



XPRO INDIA LIMITED

ANNUAL REPORT 2010/11

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

Executive Vice President & Chief Financial Officer

Sri Anil Jain

Executive Vice President

Sri Manmohan Krishan

Executive Vice President, Coex Division (FBD)

Sri N. Ravindran

Executive Vice President (Marketing)

Sri U.K. Saraf

Executive Vice President, Coex Division (GRN & RNJ)

Sri Sunil Mehta

Executive Vice President, Biax Division (Pithampur)

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, MIDC Industrial Area,
Ranjangaon, Distt. Pune 412 220, Maharashtra

Thermosets Division

Plot E-89, 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

Note: 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 or 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 henceforth send various notices/documents, etc.

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NOTICE

TO THE SHAREHOLDERS

Notice is hereby given that the Fourteenth Annual General Meeting of the Members of Xpro India Limited will be held on Thursday, August 11, 2011 at 10.30 a.m. at the Registered Office of the Company at Barjora-Mejia Road, P.O. Ghutgoria, Teh.: Barjora, Distt: Bankura, West Bengal 722202 to transact the following business:

1. To consider and adopt the Directors' Report and audited Balance Sheet and Profit & Loss Account as at and for the year ended March 31, 2011.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Sri P Murari who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Sri Haigreve Khaitan who retires by rotation and being eligible, offers himself for reappointment.
5. 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 :

6. AS AN ORDINARY RESOLUTION

“RESOLVED that Sri Amitabha Guha, a Director of the Company, who holds office upto the date of this Annual General Meeting under Article 137 of the Articles of Association of the Company, be and is hereby reappointed a Director of the Company, liable to retire by rotation.”

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 modifications or re-enactment thereof, the Company hereby approves the re-appointment of Sri Sidharth Birla, Chairman in the whole time employment 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 March 1, 2011 to February 28, 2014 subject generally to the Rules as laid down by the Board, at remuneration by way of salary, commission, perquisites and other allowances as detailed herein below:

- | | | |
|--------------------------|---|--|
| i. Salary | : | Rs. 4,00,000/- (Rupees Four Lacs only) per month. |
| ii. Commission | : | At a rate not exceeding 2% of the net profits of the Company within the overall limit of 5% of net profits as may be decided by the Board from time to time. |
| iii. Housing | : | Fully furnished leased/Company owned housing, or a house rent allowance in lieu thereof as per Company Rules (not exceeding 60% of salary). |
| iv. Perquisites/Benefits | : | a) Reimbursement of medical/ hospitalization expenses for self and family |

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- b) Personal Accident Insurance
 - c) Reimbursement of fare for self and family anywhere once in a year while on leave, including boarding and lodging expenses
 - d) Expenditure incurred by the Company on Gas, Electricity & Water
 - e) Club fees: Subject to a maximum of two clubs. This will not include Admission and Life Membership Fee
 - f) Free use of Car(s) with Chauffeur and telephone(s) at residence
 - g) Contribution to Provident Fund, Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961
 - h) Gratuity at the rate of 15 days' salary for each completed year of service at the end of the tenure and
 - i) Encashment of unavailed leave at the end of the tenure.
- v. Minimum Remuneration : Where in any financial year, the Company has no profits or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid to Sri Sidharth Birla, as minimum remuneration within the limits specified in Part II Section II Para 1(B) of Schedule XIII to the Companies Act, 1956 or any statutory modifications or re-enactment thereof."

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

June 20, 2011

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, 2011 to July 08, 2011 (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, 2011 and the Dividend Warrants will be posted on August 20, 2011.
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 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. 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

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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 :

Financial Year	Date of Declaration	Due date for transfer to IEP Fund
2003-04	July 23, 2004	August 23, 2011
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

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.

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

Item No.3

Sri P. Murari, aged 77 years, holds a Masters Degree in Economics and has been a member of the Indian Administrative Services. He has vast administrative experience both at the Centre and in State and retired as a Secretary to the Government of India. His areas of experience are general industrial administration, formulation of industrial policies, administration of public sector and co-operative sector industrial undertakings including sick units, health and family planning sector management, energy sector, financial administration and food processing.

Presently he is adviser to President, FICCI and various other professional bodies. He has been Chairman of National Commission on Energy Conservation Awareness, National Commission on Media Strategy for Rural Employment Programmes, and National Commission on Food Processing of Government of India. Sri Murari is presently a Director on the Boards of Aban Offshore Ltd., Adayar Gate Hotel Ltd., Aditya Birla Nuvo Ltd., Bajaj Auto Ltd., Bajaj Holdings & Investment Ltd., Great Eastern Energy Corporation Ltd., Fortis Malar Hospitals Ltd., HEG Ltd., IDEA Cellular Ltd.

He is a member of Audit Committee of Aban Offshore Ltd., Adayar Gate Hotel Ltd., Aditya Birla Nuvo Ltd, Great Eastern Energy Corporation Ltd., Member of Remuneration Committee of Great Eastern Energy Corporation Ltd., Chairman of Investor Relations & Finance Committee of Aditya Birla Nuvo Ltd., besides being Chairman of Remuneration & Nomination Committee and member of Audit Committee of our Company.

Sri P. Murari does not hold any Equity Shares of the Company.

Except Sri P. Murari, no other Director is interested in the resolution.

Item No. 4

Sri Haigreave Khaitan, aged 41 years, is a Law Graduate. Being an Advocate he has vast experience in Commercial & Corporate Laws, Tax Laws, Mergers & Acquisitions, Restructuring, Foreign Collaboration, Licensing etc.

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Sri Haigreve Khaitan is presently Director on the Boards of AVTEC Ltd., Bajaj Corp Ltd. Bennett, Coleman & Co. Ltd. BTS Investment Advisors Pvt. Ltd., Ceat Ltd., Great Eastern Energy Corporation Ltd., Harrisons Malayalam Ltd., I.G.E. (India) Ltd., Inox Leisure Ltd., Ispat Industries Ltd., Jindal Steel & Power Ltd., Khaitan Consultants Ltd., National Engineering Industries Ltd., Rama News Print & Papers Ltd., Sterlite Technologies Ltd., The Madras Aluminium Co. Ltd., The Oudh Sugar Mills Ltd., & Vinar Systems Pvt. Ltd. and Partner of Khaitan & Co.

He is a member of Audit Committee of AVTEC Ltd., Bennett, Coleman & Co. Ltd., Harrisons Malayalam Ltd., Inox Leisure Ltd., Jindal Steel & Power Ltd., National Engineering Industries Ltd., Sterlite Technologies Ltd. and Share Transfer & Shareholders/Investors Grievance Committee of National Engineering Industries Ltd. & Rama Newsprint & Papers Ltd. Remuneration Committee of Harrisons Malayalam Ltd., National Engineering Industries Ltd. & Sterlite Technologies Ltd. and Member of Remuneration/ Compensation Committee of Great Eastern Energy Corporation Ltd. besides being member of Share Transfer & Shareholders/Investors Grievance Committee of our Company.

Sri Haigreve Khaitan holds 9000 (0.08%) Equity Shares of the Company.

Except Sri Haigreve Khaitan, no other Director is interested in the resolution.

Item No. 6

Sri Amitabha Guha, aged about 63 years, holds Masters Degree in Science from University of Kolkata was appointed, as recommended by the Remuneration & Nomination Committee, as an (Independent) Additional Director of the Company. He holds Office until the conclusion of the ensuing Annual General Meeting of the Company and is eligible for re-appointment. Sri Guha has expertise in finance and banking spanning over 3 decades. He was Managing Director of State Bank of Hyderabad and Deputy Managing Director of State Bank of India.

Presently he is Director and Non-Executive Chairman of South Indian Bank, and also Director on the Boards of Andhra Pradesh State Financial Corporation, Gangavaram Port Limited and Vijaysri Organics Limited. He is a member of Executive Committee of Andhra Pradesh State Financial Corporation Limited, Chairman of Management Committee, Risk Management Committee and Member of Customer Service Committee and Nomination Committee of The South Indian Bank Limited.

The Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a Member along with a deposit of Rs.500/-, signifying his intention to propose at the ensuing Annual General Meeting, the appointment of Sri Amitabha Guha as a Director of the Company and for that purpose, to move a resolution as mentioned in the notice.

It is considered that it would be in the interest of the Company to appoint Sri Amitabha Guha as an Independent Director of the Company, keeping in view his vast knowledge and experience of corporate business and of banking and finance, in particular.

Sri Amitabha Guha does not hold any Equity Shares of the Company.

Except Sri Amitabha Guha, no other Director is interested in the resolution.

Item No.7

Sri Sidharth Birla was appointed as a Whole-time Director of the Company designated as Chairman since March 1, 2000. Sri Birla's term as Whole-time Director expired on February 28, 2011. The Remuneration & Nomination Committee as well as the Board of Directors at their meetings held on January 27, 2011 have

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unanimously approved the re-appointment of Sri Sidharth Birla in the whole time employment of the Company for a period of three years with effect from March 1, 2011 upto February 28, 2014 on the payment of remuneration as proposed in the resolution, subject to the approval of the Shareholders of the Company in General Meeting.

During Sri Sidharth Birla's long association with the Company as the Chairman, he has contributed greatly in the Company achieving its present position and particularly on matters relating to corporate governance, communicating with stakeholders, holding of high level reviews of strategy/plans and on matters relating to expansion, development and diversification of the Company's businesses.

Except, Sri Sidharth Birla and Smt. Madhushree Birla, who are related, none of the other Directors of the Company is, in any way concerned or interested in the resolution.

