



XPRO INDIA LIMITED

ANNUAL REPORT 2009/10

XPRO INDIA LIMITED : ANNUAL REPORT 2009/10

Board of Directors

Sri Sidharth Birla

Chairman

Smt. Madhushree Birla

Sri Amitabha Ghosh

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, Thermosets Division

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)

Registered Office & Bix Division

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

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

Corporate Office

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

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

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NOTICE

TO THE SHAREHOLDERS

Notice is hereby given that the Thirteenth Annual General Meeting of the Members of Xpro India Limited will be held on Thursday, July 22, 2010 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 722 202 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, 2010.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Smt. Madhushree Birla who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint a Director in place of Sri S. Ragothaman who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors of the Company and to fix their remuneration.

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

By Order of the Board

S.C. JAIN
Company Secretary

April 24, 2010

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 1, 2010 to July 9, 2010 (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, 2010 and the Dividend Warrants will be posted on or before August 14, 2010.
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 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
2002-03	July 23, 2003	August 23, 2010
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

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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

Smt. Madhushree Birla, aged about 55 years, graduate from University of Ahmedabad, has served as Director and Advisor of various Corporate Bodies at different times. She is presently Executive Director of iPro Capital Limited, renders professional advisory services and is also engaged in social work.

Smt. Birla is presently Director on the Boards of Alpha Capital Management (Singapore) Pte. Ltd., IntelliPro Finance Pvt. Limited and MBA Infosoft Pvt. Ltd. She does not hold any membership of Committees of any Board.

Smt. Madhushree Birla does not hold any shares of the Company.

Except Sri Sidharth Birla and Smt. Madhushree Birla who are related, no other Director is interested in the resolution.

Item No.4

Sri S. Ragothaman, aged about 64 years, is a Commerce Graduate and Chartered Accountant. He is presently a self-employed professional and was formerly a senior official of ICICI Ltd. He has to his credit vast experience of over 37 years in the field of Finance.

Sri Ragothaman is presently Director on the Boards of Biax Speciality Films Private Limited, Hinduja Foundries Limited, Sakthi Finance Limited, Shreyas Shipping & Logistics Limited, The Bombay Dyeing & Manufacturing Company Limited. & Xpro Global Limited.

Sri Ragothaman is Chairman of Remuneration Committee, Member of Audit Committee and Share Transfer & Shareholders/Investors Grievance Committee of Hinduja Foundries Limited, Member of Audit Committee & Remuneration Committee of Shreyas Shipping & Logistics Limited, Chairman of Audit Committee & Member of Remuneration, Finance and Executive Committees of The Bombay Dyeing & Manufacturing Company Limited besides being Chairman of the Audit Committee of the Company.

Sri Ragothaman holds 3493 (0.03%) Equity Shares of the Company.

Except Sri S. Ragothaman, no other Director is interested in the resolution.

Registered Office :
Barjora-Mejja Road, P.O. Ghutgoria,
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By Order of the Board

S.C. JAIN
Company Secretary

April 24, 2010

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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, 2010.

FINANCIAL RESULTS

	<u>2010</u>	(Rs. Lacs) <u>2009</u>
Operations yielded a		
Profit before Depreciation and Tax of	1,479.97	1,016.40
less : Depreciation	868.59	838.83
	-----	-----
	611.38	177.57
add: Exceptional items (net)	90.40	-
	-----	-----
Profit Before Tax	701.78	177.57
less : Provisions for		
• Income & Wealth Tax	236.00	164.00
• Deferred Tax	26.00	(109.00)
• Fringe Benefit Tax	-	19.00
	-----	-----
Profit after Tax	439.78	103.57
add : Surplus brought forward	3,080.81	3,115.93
	-----	-----
Balance available for appropriation	3,520.59	3,219.50
Which is appropriated as :		
• General Reserve	55.00	10.00
• Proposed Dividend	194.80	110.00
• Dividend Tax	32.35	18.69
• Surplus carried forward	3,238.44	3,080.81
	=====	=====

Earnings from operations improved by about 45% to Rs.1479.97 lacs before depreciation and taxes (against Rs.1016.40 lacs in previous year) and, together with exceptional income, translated into an improved Profit after tax of Rs.439.78 lacs (Rs.103.57 lacs previous year). We recommend for your approval a Dividend of Rs.1.75 per share.

REVIEW OF KEY BUSINESS MATTERS

The uncertainties facing the country at the beginning of the year following the global economic crisis, coupled with sub-normal monsoons, gave way to an economy showing signs of revival by the second quarter followed quickly by robust recovery in the second half with an estimated and broad-based GDP growth of 7.2%. To a considerable extent aided by the stimulus measures taken by the Government, an easing in credit & release of the pay commission arrears, a major recession was averted and India climbed out of the slowdown faster than expected, despite a sluggish export recovery. In particular, improving consumer confidence and strong demand in the automobiles and consumer durable segments drove the momentum in manufacturing.

The operations of the Company were generally satisfactory as also reflected in the financial results. Aggressive marketing, development efforts, productivity improvements and disciplined cost control helped the company take advantage of the revival in our consumer industries. Volatility in petro-product prices (our raw materials), liquidity constraints with industrial customers and competitive conditions were under-lying characteristics. Overall volumes at 24,207 MT were higher by about 25% and Gross Sales higher by about 34% over the previous year at Rs.220.39 Crores. We remain optimistic on the future but mindful of uncertainties arising from volatile input prices, slow global recovery, threat of a repeat global recession, widening of inflationary trends from supply-based food segments to demand driven non-food areas, and impending interest rate hikes coupled with expected liquidity restraints.

The Consumer Durables industry in the country, particularly Refrigerators, a significant client base for the Company witnessed a high growth of nearly 37% (following several years at around 16%) and is expected to continue to exhibit good fundamentals. To meet growing demand from specific customers, capacity at Ranjangaon was further enhanced through addition of Coextruded Sheet and Thermoforming capacity. Sheet Capacity at Greater Noida is also being enhanced through addition of another line. The Thermosets Division also continues to exhibit strong growth and capacity for synthetic resins and phenolic moulding powders was enhanced during the year. Proactive steps continue to be taken by the 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). As a result the Company was able to operate its plants at high utilization levels particularly for BOPP Films. BOPP Films have seen consistent growth in keeping with the rapid growth in the flexible packaging materials industry. The present low per capita consumption level in

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India, and the growth being seen inter-alia in the retail sector and the packaged foods industry, both point to sustainable opportunities for films. However, difficult market conditions prevailed due to creation of significant additional capacities.

Circumstances in which the company acquired the entire shareholding in the erstwhile joint venture, now called Biax Speciality Films Private Limited, were discussed in depth in our Report last year. Since the beginning of the year, (a) a one-time settlement earlier negotiated with erstwhile lenders was implemented, (b) capacity utilization was quickly built up and the plant is running at near full capacity and (c) the products marketed by us under our 'Biax' brand have been well accepted. The rapid turnaround in utilization resulted in substantially higher sales during the year at Rs.1,882.44 lacs against Rs.733.56 lacs during the previous 15 month period and in a gross profit from operations of Rs.48.70 lacs (against a loss of Rs.443.38 lacs during the previous period). The early stages of the turnaround contemplated have been realized.

Employees Stock Option Schemes have been implemented by the Company in accordance with relevant SEBI Guidelines. Details of options granted and outstanding along with other particulars as required under the 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. Annual Report and Accounts for the financial year ended on March 31, 2010 of the subsidiaries (Xpro Global Limited and Biax Speciality Films Private Limited) are annexed hereto. Relations with employees were generally cordial and we record our appreciation of contributions made by committed employees during the year.

Smt. Madhushree Birla and Sri S Ragothaman, Directors, retire by rotation and, being eligible, offer themselves for reappointment.

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.

The Government of India (Ministry of Corporate Affairs) has recently introduced voluntary guidelines for Corporate Social Responsibility, to enable businesses to focus and contribute towards interests of stakeholders and society. The Company, having regard to its size and scope, is generally compliant with these guidelines. 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 practically viable to undertake any significant projects outside these. The Company has now decided as a policy to support external bodies like relevant NGOs or Government Relief Funds, including through financial contribution and has, in the first instance, made a budgetary provision of Rs.20 lacs for such support.

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.

AUDITORS

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

New Delhi
April 24, 2010

Sidharth Birla
Chairman

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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 8 Directors, of whom 4 are independent and 7 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 4 independent Directors (i.e. 50%) 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) and Sri S. Ragothaman (self-employed professional, formerly senior officer at ICICI). Sri Haigreve 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 are kept separate and suitably defined. Accordingly the Chairman's position, even where whole-time, is non-executive and 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, relevant 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.

Director / Category	Attendance	B / C / Ch	Fees/Commission (Rs.)	Shareholding
<u>Independent</u>				
Sri Amitabha Ghosh	5 / 5	14 / 5 / 5	1,10,000	-
Sri P. Murari	5 / 5	11 / 5 / -	1,70,000	-
Sri Utsav Parekh	3 / 5	7 / 5 / 1	1,00,000	-
Sri S. Ragothaman	5 / 5	6 / 3 / 2	1,60,000	3493 (0.03%)
<u>Non-Executive</u>				
Sri Haigreve Khaitan	1 / 5	15 / 9 / -	20,000	-
<u>Representing Promoters</u>				
Smt. Madhushree Birla	4 / 5	2 / - / -	80,000	-
Sri Sidharth Birla	5 / 5	5 / - / -	Nil	251875 (2.29%)
<u>Executive (Managing Director)</u>				
Sri C Bhaskar	5 / 5	2 / 1 / -	Nil	932 (0.01%)

Sri Sidharth Birla & Sri C Bhaskar are both employed by the Company and Sri Haigreve Khaitan is Partner of Khaitan & Co., to which legal and other fees etc., of Rs.86,750 was paid during the year.

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

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usually retire by 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 appointment/re-appointment of a Director.

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 5 times on April 29, July 22, October 21, December 10, 2009 & January 25, 2010.

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 requisite knowledge of finance, accounts and company law. The committee recommends the appointment of CFO, as and when required, external 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 meetings on April 29 and July 22, 2009 were attended by all members while the meetings of October 21, 2009 and January 25, 2010 were 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. During the year the Committee met on April 29, 2009 (attended by all members).

All directors other than the Chairman and any executive directors(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

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determined in accordance with relevant provisions of the Companies Act: (ii) a remuneration to Sri Sidharth Birla, Chairman, appointed with effect from March 1, 2008 for 3 years, by way of a Salary (Rs.4.00 lacs per month), commission (not exceeding 2% of net profits), housing facility or allowance in lieu thereof (upto 60% of salary) and other perquisites (in aggregate subject to minimum remuneration of Rs.4 lacs per month as per the Companies Act); (iii) a remuneration to the Managing Director & Chief Executive Officer, Sri C. Bhaskar, 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.2.40 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.

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 48,000 shareholders and the committee meets frequently throughout the year to minimize any delays in the transfer process. Any investor grievance is referred to this committee in the first instance for early resolution. Sri S.C. Jain, Secretary, is the Compliance Officer under relevant regulations. This committee is chaired by Sri Utsav Parekh and includes Sri Haigreve Khaitan and Sri C Bhaskar. During the year 60 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 September 10 and September 21, 2009 (both meetings 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 26, 2007, July 29, 2008 & July 23, 2009. 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 31, 2009 (8 days after AGM).

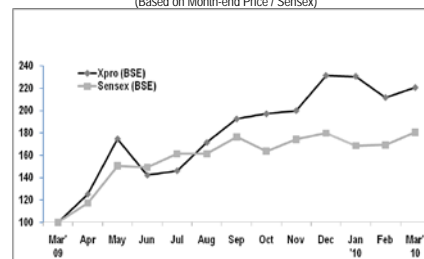
The Company keeps shareholders informed via advertisements in appropriate newspapers of all relevant dates and items requiring notice. M/s MCS Limited, New Delhi are the Registrars and Share Transfer Agents. The general address for correspondence by shareholders is the Company Secretary (Tel. No.(033) 2213 1680 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.

Share Price by Month	NSE		BSE	
	High	Low	High	Low
April 2009	20.85	14.55	20.77	14.50
May	28.50	16.25	28.00	16.95
June	25.80	19.15	25.90	19.25
July	21.55	16.05	21.80	17.10
August	26.60	17.00	26.65	18.60
September	30.25	23.00	29.95	23.05
October	37.00	25.00	36.80	25.00
November	33.90	25.50	32.25	26.50
December	35.30	25.15	35.65	27.60
January 2010	36.90	31.35	36.70	31.15
February	34.00	28.05	34.90	28.80
March	35.65	29.50	35.80	29.50
During the Financial Year	37.00	14.55	36.80	14.50

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



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	Number	In % by amount	Nominal Value of Shareholding	Number	In % by amount
Banks, FI's, Insurance Companies	20	2.39			
Domestic Companies	496	47.45	Upto Rs.5,000	46,485	19.15
Mutual Funds (including UTI)	6	0.09	Rs.5,001 to Rs.20,000	1,225	11.57
Non-residents/OCBs	141	1.01	Rs.20,001 to Rs.1,00,000	277	10.37
Resident individuals/others	47,376	49.06	Rs.1,00,001 and above	52	58.91
	48,039	100.00		48,039	100.00

Note: aggregate of Public shareholding: 55.14%

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
April 24, 2010

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, 2010.

New Delhi
April 24, 2010

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, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

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

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

New Delhi
April 24, 2010

Gaurav J Shah
Partner
Membership No. 35701

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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 year 2009-10, following the most turbulent period in recent history, began as a difficult one but growth which initially picked up by the end of the first quarter, quickly gathered momentum during the second quarter. With the easing of obstacles to consumption and investment, aided by the well-timed stimulus packages of the government and the initiatives on inclusive growth, the industrial and service sectors grew at 8.2 and 8.7 percent respectively, notwithstanding sub-normal monsoons which led to a decline in agricultural output. Following the revival, particularly in the consumer durables segment, demand for the company's products found healthy growth although tempered in part by rising interest rates; volatility in input (particularly petro-based) prices and increasing commoditization of several products resulting in declining selling prices. Facing market pressures arising out of a combination of these factors with determination and implementation of cost-control measures, the Company could end the year under review with improved operational performance.

Appropriate steps continued to be taken and successfully executed towards our strategic direction including (a) creation of additional sheet extrusion capacity and thermoforming capacity at Ranjangaon; (b) enhancement of capacity for synthetic resins and phenolic moulding powders in Thermosets Division; and (c) a smooth transition and quick return to near full capacity utilisation, following the acquisition of entire shareholding held in Terxpro Films Private Limited (now called Biax Speciality Films Private Limited) from the erstwhile foreign JV partners.

Aggregate production quantities were higher by about 25% at 24,207 MT over the previous year. Gross sales value at Rs.220.39 Crores was higher than that achieved in the previous year by nearly 34%, despite the reduction in excise duty, reflecting the higher physical sales as also the volatility in the input prices and an increase in sheet deliveries on sale basis (over conversion/toll manufacture basis). Profit before Depreciation, Exceptional items and Tax at Rs.1479.98 lacs was significantly higher by about 45% over the previous year. Depreciation during the year at Rs.868.59 lacs was marginally higher, PBT (including net exceptional income of Rs.90.40 lacs) was significantly higher at Rs.701.78 lacs against Rs.177.57 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 up 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	2010		2009	
	Production MT	Sales Rs. Lacs	Production MT	Sales Rs. Lacs
• Biax Division	3,066	4,754	3,052	4,969
• Coex Division	13,042	10,819	9,784	5,661
• Thermosets Division	8,099	6,466	6,547	5,856
	24,207	22,039	19,383	16,486

1. Coex Division's sheet production at Faridabad, Greater Noida & Ranjangaon includes on conversion basis, which cannot reflect fully in sales value;
2. Thermoforming Units at Greater Noida & Ranjangaon are downstream to and a part of Coex Division;
3. Figures net of inter-unit adjustments.

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, Styrene 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. Coex Division's Faridabad unit and Thermosets Division maintained the certification of their Quality Systems under ISO 9001:2000 standards for manufacture of Coextruded Multilayer Plastic Sheets and Cast Films and for the development and manufacture of Phenolic Resins,

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Phenol Formaldehyde Moulding and Amino Moulding Compounds, respectively. During the year, Biax Division was re-certified for the manufacture of BOPP Films and Coex Division's Ranjangaon Unit received fresh certification for the manufacture and thermoforming of Coextruded Plastic Sheets, both 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 14 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 almost 1.1 lac MT capacity was commissioned and a further 1.25 lac MT is expected over the next few months taking total domestic capacity to nearly 5 lac MT per annum. Consequently, availability remained abundant, and together with the steep fall in industry exports due to the global slow-down, market conditions for BOPP films remained fiercely competitive through the year with all players vying to maximize capacity utilization and enhance market share, in a market characterised by falling selling prices, and fluctuating raw material prices compounded by imposition of anti-dumping duty on polypropylene. Our capacity however, remains essentially dedicated to special products and niche markets, largely thin films, 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. Total production during the year at 3,066 MT was marginally higher than in the previous year. Biax Speciality Films Private Limited (BSFPL) which was acquired at the end of the last year has also been run to near full capacity. In order to provide focus and capitalise on available opportunities in BOPP films segment, the Company has transferred to BSFPL the preparatory work undertaken on the proposed BOPP Films project.

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, which revived from the temporary demand recession faced in the previous year and exhibited vigorous growth of over 35%. 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 13,042 MT during the year was almost 33 % higher than during the previous year, reflecting the revival in consumer durable markets. 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. Various steps are under consideration to arrest the decline at this location and/or evolve new solutions. During the year, the Company enhanced capacity at Ranjangaon through addition of a fully automated thermoforming line and a state-of-art coextruded sheet line to meet specific additional requirements from its customers. The lines commissioned towards the end of the year are performing well.

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, has enabled the division to hold market leadership. Total Production during the year at 8,099 MT, was 23.7% higher than the 6,547 MT produced in the previous year and was achieved despite severe competitive pressures, including from imports, and unstable raw material prices. A solid-fuels fired boiler was installed to reduce energy costs. Capacity for Synthetic resins and Moulding Powders was enhanced in stages to 12,000 TPA (~ 30% increase) during the year through installation of additional reactor, resin-milling facilities and kneader, which promptly went into commercial production. Intense efforts continue to develop new grades of moulding compounds and resins with good domestic and export potential.

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.

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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 509 (including employees on extended contract), of which officers and staff account for 294, and workmen for the balance (last year 432 and 267 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 slow and uneven recovery of economies across the world. There could be uncertainties, 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
April 24, 2010

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
 - Modification in process cooling water management system
 - Maintenance of near unity Power Factor; Installation of capacitors to improve PF
 - Automatic feeding & fluidised combustion in coal fired boiler
 - Realignment of power incoming feeder source to minimize interruption and improve quality
 - Replaced conventional lamps with PL lamps in several areas
- (b) Additional Investment and Proposals, if any, being implemented for reduction of consumption of energy:
 - Modification of air washer system
 - Solar energy sources for general lighting
 - 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 Foundry liquid and powder resins
 - Development of special grade moulding powders and synthetic resins for export markets and as import substitutes

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- (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 engineering skills connected with process technology, process engineering & system 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
- (b) Benefits derived as a result of the above efforts:
- Competitive advantage through ability to offer improved products to meet specialized market requirements
 - Improved levels of 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 -- Nil
- 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>2009-2010</u> | <u>2008-2009</u> |
|-------------------------------|------------------|------------------|
| Total foreign exchange used | 14,22,29,208 | 13,17,44,894 |
| Total foreign exchange earned | 3,68,17,860 | 2,73,10,377 |

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, 2010.

