As per SEBI Regulations an independent Director will be one who (a) does not have any material pecuniary relationships or transactions with the Company, its Promoters, Directors, Senior Management (this comprises all members of management one level below Executive Directors, including all functional heads) or its holding company, its subsidiaries and associates; (b) is not related to Promoters or persons occupying management positions at the Board level or at one level below the Board; (c) has not been an Executive of the Company in the immediately preceding 3 financial years; (d) is not a Partner or an Executive or was not a Partner or an Executive during the preceding 3 years of Statutory Audit or Internal Audit Firm associated with the Company and legal firm(s) and consulting firm(s) that have a material association with the company; (e) is not a material supplier, service provider or customer or a lessor or lessee of the Company; (f) is not a substantial shareholder of the Company i.e. owning 2% or more of the voting power; and (g) is not less than 21 years of age. Our Board has 5 independent Directors (i.e. 56%) viz. Sri Amitabha Ghosh (formerly a Banker and Deputy Governor of Reserve Bank of India), Sri P. Murari (IAS retired, formerly Secretary to the Govt. of India), Sri Utsav Parekh (Merchant Banker), Sri S. Ragothaman (company director, formerly senior officer at ICICI) and Sri Amitabha Guha, a Banker. Sri Haigreave Khaitan, Advocate, even though meeting the criteria for independence is a Partner at Khaitan & Co., Solicitors, who act for the Company from time to time; thus as a measure of prudence he has not been included in the calculation of independent directors for purposes of regulations.

Independent Directors play an important role in deliberations at the Board level, bring with them their extensive experience in various fields including banking, finance, law, administration and policy, and contribute significantly to Board committees. Their independent role vis-à-vis the Company implies that they have a distinct contribution to make by adding a broader perspective, by ensuring that the interests of all stakeholders are kept in acceptable balance and also in providing an objective view in any potential conflict of interest between stakeholders. The Chairman and non-executive directors review the functioning and effectiveness of the Board and the attendance record of directors every year. As a policy the identities, positions, duties and responsibilities of the Chairman and Chief Executive Officer are kept separate and suitably defined. Accordingly the Chairman's position, even where whole-time, is non-executive in nature as his role is specified by the Board and does not cover routine managerial responsibilities. The management of the Company is vested in executive director(s) appointed for the purpose, subject to the general supervision, control and direction of the Board. Sri C Bhaskar is the Managing Director & Chief Executive Officer accountable to the Board for actions and results and is the only executive director. Sri Sidharth Birla and Smt. Madhushree Birla represent promoters and are related to each other; none of the other Directors are related to each other or to promoters. Details of Directors are given below by category, attendance, directorships ("B"), membership and chairmanship ("C" & "Ch") of SEBI specified committees, sitting fees (including committees) and commission (if any) paid during the year, and shareholding in the Company on March 31, 2012.

As required by law, the appointment(s) and remuneration(s) of any executive directors and of the Chairman (if whole-time) requires the approval of shareholders; such approvals are for a period of not more than 5 years and, when eligible, they can be re-appointed at the end of the term. 1/3<sup>rd</sup> of the other Directors retire every year and, when eligible, qualify for re-appointment. Nominees of Financial Institutions (if any) do not usually retire by

## XPRO INDIA LIMITED : ANNUAL REPORT 2011/12

rotation. The Board has chosen not to, in the usual course, propose appointment or re-appointment of a Director or Executive Director who has completed 80 & 65 years of age respectively. Specified details are provided for Director appointment/re-appointment.

Director / Category	Attendance	B / C / Ch	Fees/Commission (Rs.)	Shareholding
<b><u>Independent</u></b>				
Sri Amitabha Ghosh	5 / 5	15 / 5 / 5	1,20,000	28,500 (0.25%)
Sri Amitabha Guha	5 / 5	6 / 2 / -	1,00,000	-
Sri P. Murari	3 / 5	10 / 4 / 2	1,25,000	-
Sri Utsav Parekh	4 / 5	7 / 5 / 1	1,90,000	28,500 (0.25%)
Sri S. Ragothaman	4 / 5	7 / 3 / 3	1,55,000	31,993 (0.28%)
<b><u>Non-Executive</u></b>				
Sri Haigreve Khaitan	1 / 5	17 / 9 / -	20,000	28,500 (0.25%)
<b><u>Representing Promoters</u></b>				
Smt. Madhushree Birla	3 / 5	6 / - / -	60,000	-
Sri Sidharth Birla	5 / 5	10 / - / -	Nil	2,01,875 (1.78%)
<b><u>Executive (Managing Director)</u></b>				
Sri C Bhaskar	5 / 5	6 / 1 / -	Nil	45,001 (0.40%)

*Sri Sidharth Birla & Sri C Bhaskar are both employed by the Company; Sri Haigreve Khaitan is Partner of Khaitan & Co., to which legal and other fees etc., of Rs.25,06,090 was paid during the year.*

### **Responsibilities**

The Board's fundamental concentration is on strategic issues and approval, policy and control, and delegation of powers. The Board has specified a schedule of major matters (covering those required under law or regulations) that are reserved for its consideration and decision, besides review of corporate performance and reporting to shareholders. Respective roles of the Board and management are clearly demarcated. The management is required to (a) provide necessary inputs and basis to support the Board in its decision making and evaluation process in respect of the Company's strategy, policies, targets and code of conduct; (b) manage day-to-day affairs of the company to best achieve targets and goals approved by the Board; (c) implement all policies and the code of conduct, as approved by the Board; (d) provide timely, accurate, substantive and material information, including on all financial matters and exceptions, if any, to the Board and/or its committees; (e) be responsible for ensuring strict and faithful compliance of all applicable laws and regulations; and (f) implement sound, effective internal control systems and the Risk Management Procedure framed by the Board. The Board has laid down a general Code of Conduct for employees and adopted a Code of Conduct for Directors and Senior Executives. The Board requires the organization to endeavor to conduct business and develop relationships in a responsible, dignified and honest way and these codes aim to establish the policy framework. The Board has also laid down a Code of Conduct for Prevention of Insider Trading, administered by the Compliance Officer. Management of the organization and conduct of affairs of the Company lie with the Managing Director & Chief Executive Officer, who heads the management team. The President & Chief Operating Officer holds operational responsibility for day-to-day activities of the divisions under his charge. The Joint President & Chief Financial Officer, heads the finance function discharging the responsibilities entrusted to him under regulations and by the Board. They are collectively entrusted with ensuring that all management functions are carried out effectively and professionally.

### **BOARD MEETINGS AND COMMITTEES**

Board meetings are normally held at Company offices, including at plants, and are typically scheduled well in advance. The Board meets at least once after the end of each quarter to, inter-alia, review all relevant matters and consider and approve quarterly financial results. The Board sometimes meets on an ad-hoc basis to receive presentations about and deliberate upon the strategic and operational plans of the management. Agenda for all meetings are prepared by the Secretary in consultation with the Chairman and papers are circulated to all directors in advance. Directors have access to the Secretary's support and all information of the Company and are free to suggest inclusion of any relevant matter in the Agenda. Senior officers are called to provide clarifications or presentations whenever required. To enable fuller and detailed attention to relevant matters, the Board delegates

specified matters to committees which report to it. However no matter which under law or the Articles may not be delegated by the Board, or requires its explicit approval, is left to the final decision of any committee. During the year the Board met 5 times on April 29, June 20, August 10, November 10, 2011, & February 7, 2012.

***Audit Committee***

The terms of reference of the Audit committee, as specified by the Board in writing, includes the whole as specified in the Companies Act and in regulations, including review of audit procedures and techniques, financial reporting systems, internal control systems and procedures besides ensuring compliance with relevant regulatory guidelines. The committee members are all independent directors collectively having skills and requisite knowledge in finance, accounts and company law. The committee recommends the appointment of CFO, as and when required, external and cost auditors and their fees and payments and also takes an overview of the financial reporting process to ensure that the financial statements are correct, sufficient and credible. Any financial reports of the Company can be placed in the public domain only after review by the Audit committee. The reports of the statutory as well as internal auditors are regularly reviewed, along with comments and action-taken reports of management. The committee has explicit authority to investigate any matter within its terms of reference and has full access to the information, resources and external professional advice which it may require. The committee comprises Sri S. Ragothaman (as its Chairman), Sri Utsav Parekh and Sri P. Murari, and is mandated to meet at least four times in a year to assess the final audited accounts and to review each quarter the limited review reports before they are put up to the Board. The committee met 5 times during the year. The meetings on April 29 and August 10, 2011 were attended by all members while the meetings of June 16 and November 10, 2011 were attended by Sri S. Ragothaman and Sri Utsav Parekh and that of February 7, 2012 was attended by Sri P. Murari and Sri Utsav Parekh.

***Remuneration & Nomination Committee***

The Remuneration & Nomination Committee comprises of a majority of independent directors. It makes recommendations to the Board on filling up Board vacancies that may arise from time to time or on induction of further directors to strengthen the Board. The Committee is entrusted with discharging the functions of a Compensation Committee as envisaged in SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The committee is fully enabled to ensure that non-executive directors make decisions on remuneration and progression of executive directors and is able to assess the same for senior officers; remuneration of the Chairman is recommended by the Committee to the Board of the Company and compensation to other non-executive Directors is a subject only for the whole Board. The committee comprises of Sri P. Murari, (as Chairman), Sri Sidharth Birla, Sri Amitabha Ghosh and Sri Utsav Parekh. The Committee met twice during the year, with the meeting of April 29, 2011 attended by all members and that of November 10, 2011 was attended by Sri Amitabha Ghosh, Sri Sidharth Birla and Sri Utsav Parekh.

All directors other than the Chairman and any executive director(s) are paid sitting fees for meetings of the Board or its committees attended: Rs.20,000 each per meeting of the Board, Rs.20,000 each per meeting of the Audit Committee (with effect from August 10, 2011 as against Rs.15,000 per meeting paid earlier), Rs.5,000 each per meeting of the Share Transfer & Shareholders/Investor Grievance Committee and Rs.10,000 each per meeting for other committees. No fee is envisaged for meetings of the CSR Committee. Shareholders have approved the payments of (i) a commission for non-executive directors with effect from April 1, 2007 not exceeding 1% of the net profits of the Company determined in accordance with relevant provisions of the Companies Act; (ii) a remuneration to Sri Sidharth Birla, Chairman, re-appointed by the Board of Directors with effect from March 1, 2011 for 3 years, by way of a Salary (Rs.4.00 lacs per month), commission (not exceeding 2% of net profits), housing facility or allowance in lieu thereof (upto 60% of salary) and other perquisites (in aggregate subject to minimum remuneration of Rs.4 lacs per month as per the Companies Act); (iii) a remuneration to the Managing Director & Chief Executive Officer, Sri C. Bhaskar, re-appointed with effect from January 1, 2012 for 3 years (subject to Shareholders' Approval), comprising of salary, commission (not exceeding 2% of net profits), perquisites and other benefits/allowances as may be decided by the Board from time to time, subject in aggregate to a maximum of 5% of the net profits of the company as per relevant calculation (in aggregate subject to minimum remuneration of Rs.4 lacs per month) or such higher sum as may be permitted pursuant to an application to the Central Government or vide any statutory modification or re-enactment). Accordingly he is now paid a salary of Rs.4.25

## **XPRO INDIA LIMITED : ANNUAL REPORT 2011/12**

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lacs per month and perquisites (subject to Central Government & Shareholders approvals). There are no severance fees (routine notice period not considered as severance fees) or other benefits.

### ***Share Transfer & Shareholders/Investors Grievance Committee***

This committee reviews, records and helps expedite transfer of shares and resolves and attends to any grievances of Investors. The Company has about 46,000 shareholders and the committee meets frequently throughout the year to minimize any delays in the transfer process. Any investor grievance is referred to this committee in the first instance for early resolution. Sri S.C. Jain, Secretary, is the Compliance Officer under relevant regulations. This committee is chaired by Sri Utsav Parekh and includes Sri Haigreve Khaitan and Sri C. Bhaskar. During the year 73 complaints/queries were received; all were resolved and none are pending.

### ***Committee of Directors***

A Committee of Directors comprising of Sri Sidharth Birla, Sri Utsav Parekh and Sri C. Bhaskar attends to matters specified and/or delegated appropriately by the Board from time to time. During the year the Committee met on May 7 and June 6, 2011 attended by Sri Sidharth Birla and Sri C. Bhaskar.

### ***Corporate Social Responsibility ("CSR") Committee***

The Board of Directors have during the year constituted a Corporate Social Responsibility ("CSR") Committee, in line with the provisions of The Companies Bill, 2011 recently introduced in Parliament although not yet enacted, to (i) formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company; (ii) recommend the amount of expenditure to be incurred on such activities and (iii) monitor the implementation of the said CSR Policy from time to time. The Committee comprises of Smt. Madhushree Birla, as Chairperson, Sri P. Murari and Sri C Bhaskar, as members. Sri H. Bakshi, President & Chief Operating Officer of the Company shall be management invitee at the meetings of the CSR Committee.