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 Sidharth Birla 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: a) Biac Division, Barjora - 1991 b) Biac Division, Pithampur - 2003 c) Coex Division, Faridabad - 1984 d) Coex Division, Gr. Noida - 2003 e) Coex Division, Ranjangaon - 2008 f) Thermosets Division, Ranjangaon - 2005 (earlier located at Mumbai - since 1945)								
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 : <table><thead><tr><th><u>Year</u></th><th><u>Net Profits</u> (In Crores Rs.)</th></tr></thead><tbody><tr><td>2007-08</td><td>0.32</td></tr><tr><td>2008-09</td><td>1.04</td></tr><tr><td>2009-10</td><td>4.40</td></tr></tbody></table>	<u>Year</u>	<u>Net Profits</u> (In Crores Rs.)	2007-08	0.32	2008-09	1.04	2009-10	4.40
<u>Year</u>	<u>Net Profits</u> (In Crores Rs.)								
2007-08	0.32								
2008-09	1.04								
2009-10	4.40								
5 Export performance and net foreign exchange collaborations	<u>Exports</u> (FOB Value) <table><thead><tr><th><u>Year</u></th><th><u>Amount</u> (In Crores Rs.)</th></tr></thead><tbody><tr><td>2007-08</td><td>6.75</td></tr><tr><td>2008-09</td><td>2.73</td></tr><tr><td>2009-10</td><td>3.68</td></tr></tbody></table>	<u>Year</u>	<u>Amount</u> (In Crores Rs.)	2007-08	6.75	2008-09	2.73	2009-10	3.68
<u>Year</u>	<u>Amount</u> (In Crores Rs.)								
2007-08	6.75								
2008-09	2.73								
2009-10	3.68								
6 Foreign Investments or Collaborators, if any.	Nil								

II. Information about appointee:

1 Background details	Sri Sidharth Birla an Industrialist aged 54 years with experience in industry and business of over 33 years, is a Science Honors Graduate and holds a Master's Degree in Business Administration from IMEDE (now called IMD), Lausanne, Switzerland. He has also attended various management programs at the Harvard Business School, Boston, USA, including the Owner/President Management Program, Making Corporate Boards More Effective, etc
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- | | | |
|---|---|---|
| 2 | Past remuneration | <u>For the year 2010-11</u>
Salary : Rs.48.00 lacs
Housing : Nil
Other Perquisites: Rs.6.67 lacs (leave encashment at end of tenure)
Contribution to PF & Superannuation: Rs.6.76 lacs. |
| 3 | Recognition or Awards | - Member, Executive Committee, & Chairman, Corporate Laws Committee, FICCI, New Delhi
- Member, Board of Governors, Birla Institute of Technology & Science, Pilani
- Member of the 21st (and earlier 19 th) Council of the Institute of Chartered Accountants of India (Nominee of Central Government).
- Member, Executive Committee, Indian Chamber of Commerce, Kolkata |
| 4 | Job Profile and its Suitability | He has been appointed in a wholtime capacity to provide inputs on matters relating to corporate governance, communicating with stakeholders, holding of high level reviews of strategy/plans, besides his valuable advice and guidance to the senior management in setting the Company's strategic direction in a dynamic, economic environment including providing necessary assistance and suggestions in matters relating to expansion, development and diversification of the Company's businesses. He has been associated with the businesses of the Company since 1984. Considering his background, he is eminently suitable to hold the position of Chairman 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 Directorial personnel holding similar stature/position in the Industry. |
| 7 | Any Pecuniary Relationship | Besides remuneration, Sri Sidharth Birla is promoter director of the Company where he and his family members hold 1.84% of the Equity Shares of the Company. |

III. Other Information:

- | | | |
|---|---|--|
| 1 | Reasons for loss or inadequate profit | The Company has been consistently earning profits since inception. Profit before tax for the year ended March 31, 2011 was Rs.941.02 lacs. However, profit at Rs.1020.01 lacs as computed in accordance with Sec.349 was inadequate. This is a temporary phenomenon largely due to market forces which resulted in lower selling prices for certain types of films and steep increases in raw material prices due to global volatility in petro product prices. With stabilization in the petroleum prices and correspondingly in our product selling prices profitability is expected to be restored to adequate levels. Your approval is sought by special resolution as stipulated under Part II Section II Para 1(B) of Schedule XIII to the Act as a matter of abundant caution in case such an eventuality arises. |
| 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.

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

June 20, 2011

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REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

We present herewith our Annual Report together with the Audited Accounts of your Company for the year ended March 31, 2011. We also report that the amalgamation of the erstwhile wholly owned subsidiary of the Company Biax Speciality Films Private Limited, with the Company, is now sanctioned and effective from April 1, 2010. This Report and the Accounts appended hereto reflect the same.

FINANCIAL RESULTS

	<u>2011</u>	<u>(Rs. Lacs)</u> <u>2010</u>
Operations resulted in a		
Profit before Depreciation and Tax of	2,252.07	1,479.97
less : Depreciation	1,311.05	868.59
	-----	-----
	941.02	611.38
add: Exceptional items (net)	-	90.40
	-----	-----
Profit Before Tax	941.02	701.78
less : Provisions for		
- Income & Wealth Tax	180.00	236.00
- Deferred Tax	(163.00)	26.00
- Credit for MAT Entitlement	(176.00)	-
- Excess provisions for tax, written back	(37.97)	-
	-----	-----
Profit after Tax	1,137.99	439.78
add : Surplus brought forward	3,238.44	3,080.81
	-----	-----
Balance available for appropriation	4,376.43	3,520.59
Which is appropriated as :		
- General Reserve	180.90	55.00
- Proposed Dividend	226.82	194.80
- Dividend Tax	36.79	32.35
- Surplus carried forward	3,931.92	3,238.44
	=====	=====

We recommend for your approval a Dividend of Rs. 2.00 per share.

REVIEW OF KEY BUSINESS MATTERS

The operations and results for the year now include those of the erstwhile subsidiary Biax Specialty Films Private Limited which has amalgamated with the Company. We are happy to report that the operations of the Company turned in strong performances in respect of both revenue and profits. Overall volume at 31,373 MT increased by about 30%; Gross Sales were higher by about 53% over the previous year at Rs.337.93 Crores; Gross Profit improved by 52% to Rs.2252.07 lacs (against Rs.1479.97 lacs in previous year).

The Indian economy continued to achieve amongst the highest growth levels globally. With sustained momentum in agriculture and manufacturing, growth has been estimated at over 8.5% powered by domestic demand. Medium term economic prospects continue to be favourable. Policy intervention to curb inflation including through gradual withdrawal of stimulus, liquidity restraints and interest rates, compounded by volatility in petro-product prices and competitive market conditions globally are relevant dimensions. In this background, the operations and results above were generally satisfactory. We remain optimistic on the future but mindful of uncertainties arising from volatile input prices, market swings, inflation and global and domestic economic cycles.

The Board in March 2011 approved and announced an agreement with SI Group - India Limited for sale of the Company's Thermosets Division at Ranjangaon (engaged in the manufacture of Thermoset Moulding Powders & Synthetic Resins) in an all-cash sale on a going concern and slump sale basis. Shareholders had already accorded their approval u/s 293(1)(a) through postal ballot; the transaction is subject to other necessary approvals and is expected to be completed in financial year 2011-12. We propose to use a part of the inflow to retire liabilities and earmark the balance towards growth.

The Consumer Durables industry - particularly Refrigerators - a significant client base for the Company, continues to have good growth prospects. To meet growing demand, Thermoforming capacity at Greater Noida was further enhanced and both Sheet and Thermoforming Capacity at Ranjangaon are being enhanced. Proactive steps continue to be taken by management to preserve market standing and competitive edge through development, productivity improvement and cost/financial discipline.

Our strategic intent for BOPP and Cast films is towards specialization in certain types of films (including thin, capacitor, hygiene and metalized films). The amalgamation of the subsidiary is a step in the same direction besides allowing the Company to consolidate its activities in this area while providing meaningful revival and development of the merging entity. It bears mentioning that the subsidiary had positive net worth and that there is no change in the share capital structure of the Company as a result of the merger. The plants at Barjora and Pithampur are both focused on thin BOPP Films for specialized applications, and the Company remains the only indigenous producer of such films; both plants operated at high utilization levels. Considering the growth in domestic and export markets, sustainable opportunities and the capabilities of the Company, capacity enhancement has been proposed and a new manufacturing line has also been ordered.

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

STATUTORY AND OTHER MATTERS

Information as per the requirements of the Companies Act, 1956, our report on Corporate Governance and the Management Discussion & Analysis Report form a part of this Report and are annexed hereto. In accordance with General Circular No. 2/2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs, the Board has consented by resolution for not attaching balance sheets and other relevant statements of the subsidiary companies, i.e., Xpro Global Limited and Xpro Global Pte. Ltd., Singapore. Financial Highlights as required in terms of the said notification are annexed. Shareholders of the holding and subsidiary companies may obtain free of cost and upon request, hard copies of the annual accounts of subsidiary companies and related detailed information. A copy of the annual accounts of the subsidiary companies 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.

As recommended by the Remuneration & Nomination Committee, Sri Amitabha Guha was appointed as an Additional Director with effect from March 24, 2011; he holds office until conclusion of the ensuing Annual General Meeting and is eligible for re-appointment. Sri P.Murari and Sri Haigreve Khaitan, Directors, retire by rotation and, being eligible, offer themselves for reappointment.

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

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As per our governance practices the management's statement on the integrity and fair presentation of financial statements is provided to the Board as an integral part of the accounts approval process. However, pursuant to Section 217(2AA) of the Companies Act the Directors indicate that they have taken reasonable and *bonafide* care (a) that in the preparation of the annual accounts the applicable accounting standards had been followed and proper explanations relating to material departures, if any, have been furnished; (b) that such accounting policies were selected and applied consistently and judgments and estimates that are reasonable and prudent made 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 of the Company for the year; (c) that proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with provisions of the Companies Act for safeguarding the Company's assets and for preventing and detecting fraud and other irregularities; and (d) that these accounts have been prepared 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
June 20, 2011

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 (self-employed professional, 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; 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 (at "B"), membership and chairmanship (at "C" & "Ch") of SEBI specified committees, sitting fees (including committees) and commission (if any) paid during the year, and shareholding in the Company.

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. 1/3rd 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

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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
<u>Independent</u>				
Sri Amitabha Ghosh	6 / 6	13 / 5 / 5	1,40,000	9,000 (0.08%)
Sri Amitabha Guha (w.e.f. 24/3/2011)	-	5 / - / -	-	-
Sri P. Murari	2 / 6	10 / 5 / 1	80,000	-
Sri Utsav Parekh	3 / 6	7 / 5 / 1	1,15,000	9,000 (0.08%)
Sri S. Ragothaman	4 / 6	7 / 3 / 3	1,40,000	12,493 (0.11%)
<u>Non-Executive</u>				
Sri Haigreve Khaitan	- / 6	15 / 10 / -	Nil	9,000 (0.08%)
<u>Representing Promoters</u>				
Smt. Madhushree Birla	6 / 6	3 / - / -	1,20,000	-
Sri Sidharth Birla	6 / 6	5 / - / -	Nil	2,01,875 (1.82%)
<u>Executive (Managing Director)</u>				
Sri C Bhaskar	6 / 6	3 / 1 / -	Nil	15,001 (0.13%)

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.20,46,526 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. Executive Vice 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 6 times on April 24, July 21, October 21, November 19, 2010, January 27 & March 24, 2011.

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 4 times during the year. The meeting on October 21, 2010 was attended by all members while the meetings of April 24 and July 21, 2010 were attended by Sri S. Ragothaman and Sri Utsav Parekh and that of January 26, 2011 was attended by Sri S. Ragothaman and Sri P. Murari.

Remuneration & Nomination Committee

The Remuneration & Nomination Committee comprises of all non-executive and 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 24, 2010 attended by Sri Sidharth Birla, Sri Amitabha Ghosh and Sri Utsav Parekh and that of January 27, 2011 attended by Sri P. Murari, Sri Sidharth Birla and Sri Amitabha Ghosh.

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.15,000 each per meeting of the Audit Committee, Rs.5,000 each per meeting of the Share Transfer & Shareholders/Investor Grievance Committee and Rs.10,000 each per meeting for other committees. 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 (subject to Shareholders' Approval), 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, appointed with effect from January 1, 2009 for 3 years, 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). Accordingly he is now paid a salary of Rs.2.75 lacs and house rent allowance of Rs.0.45 lacs per month and perquisites. 50,000 Stock Options were granted to him on April 1, 2010. There are no severance fees (routine notice period not considered as severance fees) or other benefits.