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

Bakshi, H; B.Tech. (Chem), Dip. In Indl.Safety; President & Chief Operating Officer; 25.01.1993; 32,66,400; 32, 54; Ceat Limited
Bhaskar, C; B.Tech. (Chem), PGDM(IIM-C), MIMA; Managing Director & Chief Executive Officer; 01.01.1984; 43,02,303; 31; 55; VXL India Limited.
Birla, Sidharth; B.Sc.(Hons.), M.B.A.; Chairman; 01.03.2000; 54,76,000; 32; 53; Cimco Birla Limited.

- Notes:
- Remuneration includes Salary, Housing, Medical Reimbursement, Leave Travel Assistance, Company's Contribution to Provident & Superannuation Funds and other perquisites, and commission.
 - The above appointments are contractual.
 - Sri Sidharth Birla and Smt Madhushree Birla are related. Sri C. Bhaskar and Sri H Bakshi are not related to any Director of the Company.

For and on behalf of the Board

New Delhi
April 24, 2010

Sidharth Birla
Chairman

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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 - 2007	ESOP - 2008	ESOP - 2009
a.	Options Granted	447500	437500	457500
b.	Date of Grant	23/1/2008	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)	27.80	11.00	30.85
d.	Pricing Formula	The Exercise Price, as approved by the shareholders, shall be the average closing price of the Company's shares on the National Stock Exchange in the immediate preceding 7-day period prior to the date of grant discounted by such percentage not exceeding 75% to be determined by the Compensation Committee subject to a minimum exercise price of Rs.10 per share		
e.	Vesting Period	30% of entitlement on expiry of 1 year from grant of Option; Further 30% of entitlement on expiry of 2 years from grant of Option; and the balance 40% of entitlement on expiry of 3 years from grant of Option		
f.	Options vested	268500	-	-
g.	Options exercised	Nil	-	-
h.	Options lapsed/surrendered/forfeited	447500	-	-
i.	Variations of terms of options	None	None	None
j.	Money realized by exercise	Nil	-	-
k.	Options in force	Nil	437500	457500
l.	Employee wise details of options granted – i) Senior Management Personnel			
	Sri Amitabha Ghosh	* 35,000	* 30,000	* 35,000
	Sri Haigreve Khaitan	* 35,000	* 30,000	* 35,000
	Sri P. Murari	* 35,000	* 30,000	* 35,000
	Sri Utsav Parekh	* 35,000	* 30,000	* 35,000
	Sri S. Ragothaman	* 35,000	* 30,000	* 35,000
	Sri C Bhaskar	* 50,000	* 50,000	* 50,000
	Sri H. Bakshi	* 40,000	* 40,000	* 40,000
	Sri S.C. Jain	* 25,000	* 25,000	* 25,000
	Sri Manmohan Krishan	* 25,000	* 25,000	* 25,000
	Sri U.K. Saraf	* 25,000	* 25,000	* 25,000
	Sri Anil Jain	* 25,000	* 25,000	* 25,000
	Sri N. Ravindran	* 25,000	* 25,000	* 25,000
	Sri Vinay Agarwal	10,000	* 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.3.91		
n.	Fair value of the options	Rs. 11.75		
o.	The employee compensation costs has been calculated using the intrinsic value-based method of accounting for options granted. The employee compensation cost as per the intrinsic value method for the financial year 2009-10 was Rs.15.27 lacs. 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.13.50 lacs and proforma basic and diluted earnings per share would be Rs.4.12 and Rs.4.03 respectively.			

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Sl	Description	ESOP - 2007	ESOP - 2008	ESOP - 2009
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:	5.4 %	
		ii) Expected Life:	6.18 years	
		iii) Expected volatility:	0.33	
		iv) The Price of the underlying share in market at the time of option grant	Rs.17.50	

For and on behalf of the Board

New Delhi
April 24, 2010

Sidharth Birla
Chairman

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

1. Name of Subsidiary Company:	Xpro Global Ltd.	Biax Speciality Films Private Limited (subsidiary w.e.f. March 31, 2009)		
2. Financial year of the subsidiary ending on:	March 31, 2010	March 31, 2010		
3. Extent of Holding Company's Interest:				
(a) Number of equity shares:	10,00,000* (*9,50,000 shares partly paid Rs. 5 each)	3,41,00,000		
(b) Percentage Holding:	100 %	100 %		
4. Net aggregate Profit/(Loss) for the financial year so far as it concerns the members of the Holding Company :	2009-10	2008-09	2009-10	2008-09
(a) Dealt with in the holding Company's Accounts:	Nil	Nil	N.A.	N.A.
(b) Not dealt with in the holding Company's Accounts (Rs.):	3,97,810	3,20,426	(23,10,90,385)	N.A.

For and on behalf of the Board

Sidharth Birla
Chairman

New Delhi
April 24, 2010

S. C. Jain
Company Secretary

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

C. Bhaskar
Managing Director &
Chief Executive Officer

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AUDITORS' REPORT TO THE MEMBERS OF XPRO INDIA LIMITED

1. We have audited the attached Balance Sheet of **XPRO INDIA LIMITED** ("the Company") as at 31st March, 2010, 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, 2010;
 - (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, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

New Delhi
April 24, 2010

Gaurav J Shah
Partner
Membership No. 35701

ANNEXURE TO THE AUDITORS' REPORT

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

- (i) Having regard to the nature of the Company's business/activities/result, clauses (x), (xii) and (xiii) 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.

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- (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.15,46,50,000 to two parties during the year. At the year-end, the outstanding balances of such loans aggregated Rs.14,35,00,000 from one party and the maximum amount involved during the year was Rs.16,39,00,000 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.
- In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
- (a) The Company has taken loans aggregating Rs. 1,00,00,000 from two parties during the year. At the year-end, there are no outstanding balance of such loans and the maximum amount involved during the year was Rs.1,00,00,000 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 payments of principal amounts, when demanded and interest in respect of such loans are regular.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, 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.
- (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 except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.
- (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, 2010 for a period of more than six months from the date they became payable.

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- (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, 2010 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	81,83,829
Income Tax Act	Income Tax	Commissioner of Income Tax, Appeals, Kolkata	2000-01	4,17,206
Income Tax Act	Income Tax	Commissioner of Income Tax, Appeals, Kolkata	2005-06	3,30,93,900

- (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.
- (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.
- (xiii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not *prima facie* prejudicial to the interests of the Company.
- (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, other than temporary deployment pending application.
- (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.
- (xvii) The Company did not have any outstanding debentures during the year.
- (xviii) The Company has not raised any money through a public issue during the year.
- (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
April 24, 2010

Gaurav J Shah
Partner
Membership No. 35701

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BALANCE SHEET

AS AT MARCH 31, 2010

	Schedule	<u>March 31, 2010</u> Rs.	<u>March 31, 2009</u> Rs.
<u>SOURCES OF FUNDS</u>			
Shareholders' Funds			
Share Capital	1	11,00,00,000	11,00,00,000
Reserves & Surplus	2	<u>96,65,31,161</u>	<u>94,52,67,737</u>
		1,07,65,31,161	1,05,52,67,737
Loans			
Secured	3	68,28,23,244	63,81,73,077
Deferred Tax Liabilities (refer Note 19)		<u>2,82,00,000</u>	<u>2,56,00,000</u>
		<u>1,78,75,54,405</u>	<u>1,71,90,40,814</u>
<u>APPLICATION OF FUNDS</u>			
Fixed Assets			
Gross Block	4	1,54,36,85,030	1,43,30,36,078
Less: Depreciation/Amortisation		<u>(61,09,97,355)</u>	<u>(53,41,78,515)</u>
Net Block		93,26,87,675	89,88,57,563
Capital Work-in-Progress		<u>88,93,321</u>	<u>9,17,50,352</u>
		94,15,80,996	99,06,07,915
Investments			
Current Assets, Loans & Advances	5	11,58,22,141	11,58,22,141
Inventories			
Inventories	6	18,40,65,504	15,07,13,348
Sundry Debtors	7	43,94,63,975	31,31,50,488
Cash & Bank Balances	8	24,77,20,808	29,99,35,351
Loans & Advances	9	<u>24,49,29,300</u>	<u>16,77,91,291</u>
		1,11,61,79,587	93,15,90,478
LESS : CURRENT LIABILITIES & PROVISIONS			
Liabilities	10	(35,97,48,986)	(29,39,08,006)
Provisions	11	<u>(2,62,79,333)</u>	<u>(2,50,71,714)</u>
		<u>(38,60,28,319)</u>	<u>(31,89,79,720)</u>
NET CURRENT ASSETS		<u>73,01,51,268</u>	<u>61,26,10,758</u>
		<u>1,78,75,54,405</u>	<u>1,71,90,40,814</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
April 24, 2010

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 2009/10

PROFIT AND LOSS ACCOUNT For the Year ended March 31, 2010	Schedule	<u>2009 - 2010</u> Rs.	<u>2008 - 2009</u> Rs.
<u>INCOME</u>			
Gross Sales		2,20,38,54,040	1,64,85,72,541
Less: Excise Duty		<u>16,49,64,346</u>	<u>16,80,50,204</u>
Net Sales		2,03,88,89,694	1,48,05,22,337
Other Income	12	<u>79,93,255</u>	<u>1,03,61,608</u>
		<u>2,04,68,82,949</u>	<u>1,49,08,83,945</u>
<u>EXPENDITURE</u>			
Materials	13	1,38,59,73,005	91,86,83,348
Manufacturing, Selling & Other Expenses	14	46,84,68,014	41,85,58,779
Interest & Financial Charges	15	<u>4,44,44,336</u>	<u>5,20,02,134</u>
		<u>1,89,88,85,355</u>	<u>1,38,92,44,261</u>
Profit before Depreciation/Amortisation & Exceptional Items		14,79,97,594	10,16,39,684
Less: Depreciation/Amortisation		<u>8,68,58,760</u>	<u>8,38,82,824</u>
Profit before Tax & Exceptional Items		6,11,38,834	1,77,56,860
Exceptional Items (net) (refer Note 8)		<u>90,39,611</u>	<u>-</u>
Profit before Tax		7,01,78,445	1,77,56,860
Provision for Tax		(2,36,00,000)	(1,64,00,000)
Deferred Tax Credit/(Charge)		(26,00,000)	1,09,00,000
Provision for Fringe Benefit Tax		<u>-</u>	<u>(19,00,000)</u>
Profit after Tax		4,39,78,445	1,03,56,860
Add: Balance brought forward		<u>30,80,80,237</u>	<u>31,15,92,827</u>
Available for Appropriations		35,20,58,682	32,19,49,687
APPROPRIATIONS			
General Reserve		55,00,000	10,00,000
Proposed Dividend		1,94,79,688	1,10,00,000
Corporate Dividend Tax		32,35,333	18,69,450
Balance Carried to Balance Sheet		<u>32,38,43,661</u>	<u>30,80,80,237</u>
		35,20,58,682	32,19,49,687
Earnings per Share (refer Note 18)			
- Basic		4.00	0.94
- Diluted		3.91	0.94
(Face Value of Rs.10/- each)			

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
April 24, 2010

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, 2010</u>	<u>March 31, 2009</u>
	Rs.	Rs.
1. <u>SHARE CAPITAL</u>		
Authorised		
1,50,00,000 Equity Shares of Rs.10 each (March 31, 2009: 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)	<u>20,00,00,000</u>	<u>20,00,00,000</u>
	35,00,00,000	35,00,00,000
Issued, Subscribed & Paid up		
1,09,99,987 Equity Shares of Rs. 10 each fully paid up (March 31, 2009: 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 capitalisation of general reserves and securities premium)	10,99,99,870	10,99,99,870
Share Capital Suspense		
13 Equity Shares of Rs. 10 each fully paid up (March 31, 2009: 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
	<u>11,00,00,000</u>	<u>11,00,00,000</u>
2. <u>RESERVES & SURPLUS</u>		
Capital Subsidy Reserve	60,50,000	60,50,000
Securities Premium		
At commencement of year	2,91,37,500	1,33,87,500
Add: On issue of shares	<u>-</u>	<u>1,57,50,000</u>
	2,91,37,500	2,91,37,500
General Reserve		
At commencement of year	60,20,00,000	60,10,00,000
Add: from Profit & Loss Account	<u>55,00,000</u>	<u>10,00,000</u>
	60,75,00,000	60,20,00,000
Profit & Loss Account	<u>32,38,43,661</u>	<u>30,80,80,237</u>
	96,65,31,161	94,52,67,737
3. <u>SECURED LOANS</u> (refer Note 4)		
From Banks		
- Term loans	41,01,54,887	29,25,90,625
- Working Capital Loans	24,03,44,331	22,98,44,308
- Overdraft against term deposits	<u>3,23,24,026</u>	<u>11,57,38,144</u>
	68,28,23,244	63,81,73,077

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4. FIXED ASSETS (refer Note 11)

	GROSS VALUE				DEPRECIATION/AMORTISATION				NET VALUE	
	As at	Additions/	Deductions/	As at	Upto	For the	Deductions	Upto	As at	As at
	April 1, 2009	Adjustments	adjustments	March 31, 2010	April 1, 2009	Year	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2009
Freehold Land	77,76,198	-	-	77,76,198	-	-	-	-	77,76,198	77,76,198
Leasehold Land	4,64,39,513	-	-	4,64,39,513	31,41,878	5,16,201	-	38,58,079	4,25,81,434	4,30,97,635
Buildings	28,37,78,652	1,32,80,047	2,06,49,424	27,64,09,275	3,40,61,929	79,26,832	12,82,283	4,07,06,478	23,57,02,797	24,97,16,723
Plant & Machinery	102,97,67,997	12,30,84,028	12,20,953	115,16,31,072	46,91,08,464	7,40,80,839	4,88,009	54,27,01,294	60,89,29,778	56,06,59,533
Furniture & Fixtures	2,46,10,886	10,77,073	50,85,151	2,06,02,808	93,46,064	12,85,045	10,67,229	95,63,880	1,10,38,928	1,52,64,822
Vehicles	2,39,66,242	83,10,524	94,62,924	2,28,13,842	72,92,465	20,72,268	49,26,869	44,37,864	1,83,75,978	1,66,73,777
Computers	1,12,84,163	9,01,931	22,64,944	99,21,150	88,45,244	7,29,214	22,64,944	73,09,514	26,11,636	24,38,919
Equipment & Fittings	54,12,427	1,64,803	25,000	55,52,230	21,82,470	2,48,361	10,585	24,20,246	31,31,984	32,29,957
Intangible assets (software)	-	25,38,942	-	25,38,942	-	-	-	-	25,38,942	-
	143,30,36,078	14,93,57,348	3,87,08,396	154,36,85,030	53,41,78,514	8,68,58,760	1,00,39,919	61,09,97,355	93,26,87,675	89,88,57,564
Previous Year	141,59,23,092	2,36,02,776	64,89,790	143,30,36,078	45,42,79,788	8,38,82,824	39,84,097	53,41,78,515	89,88,57,563	
Capital Work-in-Progress									88,93,321	9,17,50,352

	Face Value Rs.	March 31, 2010 Rs.	March 31, 2009 Rs.
5. <u>INVESTMENTS - Long Term</u>			
Trade Investments			
Unquoted			
Paid up Equity Shares			
Investment in wholly owned subsidiary companies			
3,41,00,000 Biax Speciality Films Private Limited (formerly Terxpro Films Private Limited) (Previous Year:3,41,00,000)	10	11,04,99,141	11,04,99,141
10,00,000 Xpro Global Limited (Out of above 9,50,000 equity shares of Rs. 10/- each partly paid up Rs. 5/- each)	10	52,50,000	52,50,000
Other Investments			
Unquoted			
Paid up Equity Shares			
1,000 Birla Buildings Limited	10	73,000	73,000
		<u>11,58,22,141</u>	<u>11,58,22,141</u>
6. <u>INVENTORIES</u>			
Stock-in-Trade		2,33,35,544	2,43,99,596
Process Stock		6,00,22,720	4,33,23,301
Other Stocks :			
- Stores & Spares		2,45,00,443	2,50,19,745
- Raw Materials		7,62,06,797	5,79,70,706
		<u>18,40,65,504</u>	<u>15,07,13,348</u>
7. <u>SUNDRY DEBTORS</u> (Unsecured)			
Over Six Months			
Considered - Good		1,26,74,660	2,99,13,011
- Doubtful		-	-
Less : Provision		-	-
Others - Considered Good		42,67,89,315	28,32,37,477
		<u>43,94,63,975</u>	<u>31,31,50,488</u>

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	<u>March 31, 2010</u>	<u>March 31, 2009</u>
	Rs.	Rs.
8. CASH & BANK BALANCES		
Cash & cheques in hand	8,74,314	6,70,656
Balances with Scheduled Banks		
- Current Accounts	2,01,41,713	2,39,13,822
- Fixed Deposit Accounts (pledged with bank for overdraft & other facilities – Rs.15,62,04,781)	22,67,04,781	27,53,50,873
	24,77,20,808	29,99,35,351
9. LOANS & ADVANCES (refer Note 10)		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	20,29,88,789	12,13,38,148
Refunds, Recoveries & Claims	44,58,498	44,21,161
Deposit with Government & Others	1,90,61,388	2,08,58,555
Balance with Central Excise	1,84,20,625	2,11,73,427
	24,49,29,300	16,77,91,291
10. CURRENT LIABILITIES		
Acceptances	4,19,44,689	7,35,34,742
Sundry Creditors (refer Note 5)	23,53,64,151	17,46,70,578
Unclaimed Dividend *	46,45,206	47,15,533
Other Liabilities	7,77,94,940	4,09,87,153
* Investor Education and Protection Fund shall be credited on completion of statutory period		
	35,97,48,986	29,39,08,006
11. PROVISIONS		
Proposed Dividend	1,94,79,688	1,10,00,000
Corporate Dividend Tax	32,35,333	18,69,450
Towards Retirement Benefits	35,64,312	1,22,02,264
	2,62,79,333	2,50,71,714
	<u>2009 - 2010</u>	<u>2008 - 2009</u>
	Rs.	Rs.
12. OTHER INCOME		
Miscellaneous Receipts	47,71,298	54,73,489
Interest on Income Tax Refund	-	10,96,656
Profit on sale of Shares	-	16,64,000
Profit on sale of fixed assets	32,21,957	21,27,463
	79,93,255	1,03,61,608
13. MATERIALS		
(Increase)/Decrease in Stocks - Schedule 'A'	(1,56,35,367)	72,94,659
Consumption of Raw Materials - Schedule 'B'	1,40,16,08,372	91,13,88,689
	1,38,59,73,005	91,86,83,348
A. (INCREASE) / DECREASE IN STOCKS		
Opening Stocks :		
Stock-in-trade	2,43,99,596	4,10,88,152
Process Stock	4,33,23,301	3,39,29,404
	6,77,22,897	7,50,17,556
Less: Closing Stocks :		
Stock-in-trade	(2,33,35,544)	(2,43,99,596)
Process Stock	(6,00,22,720)	(4,33,23,301)
	(8,33,58,264)	(6,77,22,897)
	(1,56,35,367)	72,94,659