## **SHAREHOLDER INFORMATION AND RELATIONS**

The principal source of detailed information for shareholders is the Annual Report which includes, inter-alia, the Reports of the Directors and the Auditors, Audited Accounts, besides this report and Managements' Discussion & Analysis Report. The Management's statement on integrity and fair presentation of financial statements is provided to the Board as part of the accounts approval process. Shareholders are intimated through the print media about quarterly financial results, besides significant matters, within time periods stipulated from time to time by Stock Exchanges. Annual General Meetings of the Company are held at its Registered Office at Barjora-Mejia Road, P.O. Ghutgoria, Tehsil: Barjora, District: Bankura 722202, West Bengal. The last 3 AGMs were held at the Registered Office on July 23, 2009 July 22, 2010 & August 11, 2011. The next AGM shall be held at the Registered Office as per notice in this Annual Report and the Record Date will also be as per the notice. The last AGM was attended by Sri S. Ragothaman, Sri Amitabha Guha and Sri C Bhaskar. Dividend was paid last year and warrants were mailed by August 20, 2011 (9 days after AGM). Dividend for the current financial year will be payable on August 3, 2012. The Company keeps shareholders informed via advertisements in appropriate newspapers of all relevant dates and items requiring notice. M/s MCS Limited, New Delhi are the Registrar and Share Transfer Agents. The general address for correspondence by shareholders is the Company Secretary (Tel. No.(033) 30573700; extn. 1267) at Birla Building (2<sup>nd</sup> Floor), 9/1, R.N. Mukherjee Road, Kolkata 700 001; designated e-mail ID for grievance redressal is scjain@xproindia.com (of Compliance Officer) and admin@mcsdel.com or mcscomplaintsdel@mcsdel.com (of Registrar and Share Transfer Agents). Shareholders may also write to the Registrars directly in matters relating to transfers etc. The Company publishes its quarterly results in English (usually Business Standard - all editions) and relevant vernacular print media (usually Aaj Kal) and shall continue to do so, and hold its Annual General Meetings and pay dividends (if any) within time limits prescribed by law or regulations. The Company's web-site where relevant information is displayed is at [www.xproindia.com](http://www.xproindia.com). No presentation has been made to institutional investors etc. The present financial year of the Company is April 1 to March 31. The Company's Equity Shares are listed at Calcutta Stock Exchange (Stock Code 10034003), the National Stock Exchange (Symbol: XPROINDIA, Series EQ) and are also admitted for trading on the Bombay Stock Exchange under the category of "Permitted Securities" (Stock Code 590013). The shares are to be compulsorily traded in dematerialized form (ISIN number INE 445C01015). A recent amendment in the Listing Agreement(s) of the Stock

## XPRO INDIA LIMITED : ANNUAL REPORT 2011/12

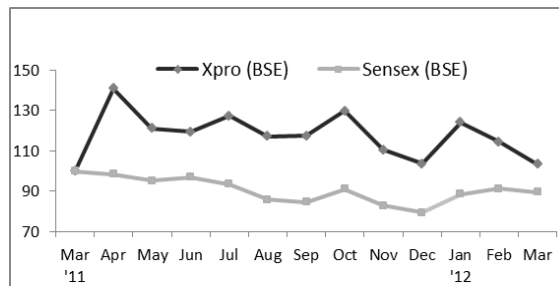
Exchanges, requires the company to transfer unclaimed shares issued in physical form pursuant to public/any other issue to a dematerialized Unclaimed Suspense Account. The Company's Registrar & Share Transfer Agents have initiated steps to compile the details of shareholders whose physical shares are still unclaimed following past re-organization of equity capital and bonus issue and to send reminders to such shareholders. Upon determining the final list of such unclaimed shares, the Company will take steps to dematerialize the same as required and publish the required details in its Annual Report. Shareholding distribution, pattern and high/low market price data are given below. The shares were not traded on the Calcutta Stock Exchange during the year.

Type of Shareholder	Nos.	In % by amount	Nominal Value of Shareholding	Nos.	In % by amount
Banks, FI's, Insurance Companies	19	0.83			
Domestic Companies	475	50.00	Upto Rs.5,000	44,649	16.48
Mutual Funds (including UTI)	6	0.09	Rs.5,001 to Rs.20,000	951	8.53
Non-residents/OCBs	120	0.86	Rs.20,001 to Rs.1,00,000	257	9.47
Resident individuals/others	45,298	48.22	Rs.1,00,001 and above	61	65.52
	<b>45,918</b>	<b>100.00</b>		<b>45,918</b>	<b>100.00</b>

Note: aggregate of Public shareholding: 53.21%

Share Price by Month	NSE		BSE	
	High	Low	High	Low
April 2011	68.95	45.05	68.70	45.10
May	67.65	48.30	67.50	48.40
June	58.30	50.60	58.20	50.40
July	64.70	50.25	64.25	50.50
August	60.25	48.50	61.00	48.20
September	58.40	49.10	58.70	50.10
October	63.25	49.15	63.40	48.50
November	66.30	45.60	62.50	45.55
December	59.50	45.10	58.85	45.00
January 2012	58.85	44.75	58.95	44.75
February	63.40	49.05	63.50	48.65
March	51.15	43.80	51.15	43.75
<b>During the Financial Year</b>	<b>68.95</b>	<b>43.80</b>	<b>68.70</b>	<b>43.75</b>

**Equity Share Performance Compared to BSE Sensex**  
(Based on Month-end Price / Sensex)



### MANDATORY AND NON-MANDATORY PROVISIONS

There have been no material transactions of the Company with its promoters, Directors or the management, their subsidiaries or relatives etc., except for transactions of routine nature as disclosed in the notes on accounts. Accordingly there have been no potential conflict(s) with the interests of the Company.

There has been no instance of non-compliance by the Company, nor any strictures or penalties imposed by the Stock Exchange or SEBI or any Statutory Authority on any matter related to capital markets. All mandatory requirements (except where not relevant or applicable) of the SEBI regulations have been adopted. Of the non-mandatory suggestions, those relating to a Chairman's Office, the Remuneration Committee, audit qualifications, training of board members, and mechanism for evaluation of non-executive board members, have been adopted. A postal ballot system (except where compulsory under the Companies Act), whistle blower policy, tenure of Independent Directors of nine years in the aggregate and that of sending six-monthly information to each shareholder household have not been adopted. This Report also represents the Company's philosophy on corporate governance. Auditor's certification as required forms a part of this Annual Report.

**For and on behalf of the Board**

New Delhi  
April 26, 2012

**Sidharth Birla**  
Chairman



## **XPRO INDIA LIMITED : ANNUAL REPORT 2011/12**

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### **AFFIRMATION OF COMPLIANCE WITH THE CODE OF CONDUCT FOR DIRECTORS AND SENIOR EXECUTIVES**

I declare that the Company has received affirmation of compliance with “Code of Conduct for Directors and Senior Executives” laid down by the Board of Directors, from all the Directors and Senior Management personnel of the Company, to whom the same is applicable, for the financial year ended March 31, 2012.

New Delhi  
April 26, 2012

**C. Bhaskar**  
*Managing Director & Chief Executive Officer*

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### **AUDITORS’ CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of  
Xpro India Limited

We have examined the compliance of the conditions of Corporate Governance by **Xpro India Limited** for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company’s management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Registration No. 117365W)

New Delhi  
April 26, 2012

**Gaurav J Shah**  
*Partner*  
Membership No. 35701

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**MANAGEMENTS' DISCUSSION & ANALYSIS REPORT**

We have pleasure in submitting the Managements' Discussion & Analysis Report ("MDA") on the Company's businesses. We have attempted to include discussions on all specified matters, to the extent relevant or within limits that in our opinion are imposed by the Company's competitive position. The year under review was one of significant pressures, including due to the global economic turmoil, natural disasters in Asia, political turmoil in the Middle East, and debt crisis in Europe. Indian GDP growth rate slowed to 6.9% (after two consecutive years at 8.4%) quickly reversing the optimism of last year. Rising interest rates and energy (oil and power) costs were key performance deterrents during the year.

Several significant steps were successfully implemented during the year towards our strategic direction including (a) commencing work on the new Dielectrics Film project at Biax Division, Barjora, West Bengal; (b) procurement of suitable land for relocation of Coex activities at Ranjangaon; (c) completion of transfer of the Thermosets Division in terms of the Business Purchase Agreement; and (d) amalgamation of wholly owned subsidiary, Biax Speciality Films Private Limited which has provided synergistic advantages due to steps towards rapid improvement in the unit's performance and (e) expansion of sheet extrusion and thermoforming capacity at both of Coex Division's Greater Noida and Ranjangaon units.

The Company achieved improved financial performance. Production quantities in continuing businesses were marginally lower at aggregate 20,453 MT against 21,887 MT last year. Production in the now discontinued Thermosets business at 3,154 MT (until the transfer date of August 18, 2011) was about 14% lower on a pro-rata basis, reflecting a prudent approach near the business transfer date. Gross sales were Rs.307.24 Crores of which continuing businesses accounted for Rs.270.17 Crores (higher by about 12.5% over last year). Profit before Depreciation from continuing businesses at Rs.1857.47 lacs was also higher by 14% over last year (Rs.1626.68 lacs). Depreciation was lower basically due to sale of discontinued business and together with the Exceptional income of Rs.3457.46 lacs, Profit Before Tax was Rs.4414.06 lacs.

These improved results were achieved in the face of volatile input prices, depressed margins and a competitive environment, balanced by efforts towards cost control and productivity enhancements. We believe that all our businesses are backed by necessary skills and expertise; our core competency can be seen to lie in the extrusion field, particularly coextrusion. Our financial performance is generally representative of competitiveness in our core operations and quality of products and services.

**Company and Industry Structure**

Company operations are focused in our segment of core competence viz. Polymers Business and following disposal of the Thermosets Division structured into 2 operating Divisions. Each operating division has been kept self-sufficient managerially to perform its own duties and functions, with support provided at a corporate level as and when required. A summary of performance is given below.

POLYMERS BUSINESS <i>(net of inter-unit adjustments)</i>	2012		2011	
	Production MT	Sales Rs. Lacs	Production MT	Sales Rs. Lacs
<b>Continuing businesses</b>				
Biax Division	3,573	81,89	3,889	71,02
Coex Division	16,880	188,28	17,998	169,70
	20,453	270,17	21,887	240,72
<b>Discontinued Business</b>				
Thermosets Division <i>(till August 18, 2011)</i>	3,154	37,07	9,486	97,80
		307,24		338,52

The industry structure in the field of polymers processing is spread wide, from miniscule to fairly large capacities. There is no direct thumb-rule in terms of "size vs. profitability" and it is possible for players to work out their own viable economics depending upon various factors, mainly a combination of product mix and market segment or niche. Supply chain linkages to clients play an additional role for some. Since polymers are freely available at prices synchronized to global prices, market focus besides technical and service competence has been the key to success.

## **XPRO INDIA LIMITED : ANNUAL REPORT 2011/12**

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It is fair to say that the Company is a mid-sized player with significant strengths in its market segments, but remains subject to usual market pressures. In the overall, the Company's operations are relatively capital intensive; raw material and power constitute the largest proportions of direct costs. We believe that opportunities are substantial both in terms of market growth and product diversity and that threats from replacement products are not significant. The main raw materials used by the Company are Thermoplastic Resins (such as Polypropylene, Styrenic Polymers and LD/LLD Polyethylene, etc.).

We firmly recognize that total customer satisfaction is the key to our success. Our aim is to build sound customer relationships through creation of value for them, and in the process earn an equitable return for ourselves. Quality is built into products through appropriate manufacturing technology and work methods. Manufacturing at all units is carried out by suitably qualified personnel under strict quality standards. Continuous product development for specific applications has helped us in proactively developing technically sustainable solutions with clear customer benefits. Quality Systems at all manufacturing units are certified under relevant ISO 9001:2008 standards.

### ***Biax Division***

Biax Division manufactures a range of coextruded Biaxially Oriented Polypropylene ("BOPP") Films and Dielectric Films on sophisticated, automated production lines, having multipurpose use in applications ranging from food packaging to specialized films for use in electronics, besides being used for print lamination, cigarette overwraps, adhesive tape etc. Per capita consumption of packaging products in the Asia-Pacific markets remains well below that of Europe and North America, signifying good potential. Flexible packaging in India has been developing and driven by prevailing low consumption of flexible packaging in India in line with changing consumption patterns for packaged food & other convenience products and trends in retail. With BOPP films constituting a significant input into this space and with development of new applications, the oriented films market in India continues to grow at a rapid pace, significantly higher than the global growth rate. In this backdrop, Indian BOPP industry continues to also grow encouraging sizable investment by existing players and new entrants. With fall in export markets, and creation of substantial capacity for packaging films, domestic markets for these are highly competitive. Volatility in input prices, anti-dumping duty and seasonal swings compound matters. Our focus however remains dedicated within our core strengths to special products and niche markets, largely thin films for specialized electrical applications, which together with consistent high quality and service standards enabled us to maintain near full capacity utilization with our products continuing to be well received at home and abroad. Our strategic intent for BOPP films remains directed towards thin and dielectric films and the Company has commenced work on capacity expansion. Our plants continued to operate profitably and total production during the year was 3,573 MT (not directly comparable with 3,889 MT last year due to production of thinner films). Steep increases in power tariff with retrospective effect in Bengal were a cause for concern.

### ***Coex Division***

Coex Division manufactures coextruded sheets, thermoformed refrigerator liners and coextruded cast films. Our products are usually custom-made to customer needs and based on various polymers including Polystyrene, PP and PE. Applications for our product range are wide, including sheets for refrigerator liners, disposable containers, automotive parts, etc. Cast films are high clarity films including stretch wrap and cling, specially formulated films for medical disposables, hygiene films, and others for packaging. The consumer durables segment experienced the worst year in recent times and the refrigerator sector, the division's major market segment, was no exception. This set-back is seen as temporary and a return to normalcy is expected. We continue to be the leading supplier of sheets to the white goods industry through consistent focus on product quality, development and superior service, which have also been recognized by major customers. In the cast films segment, our focus has been on special films and continuous innovation. Reflecting market circumstances and our own standing, the total production of sheets, including as liners, (adjusted for inter-unit transfers) and cast films at this division at 16,880 MT during the year was marginally lower (~6%) than during the previous year (17,998 MT). In keeping with strategic direction to arrest the decline of viability at Faridabad, focus at this location was on production of only cast films pending other steps to evolve new solutions. During the year, the Company enhanced capacity at Ranjangaon through addition of a fully automated thermoforming line to meet specific additional requirements from its customers. Further addition to sheet extrusion capacity to keep pace with planned growth in refrigerator sector is on the anvil.

***Thermosets Division***

As stated in the Report for the previous year, the Company had examined, keeping in view all relevant factors, various options and based on careful consideration, it was considered in the best interests to exit the Thermosets business completely at appropriate valuations and following discussions with more than one possible party, the Company had identified and negotiated the terms and conditions for transfer of the Division as a going concern. Following receipt of all necessary approvals the transfer against cash consideration was completed on August 18, 2011 and the business discontinued by the Company thereafter.

**OTHER MATTERS**

***Environment and Safety***

We firmly believe that safe and healthy working conditions in factories and other premises are as necessary and important as production, productivity and quality. Our policy requires conduct of activities to take foremost account of health and safety of all concerned, besides conservation of natural resources and protection of the environment to the extent possible.

***Human Resources***

Employees represent our greatest asset and potential. It is only through motivated, creative and business-minded employees that we can achieve our aims. Involvement, commitment, teamwork and updating of skills and knowledge are integral to our objectives of advancing a professional, productive culture. Permanent employment now totals 355 (including employees on extended contract), of which officers and staff account for 205 and workmen for the balance (last year 515 and 296 respectively). The substantial reduction in employment is due to employees of discontinued business having been transferred with continuity to the buyer.