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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 over 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 Haigreva Khaitan and Sri C. Bhaskar. During the year 57 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 June 1, August 16, 2010 and January 12, 2011 attended by Sri Sidharth Birla and Sri C. Bhaskar.

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 Management's 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 29, 2008, July 23, 2009 & July 22, 2010. 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 and Sri C Bhaskar. Dividend was paid last year and warrants were mailed by July 30, 2010 (8 days after AGM). Dividend for the current financial year will be payable on August 20, 2011. 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 Registrars and Share Transfer Agents. The general address for correspondence by shareholders is the Company Secretary (Tel. No.(033) 3057 3700; extn. 1267) at Birla Building (2nd Floor), 9/1, R.N. Mukherjee Road, Kolkata 700 001; designated e-mail I.D. for grievance redressal is scjain@xproindia.com (of Compliance Officer) & 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. 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). 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.

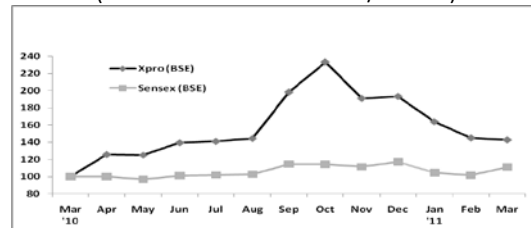
Type of Shareholder	Nos.	In % by amount	Nominal Value of Shareholding	Nos.	In % by amount
Banks, FI's, Insurance Companies	19	1.05			
Domestic Companies	517	50.44	Upto Rs.5,000	44,949	17.02
Mutual Funds (including UTI)	6	0.09	Rs.5,001 to Rs.20,000	964	8.97
Non-residents/OCBs	121	0.97	Rs.20,001 to Rs.1,00,000	255	9.90
Resident individuals/others	45,552	47.45	Rs.1,00,001 and above	47	64.11
	46,215	100.00		46,215	100.00

Note: aggregate of Public shareholding: 53.08%

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<u>Share Price by Month</u>	NSE		BSE	
	High	Low	High	Low
April 2010	40.95	31.40	41.20	31.40
May	43.00	36.15	43.00	35.70
June	54.00	36.65	51.50	37.50
July	48.90	36.30	47.45	40.50
August	48.85	43.25	50.00	43.00
September	66.35	44.50	66.35	44.70
October	85.65	59.50	85.50	57.80
November	76.90	52.80	77.00	55.00
December	66.85	45.25	66.55	46.30
January 2011	79.25	48.40	79.00	48.55
February	55.00	43.00	55.00	43.50
March	51.00	43.40	51.00	43.50
During the Financial Year	85.65	31.40	85.50	31.40

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 any 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. Pursuant to Regulation 3(1)(e)(i) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, persons constituting "Group" include IntelliPro Finance Private Limited, Sri Sidharth Kumar Birla, Smt. Madhushree Birla, Sri S.K. Birla, Smt. Sumangala Birla, Birla Eastern Limited, Birla Holdings Limited, Central India General Agents Limited, iPro Capital Limited, Janardhan Trading Company Limited, Mineral Oriental Limited and Nathdwara Investments Company Limited.

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
June 20, 2011

Sidharth Birla
Chairman

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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, 2011.

New Delhi
June 20, 2011

C. Bhaskar
Managing Director & Chief Executive Officer

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, 2011, 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
June 20, 2011

Gaurav J Shah
Partner
Membership No. 35701

MANAGEMENT DISCUSSION & ANALYSIS REPORT

We have pleasure in submitting the Management Discussion & Analysis Report on the Company's businesses. We have attempted to include discussions on all specified matters to the extent relevant, or within such limits that in our opinion are imposed by the Company's own competitive position. The robust recovery in the Indian economy powered by consistent healthy domestic demand since mid-2009 helped the country weather the recent global financial crisis well and achieve a GDP growth in excess of 8.5% during 2010-11. Demonstrating resilience and strength the economy has withstood in succession the extended global financial crisis commencing 2007 and erratic monsoons during the last two years. However extreme inflationary pressures have arisen due both to domestic demand as well as higher global commodity prices and a gradual withdrawal of stimulus measures and tightening of monetary policy has been set in place to contain inflationary pressures. Risks to continued growth are broadly balanced, with downsides relating mainly to domestic inflation, the overall global economy and more particularly petroleum price with the rising geo-political uncertainty in the Middle East. In this background, demand for the company's products found healthy growth although tempered in part by continuous volatility in input (particularly petro-based & phenol) prices; increasing energy costs, continued commoditization of several products resulting in declining value-additions and steep rise in interest rates particularly in the latter part of the year. Despite these challenges, the Company could end the year under review with improved operational performance. Significant steps were taken towards our strategic direction. These include (a) The amalgamation of wholly owned subsidiary, Biax Speciality Films Private Limited, with effect from April 1, 2010, affording several synergistic advantages including cost savings, besides ensuring continued support in revival and development of the Pithampur unit; (b) Creation of further sheet extrusion and thermoforming capacity at Coex Division's Greater Noida and Ranjangaon units; and (c) An examination of various options that led to a decision towards exit from the Thermosets business.

Aggregate production quantities were higher by nearly 30% at 31,373 MT over the previous year. Gross sales value at Rs.337.93 Crores was higher than that achieved in the previous year by nearly 53%, reflecting the higher physical sales, switch to higher value added products to the extent possible, the volatility in input prices, increase in sheet deliveries on sale basis (over conversion/toll manufacture basis), and increase in excise duty on part withdrawal of stimulus package. Profit before Depreciation, Exceptional items and Tax at Rs.2252.07 lacs was higher by over 50% compared to the previous year (Rs.1479.97 lacs). Despite significantly higher Depreciation during the year at Rs.1311.06 lacs (Rs.868.59 lacs) due to capacity enhancements and merger of subsidiary and the absence of any exceptional income (Rs.90.40 lacs previous year), Profit before tax was higher at Rs.941.02 lacs against Rs.701.78 lacs in the previous year. These results reflect pressures of volatile input prices and the extremely competitive environment, balanced by efforts towards cost control and productivity enhancement. 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 in the coextrusion process. 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 structured into 3 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. Data on capacities, volumes and turnover are contained in the Notes to the Accounts and a summary is given below.

POLYMERS BUSINESS <i>(net of inter-unit adjustments)</i>	2011		2010	
	Production MT	Sales Rs. Lacs	Production MT	Sales Rs. Lacs
Biax Division	3,889	7,102	3,066	4,754
Coex Division	17,998	16,911	13,042	10,819
Thermosets Division	9,486	9,780	8,099	6,466
	31,373	33,793	24,207	22,039

- a. Biax Division in 2011 include erstwhile Biax Speciality Films Private Limited merged with the Company w.e.f. April 1, 2010.
- b. Coex Division's sheet production includes on conversion basis, which cannot reflect fully in sales value;
- c. Thermoforming Units at Greater Noida & Ranjangaon are downstream to and a part of Coex Division;

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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 that the player focuses on. Supply chain linkages to clients can 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. It is fair to say that the Company is a mid-sized player with significant strengths in its market segments, but remains subject to the 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 materially significant. The main raw materials used by the Company are Thermoplastic Resins (such as Polypropylene, Styrenic Polymers and LD/LLD Polyethylene, etc.), Phenol and Formaldehyde.

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. Biax Division and Coex Division's Ranjangaon Unit maintained the certification of their Quality Systems under ISO 9001:2008 standards for the manufacture of BOPP Films and manufacture & thermoforming of Coextruded Plastic Sheets respectively. During the year, Biax Division's Pithampur Unit, Coex Division's Faridabad unit and Thermosets Division were re-certified for the manufacture of BOPP Films (bare & metalized) for Capacitor Application, Coextruded Multilayer Plastic Sheets & Cast Films and for the development and manufacture of Phenolic Resins, Phenol Formaldehyde Moulding and Amino Moulding Compounds respectively and Coex Division's Greater Noida Unit received fresh certification for the manufacture and thermoforming of Coextruded Plastic Sheets, all under ISO 9001:2008 standards.

Biax Division

Biax Division manufactures a range of coextruded Biaxially Oriented Polypropylene (“BOPP”) 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. The World flexible packaging market estimated at over 15 million tonnes of plastic films and other substrates to produce a variety of flexible packaging continues to grow at over 6%. The per capita consumption in the Asia-Pacific markets remains well below that of Europe and North America, signifying good growth potential. The flexible packaging industry in India has been developing very rapidly driven by the prevailing low consumption of flexible packaging in India together with the generally consistent growth in Indian economy, changes in consumption patterns for packaged food & other convenience products and the trends in the retail industry. With BOPP films constituting a significant input into this industry and with development of new applications, the oriented films market in India continues to grow at a rapid pace (approx.10%) significantly higher than the global growth rate. In this backdrop, the Indian BOPP industry continues to grow at a rapid pace with consistent demand and healthy growth encouraging sizable investment and capacity enhancement by existing players and new entrants. During the year 30,000 MT fresh capacity was commissioned and a further 1 lac MT is expected over the next few months taking total domestic capacity to nearly 5.5 lac MT per annum. Industry capacity utilization remained good with the capacity added almost entirely absorbed by year-end with revival of exports and increased demand following a BoPET film shortage. Raw material prices were highly volatile with crude crossing the \$100 per barrel mark and continuing of anti-dumping duties on polypropylene. Our focus however, remains essentially dedicated, within our core strengths, to special products and niche markets, largely thin films for specialized electrical applications, which together with consistently high quality and service standards enabled us to maintain near full capacity utilization with our products continuing to be well received by the market with improvement in export volumes as well. With the sustained growth in the Indian economy and particularly in the white goods and power sectors, this segment offers a good platform to strengthen our position as leaders in this sector. Our strategic intent for BOPP films therefore remains directed towards thin

and capacitor films and the Company is considering appropriate expansion. Our plants continued to operate at near full utilization and total production during the year was 3,889 MT (not comparable with 3,066 MT previous year due production of thinner films and inclusion of production from Pithampur unit merged during the year).

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, Polypropylene and Polyethylene. Applications for our product range are wide and our range includes a variety of sheets for refrigerator liners, disposable containers, automotive parts, etc. Cast films are high clarity films including stretch wrap and cling film, specially formulated films for medical disposables, hygiene films, polypropylene film and others for packaging applications. The refrigerator sector, the division's major market segment, continued to exhibit high growth of over 8% albeit lower than the vigorous growth of over 35% on a lower base in the previous year. We continue to hold our position as the leading supplier of sheets to the white goods industry, with plants at multiple locations and in close proximity to customer units, 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. Total production of sheets, including as liners, (adjusted for inter-unit transfers) and cast films at this division at 17,998 MT during the year was almost 38 % higher than during the previous year (13,042 MT), reflecting the growth in consumer durable markets and growth in our market share. Operations at the Faridabad unit continue to be uneconomic largely due to high cost and poor consistency of supply/quality of power, and high labour costs. Accordingly at Faridabad focus was only on production of cast films and sheet production was kept to the minimum possible. Various other steps are also under consideration to arrest the decline at this location and/or evolve new solutions. During the year, the Company enhanced capacity at Greater Noida through addition of a state-of-art coextruded sheet line and, towards the end of the year, a fully automated thermoforming line to meet specific additional requirements from its customers. The new lines are also performing to expectation.