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	<u>2009 - 2010</u>	<u>2008 - 2009</u>
	Rs.	Rs.
B. CONSUMPTION OF RAW MATERIALS		
Opening Stock	5,79,70,706	5,85,86,857
Add : Purchases	<u>1,42,12,34,740</u>	<u>91,47,16,495</u>
	1,47,92,05,446	97,33,03,352
Less : Sales Returns & Transfers	<u>(13,90,277)</u>	<u>(39,43,957)</u>
	1,47,78,15,169	96,93,59,395
Less : Closing Stock	<u>(7,62,06,797)</u>	<u>(5,79,70,706)</u>
	<u>1,40,16,08,372</u>	<u>91,13,88,689</u>
14. MANUFACTURING & OTHER EXPENSES		
Manufacturing Expenses - Schedule 'A'	21,21,80,740	18,48,61,805
Manpower Expenses - Schedule 'B'	15,32,92,746	13,54,06,316
Administrative & Other Expenses - Schedule 'C'	5,24,88,612	5,72,88,636
Selling Expenses – Schedule 'D'	<u>5,23,25,251</u>	<u>4,28,04,167</u>
	47,02,87,349	42,03,60,924
Less : unspent Liabilities, Excess provisions and Unclaimed balances in respect of earlier years written back.	18,19,335	18,02,145
	<u>46,84,68,014</u>	<u>41,85,58,779</u>
A. MANUFACTURING EXPENSES		
Stores, Spares & Packing Materials	5,09,25,992	4,67,93,715
Processing Charges	66,63,966	28,13,660
Power & Fuel	13,41,15,550	12,30,78,374
Excise Duty	8,76,404	(27,22,209)
Repairs to:		
- Buildings	30,77,844	15,87,594
- Plant & Machinery	1,44,52,590	1,14,97,555
- Others	<u>20,68,394</u>	<u>18,13,116</u>
	21,21,80,740	18,48,61,805
B. MANPOWER EXPENSES		
Salaries, Wages, Bonus, Gratuity etc.	12,97,91,751	11,34,27,714
Contribution to Provident & Other Funds	1,10,34,209	1,12,35,029
Employees Welfare	<u>1,24,66,786</u>	<u>1,07,43,573</u>
	15,32,92,746	13,54,06,316
C. ADMINISTRATIVE & OTHER EXPENSES		
Communication	38,83,385	46,34,965
Director's Fees	6,40,000	5,90,000
Donation & Charity	25,000	46,000
Insurance	26,07,850	29,20,366
Items written off	-	3,84,495
Loss on Sale of Fixed Assets	-	5,38,659
Miscellaneous	2,45,75,212	2,78,30,404
Payment to Auditors	8,12,763	8,20,620
Professional & Legal	37,99,958	38,78,881
Rates & Taxes	27,29,904	19,43,494
Rent	26,31,113	27,30,780
Travelling	<u>1,07,83,427</u>	<u>1,09,69,972</u>
	5,24,88,612	5,72,88,636
D. SELLING EXPENSES		
Freight, Forwarding & Shipment Charges (Net)	3,43,96,969	2,94,09,816
Brokerage, Rebate, Discount & Commission	83,50,117	55,17,111
Rejection & Damages (Net)	42,993	28,777
Transit Insurance (Net)	10,24,507	13,44,413
Bad Debts	77,35,334	53,13,834
Other Selling Expenses	<u>7,75,331</u>	<u>11,90,216</u>
	5,23,25,251	4,28,04,167

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	<u>2009 - 2010</u>	<u>2008 - 2009</u>
	Rs.	Rs.
15. INTEREST & FINANCIAL CHARGES (refer Note 6)		
Interest:		
Term Loans	5,65,52,545	2,87,97,596
Others (Net)	(1,87,43,607)	1,68,89,955
Financial Charges:		
Bank Charges, Guarantee Commission & Others	<u>66,35,398</u>	<u>63,14,583</u>
	<u>4,44,44,336</u>	<u>5,20,02,134</u>

16. NOTES ON ACCOUNTS & ACCOUNTING POLICIES

1. Sales are reported net of returns/adjustments and include:
 - Excise duty charged to customers.
 - Export Benefits Rs.1,64,135 (Previous year: Rs. 14,89,258).
 - Processing charges Rs.2,48,44,086 is net of Haryana Local Area Development Tax Rs.Nil (Previous year: Rs.10,17,53,675 and Rs.5,41,404 respectively).
2. Profit/Loss on sale of Raw Materials and Stores are adjusted in respective consumption accounts.
3. Amount of Exchange difference (Net)

	<u>2009-10</u>	<u>2008-09</u>	(Rs.)
Debited/(Credited) in Miscellaneous Expenses to the profit & loss account	(20,63,743)	66,98,451	
4.
 - a. Term Loan from State Bank of India, outstanding Rs.6,61,19,558 (previous year Rs.8,31,00,000) 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.8,97,93,685 (previous year Rs.13,41,69,154), 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.7,57,04,957 (previous year Nil), 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.17,57,78,114 (previous year Rs.7,40,00,000), 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. 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;
 - f. Over-draft against term deposits outstanding Rs.3,23,24,026 (previous year: Rs.11,57,38,144) is secured by way of pledge of Term Deposit Receipts with the Bank;
 - g. Term loan from others outstanding Rs.27,58,573 (previous year:Rs.13,21,471) is secured by hypothecation of vehicles purchased thereunder.
5. 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.
6. Interest paid to others is net of interest received Rs.3,78,08,938 (of which Rs.3,29,18,730 from banks and Rs.48,90,208 from others) (previous year: Rs. 3,59,54,778). TDS: Rs.38,14,080 (previous year: Rs.88,97,896).
7. Payment to Auditors :

	<u>2009-10</u>	<u>2008-09</u>
	Rs.	Rs.
Audit fee	5,40,000	5,40,000
For other matters	60,000	60,000
Reimbursement of expenses	<u>2,12,763</u>	<u>2,20,620</u>
	<u>8,12,763</u>	<u>8,20,620</u>

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8. Exceptional items includes Rs.1,22,70,081 income on account of salvage of structures at discontinued location and Rs.32,30,470 cost of voluntary separation.

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

	<u>2009-2010</u>	<u>2008-2009</u>
	Rs.	Rs.
Profit before Tax	7,01,78,445	1,77,56,860
Add:		
- Director's Remuneration	97,78,303	1,13,01,453
- Director's Sitting Fees	6,40,000	5,90,000
	8,05,96,748	2,96,48,313
Less:		
- Profit on sale of assets (net)	1,54,91,957	15,88,804
- Profit on sale of shares	-	16,64,000
Net Profit u/s 198	6,51,04,791	2,63,95,509

b. Remuneration to Wholetime Directors

	<u>2009-2010</u>	<u>2008-2009</u>
	Rs.	Rs.
Salaries	82,20,000	92,00,000
Contribution to Provident & Other Funds	14,53,600	20,00,700
Perquisites	1,04,703	1,00,753
Total	97,78,303	1,13,01,453

- 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.

10. a. Advances recoverable in cash or in kind or for value to be received include taxes (net of provisions) Rs.1,84,91,659 (previous year: Rs.1,45,15,852);

b. Loans and advances include Rs.14,70,19,442 (Previous year: Rs. 4,54,24,395) due from Biax Speciality Films Private Limited (wholly-owned subsidiary). Maximum amount due during the year Rs.16,31,00,000 (previous year Rs. 4,54,24,395);

c. Loans and advances include Rs.72,10,169 (previous year: Rs.46,56,219) 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.94,49,099 (previous year: Rs.67,11,358).

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

12. 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.

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

14. Lease rentals are consistently charged to Profit & Loss Account with reference to the term(s) of the lease(s).

15. Disclosures in respect of Employees' Stock Option Scheme(s) - 2007, 2008 and 2009 are provided in the Annexure to the Report of the Directors. The Company has incurred, during the year, a cost of Rs. 17,448 (previous year: Nil) in issuing Employee Stock Options to an employee of a wholly owned subsidiary.

16. Related Party Disclosures:

a) List of Related Parties:

i) Parties where control exists:

Wholly owned subsidiaries: Biax Speciality Films Private Limited & Xpro Global Limited;

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)

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- b) Transactions with Related Parties: *(Previous year figures in italics)*
- i) With related party referred to in a(i) above: Purchase of finished goods: Rs.35,42,814 (*Nil*); Purchase input materials: Rs.74,30,076 (*Nil*); Transfer of Capital work-in-progress: Rs.2,79,44,079 (*Nil*); Sale of used vehicle: Rs.3,67,880 (*Nil*); Sale of input materials: Rs.11,46,763 (*Nil*); Reimbursements Received: Rs.3,27,591 (*Nil*); Reimbursements made: Rs.1,69,386(*Nil*); Loans given: Rs.15,46,50,000 (*Rs.6,00,000*); Loan repayments received: Rs.5,11,50,000 (*Rs.6,00,000*); Interest Income: Rs.1,16,73,107 (*Nil*);
- ii) With related party referred to in a(ii) above: Dividend paid: Rs.43,21,850 (*Rs.64,18,313*); Interest paid: Rs.6,97,069 (*Nil*); Loans taken & repaid: Rs.1,00,00,000 (*Nil*); Investment: Nil (*1*); Remuneration: Rs. 54,76,000 (*Rs.60,96,000*);
- iii) With related party referred to in a(iii) above: Dividend paid: Rs.1,381 (*Rs.902*); Remuneration: Rs. 43,02,303 (*Rs.52,05,453*);
- 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.20,00,000 (*Rs.30,00,000*), and iPro Capital Limited: Rs.20,70,000 (*Rs.30,40,500*) and (ii) Remuneration paid to Shri Sidharth Birla and Shri C. Bhaskar: Rs.54,76,000/- (*Rs.60,96,000*) and Rs.43,02,303/- (*Rs.52,05,453*) respectively;
- d) Balance outstanding at the end of the year: *(Previous year figures in italics)*
- i) To related party referred to in a(i) above: Sales consideration payable:Rs.4,23,921 (*Nil*);
- ii) From related party referred to in a(i) above: Loans: Rs.14,35,00,000 (*Rs.4,00,00,000*); Interest receivable (net of TDS):Rs.35,00,574 (*Rs.54,24,395*).

17. 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 recognised in the financial statements are as under:

	Rs. Lacs			
	Gratuity		Compensated absence	
	2009-10	2008-09	2009-10	2008-09
a. Reconciliation of opening and closing balances of the present value of defined benefit obligation				
Obligation at the beginning of the year	300.02	260.53	152.18	160.12
Current Service Cost	19.12	16.39	25.54	25.54
Interest Cost and Actuarial (gain)/loss	50.60	39.61	12.86	(18.46)
Benefits paid	21.19	16.52	17.66	15.02
Obligation at the end of the year	348.55	300.02	172.92	152.18
b. Reconciliation of opening and closing balances of fair value of plan assets				
Plan assets at the beginning of the year, at fair value	270.17	242.64	59.92	25.00
Expected Return on Plan Assets and Actuarial gain/(loss)	20.59	18.45	1.98	(0.08)
Contribution	50.00	25.00	100.00	35.00
Benefits paid	16.83	15.92	-	-
Plan assets at the end of the year, at fair value	323.93	270.17	161.90	59.92
c. Liability recognised in Balance Sheet				
Obligation at the end of the year	348.55	300.02	172.92	152.18
Less : Plan assets at the end of the year, at fair value	323.93	270.17	161.90	59.92
Liability recognised in Balance Sheet as at 31.3.2010	24.62	29.84	11.02	92.26
d. Net cost of employer expense for the year	49.13	37.55	36.42	7.16
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 %	9.0 %	6.0%	8.7 %
Expected rate of increase in compensation levels (p.a.)	5.0 %	5.0 %	5.0 %	5.0 %

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18. Earnings per share (EPS) – The numerators and denominators used to calculate Basic and Diluted Earnings per share:

	<u>Year Ended</u> <u>March 31, 2010</u>	<u>Year Ended</u> <u>March 31, 2009</u>
Profit after exceptional items attributable to the Equity Shareholders (Rs.)	4,39,78,445	1,03,56,860
Weighted average number of equity shares for Basic EPS	1,10,00,000	1,09,95,890
Dilutive impact of employee stock options	2,33,761	-
Weighted average number of equity shares for Diluted EPS	1,12,33,761	1,09,95,890
Nominal Value of Equity Share (Rs.)	10	10
EPS (Rs.)		
Basic	4.00	0.94
Diluted	3.91	0.94

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

	<u>March 31, 2010</u> Rs. Lacs	<u>March 31, 2009</u> Rs. Lacs
Deferred Tax Assets		
- Expenses deductible on Payment basis	12.00	41.00
Deferred Tax Liabilities		
- Difference between Book and tax depreciation	294.00	297.00
Net Deferred Tax Assets/(Liability)	(282.00)	(256.00)
Deferred tax Credit utilised/(added)	(26.00)	109.00

20. 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	2,00,20,71,834	3,68,17,860	2,03,88,89,694
	<i>1,45,32,11,960</i>	<i>2,73,10,377</i>	<i>1,48,05,22,337</i>
Segment Assets	2,17,36,82,724	-	2,17,36,82,724
	<i>2,03,80,81,174</i>	<i>-</i>	<i>2,03,80,81,174</i>
Addition to fixed Assets	6,65,00,317	-	6,65,00,317
	<i>11,32,32,500</i>	<i>-</i>	<i>11,32,32,500</i>

Note: Previous year figures in italics.

21. The Company periodically uses 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: US\$ 1.6 million (Previous year: Nil). Foreign exchange currency exposures that have not been hedged by a derivative instrument or otherwise at year-end: Purchases: US\$ 853,228 & Euro 8,725; Sales: US\$ 5,276 & Euro 75,770; (Previous year: US\$ 340,983; Nil; US\$ 6,052 & Euro 23,967 respectively).

22. Contingent Liabilities not provided for

	<u>March 31, 2010</u> Rs.	<u>March 31, 2009</u> Rs.
- Claims against the Company, not acknowledged as debts	8,26,469	3,86,757
- Sales Tax, Excise & Customs matters under appeal	3,95,60,733	3,32,33,970
- Income tax matters under appeal	3,35,11,106	3,35,11,106
- Bank guarantees outstanding	19,11,817	12,00,000
- 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)	15,00,00,000	-
- Estimated amount of contracts remaining to be executed on Capital Account (Net of Advances)	1,84,11,207	2,10,69,940
- Bills discounted	1,61,70,600	73,66,856
- Unpaid portion of subscribed Equity Capital in subsidiary	47,50,000	47,50,000

23. Previous year figures have been regrouped/rearranged wherever considered necessary.

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24. 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 recognises 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 amortised over the period of lease. Software are amortised over a period of six years.

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 realisable 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:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of goods: Revenue is recognised 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.

Income from Services: Revenue from services (including sales commission) is recognised on accrual basis.

Interest: Revenue is recognised 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 capitalised 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 recognised 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.

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I. 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 recognised 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 recognised 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.

o. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :

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

25. STATISTICAL INFORMATION:

A Annual Capacity and Production

	Units	Installed Capacity		Production	
		2009-2010	2008-2009	2009-2010	2008-2009
Thermoplastic Films/Sheets/Liners	M/T	29,600	27,600	16,108	12,836
Thermosetting Powders & Synthetic Resins	M/T	12,000	9,250	8,099	6,547

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 1,667 MT inter-unit transfer/internal consumption (previous year: 893 MT)

B Sales

	Units	2009-2010		2008-2009	
		Quantity	Rs.	Quantity	Rs.
Thermoplastic Films/Sheets/Liners	M/T	16,097	1,52,16,28,760	12,891	1,02,82,30,389
Thermosetting Powders & Synthetic Resins	M/T	8,196	64,61,86,198	6,631	58,51,33,537
Others			3,60,39,082		3,52,08,615
			2,20,38,54,040		1,64,85,72,541

C Opening and Closing Stocks

	Units	March 31, 2010		April 1, 2009		April 1, 2008	
		Quantity	Rs.	Quantity	Rs.	Quantity	Rs.
Thermoplastic Films/Sheets/Liners	M/T	135	1,39,08,570	125	1,23,05,350	179	2,00,81,024
Thermosetting Powders & Synthetic Resins	M/T	151	94,26,974	248	1,20,94,246	332	2,10,07,128
			2,33,35,544		2,43,99,596		4,10,88,152

D Consumption of Raw Materials

	Units	2009-2010		2008-2009	
		Quantity	Rs.	Quantity	Rs.
Thermoplastic Resins	M/T	14,284	97,14,16,014	8,075	55,53,26,051
Others			43,01,92,358		35,60,62,638
			1,40,16,08,372		91,13,88,689

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<u>E Consumption</u>	<u>2009-2010</u>		<u>2008-2009</u>	
	<u>Rs.</u>	<u>%</u>	<u>Rs.</u>	<u>%</u>
i) Raw Materials				
Imported	7,62,56,079	5.44	9,90,51,872	10.86
Indigenous	1,32,53,52,293	94.56	81,23,36,817	89.14
	1,40,16,08,372	100.00	91,13,88,689	100.00
ii) Stores & Spares				
Imported	38,09,996	7.48	25,34,105	5.42
Indigenous	4,71,15,996	92.52	4,42,59,610	94.58
	5,09,25,992	100.00	4,67,93,715	100.00
<hr/>				
<u>F Foreign Currency Transactions</u>			<u>2009-2010</u>	<u>2008-2009</u>
			<u>Rs.</u>	<u>Rs.</u>
i) Imports (CIF Value)				
- Raw Materials			6,22,34,205	12,50,14,861
- Spare Parts			36,65,653	35,02,700
- Capital Goods			7,55,31,558	-
			14,14,31,416	12,85,17,561
ii) Expenditure (on payment basis)				
- Professional & legal charges			-	-
- Others			7,97,792	80,800
			7,97,792	80,800
iii) Earnings:				
FOB Value of Exports			3,68,17,860	2,73,10,377
			3,68,17,860	2,73,10,377
iv) Dividend Remitted to Non-resident Shareholders			<u>2009-2010</u>	<u>2008-2009</u>
a) Number of Non-resident Shareholders			143	145
b) Number of shares held by Non-resident Shareholders			1,10,641	1,06,013
c) Amount remitted during the year			-	-
d) Year to which dividend relates			2008-2009	2007-2008

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

Gaurav J Shah
Partner
Membership No. 35701
New Delhi
April 24, 2010

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 2009/10

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	31.03.2010		
II Capital raised during the year (Amount in Rs. Thousand)			
Public issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)			
Total Liabilities	1,78,75,54	Total Assets	1,78,75,54
Sources of Funds			
Paid-up Capital	11,00,00	Reserves & Surplus	96,65,31
Secured Loans	68,28,23	Unsecured Loans	NIL
Application of Funds			
Net Fixed Assets	94,15,81	Investments	11,58,22
Net Current Assets *	73,01,51	Misc. Expenditure	NIL
Accumulated Losses	NIL		
* Net current assets net of deferred tax liability			
IV Performance of Company (Amount in Rs. Thousand)			
Turnover/Other Income	2,04,68,83	Total Expenditure	1,98,57,44
Profit/(Loss) Before Tax	7,01,78	Profit/(Loss) After Tax	4,39,78
Earning per Share in Rs.	4.00	Dividend Rate %	17.50
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		