***Others***

There are no further or typical areas of risks or concerns outside the usual course of business foreseeable at this time. Our primary manufacturing processes (including extrusion) are well established and our focus remains on process and efficiency improvements, and product & application development to provide a competitive edge. Internal control systems have been found to be adequate and are continuously reviewed for improvements. Our team is committed to the Board's dictates on standards of conduct as well as good governance and exercise of due diligence. We have taken all care to comply with applicable laws and regulations. Overall financial performance is in line with and reflective of operational performance. Liquidity constraints with customers impose cash flow and interest burdens. The coming year will see a slow recovery of economies all around the world. Constituents of the Indian economy are expected to perform better, with consumer goods outperforming. There are uncertainties – political, economic and climatic, but our outlook continues to remain one of cautious optimism. Our sincere thanks are due to all employees and teammates whose dedicated and hard work allowed results to be achieved. We are grateful to all our Bankers and all concerned Authorities for their continued support, and to all our customers for their faith and confidence. We remain committed to fullest customer satisfaction.

**CAUTIONARY STATEMENT**

Statements in this Report which seek to describe the Company's objectives, projections, estimates, expectations or predictions may be considered to be "forward-looking statements" within the meaning of applicable securities laws or regulations. Actual results could differ materially from any expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand-supply conditions, finished goods prices, feedstock availability and prices, power tariffs, cyclical demand and pricing in the Company's markets, changes in Government regulations, tax and tariff regimes, economic policies and developments within India and countries with which the Company conducts business besides other factors including but not limited to natural events, litigation and labour negotiations.

**For and on behalf of the Management Team**

New Delhi  
April 26, 2012

**C. Bhaskar**  
*Managing Director & Chief Executive Officer*

## **XPRO INDIA LIMITED : ANNUAL REPORT 2011/12**

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### **ANNEXURE TO THE DIRECTORS' REPORT**

(Information as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988)

#### **A. CONSERVATION OF ENERGY :**

- (a) Energy Conservation measures taken:
  - Maintenance of near unity Power Factor; Installation of capacitors to improve PF
  - Use of natural lighting, wherever feasible
  - Use of fan-less cooling tower
  - Use Energy efficient chiller system
  - Re-scheduling of bag-filter change cycle
  - Modification of air washer system to save water and power
  - Use of process cooling water in place of chilled water
  - Descaling of chill rolls
- (b) Additional Investment and Proposals, if any, being implemented for reduction of consumption of energy:
  - Solar energy sources / Energy efficient lamps for general lighting applications
  - Replace DC Motors and drives with AC Motors in some areas
- (c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:
  - Financial impact not quantified
- (d) Total Energy Consumption and Energy:
  - Consumption per Unit of production as per prescribed Form A.
  - Annexure A not applicable to the Company's production units

#### **B. TECHNOLOGY ABSORPTION :**

##### **1. RESEARCH & DEVELOPMENT**

- (a) Specific areas in which R&D carried out by the Company:
  - Development of films for specialized applications
- (b) Benefit derived as a result of above R&D:
  - Development of new products to expand range offering a competitive edge in the market
  - Improved product quality, cost reduction and customer satisfaction
- (c) Future Plan of action:
  - Continuous process improvement to increase yield and reduce wastage
  - Continuous product development for specialized applications
  - Assimilation of skills connected with process technology and system & process engineering
  - Upgradation of select production and laboratory facilities
- (d) R&D Expenditure:
  - Capital expenditure: Nil; Recurring expenditure:Rs.15 lacs; Percentage of turnover: neg.

##### **2. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION**

- (a) Efforts in brief, made towards technology absorption, adaptation & innovation:
  - Constant monitoring of process, technology and product upgradation taking place in advanced countries and to offer similar products through in-house R&D as well as through progressive manufacturing activities
  - Continuous improvements being made in quality control methods and testing facilities
  - Regular interaction with foreign equipment designers and manufacturers and major raw material suppliers for improvements in processing and operating parameters

## XPRO INDIA LIMITED : ANNUAL REPORT 2011/12

- (b) Benefits derived as a result of the above efforts:
- Competitive advantage through ability to offer improved products to meet specialized market requirements
  - Improved work practices & productivity, cost reduction & enhanced quality
  - Import substitution
  - Improved work practices
  - Market expansion
- (c) Information regarding technology imported during last five years
- Technical Consultancy & Information for the manufacture of Electronic Capacitor Grade BOPP Films (Base and Metalized) and such knowledge fully assimilated and put into productive application at Pithampur plant

### C. FOREIGN EXCHANGE EARNINGS & OUTGO

- (a) Activities relating to exports; initiative taken to increase exports; development of new export markets for products & services and export plans:
- Intensive efforts are continuing by entering new markets for the company's products
  - Appointment of agents in virgin markets

(b) Total foreign exchange used & earned: (Rs.lacs)

	<b>2011-2012</b>	<b>2010-2011</b>
Total foreign exchange used	<b>27,95.98</b>	17,99.65
Total foreign exchange earned	<b>6,41.02</b>	2,90.07

### **ANNEXURE TO THE DIRECTORS' REPORT**

Pursuant to the applicable requirements of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, following disclosures are made in connection with the Employees Stock Option Schemes of the Company:

SI	Description	ESOP - 2008	ESOP - 2009
a.	Options Granted	437500	457500
b.	Date of Grant	29/4/2009	1/4/2010
c.	Exercise Price per option (Rs.) <i>(Each option is equivalent to one equity share of the face value of Rs.10/- each)</i>	11.00	30.85
d.	Pricing Formula	The Exercise Price, as approved by the shareholders, shall be the average closing price of the Company's shares on the National Stock Exchange in the immediate preceding 7-day period prior to the date of grant discounted by such percentage not exceeding 75% to be determined by the Compensation Committee subject to a minimum exercise price of Rs.10 per share	
e.	Vesting Period	30% of entitlement on expiry of 1 year from grant of Option; Further 30% of entitlement on expiry of 2 years from grant of Option; and the balance 40% of entitlement on expiry of 3 years from grant of Option	
f.	Options vested	262500	137250
g.	Options exercised	243000	126000

**XPRO INDIA LIMITED : ANNUAL REPORT 2011/12**

Sl	Description	ESOP - 2008	ESOP - 2009
h.	Options lapsed/surrendered/forfeited	-	-
i.	Variations of terms of options	None	None
j.	Money realized by exercise	Rs.26,73,000	Rs.38,87,100
k.	Options in force		
	- Vested	19500	11250
	- Unvested	175000	320250
l.	Details of options granted to Senior Management Personnel:		
	Sri Amitabha Ghosh,	* 30,000	* 35,000
	Sri Haigreave Khaitan,	* 30,000	* 35,000
	Sri P. Murari,	* 30,000	* 35,000
	Sri Utsav Parekh,	* 30,000	* 35,000
	Sri S. Ragothaman	* 30,000	* 35,000
	Sri C. Bhaskar	* 50,000	* 50,000
	Sri H. Bakshi	* 40,000	* 40,000
	Sri Vinay Agarwal,	* 25,000	* 25,000
	Sri S.C. Jain,	* 25,000	* 25,000
	Sri Anil Jain,	* 25,000	* 25,000
	Sri Manmohan Krishan,	* 25,000	* 25,000
	Sri N. Ravindran,	* 25,000	* 25,000
	Sri U.K. Saraf	* 25,000	* 25,000
	Sri Sunil Mehta	5,000	10,000
	<i>* denotes employee granted options amounting to 5% or more of total options granted during respective year; None of the employees were granted Options equal to or exceeding 1% of the Issued Capital of the Company</i>		
m.	Diluted EPS	Rs. 28.92	
n.	Fair value of the options	Rs. 11.75	Rs. 17.00
o.	The employee compensation costs has been calculated using the intrinsic value-based method of accounting for options granted and amounted to Rs.4.14 lacs for the financial year 2012-13. Had the compensation cost been determined in the manner consistent with the fair value approach, the Company's Net Profit for the year would be higher by Rs.2.75 lacs and proforma basic and diluted earnings per share would be Rs.29.68 and Rs.28.95 respectively. (ESOP-2009 issued at the market price prevailing on the date of the grant plus applicable taxes)		
p.	Description of the method and significant assumptions used during the year to estimate the fair values of the options	The fair value of each option is estimated using the Black Scholes Option Pricing Model after applying the following key assumptions on a weighted average basis: i) Risk-free interest rate: 6.6% ii) Expected Life: 7.1 years iii) Expected volatility: 0.40 iv) The Price of the underlying share in market at the time of option grant Rs. 17.50 (ESOP 2008) Rs. 30.85 (ESOP 2009)	

**For and on behalf of the Board**

New Delhi  
April 26, 2012

**Sidharth Birla**  
Chairman

**XPRO INDIA LIMITED : ANNUAL REPORT 2011/12**

**Statements pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies:**

**a) Pursuant to Sec. 212(3) of the companies Act 1956**

	<u>Xpro Global Ltd.</u>	<u>Xpro Global Pte. Ltd.</u>
1. Name of Subsidiary Company:	March 31, 2012	March 31, 2012
2. Financial year/period of the subsidiary ending on:		
3. Extent of Holding Company's Interest:		
(a) Number of equity shares:	10,00,000*	50,000
	(*9,50,000 shares partly paid Rs. 5 each)	
(b) Percentage Holding:	100 %	100 %
	<u>2011-12</u>	<u>2010-11</u>
4. Net aggregate Profit/(Loss) for the financial year so far as it concerns the members of the Holding Company :		
(a) Dealt with in holding Company's Accounts:	<b>Nil</b>	<b>Nil</b>
(b) Not dealt with in holding Company's Accounts (Rs.lacs):	<b>6.50</b>	<b>5.54</b>

**b) Pursuant to Sec. 212(8) of the Companies Act 1956 (read with General Circular No.2/2011 dtd. February 8, 2011 issued by the Ministry of Corporate Affairs)**

	<u>Xpro Global Ltd.</u>	<u>Xpro Global Pte. Ltd.</u>
	<u>2011-12</u>	<u>2010-11</u>
		<u>2011-12</u>
Name of Subsidiary Company:		(Rs.in lacs)
1 Capital	<b>52.50</b>	<b>20.35</b>
2 Reserves	<b>6.50</b>	<b>(3.14)</b>
3 Total Assets	<b>60.17</b>	<b>17.65</b>
4 Total Liabilities	<b>1.17</b>	<b>0.44</b>
5 Details of Investment (Except Investment in Subsidiaries)	-	-
6 Turnover	<b>26.62</b>	-
7 Profit before taxation	<b>1.34</b>	<b>(3.14)</b>
8 Provision for taxation	<b>0.38</b>	-
9 Profit after Taxation	<b>0.96</b>	<b>(3.14)</b>
10 Proposed Dividend	<b>Nil</b>	<b>Nil</b>

Note : Xpro Global Pte. Ltd., Singapore, was incorporated as a wholly owned subsidiary of the Company on February 8, 2011. The first accounting period of this subsidiary is from February 8, 2011 to March 31, 2012.

For and on behalf of the Board

**Sidharth Birla**  
Chairman

New Delhi  
April 26, 2012

**S. C. Jain**  
Company Secretary

**V. K. Agarwal**  
Joint President &  
Chief Financial Officer

**C. Bhaskar**  
Managing Director &  
Chief Executive Officer



## **XPRO INDIA LIMITED : ANNUAL REPORT 2011/12**

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### **AUDITORS' REPORT TO THE MEMBERS OF XPRO INDIA LIMITED**

1. We have audited the attached Balance Sheet of **XPRO INDIA LIMITED** ("the Company") as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both 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 the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2012;
    - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
    - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Registration No. 117365W)

New Delhi  
April 26, 2012

**Gaurav J Shah**  
Partner  
(Membership No. 35701)

**ANNEXURE TO THE AUDITORS' REPORT**

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

- (i) Having regard to the nature of the Company's business, clauses (x), (xii), (xiii) and (xiv) of paragraph 4 of CARO are not applicable.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
  - (a) The Company has granted loans aggregating Rs.5,00,00,000 to one party during the year. At the year-end, the outstanding balance of the loan and the maximum amount involved during the year was Rs.5,00,00,000 from one party.
  - (b) The rate of interest of such loans is, in our opinion, *prima facie* not prejudicial to the interests of the Company. There are no other terms and conditions of such loans.
  - (c) The Company is regular in repaying the principal amount, when demanded and has been regular in payment of interest.
  - (d) There are no overdue amounts during the year and hence the question of taking reasonable steps for recovery of principal amount and interest does not arise.