Thermosets Division

The unit of Thermosets Division, originally established over 60 years ago, is a pioneer in the field of Thermosetting materials, including Phenol Formaldehyde and Melamine Formaldehyde besides Phenolic Resins. These products are widely used in electrical accessories and components, automotive parts, textile machinery, railway signaling parts, grinding wheels, friction materials, industrial laminates, adhesives, inks, and tyres/rubber industry besides foundry applications. The unit remains the largest producer in the country for Phenolic moulding compounds and Non-Foundry/refractory Phenolic resins. The ability to offer a comprehensive range of products, particularly custom-made, supported by capacity enhancements in the previous year, has enabled the division to hold market leadership. Total Production during the year at 9,486 MT (excluding captive consumption of resins), was 17.17% higher than the 8,099 MT produced in the previous year and was achieved despite severe competitive pressures, including from imports, and extremely volatile raw material prices, particularly for phenol. Efforts continue to develop new grades of moulding compounds and resins with good domestic and export potential.

However, the Thermosets business has the traits of (a) being susceptible to price and availability of phenol - the major and critical input (there being only 2 domestic producers in the country); (b) being relatively dominated by SSI players on the one hand and relatively large players like us on the other hand; and (c) typical plant capacities even in the case of large players like Xpro remains very small compared to capacities of the typical plants abroad. In keeping with global trends, major multinational organizations have entered (or are seeking to enter) the Indian market, thereby relegating players like Xpro to a new intermediate class. Sustained operations and growth would then require significant investments in product development, R&D, and capital expenditure to continue to remain a dominant stand-alone player. With the core competence of the Company being in the thermoplastic and extrusions related field (and which also offer better returns), capital investments and growth in these areas would be more natural to the Company's growth plans. In this background and keeping in view all relevant factors, the Company had examined various options and based on careful consideration it was considered in the best interests to exit completely at appropriate valuations. Following discussions with more than one possible party, the Company has identified and negotiated the terms and conditions for transfer of the Division as a going concern.

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 515 (including employees on extended contract), of which officers and staff account for 296, and workmen for the balance (last year 509 and 294 respectively).

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. The 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 continued slow and uneven recovery of economies across the world. All constituents of Indian economy are expected to perform better, with consumer goods outperforming. There are uncertainties – political, economic and climatic, but there will be opportunities and 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
June 20, 2011

C. Bhaskar
Managing Director & Chief Executive Officer

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:
 - Increase in line speeds for BOPP Films
 - Maintenance of near unity Power Factor; Installation of capacitors to improve PF
 - Realignment of power incoming feeder source to minimize interruption and improve quality
 - Energy efficient chiller system
 - Replaced Package ACs with Split Type ACs
 - Modification of air washer system to save water and power
 - Use of process cooling water in place of chilled water
 - Lower rating screw compressor in place of reciprocating compressor
- (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 new formulations to use reprocessed waste
 - Development of films for specialized applications
 - Development of special grade moulding powders and synthetic resins for export markets and as import substitutes
- (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
 - Development of effluent recovery and treatment process

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- (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
 - Effluents safe from environmental perspective
- (c) Information regarding technology imported during last five years
- Technical Consultancy & Information for the manufacture of Electronic Capacitor Grade BOPP Films (Base and Metalized) from Ab RaniPlast Oy, Finland 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.)

	<u>2010-2011</u>	<u>2009-2010</u>
Total foreign exchange used	17,99,64,380	14,22,29,208
Total foreign exchange earned	2,90,06,519	3,68,17,860

ANNEXURE TO THE DIRECTORS' REPORT

Particulars of Employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 and forming part of the Directors' Report for the year ended March 31, 2011.

Name; Qualification; Designation/Nature of Duties; Date of Commencement of Employment; Remuneration (Rs.); Experience (Years); Age (Years) & Last Employment held

Birla, Sidharth; B.Sc.(Hons.), M.B.A.; Chairman; 01.03.2000; 61,42,667; 33; 54; Cimmco Birla Limited.

- Notes:
- a. Remuneration includes Salary, Housing, Medical Reimbursement, Leave Travel Assistance, Company's Contribution to Provident & Superannuation Funds and other perquisites, and commission.
 - b. The above appointment is contractual.
 - c. Sri Sidharth Birla and Smt Madhushree Birla are related.

For and on behalf of the Board

New Delhi
June 20, 2011

Sidharth Birla
Chairman

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:

Sl	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.) (Each option is equivalent to one equity share of the face value of Rs.10/- each)	11.00	30.85

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SI	Description	ESOP - 2008	ESOP - 2009
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	131250	-
g.	Options exercised	114000	-
h.	Options lapsed/surrendered/forfeited	-	-
i.	Variations of terms of options	None	None
j.	Money realized by exercise	Rs.12,54,000	-
k.	Options in force		
	- Vested	17250	-
	- Unvested	306250	457500
l.	Employee wise details of options granted –		
	i) Senior Management Personnel		
	Sri Amitabha Ghosh	* 30,000	* 35,000
	Sri Haigreve 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 S.C. Jain	* 25,000	* 25,000
	Sri Manmohan Krishan	* 25,000	* 25,000
	Sri U.K. Saraf	* 25,000	* 25,000
	Sri Anil Jain	* 25,000	* 25,000
	Sri N. Ravindran	* 25,000	* 25,000
	Sri Vinay Agarwal	* 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 the year; None of the employees were granted Options during the year equal to or exceeding 1% of the Issued Capital of the Company</i>		
m.	Diluted EPS	Rs. 9.84	
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. 8.73 lacs for the financial year 2010-11. 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.7.74 lacs and proforma basic and diluted earnings per share would be Rs.10.34 and Rs.9.91 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
June 20, 2011

Sidharth Birla
Chairman

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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

1. Name of Subsidiary Company:	Xpro Global Ltd.	
2. Financial year of the subsidiary ending on:	March 31, 2011	
3. Extent of Holding Company's Interest:		
(a) Number of equity shares:	10,00,000*	
	(*9,50,000 shares partly paid Rs. 5 each)	
(b) Percentage Holding:	100 %	
4. Net aggregate Profit/(Loss) for the financial year so far as it concerns the members of the Holding Company :	2010-11	2009-10
(a) Dealt with in the holding Company's Accounts:	Nil	Nil
(b) Not dealt with in the holding Company's Accounts (Rs.):	5,53,926	3,97,810

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)

Name of Subsidiary Company:	Xpro Global Ltd.	
	2010-11	2009-10
1 Capital	52,50,000	52,50,000
2 Reserves	5,53,926	3,97,810
3 Total Assets	60,07,342	58,67,540
4 Total Liabilities	2,03,416	2,19,730
5 Details of Investment (Except Investment in Subsidiaries)	-	-
6 Turnover	39,02,540	28,83,935
7 Profit before taxation	2,49,634	1,07,241
8 Provision for taxation	93,518	29,857
9 Profit after Taxation	1,56,116	77,384
10 Proposed Dividend	Nil	Nil

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 shall be from February 8, 2011 to March 31, 2012.

For and on behalf of the Board

Sidharth Birla
Chairman

New Delhi
June 20, 2011

S. C. Jain
Company Secretary

V. K. Agarwal
Executive Vice President
& Chief Financial Officer

C. Bhaskar
Managing Director &
Chief Executive Officer

XPRO INDIA LIMITED : ANNUAL REPORT 2010/11

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, 2011, the Profit and Loss Account 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 Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account 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 31st March, 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (iii) in the case of 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 31st March, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2011 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
June 20, 2011

Gaurav J Shah
Partner
Membership No. 35701

XPRO INDIA LIMITED : ANNUAL REPORT 2010/11

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) and (xiii) 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 two parties during the year. At the year-end, the outstanding balances of such loans aggregated Rs.1,00,00,000 from one party and the maximum amount involved during the year was Rs.4,04,66,575 from two parties.
 - (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 Companies are regular in repaying the principal amount, when demanded and have 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 2010/11

- (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, 2011 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 31st March, 2011 on account of disputes are given below:

Statute	Nature of Dues	Forum where matter is pending	Period to which the matter pertains	Amount involved (Rs.)
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	70,02,257
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) Based on our examination of the records and evaluations of the related internal controls, the Company has maintained proper records of the transactions and contracts in respect of its dealing in shares securities, debentures and other investments and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name.

XPRO INDIA LIMITED : ANNUAL REPORT 2010/11

- (xiii) 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.
- (xiv) 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.
- (xv) 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.
- (xvi) 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.
- (xvii) The Company did not have any outstanding debentures during the year.
- (xviii) During the year, the Company has not raised any money by way of public issue.
- (xix) 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
June 20, 2011

Gaurav J Shah
Partner
Membership No. 35701

XPRO INDIA LIMITED : ANNUAL REPORT 2010/11

BALANCE SHEET

AS AT MARCH 31, 2011

	Schedule	<u>March 31, 2011</u>	<u>March 31, 2010</u>
		Rs.	Rs.
<u>SOURCES OF FUNDS</u>			
Shareholders' Funds			
Share Capital	1	11,11,40,000	11,00,00,000
Reserves & Surplus	2	<u>1,05,42,34,607</u>	<u>96,65,31,161</u>
		1,16,53,74,607	1,07,65,31,161
Loans			
Secured	3	80,92,04,664	68,28,23,244
Deferred Tax Liabilities (refer Note 21)		<u>1,19,00,000</u>	<u>2,82,00,000</u>
		<u>1,98,64,79,271</u>	<u>1,78,75,54,405</u>
<u>APPLICATION OF FUNDS</u>			
Fixed Assets			
Gross Block	4	2,07,06,58,868	1,54,36,85,030
Less: Depreciation/Amortization		<u>(85,36,82,609)</u>	<u>(61,09,97,355)</u>
Net Block		1,21,69,76,259	93,26,87,675
Capital Work-in-Progress		<u>10,59,42,983</u>	<u>88,93,321</u>
		1,32,29,19,242	94,15,80,996
Investments	5	71,61,500	11,58,22,141
Current Assets, Loans & Advances			
Inventories	6	26,53,52,924	18,40,65,504
Sundry Debtors	7	61,22,69,794	43,94,63,975
Cash & Bank Balances	8	28,28,95,532	24,77,20,808
Loans & Advances	9	<u>10,16,26,407</u>	<u>24,49,29,300</u>
		1,26,21,44,657	1,11,61,79,587
LESS : CURRENT LIABILITIES & PROVISIONS			
Liabilities	10	56,75,07,755	35,97,48,986
Provisions	11	<u>3,82,38,373</u>	<u>2,62,79,333</u>
		60,57,47,128	38,60,28,319
NET CURRENT ASSETS		<u>65,63,98,529</u>	<u>73,01,51,268</u>
		<u>1,98,64,79,271</u>	<u>1,78,75,54,405</u>
NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES	16		