XPRO INDIA LIMITED : ANNUAL REPORT 2009/10

CASH FLOW STATEMENT FOR THE YEAR ENDED	<u>March 31, 2010</u> Rs.	<u>March 31, 2009</u> Rs.
A. Cash flow from Operating activities		
Net Profit/(Loss) before tax & Exceptional Items	6,11,38,834	1,77,56,859
Adjustments for		
- Depreciation	8,68,58,760	8,38,82,824
- Bad Debts & Provisions (net)	59,15,999	35,11,689
- (Profit)/Loss on sale of assets	(32,21,957)	(15,88,804)
- (Profit)/Loss on sale of investments	-	(16,64,000)
- Unrealised foreign exchange	(2,02,395)	(1,45,363)
- Bank & other charges	66,35,398	63,14,583
- Interest	7,63,02,029	8,16,42,329
- Interest Income	(3,84,93,091)	(3,59,54,778)
Operating Profit/(Loss) before Working Capital changes	<u>19,49,33,577</u>	<u>15,37,55,339</u>
Adjustments for		
- Trade and other Receivables	(11,97,00,501)	(65,25,430)
- Inventories	(3,33,52,156)	97,17,056
- Trade and other Payables	(5,92,95,085)	(2,65,81,314)
Direct Taxes	<u>(1,74,90,010)</u>	<u>(39,00,000)</u>
Net Cash Flow from Operating activities before Exceptional Items	8,36,85,995	12,64,65,651
Exceptional Items	90,39,611	-
Net Cash Flow from Operating activities	9,27,25,606	12,64,65,651
B. Cash flow from Investing activities		
Purchase of Fixed Assets	(6,46,39,345)	(11,27,85,863)
Sale of Fixed Assets	4,19,30,353	40,94,497
Investments in Subsidiary	-	(141)
Loans given to subsidiaries	(10,35,00,000)	(6,00,000)
Sale of Investments	-	21,84,251
Interest Received	<u>3,20,15,103</u>	<u>2,70,56,882</u>
Net Cash Flow from Investing activities	(9,41,93,889)	(8,00,50,374)
C. Cash flow from Financing activities		
Proceeds from Issue of Shares & Warrants	-	1,86,75,000
Net increase/(decrease) in Bank Borrowings for working capital	(7,29,14,095)	(4,13,16,756)
Bank & other charges	(66,35,398)	(63,14,583)
Long Term Borrowings taken	17,57,04,957	7,45,00,000
Repayment of Borrowings	(5,81,40,695)	(4,20,92,276)
Interest paid	(7,63,02,029)	(8,20,88,967)
Dividend Paid (including dividend tax)	<u>(1,29,39,777)</u>	<u>(1,90,08,702)</u>
Net Cash Flow from Financing activities	(5,12,27,037)	(9,76,46,284)
Cash Equivalents (A+B+C)	(5,26,95,320)	(5,12,31,007)
Cash and Cash Equivalents at the beginning of the year	29,99,35,351	35,08,83,671
Effect of Foreign Exchange rate changes	4,80,777	2,82,687
Cash and Cash Equivalents at the end of the year	24,77,20,808	29,99,35,351

Note: Cash and Cash Equivalents represent Cash and Bank balance (refer schedule 8)
Cash and Cash Equivalents include Rs.46,45,206 (Previous year: Rs.47,15,533) of unpaid dividend not available for use by the company
Fixed Deposits of 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

April 24, 2010

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 2009/10

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	<u>March 31, 2010</u> Rs.	<u>March 31, 2009</u> Rs.
<u>SOURCES OF FUNDS</u>			
Shareholders' Funds			
Share Capital	1	11,00,00,000	11,00,00,000
Reserves & Surplus	2	<u>96,63,39,445</u>	<u>96,40,70,403</u>
		1,07,63,39,445	1,07,40,70,403
Loans			
Secured	3	80,45,98,298	76,46,81,627
Unsecured	4	-	6,21,75,309
Deferred Tax Liabilities (refer Note 10)		<u>2,82,00,000</u>	<u>2,56,00,000</u>
		1,90,91,37,743	1,92,65,27,339
<u>APPLICATION OF FUNDS</u>			
Fixed Assets			
Gross Block	5	1,97,96,33,350	1,85,14,49,383
Less: Depreciation/Amortisation		<u>(72,69,73,751)</u>	<u>(62,62,96,499)</u>
Net Block		1,25,26,59,599	1,22,51,52,884
Capital Work-in-Progress		<u>3,86,10,330</u>	<u>11,02,84,002</u>
		1,29,12,69,929	1,33,54,36,886
Investments			
	6	73,000	73,000
Current Assets, Loans & Advances			
Inventories	7	20,24,60,489	16,48,52,340
Sundry Debtors	8	45,52,34,859	32,12,02,941
Cash & Bank Balances	9	25,59,27,977	32,00,46,419
Loans & Advances	10	<u>10,31,53,746</u>	<u>13,14,52,172</u>
		1,01,67,77,071	93,75,53,872
LESS : CURRENT LIABILITIES & PROVISIONS			
Liabilities	11	(37,17,38,014)	(32,03,50,854)
Provisions	12	<u>(2,72,44,243)</u>	<u>(2,61,85,565)</u>
		(39,89,82,257)	(34,65,36,419)
NET CURRENT ASSETS		<u>61,77,94,814</u>	<u>59,10,17,453</u>
		1,90,91,37,743	1,92,65,27,339
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	17		

As per our report of even date
For Deloitte Haskins & Sells
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XPRO INDIA LIMITED : ANNUAL REPORT 2009/10

CONSOLIDATED PROFIT AND LOSS ACCOUNT For the Year ended March 31, 2010	Schedule	<u>2009 - 2010</u> Rs.	<u>2008 - 2009</u> Rs.
<u>INCOME</u>			
Gross Sales		2,38,28,54,777	1,65,25,59,505
Less: Excise Duty		<u>17,89,70,996</u>	<u>16,80,50,204</u>
Net Sales		2,20,38,83,781	1,48,45,09,301
Other Income	13	<u>1,17,64,907</u>	<u>1,03,71,730</u>
		<u>2,21,56,48,688</u>	<u>1,49,48,81,031</u>
<u>EXPENDITURE</u>			
Materials	14	1,47,00,18,988	92,47,26,779
Manufacturing, Selling & Other Expenses	15	52,60,59,637	41,64,69,322
Interest & Financial Charges	16	<u>6,65,95,494</u>	<u>5,19,40,496</u>
		<u>2,06,26,74,119</u>	<u>1,39,31,36,597</u>
Profit before Depreciation/Amortisation and Exceptional Items		15,29,74,569	10,17,44,434
Less: Depreciation/Amortisation		<u>11,08,00,260</u>	<u>8,38,82,824</u>
Profit before Tax and Exceptional Items		4,21,74,309	1,78,61,610
Exceptional Items (net) (refer Note 13)		<u>90,39,611</u>	<u>-</u>
Profit before Tax		5,12,13,920	1,78,61,610
Provision for Tax		(2,36,33,200)	(1,64,32,400)
Deferred Tax Credit/(Charge)		(26,00,000)	1,09,00,000
Excess Tax Provision for earlier years written back		3,343	-
Provision for Fringe Benefit Tax		-	(19,00,000)
Profit after Tax		<u>2,49,84,063</u>	<u>1,04,29,210</u>
Add: Balance brought forward		<u>30,84,00,663</u>	<u>31,18,40,903</u>
Available for Appropriations		33,33,84,726	32,22,70,113
APPROPRIATIONS			
General Reserve		55,00,000	10,00,000
Proposed Dividend		1,94,79,688	1,10,00,000
Corporate Dividend Tax		32,35,333	18,69,450
Balance Carried to Balance Sheet		<u>30,51,69,705</u>	<u>30,84,00,663</u>
		33,33,84,726	32,22,70,113
Earnings per Share (refer Note 12)			
Basic		2.27	0.95
Diluted		2.22	0.95
(Face Value of Rs.10/- each)			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 17

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

Gaurav J Shah
Partner
Membership No. 35701
New Delhi
April 24, 2010

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For and on behalf of the Board

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XPRO INDIA LIMITED : ANNUAL REPORT 2009/10

SCHEDULES

	<u>March 31, 2010</u>	<u>March 31, 2009</u>
	Rs.	Rs.
1. <u>SHARE CAPITAL</u>		
Authorised		
1,50,00,000 Equity Shares of Rs.10 each (March 31, 2009: 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)	<u>20,00,00,000</u>	<u>20,00,00,000</u>
	35,00,00,000	35,00,00,000
Issued, Subscribed & Paid up		
1,09,99,987 Equity Shares of Rs. 10 each fully paid up (March 31, 2009: 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 capitalisation of general reserves and securities premium)	10,99,99,870	10,99,99,870
Share Capital Suspense		
13 Equity Shares of Rs. 10 each fully paid up (March 31, 2009: 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
	<u>11,00,00,000</u>	<u>11,00,00,000</u>
2. <u>RESERVES & SURPLUS</u>		
Capital Subsidy Reserve	60,50,000	60,50,000
Capital Reserve		
At commencement of year	1,84,82,240	-
Add: Created during the year	<u>-</u>	<u>1,84,82,240</u>
	1,84,82,240	1,84,82,240
Securities Premium		
At commencement of year	2,91,37,500	1,33,87,500
Add: On issue of shares	<u>-</u>	<u>1,57,50,000</u>
	2,91,37,500	2,91,37,500
General Reserve		
At commencement of year	60,20,00,000	60,10,00,000
Add: from Profit & Loss Account	<u>55,00,000</u>	<u>10,00,000</u>
	60,75,00,000	60,20,00,000
Profit & Loss Account	<u>30,51,69,705</u>	<u>30,84,00,663</u>
	96,63,39,445	96,40,70,403
3. <u>SECURED LOANS</u> (refer Note 5)		
From Banks		
- Term loans	51,11,76,792	38,82,15,625
- Working Capital Loans	26,10,97,480	25,23,44,308
- Overdraft against term deposits	3,23,24,026	11,57,38,144
- Interest accrued & due on above	<u>-</u>	<u>83,83,550</u>
	80,45,98,298	76,46,81,627
4. <u>UNSECURED LOANS</u>		
External Commercial Borrowing	-	21,75,309
Others	<u>-</u>	<u>6,00,00,000</u>
	-	6,21,75,309

XPRO INDIA LIMITED : ANNUAL REPORT 2009/10

5. FIXED ASSETS

	GROSS VALUE				DEPRECIATION/AMORTISATION				NET VALUE	
	As at April 1, 2009	Additions/ Acquisition	Deductions/ adjustments	As at March 31, 2010	Upto April 1, 2009	For the Year	Deductions	Upto March 31, 2010	As at March 31, 2010	As at March 31, 2009
Freehold Land	77,76,198	-	-	77,76,198	-	-	-	-	77,76,198	77,76,198
Leasehold Land	5,53,18,132	-	-	5,53,18,132	63,37,263	12,29,853	-	75,67,116	4,77,51,016	4,89,80,869
Buildings	30,60,82,269	1,32,80,047	2,06,49,424	29,87,12,892	3,69,01,680	86,23,426	12,82,283	4,42,42,823	25,44,70,069	26,91,80,589
Plant & Machinery	138,04,90,109	14,00,64,485	12,20,953	151,93,33,641	55,02,98,016	9,45,59,744	4,88,009	64,43,69,751	87,49,63,890	83,01,92,093
Furniture & Fixtures	2,57,17,743	10,77,073	50,85,151	2,17,09,665	97,18,208	13,46,032	10,67,229	99,97,011	1,17,12,654	1,59,99,535
Vehicles	2,42,84,242	90,53,083	96,50,924	2,35,86,401	73,71,072	21,16,980	50,09,955	44,78,097	1,91,08,304	1,68,13,170
Computers	1,22,08,617	9,02,931	22,64,944	1,08,45,604	91,93,021	8,72,825	22,64,944	78,00,902	30,44,702	30,15,596
Equipment & Fittings	58,24,979	1,64,803	25,000	59,64,782	23,10,538	2,64,273	10,585	25,64,226	34,00,556	35,14,441
<u>Intangible Assets</u>										
Software	-	25,38,942	-	25,38,942	-	-	-	-	25,38,942	-
Technical Know-how	3,38,47,093	-	-	3,38,47,093	41,66,698	17,87,127	-	59,53,825	2,78,93,268	2,96,80,395
	185,14,49,382	16,70,80,364	3,88,96,396	197,96,33,350	62,62,96,496	11,08,00,260	1,01,23,005	72,69,73,751	1,25,26,59,599	1,22,51,52,886
Previous Year	141,59,23,092	44,20,16,081	64,89,790	185,14,49,383	45,42,79,788	17,60,00,808	39,84,097	62,62,96,499	1,22,51,52,886	
Capital Work-in-Progress									3,86,10,330	11,02,84,002

	Face Value	March 31, 2010	March 31, 2009
	Rs.	Rs.	Rs.
6. <u>INVESTMENTS - Long Term</u>			
Other Investments			
Unquoted			
Paid up Equity Shares			
1,000 Birla Buildings Limited	10	73,000	73,000
		73,000	73,000
7. <u>INVENTORIES</u>			
Stock-in-Trade		2,89,31,007	2,73,51,231
Process Stock		6,40,55,786	4,62,55,494
Other Stocks :			
- Stores & Spares		2,97,17,267	2,89,47,650
- Raw Materials		7,97,56,429	6,22,97,965
		20,24,60,489	16,48,52,340
8. <u>SUNDRY DEBTORS</u>			
(Unsecured)			
Over Six Months			
Considered - Good		1,26,74,660	3,02,02,986
- Doubtful		-	-
Less : Provision		-	-
Others - Considered Good		44,25,60,199	29,09,99,955
		45,52,34,859	32,12,02,941
9. <u>CASH & BANK BALANCES</u>			
Cash in hand		9,26,759	10,84,788
Balances with Scheduled Banks			
- Current Accounts		2,62,58,485	3,24,90,618
- Fixed Deposit Accounts		22,87,42,733	28,64,71,013
(pledged with bank for overdraft & other facilities – Rs.15,75,92,781)			
		25,59,27,977	32,00,46,419

XPRO INDIA LIMITED : ANNUAL REPORT 2009/10

	<u>March 31, 2010</u>	<u>March 31, 2009</u>
	Rs.	Rs.
10. <u>LOANS & ADVANCES</u>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	5,83,18,341	7,85,45,077
Refunds, Recoveries & Claims	44,70,117	44,21,161
Deposit with Government & Others	2,14,71,033	2,32,04,270
Balance with Central Excise	<u>1,88,94,255</u>	<u>2,52,81,664</u>
	<u>10,31,53,746</u>	<u>13,14,52,172</u>
11. <u>CURRENT LIABILITIES</u>		
Acceptances	4,19,44,689	7,35,34,742
Sundry Creditors	24,73,53,179	19,84,22,685
Unclaimed Dividend *	46,45,206	47,15,533
Other Liabilities	7,77,94,940	4,36,77,894
* Investor Education and Protection Fund shall be credited on completion of statutory period		
	<u>37,17,38,014</u>	<u>32,03,50,854</u>
12. <u>PROVISIONS</u>		
Proposed Dividend	1,94,79,688	1,10,00,000
Corporate Dividend Tax	32,35,333	18,69,450
Towards Retirement Benefits	<u>45,29,222</u>	<u>1,33,16,115</u>
	<u>2,72,44,243</u>	<u>2,61,85,565</u>
	<u>2009 - 2010</u>	<u>2008 - 2009</u>
	Rs.	Rs.
13. <u>OTHER INCOME</u>		
Miscellaneous Receipts	85,97,618	54,83,611
Interest on Income Tax Refund	-	10,96,656
Profit on sale of Shares	-	16,64,000
Profit on sale of fixed assets	<u>31,67,289</u>	<u>21,27,463</u>
	<u>1,17,64,907</u>	<u>1,03,71,730</u>
14. <u>MATERIALS</u>		
(Increase)/Decrease in Stocks - Schedule 'A'	(1,93,80,068)	73,15,058
Consumption of Raw Materials - Schedule 'B'	1,48,64,87,017	91,13,88,689
Purchase of Trading Materials	<u>29,12,039</u>	<u>28,76,499</u>
	<u>1,47,00,18,988</u>	<u>92,15,80,246</u>
A. <u>(INCREASE) / DECREASE IN STOCKS</u>		
Opening Stocks :		
Stock-in-trade	2,83,57,796	4,35,03,333
Process Stock	<u>4,52,48,929</u>	<u>3,39,29,404</u>
	7,36,06,725	7,74,32,737
Less: Closing Stocks :		
Stock-in-trade	(2,89,31,007)	(2,67,94,378)
Process Stock	<u>(6,40,55,786)</u>	<u>(4,33,23,301)</u>
	<u>(9,29,86,793)</u>	<u>(7,01,17,679)</u>
	(1,93,80,068)	73,15,058
B. <u>CONSUMPTION OF RAW MATERIALS</u>		
Opening Stock	6,22,97,965	5,85,86,857
Add : Purchases	<u>1,51,18,76,755</u>	<u>91,47,16,495</u>
	1,57,41,74,720	97,33,03,352
Less : Sales Returns & Transfers	<u>(79,31,274)</u>	<u>(39,43,957)</u>
	1,56,62,43,446	96,93,59,395
Less : Closing Stock	<u>(7,97,56,429)</u>	<u>(5,79,70,706)</u>
	<u>1,48,64,87,017</u>	<u>91,13,88,689</u>

XPRO INDIA LIMITED : ANNUAL REPORT 2009/10

	<u>2009 - 2010</u>	<u>2008 - 2009</u>
	Rs.	Rs.
15. <u>MANUFACTURING & OTHER EXPENSES</u>		
Manufacturing Expenses - Schedule 'A'	24,71,28,389	18,48,61,805
Manpower Expenses - Schedule 'B'	16,40,55,321	13,54,06,316
Administrative & Other Expenses - Schedule 'C'	6,00,00,985	5,83,05,656
Selling Expenses - Schedule 'D'	<u>5,66,94,277</u>	<u>4,28,44,223</u>
	52,78,78,972	42,14,18,000
Less : unspent Liabilities, Excess provisions and Unclaimed balances in respect of earlier years written back.	18,19,335	18,02,145
	<u>52,60,59,637</u>	<u>41,96,15,855</u>
A. <u>MANUFACTURING EXPENSES</u>		
Stores, Spares & Packing Materials	6,20,20,767	4,67,93,715
Processing Charges	66,63,966	28,13,660
Power & Fuel	15,66,13,212	12,30,78,374
Excise Duty	10,47,784	(27,22,209)
Repairs to:		
- Buildings	31,12,018	15,87,594
- Plant & Machinery	1,52,31,827	1,14,97,555
- Others	<u>24,38,815</u>	<u>18,13,116</u>
	24,71,28,389	18,48,61,805
B. <u>MANPOWER EXPENSES</u>		
Salaries, Wages, Bonus, Gratuity etc.	13,88,22,010	11,34,27,714
Contribution to Provident & Other Funds	1,19,43,992	1,12,35,029
Employees Welfare	<u>1,32,89,319</u>	<u>1,07,43,573</u>
	16,40,55,321	13,54,06,316
C. <u>ADMINISTRATIVE & OTHER EXPENSES</u>		
Communication	41,20,439	46,49,427
Director's Fees	6,76,500	5,97,000
Donation & Charity	25,000	46,000
Insurance	31,67,011	29,32,828
Items written off	-	3,84,495
Loss on Sale of Fixed Assets	-	5,38,659
Miscellaneous	2,80,28,944	2,83,67,201
Payment to Auditors	11,21,144	8,20,620
Professional & Legal	49,25,854	41,46,353
Rates & Taxes	33,54,328	19,43,494
Rent	29,83,405	27,30,780
Travelling	<u>1,15,98,360</u>	<u>1,11,48,799</u>
	6,00,00,985	5,83,05,656
D. <u>SELLING EXPENSES</u>		
Freight, Forwarding & Shipment Charges (Net)	3,78,40,970	2,94,49,872
Brokerage, Rebate, Discount & Commission	89,45,240	55,17,111
Rejection & Damages (Net)	42,993	28,777
Transit Insurance (Net)	10,24,507	13,44,413
Bad Debts	77,35,334	53,13,834
Other Selling Expenses	<u>11,05,233</u>	<u>11,90,216</u>
	5,66,94,277	4,28,44,223
16. <u>INTEREST & FINANCIAL CHARGES</u>		
Interest:		
Term Loans	6,28,55,842	2,87,97,596
Others (Net)	(47,27,004)	1,68,28,317
Financial Charges:		
Bank Charges, Guarantee Commission & Others	<u>84,66,656</u>	<u>63,14,583</u>
	6,65,95,494	5,19,40,496

17. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. The Subsidiary companies considered in the consolidated financial statements are Biax Speciality Films Private Limited and Xpro Global Limited, wholly owned subsidiaries incorporated in India.
2. Principle 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 unrealised profits or losses in accordance with Accounting Standard-21 - "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
 - b) The difference between the cost of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
 - c) 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.
 - d) 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 statement.
 - e) Intragroup balances and intragroup transactions are eliminated to the extent of share of the parent company in full.
 - f) 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. Investments other than in subsidiary has been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".
4. Biax Speciality Films Private Limited ("BSF"), became a wholly owned subsidiary of the Company on March 31, 2009, and accordingly the accounts of BSF have been included in consolidation to the extent required.
5.
 - a. Term Loan from State Bank of India, outstanding Rs.6,61,19,558 (previous year Rs.8,31,00,000) is secured by pari-passu hypothecation/mortgage of all the movable and immovable assets, present and future, of Xpro India Limited (XIL) situated at Ranjangaon and second charge on all the current assets of XIL ranking pari-passu with other term lenders;
 - b. Term Loan from State Bank of Patiala, outstanding Rs.8,97,93,685 (previous year Rs.13,41,69,154), is secured by pari-passu hypothecation/mortgage of all the movable and immovable assets, present and future, of XIL situated at Ranjangaon and second charge on all the current assets of XIL ranking pari-passu with other term lenders;
 - c. Term Loan from State Bank of Hyderabad, outstanding Rs.7,57,04,957 (previous year Nil), is secured by pari-passu hypothecation/mortgage of all the movable and immovable assets, present and future, of XIL'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 XIL ranking pari-passu with other term lenders;
 - d. Term Loan(s) from Allahabad Bank, outstanding Rs.17,57,78,114 (previous year Rs.7,40,00,000), is secured by first hypothecation/ mortgage of all the movable and immovable assets, present and future, of the Coex Division of XIL situated at Faridabad and second charge on all the current assets of XIL ranking pari-passu with other term lenders.
 - e. Term Loan from Allahabad Bank, outstanding Rs.10,10,21,905 (previous period: Nil), is secured by way of first charge of all the movable and immovable assets, present and future, of Biax Speciality Films Private Ltd. (BSF) and is guaranteed by XIL.
 - f. Working Capital Loans to XIL 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. Working Capital Loan from Allahabad Bank to BSF, is secured by first charge on all current assets of BSF, present and future, and is guaranteed by XIL.
 - h. Over-draft against term deposits outstanding Rs.3,23,24,026 (previous year: Rs.11,57,38,144) is secured by way of pledge of Term Deposit Receipts with the Bank;
 - i. Term loan from others outstanding Rs.27,58,573 (previous year:Rs.13,21,471) is secured by hypothecation of vehicles purchased thereunder.
6. The Group periodically uses 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: US\$ 1.6 million (Previous year: Nil). Foreign exchange currency exposures that have not been hedged by a derivative instrument or otherwise at year-end: Purchases: US\$ 853,228 & Euro 8,725; Sales: US\$ 5,276 & Euro 75,770; Commission receivable: US\$ Nil; Unsecured loans: Euro Nil (Previous year: US\$ 413,783; Euro 123,252; US\$ 6,052, Euro 23,967, US\$ 10,545 & Euro 44,757 respectively).