The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

## **XPRO INDIA LIMITED : ANNUAL REPORT 2011/12**

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- (b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.
- (viii) In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (ix) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of Synthetic Resins manufactured and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
- (x) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31<sup>st</sup> March, 2012 on account of disputes are given below:

<b>Statute</b>	<b>Nature of Dues</b>	<b>Forum where matter is pending</b>	<b>Period to which the matter pertains</b>	<b>Amount involved (Rs.)</b>
Central Excise Act	Excise Duty	Commissioner of Central Excise Appeals, Kolkata	1991-96	89,48,306
Central Excise Act	Excise Duty	Commissioner of Central Excise Appeals, Kolkata	1992-94	1,71,26,750
Sales Tax Act	Entry Tax	Supreme Court	2002-03	11,34,138
Sales Tax Act	UP Trade Tax	Commissioner of Sales Tax	2004-05	85,250
Sales Tax Act	Sales Tax	Deputy Commissioner (Appeal), Durgapur	1996-2004	1,91,43,059
Central Excise Act	Service Tax	Central Excise	2006-07 upto Sept 2010	39,09,288
Central Excise Act	Excise Duty	Central Excise	2004-07	21,46,779

- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions.
- (xii) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

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**XPRO INDIA LIMITED : ANNUAL REPORT 2011/12**

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- (xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (xv) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 at a price which is *prima facie* prejudicial to the interests of the Company.
- (xvi) The Company did not have any outstanding debentures during the year.
- (xvii) During the year, the Company has not raised any money by way of public issue.
- (xviii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Registration No. 117365W)

New Delhi  
April 26, 2012

**Gaurav J Shah**  
*Partner*  
(Membership No. 35701)

## XPRO INDIA LIMITED : ANNUAL REPORT 2011/12

<b>BALANCE SHEET AS AT</b>		<b>March 31, 2012</b>	<b>March 31, 2011</b>
	<u>Note No.</u>	<u>Rs. in lacs</u>	<u>Rs. in lacs</u>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' Funds</b>			
- Share capital	3	<b>11,36.90</b>	11,11.40
- Reserves and surplus	4	<b>1,36,12.04</b>	<u>1,05,58.93</u>
		<b>1,47,48.94</b>	1,16,70.33
<b>Non-current Liabilities</b>			
- Long-term borrowings	5	<b>18,41.99</b>	37,07.00
- Deferred tax liabilities (net)	6	<b>3,37.00</b>	1,19.00
- Other long-term liabilities	7	<b>22.33</b>	23.62
- Long-term provisions	8	<b>1,03.93</b>	55.61
		<b>23,05.25</b>	39,05.23
<b>Current Liabilities</b>			
- Short-term borrowings	9	<b>33,41.58</b>	27,63.78
- Trade payables	10	<b>21,86.05</b>	43,22.28
- Other current liabilities	11	<b>30,29.22</b>	29,29.43
- Short-term provisions	12	<b>3,54.89</b>	3,26.77
		<b>89,11.74</b>	1,03,42.26
		<b>2,59,65.93</b>	<u>2,59,17.82</u>
<b><u>ASSETS</u></b>			
<b>Non-current Assets</b>			
- Fixed assets			
- Tangible assets	13(a)	<b>94,66.38</b>	1,18,87.54
- Intangible assets	13(b)	<b>2,60.11</b>	2,82.22
- Capital work-in-progress		<b>5,35.17</b>	6,93.28
		<b>1,02,61.66</b>	1,28,63.04
- Non-current investments	14	<b>71.62</b>	71.62
- Long-term loans and advances	15	<b>3,69.60</b>	3,01.39
		<b>1,07,02.88</b>	1,32,36.05
<b>Current Assets</b>			
- Inventories	16	<b>19,55.23</b>	26,53.53
- Trade receivables	17	<b>30,46.65</b>	61,22.70
- Cash and cash equivalents	18	<b>78,17.75</b>	28,28.95
- Short-term loans and advances	19	<b>20,85.34</b>	9,97.17
- Other current assets (Interest accrued)		<b>3,58.08</b>	79.42
		<b>1,52,63.05</b>	1,26,81.77
		<b>2,59,65.93</b>	<u>2,59,17.82</u>

See accompanying notes to the financial statements

**As per our report of even date**

For **Deloitte Haskins & Sells**

Chartered Accountants

**Gaurav J. Shah**

Partner

Membership No. 35701

New Delhi

April 26, 2012

**S. C. Jain**

Company Secretary

**V. K. Agarwal**

Joint President &  
Chief Financial Officer

**C. Bhaskar**

Managing Director &  
Chief Executive Officer

**For and on behalf of the Board**

**Sidharth Birla**

Chairman

**XPRO INDIA LIMITED : ANNUAL REPORT 2011/12**

<b>STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED</b>		<b>March 31, 2012</b>	<b>March 31, 2011</b>
	Note No.	Rs. in lacs	Rs. in lacs
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>			
- Gross revenue	21	<b>2,70,17.43</b>	3,38,52.45
less: excise duty		<b>24,48.62</b>	30,98.80
- Net revenue		<b>2,45,68.81</b>	3,07,53.65
- Other income	22	<b>6,36.73</b>	3,36.30
- <b>Total Revenue</b>		<b>2,52,05.54</b>	3,10,89.95
<b>Expenses</b>			
- Cost of materials consumed	23	<b>1,66,36.80</b>	2,16,80.86
- Purchase of stock-in-trade		<b>1,34.36</b>	-
- Changes in inventories of finished goods & work-in-progress	24	<b>1,02.33</b>	(3,84.39)
- Employee benefits expense	25	<b>16,23.36</b>	19,42.82
- Finance costs	26	<b>10,43.24</b>	10,67.78
- Depreciation and amortization expense		<b>11,54.44</b>	13,11.05
- Other expenses	27	<b>38,07.98</b>	45,30.81
- <b>Total Expenses</b>		<b>2,45,02.51</b>	3,01,48.93
<b>Profit before tax</b>		<b>7,03.03</b>	9,41.02
<b>Tax expense</b>			
- Current Tax		<b>10.50</b>	1,80.00
less: MAT credit entitlement		<b>70.00</b>	1,76.00
- Net current tax		<b>(59.50)</b>	4.00
- Deferred tax		<b>2,18.00</b>	(1,63.00)
- Tax pertaining to earlier years (net)		<b>18.56</b>	(37.97)
		<b>1,77.06</b>	(1,96.97)
<b>Profit from Continuing Operations</b>		<b>5,25.97</b>	11,37.99
<b>DISCONTINUING OPERATIONS</b> (discontinued wef August 18, 2011)			
Profit for the period from discontinuing operations	32	<b>2,53.57</b>	-
Profit from slump sale of discontinued business		<b>34,57.46</b>	-
Tax expense of discontinuing operations		<b>8,76.00</b>	-
Profit from discontinuing operations (after tax)		<b>28,35.03</b>	-
<b>Profit for the year</b>		<b>33,61.00</b>	11,37.99
<b>Earnings per equity share</b> (of Face Value Rs.10/- each)			
- <b>From continuing operations</b>	34		
- Basic (Rs.)		<b>4.64</b>	10.27
- Diluted (Rs.)		<b>4.53</b>	9.84
- <b>Total</b>			
- Basic (Rs.)		<b>29.66</b>	10.27
- Diluted (Rs.)		<b>28.92</b>	9.84

See accompanying notes to the financial statements

**As per our report of even date**  
For Deloitte Haskins & Sells  
Chartered Accountants

**Gaurav J. Shah**  
Partner  
Membership No. 35701  
New Delhi  
April 26, 2012

**S. C. Jain**  
Company Secretary

**V. K. Agarwal**  
Joint President &  
Chief Financial Officer

**For and on behalf of the Board**

**Sidharth Birla**  
Chairman

**C. Bhaskar**  
Managing Director &  
Chief Executive Officer

## XPRO INDIA LIMITED : ANNUAL REPORT 2011/12

<b>CASH FLOW STATEMENT FOR THE YEAR ENDED</b>	<b>March 31, 2012</b>	<b>March 31, 2011</b>
	<b>Rs. in lacs</b>	<b>Rs. in lacs</b>
<b>A. Cash flow from Operating Activities</b>		
Net Profit/(Loss) before tax and exceptional items	7,03.02	9,41.02
Profit from discontinuing operations	2,53.57	-
Adjusted for:		
Depreciation and Amortization	12,42.48	13,11.06
Interest and Financial Charges	11,02.14	10,67.78
Interest income	(6,75.41)	(1,93.96)
Bad Debts & Provisions (net)	0.71	13.47
Provisions & Sundry balances written back	(18.78)	(48.89)
(Profit)/Loss on Sale/Discard of Fixed Assets	6.54	(42.81)
Foreign Exchange Fluctuation (unrealized)	6.48	(4.51)
Employee Stock Option Amortization	4.14	7.41
<b>Operating Profit/(Loss) before Working Capital changes</b>	<b>26,24.89</b>	<b>30,50.57</b>
Adjusted for:		
Trade and other Receivables	30,78.14	(15,92.33)
Loans & advances	(6,62.32)	1,41.08
Inventories	9,44.30	(6,60.02)
Trade payables and other liabilities	(19,79.29)	20,57.54
Direct Taxes	(45.35)	(77.78)
<b>Net Cash Flow from Operating activities</b>	<b>39,60.37</b>	<b>29,19.06</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(19,52.87)	(1,882.65)
Sale of Fixed Assets	26,35.17	297.92
Profit from slump sale of discontinued business	34,57.46	-
Investments in Subsidiaries	-	(18.39)
Direct taxes paid	(8,76.00)	-
Interest Received	3,96.75	2,05.22
<b>Net Cash Flow from Investing Activities</b>	<b>36,60.51</b>	<b>(13,97.90)</b>
<b>C. Cash flow from Financing Activities</b>		
Proceeds from Issue of Shares	53.06	12.54
Increase/(Decrease) in Bank Borrowings (net)	(12,95.16)	46.06
Interest and Financial Charges	(11,25.71)	(10,67.78)
Dividend Paid (including dividend tax)	(2,63.80)	(2,26.95)
<b>Net Cash Flow from Financing activities</b>	<b>(26,31.61)</b>	<b>(12,36.13)</b>
<b>Net increase/(decrease) in Cash or Cash equivalents</b>	<b>49,89.27</b>	<b>2,85.03</b>
Cash and Cash Equivalents at the beginning of the year	28,28.96	24,77.21
Cash and Cash Equivalents acquired on amalgamation	-	65.09
Effect of Foreign Exchange rate differences	(0.48)	1.63
Cash and Cash Equivalents at the end of the year	<b>78,17.75</b>	<b>28,28.96</b>

**Notes:**

Cash and Cash Equivalents represent Cash and Bank balance (refer Note 18) and include Rs. 47.82 lacs (Previous year: Rs.49.58 lacs) of unpaid dividend not available for use by the Company;  
Statement includes Cash flows from Discontinued operations (refer Note 32);  
Previous year figures have been regrouped/rearranged wherever considered necessary;  
Fixed Deposits of Rs.24,81.34 lacs (Previous year: Rs.22,75.18 lacs) pledged with bank(s) towards overdraft & other facilities;

**As per our report of even date**

For Deloitte Haskins & Sells

Chartered Accountants

**Gaurav J. Shah**

Partner

Membership No. 35701

New Delhi

April 26, 2012

**S. C. Jain**  
Company Secretary

**V. K. Agarwal**  
Joint President &  
Chief Financial Officer

**For and on behalf of the Board**

**Sidharth Birla**  
Chairman

**C. Bhaskar**  
Managing Director &  
Chief Executive Officer

**Notes to the Financial Statements**

**1. Company Overview:**

Xpro India Limited ("the Company") is a public company incorporated as "Biax Films Limited" on November 26, 1997 under the Companies Act, 1956; the present name was adopted w.e.f. September 22, 1998. Equity shares of the Company are listed on Calcutta Stock Exchange and National Stock Exchange and are admitted for trading on Bombay Stock Exchange. Organized into operating divisions for operational convenience, the Company is engaged mainly in the business of Polymers Processing at multiple locations and is the leading manufacturer in India of Coextruded Plastic Sheets, Thermoformed Liners and Speciality Films (including Dielectric Films and special purpose BOPP Films).

**2. Significant Accounting Policies**

**2.1 Basis of Preparation of Financial Statements**

The financial statements have been prepared under historical cost convention in accordance with the generally accepted accounting principles, applicable Accounting Standards as prescribed under the Companies (Accounting Standards) Rules, 2006 and provisions of the Companies Act, 1956.

The Company follows the mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis. Wherever it is not possible to determine the quantum of accrual with reasonable certainty, e.g. Insurance & other claims, refund of Customs Duty and export incentives these continue to be accounted for on settlement basis.

**2.2 Use of Estimates**

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates as are recognised in the periods in which the results are known / materialise.

**2.3 Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation. Cost comprises of freight, duties, taxes, interest and other incidental expenses related to acquisition and installation.

**2.4 Depreciation/Amortization**

Depreciation is charged under Straight Line Method in accordance with the rates and manner specified in Schedule XIV to the Companies Act, 1956. Certain Plant & Machinery are considered as continuous process plants based on technical evaluation. Depreciation on addition/disposal is provided pro-rata with reference to days of addition/disposal. Leasehold lands and development expenses thereof are amortized over the period of lease. Software is amortized over a period of six years. Technical know-how fees are amortized over the life of the plant from the date of commencement of commercial production using such know-how.

**2.5 Impairment**

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

**2.6 Investments**

Long term Investments are stated at cost less provision for diminution in value other than temporary, if any.

**2.7 Inventories**

Inventories include stock-in-transit/bonded warehouses and with others for manufacturing / processing / replacement. Inventories are valued "at lower of cost and net realizable value". Cost is determined on the weighted average method. Finished goods and process stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

**2.8 Revenue Recognition**

- i. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- ii. Sale of goods: Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the customer (on despatch to the customer). Excise Duty deducted from turnover (gross) is the amount that is



## **XPRO INDIA LIMITED : ANNUAL REPORT 2011/12**

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included in the amount of turnover (gross) and not the entire amount of liability that arose during the year. Sales are reported net of sales tax.

- iii. Income from Services: Revenue (including sales commission) is recognized on accrual basis.
- iv. Interest: Time pro-rated revenue is recognized taking into account the amount outstanding and rate applicable.

### **2.9 Borrowing Cost**

Borrowing cost relating to (i) funds borrowed for acquisition of qualifying fixed assets are capitalized till the date of commissioning and thereafter charged to Profit and Loss Account and (ii) funds borrowed for other purposes are charged to Profit and Loss Account.

### **2.10 Foreign Currency Transactions**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate prevailing at time of transaction. Monetary items denominated in foreign currencies and outstanding at the year-end are translated at year-end rates. Exchange differences arising on settlement of short-term monetary items at rates different from those at which they were initially recorded are recognized as income or as expenses in the year in which they arise.

The Company has opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard 11 (AS-11) notified by Government of India on 31st March, 2009. Accordingly the effect of exchange differences on foreign currency loans of the Company is accounted by addition or deduction to the cost of the assets so far it relates to depreciable capital assets and in other cases accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the enterprise's financial statements and amortised over the balance period of such long term asset or liability, by the recognition as income or expense in each of such periods.

### **2.11 Research & Development**

Revenue expenditure charged to Profit and Loss Account under respective heads of account and capital expenditure added to the cost of Fixed Assets in the year in which it is incurred.

### **2.12 Government Grants**

Grants relating to Fixed Assets are shown as deduction from the gross value of the Fixed Assets and those of the nature of Project Capital Subsidy are credited to Capital Subsidy Reserves & other Government grants including export incentives are credited to Profit & Loss Account or deducted from the related expenses.

### **2.13 Employee benefits**

Contributions to Provident Fund and Superannuation Fund, which are defined contribution schemes, are made to a government administered/approved Provident Fund(s) and an LIC administered fund respectively, and are charged to the Profit and Loss account as incurred. The Company has no further obligations beyond its monthly contributions to these funds. Provision for gratuity and compensated absence, under LIC administered fund(s), which are in the nature of defined benefit plans, are provided based on valuations, as at the balance sheet date, made by the administrators (LIC). Termination benefits are recognized as expense as and when incurred.

### **2.14 Taxation**

Tax liability is estimated considering the provisions of the Income Tax Act, 1961. Deferred Tax is recognized subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

### **2.15 Employees Stock Option Plan**

The accounting value of stock options representing the excess of the market price on the date of grant over the exercise price of the shares granted under "Employees' Stock Option Scheme" of the Company, is amortized as "Deferred employees compensation" on a straight-line basis over the vesting period in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

### **2.16 Provisions, Contingent Liabilities and Contingent Assets**

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

## XPRO INDIA LIMITED : ANNUAL REPORT 2011/12

### 3. Share Capital

	<u>March 31, 2012</u>	<u>March 31, 2011</u>
	Rs. in lacs	Rs. in lacs
<b><u>Authorized</u></b>		
1,50,00,000 Equity Shares of Rs.10 each (March 31, 2011: 1,50,00,000)	<b>15,00.00</b>	15,00.00
2,00,00,000 Unclassified Shares of Rs.10 each (March 31, 2011: 2,00,00,000)	<b>20,00.00</b>	20,00.00
<b><u>Issued, subscribed &amp; fully paid share capital</u></b>		
1,13,68,987 Equity Shares of Rs.10 each (March 31, 2011: 1,11,13,987)	<b>11,36.90</b>	11,11.40
<b><u>Share Capital Suspense</u></b>		
13 Equity Shares of Rs.10 each (March 31, 2011: 13)	-	-
	<b>11,36.90</b>	11,11.40

- 3.1 Share Capital Suspense comprises of 12 equity shares pending to be allotted as fully paid up to some non-resident equity shareholders without payment being received in cash in terms of Regulation 7 of Notification No. FEMA 20/2000 RB of May 3, 2000 and 1 equity share of Rs.10 pending to be allotted as fully paid to a non-resident share holder by way of bonus share in terms of RBI regulations.
- 3.2 The Company has issued only one class of shares referred to as equity shares having a par value of Rs.10. All equity shares carry one vote per share without restrictions and are entitled to dividend, as and when declared. All shares rank equally with regard to the Company's residual assets.
- 3.3 The amount of per share dividend recognised as distributions to equity shareholders for the year ended March 31, 2012 is Rs.2.50 (*previous year: Rs.2.00*), subject to approval by shareholders in the ensuing annual general meeting.
- 3.4 Shareholder(s) holding more than 5% shares in the Company as on March 31, 2012 are:
- i) IntelliPro Finance Private Limited : 20,00,000 shares; 17.59% (*previous year: 20,00,000 shares; 18.00%*) and
  - ii) iPro Capital Limited: 28,05,000 shares; 24.67% (*previous year: 27,00,000; 24.29%*).
- 3.5 Reconciliation of the number of shares outstanding:

	<u>2011-12</u>	<u>2010-11</u>
Number of shares at the beginning of the year	1,11,14,000	1,10,00,000
Shares issued & allotted on exercise of employee options during the year	2,55,000	1,14,000
Number of shares at the end of year	1,13,69,000	1,11,14,000

### 3.6 **Employees' Stock Option Scheme(s)**

The Company has two stock option schemes.

#### a) Employees' Stock Option Scheme - 2008 ("ESOP 2008")

ESOP 2008 was approved by the Shareholders of the Company in their meeting held on July 29, 2008 and provides for 437500 stock options representing one equity share each. The grant date of the scheme is April 29, 2009. All options were granted at Rs.11 per share (market price at the time of grant was Rs.17.50). The difference between grant price and fair market value of Rs.6.50 per option has been recognised as employee compensation expenses in the financial statements. A compensation committee comprising independent members of the Board of Directors administers the Scheme.

#### b) Employees' Stock Option Scheme - 2009 ("ESOP 2009")

ESOP 2009, approved by the Shareholders of the Company in their meeting held on July 23, 2009, provides for 457500 stock options representing one equity share each. The grant date of the scheme is April 1, 2010. All options were granted at Rs.30.85 per share (market price at the time of grant). A compensation committee comprising independent members of the Board of Directors administers the Scheme.

Under both schemes, 30% of the options granted vest with the eligible employees on the expiry of one year, another 30% on the expiry of two years and the balance 40% on the expiry of three years from the date of grant respectively.

## XPRO INDIA LIMITED : ANNUAL REPORT 2011/12

### Information about options outstanding:

	<u>2011-12</u>		<u>2010-11</u>	
	<u>ESOP 2008</u>	<u>ESOP 2009</u>	<u>ESOP 2008</u>	<u>ESOP 2009</u>
Options outstanding, beginning of the year	3,23,500	4,57,500	4,37,500	4,57,500
Options Exercised	1,29,000	1,26,000	1,14,000	-
Options lapsed/surrendered/forfeited	-	-	-	-
Options outstanding, end of the year	1,94,500	3,31,500	3,23,500	4,57,500
Of which:				
Vested but not exercised	19,500	11,250	17,250	-
Unvested	1,75,000	3,20,250	3,06,250	4,57,500

#### 4. Reserves and Surplus

	<u>March 31, 2012</u>	<u>March 31, 2011</u>
	Rs. in lacs	Rs. in lacs
<b>Capital Subsidy Reserve</b>	60.50	60.50
<b>Securities Premium Reserve</b>		
Opening Balance	2,99.92	2,91.37
add: Transfer from Share Options Outstanding account	8.39	7.41
add: Receipts on exercise of ESOPs	27.56	1.14
Closing Balance	3,35.87	2,99.92
<b>Share Options Outstanding Account</b>		
Opening Balance	21.03	28.44
less: Options exercised during the year	8.39	7.41
Closing Balance	12.64	21.03
Less: deferred employee stock compensation	0.30	4.44
	12.34	16.59
<b>General Reserve</b>		
Opening Balance	62,50.00	60,75.00
add: Transfer from Surplus	5,00.00	1,80.90
less: Utilised on amalgamation (refer note below)	-	5.90
Closing Balance	67,50.00	62,50.00
<b>Surplus</b>		
Opening Balance	39,31.92	32,38.44
add: Net profit after tax transferred from Statement of Profit and Loss	33,61.00	11,37.99
Amount available for appropriation	72,92.92	43,76.43
Appropriations:		
Proposed Dividend	2,92.09	2,26.82
Corporate Dividend Tax	47.50	36.79
Amount transferred to General Reserve	5,00.00	1,80.90
Closing Balance	64,53.33	39,31.92
<b>Reserves &amp; Surplus (Total)</b>	<b>1,36,12.04</b>	<b>1,05,58.93</b>

Biax Speciality Films Private Limited ("BSFPL"), wholly owned subsidiary of the Company, engaged in the manufacture of Biaxially Oriented Polypropylene Films (including for speciality applications) was amalgamated with the Company with effect from April 1, 2010, and accordingly, opening balances in the accounts of the Company for the year 2010-11 include the opening balances of the erstwhile BSFPL.

## XPRO INDIA LIMITED : ANNUAL REPORT 2011/12

### 5. Long-term Borrowings

	<u>March 31, 2012</u>		<u>March 31, 2011</u>	
	<u>Rs. in lacs</u>		<u>Rs. in lacs</u>	
	<u>Non-current portion</u>	<u>Current Maturities</u>	<u>Non-current portion</u>	<u>Current Maturities</u>
<b>Secured</b>				
Term loans	<b>18,41.99</b>	<b>22,12.00</b>	37,07.00	15,45.50
	<b>18,41.99</b>	<b>22,12.00</b>	37,07.00	15,45.50

*Note: Amounts stated in "Current Maturities" above include amounts disclosed under the head "other current liabilities" (Note 11)*

- a. Term Loan from State Bank of India, outstanding Rs.301.65 lacs (previous year: Rs.479.00 lacs), carrying interest linked to the bank's PLR, is repayable in 20 quarterly installments of Rs.44 lacs each, along with interest, commencing from March 2009 and is secured by pari-passu hypothecation/mortgage of all movable and immovable assets, present and future, of the Company situated at Ranjangaon & second charge on all the current assets of the Company ranking pari-passu with other term lenders;
- b. Term Loan from State Bank of India, outstanding Rs.458.25 lacs (previous year: Rs.64.13 lacs), carrying interest linked to the bank's Base Rate, (balance to be drawn Rs.537.00 lacs) is repayable in (i) 2 quarterly installments of Rs.30.00 lacs each payable in December 2012 and March 2013; (ii) 20 quarterly installments of Rs.45.00 lacs each starting from June 2013; & (iii) 2 quarterly installments of Rs.20.00 lacs each payable in June 2018 and September 2018 and is secured by pari-passu hypothecation/mortgage of all the movable and immovable assets, present and future, of the Company situated at Ranjangaon & second charge on all the current assets of the Company ranking pari-passu with other term lenders;
- c. Term Loan from State Bank of Patiala, outstanding Nil (previous year: Rs.450.00 lacs), was secured by pari-passu hypothecation/mortgage of all the movable and immovable assets, present and future, of the Company situated at Ranjangaon & second charge on all the current assets of the Company ranking pari-passu with other term lenders;
- d. Term Loan from State Bank of Hyderabad, outstanding Rs.1031.25 lacs (previous year: Rs.1406.25 lacs), carrying interest linked to the bank's Base Rate, is repayable in 16 quarterly installments of Rs.93.75 lacs each, along with interest, commencing from March 2011 and is secured by pari-passu hypothecation/mortgage of all the movable and immovable assets, present and future, of the Company's unit situated at Ranjangaon, first charge on specified sheet line installed at Greater Noida & second charge on all the current assets of the Company ranking pari-passu with other term lenders;
- e. Term Loan(s) from Allahabad Bank, outstanding Rs.1365.00 lacs (previous year: Rs.1853.13 lacs), carrying interest linked to the bank's Base Rate, is repayable in (i) bullet payment of Rs.1000 lacs on March 13, 2013; and (ii) 7 quarterly installments of Rs.122.00 lacs each and last installment of Rs.121.00 lacs each, along with interest, commencing from March 2011, and is secured by first hypothecation/ mortgage of all the movable and immovable assets, present and future, of the Coex Division of the Company situated at Faridabad & second charge on all the current assets of the Company ranking pari-passu with other term lenders;
- f. Term Loan from Allahabad Bank, outstanding Rs.823.00 lacs (previous year: Rs.1000.00 lacs), carrying interest linked to the bank's Base Rate, repayable in 16 quarterly installments of Rs.59.00 lacs each and last installment of Rs.56.00 lacs each, along with interest, commencing from August 2011, is secured by first hypothecation/ mortgage of all the movable and immovable assets, present and future, of the Company situated at Pithampur & second charge on all the current assets of the Company ranking pari-passu with other term lenders.
- g. ECB from KBC Bank Deutschland AG, in the nature of term loan, outstanding €0.11 million (previous year: Nil), carrying interest linked to Euribor, (balance to be drawn €9.26 million, through direct payments to machinery supplier(s) in Germany and Euler Hermes Kreditversicherungs AG) repayable in 16 semi-annual installments of €0.59 million each, along with interest, commencing from March 2014, is secured by hypothecation of specified Dielectric Film Line and slitter to be installed at Barjora and is insured under Hermes export credit guarantee.

## XPRO INDIA LIMITED : ANNUAL REPORT 2011/12

	<b>March 31, 2012</b>	<b>March 31, 2011</b>
	Rs. in lacs	Rs. in lacs
<b>6. Deferred Taxes</b>		
<b>Deferred tax assets</b>		
Expenses deductible on Payment basis	36.00	30.00
Carry forward of losses	-	5,53.00
	<b>36.00</b>	<b>5,83.00</b>
<b>Deferred tax liabilities</b>		
Difference between book and tax depreciation	3,73.00	7,02.00
	<b>(3,37.00)</b>	<b>(1,19.00)</b>
<b>Net Deferred Tax Assets/(Liability)</b>	<b>(3,37.00)</b>	<b>(1,19.00)</b>
<b>Deferred Tax Credit utilized/(added)</b>	<b>(2,18.00)</b>	<b>1,63.00</b>
<b>7. Other Long Term Liabilities</b>		
Deposits	21.76	23.05
Others	0.57	0.57
	<b>22.33</b>	<b>23.62</b>
<b>8. Long Term Provisions</b>		
Provision for employee benefits		
Provision for Gratuity ( <i>Note 25</i> )	103.93	55.61
	<b>103.93</b>	<b>55.61</b>
<b>9. Short Term Borrowings</b>		
<b>Secured Loans</b>		
Working Capital Loans and Cash Credit Accounts with Banks	18,08.67	26,20.32
Overdraft accounts	15,32.91	1,43.46
	<b>33,41.58</b>	<b>27,63.78</b>

a. Working Capital loans are secured by first charge, ranking pari-passu, in favour of members of the Consortium of Banks, on all current assets of the company, present and future, and second charge, ranking pari-passu, on the entire fixed assets of the Company, present and future, wherever situated.

b. Overdraft against term deposits outstanding Rs.1532.91 lacs (previous year: Rs.143.46 lacs) is secured by way of pledge of Term Deposit Receipts with the bank(s).

	<b>March 31, 2012</b>	<b>March 31, 2011</b>
	Rs. in lacs	Rs. in lacs
<b>10. Trade Payables</b>		
Trade payables	17,40.84	38,43.69
Acceptances	4,45.21	4,78.59
	<b>21,86.05</b>	<b>43,22.28</b>

There are no dues to Micro and Small Enterprises (determined to the extent such parties have been identified on the basis of information available with the Company, as at March 31, 2012) which require disclosure under the Micro, Small and Medium Enterprises Development Act, 2006.

	<b>March 31, 2012</b>	<b>March 31, 2011</b>
	Rs. in lacs	Rs. in lacs
<b>11. Other Current Liabilities</b>		
Current maturities of long term debt ( <i>Note 5</i> )	22,12.00	15,45.50
Advance against transfer of discontinuing operations	-	4,00.00
Interest accrued and due on borrowings	52.20	75.77
Interest accrued but not due	0.42	-
Unpaid dividends	47.82	50.76
Advance from Customers	28.75	68.26
Other payables	6,88.03	7,89.14
	<b>30,29.22</b>	<b>29,29.43</b>

**XPRO INDIA LIMITED : ANNUAL REPORT 2011/12**

	<b>March 31, 2012</b>	<b>March 31, 2011</b>
	<b>Rs. in lacs</b>	<b>Rs. in lacs</b>
<b>12. Short-term Provisions</b>		
<b>Provision for employee benefits</b>		
Provision for leave encashment (Note 25)	4.81	36.19
<b>Others</b>		
Proposed Equity Dividend	2,92.09	2,26.82
Provision for Tax on proposed equity dividend	47.50	36.98
Provision for Tax	10.49	26.78
	<b>3,54.89</b>	<b>3,26.77</b>

**13. Fixed Assets**

**a. Tangible assets**

	Gross Value					Depreciation/Amortisation				Rs. In lacs	
	As at April 1, 2011	Additions	Disposals	Adjustments for Borrowing Costs	As at March 31, 2012	Upto April 1, 2011	For the Year	Deduction	Upto March 31, 2012	As at March 31, 2012	As at March 31, 2011
	Net Value										
Freehold Land	77.76	-	-	-	77.76	-	-	-	-	77.76	77.76
Leasehold Land	5,53.18	5,97.31	2,17.00	-	9,33.49	87.97	17.07	17.62	87.42	8,46.07	4,65.21
Buildings	28,61.20	24.05	15,47.52	-	13,37.73	5,16.78	55.46	2,28.42	3,43.82	9,93.91	23,44.42
Plant & Machinery	162,41.91	6,41.03	19,87.71	18.37	149,13.60	75,69.14	11,02.20	9,58.10	77,13.24	72,00.36	86,72.77
Furniture & Fixtures	2,35.03	26.26	40.74	-	2,20.55	1,12.27	13.02	9.83	1,15.46	1,05.09	1,22.76
Vehicles	1,88.67	1,19.55	76.15	-	2,32.07	54.65	20.67	30.78	44.54	1,87.53	1,34.02
Computers	1,22.04	10.55	12.15	-	1,20.44	86.16	9.71	6.89	88.98	31.46	35.88
Equipment & Fittings	60.00	3.80	15.77	-	48.03	25.28	2.25	3.70	23.83	24.20	34.72
	203,39.79	14,22.55	38,97.04	18.37	178,83.67	84,52.25	12,20.38	12,55.34	84,17.29	94,66.38	118,87.54
Previous Year	194,29.53	12,09.33	2,99.07	-	203,39.79	72,07.27	12,88.95	43.97	84,52.25	118,87.54	

**b. Intangible assets**

	Gross Value					Depreciation/Amortisation				Rs. In lacs	
	As at April 1, 2011	Additions	Disposals	Adjustments for Borrowing Costs	As at March 31, 2012	Upto April 1, 2011	For the Year	Deduction	Upto March 31, 2012	As at March 31, 2012	As at March 31, 2011
	Net Value										
Software	28.32	-	-	-	28.32	7.17	4.23	-	11.40	16.92	21.16
Technical Knowhow	3,38.47	-	-	-	3,38.47	77.41	17.87	-	95.28	2,43.19	2,61.06
	3,66.79	-	-	-	3,66.79	84.58	22.10	-	1,06.68	2,60.11	2,82.22
Previous Year	3,66.79	-	-	-	3,66.79	62.47	22.10	-	84.58	2,82.22	

i) Disposals during the year includes tangible assets (Gross value: Rs.3703.87 lacs; Net value: Rs.2598.17 lacs) transferred and sold as part of slump sale of discontinued operations comprising Leasehold Land (Gross value: Rs.217.01 lacs; Net value: Rs.199.39 lacs), Buildings (Gross value: Rs.1547.52 lacs; Net value: Rs.1319.10 lacs), Plant & Machinery (Gross value: Rs.1852.49 lacs; Net value: Rs.1017.93 lacs), Furniture and Fixtures (Gross value: Rs.40.08 lacs; Net value: Rs.30.54 lacs), Vehicles (Gross value: Rs.21.14 lacs; Net value: Rs.14.73 lacs), Computers (Gross value: Rs.10.96 lacs; Net value: Rs.5.07 lacs), and Equipment & Fittings (Gross value: Rs.14.68 lacs; Net value: Rs.11.40 lacs).

ii) Loss on disposal of fixed assets (excluding disposal of discontinuing operations - Note 32) during the year is Rs.6.54 lacs (previous year: profit of Rs.42.81 lacs).

iii) Some assets of which the Company is the beneficial owner are pending for transfer in the name of the Company and for which necessary steps are being taken.

iv) As stipulated in AS-28 on Impairment of Assets, the Company assessed potential generation of economic benefits from its business units and is of the view that assets employed in continuing businesses are capable of generating adequate returns over their useful lives in the usual course of business, there is no indication to the contrary and accordingly the management is of the view that no impairment provision is called for in these accounts.

## XPRO INDIA LIMITED : ANNUAL REPORT 2011/12

	<u>March 31, 2012</u> Rs. in lacs	<u>March 31, 2011</u> Rs. in lacs
<b>14. <u>Non-Current Investments</u></b>		
<b><u>Trade Investments</u></b> (valued at cost)		
<b>Unquoted equity instruments</b>		
<b>Investment in wholly owned subsidiary companies</b>		
10,00,000 equity shares of Xpro Global Limited of Rs.10/- each (Out of above 9,50,000 equity shares of Rs. 10/- each partly paid up Rs. 5/- each)	52.50	52.50
50,000 fully paid equity shares of Xpro Global Pte. Ltd. (@ SGD 1 each)	18.39	18.39
<b><u>Other Investments</u></b>		
<b>Unquoted</b>		
1,000 equity shares of Birla Buildings Limited of Rs.10/- each	0.73	0.73
	<b>71.62</b>	71.62
<b>15. <u>Long-Term Loans and Advances</u></b>		
<b>Unsecured, considered good</b>		
Security Deposits	1,03.58	1,05.37
Other loans and advances		
Credit for MAT entitlement	2,46.00	1,76.00
Others	20.02	20.02
	<b>3,69.60</b>	3,01.39
<b>16. <u>Inventories</u></b>		
Raw materials	7,59.04	10,67.96
Work-in-progress	7,03.67	6,89.21
Finished Goods	2,66.30	5,93.95
Stores and Spares	2,26.22	3,02.41
	<b>19,55.23</b>	26,53.53
Raw Materials includes goods in transit: Rs.141.75 lacs (previous year: Rs.137.45 lacs)		
<b>17. <u>Trade receivables</u></b>		
<b>Unsecured, considered good</b>		
Outstanding for a period exceeding six months from due date	6.57	57.66
Others	30,40.08	60,65.04
	<b>30,46.65</b>	61,22.70
<b>18. <u>Cash and cash equivalents</u></b>		
Balance with banks		
Current Accounts	2,47.82	3,41.18
EEFC Account	33.00	31.20
Unpaid Dividend	47.82	49.58
Margin money	0.20	90.00
Term Deposit Accounts (with maturity period less than 12 months)	74,82.44	22,71.47
Term Deposit Accounts (with maturity period over 12 months)	-	20.02
Cash on hand	6.47	25.50
	<b>78,17.75</b>	28,28.95

- a. Term Deposits pledged with bank(s) for overdraft and other facilities - Rs.2481.34 lacs (Previous year: Rs.2275.18 lacs);  
b. Unpaid Dividend shall be credited to Investor Education and Protection Fund on completion of statutory period;

**XPRO INDIA LIMITED : ANNUAL REPORT 2011/12**

	<u>March 31, 2012</u>	<u>March 31, 2011</u>
	Rs. in lacs	Rs. in lacs
<b>19. <u>Short Term Loans and Advances</u></b>		
<b>Unsecured, considered good</b>		
Capital Advances	10,65.87	3,95.82
Inter-corporate deposits	5,00.00	1,00.00
Advances recoverable in cash or in kind or for value to be received		
Other loans & advances	1,44.37	1,19.50
Refunds, Recoveries & Claims	24.40	30.06
Prepaid expenses	35.51	31.99
Loans to employees ( <i>interest-free</i> )	60.04	60.28
Deposit with Government & Others	99.34	1,14.73
Balance with Central Excise	1,55.81	1,44.79
	<b>20,85.34</b>	<b>9,97.17</b>
<b>20. <u>Contingent Liabilities and Commitments</u> (to the extent not provided for)</b>		
<b>Contingent Liabilities</b>		
Claims against the Company, not acknowledged as debt	2.50	3.87
Sales Tax, Excise & Customs matters under appeal	5,22.42	3,56.50
Bills discounted with banks	3,69.03	1,84.51
	<b>8,93.95</b>	<b>5,44.88</b>
(In the opinion of the Company, the possibility relating to net outflow on the above accounts are remote)		
<b>Commitments</b>		
Estimated amount of contracts remaining to be executed on Capital Account (Net of Advances)	62,76.87	3,49.78
Unpaid portion of subscribed Equity Capital in subsidiary	47.50	47.50
	<b>63,24.37</b>	<b>3,97.28</b>
<b>Total</b>	<b>72,18.32</b>	<b>9,42.16</b>

Erstwhile Biax Speciality Films Private Limited (amalgamated with the Company w.e.f. April 1, 2010) had during earlier years imported certain capital goods under EPCG Scheme at concessional custom duty by executing legal undertaking in favour of the Government of India, thereby saving customs duty of Rs.50.37 lacs against which the said company had an obligation under EPCG Scheme to export goods amounting to Rs.402.98 lacs within a period of 8 years. The Company has furnished bank guarantee of Rs.13.88 lacs to the customs department. Following amalgamation, the Company assumed a remnant export obligation of Rs.356.93 lacs as of April 1, 2010. During the year, exports amounting to Rs.242.36 lacs (aggregating to Rs.398.79 lacs till March 31, 2012) have been executed against the said obligation. Based on current export trends and future plans, the management is confident of meeting this obligation by executing required exports and hence does not consider necessary to provide for any liability on this account.

	<u>2011 - 12</u>	<u>2010 - 11</u>
	Rs. in lacs	Rs. in lacs
<b>21. <u>Revenue from Continuing Operations</u></b>		
Sale of products	2,59,73.17	3,31,99.05
Processing charges	14.45	85.45
Sale of traded goods	137.93	-
Other Operating Revenues	891.88	567.95
Gross Revenue from Operations	2,70,17.43	3,38,52.45
less: Excise Duty	24,48.62	30,98.80
Net Revenue from Operations	<b>2,45,68.81</b>	<b>3,07,53.65</b>
<b><u>Additional Details of Products Sold</u></b>		
Finished Goods		
Thermoplastic Films/Sheets/Liners	2,58,03.38	2,32,61.18
Thermosetting Powders & Synthetic Resins	-	97,72.42
Others	12,14.05	8,18.85
	<b>2,70,17.43</b>	<b>3,38,52.45</b>



## XPRO INDIA LIMITED : ANNUAL REPORT 2011/12

	<u>2011 - 12</u>	<u>2010 - 11</u>
	Rs. in lacs	Rs. in lacs
<b>22. <u>Other Income</u></b>		
Profit/(Loss) on sale of Fixed Assets (Net)	-	42.81
Excess provisions & unclaimed balances in respect of earlier years written back	5.24	48.90
Interest income		
From Banks	5,41.70	1,62.45
From Others	36.29	31.19
On Income Tax refund	0.11	12.24
Gain on foreign currency transaction and translation	2.28	6.24
Miscellaneous income	51.11	32.47
	<u>6,36.73</u>	<u>3,36.30</u>
TDS: Rs.56.96 lacs (previous year: Rs.30.17 lacs)		
<b>23. <u>Cost of Materials Consumed</u></b>		
Inventories at the beginning of the year	8,16.38	7,97.56
add: Purchases during the year	1,66,35.70	2,20,91.81
	<u>1,74,52.08</u>	<u>2,28,89.37</u>
less: Sales/Rebates and Transfers	56.24	1,40.55
	<u>1,73,95.84</u>	<u>2,27,48.82</u>
less: Inventories at the end of the year	7,59.04	10,67.96
Cost of Materials Consumed	<u>1,66,36.80</u>	<u>2,16,80.86</u>
<b><u>Details of Materials Consumed</u></b>		
Thermoplastic Resins	1,66,32.94	1,47,33.72
Others	3.86	69,47.14
	<u>1,66,36.80</u>	<u>2,16,80.86</u>
<b>24. <u>Changes in Inventories</u></b>		
<b>Inventories at the end of the year</b>		
Work-in-Progress	7,03.67	6,89.21
Finished Goods	2,66.30	5,93.95
	<u>9,69.97</u>	<u>12,83.16</u>
<b>Inventories at the beginning of the year</b>		
Work-in-Progress	6,43.59	6,40.56
Finished Goods	4,28.71	2,58.21
	<u>10,72.30</u>	<u>8,98.77</u>
Total	<u>102.33</u>	<u>(3,84.39)</u>
<b>25. <u>Employee Benefits Expense</u></b>		
Salaries, Wages, Bonus, etc.	12,31.48	15,51.55
Contribution to Provident and other Funds	2,73.93	2,47.86
Expenses on Employee Stock Option Scheme(s) (ESOP)	3.57	8.73
Employees Welfare	1,14.38	1,34.68
	<u>16,23.36</u>	<u>19,42.82</u>

Effective 2007-08 the Company adopted Accounting Standard (AS) 15 (Revised 2005) on Employee Benefits, as issued by Institute of Chartered Accountants of India. The Company has defined benefit plans for gratuity and compensated absence to eligible employees, contributions for which are made to Life Insurance Corporation of India, who invest the funds as per IRDA guidelines. The details of these defined benefit plans recognized in the financial statements are as under:

**XPRO INDIA LIMITED : ANNUAL REPORT 2011/12**

	Rs. In lacs			
	Gratuity		Compensated absence	
	2011-12	2010-11	2011-12	2010-11
<b>a. Reconciliation of opening and closing balances of the present value of defined benefit obligation</b>				
Obligation at the beginning of the year	451.81	369.78	213.95	179.93
Current Service Cost	27.60	46.31	12.48	42.67
Interest Cost	36.14	29.58	17.12	14.39
Actuarial (gain)/loss	64.68	24.57	(1.17)	(5.33)
Benefits paid	115.49	18.43	47.65	17.71
<b>Obligation at the end of the year</b>	<b>464.74</b>	<b>451.81</b>	<b>194.73</b>	<b>213.95</b>
<b>b. Reconciliation of opening and closing balances of fair value of plan assets</b>				
Plan assets at the beginning of the year, at fair value	396.20	342.53	177.77	161.90
Expected Return on Plan Assets	22.71	22.16	11.03	10.19
Actuarial gain/(loss)	9.02	5.21	4.60	(3.92)
Contribution	48.05	44.73	24.83	9.80
Benefits paid	115.17	18.43	28.30	0.20
<b>Plan assets at the end of the year, at fair value</b>	<b>360.81</b>	<b>396.20</b>	<b>189.93</b>	<b>177.77</b>
<b>c. Liability recognized in Balance Sheet</b>				
Obligation at the end of the year	464.74	451.81	194.73	213.95
Less : Plan assets at the end of the year, at fair value	360.81	396.20	189.92	177.77
Liability recognized in Balance Sheet as at March 31	103.93	55.61	4.81	36.18
<b>d. Net cost of employer expense for the year</b>	<b>96.69</b>	<b>73.09</b>	<b>12.80</b>	<b>45.46</b>
<b>e. Assumptions</b>				
Discount Rate (p.a.)	8.0 %	8.0 %	8.0 %	8.0 %
Expected Rate of Return on plan assets (p.a.)	6.0 %	6.0 %	6.0 %	6.0 %
Expected rate of increase in compensation levels (p.a.)	5.0 %	5.0 %	5.0 %	5.0 %

**f. Experience History**

	Rs. In lacs				
	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
<b>Gratuity</b>					
Defined Benefit Obligation at the end of the year	464.74	451.81	348.55	300.02	260.53
Plan Assets at the end of the year	360.81	396.20	323.93	270.17	242.64
Funded Status – Surplus/(Deficit)	(103.93)	(55.61)	(24.62)	(29.85)	(17.89)
Experience Adjustment on Plan Liabilities - (Gain)/Loss	64.68	24.57	26.60	18.77	15.87
Experience Adjustment on Plan Assets - Gain/(Loss)	9.02	5.21	2.277	(4.63)	2.39
<b>Compensated Absence</b>					
Defined Benefit Obligation at the end of the year	194.73	213.95	172.92	152.18	160.12
Plan Assets at the end of the year	189.93	177.77	161.90	59.92	25.00
Funded Status – Surplus/(Deficit)	(4.80)	(36.18)	(11.02)	(92.26)	(135.12)
Experience Adjustment on Plan Liabilities - (Gain)/Loss	(1.17)	(5.33)	0.69	(31.27)	-
Experience Adjustment on Plan Assets - Gain/(Loss)	4.60	(3.92)	(4.67)	(3.77)	-

g. The Contribution expected to be made by the Company during the next financial year has not been ascertained.

	<u>2011 - 12</u>	<u>2010 - 11</u>
	Rs. in lacs	Rs. in lacs
<b>26. Finance Cost</b>	<b>9,68.53</b>	9,98.16
Interest expenses	<u>74.71</u>	<u>69.62</u>
Other finance charges	<b>10,43.24</b>	10,67.78

## XPRO INDIA LIMITED : ANNUAL REPORT 2011/12

	<u>2011 - 12</u>	<u>2010 - 11</u>
	Rs. in lacs	Rs. in lacs
<b>27. <u>Other Expenses</u></b>		
Consumption of Stores and Spares	6,11.70	8,52.57
Increase/(decrease) of Excise Duty on inventory	(6.19)	46.20
Power & Fuel	17,97.54	19,44.87
Processing Charges	1,00.64	1,77.32
Repairs to:		
- Buildings	23.39	20.71
- Plant & Machinery	1,45.65	1,79.56
- Others	31.62	28.71
Communication	36.33	47.02
Director's Fees	7.70	6.15
Insurance	39.91	50.64
Loss on sale of fixed assets	6.17	-
Miscellaneous	3,72.56	3,20.65
Payment to Auditors ( <i>refer note below</i> )	15.24	13.11
Professional & Legal	63.78	69.66
Rates & Taxes	17.91	32.92
Rent ( <i>refer note below</i> )	52.90	45.02
Travelling	1,34.18	1,27.87
Bad Debts written off	0.71	13.47
Brokerage, Rebate, Discount & Commission	64.14	1,06.54
Freight, Forwarding & Shipment Charges (Net)	2,72.56	4,34.72
Other Selling Expenses	18.32	9.91
Rejection & Damages (Net)	1.22	3.19
	<b>38,07.98</b>	<b>45,30.81</b>
a. Payment to Auditors		
- As Auditors	10.00	10.00
- For other services	3.00	0.60
- Reimbursement of expenses	2.24	2.51
	<b>15.24</b>	<b>13.11</b>
b. The Company is lessee under various operating leases, none of which are non-cancellable.		
<b>28. <u>Foreign Currency Transactions</u></b>		
a. Imports (CIF Value)		
Raw materials	11,33.38	11,27.67
Spares	34.23	44.38
Capital Goods	5,15.63	6,03.07
	<b>16,83.24</b>	<b>17,75.12</b>
b. Expenditure (on payment basis)		
Interest	-	-
Professional & consultation fees	-	-
Others	11,12.74	24.53
	<b>11,12.74</b>	<b>24.53</b>
c. Earnings		
Export of Goods (FOB Value)	6,41.02	2,90.07
d. Dividend Remitted to Non-Resident Shareholders		
Number of Non-Resident Shareholders	121	143
Number of Shares held by Non-Resident Shareholders	1,06,626	1,25,061
Amount remitted during the year	-	-
Year to which dividend relates	<b>2010-11</b>	<b>2009-2010</b>

## XPRO INDIA LIMITED : ANNUAL REPORT 2011/12

### 29. Foreign Exchange Exposure

The Company periodically avails Foreign Exchange Contracts to hedge its exposures in foreign currency related to firm commitments and highly probable forecasted transactions.

Forward contract outstanding at year-end: Nil (Previous year: Nil)

Foreign exchange currency exposures that have not been hedged by a derivative instrument or otherwise at year-end:  
Purchases: US\$ 736,620 & € Nil; Sales: US\$ 2869 & € 97,960; Loans (including interest accrued but not due): € 108,388  
(Previous year: US\$ 540,508 & € 569,234; US\$ 5,753 & € Nil; € Nil respectively)

### 30. Value of Consumption

	<u>2011-12</u>		<u>2010-11</u>	
	Rs. in lacs	%	Rs. in lacs	%
a. Raw Materials				
Imported	11,27.62	6.78	11,54.33	5.32
Indigenous	1,55,09.18	93.22	2,05,26.53	94.68
	<b>1,66,36.80</b>	<b>100.00</b>	2,16,80.86	100.00
b. Stores & Spares				
Imported	42.43	6.94	50.44	5.92
Indigenous	5,69.27	93.06	8,02.13	94.08
	<b>6,11.70</b>	<b>100.00</b>	8,52.57	100.00

### 31. Related Party Disclosures

#### A. List of Related Parties

- i) Parties where control exists:
  - Wholly owned subsidiaries:
    - a) Xpro Global Limited;
    - b) Xpro Global Pte. Ltd., Singapore;
- ii) Promoters:
  - IntelliPro Finance Private Limited;
  - iPro Capital Limited;
  - Sri Sidharth Birla, Chairman;
  - Smt. Madhushree Birla, Director;
- iii) Key Management Personnel & their relatives:
  - Sri C. Bhaskar, Managing Director & Chief Executive Officer
  - Smt. Rajalakshmi Bhaskar (wife)

#### B. Transactions with Related Parties: *(Previous year figures in italics)*

- i) No transactions with related party referred to in A(i)(a) above;
- ii) With related party referred to in A(i)(b) above:
  - Investment in equity capital: Nil; *(Rs.18.39 lacs)*
- iii) With related party referred to in A(ii) above:
  - Dividend paid: Rs.98.04 lacs *(Rs.85.26 lacs)*;
  - Remuneration: Rs. 54.76 lacs *(Rs.61.43 lacs)*;
- iv) With related party referred to in A(iii) above:
  - Dividend paid: Rs.0.90 lacs *(Rs.0.20 lacs)*;
  - Remuneration: Rs.59.93 lacs *(Rs.50.16 lacs)*;

#### C. The above include following individual transactions in excess of 10% of the respective totals:

- (i) Dividend paid to Promoters, IntelliPro Finance Private Limited: Rs.40.00 lacs *(Rs.35.00 lacs)*, and iPro Capital Limited: Rs.54.00 lacs *(Rs.45.85 lacs)*;
- (ii) Remuneration paid to Shri Sidharth Birla and Shri C. Bhaskar: Rs.54.76 lacs *(Rs.61.43 lacs)* and Rs.59.93 lacs *(Rs.50.16 lacs)* respectively;

#### D. No Balances were outstanding at the end of the current or previous year from/to any of the Related parties;

## XPRO INDIA LIMITED : ANNUAL REPORT 2011/12

### 32. Discontinuing Operations

In March 2011 the Board had approved, consistent with long-term strategy, an agreement for sale of the Company's Thermosets Division at Ranjangaon (engaged in manufacture of Thermoset Moulding Powders & Synthetic Resins) on an all-cash, going concern and slump sale basis. Following all necessary approvals the transaction was completed on August 18, 2011 at a consideration of Rs.74,50.00 lacs. The pre-tax gain recognised on the disposal of business and payment of liabilities of the discontinuing operations amounted to Rs.34,57.46 lacs. As at the balance sheet date there were no assets to be disposed or liabilities to be settled relating to the discontinuing operations.

Net cash flows attributable to operating, investing and financing activities of discontinuing operations during the year aggregated to (Rs.26,19.11 lacs), Rs.51,85.31 lacs and (Rs.83.70 lacs) respectively.

Statement showing revenue and expenses of discontinuing operations:

	<u>2011-12</u>
	Rs. in lacs
<u>Revenue</u>	
Gross Revenue from operations	37,07.05
Less: Excise Duty	<u>3,32.21</u>
Net Revenue from operations	33,74.84
Other Income	<u>0.61</u>
Total	<u>33,75.45</u>
<u>Expenses</u>	
Cost of materials consumed	24,52.03
Changes in inventories of finished goods and work-in-process	29.71
Employee benefits expense	1,99.04
Finance costs	56.73
Depreciation and amortization expenses	88.05
Other expenses	<u>2,96.32</u>
Total Expenses	<u>31,21.88</u>
Profit from Operating Activities before tax	2,53.57
Profit on slump sale of discontinued business	34,57.46
Less: Tax Expenses	<u>8,76.00</u>
Profit after tax from discontinuing operations	<u><u>28,35.03</u></u>

### 33. Segment Accounting in terms of AS 17 issued by the Institute of Chartered Accountants of India

The Company had only one reporting segment during the year i.e. Polymers Business and accordingly no Information about Primary Business Segment has been given. Details of Secondary Segment – Geographical by location of markets is as under:

	<u>Domestic Markets</u>	<u>Export Markets</u>	<u>Rs. in lacs</u>
<u>Reportable Segments</u>			<u>Total</u>
<b>Revenue</b> - Continuing Operations	2,39,27.79	6,41.02	2,45,68.81
- Discontinuing Operations	33,74.84	-	33,74.84
	<b>2,73,02.63</b>	<b>6,41.02</b>	<b>2,79,43.65</b>
	<i>3,04,63.58</i>	<i>2,90.07</i>	<i>3,07,53.65</i>
<b>Segment Assets</b>	<b>2,59,65.93</b>	-	<b>2,59,65.93</b>
	<i>2,59,17.82</i>	-	<i>2,59,17.82</i>
<b>Addition to fixed Assets</b>	<b>12,82.81</b>	-	<b>12,82.81</b>
	<i>21,79.82</i>	-	<i>21,79.82</i>

*Note: Previous year figures in italics.*

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## XPRO INDIA LIMITED : ANNUAL REPORT 2011/12

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### 34. Earnings per Share (EPS)

The numerators and denominators used to calculate Basic and Diluted Earnings per share:

For the year ended:	<u>March 31, 2012</u>	<u>March 31, 2011</u>
Earnings attributable to the Equity Shareholders (Rs. in lacs)		
Net Profit from Continuing Operations	<b>5,25.97</b>	11,37.99
Total Net Profit	<b>33,61.00</b>	11,37.99
Weighted average number of equity shares for Basic EPS	<b>1,13,33,345</b>	1,10,84,537
Dilutive impact of employee stock options	<b>2,87,331</b>	4,75,461
Weighted average number of equity shares for Diluted EPS	<b>1,16,20,676</b>	1,15,59,998
Nominal Value of Equity Share (Rs.)	<b>10</b>	10
EPS (from continuing Operations) (Rs.)		
- Basic	<b>4.64</b>	10.27
- Diluted	<b>4.53</b>	9.84
EPS (Total) (Rs.)		
- Basic	<b>29.66</b>	10.27
- Diluted	<b>28.92</b>	9.84

35. The Company prepares and presents its financial statements as per Schedule VI to the Companies Act, 1956, as applicable to it from time to time. In view of the revision to the Schedule VI as per a notification issued during the year by the Central Government, the financial statements for the financial year ended 31<sup>st</sup> March, 2012 have been prepared as per the requirements of the Revised Schedule VI to the Companies Act, 1956. The previous year figures have been accordingly regrouped/reclassified and presented to conform to the current year's classification.

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**As per our report of even date**  
For **Deloitte Haskins & Sells**  
Chartered Accountants

**Gaurav J. Shah**  
Partner  
Membership No. 35701  
New Delhi  
April 26, 2012

**S. C. Jain**  
Company Secretary

**V. K. Agarwal**  
Joint President &  
Chief Financial Officer

**For and on behalf of the Board**  
  
**Sidharth Birla**  
Chairman

**C. Bhaskar**  
Managing Director &  
Chief Executive Officer

## XPRO INDIA LIMITED : ANNUAL REPORT 2011/12

<b><u>CONSOLIDATED BALANCE SHEET AS AT</u></b>	<b><u>March 31, 2012</u></b>	<b><u>March 31, 2011</u></b>
	<b>Rs. in lacs</b>	<b>Rs. in lacs</b>
<b><u>EQUITY AND LIABILITIES</u></b>		
<b>Shareholders' Funds</b>		
- Share capital	11,36.90	11,11.40
- Reserves and surplus	<u>1,36,17.36</u>	<u>1,05,64.47</u>
	<b>1,47,54.26</b>	<b>1,16,75.87</b>
<b>Non-current Liabilities</b>		
- Long-term borrowings	18,41.99	37,07.00
- Deferred tax liabilities (net)	3,37.00	1,19.00
- Other long-term liabilities	22.33	23.62
- Long-term provisions	<u>1,03.93</u>	<u>55.61</u>
	<b>23,05.25</b>	<b>39,05.23</b>
<b>Current Liabilities</b>		
- Short-term borrowings	33,41.58	27,63.78
- Trade payables	21,86.05	43,22.28
- Other current liabilities	30,30.38	29,30.56
- Short-term provisions	<u>3,55.34</u>	<u>3,27.68</u>
	<b>89,13.35</b>	<b>1,03,44.30</b>
	<b><u>2,59,72.86</u></b>	<b><u>2,59,25.40</u></b>
<b><u>ASSETS</u></b>		
<b>Non-current Assets</b>		
- Fixed assets		
-Tangible assets	94,66.38	1,18,87.54
-Intangible assets	2,60.11	2,82.22
-Capital work-in-progress	<u>5,35.17</u>	<u>6,93.28</u>
	<b>1,02,61.66</b>	<b>1,28,63.04</b>
- Non-current investments	0.73	0.73
- Long-term loans and advances	<u>3,69.60</u>	<u>3,01.39</u>
	<b>1,06,31.99</b>	<b>1,31,65.16</b>
<b>Current Assets</b>		
- Inventories	19,57.83	26,68.89
- Trade receivables	30,49.95	61,37.75
- Cash and cash equivalents	78,86.46	28,75.18
- Short-term loans and advances	20,88.50	9,97.38
- Other current assets	<u>358.13</u>	<u>79.54</u>
	<b>1,53,40.87</b>	<b>1,27,58.74</b>
Preliminary expenses to the extent not written off	-	1.50
	<b><u>2,59,72.86</u></b>	<b><u>2,59,25.40</u></b>

See accompanying notes to the financial statements

**As per our report of even date**

For **Deloitte Haskins & Sells**

Chartered Accountants

**Gaurav J. Shah**

Partner

Membership No. 35701

New Delhi

April 26, 2012

**S. C. Jain**

Company Secretary

**V. K. Agarwal**

Joint President &  
Chief Financial Officer

**C. Bhaskar**

Managing Director &  
Chief Executive Officer

**For and on behalf of the Board**

**Sidharth Birla**  
Chairman

**XPRO INDIA LIMITED : ANNUAL REPORT 2011/12**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS  
FOR THE YEAR ENDED**

	<b><u>March 31, 2012</u></b>	<b><u>March 31, 2011</u></b>
	Rs. in lacs	Rs. in lacs
<b><u>CONTINUING OPERATIONS</u></b>		
<b>Revenue</b>		
- Gross revenue	<b>2,70,41.58</b>	3,38,82.11
less: excise duty	<b>24,48.62</b>	30,98.80
- Net revenue	<b>2,45,92.96</b>	3,07,83.31
- Other income	<b>6,39.20</b>	3,45.67
- <b>Total Revenue</b>	<b>2,52,32.16</b>	3,11,28.98
<b>Expenses</b>		
- Cost of materials consumed	<b>1,66,36.80</b>	2,16,80.86
- Purchase of stock-in-trade	<b>1,44.22</b>	17.54
- Changes in inventories of finished goods & work-in-progress	<b>1,15.09</b>	(3,68.65)
- Employee benefits expense	<b>16,23.36</b>	19,42.82
- Finance costs	<b>10,43.24</b>	10,67.78
- Depreciation and amortization expense	<b>11,54.44</b>	13,11.05
- Other expenses	<b>38,13.59</b>	45,34.06
- <b>Total Expenses</b>	<b>2,45,30.74</b>	3,01,85.46
<b>Profit before tax</b>	<b>701.42</b>	9,43.52
<b>Tax expense</b>		
- Current Tax	<b>10.95</b>	1,80.90
less: MAT credit entitlement	<b>70.00</b>	1,76.00
- Net current tax	<b>(59.05)</b>	4.90
- Deferred tax	<b>218.00</b>	(1,63.00)
- Tax pertaining to earlier years (net)	<b>18.49</b>	(37.93)
	<b>177.44</b>	(1,96.03)
<b>Profit from Continuing Operations</b>	<b>5,23.98</b>	11,39.55
<b><u>DISCONTINUING OPERATIONS</u></b> <i>(discontinued wef August 18, 2011)</i>		
Profit for the period from discontinuing operations	<b>253.57</b>	-
Profit from slump sale of discontinued business	<b>34,57.46</b>	-
Tax expense of discontinuing operations	<b>876.00</b>	-
Profit from discontinuing operations (after tax)	<b>2835.03</b>	-
<b>Profit for the year</b>	<b>33,59.01</b>	11,39.55
<b>Earnings (from continuing operations) per equity share</b> (Face Value of Rs.10/- each)		
- Basic (Rs.)	<b>4.62</b>	10.28
- Diluted (Rs.)	<b>4.51</b>	9.85
<b>Earnings (total) per equity share</b> (Face Value of Rs.10/- each)		
- Basic (Rs.)	<b>29.64</b>	10.28
- Diluted (Rs.)	<b>28.90</b>	9.85

See accompanying notes to the financial statements

**As per our report of even date**

For **Deloitte Haskins & Sells**

Chartered Accountants

**Gaurav J. Shah**

Partner

Membership No. 35701

New Delhi

April 26, 2012

**S. C. Jain**  
Company Secretary

**V. K. Agarwal**  
Joint President &  
Chief Financial Officer

**For and on behalf of the Board**

**Sidharth Birla**  
Chairman

**C. Bhaskar**  
Managing Director &  
Chief Executive Officer



## **XPRO INDIA LIMITED : ANNUAL REPORT 2011/12**

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### **Notes to the Consolidated Financial Statements**

1. These Consolidated financial statements comprise the financial statements of Xpro India Limited and its following subsidiaries as on March 31, 2012:

	Name of Subsidiary	% Shareholding	Country of Incorporation
a.	Xpro Global Limited	100	India
b.	Xpro Global Pte. Ltd.	100	Singapore

Xpro Global Pte. Ltd. was incorporated on February 8, 2011 and its first accounting period was from date of incorporation to March 31, 2012; accordingly estimated financial statements were consolidated for the year ended March 31, 2011, and audited financial statements have been consolidated for year ended March 31, 2012.

2. Principal of Consolidation:  
The consolidated financial statements relate to Xpro India Limited ("the Company") and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:
- The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book value of like terms of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard-21 – "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
  - As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's Separate Financial Statements.
  - Investments made by the parent company in subsidiary companies subsequent to the holding - subsidiary relationship coming into existence are eliminated while preparing the consolidated financial statements.
  - Intra group balances and intra group transactions are eliminated to the extent of share of the parent company in full.
  - Unrealised profits on account of intra group transactions have been accounted for depending upon whether the transaction is an upstream or a downstream transaction.
3. In view of insignificant/negligible transactions of the subsidiary companies, detailed notes are not prepared.
4. The Company prepares and presents its financial statements as per Schedule VI to the Companies Act, 1956, as applicable to it from time to time. In view of the revision to the Schedule VI as per a notification issued during the year by the Central Government, the financial statements for the financial year ended 31<sup>st</sup> March, 2012 have been prepared as per the requirements of the Revised Schedule VI to the Companies Act, 1956. The previous year figures have been accordingly regrouped/reclassified and presented to conform to the current year's classification.

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**As per our report of even date**

**For Deloitte Haskins & Sells**

Chartered Accountants

**Gaurav J. Shah**

*Partner*

*Membership No. 35701*

**New Delhi**

**April 26, 2012**

**S. C. Jain**

*Company Secretary*

**V. K. Agarwal**

*Joint President &  
Chief Financial Officer*

**C. Bhaskar**

*Managing Director &  
Chief Executive Officer*

**For and on behalf of the Board**

**Sidharth Birla**

*Chairman*

## XPRO INDIA LIMITED : ANNUAL REPORT 2011/12

<u>CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED</u>	<u>March 31, 2012</u>	<u>March 31, 2011</u>
	Rs. in lacs	Rs. in lacs
<b>A. Cash flow from Operating Activities</b>		
Net Profit/(Loss) before tax and exceptional items	7,01.41	9,43.52
Profit from discontinuing operations	2,53.57	-
Adjusted for:		
Depreciation and Amortization	12,42.48	13,11.06
Interest and Financial Charges	11,02.14	10,67.78
Interest income	(6,77.56)	(1,94.09)
Bad Debts & Provisions (net)	0.71	13.47
Provisions & Sundry balances written back	(15.53)	(48.89)
(Profit)/Loss on Sale/Discard of Fixed Assets	6.54	(42.81)
Foreign Exchange Fluctuation (unrealized)	6.48	(4.51)
Employee Stock Option Amortization	4.14	7.41
<b>Operating Profit/(Loss) before Working Capital changes</b>	<b>26,24.38</b>	<b>30,52.93</b>
Adjusted for:		
Trade and other Receivables	30,87.00	(14,56.03)
Loans & advances	(6,62.32)	-
Inventories	9,57.07	(6,44.29)
Trade payables and other liabilities	(19,79.71)	20,57.38
Direct Taxes	(45.73)	(78.71)
<b>Net Cash Flow from Operating activities</b>	<b>39,80.69</b>	<b>29,31.28</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(19,52.86)	(1,882.65)
Sale of Fixed Assets	26,35.17	297.92
Profit from slump sale of discontinued business	34,57.46	-
Investments in Subsidiaries	-	(18.39)
Direct taxes paid	(8,76.00)	-
Preliminary expenses	-	(1.50)
Interest Received	3,98.90	2,05.35
<b>Net Cash Flow from Investing Activities</b>	<b>36,62.67</b>	<b>(13,99.27)</b>
<b>C. Cash flow from Financing Activities</b>		
Proceeds from Issue of Shares	53.06	30.93
Increase/(Decrease) in Bank Borrowings (net)	(12,95.16)	46.05
Interest and Financial Charges	(11,25.71)	(10,67.78)
Dividend Paid (including dividend tax)	(2,63.80)	(2,26.95)
<b>Net Cash Flow from Financing activities</b>	<b>(26,31.61)</b>	<b>(12,17.75)</b>
<b>Net increase/(decrease) in Cash or Cash equivalents</b>	<b>50,11.75</b>	<b>3,14.26</b>
Cash and Cash Equivalents at the beginning of the year	28,75.19	25,59.28
Effect of Foreign Exchange rate differences	(0.48)	1.64
Cash and Cash Equivalents at the end of the year	<b>78,86.46</b>	<b>28,75.18</b>

**Notes:**

Cash and Cash Equivalents represent Cash and Bank balance and include Rs. 47.82 lacs (Previous year: Rs.49.58 lacs) of unpaid dividend not available for use by the Company;

Statement includes Cash flows from Discontinued operations (*refer Note 32 of stand-alone financial statements*);

Previous year figures have been regrouped/rearranged wherever considered necessary;

Fixed Deposits of Rs.24,81.34 lacs (Previous year: Rs.22,75.18 lacs) pledged with bank(s) towards overdraft & other facilities;

**As per our report of even date**

For **Deloitte Haskins & Sells**

Chartered Accountants

**Gaurav J. Shah**

Partner

Membership No. 35701

New Delhi

April 26, 2012

**S. C. Jain**

Company Secretary

**V. K. Agarwal**

Joint President &  
Chief Financial Officer

**For and on behalf of the Board**

**Sidharth Birla**

Chairman

**C. Bhaskar**

Managing Director &  
Chief Executive Officer

## **XPRO INDIA LIMITED : ANNUAL REPORT 2011/12**

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### **AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF XPRO INDIA LIMITED**

1. We have audited the attached Consolidated Balance Sheet of **XPRO INDIA LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31<sup>st</sup> March, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs.77.82 lacs as at 31<sup>st</sup> March, 2012, total revenues of Rs. 26.62 lacs and net cash inflows amounting to Rs.22.48 lacs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the reports of the other auditors.
4. Attention is invited to Note No. 3 regarding non-preparation of Notes to Accounts.
5. Subject to our comment in Paragraph 4 above, we report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
6. Subject to our comment in Paragraph 4 above and based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, and the aforesaid subsidiaries, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March, 2012;
  - (ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
  - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Registration No. 117365W)

**Gaurav J Shah**  
Partner  
(Membership No. 35701)

New Delhi  
April 26, 2012

**XPRO INDIA LIMITED**

Registered Office: Barjora-Mejia Road, P.O. Ghutgoria, Tehsil: Barjora, Distt: Bankura  
West Bengal 722 202, India

**PROXY FORM**

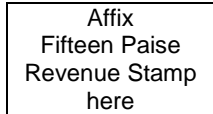
Proxy No.
No. of Shares

Folio No.
DP ID No.
Client ID No.

I/We .....  
of ..... being a member/members of  
XPRO INDIA LIMITED hereby appoint .....  
of .....or falling him .....  
..... of .....  
as my/our proxy to attend and vote for me/us and on my/our behalf at the Fifteenth Annual General Meeting of  
the Company to be held on Thursday, 26<sup>th</sup> day of July, 2012 at 10.30 a.m. at the Registered Office of the  
Company at Barjora-Mejia Road, P.O. Ghutgoria, Tehsil: Barjora, Distt: Bankura, West Bengal 722 202, India  
and at any adjournment thereof.

Signed this ..... Day of ..... 2012.

Signature .....



Note: The Proxy Form should be signed across the stamp as per specimen signature(s) registered with the Company.

----- cut here -----

**XPRO INDIA LIMITED**

Registered Office: Barjora-Mejia Road, P.O. Ghutgoria, Tehsil: Barjora, Distt: Bankura  
West Bengal 722 202, India

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

I hereby record my presence at the Fifteenth Annual General Meeting of the Company held on Thursday, 26<sup>th</sup>  
day of July, 2012 at 10.30 a.m. at the Registered Office of the Company at Barjora-Mejia Road, P.O. Ghutgoria,  
Tehsil: Barjora, Distt: Bankura, West Bengal 722 202, India

NAME OF THE MEMBER(S) IN BLOCK LETTERS:
FOLIO NO./DP ID NO. – CLIENT ID NO.:
SIGNATURE OF THE MEMBER OR PROXY:

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