As per our report of even date

For **Deloitte Haskins & Sells**

Chartered Accountants

Gaurav J. Shah

Partner

Membership No. 35701

New Delhi

June 20, 2011

S. C. Jain
Company Secretary

V. K. Agarwal
Executive Vice President
& Chief Financial Officer

For and on behalf of the Board

Sidharth Birla
Chairman

C. Bhaskar
Managing Director &
Chief Executive Officer

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PROFIT AND LOSS ACCOUNT

For the Year ended March 31, 2011

	Schedule	<u>2010 - 2011</u>	<u>2009 - 2010</u>
		Rs.	Rs.
<u>INCOME</u>			
Gross Sales		3,37,92,72,523	2,20,38,54,040
Less: Excise Duty		30,92,06,875	16,49,64,346
Net Sales		3,07,00,65,648	2,03,88,89,694
Other Income	12	74,83,114	79,93,255
		3,07,75,48,762	2,04,68,82,949
<u>EXPENDITURE</u>			
Materials	13	2,12,31,10,815	1,38,59,73,005
Manufacturing, Selling & Other Expenses	14	64,18,49,167	46,84,68,014
Interest & Financial Charges	15	8,73,81,531	4,44,44,336
		2,85,23,41,513	1,89,88,85,355
Profit before Depreciation/Amortization & Exceptional Items		22,52,07,249	14,79,97,594
Less: Depreciation/Amortization		13,11,05,510	8,68,58,760
Profit before Tax & Exceptional Items		9,41,01,739	6,11,38,834
Exceptional Items (net) (refer Note 9)		-	90,39,611
Profit before Tax		9,41,01,739	7,01,78,445
Provision for Tax		(1,80,00,000)	(2,36,00,000)
Deferred Tax Credit/(Charge)		1,63,00,000	(26,00,000)
Credit Entitlement for MAT		1,76,00,000	-
Excess tax provisions for earlier years written back (net)		37,97,147	-
Profit after Tax		11,37,98,886	4,39,78,445
Add: Balance brought forward		32,38,43,661	30,80,80,237
Available for Appropriations		43,76,42,547	35,20,58,682
<u>APPROPRIATIONS</u>			
General Reserve		1,80,89,526	55,00,000
Proposed Dividend		2,26,81,812	1,94,79,688
Corporate Dividend Tax		36,79,102	32,35,333
Balance Carried to Balance Sheet		39,31,92,107	32,38,43,661
		43,76,42,547	35,20,58,682
Earnings per Share (refer Note 19)			
- Basic		10.27	4.00
- Diluted		9.84	3.91
(Face Value of Rs.10/- each)			

NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES

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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
June 20, 2011

S. C. Jain
Company Secretary

V. K. Agarwal
Executive Vice President
& Chief Financial Officer

For and on behalf of the Board

Sidharth Birla
Chairman

C. Bhaskar
Managing Director &
Chief Executive Officer

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SCHEDULES

	<u>March 31, 2011</u>	<u>March 31, 2010</u>
	Rs.	Rs.
1. SHARE CAPITAL		
Authorized		
1,50,00,000 Equity Shares of Rs.10 each (March 31, 2010: 1,50,00,000)	15,00,00,000	15,00,00,000
2,00,00,000 Unclassified Shares of Rs.10 each (March 31, 2009: 2,00,00,000)	20,00,00,000	20,00,00,000
	35,00,00,000	35,00,00,000
Issued, Subscribed & Paid up		
1,11,13,987 Equity Shares of Rs. 10 each fully paid up (March 31, 2010: 1,09,99,987) (Of the above shares, 71,30,431 Equity Shares (previous year: 71,30,431 equity shares) of Rs.10 each fully paid up issued & allotted pursuant to the Scheme of Arrangement duly sanctioned by the Hon. High Courts, without payment being received in cash and 23,24,999 equity shares of Rs. 10 each issued as fully paid-up bonus shares, (in 2003-04), by capitalization of general reserves and securities premium)	11,11,39,870	10,99,99,870
Share Capital Suspense		
13 Equity Shares of Rs. 10 each fully paid up (March 31, 2010: 13) Note: 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)	130	130
	11,11,40,000	11,00,00,000
2. RESERVES & SURPLUS		
Capital Subsidy Reserve	60,50,000	60,50,000
Securities Premium		1,33,87,500
At commencement of year	2,91,37,500	1,57,50,000
Add: On issue of shares	8,55,000	1,57,50,000
	2,99,92,500	2,91,37,500
General Reserve		60,20,00,000
At commencement of year	60,75,00,000	60,20,00,000
Add: from Profit & Loss Account	1,80,89,526	55,00,000
Less: utilised at amalgamation (<i>refer Note 1</i>)	5,89,526	-
	62,50,00,000	60,75,00,000
Profit & Loss Account	39,31,92,107	32,38,43,661
	1,05,42,34,607	96,65,31,161
3. SECURED LOANS (<i>refer Note 5</i>)		
From Banks		
- Term loans	53,08,09,559	41,01,54,887
- Working Capital Loans	26,34,99,070	24,03,44,331
- Overdraft against term deposits	1,48,96,035	3,23,24,026
	80,92,04,664	68,28,23,244

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	<u>March 31, 2011</u>	<u>March 31, 2010</u>
	Rs.	Rs.
10. CURRENT LIABILITIES		
Acceptances	4,78,58,625	4,19,44,689
Sundry Creditors (refer Note 6)	44,48,69,393	23,53,64,151
Unclaimed Dividend *	49,57,989	46,45,206
Other Liabilities	6,98,21,748	7,77,94,940
* Investor Education and Protection Fund shall be credited on completion of statutory period		
	56,75,07,755	35,97,48,986
11. PROVISIONS		
Tax	26,77,908	-
Proposed Dividend	2,26,81,812	1,94,79,688
Corporate Dividend Tax	36,98,649	32,35,333
Towards Retirement Benefits	91,80,004	35,64,312
	3,82,38,373	2,62,79,333
	<u>2010 – 2011</u>	<u>2009 - 2010</u>
	Rs.	Rs.
12. OTHER INCOME		
Miscellaneous Receipts	20,10,919	47,71,298
Interest on Income Tax Refund	11,90,941	-
Profit on sale of fixed assets	42,81,254	32,21,957
	74,83,114	79,93,255
13. MATERIALS		
(Increase)/Decrease in Stocks - Schedule 'A'	(3,84,38,790)	(1,56,35,367)
Consumption of Raw Materials - Schedule 'B'	2,16,15,49,605	1,40,16,08,372
	2,12,31,10,815	1,38,59,73,005
A. (INCREASE) / DECREASE IN STOCKS		
Opening Stocks (Refer note 1)		
Stock-in-trade	2,58,21,298	2,43,99,596
Process Stock	6,40,55,786	4,33,23,301
	8,98,77,084	6,77,22,897
Less: Closing Stocks :		
Stock-in-trade	(5,93,95,260)	(2,33,35,544)
Process Stock	(6,89,20,614)	(6,00,22,720)
	(12,83,15,874)	(8,33,58,264)
	(3,84,38,790)	(1,56,35,367)
B. CONSUMPTION OF RAW MATERIALS		
Opening Stock (Refer note 1)	7,97,56,429	5,79,70,706
Add : Purchases	2,20,91,80,949	1,42,12,34,740
	2,28,89,37,378	1,47,92,05,446
Less : Sales Returns & Transfers	(2,05,91,687)	(13,90,277)
	2,26,83,45,691	1,47,78,15,169
Less : Closing Stock	(10,67,96,086)	(7,62,06,797)
	2,16,15,49,605	1,40,16,08,372
14. MANUFACTURING & OTHER EXPENSES		
Manufacturing Expenses - Schedule 'A'	32,49,94,278	21,21,80,740
Manpower Expenses - Schedule 'B'	19,42,82,377	15,32,92,746
Administrative & Other Expenses - Schedule 'C'	6,91,70,022	5,24,88,612
Selling Expenses – Schedule 'D'	5,82,91,980	5,23,25,251
	64,67,38,657	47,02,87,349
Less : Excess provisions and Unclaimed balances in respect of earlier years written back.	48,89,490	18,19,335
	64,18,49,167	46,84,68,014

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	<u>2010 – 2011</u>	<u>2009 - 2010</u>
	Rs.	Rs.
A. <u>MANUFACTURING EXPENSES</u>		
Stores, Spares & Packing Materials	8,52,57,115	5,09,25,992
Processing Charges	1,77,31,965	66,63,966
Power & Fuel	19,44,87,197	13,41,15,550
Excise Duty	46,19,826	8,76,404
Repairs to:		
- Buildings	20,71,015	30,77,844
- Plant & Machinery	1,79,56,435	1,44,52,590
- Others	28,70,725	20,68,394
	32,49,94,278	21,21,80,740
B. <u>MANPOWER EXPENSES</u>		
Salaries, Wages, Bonus, Gratuity etc.	16,72,83,935	12,97,91,751
Contribution to Provident & Other Funds	1,35,30,661	1,10,34,209
Employees Welfare	1,34,67,781	1,24,66,786
	19,42,82,377	15,32,92,746
C. <u>ADMINISTRATIVE & OTHER EXPENSES</u>		
Communication	47,01,803	38,83,385
Director's Fees	6,15,000	6,40,000
Donation & Charity	9,26,100	25,000
Insurance	35,55,191	26,07,850
Miscellaneous	3,05,14,726	2,45,75,212
Payment to Auditors	13,10,650	8,12,763
Professional & Legal	69,65,762	37,99,958
Rates & Taxes	32,92,012	27,29,904
Rent	45,01,827	26,31,113
Travelling	1,27,86,951	1,07,83,427
	6,91,70,022	5,24,88,612
D. <u>SELLING EXPENSES</u>		
Freight, Forwarding & Shipment Charges (Net)	4,34,71,932	3,43,96,969
Brokerage, Rebate, Discount & Commission	1,06,53,913	83,50,117
Rejection & Damages (Net)	3,19,000	42,993
Transit Insurance (Net)	15,09,240	10,24,507
Bad Debts	13,47,239	77,35,334
Other Selling Expenses	9,90,656	7,75,331
	5,82,91,980	5,23,25,251
15. <u>INTEREST & FINANCIAL CHARGES</u> (refer Note 7)		
Interest:		
Term Loans	5,68,45,107	5,65,52,545
Others (Net)	2,35,74,631	(1,87,43,607)
Financial Charges:		
Bank Charges, Guarantee Commission & Others	69,61,793	66,35,398
	8,73,81,531	4,44,44,336

16. NOTES ON ACCOUNTS & ACCOUNTING POLICIES

1. Biax Speciality Films Private Limited ("BSFPL") ("the amalgamating company"), wholly owned subsidiary of the Company, engaged in the manufacture of Biaxially Oriented Polypropylene Films (including for speciality applications) has been amalgamated with the Company with effect from April 1, 2010 ("appointed date") following sanction u/s 394 of the Companies Act, 1956 of the Scheme of Amalgamation ("the Scheme") by the Hon. High Court of Delhi at New Delhi vide its order dated 23rd May 2011. In accordance with the said Scheme as approved:

- a) All assets, property, rights and powers, as well as all the liabilities and duties of the amalgamating company have been transferred to and vested in the company with effect from April 1, 2010 on a going concern basis;
- b) The Amalgamation has been accounted for in the books of accounts of the Company in accordance with the "pooling of interests" method specified under Accounting Standard (AS) 14 dealing with Accounting for Amalgamations, issued by the Institute of Chartered Accountants of India;

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- c) 3,41,00,000 equity shares of Rs.10 each fully paid up (i.e. the entire share capital) of the erstwhile BSFPL have been cancelled and no allotment of any new shares or any payment made in lieu thereof;
- d) Difference in value of investment by the Company in BSFPL and the value of assets less liabilities taken over amounting to Rs.5,89,526 has been adjusted to General Reserve;

Accordingly, opening balances in the accounts of the Company for the year 2010-11 include the opening balances of the erstwhile BSFPL.