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

8. Consolidated Contingent Liabilities not provided for:

	<u>March 31, 2010</u>	<u>March 31, 2009</u>
	Rs.	Rs.
- Claims against the Company, not acknowledged as debts	8,26,469	3,86,757
- Sales Tax, Excise & Customs matters under appeal	3,95,60,733	3,32,33,970
- Income tax matters under appeal	3,35,11,106	3,35,11,106
- Bank Guarantee Outstanding	19,11,817	12,00,000
(Based on opinion received, the management is of the opinion that possibility of the above Contingent liabilities crystallizing are remote)		
- Estimated amount of contracts remaining to be executed on Capital Account (Net of Advances)	3,58,95,207	3,62,21,062
- Bills discounted	2,64,80,261	73,66,856

9. Biax Speciality Films Private Limited has 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 Company has an obligation as per 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. The Company till March 31, 2010 has executed exports aggregating to Rs.46,05,407 against the aforesaid obligation. Based on the 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.

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

	<u>March 31, 2010</u>	<u>March 31, 2009</u>
	Rs. Lacs	Rs. Lacs
Deferred Tax Assets		
- Expenses deductible on Payment basis	12.00	41.00
Deferred Tax Liabilities		
- Difference between Book and tax depreciation	294.00	297.00
Net Deferred Tax Assets/(Liability)	(282.00)	(256.00)
Deferred tax Credit utilised/(added)	(26.00)	109.00

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

	<u>2009-2010</u>	<u>2008-2009</u>
	Rs.	Rs.
Profit before Tax	7,01,78,445	1,77,56,860
Add:		
- Director's Remuneration	97,78,303	1,13,01,453
- Director's Sitting Fees	6,40,000	5,90,000
	<u>8,05,96,748</u>	<u>2,96,48,313</u>
Less:		
- Profit on sale of assets (net)	1,54,91,957	15,88,804
- Profit on sale of shares	-	16,64,000
Net Profit u/s 198	<u>6,51,04,791</u>	<u>2,63,95,509</u>

b) Remuneration to Wholtime Directors

	<u>2009-2010</u>	<u>2008-2009</u>
	Rs.	Rs.
Salaries	82,20,000	92,00,000
Contribution to Provident & Other Funds	14,53,600	20,00,700
Perquisites	1,04,703	1,00,753
Total	<u>97,78,303</u>	<u>1,13,01,453</u>

- 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 Wholtime Directors

- No commission is payable due to inadequate profits.

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12. Earnings per share (EPS) – The numerators and denominators used to calculate Basic and Diluted Earnings per share:

	<u>Year Ended</u> <u>March 31, 2010</u>	<u>Year Ended</u> <u>March 31, 2009</u>
Profit after exceptional items attributable to the Equity Shareholders (Rs. In Lacs)	249.84	1,04.29
Weighted average number of equity shares for Basic EPS	1,10,00,000	1,09,95,890
Dilutive impact of employee stock options	2,33,761	-
Weighted average number of equity shares for Diluted EPS	1,12,33,761	1,09,95,890
Nominal Value of Equity Share (Rs.)	10	10
EPS (Rs.)		
Basic	2.27	0.95
Diluted	2.22	0.95

13. Exceptional items includes Rs.1,22,70,081 income on account of salvage of structures at discontinued location and Rs.32,30,470 cost of voluntary separation.

14. Related Party Disclosures:

a) List of Related Parties:

i) Promoters:

Sri Sidharth Birla, Chairman; Smt. Madhushree Birla, Director; Intellipro Finance Private Limited & iPro Capital Limited;

ii) 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) With related party referred to in a(i) above: Dividend paid: Rs.43,21,850 (*Rs.64,18,313*); Interest paid: Rs.6,97,069 (*Nil*); Loans taken & repaid: Rs.1,00,00,000 (*Nil*); Investment: Nil (*7*); Remuneration: Rs. 54,76,000 (*Rs.60,96,000*);

ii) With related party referred to in a(ii) above: Dividend paid: Rs.1,381 (*Rs.902*); Remuneration: Rs. 43,02,303 (*Rs.52,05,453*);

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.20,00,000 (*Rs.30,00,000*), and iPro Capital Limited: Rs.20,70,000 (*Rs.30,40,500*) and (ii) Remuneration paid to Shri Sidharth Birla and Shri C. Bhaskar: Rs.54,76,000/- (*Rs.60,96,000*) and Rs.43,02,303/- (*Rs.52,05,453*) respectively.

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

Information of Primary Business Segment and of Secondary Segment – Geographical by location of markets is as under :

<u>Reportable Segments</u>	<u>Polymers Business</u>		<u>Audio Business</u>	<u>Total</u>
	<u>Domestic Markets</u>	<u>Export Markets</u>	<u>Domestic Markets</u>	
	Revenue	2,16,41,89,049	3,68,17,860	
	<i>1,45,32,11,960</i>	<i>2,73,10,377</i>	<i>39,86,964</i>	<i>1,48,05,22,337</i>
Segment Assets	2,30,23,18,060	-	58,67,540	2,30,81,85,600
	<i>2,26,91,63,886</i>	-	<i>39,60,512</i>	<i>2,27,31,24,398</i>
Addition to fixed Assets	9,54,06,692	-	-	9,54,06,692
	<i>55,01,79,455</i>	-	-	<i>55,01,79,455</i>

Note: *Previous year figures in italics.*

16. Figures pertaining to the subsidiary companies have been reclassified where necessary to bring them in line with the Company's financial statements.

As per our report of even date

For Deloitte Haskins & Sells

Chartered Accountants

Gaurav J Shah

Partner

Membership No. 35701

New Delhi

April 24, 2010

For and on behalf of the Board

Sidharth Birla

Chairman

C. Bhaskar

Managing Director &
Chief Executive Officer

S. C. Jain

Company Secretary

V. K. Agarwal

Executive Vice President
& Chief Financial Officer

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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED	<u>March 31, 2010</u> Rs.	<u>March 31, 2009</u> Rs.
A. Cash flow from Operating activities		
Net Profit/(Loss) before tax & Exceptional Items	4,21,74,309	1,78,61,610
Adjustments for		
- Depreciation	11,08,00,260	8,38,82,824
- Bad Debts & Provisions (net)	59,15,999	35,11,689
- (Profit)/Loss on sale of assets	(31,67,289)	(15,88,804)
- (Profit)/Loss on sale of investments	-	(16,64,000)
- Unrealised Foreign Exchange	(2,02,395)	(1,45,363)
- Bank Charges	84,66,656	63,14,583
- Interest	9,72,88,353	8,16,42,329
- Interest Income	(3,91,66,578)	(3,60,26,539)
Operating Profit/(Loss) before Working Capital changes	22,21,09,315	15,37,88,329
Adjustments for		
- Trade and other Receivables	(22,74,34,476)	(69,77,384)
- Inventories	(3,76,08,149)	97,37,455
- Trade and other Payables	4,60,57,112	(2,64,68,125)
Direct Taxes	(1,70,54,081)	(39,32,400)
Net Cash Flow from Operating activities before Exceptional items	(1,39,30,279)	12,61,47,875
Exceptional items	90,39,611	-
Net Cash Flow from Operating activities	(48,90,668)	12,61,47,875
B. Cash flow from Investing activities		
Purchase of Fixed Assets	(9,53,18,650)	(11,45,58,793)
Sale of Fixed Assets	4,37,53,529	40,94,497
Investments in Subsidiary	-	(141)
Sale of Investments	-	21,84,251
Interest Received	3,25,99,404	2,71,28,642
Net Cash Flow from Investing activities	(1,89,65,717)	(8,11,51,544)
C. Cash flow from Financing activities		
Proceeds from Issue of Shares & Warrants	-	1,86,75,000
Net increase/(decrease) in Bank Borrowings for working capital	(7,46,60,946)	(4,13,16,756)
Bank Charges	(84,66,656)	(63,14,583)
Long Term Borrowings taken	42,83,04,957	7,45,00,000
Repayment of Long Term & Short Term Borrowings	(26,50,41,004)	(4,20,92,276)
Interest paid	(10,79,39,408)	(8,20,88,967)
Dividend Paid (including dividend tax)	(1,29,39,777)	(1,90,08,702)
Net Cash Flow from Financing activities	(4,07,42,834)	(9,76,46,284)
Cash Equivalents (A+B+C)	(6,45,99,219)	(5,26,49,953)
Cash and Cash Equivalents at the beginning of the year	32,00,46,419	35,31,14,635
Cash and Cash Equivalents acquired on acquisition	-	1,92,99,050
Effect of foreign exchange rate changes	4,80,777	2,82,687
Cash and Cash Equivalents at the end of the year	25,59,27,977	32,00,46,419

Note: Cash and Cash Equivalents represent Cash and Bank balance
Cash and Cash Equivalents include Rs.46,45,206 (Previous year: Rs.47,15,533) of unpaid dividend not available for use by the company
Fixed Deposits of Rs.15,75,92,781 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

April 24, 2010

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 2009/10

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS
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, 2010, 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.58,67,540 as at 31st March, 2010, total revenues of Rs.28,83,935 and net cash inflows amounting to Rs.8,85,974 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 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.
5. 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, 2010;
 - (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

Gaurav J Shah
Partner
Membership No. 35701

New Delhi
April 24, 2010

BIAX SPECIALITY FILMS PRIVATE LIMITED : ANNUAL REPORT 2009/10

Board of Directors

Sri H. Bakshi
Sri C. Bhaskar
Sri S. Ragothaman (w.e.f. April 6, 2009)

Registered Office

ECE House, 2nd Floor,
28 A, Kasturba Gandhi Marg,
New Delhi 110 001

Unit

Plot No. 78, Sector III,
Industrial Area,
Pithampur 454 774, Dist. Dhar (M.P.)

Senior Executives

Sri Sunil Mehta
Vice President
Sri R. R. Singh
General Manager (Manufacturing)

Auditors

M/s Deloitte Haskins & Sells
Ahmedabad

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

We present herewith our Annual Report along with the Audited Accounts of the Company for the year ended March 31, 2010.

FINANCIAL RESULTS

	<u>2009 - 2010</u>	(Rs. Lacs) <u>2008 - 09</u> <i>(15 months)</i>
Operations for the period yielded a		
Profit/(Loss) before Interest, Depreciation and Tax of	269.76	(191.93)
less : Interest & Financial charges	221.06	251.45
	-----	-----
Profit/(Loss) Before Depreciation and Tax	48.70	(443.38)
less : Depreciation	239.42	290.75
	-----	-----
Profit/(Loss) Before Tax	(190.72)	(734.13)
less : Provisions for		
- Fringe Benefit Tax	-	2.50
	-----	-----
Profit/(Loss) after Tax	(190.72)	(736.63)
Add : Loss brought forward	(2,120.19)	(2,064.98)
	-----	-----
	(2,310.91)	(2,801.61)
Less : Exceptional Items (net)	-	681.42
	-----	-----
Leaving a Balance of Loss Carried Forward of	(2,310.91)	(2,120.19)
	=====	=====

Due to non-availability of profits no dividend is proposed.

REVIEW OF KEY OPERATIONAL MATTERS

The year under review was the first operational year following acquisition on March 31, 2009 by Xpro India Limited of the entire holding of erstwhile foreign Joint Venture partners in terms of the mutual Termination Agreement. Regular operations were resumed following the change in management and the plant has been operated at near full capacity utilization, with total production during the year at 1211 MT against 407 MT during the previous 15 month period. Accordingly, sales during the year under review was substantially higher at Rs.1,882.44 lacs against Rs.733.56 lacs during the previous 15 month period. The turnaround in utilization levels resulted in a gross profit from operations of Rs. 48.70 lacs (against a loss of Rs. 443.38 lacs during the previous period).

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Our products, now marketed with support of the holding company under their 'Biax' brand, have been well received by customers establishing their confidence in the Company. Capacitor films accounted for about 40 % of production and sales during the year and emphasis remains on enhancing share of such films within the existing capacity. Production of metallized films (for packaging) also commenced during the year.

As mentioned in our last Report, the Company arrived at a One-Time-Settlement with erstwhile Bankers, and the payments were made within the agreed time frame. Following the settlements, fresh working capital and term loans were availed to meet outstanding liabilities, overhauling and maintenance costs, and capital expenditure.

Our strategic intent for BOPP films is towards specialization in thin and capacitor films. However, further opportunities are open in the packaging films segment and BOPP Films have seen consistent growth in keeping with the rapid growth in the flexible packaging materials industry worldwide. The Company is considering appropriate expansion to partake in the sustainable opportunities for BOPP films.

STATUTORY AND OTHER MATTERS

Information pertaining to Conservation of Energy and Technology absorption and Foreign Exchange Earnings and Outgo as prescribed under the Companies (Disclosure of Particulars in Report of the Board of Directors) Rules, 1988 are given in Annexures hereto and form part of this report. There are no employees on the rolls of the Company covered under the provisions of Section 217 (2A) of the Companies Act, 1956.

As per our 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. Further, pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, the Directors indicate that they have taken reasonable and bonafide care that: (a) in 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) such accounting policies were selected and applied consistently and judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year and of the profit or loss of the Company for the year; (c) proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the Company's assets and for preventing and detecting fraud and other irregularities; and (d) these accounts have been prepared on a 'Going Concern' basis.

The net worth of the Company having been eroded by more than 50% of its peak net worth during the immediately preceding four financial years due to past accumulated losses, necessary steps are being taken to formally comply with the provisions of section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA).

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.

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

The Company has obtained a certificate (copy annexed to this Report) from a Secretary in whole-time practice confirming that the Company has complied with all provisions of the Companies Act, 1956.

Relations with employees were cordial and we record our appreciation of the contribution made by employees at all levels.

We place on record our sincere appreciation of the valuable cooperation and support received at all times by the Company from its Bankers, Allahabad Bank (and erstwhile Bankers, State Bank of Patiala and State Bank of Indore), and all concerned Government and other authorities.

For and on behalf of the Board

**H. Bakshi
C. Bhaskar
S. Ragothaman**
Directors

April 24, 2010

BIAX SPECIALITY FILMS PRIVATE LIMITED : ANNUAL REPORT 2009/10

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:
 - Optimisation of HVAC system
 - Re-scheduling of bag filters change cycle
 - Optimisation of process hall temperature and air filter layouts
- (b) Additional Investment and Proposals, if any, being implemented for reduction of consumption of energy:
 - Energy conservation is an ongoing process and various initiatives are underway including utilization of energy efficient lamps for general lighting applications
- (c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:
 - Not quantified at this stage.
- (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 unit

B. TECHNOLOGY ABSORPTION :

1. RESEARCH & DEVELOPMENT

- (a) Specific areas in which R&D carried out by the Company:
 - Development of special grade films for dielectric applications under high temperature duress
 - Development of thin gauge films for special applications
- (b) Benefit derived as a result of above R&D:
 - Development of new products to expand range offering a competitive edge in the market
 - Improved product quality, cost reduction and customer satisfaction
- (c) Future Plan of action:
 - Continuous process improvement to increase yield and reduce wastage
 - Continuous Product Development for specialized applications
 - Upgradation of select production and laboratory facilities
 - increased line speeds for improved productivity
- (d) R&D Expenditure:
 - Not separately quantified;

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

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 proposed for entering new markets for the company's products
- (b) Total foreign exchange used & earned: (Rs.)

	<u>2009-2010</u>	<u>2008-2009</u> (15 months)
Total foreign exchange used	1,57,50,703	1,39,34,840
Total foreign exchange earned	7,05,875	22,13,728

BIAX SPECIALITY FILMS PRIVATE LIMITED : ANNUAL REPORT 2009/10

ANNEXURE TO THE DIRECTORS' REPORT

COMPLIANCE CERTIFICATE

To the Members of
Biax Speciality Films Private Limited

I have examined the registers, records, books and papers of M/s. **Biax Speciality Films Private Limited** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended **March 31, 2010** (Financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being a private limited company has the minimum prescribed paid-up capital and its maximum number of members during the said financial year were two excluding its present and past employees of the Company during the year under scrutiny:
 - i) has not invited public to subscribe for its shares or debentures, and
 - ii) has not invited or accepted any deposits from persons other than its members, directors or their relatives
4. The Board of Directors duly met six times respectively on April 6, April 29, June 16, July 23, October 21, 2009 and January 25, 2010 in respect of which proper notices of meetings were given and the proceedings were properly recorded and signed including the circular resolutions, if any, passed, in the Minute Book maintained for the purpose.
5. The Company being a private company was not required to close its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on March 31, 2009 was held on May 29, 2009, after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minute Book maintained for the purpose.
7. One Extra Ordinary General Meeting was held on July 20, 2009 during the year.
8. The Company has not advanced any loans to its directors and/or persons or firms or companies referred to under section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company has maintained the register under section 301 of the Act and have complied with the provisions of the Act.
11. As confirmed by the Company, as there was no instance falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government as the case may be.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has
 - (i) delivered all the certificates on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;
 - (ii) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year;
 - (iii) not posted warrants to any member of the Company as no dividend was declared during the financial year;
 - (iv) not transferred the amounts in unpaid dividend account, since no amounts remained unclaimed or unpaid for a period of seven years in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon, to Investor Education and Protection Fund;
 - (v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. The appointment of directors, additional directors, alternate directors and directors to fill casual vacancy were made during the year as per provisions of the Act.
15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company has obtained necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other authorities as prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any Equity Shares during the financial year.
20. The Company has not bought back any share/s during the financial year.
21. There was no redemption of Preference Share(s) / Debenture(s) during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividends, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any advances or deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. The Company has made borrowings during the Financial Year and has complied with the provisions of the Act.
25. The Company has not made any loans or advances, or given guarantees or provided securities to other bodies corporate during the financial year.