- 2. Sales are reported net of returns/adjustments and include:
 - Excise duty charged to customers.
 - Export Benefits: Nil (Previous year: Rs.1,64,135).
 - Processing charges: Rs.42,71,055 (Previous year: Rs.2,48,44,086).
- 3. Profit/Loss on sale of Raw Materials and Stores are adjusted in respective consumption accounts.
- 4. Amount of Exchange difference (Net) Debited/(Credited) in Miscellaneous Expenses to the profit & loss account

	<u>2010-11</u>	<u>2009-10</u>	(Rs.)
	6,24,241	(20,63,743)	
- 5.
 - a. Term Loan from State Bank of India, outstanding Rs.5,48,85,606 (previous year: Rs.6,61,19,558) is secured by pari-passu hypothecation/mortgage of all the movable and immovable assets, present and future, of the Company situated at Ranjangaon and second charge on all the current assets of the Company ranking pari-passu with other term lenders;
 - b. Term Loan from State Bank of Patiala, outstanding Rs.4,54,68,185 (previous year: Rs.8,97,93,685), is secured by pari-passu hypothecation/mortgage of all the movable and immovable assets, present and future, of the Company situated at Ranjangaon and second charge on all the current assets of the Company ranking pari-passu with other term lenders;
 - c. Term Loan from State Bank of Hyderabad, outstanding Rs.14,22,77,825 (previous year: Rs.7,57,04,957), 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 to be installed at Greater Noida, and second charge on all the current assets of the Company ranking pari-passu with other term lenders;
 - d. Term Loan(s) from Allahabad Bank, outstanding Rs.18,70,07,767 (previous year: Rs. 17,57,78,114), 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 and 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.10,11,70,176 (previous year: Nil), is secured by first hypothecation/ mortgage of all the movable and immovable assets, present and future, of the Company situated at Pithampur and second charge on all the current assets of the Company ranking pari-passu with other term lenders.
 - f. Working Capital Loans are secured/to be secured by first charge, ranking pari-passu, in favour of members of the consortium of bankers, on all current assets of the company both present and future and second charge, ranking pari-passu, on the entire fixed assets of the company wherever situated both present and future;
 - g. Over-draft against term deposits outstanding Rs.1,48,96,035 (previous year: Rs. 3,23,24,026) is secured by way of pledge of Term Deposit Receipts with the Bank;
 - h. Term loan from others outstanding Nil (previous year: Rs.27,58,573) is secured by hypothecation of vehicles purchased thereunder.
- 6. The Company has not received intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, and hence disclosures relating to their outstanding amount and interest have not been given.
- 7. Interest to others is net of interest income of Rs.1,93,96,435 (of which Rs.1,61,34,029 from banks and Rs.32,62,406 from others) (previous year: Rs.3,78,08,938). TDS: Rs.30,16,195 (previous year: Rs.38,14,080).

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8. Payment to Auditors :

	<u>2010-11</u>	<u>2009-10</u>
	Rs.	Rs.
Audit fee	10,00,000	5,40,000
For other matters	60,000	60,000
Reimbursement of expenses	2,50,650	2,12,763
	13,10,650	8,12,763

9. Exceptional items includes Rs. Nil income on account of salvage of structures at discontinued location and Rs.Nil cost of voluntary separation (Previous year: Rs.1,22,70,081 and Rs.32,30,470 respectively)

10. a. Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956

	<u>2010-2011</u>	<u>2009-2010</u>
	Rs.	Rs.
Profit before Tax	9,41,01,739	7,01,78,445
Add:		
- Director's Remuneration	1,15,65,822	97,78,303
- Director's Sitting Fees	6,15,000	6,40,000
	10,62,82,561	8,05,96,748
Less:		
- Profit on sale of assets (net)	42,81,254	1,54,91,957
Net Profit u/s 198	10,20,01,307	6,51,04,791

b. Remuneration to Wholetime Directors

	<u>2010-2011</u>	<u>2009-2010</u>
	Rs.	Rs.
Salaries	87,45,000	82,20,000
Contribution to Provident & Other Funds	15,95,350	14,53,600
Perquisites	12,25,472	1,04,703
Total	1,15,65,822	97,78,303

- Minimum remuneration paid in terms of Schedule XIII to the Companies Act, 1956

- In determination of Managerial Remuneration certain perquisites have been valued in accordance with the Income Tax Rules, 1962.

c. Commission to other than Wholetime Directors

- No commission is payable due to inadequate profits.

11. a. Advances recoverable in cash or in kind or for value to be received include taxes (net of provisions) Rs.Nil (previous year: Rs.1,84,91,659);

b. Advances recoverable in cash or in kind or for value to be received include Credit for MAT entitlement Rs.1,76,00,000 (previous year: Nil);

c. Loans and advances in the Previous year included Rs. 14,70,19,442 (maximum amount due during the previous year: Rs.16,31,00,000) due from erstwhile wholly owned subsidiary Biax Speciality Films Private Limited amalgamated with the Company w.e.f. April 1, 2010;

d. Loans and advances include Rs.60,39,499 (previous year: Rs.72,10,169) in the nature of interest free loans provided to employees as per the rules of the company. Maximum amount due at any time during the year Rs.95,53,560 (previous year: Rs.94,49,099).

12. Capital work-in-progress includes machinery under installation, buildings under construction, advances for purchase of machinery, construction and erection.

13. 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.

14. 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

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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.

15. Lease rentals are consistently charged to Profit & Loss Account with reference to the term(s) of the lease(s).
16. Disclosures in respect of Employees' Stock Option Scheme(s) - 2008 and 2009 are provided in the Annexure to the Report of the Directors.
17. 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:
Sri Sidharth Birla, Chairman; Smt. Madhushree Birla, Director; IntelliPro Finance Private Limited & iPro Capital Limited;
- 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: Rs.18,38,500 (*Nil*);
- iii) With related party referred to in A(ii) above: Dividend paid: Rs.85,25,781 (*Rs.43,21,875*); Interest paid: Nil (*Rs.6,97,069*); Loans taken & repaid: Rs.Nil (*Rs.1,00,00,000*); Remuneration: Rs. 61,42,667 (*Rs.54,76,000*);
- iv) With related party referred to in a(iii) above: Dividend paid: Rs.19,917 (*Rs.1,381*); Remuneration: Rs.54,23,155 (*Rs.43,02,303*);
- 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.35,00,000 (*Rs.20,00,000*), and iPro Capital Limited: Rs.45,85,000 (*Rs.20,70,000*) and (ii) Remuneration paid to Shri Sidharth Birla and Shri C. Bhaskar: Rs.61,42,667/- (*Rs.54,76,000*) and Rs.54,23,155/- (*Rs.43,02,303*) respectively;
- D) No Balances were outstanding at the end of the current or previous year from/to any of the Related parties;
18. The 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 rate of custom duty by executing legal undertaking in favour of the Government of India, thereby saving Custom duty amount of Rs.50,37,261 against which the said company had an obligation under the EPCG Scheme to export goods amounting to Rs.4,02,98,092 within a period of eight years. The Company has furnished bank guarantee of Rs.13,88,000 to the customs department. Following amalgamation, the Company assumed a remnant obligation of Rs.3,56,92,685 as of April 1, 2010. During the year, exports amounting to Rs.1,10,37,547 (aggregating to Rs.1,56,42,954 till March 31, 2011) have been executed against the aforesaid obligation. Based on the current export trends and future plans, the management is confident of meeting this obligation by executing the required volume of exports and hence does not consider necessary to provide for any liability on this account.
19. Earnings per share (EPS) – The numerators and denominators used to calculate Basic and Diluted Earnings per share:

For the year ended:	<u>March 31, 2011</u>	<u>March 31, 2010</u>
Net Profit attributable to the Equity Shareholders (Rs.)	11,37,98,886	4,39,78,445
Weighted average number of equity shares for Basic EPS	1,10,84,537	1,10,00,000
Dilutive impact of employee stock options	4,75,461	2,33,761
Weighted average number of equity shares for Diluted EPS	1,15,59,998	1,12,33,761
Nominal Value of Equity Share (Rs.)	10	10
EPS (Rs.)		
Basic	10.27	4.00
Diluted	9.84	3.91

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20. Employee benefits:

Effective financial year 2007-08, the Company adopted Accounting Standard (AS) 15 (Revised 2005) dealing with Employee Benefits, issued by the 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:

Rs. Lacs				
	Gratuity		Compensated absence	
	2010-11	2009-10	2010-11	2009-10
a. Reconciliation of opening and closing balances of the present value of defined benefit obligation				
Obligation at the beginning of the year (Refer note 1)	369.78	300.02	179.93	152.18
Current Service Cost	46.31	19.12	42.67	25.54
Interest Cost and Actuarial (gain)/loss	54.15	50.60	9.06	12.86
Benefits paid	18.43	21.19	17.71	17.66
Obligation at the end of the year	451.81	348.55	213.95	172.92
b. Reconciliation of opening and closing balances of fair value of plan assets				
Plan assets at the beginning of the year, at fair value (Refer note 1)	342.53	270.17	161.90	59.92
Expected Return on Plan Assets and Actuarial gain/(loss)	27.37	20.59	6.27	1.98
Contribution	44.73	50.00	9.80	100.00
Benefits paid	18.43	16.83	0.20	-
Plan assets at the end of the year, at fair value	396.20	323.93	177.77	161.90
c. Liability recognized in Balance Sheet				
Obligation at the end of the year	451.81	348.55	213.95	172.92
Less : Plan assets at the end of the year, at fair value	396.20	323.93	177.77	161.90
Liability recognized in Balance Sheet as at March 31	55.61	24.62	36.18	11.02
d. Net cost of employer expense for the year	73.09	49.13	45.46	36.42
e. Assumptions				
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 %

21. The major components of Deferred Tax Assets and liabilities are given below:

	<u>March 31, 2011</u>	<u>March 31, 2010</u>
	Rs. Lacs	Rs. Lacs
Deferred Tax Assets		
- Expenses deductible on Payment basis	30.00	12.00
- Carry forward of losses	553.00	-
	583.00	12.00
Deferred Tax Liabilities		
- Difference between Book and tax depreciation	702.00	294.00
Net Deferred Tax Assets/(Liability)	(119.00)	(282.00)
Deferred tax Credit utilized/(added)	163.00	(26.00)

22. 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\$ 540,508 & € 569,234; Sales: US\$ 5,753 & € Nil; (Previous year: US\$ 853,228; € 8,725; US\$ 5,276 & € 75,770 respectively).

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23. 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>Reportable Segments</u>	<u>Domestic Markets</u>	<u>Export Markets</u>	<u>Total</u>
Revenue	3,04,10,59,129	2,90,06,519	3,07,00,65,648
	<i>2,00,20,71,834</i>	<i>3,68,17,860</i>	<i>2,03,88,89,694</i>
Segment Assets	2,59,22,25,399	-	2,59,22,25,399
	<i>2,17,36,82,724</i>	-	<i>2,17,36,82,724</i>
Addition to fixed Assets	21,79,82,238	-	21,79,82,238
	<i>6,65,00,317</i>	-	<i>6,65,00,317</i>

Note: Previous year figures in italics.

24. Contingent Liabilities not provided for

	<u>March 31, 2011</u>	<u>March 31, 2010</u>
	Rs.	Rs.
Claims against the Company, not acknowledged as debts	3,86,757	8,26,469
Sales Tax, Excise & Customs matters under appeal	3,56,50,342	3,95,60,733
Income tax matters under appeal	Nil	3,35,11,106
Outstanding guarantee to bank for Subsidiary Company (In the opinion of the Company, the possibility relating to net outflow on the above accounts are remote)	Nil	15,00,00,000
Estimated amount of contracts remaining to be executed on Capital Account (Net of Advances)	3,49,77,906	1,84,11,207
Unpaid portion of subscribed Equity Capital in subsidiary	47,50,000	47,50,000

25. Previous year's figures have been regrouped/rearranged wherever considered necessary, and are not comparable due to amalgamation with the Company of erstwhile wholly owned subsidiary, Biax Speciality Films Pvt. Ltd., during the year.

26. SIGNIFICANT ACCOUNTING POLICIES:

a. BASIS OF PREPARATION OF FINANCIAL STATEMENTS :

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956. The company follows 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.

b. 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.

c. DEPRECIATION / AMORTISATION :

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 considered as continuous process plant based on technical evaluation. Depreciation on addition/disposal is provided pro-rata with reference to the days of addition/disposal. Leasehold lands and development expenses thereof are amortized over the period of lease. Software are amortized over a period of six years. Technical know-how fees are amortized over the life of the plant from date of commencement of commercial production using such know-how.

d. 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.

e. INVESTMENTS :

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

f. 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.

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

h. 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.

i. 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 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.

j. RESEARCH AND 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.

k. 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.

l. 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.

m. TAXATION :

Tax liability of the company 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.

n. 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.

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o. 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 but disclosed by way of notes. Contingent assets are neither recognized nor disclosed in the financial statements.

26. STATISTICAL INFORMATION:

A Annual Capacity and Production

	Units	Installed Capacity		Production	
		2010-2011	2009-2010	2010-2011	2009-2010
Thermoplastic Films/Sheets/Liners	M/T	31,500	29,600	21,887	16,108
Thermosetting Powders & Synthetic Resins	M/T	12,000	12,000	9,486	8,099

- Note: 1. Installed Capacities are as certified by the Management
 2. None of the products are covered under current IDR licensing norms. Hence, "Licensed Capacity" not reported.
 3. Production includes outside job work for others.
 4. Thermoplastic Films/Sheets/Liners production includes 1,048 MT inter-unit transfer/internal consumption (previous year: 1,667 MT)

B Sales

	Units	2010-2011		2009-2010	
		Quantity	Rs.	Quantity	Rs.
Thermoplastic Films/Sheets/Liners	M/T	21,680	2,32,61,18,034	16,097	1,52,16,28,760
Thermosetting Powders & Synthetic Resin	M/T	9,408	97,72,42,539	8,196	64,61,86,198
Others			7,59,11,950		3,60,39,082
			3,37,92,72,523		2,20,38,54,040

C Opening and Closing Stocks

	Units	March 31, 2011		April 1, 2010 *		April 1, 2009	
		Quantity	Rs.	Quantity	Rs.	Quantity	Rs.
Thermoplastic Films/Sheets/ Liners	M/T	357	4,28,71,113	150	1,63,94,324	125	1,23,05,350
Thermosetting Powders & Synthetic Resins	M/T	230	1,65,24,147	151	94,26,974	248	1,20,94,246
			5,93,95,260		2,58,21,298		2,43,99,596

* (Refer note 1)

D Consumption of Raw Materials

	Units	2010-2011		2009-2010	
		Quantity	Rs.	Quantity	Rs.
Thermoplastic Resins	M/T	20,084	1,47,33,72,019	14,284	97,14,16,014
Others			68,81,77,586		43,01,92,358
			2,16,15,49,605		1,40,16,08,372

E Consumption

	2010-2011		2009-2010	
	Rs.	%	Rs.	%
i) Raw Materials				
Imported	11,54,32,741	5.34	7,62,56,079	5.44
Indigenous	2,04,61,16,864	94.66	1,32,53,52,293	94.56
	2,16,15,49,605	100.00	1,40,16,08,372	100.00
ii) Stores & Spares				
Imported	50,43,680	5.92	38,09,996	7.48
Indigenous	8,02,13,435	94.08	4,71,15,996	92.52
	8,52,57,115	100.00	5,09,25,992	100.00

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F Foreign Currency Transactions	<u>2010-2011</u>	<u>2009-2010</u>
	<u>Rs.</u>	<u>Rs.</u>
i) Imports (CIF Value)		
- Raw Materials	11,27,67,154	6,22,34,205
- Spare Parts	44,37,793	36,65,653
- Capital Goods	6,03,06,643	7,55,31,558
	<u>17,75,11,590</u>	<u>14,14,31,416</u>
ii) Expenditure (on payment basis)		
- Others	24,52,790	7,97,792
	<u>24,52,790</u>	<u>7,97,792</u>
iii) Earnings:		
FOB Value of Exports	2,90,06,519	3,68,17,860
	<u>2,90,06,519</u>	<u>3,68,17,860</u>
iv) Dividend Remitted to Non-resident Shareholders		
a) Number of Non-resident Shareholders	143	143
b) Number of shares held by Non-resident Shareholders	1,25,061	1,10,641
c) Amount remitted during the year	-	-
d) Year to which dividend relates	2009-2010	2008-2009

As per our report of even date

For **Deloitte Haskins & Sells**
Chartered Accountants

Gaurav J Shah
Partner
Membership No. 35701
New Delhi
June 20, 2011

S. C. Jain
Company Secretary

V. K. Agarwal
Executive Vice President
& Chief Financial Officer

C. Bhaskar
Managing Director &
Chief Executive Officer

For and on behalf of the Board

Sidharth Birla
Chairman

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

I Registration Details			
CIN	L25209WB1997PLC085972	State Code No.	21
Balance Sheet Date	31.03.2011		
II Capital raised during the year (Amount in Rs. Thousand)			
Public issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	
III Position of Mobilization and Deployment of Funds (Amount in Rs. Thousand)			
Total Liabilities	1,98,64,79	Total Assets	1,98,64,79
Sources of Funds			
Paid-up Capital	11,11,40	Reserves & Surplus	1,05,42,35
Secured Loans	80,92,05	Unsecured Loans	NIL
Deferred Tax Liabilities	1,19,00		
Application of Funds			
Net Fixed Assets	1,32,29,19	Investments	71,62
Net Current Assets	65,63,99	Misc. Expenditure	NIL
Accumulated Losses	NIL		
IV Performance of Company (Amount in Rs. Thousand)			
Turnover/Other Income	3,07,75,49	Total Expenditure	2,98,34,47
Profit/(Loss) Before Tax	9,41,02	Profit/(Loss) After Tax	11,37,99
Earnings per Share in Rs.	10.27	Dividend Rate %	20.00
V Generic Names of Three Principal Products/Services of Company (As per Monetary Terms)			
Item Code No. (ITC Code)	3920		
Product Description	Thermoplastic Films/Sheets/Liners		
Item Code No. (ITC Code)	3909		
Product Description	Thermosetting Powders & Resins		

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CASH FLOW STATEMENT FOR THE YEAR ENDED	March 31, 2011	March 31, 2010
	Rs.	Rs.
A. Cash flow from Operating activities		
Net Profit/(Loss) before tax & Exceptional Items	9,41,01,739	6,11,38,834
Adjustments for - Depreciation	13,11,05,510	8,68,58,760
- Bad Debts & Provisions (net)	(35,42,251)	59,15,999
- (Profit)/Loss on sale of assets	(42,81,254)	(32,21,957)
- Unrealised foreign exchange	(4,51,436)	(2,02,395)
- Bank & other charges	69,61,793	66,35,398
- Interest	9,98,16,173	7,63,02,029
- Interest Income	(1,93,96,435)	(3,84,93,091)
Operating Profit/(Loss) before Working Capital changes	<u>30,43,13,839</u>	19,49,33,577
Adjustments for - Trade and other Receivables	(14,51,24,427)	(11,97,00,501)
- Inventories	(6,60,02,144)	(3,33,52,156)
- Trade and other Payables	20,57,54,462	(5,92,95,085)
Direct Taxes	(77,77,563)	(1,74,90,010)
Net Cash Flow from Operating activities before Exceptional Items	<u>29,11,64,167</u>	8,36,85,995
Exceptional Items	-	90,39,611
Net Cash Flow from Operating activities	29,11,64,167	9,27,25,606
B. Cash flow from Investing activities		
Purchase of Fixed Assets	(18,82,65,229)	(6,46,39,345)
Sale of Fixed Assets	2,97,91,660	4,19,30,353
Investments in Subsidiary	18,38,500	-
Loans given to subsidiaries	-	(10,35,00,000)
Interest Received	2,05,22,046	3,20,15,103
Net Cash Flow from Investing activities	<u>(13,97,90,023)</u>	(9,41,93,889)
C. Cash flow from Financing activities		
Proceeds from Issue of Shares & Warrants	19,95,000	-
Net increase/(decrease) in Bank Borrowings for working capital	46,06,366	(7,29,14,095)
Bank & other charges	(69,61,793)	(66,35,398)
Long Term Borrowings taken	-	17,57,04,957
Repayment of Borrowings	-	(5,81,40,695)
Interest paid	(9,98,16,173)	(7,63,02,029)
Dividend Paid (including dividend tax)	(2,26,95,474)	(1,29,39,777)
Net Cash Flow from Financing activities	<u>(12,28,72,074)</u>	(5,12,27,037)
Cash Equivalents (A+B+C)	2,85,02,070	(5,26,95,320)
Cash and Cash Equivalents at the beginning of the year	24,77,20,808	29,99,35,351
Cash and Cash Equivalents acquired on amalgamation	65,09,177	-
Effect of Foreign Exchange rate changes	1,63,477	4,80,777
Cash and Cash Equivalents at the end of the year	28,28,95,532	24,77,20,808

Note: Cash and Cash Equivalents represent Cash and Bank balance (refer schedule 8)

Cash and Cash Equivalents include Rs.49,57,989 (Previous year: Rs.46,45,206) of unpaid dividend not available for use by the Company

Fixed Deposits of Rs. 22,75,17,631 (Previous year: Rs.15,62,04,781) are pledged with bank(s) towards overdraft & other facilities

Previous year figures have been regrouped/rearranged wherever considered necessary

As per our report of even date

For **Deloitte Haskins & Sells**

Chartered Accountants

Gaurav J Shah

Partner

Membership No. 35701

New Delhi

June 20, 2011

S. C. Jain

Company Secretary

V. K. Agarwal

Executive Vice 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 2010/11

**CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2011**

	<u>March 31, 2011</u>	<u>March 31, 2010</u>
	Rs.	Rs.
<u>SOURCES OF FUNDS</u>		
Shareholders' Funds		
Share Capital	11,11,40,000	11,00,00,000
Reserves & Surplus	<u>1,05,47,88,533</u>	<u>96,63,39,445</u>
	1,16,59,28,533	1,07,63,39,445
Loans		
Secured	80,92,04,664	80,45,98,298
	<u>1,19,00,000</u>	<u>2,82,00,000</u>
Deferred Tax Liabilities	1,98,70,33,197	1,90,91,37,743
<u>APPLICATION OF FUNDS</u>		
Fixed Assets		
Gross Block	2,07,06,58,868	1,97,96,33,350
Less: Depreciation/Amortization	<u>(85,36,82,609)</u>	<u>(72,69,73,751)</u>
Net Block	1,21,69,76,259	1,25,26,59,599
Capital Work-in-Progress	<u>10,59,42,983</u>	<u>3,86,10,330</u>
	1,32,29,19,242	1,29,12,69,929
Investments	73,000	73,000
Current Assets, Loans & Advances		
Inventories	26,68,89,097	20,24,60,489
Sundry Debtors	61,37,74,966	45,52,34,859
Cash & Bank Balances	28,75,17,452	25,59,27,977
Loans & Advances	<u>10,16,59,404</u>	<u>10,31,53,746</u>
	1,26,98,40,919	1,01,67,77,071
LESS : CURRENT LIABILITIES & PROVISIONS		
Liabilities	(56,76,21,171)	(37,17,38,014)
Provisions	<u>(3,83,28,373)</u>	<u>(2,72,44,243)</u>
	(60,59,49,544)	(39,89,82,257)
NET CURRENT ASSETS	66,38,91,375	61,77,94,814
Preliminary expenses to the extent not written off	<u>1,49,580</u>	<u>-</u>
	1,98,70,33,197	1,90,91,37,743

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Gaurav J. Shah
Partner
Membership No. 35701
New Delhi
June 20, 2011

S. C. Jain
Company Secretary

V. K. Agarwal
Executive Vice 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 2010/11

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the Year ended March 31, 2011

	Schedule	<u>2010 - 2011</u>	<u>2009 - 2010</u>
		Rs.	Rs.
<u>INCOME</u>			
Gross Sales		3,38,22,38,436	2,38,28,54,777
Less: Excise Duty		<u>30,92,06,875</u>	<u>17,89,70,996</u>
Net Sales		3,07,30,31,561	2,20,38,83,781
Other Income		<u>84,19,741</u>	<u>1,17,64,907</u>
		3,08,14,51,302	2,21,56,48,688
<u>EXPENDITURE</u>			
Materials		2,12,64,38,828	1,47,00,18,988
Manufacturing, Selling & Other Expenses		64,21,74,060	52,60,59,637
Interest & Financial Charges		<u>8,73,81,531</u>	<u>6,65,95,494</u>
		2,85,59,94,419	2,06,26,74,119
Profit before Depreciation/Amortization & Exceptional Items		22,54,56,883	15,29,74,569
Less: Depreciation/Amortization		<u>13,11,05,510</u>	<u>11,08,00,260</u>
Profit before Tax & Exceptional Items		9,43,51,373	4,21,74,309
Exceptional Items (net)		-	<u>90,39,611</u>
Profit before Tax		9,43,51,373	5,12,13,920
Provision for Tax		(1,80,90,000)	(2,36,33,200)
Deferred Tax Credit/(Charge)		1,63,00,000	(26,00,000)
Credit Entitlement for MAT		1,76,00,000	-
Excess tax provisions for earlier years written back (net)		<u>37,93,629</u>	<u>3,343</u>
Profit after Tax		11,39,55,002	2,49,84,063
Add: Balance brought forward		<u>32,42,41,471</u>	<u>30,84,00,663</u>
Available for Appropriations		43,81,96,473	33,33,84,726
APPROPRIATIONS			
General Reserve		1,80,89,526	55,00,000
Proposed Dividend		2,26,81,812	1,94,79,688
Corporate Dividend Tax		36,79,102	32,35,333
Balance Carried to Balance Sheet		<u>39,37,46,033</u>	<u>30,51,69,705</u>
		43,81,96,473	33,33,84,726
Earnings per Share			
- Basic		10.28	2.27
- Diluted		9.85	2.22
(Face Value of Rs.10/- each)			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As per our report of even date

For Deloitte Haskins & Sells

Chartered Accountants

Gaurav J. Shah

Partner

Membership No. 35701

New Delhi

June 20, 2011

S. C. Jain
Company Secretary

V. K. Agarwal
Executive Vice 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 2010/11

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, 2011:

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

- a) Xpro Global Pte. Ltd. was incorporated on February 8, 2011 and its first accounting period shall be from date of incorporation to March 31, 2012; accordingly estimated unaudited financial statements consolidated herein;
b) Wholly owned subsidiary, Biax Speciality Films Pvt. Ltd., was amalgamated with the Company during the year;

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:

- a) The financial statements of the Company and its subsidiary company 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.
- b) 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.
- c) Investments made by the parent company in subsidiary company subsequent to the holding –subsidiary relationship coming into existence are eliminated while preparing the consolidated financial statements.
- d) Intra group balances and intra group transactions are eliminated to the extent of share of the parent company in full.
- e) 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, notes and schedules are not prepared.
4. Previous year's figures have been regrouped/rearranged wherever considered necessary.

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

Gaurav J Shah
Partner
Membership No. 35701
New Delhi
June 20, 2011

S. C. Jain
Company Secretary

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C. Bhaskar
Managing Director &
Chief Executive Officer

For and on behalf of the Board

Sidharth Birla
Chairman

XPRO INDIA LIMITED : ANNUAL REPORT 2010/11

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED	<u>March 31, 2011</u>	<u>March 31, 2010</u>
	Rs.	Rs.
A. Cash flow from Operating activities		
Net Profit/(Loss) before tax & Exceptional Items	9,43,51,373	4,21,74,309
Adjustments for - Depreciation	13,11,05,510	11,08,00,260
- Bad Debts & Provisions (net)	(35,42,251)	59,15,999
- (Profit)/Loss on sale of assets	(42,81,254)	(31,67,289)
- Unrealised Foreign Exchange	(4,51,436)	(2,02,395)
- Bank Charges	69,61,793	84,66,656
- Interest	9,98,16,173	9,72,88,353
- Interest Income	(1,94,09,432)	(3,91,66,578)
Operating Profit/(Loss) before Working Capital changes	30,45,50,476	22,21,09,315
Adjustments for - Trade and other Receivables	(14,56,02,757)	(22,74,34,476)
- Inventories	(6,44,28,608)	(3,76,08,149)
- Trade and other Payables	20,57,38,148	4,60,57,112
Direct Taxes	(78,71,081)	(1,70,54,081)
Net Cash Flow from Operating activities before Exceptional items	29,23,86,178	(1,39,30,279)
Exceptional items	-	90,39,611
Net Cash Flow from Operating activities	29,23,86,178	(48,90,668)
B. Cash flow from Investing activities		
Purchase of Fixed Assets	(18,82,65,229)	(9,53,18,650)
Sale of Fixed Assets	2,97,91,660	4,37,53,529
Investments in Subsidiary	(18,38,500)	-
Preliminary expenses	(1,49,580)	-
Interest Received	2,05,35,043	3,25,99,404
Net Cash Flow from Investing activities	(13,99,26,606)	(1,89,65,717)
C. Cash flow from Financing activities		
Proceeds from Issue of Shares & Warrants	38,33,500	-
Net increase/(decrease) in Bank Borrowings for working capital	46,06,366	(7,46,60,946)
Bank Charges	(69,61,793)	(84,66,656)
Long Term Borrowings taken	-	42,83,04,957
Repayment of Long Term & Short Term Borrowings	-	(26,50,41,004)
Interest paid	(9,98,16,173)	(10,79,39,408)
Dividend Paid (including dividend tax)	(2,26,95,474)	(1,29,39,777)
Net Cash Flow from Financing activities	(12,10,33,574)	(4,07,42,834)
Cash Equivalents (A+B+C)	3,14,25,998	(6,45,99,219)
Cash and Cash Equivalents at the beginning of the year	25,59,27,977	32,00,46,419
Effect of foreign exchange rate changes	1,63,477	4,80,777
Cash and Cash Equivalents at the end of the year	28,75,17,452	25,59,27,977

Note: Cash and Cash Equivalents represent Cash and Bank balance

Cash and Cash Equivalents include Rs.49,57,989 (Previous year: Rs.46,45,206) of unpaid dividend not available for use by the company

Fixed Deposits of Rs.22,75,17,631 (Previous year: Rs.15,62,04,781) are pledged with bank(s) towards overdraft & other facilities

Previous year figures have been regrouped/rearranged wherever considered necessary

As per our report of even date

For Deloitte Haskins & Sells

Chartered Accountants

Gaurav J Shah

Partner

Membership No. 35701

New Delhi

June 20, 2011

S. C. Jain

Company Secretary

V. K. Agarwal

Executive Vice President
& Chief Financial Officer

C. Bhaskar

Managing Director &
Chief Executive Officer

For and on behalf of the Board

Sidharth Birla

Chairman

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 31st March, 2011, the Consolidated Profit and Loss Account 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 a subsidiary, whose financial statements reflect total assets of Rs.60,07,342 as at 31st March, 2011, total revenues of Rs. 39,02,540 and net cash inflows amounting to Rs.12,35,008 for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose report have been furnished to us and our opinion in so far as it relates to the amounts included in respect of this subsidiary is based solely on the reports of the other auditors.
4. We have relied on the unaudited financial statements of subsidiary, whose financial statements reflect total assets of Rs.16,88,920 as at 31st March, 2011, total revenue of Rs. Nil and net cash inflows amounting to Rs.16,88,920 for the year ended on that date as considered in the Consolidated Financial Statements. These unaudited financial statements have been compiled and certified by the management and have not been subject to audit by independent auditors. Our opinion, in so far as it relates to the amounts included in respect of this subsidiary is based solely on these financial statements certified by the management.
5. 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. 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 31st March, 2011;
 - (ii) in the case of the Consolidated Profit and Loss Account, 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
June 20, 2011

XPRO INDIA LIMITED

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

PROXY FORM

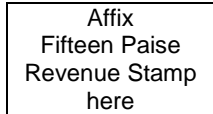
Proxy No.
No. of Shares

Folio No.
Client ID No.
DP ID No.

I/We
of being a member/members of
XPRO INDIA LIMITED hereby appoint
ofor falling him
..... of
as my/our proxy to attend and vote for me/us and on my/our behalf at the Fourteenth Annual General Meeting of
the Company to be held on Thursday, 11th day of August, 2011 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 2011.

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 Fourteenth Annual General Meeting of the Company held on Thursday, 11th
day of August, 2011 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(S) OR PROXY:

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