BIAX SPECIALITY FILMS PRIVATE LIMITED : ANNUAL REPORT 2009/10

26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year.
31. As informed by the Company, there was no prosecution initiated against or show cause notices received by the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employees' and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

Kolkata
April 24, 2010

K.C. Khowala
Practicing Company Secretary
C.P. No.: 2421

ANNEXURE 'A'

Registers as maintained by the Company

- | | |
|--|---------|
| 1. Register of Members | u/s 150 |
| 2. Register of Contract(s) | u/s 301 |
| 3. Register of Directors, Managing Director, Manager and Secretary | u/s 303 |
| 4. Register of Directors' Shareholdings | u/s 307 |
| 5. Register of Transfers | |
| 6. Books of Accounts | u/s 209 |
| 7. Minutes Book for Meeting of the Board and General Meeting | u/s 193 |

ANNEXURE 'B'

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended on 31st March 2010.

1. Form 32 for appointment of Sri S Ragothaman as nominee director with effect from April 6, 2009 was filed on April 7, 2009.
2. Audited Accounts in Form 23AC and Form 23ACA for the year ended March 31, 2009 u/s 220 were filed on May 30, 2009.
3. Compliance Certificate u/s 383A in Form 66 was filed on May 30, 2009.
4. Form 23 for Registration of Resolutions U/s 293(1)(d) was filed on May 30, 2009.
5. Annual Return u/s 159 in Form 20B for A.G.M. held on 29.05.2009 was filed on June 02, 2009.
6. Form 17 for Satisfaction of Charges of State Bank of Indore was filed on July 16, 2009.
7. Form 17 for Satisfaction of Charges of State Bank of Patiala was filed on July 17, 2009.
8. Form 17 for Satisfaction of Joint Charges of State Bank of Indore and State Bank of Patiala was filed on July 17, 2009.
9. Form 23 for Registration of Resolutions U/s 293(1)(a) was filed on August 10, 2009.
10. Form 8 for Creation of Charge of Allahabad Bank was filed on August 19, 2009.
11. Form 61 for application for correction in CIN and Master Data of the Company was filed on November 19, 2009.

BIAX SPECIALITY FILMS PRIVATE LIMITED : ANNUAL REPORT 2009/10

AUDITORS' REPORT TO THE MEMBERS OF BIAX SPECIALITY FILMS PRIVATE LIMITED

1. We have audited the attached Balance Sheet of **Biax Speciality Films Private Limited** ("the Company") as at 31st March, 2010, 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, 2010;
 - (ii) in the case of the Profit and Loss Account, of the loss 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, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

New Delhi
April 24, 2010

Gaurav J Shah
Partner
Membership No. 35701

BIAX SPECIALITY FILMS PRIVATE LIMITED : ANNUAL REPORT 2009/10

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 activities, clauses (xiii) and (xiv) 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) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956.

In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, according to the information and explanations given to us:

 - (a) The Company has taken loans aggregating Rs.15,26,00,000 from a body corporate (the holding company) during the year. At the year-end, the outstanding balance of such loans taken aggregated Rs.14,70,00,574 (including interest due) and the maximum amount involved during the year was Rs.16,31,00,000.
 - (b) The rate of interest is, in our opinion, *prima facie* not prejudicial to the interests of the Company. There are no other terms and conditions of such loan.
 - (c) The payments of principal amounts, when demanded and interest in respect of such loans are regular.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, 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.
 - (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 except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.
- (vii) The Company has not accepted any deposit from the public.
- (viii) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (ix) 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 under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.

BIAX SPECIALITY FILMS PRIVATE LIMITED : ANNUAL REPORT 2009/10

- (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, 2010 for a period of more than six months from the date they became payable.
 - (c) There were no 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, 2010 on account of disputes.
- (xi) The accumulated losses of the Company at the end of the financial year are not less than fifty percent of its net worth and the Company has not incurred cash losses in the financial year under this report but incurred cash loss in the immediately preceding financial period.
- (xii) 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.
- (xiii) In our opinion, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) In our opinion and 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.
- (xv) 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.
- (xvi) 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.
- (xvii) 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.
- (xviii) During the year covered by our audit report, the Company did not have any outstanding debentures.
- (xix) The Company has not raised any money through a public issue during the year.
- (xx) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

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

New Delhi
April 24, 2010

Gaurav J Shah
Partner
Membership No. 35701

BIAX SPECIALITY FILMS PRIVATE LIMITED : ANNUAL REPORT 2009/10

BALANCE SHEET

AS AT MARCH 31, 2010

	Schedule	<u>March 31, 2010</u> Rs.	<u>March 31, 2009</u> Rs.
<u>SOURCES OF FUNDS</u>			
Shareholders' Funds			
Share Capital	1	34,10,00,000	34,10,00,000
Loans			
Secured	2	12,17,75,054	12,65,08,550
Unsecured	3	<u>14,70,00,574</u>	<u>10,75,99,704</u>
		<u>60,97,75,628</u>	<u>57,51,08,254</u>
 <u>APPLICATION OF FUNDS</u>			
Fixed Assets			
Gross Block	4	43,59,48,320	41,84,13,304
Less: Depreciation/Amortisation		<u>11,59,76,396</u>	<u>9,21,17,982</u>
Net Block		<u>31,99,71,924</u>	<u>32,62,95,322</u>
Capital Work-in-Progress		<u>2,97,17,009</u>	<u>1,67,60,720</u>
		34,96,88,933	34,30,56,042
Current Assets, Loans & Advances			
Inventories	5	1,52,85,276	1,17,44,210
Sundry Debtors	6	1,49,22,513	72,95,741
Cash & Bank Balances	7	65,09,177	1,92,99,050
Loans & Advances	8	<u>50,79,152</u>	<u>90,88,276</u>
		4,17,96,118	4,74,27,277
 Less : Current Liabilities & Provisions			
Liabilities	9	1,18,34,898	2,63,80,310
Provisions	10	<u>9,64,910</u>	<u>10,13,374</u>
		<u>1,27,99,808</u>	<u>2,73,93,684</u>
Net Current Assets		<u>2,89,96,310</u>	<u>2,00,33,593</u>
Profit & Loss Account		<u>23,10,90,385</u>	<u>21,20,18,619</u>
		<u>60,97,75,628</u>	<u>57,51,08,254</u>
 NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES	 15		

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

Gaurav J. Shah
Partner
Membership No. 35701
New Delhi
April 24, 2010

For and on behalf of the Board

Sunil Mehta
Vice President

H. Bakshi
C. Bhaskar
S. Ragothaman
Directors

BIAX SPECIALITY FILMS PRIVATE LIMITED : ANNUAL REPORT 2009/10

PROFIT AND LOSS ACCOUNT For the Year ended March 31, 2010	Schedule	<u>2009 - 2010</u>	<u>2008 - 2009</u> (15 months)
		Rs.	Rs.
<u>INCOME</u>			
Gross Sales		18,82,43,518	7,33,55,792
Less: Excise Duty		<u>1,40,06,650</u>	<u>85,24,285</u>
Net Sales		17,42,36,868	6,48,31,507
Other Income	11	<u>38,19,257</u>	<u>16,89,334</u>
		<u>17,80,56,125</u>	<u>6,65,20,841</u>
<u>EXPENDITURE</u>			
Materials	12	9,39,22,991	3,83,33,542
Manufacturing, Selling & Other Expenses	13	5,71,57,284	4,73,80,766
Interest & Financial Charges	14	<u>2,21,06,116</u>	<u>2,51,44,526</u>
		<u>17,31,86,391</u>	<u>11,08,58,834</u>
Profit / (Loss) before Depreciation/Amortisation		48,69,734	(4,43,37,993)
Less: Depreciation/Amortisation		<u>2,39,41,500</u>	<u>2,90,74,876</u>
Profit / (Loss) before Exceptional Items & Tax		(1,90,71,766)	(7,34,12,869)
Exceptional Items		-	6,81,42,083
Profit / (Loss) before Tax		(1,90,71,766)	(52,70,786)
Provision for Fringe Benefit Tax		-	(2,50,000)
Profit / (Loss) after Tax		<u>(1,90,71,766)</u>	<u>(55,20,786)</u>
Add: Balance brought forward		<u>(21,20,18,619)</u>	<u>(20,64,97,833)</u>
Balance Carried to Balance Sheet		<u>(23,10,90,385)</u>	<u>(21,20,18,619)</u>
Earnings per Share (Basic & Diluted) (refer Note 16)		(0.56)	(2.16)
(Face Value of Rs.10/- each)			

NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES 15

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

Gaurav J. Shah
Partner
Membership No. 35701
New Delhi
April 24, 2010

For and on behalf of the Board

	H. Bakshi
	C. Bhaskar
Sunil Mehta	S. Ragothaman
Vice President	Directors

BIAX SPECIALITY FILMS PRIVATE LIMITED : ANNUAL REPORT 2009/10

SCHEDULES

	<u>March 31, 2010</u>	<u>March 31, 2009</u>								
	Rs.	Rs.								
1. <u>SHARE CAPITAL</u>										
Authorised										
3,41,00,000 Equity Shares of Rs.10 each (March 31, 2009: 3,41,00,000)	<u>34,10,00,000</u>	<u>34,10,00,000</u>								
Issued, Subscribed & Paid up										
3,41,00,000 Equity Shares of Rs. 10 each fully paid up (March 31, 2009: 3,41,00,000)	<u>34,10,00,000</u>	<u>34,10,00,000</u>								
Above 3,41,00,000 Equity Shares (March 31, 2009: 3,41,00,000 equity shares) are held by Xpro India Limited (holding company) & its nominees										
2. <u>SECURED LOANS</u> (refer Note 4)										
From Banks										
- Term loans	10,10,21,905	9,56,25,000								
- Working Capital Loans	2,07,53,149	2,25,00,000								
- Funded interest	-	83,83,550								
	<u>12,17,75,054</u>	<u>12,65,08,550</u>								
3. <u>UNSECURED LOANS</u>										
External Commercial Borrowings from an Overseas Body Corporate	-	21,75,309								
From Holding Company	14,70,00,574	4,54,24,395								
From other bodies corporate	-	6,00,00,000								
	<u>14,70,00,574</u>	<u>10,75,99,704</u>								
4. <u>FIXED ASSETS</u> (refer Note 10)										
	GROSS VALUE	DEPRECIATION/AMORTIZATION	NET VALUE							
	As at April 1, 2009	Additions/ Adjustments	Deductions/ Adjustments	As at March 31, 2010	Upto April 1, 2009	For the Year	Deductions Upto March 31, 2010	As at March 31, 2010	As at March 31, 2009	
Leasehold Land	88,78,619	-	-	88,78,619	29,95,385	7,13,652	-	37,09,037	51,69,582	58,83,234
Buildings	2,23,03,617	-	-	2,23,03,617	28,39,751	6,96,594	-	35,36,345	1,87,67,272	1,94,63,866
Plant & Machinery	35,07,22,112	1,69,80,457	-	36,77,02,569	8,11,89,552	2,04,78,905	-	10,16,68,457	26,60,34,112	26,95,32,560
Furniture & Fixtures	11,06,857	-	-	11,06,857	3,72,144	60,987	-	4,33,131	6,73,726	7,34,713
Vehicles	2,18,000	7,42,559	1,88,000	7,72,559	78,607	44,712	83,086	40,233	7,32,326	1,39,393
Computers	9,24,454	-	-	9,24,454	3,47,777	1,43,611	-	4,91,388	4,33,066	5,76,677
Office Equipment	4,12,552	-	-	4,12,552	1,28,068	15,912	-	1,43,980	2,68,572	2,84,484
Intangible assets (technical know-how)	3,38,47,093	-	-	3,38,47,093	41,66,698	17,87,127	-	59,53,825	2,78,93,268	2,96,80,395
	<u>41,84,13,304</u>	<u>1,77,23,016</u>	<u>1,88,000</u>	<u>43,59,48,320</u>	<u>9,21,17,982</u>	<u>2,39,41,500</u>	<u>83,086</u>	<u>11,59,76,396</u>	<u>31,99,71,924</u>	<u>32,62,95,322</u>
Previous Year	<u>41,79,20,717</u>	<u>4,92,587</u>	<u>-</u>	<u>41,84,13,304</u>	<u>6,30,43,106</u>	<u>2,90,74,876</u>	<u>-</u>	<u>9,21,17,982</u>	<u>32,62,95,322</u>	<u>32,62,95,322</u>
Capital Work-in-Progress									2,97,17,009	1,67,60,720
									<u>March 31, 2010</u>	<u>March 31, 2009</u>
									Rs.	Rs.
5. <u>INVENTORIES</u>										
Stock-in-Trade									24,85,754	15,63,418
Process Stock									40,33,066	19,25,628
Other Stocks :										
- Stores & Spares									52,16,824	39,27,905
- Raw Materials									<u>35,49,632</u>	<u>43,27,259</u>
									<u>1,52,85,276</u>	<u>1,17,44,210</u>
6. <u>SUNDRY DEBTORS</u>										
(Unsecured)										
Over Six Months									-	-
Others - Considered Good									<u>1,49,22,513</u>	<u>72,95,741</u>
									<u>1,49,22,513</u>	<u>72,95,741</u>

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	<u>March 31, 2010</u>	<u>March 31, 2009</u>
	Rs.	Rs.
7. CASH & BANK BALANCES		
Cash & cheques in hand	42,598	4,04,746
Balances with Scheduled Banks		
- Current Accounts	44,28,627	77,74,164
- Fixed Deposit Accounts (pledged with bank towards margin money - Rs.13,88,000)	20,37,952	1,11,20,140
	<u>65,09,177</u>	<u>1,92,99,050</u>
8. LOANS & ADVANCES (refer Note 9)		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	22,85,185	19,64,907
Commission receivable	-	7,02,817
Deposit with Government & Others	23,20,337	23,12,315
Balance with Central Excise	4,73,630	41,08,237
	<u>50,79,152</u>	<u>90,88,276</u>
9. CURRENT LIABILITIES		
Sundry Creditors (refer Note 5)	70,87,573	2,20,68,793
Other Liabilities	47,47,325	29,45,928
Interest accrued but not due	-	13,65,589
	<u>1,18,34,898</u>	<u>2,63,80,310</u>
10. PROVISIONS		
Retirement Benefits	2,63,484	2,56,771
Leave accumulated	7,01,426	7,56,603
	<u>9,64,910</u>	<u>10,13,374</u>
	<u>2009 - 2010</u>	<u>2008 - 2009</u>
	Rs.	(15 months)
		Rs.
11. OTHER INCOME (refer Note 11)		
Miscellaneous Income	2,06,517	16,89,334
Excess Provisions written back	36,12,740	-
	<u>38,19,257</u>	<u>16,89,334</u>
12. MATERIALS		
(Increase)/Decrease in Stocks - Schedule 'A'	(30,29,774)	62,36,247
Consumption of Raw Materials - Schedule 'B'	9,69,52,765	3,20,97,295
	<u>9,39,22,991</u>	<u>3,83,33,542</u>
A. (INCREASE) / DECREASE IN STOCKS		
Opening Stocks :		
Stock-in-trade	15,63,418	-
Process Stock	19,25,628	97,25,293
	<u>34,89,046</u>	<u>97,25,293</u>
Less: Closing Stocks :		
Stock-in-trade	(24,85,754)	(15,63,418)
Process Stock	(40,33,066)	(19,25,628)
	<u>(65,18,820)</u>	<u>(34,89,046)</u>
	<u>(30,29,774)</u>	<u>62,36,247</u>
B. CONSUMPTION OF RAW MATERIALS		
Opening Stock	43,27,259	2,75,79,210
Add : Purchases	9,61,75,138	88,45,345
	<u>10,05,02,397</u>	<u>3,64,24,555</u>
Less : Closing Stock	(35,49,632)	(43,27,259)
	<u>9,69,52,765</u>	<u>3,20,97,295</u>

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13. <u>MANUFACTURING & OTHER EXPENSES</u>			
Manufacturing Expenses - Schedule 'A'	3,49,93,182	2,30,60,287	
Manpower Expenses - Schedule 'B'	1,07,62,575	98,63,770	
Administrative & Other Expenses - Schedule 'C'	73,52,773	1,32,93,386	
Selling Expenses – Schedule 'D'	40,48,754	11,63,323	
	5,71,57,284	4,73,80,766	
A. <u>MANUFACTURING EXPENSES</u>			
Stores, Spares & Packing Materials	1,11,40,308	40,98,200	
Power & Fuel	2,24,97,662	1,84,47,238	
Excise Duty	1,71,380	56,157	
Repairs to:			
- Buildings	34,174	-	
- Plant & Machinery	7,79,237	2,32,339	
- Others	3,70,421	2,26,353	
	3,49,93,182	2,30,60,287	
B. <u>MANPOWER EXPENSES</u>			
Salaries, Wages, Bonus, etc.	90,30,259	83,17,778	
Contribution to Provident & Other Funds	9,09,783	6,31,469	
Employees Welfare	8,22,533	9,14,523	
	1,07,62,575	98,63,770	
C. <u>ADMINISTRATIVE & OTHER EXPENSES</u>			
Communication	2,37,054	3,61,961	
Director's Fees	30,000	-	
Insurance	5,39,886	10,00,841	
Loss on Sale of Fixed Assets	54,668	-	
Miscellaneous	33,99,739	78,76,057	
Payment to Auditors	3,08,381	3,81,953	
Professional & Legal	9,99,396	16,01,338	
Professional Tax	2,500	3,125	
Rates & Taxes	6,21,924	5,11,070	
Rent	3,52,292	10,51,225	
Travelling	8,06,933	5,05,816	
	73,52,773	1,32,93,386	
D. <u>SELLING EXPENSES</u>			
Freight, Forwarding & Shipment Charges (Net)	34,15,929	8,41,578	
Brokerage, Rebate, Discount & Commission	5,95,123	3,21,745	
Other Selling Expenses	37,702	-	
	40,48,754	11,63,323	
14. <u>INTEREST & FINANCIAL CHARGES</u> (refer Note 6)			
Interest:			
Term Loans from Banks	63,03,297	1,61,24,863	
Others (Net)	1,39,71,561	84,92,006	
Financial Charges:			
Bank Charges, Guarantee Commission & Others	18,31,258	5,27,657	
	2,21,06,116	2,51,44,526	
15. <u>NOTES ON ACCOUNTS & ACCOUNTING POLICIES</u>			
1. Sales are reported net of returns/adjustments and includes excise duty charged to customers Rs 1,40,06,650 (Previous period: Rs.85,24,285).			
2. Profit/Loss on sale of Raw Materials and Stores are adjusted in respective consumption accounts.			
3. Exchange difference (Net) debited/(credited) in Miscellaneous Expenses to the profit & loss account Rs.3,43,680 (Previous period: Rs.46,52,156).			

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4. a. Term Loan from Allahabad Bank, outstanding Rs.10,10,21,905 (previous period: Nil), is secured by way of first charge of all the movable and immovable assets, present and future, of the Company and is guaranteed by the holding company, Xpro India Limited.
- b. Working Capital Loan from Allahabad Bank, outstanding Rs. 2,07,53,149 (previous period: Nil), is secured by first charge on all current assets of the company, present and future, and is guaranteed by the holding company, Xpro India Limited.
- c. The Company paid instalments to the State Bank of Indore and State Bank of Patiala in full and final settlement of their respective dues outstanding, in aggregate Rs. 9,56,25,000 (term loans) and Rs.2,25,00,000 (working capital loans) as on March 31, 2009 and interest thereon, as stipulated in terms of the One Time Settlement ('OTS') entered into with them.
5. There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2010. (Previous period: Amount outstanding: Rs.3,76,933; Interest accrued and outstanding:Rs.26,548). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
6. Interest paid to others is net of interest received Rs.6,66,424 (of which Rs.5,51,656 from banks and Rs.1,14,768 from others) (previous period: Rs.13,09,081). TDS: Rs.1,10,140 (previous period: Rs.2,65,316).
7. Payment to Auditors:

	2009-10	2008-09 (15 months)
	Rs.	Rs.
Audit fee	2,50,000	2,00,000
For other services - Certification and other matters	-	1,50,000
Reimbursement of expenses (including to the previous auditors)	58,381	31,953
	3,08,381	3,81,953

8. Payments to Directors: Directors Sitting Fees paid during the year Rs. 30,000 (previous period: Nil).
9. a. Advances recoverable in cash or in kind or for value to be received include taxes (net of provisions) Rs.22,73,566 (previous period: Rs.19,64,907);
- b. Loans and advances include Rs.2,58,011 (previous period:Rs.89,140) 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.2,73,661 (previous period: Rs.2,01,011);
10. Capital work-in-progress includes machinery under installation, buildings under construction, advances for purchase of machinery, construction and erection.
11. Other income includes excess provision of interest Rs.34,01,493 (Previous period: Nil) written back since no longer required.
12. As stipulated in AS-28 on Impairment of Assets, the Company assessed potential generation of economic benefits from its business unit and is of the view that assets employed in continuing businesses are capable of generating adequate returns over their useful lives in the usual course of business, there is no indication to the contrary and accordingly the management is of the view that no impairment provision is called for in these accounts.
13. The Holding Company (Xpro India Limited) incurred a cost of Rs.17,448 (Previous period: Nil) in issuing Employee Stock Options in the Holding Company to eligible employees of the Company.
14. The Company 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 (Previous period Rs.50,37,261) against which the Company has an obligation as per the EPCG Scheme to export goods amounting to Rs.4,02,98,092 (Previous period Rs.4,02,98,092) within a period of eight years. The Company has furnished bank guarantee of Rs.13,88,000 (Previous period Rs.13,88,000) to the customs department. The Company till March 31, 2010 has executed exports aggregating to Rs.46,05,407 (Previous period Rs.46,05,407) against the aforesaid obligation. Based on the 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.
15. The Company has during the year incurred net losses of Rs.1,90,71,766, resulting in accumulated losses of Rs.23,10,90,385 at year end. On the basis of its current operations, turnaround from earlier losses, and future plans, the Company expects to generate sufficient income which would enable the Company to offset the entire amount of accumulated losses incurred upto date. Accordingly, these accounts have been prepared on a going concern basis.

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16. Earnings per share (EPS) – The numerators and denominators used to calculate Basic and Diluted Earnings per share:

	Year Ended March 31, 2010	Period Ended March 31, 2009
Profit after exceptional items attributable to the Equity Shareholders (Rs.)	(1,90,71,766)	(55,20,786)
Weighted average number of equity shares for Basic & Diluted EPS	3,41,00,000	3,41,00,000
Nominal Value of Equity Share (Rs.)	10	10
EPS - Basic & Diluted (Rs.)	(0.56)	(0.16)

17. As per AS 22, the Company would have a net deferred tax asset, primarily comprising of unabsorbed depreciation and business losses under tax laws. However, as the subsequent realization of such amounts in the near future is not certain, the management has as a matter of prudence chosen not to recognize deferred tax assets for the purpose of these accounts.

18. Related Party Disclosures:

a) List of Related Parties:

- i) Parties where control exists: Holding Company: Xpro India Limited;
- ii) Other subsidiaries of Holding Company: Xpro Global Limited;
- iii) Key Management Personnel & their relatives: Sri H. Bakshi;

b) Transactions with Related Parties: *(Previous period figures in italics)*

- i) With related party referred to in a(i) above: Sales of Finished Goods: Rs.35,42,814 (*Nil*); Sales of input materials: Rs.74,30,076; Purchase of Capital Work in Progress: Rs.2,79,44,079 (*Nil*); Purchase of used vehicle: Rs.3,67,880 (*Nil*); Purchase of input materials: Rs.11,46,763 (*Nil*); Reimbursements made: Rs. 3,27,591 (*Nil*); Reimbursements received: Rs.1,69,386 (*Nil*); Inter-corporate Deposits Received: Rs.15,26,00,000 (*Nil*); Repayment of Inter-corporate Deposits: Rs.4,91,00,000 (*Nil*); Interest Paid: Rs.1,16,28,065 (*Rs.49,97,260*);
- ii) With related party referred to in a(ii) above: Purchase of Capital Work in Progress: Rs.17,72,930 (*Nil*);
- iii) No transactions with Key Management Personnel or their relatives;

c) Balance Outstanding at the end of the year: *(Previous period figures in italics)*

- i) To related party referred to in a(i) above: Inter-corporate Deposits: Rs.14,35,00,000 (*Rs.4,00,00,000*); Interest payable (net of TDS): Rs.35,00,574 (*Rs.54,24,395*)
- ii) From related party referred to in a(i) above: Sales consideration receivable: Rs.4,23,921 (*Nil*)

19. Miscellaneous expenses include vehicle expenses Rs.15,05,453 and security arrangements Rs.6,66,034 (Previous period: Rs.18,47,421 and Rs.6,76,346 respectively).

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 to eligible employees, contributions for which are made to Life Insurance Corporation of India, who invest the funds as per IRDA guidelines. The Company also provides compensated absence to the employees. The details of these defined benefit plans recognised in the financial statements are as under:

		Gratuity		Compensated absence	
		2009-10	2008-09 (15 months)	2009-10	2008-09 (15 months)
a.	Reconciliation of opening and closing balances of the present value of defined benefit obligation				
	Obligation at the beginning of the year	17,26,163	20,44,124	7,56,603	5,80,667
	Current Service Cost	1,42,518	1,18,999	83,856	88,418
	Interest Cost	1,38,093	1,74,954	60,528	50,808
	Actuarial (gain)/loss	2,07,107	1,51,840	(48,357)	2,22,052
	Benefits paid	(90,797)	(7,63,754)	(1,51,204)	(1,85,342)
	Obligation at the end of the year	21,23,084	17,26,163	7,01,426	7,56,603

(Rs.)

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	Gratuity		Compensated absence	
	2009-10	2008-09 (15 months)	2009-10	2008-09 (15 months)
b. Reconciliation of opening and closing balances of fair value of plan assets				
Plan assets at the beginning of the year, at fair value	14,69,392	15,94,459	-	-
Expected Return on Plan Assets	1,35,728	1,79,377	-	-
Actuarial gain/(loss)	1,77,091	1,71,897	-	-
Contribution	1,68,186	2,87,413	-	-
Benefits paid	(90,797)	(7,63,754)	-	-
Plan assets at the end of the year, at fair value	18,59,600	14,69,392	-	-
c. Liability recognised in Balance Sheet				
Obligation at the end of the year	21,23,084	17,26,163	7,01,426	7,56,603
Less : Plan assets at the end of the year, at fair value	18,59,600	14,69,392	-	-
Liability recognised in Balance Sheet as at 31.3.2010	2,63,484	2,56,771	7,01,426	7,56,603
d. Component of employer expense for the year				
Current service cost	1,42,518	1,18,999	83,856	88,418
Interest cost	1,38,093	1,74,954	60,528	50,808
Expected return on plan assets	(1,35,728)	(1,79,377)	-	-
Net Actuarial gain/(loss)	30,016	(20,057)	(48,357)	2,22,052
Net Cost	1,74,899	94,519	96,027	3,61,278
e. Assumptions				
Discount Rate (p.a.)	8.0 %	7.0 %	8.0 %	7.0 %
Expected Rate of Return on plan assets (p.a.)	9.0 %	9.0 %	-	-
Expected rate of increase in compensation levels (p.a.)	7.0 %	7.0 %	7.0 %	7.0 %
Contribution to Defined Contribution Plan	2009-10		2008-09 (15 months)	
Provident Fund	3,92,366		4,71,808	

21. 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. thermoplastic films and accordingly no Information about Primary Business Segment has been given. Further the company manufactured and sold its products principally within India, and had no operation in economic environments with different risks and returns; hence, it is considered to operate in a single geographical segment.

22. Contingent Liabilities not provided for

	<u>March 31, 2010</u>	<u>March 31, 2009</u>
	Rs.	Rs.
- Estimated amount of contracts remaining to be executed on Capital Account (Net of Advances)	1,74,84,000	-
- Bills discounted	1,03,09,661	-

23. a) Current year's accounts have been prepared for the 12 month period from April 1, 2009 to March 31, 2010, while previous period's accounts were for the 15 month period from January 1, 2008 to March 31, 2009. Accordingly, current year's figures are not comparable with those of the previous period.

b) Previous period figures have been regrouped/rearranged wherever considered necessary.

24. 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 recognises 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 and impairment loss, if any. Cost comprises of freight, duties, taxes, interest and other incidental expenses related to acquisition and installation.

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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, except in the case of non-factory building where depreciation is provided at the rate of 2.24%. 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 amortised over the period of lease.

Technical know-how fees are amortised 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 realisable value". Cost is determined on the weighted average. Finished goods and process stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Scrap is valued at Net Realisable Value.

g. **REVENUE RECOGNITION:**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of goods: Revenue is recognised 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.

Income from Services: Revenue from services (including sales commission) is recognised on accrual basis.

Interest: Revenue is recognised 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 capitalised 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 recognised 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 actuary. Termination benefits are recognised as expense as and when incurred.

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m. TAXATION :

Tax liability (including Fringe Benefit Tax) of the company is estimated considering the provisions of the Income Tax Act, 1961. Deferred Tax is recognised 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. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :

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

25. STATISTICAL INFORMATION:

A Annual Capacity and Production

	Units	Installed Capacity		Production	
		2009-2010	2008-2009	2009-2010	2008-2009 (15 months)
Thermoplastic Films	M/T	2,500	2,500	1,211	407

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.

B Sales

	Units	2009-2010		2008-2009 (15 months)	
		Quantity	Rs.	Quantity	Rs.
Thermoplastic Films	M/T	1,201	17,82,60,496	401	7,10,80,860
Scrap	M/T	268	99,83,022	44	22,74,932
			18,82,43,518		7,33,55,792

C Opening and Closing Stocks

	Units	March 31, 2010		April 1, 2009		January 1, 2008	
		Quantity	Rs.	Quantity	Rs.	Quantity	Rs.
Thermoplastic Films	M/T	15	17,62,261	5	5,56,853	-	-
Scrap	M/T	23	7,23,493	42	10,06,565	1	15,949
			24,85,754		15,63,418		15,949

D Consumption of Raw Materials

	Units	2009-2010		2008-2009 (15 months)	
		Quantity	Rs.	Quantity	Rs.
Thermoplastic Resins	M/T	1,490	9,59,59,258	451	3,17,69,519
Others			9,93,507		3,27,776
			9,69,52,765		3,20,97,295

E Consumption

	2009-2010		2008-2009 (15 months)	
	Rs.	%	Rs.	%
i) Raw Materials				
Imported	-	-	2,26,80,176	70.66
Indigenous	9,69,52,765	100.00	94,17,119	29.34
	9,69,52,765	100.00	3,20,97,295	100.00
ii) Stores & Spares				
Imported	35,776	0.34	33,515	0.81
Indigenous	1,05,83,196	99.66	40,87,609	99.19
	1,06,18,972	100.00	41,21,124	100.00

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<u>F Foreign Currency Transactions</u>	<u>2009-2010</u>	<u>2008-2009</u> (15 months)
	<u>Rs.</u>	<u>Rs.</u>
i) Imports (CIF Value)		
- Stores and spares	36,464	42,840
	36,464	42,840
ii) Expenditure (on accrual basis)	-	-
iii) Earnings (on accrual basis)		
Commission	-	15,45,790
	-	15,45,790

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

For and on behalf of the Board

Gaurav J. Shah
Partner
Membership No. 35701
New Delhi
April 24, 2010

Sunil Mehta
Vice President

H. Bakshi
C. Bhaskar
S. Ragothaman
Directors

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

I Registration Details			
CIN	U74999DL2004FTC127691	State Code No.	55
Balance Sheet Date	31.03.2010		
II Capital raised during the year (Amount in Rs. Thousand)			
Public issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)			
Total Liabilities	60,97,75	Total Assets	60,97,75
Sources of Funds			
Paid-up Capital	34,10,00	Reserves & Surplus	NIL
Secured Loans	12,17,75	Unsecured Loans	14,70,00
Application of Funds			
Net Fixed Assets	34,96,89	Investments	NIL
Net Current Assets	2,89,96	Misc. Expenditure	NIL
Accumulated Losses	23,10,90		
IV Performance of Company (Amount in Rs. Thousand)			
Turnover/Other Income	17,80,56	Total Expenditure	19,71,28
Profit/(Loss) Before Tax	(1,90,72)	Profit/(Loss) After Tax	(1,90,72)
Earning per Share in Rs.	(0.56)	Dividend Rate %	NIL
V Generic Names of Three Principal Products/Services of Company (As per Monetary Terms)			
Item Code No. (ITC Code)	3920		
Product Description	Thermoplastic Films		

BIAX SPECIALITY FILMS PRIVATE LIMITED : ANNUAL REPORT 2009/10

CASH FLOW STATEMENT	<u>For the year</u> <u>ended</u> <u>March 31, 2010</u> Rs.	<u>For the period</u> <u>ended</u> <u>March 31, 2009</u> Rs.
A. Cash flow from Operating activities		
Net Profit/(Loss) before tax & Exceptional Items	(1,90,71,766)	(52,70,786)
Adjustments for - Depreciation	2,39,41,500	2,90,74,876
- (Profit)/Loss on sale of assets	54,668	-
- Unrealised foreign exchange	-	3,10,997
- Bank & other charges	18,31,258	5,27,657
- Interest	2,09,41,282	2,59,25,950
- Interest Income	(6,66,424)	(13,09,081)
- Exceptional Items	-	(6,81,42,083)
Operating Profit/(Loss) before Working Capital changes	<u>2,70,30,518</u>	<u>(1,88,82,470)</u>
Adjustments for - Trade and other Receivables	(39,94,248)	1,47,17,420
- Inventories	(35,41,066)	3,14,03,778
- Trade and other Payables	(1,32,28,287)	16,34,527
Direct Taxes	4,65,786	(5,20,316)
Net Cash Flow from Operating activities	<u>67,32,703</u>	<u>2,83,52,939</u>
B. Cash flow from Investing activities		
Purchase of Fixed Assets	(3,06,79,305)	(4,92,587)
Sale of Fixed Assets	50,246	-
Interest Received	5,77,238	11,29,856
Net Cash Flow from Investing activities	<u>(3,00,51,821)</u>	<u>6,37,269</u>
C. Cash flow from Financing activities		
Net increase/(decrease) in Bank Borrowings for working capital	(17,46,851)	(42,25,628)
Bank & other charges	(18,31,258)	(5,27,657)
Long Term Borrowings taken	25,26,00,000	4,81,56,395
Repayment of Long Term Borrowings	(20,69,00,309)	(4,18,75,000)
Interest paid	(3,15,92,337)	(1,48,04,977)
Net Cash Flow from Financing activities	<u>1,05,29,245</u>	<u>(1,32,76,867)</u>
Cash Equivalents (A+B+C)	<u>(1,27,89,873)</u>	<u>1,57,13,341</u>
Cash and Cash Equivalents at the beginning of the year	1,92,99,050	35,85,709
Cash and Cash Equivalents at the end of the year	65,09,177	1,92,99,050

Note: Cash and Cash Equivalents represent Cash and Bank balance (refer schedule 7)
Fixed Deposits of Rs.13,88,000 are pledged with bank(s) towards margin money
Previous period 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
April 24, 2010

For and on behalf of the Board

Sunil Mehta
Vice President

H. Bakshi
C. Bhaskar
S. Ragothaman
Directors

XPRO GLOBAL LIMITED : ANNUAL REPORT 2009/10

BOARD OF DIRECTORS

Sri Sidharth Birla
Sri C. Bhaskar
Sri S. Ragothaman
Sri U. C. Jain

REGISTERED OFFICE

Birla Building, 2nd Floor,
9/1, R.N. Mukherjee Road,
Kolkata 700 001

REPORT OF THE DIRECTORS TO THE MEMBERS

We have pleasure in presenting herewith our Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2010.

Review of Operational Matters

The continuing global economic downturn which characterised much of 2009 gave way to a robust recovery in the Indian economy during the second half of the year. The market for luxury products, however, saw reduced demand with lower levels of spending power and consumer confidence, particularly within the typical target consumer for high-end audio systems. The Audio-Video systems from ARCAM, UK brought to India by the Company continued to be well received. New models, including state-of-art Receivers and Processors, launched globally by Arcam, and brought to India by the Company, also received very good ratings by industry specialists worldwide. However, withdrawal by Arcam of its medium-budget range and the depreciation of the Rupee against the pound sterling led to higher average unit selling prices in an already depressed demand situation. Sales during the year were lower at Rs.28.77 lacs against Rs.39.87 lacs during the previous year. Total systems sold at 52 (against 99) reflected the conservatism in luxury product purchase patterns typical during downturns, with increasing share of higher priced systems despite overall lower volumes. Working for the year yielded a profit before tax of Rs.1.07 lacs out of which a provision for tax of Rs.0.33 lacs has been made and the balance amount, including amounts brought forward, of Rs.3.98 lacs is carried to the balance sheet. Following a decision to retain focus on the business of high-end consumer goods and luxury products, the Company has transferred to another subsidiary of the holding Company, specialising in BOPP Film related activities, the preparatory work undertaken on the proposed BOPP Films project.

Statutory and Other Matters

Sri S Ragothaman, Director of the Company, retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for reappointment.

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, the Directors indicate that they have taken reasonable and bonafide care that: (a) in 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) such accounting policies were selected and applied consistently and judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year; (c) proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the Company's assets and for preventing and detecting fraud and other irregularities; and (d) these accounts have been prepared on a 'Going Concern' basis.

The Company has obtained a certificate (copy annexed to this Report) from a Secretary in whole-time practice confirming that the Company has complied with all provisions of the Companies Act, 1956.

M/s. S.V. Kedia & Co., Chartered Accountants, retire as Auditors and, being eligible, offer themselves for reappointment.

The provisions of Section 217 (2A) of the Companies Act, 1956 are not applicable to the Company as there are no employees drawing remuneration exceeding Rs. 24 lacs per annum.

Particulars of Conservation of Energy and Technology absorption and Foreign Exchange Earnings prescribed under the Companies (Disclosure of Particulars in Report of the Board of Directors) Rules, 1988 are not applicable to the Company. Foreign Exchange outgo (CIF) on account of imports was Rs. 21,79,712 (previous year: Rs.19,59,997).

For and on behalf of the Board

New Delhi
April 23, 2010

SIDHARTH BIRLA
C. BHASKAR
S RAGOTHAMAN
Directors

XPRO GLOBAL LIMITED : ANNUAL REPORT 2009/10

ANNEXURE TO THE DIRECTORS' REPORT

COMPLIANCE CERTIFICATE

To the Members of
Xpro Global Limited

I have examined the registers, records, books and papers of **M/s. XPRO GLOBAL LTD.** (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **March 31, 2010** (Financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being a limited company has the minimum prescribed paid-up capital.
4. The Board of Directors duly met four times respectively on April 29, July 22, October 21, 2009 and January 25, 2010 in respect of which proper notices of meetings were given and the proceedings were properly recorded and signed including the circular resolutions, if any, passed, in the Minute Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year as there was no dividend declared during the year.
6. The Annual General Meeting for the financial year ended on March 31, 2009 was held on July 15, 2009, after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minute Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the year.
8. The Company has not advanced any loans to its directors and/or persons or firms or companies referred to under section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company has maintained the register under section 301 of the Act and have complied with the provisions of the Act.
11. As there was no instance falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government as the case may be.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has
 - (i) delivered all the certificates on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;
 - (ii) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year;
 - (iii) not posted warrants to any member of the Company as no dividend was declared during the financial year;
 - (iv) not transferred the amounts in unpaid dividend account, since no amounts remained unclaimed or unpaid for a period of seven years in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon, to Investor Education and Protection Fund;
 - (v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. The appointment of directors, additional directors, alternate directors and directors to fill casual vacancy were made during the year as per provisions of the Act.
15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Regional Director and Registrar of Companies, West Bengal during the year.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any Equity Shares during the financial year.
20. The Company has not bought back any share/s during the financial year.

XPRO GLOBAL LIMITED : ANNUAL REPORT 2009/10

21. There was no redemption of Preference Share(s) / Debenture(s) during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividends, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any advances or deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. The Company has not made any borrowings during the Financial Year.
25. The Company has not made any loans or advances, or given guarantees or provided securities to other bodies corporate during the financial year.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association during the year.
31. As informed by the Company, there was no prosecution initiated against or show cause notices received by the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not deducted any contribution to Provident Fund as it does not come under the purview of Provident Fund Act.

Kolkata
April 23, 2010

K.C. Khowala
Practicing Company Secretary
C.P. No.: 2421

ANNEXURE 'A'

Registers as maintained by the Company

- | | |
|--|---------|
| 1. Register of Members | u/s 150 |
| 2. Register of Contract(s) | u/s 301 |
| 3. Register of Directors, Managing Director, Manager and Secretary | u/s 303 |
| 4. Register of Directors' Shareholdings | u/s 307 |
| 5. Register of Transfers | |
| 6. Books of Accounts | u/s 209 |
| 7. Minutes Book for Meeting of the Board and General Meeting | u/s 193 |

ANNEXURE 'B'

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended on 31st March 2010.

1. Audited Accounts in Form 23AC and Form 23ACA for the year ended March 31, 2009 u/s 220 were filed on August 11, 2009.
2. Annual Return u/s 159 in Form 20B for A.G.M. held on 15.07.2009 was filed on August 11, 2009.
3. Compliance Certificate u/s 383A in Form 66 was filed on August 11, 2009.

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AUDITORS' REPORT TO THE MEMBERS

We have audited the attached balance sheet of Xpro Global Limited as at March 31, 2010 and also the profit and loss account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report that:

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we annexe a Statement on the matters specified in the paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - i) 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;
 - ii) In our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination of such books;
 - iii) The Balance Sheet and the Profit and Loss Account referred to by this report are in agreement with the books of accounts of the Company;
 - iv) In our opinion, the Balance Sheet and the Profit & Loss Account comply with the Accounting Standards as referred to in Section 211(3C) of the Companies Act, 1956;
 - v) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified from being appointed as Director of the Company under section 274(1)(g) of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with the Notes thereon appearing in Schedule of Significant Accounting Policies and Notes on 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:
 - a) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2010;
 - b) in the case of the Profit and Loss Account, of the Profit of the company for the year ended on that date; and
 - c) In the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For S.V. Kedia & Co.
Chartered Accountants
(Registration No.324122E)

Kolkata
April 23, 2010

Vineet Kedia
Proprietor
Membership No.059660

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (1) of our report of even date to the members of Xpro Global Limited for the year ended March 31, 2010)

1. (a) The company does not have any fixed assets as yet and as such clauses i(a), i(b) and i(c) of paragraph 4 of the aforesaid Order are not applicable.
2. (a) The stock of Audio Systems and Accessories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable having regard to the nature of business of the Company.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory of traded goods and no material discrepancies were noticed on physical verification of such inventory during the year.

XPRO GLOBAL LIMITED : ANNUAL REPORT 2009/10

3. The company has neither granted nor taken any loans to and from companies, firms or other parties covered in the register, maintained under section 301 of the Companies Act, 1956. Accordingly, the clauses 4(iii) (b) to (d) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase and for the sale of goods. During the course of our audit no major weaknesses have been noticed in the internal controls.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 and exceeding the value of Rs. Five lakhs, if any, in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. As explained to us, the Central Government has not prescribed maintenance of cost records for any of the products of the Company.
9. (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, sales tax, wealth tax, custom duty, excise duty, cess and other statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues, which have remained outstanding as at March 31, 2010 for a period of more than six months from the date they became payable.
(b) According to the records of the company, there are no dues of sales tax, income-tax, customs, wealth tax, excise duty, cess which have not been deposited on account of disputes.
10. The company has no accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to banks. There were no dues to financial institution or debenture holders during the year.
12. Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. Clause (xiii) of the Order is not applicable to the Company as the Company is not a chit fund Company or nidhi/mutual benefit fund/society.
14. The Company has not dealt with or traded in shares, securities or other investments and as such clause (xiv) of Paragraph 4 of the aforesaid Order is not applicable to the Company.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions.
16. Based on our examination of the records and the information and explanations given to us, the company has not taken any term loans.
17. Based on examination of documents and records made available and on the basis of information and explanations given to us, the company has not used funds raised on short term basis for long term investments and vice versa.
18. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that no preferential allotment of shares have been made by the Company to companies covered in the Register maintained under section 301 of the Companies Act.
19. No debentures have been issued by the Company during the year.
20. The company has not raised any money by public issues during the year.
21. Based on the audit procedures performed and according to the information and explanations given by the management to us, we report that no fraud on or by the Company, has been noticed or reported during the course of our audit.

For S.V. Kedia & Co.
Chartered Accountants
(Registration No.324122E)

Kolkata
April 23, 2010

Vineet Kedia
Proprietor
Membership No.059660

XPRO GLOBAL LIMITED : ANNUAL REPORT 2009/10

BALANCE SHEET

AS AT MARCH 31, 2010

	Schedule	<u>March 31, 2010</u>	<u>March 31, 2009</u>
		Rs.	Rs.
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	52,50,000	52,50,000
Reserves & Surplus	2	<u>3,97,810</u>	<u>3,20,426</u>
		<u>56,47,810</u>	<u>55,70,426</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Capital work in progress		-	17,72,930
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	3	31,09,709	23,94,782
Sundry Debtors	4	8,48,371	7,56,712
Cash & Bank Balances	5	16,97,992	8,12,018
Loans & Advances	6	<u>2,11,468</u>	<u>63,400</u>
		<u>58,67,540</u>	<u>40,26,912</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
Liabilities	7	(1,54,130)	(1,63,016)
Provisions	8	<u>(65,600)</u>	<u>(66,400)</u>
		<u>(2,19,730)</u>	<u>(2,29,416)</u>
NET CURRENT ASSETS		<u>56,47,810</u>	<u>37,97,496</u>
		<u>56,47,810</u>	<u>55,70,426</u>

NOTES ON ACCOUNTS & ACCOUNTING POLICIES

12

As per our report of even date
For S.V. Kedia & Co
Chartered Accountants

For and on behalf of the Board

VINEET KEDIA
Proprietor
Membership No.059660
Kolkata
April 23, 2010

SIDHARTH BIRLA
C. BHASKAR
S. RAGOTHAMAN
Directors

XPRO GLOBAL LIMITED : ANNUAL REPORT 2009/10

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	<u>2009-2010</u> Rs.	<u>2008-2009</u> Rs.
<u>INCOME</u>			
Sales		28,76,872	39,86,964
Other Income	9	<u>7,063</u>	<u>76,527</u>
		<u>28,83,935</u>	<u>40,63,491</u>
<u>EXPENDITURE</u>			
Materials	10	21,97,112	28,96,898
Manufacturing & Other Expenses	11	5,34,540	10,57,076
Interest & Financial Charges		<u>45,042</u>	<u>4,767</u>
		<u>27,76,694</u>	<u>39,58,741</u>
PROFIT/(LOSS) BEFORE TAX		1,07,241	1,04,750
Provision for Tax		(33,200)	(32,400)
Short/Excess Provision for earlier years		<u>3,343</u>	-
PROFIT/(LOSS) AFTER TAX		<u>77,384</u>	<u>72,350</u>
Add: Balance brought forward		<u>3,20,426</u>	<u>2,48,076</u>
BALANCE CARRIED TO BALANCE SHEET		<u>3,97,810</u>	<u>3,20,426</u>
Earnings per Share (Basic & Diluted) [Note 2 of Schedule 12]		0.15	0.14

NOTES ON ACCOUNTS & ACCOUNTING POLICIES 12

As per our report of even date
For S.V. Kedia & Co
Chartered Accountants

VINEET KEDIA
Proprietor
Membership No.059660
Kolkata
April 23, 2010

For and on behalf of the Board

SIDHARTH BIRLA
C. BHASKAR
S. RAGOTHAMAN
Directors

XPRO GLOBAL LIMITED : ANNUAL REPORT 2009/10

SCHEDULES

Annexed to and forming part of the Balance Sheet as at and Profit and Loss Account for the Year ended March 31, 2010

	<u>March 31, 2010</u>	<u>March 31, 2009</u>
	Rs.	Rs.
1. SHARE CAPITAL		
<u>Authorised</u>		
10,00,000 Equity Shares of Rs.10 each (Previous Year: 10,00,000)	<u>1,00,00,000</u>	<u>1,00,00,000</u>
<u>Issued, Subscribed & Paid up</u>		
50,000 Equity Shares of Rs.10 each fully paid up in cash (previous year: 50,000)	5,00,000	5,00,000
9,50,000 Equity Shares of Rs.10 each partly paid up of Rs.5 each in cash (previous year: 9,50,000)	47,50,000	47,50,000
(The entire paid up share capital of the Company is held by the holding Company, Xpro India Limited and its nominees)	<u>52,50,000</u>	<u>52,50,000</u>
2. RESERVES & SURPLUS		
Balance as per Profit & Loss Account	77,384	
Add: Profit brought forward from Previous Year	<u>3,20,426</u>	
	<u>3,97,810</u>	<u>3,20,426</u>
	3,97,810	3,20,426
3. INVENTORIES		
Traded Goods (Lower of cost or Net Realisable Value)	<u>31,09,709</u>	<u>23,94,782</u>
	31,09,709	23,94,782
4. SUNDRY DEBTORS		
(Unsecured – Considered Good)		
Over Six Months	-	2,89,975
Below Six Months	<u>8,48,371</u>	<u>4,66,737</u>
	8,48,371	7,56,712
5. CASH & BANK BALANCES		
Cash in hand (as certified)	9,847	9,386
Balances with Scheduled Banks		
- Current Accounts	<u>16,88,145</u>	<u>8,02,632</u>
	16,97,992	8,12,018
6. LOANS & ADVANCES		
(Unsecured - Considered Good)		
Advances recoverable in cash or in kind or for value to be received	1,22,160	-
Deposit with Government & Others	<u>89,308</u>	<u>63,400</u>
	2,11,468	63,400
7. CURRENT LIABILITIES		
Sundry Creditors/Outstanding Dues	<u>1,54,130</u>	<u>1,63,016</u>
	1,54,130	1,63,016
8. PROVISIONS		
Provision for Tax	<u>65,600</u>	<u>66,400</u>
	65,600	66,400
9. OTHER INCOME		
Interest Received (TDS Rs.Nil; Previous Year: Rs. 9,261)	5,933	66,405
Others	<u>1,130</u>	<u>10,122</u>
	7,063	76,527

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	<u>2009-2010</u>	<u>2008-2009</u>
	Rs.	Rs.
10. MATERIALS		
Opening Stock	23,94,782	24,15,181
Purchases of Trading Materials	<u>29,12,039</u>	<u>28,76,499</u>
	53,06,821	52,91,680
Less: Closing Stock	<u>31,09,709</u>	<u>23,94,782</u>
	21,97,112	28,96,898
11. MANUFACTURING & OTHER EXPENSES		
Administrative & Other Expenses - Schedule 'A'	<u>5,34,540</u>	<u>10,57,076</u>
	5,34,540	10,57,076
A. ADMINISTRATIVE & OTHER EXPENSES		
Advertisement	2,92,200	4,25,000
Communication	-	14,462
Director's Fees	6,500	7,000
Freight & Transport - Outwards	28,072	40,056
Insurance	19,275	12,462
Miscellaneous	53,993	1,11,797
Professional & Legal	1,26,500	2,67,472
Travelling/Conveyance	<u>8,000</u>	<u>1,78,827</u>
	5,34,540	10,57,076

12. NOTES ON ACCOUNTS & ACCOUNTING POLICIES

1. With a view to retain focus on the business of high-end consumer goods and luxury products, the preparatory work undertaken on a proposed BOPP Films project (on which the Company had spent about Rs.17.72 lakhs) has been transferred, at cost, during the year to another subsidiary of the Holding Company, specialising in BOPP Film manufacture.

2. Earning per share (EPS) – The numerators and denominators used to calculate Basic and Diluted Earnings per share:

		<u>Year Ended</u>	<u>Year Ended</u>
		<u>March 31, 2010</u>	<u>March 31, 2009</u>
Profit attributable to the Equity Shareholders (Rs.)	(A)	77,384	72,350
Basic/weighted average number of equity shares outstanding during the year	(B)	5,25,000	5,25,000
Nominal Value of Equity Share (Rs.)		10	10
Basic/Diluted EPS (Rs.)	(A)/(B)	0.15	0.14

3. Auditors' Remuneration:

	<u>2009-2010</u>	<u>2008-2009</u>
	Rs.	Rs.
Audit fee	2,000	2,000
For other services		
-- Tax Audit	2,000	2,000
-- Certification and other matters	<u>1,000</u>	<u>1,000</u>
	5,000	5,000

4. Related Party Disclosures:

a) List of Related Parties:

- i) Parties where control exists: Holding Company: Xpro India Limited;
- ii) Other subsidiaries of Holding Company: Biax Speciality Films Private Limited;

b) Transactions with Related Parties: *(Previous period figures in italics)*

- i) With related party referred to in a(i) above: Loans Received & Repaid: Rs.20,50,000 (*Rs.6,00,000*); Interest Paid: Rs.45,042 (*Rs.4,767*);
- ii) With related party referred to in a(ii) above: Transfer of Capital Work in Progress: Rs.17,72,930 (*Nil*);

- c) Related party relationships have been identified by the management and relied upon by the auditors.

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5. Previous year figures have been regrouped wherever considered necessary.
6. Contingent liabilities not provided for

	March 31, 2010	March 31, 2009
	Rs.	Rs.
- Estimated amount of Contracts remaining to be executed on Capital Account (net of advances)	-	1,51,51,122

7. 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 standards. The company follows mercantile system of accounting and recognises 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, these continue to be accounted for on settlement basis.

b. TAXATION :

Tax liability of the company is estimated considering the provisions of the Income Tax Act,1961. Deferred Tax is recognised 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.

c. INVENTORIES :

Inventories are valued "at lower of cost and net realisable value". Cost is determined on the weighted average method and other costs incurred in bringing the inventories to their present location and condition.

d. 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.

e. CONTINGENT LIABILITIES:

Contingent liabilities are not provided for, but are disclosed by way of notes.

8. STATISTICAL DATA:

		2009-2010		2008-2009	
A Sales	Units	Quantity	Rs.	Quantity	Rs.
Audio Systems & Accessories	Nos.	52	28,76,872	99	39,86,964
		52	28,76,872	99	39,86,964
B Purchases					
Audio Systems & Accessories	Nos.	59	29,12,039	142	28,76,499
		59	29,12,039	142	28,76,499
C Opening and Closing Stocks					
		March 31, 2010		April 1, 2009	
	Units	Quantity	Rs.	Quantity	Rs.
Audio Systems & Accessories	Nos.	95	31,09,709	88	23,94,782
Others		-	-	45	24,15,181
		95	31,09,709	88	23,94,782
				45	24,15,181
D Foreign Currency Transactions					
			2009-2010	2008-2009	
			Rs.	Rs.	
Imports (CIF Value)					
- Traded Goods			21,79,712	19,59,997	
			21,79,712	19,59,997	

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

I Registration Details			
CIN	U36900WB2001PLC093098	State Code No.	21
Balance Sheet Date	31.03.2010		
II Capital raised during the year (Amount in Rs. Thousand)			
Public issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)			
Total Liabilities	5,648	Total Assets	5,648
Sources of Funds			
Paid-up Capital	5,250	Reserves & Surplus	398
Secured Loans	NIL	Unsecured Loans	NIL
Application of Funds			
Net Fixed Assets	-	Investments	NIL
Net Current Assets	5,648	Misc. Expenditure	NIL
Accumulated Losses	NIL		
IV Performance of Company (Amount in Rs. Thousand)			
Turnover/Other Income	2,884	Total Expenditure	2,777
Profit/(Loss) Before Tax	107	Profit/(Loss) After Tax	77
Earning per Share in Rs.	0.15	Dividend Rate %	NIL
V Generic Names of Three Principal Products/Services of Company (As per Monetary Terms)			
Item Code No.(ITC Code)	85184000	85219020	85199910
Product Description	Audio Amplifier	DVD Player	Audio CD Player

10. Schedules 1 to 12 are annexed to and form part of the Accounts.

As per our report of even date
For S.V. Kedia & Co
 Chartered Accountants

VINEET KEDIA
Proprietor
 Membership No.059660
 Kolkata
 April 23, 2010

For and on behalf of the Board

SIDHARTH BIRLA
C. BHASKAR
S. RAGOTHAMAN
Directors

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CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	<u>March 31, 2010</u>	<u>March 31, 2009</u>
	Rs.	Rs.
A. Cash flow from Operating activities		
Net Profit/(Loss) before tax	1,07,241	1,04,750
Adjustments for		
- Interest Income	(5,933)	(76,527)
- Interest Expense	45,042	4,767
Operating Profit/(Loss) before Working Capital changes	1,46,350	32,990
Adjustments for		
- Trade and other Receivables	(2,39,727)	1,48,046
- Inventories	(7,14,927)	20,399
- Trade and other Payables	(9,686)	1,13,189
Direct Taxes	(29,857)	(32,400)
Net Cash Flow from Operating activities	(8,47,847)	2,82,224
B. Cash flow from Investing activities		
Payments for Capital Work in Progress	-	(17,72,930)
Sale of Fixed Assets	17,72,930	
Interest Received	5,933	76,527
Net Cash Flow from Investing activities	17,78,863	(16,96,403)
C. Cash flow from Financing activities		
Interest Paid	(45,042)	(4,767)
Net Cash Flow from Financing activities	(45,042)	(4,767)
Cash Equivalents (A+B+C)	8,85,974	(14,18,946)
Cash and Cash Equivalents at the beginning of the year	8,12,018	22,30,964
Cash and Cash Equivalents at the end of the year	16,97,992	8,12,018

Note: Cash and Cash Equivalents represent Cash and Bank balance

As per our report of even date
For S.V. Kedia & Co
Chartered Accountants

VINEET KEDIA
Proprietor
Membership No.059660
Kolkata
April 23, 2010

For and on behalf of the Board

SIDHARTH BIRLA
C. BHASKAR
S. RAGOTHAMAN
Directors

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 Thirteenth Annual General Meeting of
the Company to be held on Thursday, 22nd day of July, 2010 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 2010.

Signature

Affix Fifteen Paise Revenue Stamp here

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 Thirteenth Annual General Meeting of the Company held on Thursday, 22nd
day of July, 2010 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: