



Quality Assured Company
ISO-9001:2000



ANNUAL REPORT 2008-2009

PASUPATI ACRYLON LIMITED

BOARD OF DIRECTORS

(As on 19.11.2009)

Managing Director

Shri Vineet Jain

Directors

Shri M.M. Kohli

Shri Ravinder Kapur

Shri S. Sathyamoorthy

Shri Rakesh Gupta (PICUP Nominee)

Shri K.D. Sharma (PICUP Nominee)

Shri S.C. Malik Director (Finance)

AVP (Finance) &
Company Secretary
Rakesh Mundra

Auditors

M/s. B.K. Shroff & Co.
New Delhi

Bankers

Allahabad Bank
State Bank of Patiala
UCO Bank
Bank of Maharashtra
State Bank of Travancore
Bank of Baroda
Canara Bank

Regd. Office & Works

Thakurdwara
Kashipur Road
Distt. Moradabad (U.P.)- 244 601
Ph: 0591-2241352-55, 2241263
05947-275506, Fax: 0591-2241262
Email: works@pasupatiacrylon.com

Corporate Office

M-14, Connaught Circus,
(Middle Circle)
New Delhi-110 001
Ph : 011-47627400
Fax : 011-47627497
Email: delhi@pasupatiacrylon.com

Registrar & Share Transfer Agents

MCS Ltd.

F-65, Okhla Industrial Area
Phase-I, New Delhi-110 020
Ph: 011-41406149 Fax: 011-41406148
Email: admin@mcsdel.com

NOTICE

Notice is hereby given that the 26th Annual General Meeting of the members of Pasupati Acrylon Ltd., will be held on Saturday the 16th day of January 2010 at the plant premises of Pasupati Acrylon Ltd., Village Thakurdwara, Kashipur Road, Distt. Moradabad (U.P.) at 1.30 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account of the company for the period ended on September 30, 2009 (18 months) the Balance Sheet as on date, Auditors' Report thereon and the Director's Report.
2. To appoint a Director in place of Shri Ravinder Kapur, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri S. Sathyamoorthy, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification(s), the following resolutions:

As Ordinary Resolution(s)

5. "RESOLVED that pursuant to section 198, 269, 309 and 311 read with schedule XIII to the Companies Act, 1956 and subject to the approval of the Central Government, Shareholders and such other approvals, permissions, if any, as may be necessary and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification or re-enactment thereof, the re-appointment of Shri Vineet Jain, Managing Director of the Company for a period of five years w.e.f 1st October, 2009 be and is hereby approved on the terms of remuneration stated in the explanatory statement and in the event of inadequacy or absence of profit under section 349 and 350 of the said Act in any financial year, the remuneration comprising salary, perquisites and benefits as approved herein be paid as minimum remuneration to the said Managing Director for a period of five years.

RESOLVED FURTHER that the Board of Directors of the Company or a Remuneration Committee thereof be and is hereby authorized to vary and or revise the remuneration of the said Managing Director with the overall limits approved herein and settle any question or difficulty in connection therewith and incidental thereto."

6. "RESOLVED that pursuant to section 198, 269, 309 and 311 read with schedule XIII to the Companies Act, 1956 and subject to the approval of the Central Government, Shareholders and such other approvals, permissions, if any, as may be necessary and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification or re-enactment thereof, the re-appointment of Shri S.C. Malik, Director (Finance) of the Company for a period of five years w.e.f 1st October, 2009 be and is hereby approved on the terms of remuneration stated in the explanatory statement and in the event of inadequacy or absence of profit under section 349 and 350 of the said Act

in any financial year, the remuneration comprising salary, perquisites and benefits as approved herein be paid as minimum remuneration to the said Director Finance for a period of five years.

RESOLVED FURTHER that the Board of Directors of the Company or a Remuneration Committee thereof be and is hereby authorized to vary and or revise the remuneration of the said Director Finance with the overall limits approved herein and settle any question or difficulty in connection therewith and incidental thereto."

By order of the Board
PASUPATI ACRYLON LIMITED
(Rakesh Mundra)
Company Secretary

Place : New Delhi

Dated : 19th November 2009

Registered Office

Thakurdwara Kashipur Road

Distt. Moradabad Uttar Pradesh

NOTES:-

- 1 (a) A member entitled to attend and vote, is entitled to appoint a proxy to attend and vote on his behalf and such a proxy need not be a member.
(b) Proxies in order to be effective must be received at the Registered office of the Company, not less than 48 hours before the Annual General Meeting.
(c) Members/proxies should bring the Attendance Slip duly filled in for attending the meeting.
2. Information relating to item No. 2, 3, 5 & 6 as required under clause 49 of the Listing Agreement with the Stock Exchanges and explanatory statement relating to item No(s). 5 & 6 pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 07.01.2010 to 16.01.2010 (both days inclusive).
4. Members who hold shares in de-materialised form are requested to bring their client ID and DP ID numbers for facilitating identification for attendance at the meeting.
5. Members who are holding shares in identical names under more than one Folio are requested to write to the Company to consolidate their shareholdings under one Folio. The members are also requested to notify to the Company any change in their address.
6. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m.
7. The members can contact/write to the Company at its Corporate Office at M-14, Connaught Circus (Middle Circle), New Delhi-110001 in addition to its Registered Office.
8. Members needing any information are requested to write to the company at its above said Corporate Office at least 7 days in advance of the Annual General Meeting, so as to enable the management to keep the information ready at the meeting.
9. Member(s) are advised to avail of nomination facilities pursuant to Section 109A of the Companies (Amendment) Act, 1999. They may nominate a person in the prescribed manner i.e. by enclosing Form 2B (enclosed with the Annual Report), under Rule 4CCC and 5D duly filled and signed by the Member(s) to whom his/her shares shall vest in the event of his/her death. They may send the nomination form to the Company at its Corporate Office directly.

ANNEXURE TO THE NOTICE

Brief resume and other information, in respect of the Director(s) seeking re-appointments at the Annual General Meeting, as required under Clause 49(vi) of the Listing Agreement with the Stock Exchanges are given hereunder:

ITEM NO.2 & 3

Name of Director	Mr. Ravinder Kapur	Mr. S. Sathyamoorthy
Date of Birth	02.03.1937	03.12.1944
Date of Appointment	24.04.1984	29.06.2006
Experience in specific functional area	Practicing Chartered Accountant and an expert in Finance.	Retd. Dy Comptroller & Auditor General in the Rank of Secretary to Govt. of India with expertise in the fields of Audit, Accounts and also have very rich assorted experience in the field of Economic, Law and General Management.
Qualification	Chartered Accountant	B. Com, I.A.A.S, C.A.I.I.B, Post Graduate Diploma in Development Finance (U.K)
Directorship in other public limited Companies	Nil	Nil
Member / Chairman of committee of the Board of the public limited companies on which he is a director	Except Chairman in Audit Committee and Member in Remuneration Committee and Share Transfer cum Shareholders Grievance Committee of Pasupati Acrylon Limited, Shri Kapur does not occupy Committee membership in any other Public Limited Company.	Nil

ITEM NO.5

Re-appointment of Shri Vineet Jain as Managing Director

Shri Vineet Jain, B.B.A. (London), aged 40 years, has been in the service of your Company since 1990. He was elevated as Joint Managing Director in the year 1994 and Managing Director in the year 1997. Except Member in Share Transfer-cum-Shareholders Grievance Committee of Pasupati Acrylon Limited, Shri Vineet Jain does not occupy the position of Directorship/Committee Membership in any other Public Limited Company.

ITEM NO.6

Re-appointment of Shri S.C. Malik as Director (Finance)

Shri S.C. Malik is a Fellow Member of the Institute of Chartered Accounts of India, aged 60 years, has been in the service of your Company since 1990 and had held senior positions in Finance and Accounts Departments of your Company, before he was appointed as Director (Finance) in the year 1994.

Except Member in Share Transfer-cum-Shareholders Grievance Committee and Audit Committee of Pasupati Acrylon Limited, Shri Malik does not occupy the position of Directorship/Committee Membership in any other Public Limited Company.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 5 & 6

The Board of Directors of the Company at its meeting held on 31st July 2009 has re-appointed Shri Vineet Jain Managing Director and Shri S. C. Malik, Director (Finance) both for a period of five years w.e.f. 1st October, 2009 on the terms of remuneration approved by the Remuneration Committee as per details hereunder subject to approval of the shareholders and the Central Government.

The broad particulars of remuneration payable to and terms of the respective re-appointment of Shri Vineet Jain for a period of five years w.e.f. 1st October, 2009 is as under:

1. Salary (Basic) per month Rs.2,00,000/-
2. Allowances / perquisites:-
 - a) House Rent Allowance 60% of the Basic Salary i.e. Rs.1,20,000/- per month.
 - b) Leave Travel Allowance Rs.2,00,000 i.e. equivalent to one month's basic salary.
 - c) Medical Allowance Rs.2,00,000 i.e. equivalent to one month's basic salary.

- d) Club Fee Actual fees subject to a maximum of Rs.30,000/- per annum.
- e) Depreciation on furniture As per Income Tax Rules.
- f) Personal Accident Premium For a maximum of Rs.15,000/- per annum
- g) Medical Insurance Premium For a maximum of Rs.15,000/- per annum
- h) Contribution to Provident Fund and Superannuation fund will be as per Rules of the Company. At present the same shall be 12% and 13% respectively of basic salary.
- i) Gratuity payable shall be at a rate not exceeding 15 days salary for each completed year of service or part thereof in excess of six months as per Rules of the Company.
- j) Encashment of unavailed leave at the end of the tenure as per rules of the Company.

The broad particulars of remuneration payable to and terms of the respective re-appointment of Shri S.C. Malik for a period of five years w.e.f. 1st October, 2009 is as under:

1. Salary (Basic) per month Rs.85,000/-
2. Allowances / perquisites:-
 - a) House Rent Allowance Rs.10,000/- per month.
 - b) Leave Travel Allowance The yearly payment in the form of allowance shall be equivalent to one month's basic salary.
 - c) Medical Reimbursement Expenditure incurred by the Director (Finance) and his family, subject to a ceiling of Rs.15,000/- per annum.
 - d) Personal Accident Premium For a maximum of Rs.10,000/- per annum
 - e) Medical Insurance Premium For a maximum of Rs.10,000/- per annum
 - f) Contribution to Provident Fund and Superannuation fund will be as per Rules of the Company. At present the same shall be 12% and 13% respectively of basic salary.
 - g) Gratuity payable shall be at a rate not exceeding 15 days salary for each completed year of service or part thereof in excess of six months as per Rules of the Company.
 - h) Encashment of unavailed leave at the end of the tenure as per rules of the Company.

In the event of inadequacy or absence of profits under Section 349 and 350 of the Companies Act, 1956, in any year or years, Shri Vineet Jain, Managing Director and Shri S.C. Malik, Director (Finance) shall be entitled to minimum remuneration comprising salary, perquisites and benefits as detailed above for a period of five years in the aggregate subject to necessary approvals.

The respective arrangement may be terminated by either party (company or the concerned Director (Finance)) by giving the other Three month's prior notice of termination in writing.

If at any time Whole-time Director (Finance) ceases to be a Director of the Company for any cause whatsoever, he shall cease to be Director (Finance) of the company.

Director (Finance) is liable to retire by rotation.

Shri Vineet Jain and Shri S. C. Malik are interested in this resolution which pertains to their re-appointment and / or remuneration payable to each of them.

Save and except the above, none of the Directors of the Company, in any way, concerned or interested in the resolution(s).

Your Directors recommended the resolutions set out at Item No.5 & 6 of the Notice for approval of the Shareholders.

The above may also be treated as an abstract of the terms of contract / agreements between the company and Shri Vineet Jain and Shri S.C. Malik respectively pursuant to Section 302 of the companies Act, 1956.

By order of the Board
PASUPATI ACRYLON LIMITED
(Rakesh Mundra)
Company Secretary

Place: New Delhi
Dated: 19th November 2009
Registered Office
Thakurdwara, Kashipur Road
Distt. Moradabad Uttar Pradesh - 224601



DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting Annual Report of the Company together with the Audited Accounts for the period ended on 30th September, 2009 (18 Months).

FINANCIAL RESULTS

Salient financial results during the period under review as compared to the previous year are mentioned below:-

	1.4.2008- 30.09.2009 (18 months)	(Rs. in Crores) 2007-2008 (12 Months)
Sales (Gross) & Other Income	499.69	360.08
Profit before Interest & Depreciation	0.86	15.09
Financial Charges	12.27	8.72
Depreciation	9.06	10.37
Profit/(Loss) before Taxes	(20.47)	(4.00)
Payment/Provision for Taxes	0.21	0.21
Extra-ordinary Income (net)	17.94	-
Profit/(Loss) after Taxes	(2.74)	(4.21)

In the absence of divisible surplus, your Directors expresses their inability to recommend any dividend.

OPERATIONS

The financial year of Company was extended by six months thus covering 18 months period ended 30th September 2009.

The Company has recorded a production of 44948 MT and a Sale of 43606 MT during the period under review as against 31063 MT and 30596 respectively during the previous year. The gross turnover during the period was Rs.49682 Lacs as against Rs.35540 lacs in the previous year.

On account of global economic crisis coupled with high volatility in raw material prices, consequent to heavy fluctuation in crude prices which within a short period first rapidly moved to about 150 USD per barrel and then crashed sharply to about 40 USD per barrel. To make the matter worse the Indian Rupee depreciated more than 25% during April 2008 – March 2009 period, causing heavy losses as the Company makes the payment in USD for import of raw material. Due to such unprecedented volatility the Company suffered huge losses during June 2008 to December 2008 period, which partly could be recouped during April 2009 to Sept 2009 period as the raw material prices softened and sale prices remained stable.

Still the times are challenging and volatility in raw material prices are continuing. Though the volatility is not steep this time so far, but still such moves affect the working of the Company.

As reported last year due to inverted duty structure the CENVAT credit is increasing, resulting strain on cash flow, the situation is yet continuing. Though the Industry has time and again urged Government to provide relief by way of correcting the inverted duty structure, but the Government is yet to set right the anomaly.

During the period under review the Company settled dues of various financial institutions on one time settlement (OTS) basis. Interest waiver arising out of OTS amounting to Rs.1794.21 lacs has been credited to Profit & Loss Account and waiver in Principal amounting to Rs.637.32 has been credited to Capital Reserve Account.

MANAGEMENT DISCUSSION & ANALYSIS

a) Industry Structure and Developments

The Company/Industry imports (most of its requirement) raw-material i.e. A C N, M A, DMF etc. All these are derived from crude, as such any move upward or down ward affects the pricing of these products. Now it appears that crude will settle at 75-80 USD per barrel, resultant raw material prices will also move in narrow band, which will provide stability in selling prices.

b) Opportunities and Threat

The Company is dependent on imported raw materials to a large extent and any increase in crude oil price and foreign exchange fluctuation adversely affects the prospects of the Company.

Acrylic fibre competes with the Cotton and Polyester fibre. As such fluctuation in the prices of cotton and polyester affect the market prices and demand for Acrylic.

c) Segment-wise / Product-wise performance.

The Company has only one segment i.e. Acrylic Fibre.

d) Risk and Concern

As mentioned above the price of Polyester and Cotton will continue to influence consumption and capacity utilization of Acrylic Fibre. While cotton prices depend to a large extent on out-put and consumption trends, the price of polyester fibre is influenced by cotton price. Cost of input of polyester fibre and capacity utilization of the industry, the price movement of crude oil, demand and availability of propylene are the factors impacting the A C N prices and consequently cost of production of acrylic fibre. In the Indian context, besides the factors mentioned above, agricultural income general economic scenario, wholesale and consumer price level impact of the trade agreements with other countries and trade blocks etc. are also affects the demand of the acrylic fibre.

FUTURE OUTLOOK

As mentioned above raw material prices should settle in a narrow band of 10%, thus, selling prices should remain stable, which will boost customer confidence.

Your management is making continuous efforts to reduce cost of production by way of optimizing the resources.

EXPANSION OF CAPACITY

As reported last year your company is in the process to enhance capacity from 30000 MTPA to 42000 MTPA. The expanded production will add



DIRECTORS' REPORT (Contd.)

to the capabilities of the company to withstand the competition from domestic as well as international manufacturers.

ISO CERTIFICATION

Your Company is an ISO 9001:2000, accredited by Bureau of Indian Standard, Rooid Voor Accreditatie, Nederland. This certification indicates our commitments in meeting global quality and standards.

FIXED DEPOSITS

The outstanding public deposits at the end of the accounting period under review amounted to Nil. There was no default in repayment of deposits or interest thereon on the due dates and there was no overdue/unclaimed deposit at the end of the accounting period.

DIRECTORS

Shri Ravinder Kapur, and Shri S.Sathyamoorthy Directors retires by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

There has been following changes in the nominee directorship since the previous director's report ;

- PICUP Nominee Director Mr Prabhat Gupta resigned and Mr Prabhat Kumar was appointed in his place. Mr Prabhat Kumar resigned and Mr N Kannan was appointed in his place. Mr N Kannan resigned and Mr K D Sharma & Mr Rakesh Gupta were appointed.
- IFCI Nominee Director Mr Dinesh Sharma resigned and Mrs Shalini Soni was appointed at his place. Consequent to settlement with IFCI the nomination of Mrs Shalini Soni withdrawn by IFCI on 31.07.2009.

Your Directors placed on record their appreciation for the valuable services rendered by the respective Directors during their tenure.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956.

Your Directors hereby confirm that:-

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- ii) the directors had selected such accounting policies and applied them consistently and made 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 period and of the profit or loss of the company for that period;
- iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) the directors had prepared the annual accounts on a going concern basis.

HUMAN RESOURCES/INDUSTRIAL RELATIONS

The Company valued, human resources as its most valuable assets, among all other assets of the company. It has been the policy of the company to actuate the talent by providing opportunities to develop themselves within the organisation. The company continued to have a very cordial and harmonious relation with its employees.

INTERNAL CONTROL SYSTEM AND ADEQUACY

Your company has been maintaining a well-established procedure for internal control system. For the purpose of financial control, company is adequately staffed with experienced and qualified personnel at all levels and plays an important role in implementing and monitoring the statutory and internal policy control environment. There has been a review conducted on regular interval by the internal auditors about the financial and operating control at various locations of the company and any significant findings are reviewed by the Audit Committee of the Board of Directors.

EMPLOYEES

Information under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, is appended herewith.

CORPORATE GOVERNANCE

The company has complied with the Corporate Governance code as stipulated under the listing agreement executed with the Stock Exchanges. A separate section on Corporate Governance, alongwith a certificate from the auditors of the company confirming the compliance is annexed and forms part of this Report.

COST AUDIT

The reports of Mr.Satnam Singh Saggu, Cost Accountants, in respect of the Cost Accounts of the company for the period ended 30th September, 2009 will be submitted to the Central Government in due course.

AUDITORS AND THEIR REPORT

M/s.B.K.Shroff & Co., Chartered Accountants, New Delhi retires at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. The Company has received certificates from them under Section 224(1-B) of the Companies Act, 1956.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

A statement giving details of conservation of energy, technology absorption and foreign exchange earning and outgo in terms of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto and form part of this Report.

ACKNOWLEDGEMENT

Your Directors wish to place on record their deep appreciation of the continued support and co-operation received from Financial Institutions, Banks and Shareholders, the State and Central Government.

Your Directors also wish to place on record their appreciation of the devoted services of the Company's employees, which have in great way contributed to the Company's progress.

S.C. Malik
Director (Finance)

For and on behalf of the Board
Vineet Jain
Managing Director

Place : New Delhi
Dated : 19th November, 2009



DIRECTORS' REPORT (Contd.)

ANNEXURE TO DIRECTORS' REPORT

Statement of particulars Under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rule, 1975 forming part of Directors' Report for the period ended 30.09.2009.

Sl. No.	Name of employee	Age	Qualification	Exp. (yrs.)	Date of Employment	Designation	Remuneration	Last Employment held & Designation
Employed through the Financial year and in receipt of remuneration aggregating not less than Rs.24,00,000/- per annum								
1.	Vineet Jain	40	BBA (London)	19	01.01.1990	Managing Director	Rs.68,05,672/-	—

Notes :

- Perquisites have been valued in terms of actual expenditure incurred by the Company in providing the benefits to the employee except in the case of certain expenses where the actual amount of expenditure cannot be ascertained with reasonable accuracy, notional amount as per Income Tax Rules has been added. Actuarial valuation based contribution / provision with respect to gratuity and leave encashment have not been included as these are for the Company as a whole.
- The Employment is Contractual.

For and on behalf of the Board

Place : New Delhi

S.C. Mailk

Vineet Jain

Dated : 19th November 2009

Director (Finance)

Managing Director

(Additional Information in terms of Notification No.1029 of 16.12.1988 issued by the Department of Company Affairs)

[A] CONSERVATION OF ENERGY

(a) Energy conservation measures taken during the period under report are as under:

- Replacement of conventional type 2 x 40 W fluorescent fittings with high efficiency T-5 fittings.
- Installation of high efficiency vapour absorption Chiller.
- Installed variable speed drive in BCT and Reactor cooling water system.
- Introducing the electrical interlock system for reducing the blower speed automatically during the period when plant is under breakdown.
- Provided CFL fittings in place of Mercury vapour fittings in street light.

(b) Additional investments and proposals

Installation of variable speed drive at UCT cooling water system

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production.

On account of above measures there would be substantial savings.

(d) The total energy consumption per unit of production as per Form - A is annexed herewith.

[B] TECHNOLOGY ABSORPTION

Efforts made towards technology absorption are given as per Form-B is annexed herewith.

[C] FOREIGN EXCHANGE EARNINGS & OUTGO

(a) Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plan.

Your company has exported Fibre Rs.6.67 crores (FOB) as compared to Rs. 5.79 crores during the previous financial year, due to sluggish demand. Continuous efforts are being made to improve export performance.

(b) Total Foreign Exchange Used & Earned

Rs. in Lacs

Foreign Exchange Used	2008-09	2007-08
i) Travelling	23.42	17.03
ii) Interest & other charges	348.57	212.64
iii) Commission on export sales	5.41	2.89
iv) Other Charges	—	1.76
v) CIF Value of Imports		
- Raw Material	29391.21	21837.45
- Stores and spares	175.66	89.47
Foreign Exchange Earned :		
- FOB Value of Exports	667.28	578.80



DIRECTORS' REPORT (Contd.)

FORM - A (See Rule-2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

(A) POWER AND FUEL CONSUMPTION

		Period Ending September 30, 2009	Year Ending March 31, 2008	
1.	ELECTRICITY			
(a)	Own generation			
(i)	Through Diesel generator units (in lacs)	KWH	7.62	2.09
	Unit per Ltr. of Diesel Oil	KWH/Litre	3.14	2.99
	Cost/Unit	Rs./KWH	9.67	9.69
(ii)	Through turbines			
	Units (in lacs)	KWH	537.92	364.81
	Total Cost	Rs./Lacs	2522.80	1404.37
	Cost/Unit	Rs./KWH	4.47	3.85
2.	COAL			
	Quality of Coal and where used	'B', 'C' & 'D' grade Coal used in Boiler for generation of steam		
	Quantity – units	MT	109519	77607
	Total Cost	Rs./Lacs	5121.11	2989.74
	Average rate	Rs./MT	4676.00	3852.41
3.	HUSK			
	Quantity – units	MT	-	1806.69
	Total Cost	Rs./Lacs	-	40.95
	Average Rate	Rs./MT	-	2266.67
(B)	CONSUMPTION PER UNIT OF PRODUCTION			
	Products.			
	Acrylic Fibre/Tow/Tops			
	Electricity	MW/MT	1.21	1.20
	Coal ('B' 'C' & 'D' grade coal used in Boiler for generation of steam)	MT/MT	2.44	2.55
	Husk	MT/MT	-	0.06

DIRECTORS' REPORT (Contd.)

FORM - B
(See Rule-2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

(A) RESEARCH & DEVELOPMENT (R&D)

1. SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY :

- Development of Low Pill fibre with modified parameters.
- Development of High Dye Pick-up acrylic fibre P-15.
- Development of Super High Shrinkage fibre.

2. BENEFITS DERIVED AS A RESULT OF THE ABOVE R&D :

- Speciality Acrylic Fibre development work will lead to other fields of acrylic fibre application

3. FUTURE PLAN OF ACTION :

- To improve Acrylic Fibre quality in different categories.

4. EXPENDITURE ON R&D

	2008-2009	(Rs.in lacs) 2007-2008
a) Capital	—	—
b) Recurring :	24.35	9.85
c) Total	24.35	9.85
d) Total R&D expenditure as a percentage of total turnover	0.05%	0.03%

(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation

No

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

N.A.

3. Particulars of imported technology in the last five years:

- (a) Technology imported : NA
- (b) Year of Import : NA
- (c) Has technology been fully absorbed : NA
- (d) If not fully absorbed, reason for & future action plan : NA

AUDITORS, CERTIFICATE ON CORPORATE GOVERNANCE

UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

We have examined the compliance of conditions of Corporate Governance by M/S. PASUPATI ACRYLON LIMITED for the period ended on 30th September, 2009, as stipulated in clause 49 of the Listing Agreement of the said company with Stock exchange(s). The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as mentioned in the above mentioned listing agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India. We have to state that the Registrar and share Transfer Agent of the Company has certified that there was no investors grievances/ complaints pending against the company as at 30th September 2009.

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

For B. K. SHROFF & CO.
Chartered Accountants

O.P. Shroff
PARTNER

Place : New Delhi

Date : 19th November, 2009

CORPORATE GOVERNANCE REPORT FOR THE PERIOD 1.4.2008 TO 30.9.2009 (18 MONTHS)

Corporate Governance

As required under Clause 49 of the Listing Agreement of the stock exchange(s).

1) Company's Philosophy

Corporate Governance refers to set of policies, principles, laws, regulations and procedures etc. Our company has made the requisite compliance under Corporate Governance. Over the years the company has been disclosing information concerning the performance and future prospects of the company in its Director's Report. As required under Clause 49 of the Listing Agreement with Stock Exchanges, following disclosures are set out towards achievements of good Corporate Governance.

2) Board of Directors

The Board of Directors consists of three promoter directors (one managing director and two nominee directors of PICUP), one Director (Finance) and three non-executive directors (including one nominee director of IFCI Ltd., whose nomination was withdrawn during the financial year).

The Company did not have any material pecuniary relationships with the non-executive directors during the period under review except payment of sitting fee for attending the Board/Committee Meeting(s).

The remuneration of executive/non-executive directors is decided by the Board of Directors.

During the period, six Board Meetings were held on 30.05.2008, 30.07.2008, 31.10.2008, 30.01.2009, 30.04.2009 and 31.07.2009.

None of the Directors of the Board is member of more than ten committees and they do not act as Chairman of more than five committees across all companies in which they are directors.

The composition of Directors and the attendance at the Board Meetings during the period and the last Annual General Meeting and also number of other directorships and Committee Memberships are given below:

Sl No.	Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships	No. of Member of other Committees	Chairmanship of other Committee(s)	Note No.
1	Mr. Vineet Jain	Managing Director	6	Yes	-	-	-	A
2	Mr. M.M. Kohli	Non-executive Director	5	No	-	-	-	B
3	Mr. Ravinder Kapur	Non-executive Director	6	Yes	-	-	-	B
4	Mr. Prabhat Gupta (PICUP Nominee)	Non-executive Director	1	No	4 @	3 @	-	B D
5	Mr. Prabhat Kumar (PICUP Nominee)	Non-executive Director	-	No	6 @	4 @	-	B D
6	Mr. N. Kannan (PICUP Nominee)	Non-executive Director	-	No	**	**	-	B D
7	Mr. Rakesh Gupta (PICUP Nominee)	Non-executive Director	-	No	1	-	-	B D
8	Mr. K.D. Sharma (PICUP Nominee)	Non-executive Director	-	No	1	-	-	B D
9	Mr. Dinesh Sharma (IFCI Nominee)	Non-executive Director	2	No	**	**	-	B
10	Ms. Shalini Soni (IFCI Nominee)	Non-executive Director	4	No	-	-	-	B
11	Mr. S. Sathyamoorthy	Non-executive Director	3	No	-	-	-	B
12	Mr. S.C. Malik	Director (Finance)	6	Yes	-	-	-	-

@ Information furnished as on 31st March, 2008 as resigned during the year.

** Information not available

A. Promoter Directors.

B. Non-executive and independent Directors.

C. Promoter Director pursuant to assisted sector agreement between the company and PICUP. However, pursuant to clause 49(1), they are being treated as Independent Director being Nominee of Financial Institutions.

D. Mr. Prabhat Gupta, PICUP nominee resigned on 27.06.2008 and Mr. Prabhat Kumar was appointed on 13.08.2008. Mr. Prabhat Kumar resigned on 24.09.2008 and Mr. N. Kannan was appointed on 20.11.2008. Mr. N. Kannan resigned on 20.07.2009 and Mr. Rakesh Gupta and Mr. K.D. Sharma were appointed on 15.05.2009.

3. Audit Committee

The Audit Committee of the Company met six times during the period on following dates:

30.05.2008, 30.07.2008, 31.10.2008, 30.01.2009, 30.04.2009 and 31.07.2009.

CORPORATE GOVERNANCE REPORT FOR THE PERIOD 1.4.2008 TO 30.9.2009 (18 MONTHS)

Terms of reference of the Audit Committee are as per the guidelines set out in the listing agreements with the Stock Exchanges and also as per Section 292A of the Companies Act. It inter alia include the overview of the Company's financial reporting processes, review of the half yearly and annual financial statements, the adequacy of internal control systems, the financial and risk management policies etc.

Composition

The Audit Committee of the Board comprises of Two non-executive independent directors and one Nominee Director of IFCI Ltd. (withdrawn w.e.f. 31.07.09) and Director (Finance). The Committee met six times during the year / period and attendance of the members at these meetings were as follows:-

Sl.No	Name of Director	Status	Meetings attended
1	Mr.Ravinder Kapur	Chairman &Independent Director	6
2	Mr.M.M.Kohli	Independent Director	5
3	Mr.Dinesh Sharma	Nominee Director of IFCI	2
4	Ms. Shalini Soni	Nominee Director of IFCI	4
5	Mr. S.C. Malik	Director (Finance)	6

Mr.Ravinder Kapur, an independent Director is the Chairman of Audit Committee.

The Statutory Auditor (if need arise), Internal Auditors and Cost Auditors are invitees to the Audit Committee Meetings. The Company Secretary was in attendance at these meetings.

4. Remuneration Committee

The remuneration committee of the Board comprises of five non-executive Directors (including three Nominee Director i.e. two directors from PICUP and one director from IFCI Ltd. Nominee Director (s) of Financial Institution (s) automatically becomes member of Remuneration Committee.

Sl.No.	Name of the Director	Status
1	Mr.Rakesh Gupta, PICUP Nominee	Non Executive Director
2	Mr.K.D. Sharma, PICUP Nominee	Non Executive Director
3	Ms. Shalini Soni, IFCI Nominee *	Non Executive Director
4	Mr.Ravinder Kapur	Non Executive Director
5	Mr.M.M.Kohli	Non Executive Director

* Withdrawn w.e.f. 31.07.2009

The remuneration committee meets as and when need arises. Further, the Board in their meeting held on 27th July, 2002 decided that the quorum of the remuneration committee shall be three committee members or 1/3rd of the total strength of the committee, whichever is lower (including presence of a nominee Director, whose presence is must for the purpose of quorum), instead of presence of all the committee members.

The Chairman of the committee is decided at the respective meeting.

One Remuneration Committee Meeting was held on 31.07.2009.

5. Remuneration Policy

Remuneration of employees largely consists of basic remuneration and perquisites.

The component of the total remuneration varies for different grades and is governed by Industry pattern, qualifications and experience of the employee, responsibilities handled by him and his individual performance etc.

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution, retain talent in the organization and record merit.

6. Details of remuneration to Directors for the period of 18 months ended on 30.09.2009

(i) Executive Directors

Name	Salary (Rs.)	Perquisites (Rs.)	Retirement benefits (Rs.)
Mr.Vineet Jain, Managing Director	36,00,000	23,05,672	9,00,000
Mr.S.C.Malik, Director (Finance)	12,60,000	2,57,941	3,15,000

The above figures do not include contribution to Gratuity Fund, as separate figures are not available.

CORPORATE GOVERNANCE REPORT FOR THE PERIOD 1.4.2008 TO 30.9.2009 (18 MONTHS)

The above remuneration is within the limits of remuneration approved by the Shareholders of the Company in their meeting held on 29th September, 2007 and by Central Governments letter No.12/664/2007-CL.VII dated 12.10.2007.

The arrangements with Managing Director and Director (Finance) are contractual in nature.

(ii) Non Executive Directors

Remuneration by way of sitting fee for attending Board/Audit Committee/Remuneration Committee/Share Transfer-cum-Shareholder Grievance Committee Meetings, paid to the non-executive directors is as under.

Name	Sitting fee paid (Rs.)
Mr.M.M.Kohli	15000
Mr.Ravinder Kapur	78000
Mr. Prabhat Gupta(PICUP Nominee)	1500
Mr.Dinesh Sharma (IFCI Nominee)	6000
Ms.Shalini Soni (IFCI Nominee)	13500
Mr. S. Sathyamoorthy	4500

7. Share Transfer-cum-shareholder/Investor Grievance Committee

The Board has formed a Share Transfer-cum-Shareholder/Investor Grievance committee consisting of the following directors, the details of meeting attended by the directors/members is given herein under:-

Sl.No.	Name of Director	No of Meetings held	No of Meetings attended
1	Shri Ravinder Kapur.	39	39
2	Shri Vineet Jain	39	36
3	Shri S.C.Malik	39	38

The chairman of the committee is Mr. Ravinder Kapur , an independent director.

The Company Secretary was in attendance in all the Share Transfer Meeting.

The Committee deals with matters relating to :

- Transfer/Transmission of shares;
- Issue of Duplicate Share Certificates;
- Consolidation/Split of Share Certificates;
- Review of Shares Dematerialized;
- All other matters relating to shares.

Mr.Rakesh Mundra, Company Secretary and Mr. Anirudha Mitra, Vice President, MCS Ltd., Registrar & Share Transfer Agent are the Compliance Officer of the Company.

Further the Company confirms that there were no share transfers lying pending as on 30.09.2009, and all requests for dematerialization and re-materialization of shares as on that date were confirmed/rejected into the NSDL/CDSL system.

The Shareholder complaints received and resolved during the period from April 1, 2008 to September 30, 2009 are as under.

	Type of Compliant	Pending As on 31.03.2008	Total Complaints Received	Complaints Redressed	Redressal under process	Pending As on 30.09.2009
1	Letter received from SEBI	Nil	5	5	Nil	Nil
2	Letter received from Stock Exchanges	Nil	4	4	Nil	Nil
3	Letter received from DCA	Nil	Nil	Nil	Nil	Nil
4	Court/Consumer forum cases	Nil	Nil	Nil	Nil	Nil
5	Change of Address etc.	Nil	186	186	Nil	Nil
6	Nomination	Nil	Nil	Nil	Nil	Nil
7	Non receipt of Dividend	Nil	50	50	Nil	Nil
8	Share Transfers etc.	Nil	49	49	Nil	Nil

- Note: The Company has endeavored to settle all shareholder complaints in the minimum possible time. The average time of settlement may vary from 7 days to 15 days.

- An email ID exclusive for registering complaints / grievance has been formed as palinvest.grievance@gmail.com.

CORPORATE GOVERNANCE REPORT FOR THE PERIOD 1.4.2008 TO 30.9.2009 (18 MONTHS)

3. General Body Meetings

The last three Annual General Meetings were held as under:-

Financial year	Date	Time	Venue
31.03.2006	28.09.2006	10.30 AM	Pasupati Acrylon Ltd. Vill. Thakurdwara, Kashipur Road, Moradabad (UP)
31.03.2007	29.09.2007	10.30 AM	Pasupati Acrylon Ltd. Vill. Thakurdwara, Kashipur Road, Moradabad (UP)
31.03.2008	20.09.2008	10.30 AM	Pasupati Acrylon Ltd. Vill. Thakurdwara, Kashipur Road, Moradabad (UP)

Mr. Ravinder Kapur, Chairman of the Audit Committee had attended the Annual General Meeting held on 20.09.2008.

No resolution was passed through postal ballot during the period 1.4.2008 to 30.09.2009 under the provisions of Section 192A of the Companies Act, 1956 and the companies (Passing of Resolutions by Postal Ballot) Rules 2001, no resolution is proposed to be passed at the ensuing Annual General Body Meeting through postal ballots.

In the last three Annual General Meetings, special resolutions passed are as detailed below:

Annual General Meeting held on 28.09.2006.

A resolution under Section 314 of the Companies Act, to approve salary of Rs.37000/- PM plus perks to Mr. Manish Jain (relative of Mr. Vineet Jain, Managing Director of the Company).

Annual General Meeting held on 29.09.2007

No special resolution was passed at the Annual General Meeting held on 29.09.2007.

Annual General Meeting held on 20.09.2008

No special resolution was passed at the Annual General Meeting held on 20.09.2008

9. Disclosures

- 1) Details of related party transactions during the year have been set out under Note No.23 of Schedule 'Q' of the Annual Accounts. However, these are not having any potential conflict with the interests of the company at large.
- 2) There were no instances of non-compliance or penalty, strictures imposed on the company by Stock Exchanges/SEBI or any other statutory authorities on any matter related to capital markets, during the last three years.
- 3) Presently the company does not have a Whistle Blower Policy but has a policy similar to it, which is called Open Talk. No personnel of the Company have been denied access to the Audit Committee.
- 4) PAL has implemented a Code of conduct based on its business principles along with implementation framework for its Directors and Senior Management of the Company. In compliance with the code, Directors and Senior Management of the Company have affirmed compliance with the Code for the 18 months period ended on 30th September, 2009. A declaration to this effect signed by the Managing Director from part of this Annual Report.

10. Means of Communication

- 1) Quarterly/Half yearly results are being published in daily newspapers viz. The Financial Express and Jansatta Hindi Edition. The Annual Report is posted to every shareholder of the Company.
- 2) Management's Discussions and Analysis Report forms part of Directors' Report on the Annual Accounts more specifically under Operations, Current Year Outlook, Internal Control System and adequacy, Human Resources and Industrial Relations.
- 3) The Company's website www.pasupatiacrylon.com is regularly updated with financial results.
- 4) Requisite information, statements and reports are being filed under Electronic Data Information filing and Retrieval System (EDIFAR) also as per SEBI directions.

11. General Shareholder Information

1. Notes on Directors seeking re-appointment as required under Clause VI A of the Listing Agreement.
Mr. Ravinder Kapur and Mr. S. Sathyamoorthy will retire at the ensuing Annual General Meeting by rotation and they have offered themselves for re-appointment. The Board has recommended the re-appointment of the retiring Directors. The information about the brief resume and other information required to be disclosed under this section are provided in the notice of the Annual General Meeting.
2. Annual General Meeting will be held on Saturday, the 16th day of January, 2010 at Registered office of the Company i.e. Thakurdwara, Kashipur Road, Distt. Moradabad (UP) at 1.30 PM.
3. The company has furnished information as required by Clause 49 (vi) of the Listing Agreement of the Stock Exchanges,

CORPORATE GOVERNANCE REPORT FOR THE PERIOD 1.4.2008 TO 30.9.2009 (18 MONTHS)

relating to appointment/re-appointment of Director(s). Shareholders may kindly refer to the Notice convening the 26th Annual General Meeting of the Company. The number of companies in which the person also holds directorship and the membership of Committees of the board are given separately.

4. Financial Calendar for the period 2009-10 (Provisional)

First Quarter Results (31.12.2009)	End January 2010
Second Quarter Results (31.03.2010)	End April 2010
Third Quarter Results (30.06.2010)	End July 2010
Fourth Quarter Results (30.09.2010)	End October 2010
Mailing of Annual Report	By November, 2010
Annual General Meeting	By December, 2010

12. Dates of Book Closure

The Share Transfer Books and Register of Members of the Company shall remain close from Thursday the 7th day of January 2010 to Saturday the 16th day of January 2010 (both days inclusive).

13. Stock Code

The Company's scrip codes at various Stock Exchanges are as under:-

Stock Exchange Mumbai	500456
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14. Listing of Equity Shares on Stock Exchanges, etc.

The Company's shares are presently listed on the Stock Exchange at Mumbai the listing fees for the year 2008-2009 & 2009-2010 have been paid to the Mumbai Stock Exchange.

15. Stock Market Price Data for the 18 months period 1.04. 2008 to 30.09.2009.

Month	B S E		B S E SENSEX	
	High (Rs.)	Low (Rs.)	High	Low
April, 2008	5.05	3.75	17480	15297
May, 2008	4.60	3.60	17735	16196
June, 2008	4.42	3.17	16632	13405
July, 2008	4.00	2.65	15130	12514
August, 2008	3.97	2.91	15579	14002
September, 2008	3.80	2.27	15107	12153
October, 2008	3.19	1.66	13203	7697
November, 2008	2.67	1.79	10945	8316
December, 2008	2.74	1.76	10188	8467
January, 2009	2.67	1.73	10469	8631
February, 2009	2.37	1.71	9724	8619
March, 2009	2.20	1.26	10127	8047
April, 2009	2.88	1.66	11492	9546
May, 2009	4.51	2.21	14930	11621
June, 2009	5.97	4.18	15600	14016
July, 2009	6.15	3.80	15732	13219
August, 2009	8.98	6.45	16002	14684
September, 2009	8.67	6.94	17142	15356

16. Share Transfer Agent

The Company is availing services of M/s. M.C.S Limited F-65, Okhla Industrial Area Phase-I, New Delhi-110020, a SEBI registered Registrar, as Registrar and Share Transfer Agents for processing the transfers, sub-division, consolidation, splitting of securities etc. Since trades in Company's shares can now only be done in the dematerialized form, request for demat and remat should be sent directly to MCS Limited, F-65, Okhla Industrial Area Phase-I, New Delhi-110020. Shareholders have the option to open their accounts with either NSDL or CDSL as the Company has entered into Agreements with both these Depositories.

17. Share Transfer System

As already stated, the Company's shares are traded in the Stock Exchanges compulsorily in demat mode. Therefore, Investors/ Shareholders are requested to kindly note that physical documents, viz Demat Request Forms (DRF) and Share Certificates etc. should be sent by their Depository Participants (DP's) directly to the Share Transfer Agents. Any delay on the part of the

CORPORATE GOVERNANCE REPORT FOR THE PERIOD 1.4.2008 TO 30.9.2009 (18 MONTHS)

DP's to send the DRF and the Share Certificates beyond 21 days from the date of generation of the DRF by the DP will be rejected/cancelled. This is being done to ensure that no demat requests remain pending with the Share Transfer Agent beyond a period of 21 days. Investors/Shareholders should, therefore, ensure that their DP's do not delay in sending the DRF and Share Certificates to Share Transfer Agent after generating the DRF.

18. Distribution of Shareholding as on 30th September, 2009

No. of Shares	No. of Shareholders	%	No. of Shares	%
1-500	55842	89.27	8024580	11.28
501-1000	3966	6.34	3045678	4.28
1001-2000	1482	2.37	2208577	3.10
2001-3000	433	0.69	1092901	1.54
3001-4000	181	0.29	635995	0.89
4001-5000	196	0.31	907075	1.28
5001-10000	231	0.37	1705157	2.40
10001 -50000	172	0.28	3568664	5.02
50001- 100000	18	0.03	1292326	1.82
100001 and above	33	0.05	48652168	68.39
Total	62554	100.00	71133121	100

19. Dematerialization of Shares

As on September 30, 2009, 80.85% of the Company's total shares representing 57511193 shares were held in dematerialized form and the balance 19.15% representing 13621928 shares were in paper form.

20. CEO / CFO Certification

CEO and CFO have given a certificate to the Board as contemplated in Clause 49 of the Listing Agreement.

21. Registered Office and Works

Thakurdwara, Kashipur Road, Distt. Moradabad (UP)

22. Address of correspondence and corporate office

Company's corporate office is situated at
M-14, Connaught Circus (Middle Circle), New Delhi-110 001
Shareholders correspondence should be addressed to :

Pasupati Acrylon Ltd. Registered Office Thakurdwara, Kashipur Road Distt. Moradabad (UP) Phone: 0591 2241263, 2241351 2241352, 2241353 Fax : 0591 2241262 E-mail: works@pasupatiacrylon.com	Pasupati Acrylon Ltd Corporate Office M-14, Connaught Circus (Middle Circle) New Delhi-110 001 Phone: 47627400 Fax : 47627497 E-mail : delhi@pasupatiacrylon.com	MCS Limited F-65, Okhla Industrial Area Phase-I, New Delhi-110020 Phone: 41406149 Fax : 41406148 / 41709881 Email: admin@mcsdel.com
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23. Auditors Certificate on Corporate Governance

As required by Clause 49 of the Listing Agreement, the Auditors Certificate is given as an annexure to the Directors' Report.

For and on behalf of the Board
Vineet Jain
Managing Director

Place : New Delhi
Date : 19th November 2009

DECLARATION ON CODE OF CONDUCT

This is to confirm that the Board has laid down a Code of Conduct for all Board members and senior management of the Company. The Code of Conduct has also been posted on the website of the company. It is further confirmed that all directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the period ended September 30, 2009, as envisaged in Clause 49 of the Listing Agreement with stock exchanges.

Vineet Jain
Managing Director

Place : New Delhi
Date : 19th November 2009

AUDITORS' REPORT

TO THE MEMBERS OF PASUPATI ACRYLON LTD.

1. We have audited the attached Balance Sheet of **PASUPATI ACRYLON LTD.** as at 30th September 2009, the Profit & Loss Account and the Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have 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.
3. As required by the Companies (Auditors' Report) Order, 2003 and the companies (Auditor's Report) (Amendment) order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Attention is invited to note no. 12(a) on schedule Q relating to accumulation of cenvat credit aggregating to Rs.1671.42 Lacs as a result of inverted duty structure. As stated in the said note, the management is reasonably confident that this anomaly shall get corrected and accumulations in cenvat account liquidated over a reasonable period of time.
5. Further to our comments in the Annexure referred to 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 purpose of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (v) As per information and explanations given to us, we report that as on 30.09.2009 none of the directors of the company are disqualified from being appointed as a director of the company u/s 274(1)(g) of the Companies Act, 1956.
 - (vi) *As stated in note no. 13(a) in schedule Q, relating to noncompliance of Accounting standards to the extent of credit for extinguishment of loan liability amounting to Rs. 637.32 lacs taken to capital Reserve instead of Profit & Loss account.*
Subject to the above, 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.
- (a) In the case of the Balance Sheet, of the state of affairs of the company as at 30th Sept., 2009
- (b) In the case of the Profit & Loss Account, of the Loss for the period ended on that date and
- (c) In the case of cash flow statement, of the cash flows for the period ended on that date.

Place : New Delhi

Date : 19th November 2009

For **B.K. SHROFF & CO**
CHARTERED ACCOUNTANTS
O.P. Shroff
PARTNER
MEMBERSHIP NO : 6325

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have been physically verified by the management according to a regular program which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
- (c) In our opinion and according to explanations given to us, fixed assets disposed off during the period were not substantial and as such the disposal has not affected the going concern concept of the company.

AUDITOR'S REPORT (Contd.)

- (ii) (a) As explained to us, physical verification of inventory (except material in transit and lying with third parties) has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and 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. Discrepancies noticed on verification of inventory as compared to book records were not material and these have been properly dealt within the books of accounts.
- (iii) (a) (i) The company has not granted any loans, secured or unsecured to companies, firms or other parties as listed in the register maintained under section 301 of the Companies Act 1956 and as such information regarding rate of interest, overdue amounts and other terms & conditions of loans granted is not required to be furnished.
- (ii) The Company has not taken any loan during the period from the parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from Companies, firms or other parties listed in the register maintained under Section 301 are prima facie not prejudicial to the interest of the company.
- (c) Subject to note no. 9 on Schedule Q. The company is regular in repaying the principal amounts and has been regular in payment of interest wherever applicable.
- (d) As per records of the company, there is no overdue amount of loans taken from companies firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) 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 with regard to purchase of inventory and fixed assets and for the sale of goods. Further on the basis of our examination of the books and records of the company, carried out in accordance with the auditing standards generally accepted in India, we have not observed any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- (v) (a) According to the information and explanations given to us, during the period there were no contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, no transactions of purchase and sale of goods materials and services, made in pursuance of contracts or arrangements to be entered into the register maintained under section 301 of the Companies Act 1956 aggregating during the period to Rs. 5 lacs in respect of any party.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provision of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under have been complied with in respect to deposits accepted from public. *However, in respect of a deposit of Rs. 167.50 lacs retained by the company during earlier years, amount outstanding Rs. nil as on 30.09.2009 the Central Government has granted exemption from the provisions of Sec. 58A of the Companies Act, 1956 & Rules 3(1) (a), 3(2)(i) and 3(2) (ii) of the Companies (Acceptance of Deposit) Rules, 1975 and allowed extension of time for its repayment with interest thereon in 48 monthly installments w.e.f. 30.04.2005.*
- (vii) In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company pursuant to the order made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such accounts and records.
- (ix) (a) According to the records of the company, the company is *generally* regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Service Tax, Trade Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it, except in certain instances where delays were noticed.
- (b) According to information and explanations given to us no undisputed amounts payable in respect of income tax, wealth tax, sales tax custom duty, excise duty and cess were outstanding as at 30th September, 2009 for a period of more than six months from the date they became payable.
- (c) According to the records of the company, dues in respect of Sales Tax/Income Tax/Customs Duty/Wealth Tax/Excise Duty /Service Tax/Cess which have not been deposited on account of any dispute are as under:

AUDITOR'S REPORT (Contd.)

Name of the statute	Nature of dues	Period to which amount relates	Amount (Rs.)	Forum where pending
Central Excise and Salt Act, 1964	Differential duty on waste	Feb.'96 to July, '03 Aug.'03 to Jan' '04 May'04 to Jan'05 Feb.'05 to April'05	145.58 lacs 17.52 lacs 31.25 lacs 4.75 lacs	Supreme Court
	Differential duty on waste	April to Aug. 07 Sept.07 to March, 08 April 08 to Sept. 08 Oct. 08 to Nov. 08	4.25 lacs 4.96 lacs 3.53 lacs 3.20 lacs	Supreme Court
Central Excise and Salt Act, 1964	Differential duty on waste	13.02.92 to 30.06.02 Aug.92 to 20.01.93	6.77 lacs 13.28 lacs	Supreme Court
UP Tax on Entry of Goods Act, 2001	Differential duty on waste	May 05 to Nov.05 Dec.05 to March 07	10.89 lacs 13.40 lacs	High Court High Court
Status of Entry Tax	Entry tax Entry tax demand for e-form Entry tax demand for e-form Entry tax demand for e-form Entry tax demand for e-form	Aug.07 to March 08 04-05 05-06 1/4/08 to 30/9/09 06-07	15.28 lacs 19.46 lacs 10.66 lacs 48.71 lacs 2.22 lacs	High Court High Court Deputy Commissioner Moradabad High court Deputy Commissioner Moradabad High Court High Court
Customs Act	Education cess on DEPB	Dec. '03 to March.'04 April'05 to March'06 April'06 to March'07	14.40 lacs 5.10 lacs 10.33 lacs	Additional Commissioner Central excise & Customs
Central Excise Act	Excise duty and education cess	14.09.04 to 08.02.05	37.28 lacs	Additional Commissioner Central excise & Customs
Central Excise Act	Excise duty	01.01.05 to 15.06.05	4.76 lacs	Additional Commissioner Central excise & Customs
Central Excise Act	Excise duty	Jan'06 to Dec'06 Jan'07 to Dec'07 Jan.08 to March,08	0.18 lacs 0.17 lacs 0.28 lacs	Assistant Commissioner Custom & Excise
Central Excise Act	Export Rebate Claim	Feb'08 to March'08	0.54 lacs	CFSTAT, Delhi
Central Excise Act	Cenvat	April 07 to Feb. 08	11.38 lacs	Additional Commissioner Central excise

- (x) As at 30.09.2009 the accumulated losses of the company are more than fifty percent of its net worth. The company has incurred cash losses during the period covered by our audit but not in the immediately preceding year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of principal/interest dues to financial institutions, banks & debentures holders. However monthly interest (from 15.09.07 to 30.09.09) of Rs.2.56 lacs and quarterly installment (from 15.09.07 to 30.09.09) of Rs.1.93 Lacs to financial institutions) also, quarterly installment (for Sept.09) to a bank amounting to Rs.2.97 lacs & monthly interest (for Sept.09) amounting to Rs.10.45 Lacs has been defaulted as on 30.09.2009,also monthly interest of Rs. 64.57 lacs & quarterly installment amounting to Rs. 63.09 lacs to banks has also been delayed during the period.
Note:- The repayment / payment of overdue quarterly principal installments and monthly interest of Rs. 4.39 lacs & Rs. 3.53 lacs of LIC, overdue quarterly principal installments Rs. 1.27 lacs, overdue principal installment Rs. 61.64 lacs of IFCI (RTL), Rs. 4.85 lacs of IFCI (FCL) and Rs. 129.38 lacs of IFCI (NCD) & interest of Rs. 84.51 lacs of IFCI (RTL), Rs. 6.71 lacs of IFCI (FCL) and Rs. 110.71 lacs of IFCI (NCD) have been paid / waived as per one time settlement during the period and as such there is no default as at 30th September, '09.
- (xii) Based on our examination of documents and records maintained by the company, we are of the opinion that since the company has not granted any loan and advance on the basis of security by way of pledge of shares, debenture and other securities, it is not required to maintain records in respect thereof.
- (xiii) In our opinion the company is neither a chit fund nor nidhi/mutual benefit fund/society and hence clause 4 (xiii) of the Order is not applicable.
- (xiv) In our opinion the company is not dealing in or trading in shares, securities, debentures and other investments and accordingly the provisions of clause 4(xiv) of the Order is not applicable.
- (xv) Based on our examination of the records we are of the opinion that the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion the term loans have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company we report that funds raised on short term basis have not been used for long term investments except Rs 113.01 lacs which has been utilized for repayment of long term borrowings.
- (xviii) During the period the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of Companies Act, 1956.
- (xix) During the period the company had not issued any debentures.
- (xx) During the period under review no money was raised by public issue.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with auditing standards generally accepted in India, we have neither come across any instance of fraud by the company, noticed or reported during the period nor have we been informed of such case by the management.

For B.K. SHROFF & CO.
CHARTERED ACCOUNTANTS

O.P. Shroff
Partner

Membership No : 6329

Place : New Delhi
Dated : 19th November 2009

BALANCE SHEET AS AT 30TH SEPTEMBER, 2009

SCHEDULE		Current Period (18 months) (Rs./Lacs)		Previous Year (Rs./Lacs)
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	A	7,114.10	7,114.10	
Reserves & Surplus	B	<u>8,217.96</u>	<u>8,578.41</u>	
			15,332.06	15,692.51
Loan Funds				
Secured Loans	C	3,393.98	6,039.24	
Unsecured Loans	D	<u>2,744.13</u>	<u>41.88</u>	
			6,138.11	6,081.12
			<u>21,470.17</u>	<u>21,773.63</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	E	35,190.70	35,074.22	
Less : Depreciation		25,070.59	23,423.06	
		<u>10,120.11</u>	<u>11,651.16</u>	
Add : Capital Work In Progress		<u>1,313.40</u>	<u>1,252.44</u>	
			11,433.51	12,903.60
Current Assets, Loans & Advances				
Inventories	F	7,390.79	7,295.62	
Sundry Debtors	G	1,097.09	1,206.44	
Cash & Bank Balances	H	550.66	425.13	
Loans & Advances	I	1,974.10	1,350.61	
		<u>11,012.64</u>	<u>10,277.80</u>	
Less : Current Liabilities & Provisions				
Current Liabilities	J	9,029.64	9,437.20	
Provisions	K	0.97	1.67	
		<u>9,030.61</u>	<u>9,438.87</u>	
Net Current Assets			1,982.03	838.93
Profit & Loss Account			8,054.63	8,031.10
			<u>21,470.17</u>	<u>21,773.63</u>
Significant Accounting Policies and Notes on Accounts				
	Q			

As per our Report of even date annexed
For B.K.SHROFF & CO.
Chartered Accountants

Vineet Jain
Managing Director

O.P. Shroff
Partner

Place : New Delhi
Dated : 19th November, 2009

Rakesh Mundra
A.V.P. (Finance) &
Company Secretary

S.C. Malik
Director (Finance)

Ravinder Kapur
Director



PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDING 30TH SEPTEMBER, 2009

SCHEDULE		Current Period (18 months) (Rs./Lacs)	Previous Year (Rs./Lacs)
INCOME			
Sales(Gross)		49,684.16	35,539.89
Excise Duty		<u>2,955.61</u>	<u>2,608.44</u>
Sales (Net)		46,728.55	32,931.45
Export Incentives/Benefits.		34.90	69.10
Other Income	L	249.87	398.78
Increase/(Decrease) in stocks	M	<u>1,061.72</u>	<u>(392.15)</u>
		<u>48,075.04</u>	<u>33,007.18</u>
EXPENDITURE			
Material Cost	N	35,883.53	24,722.87
Manufacturing and Other Expenses	O	<u>12,105.55</u>	<u>6,775.40</u>
		<u>47,989.08</u>	<u>31,498.27</u>
Profit before Financial Charges, Depreciation & Taxation		85.96	1,508.91
Interest and Finance Charges	P	<u>1,226.83</u>	<u>872.02</u>
Profit/(Loss) before Depreciation and Taxation		(1,140.87)	636.89
Depreciation		<u>1,653.74</u>	<u>1,126.70</u>
Less: Transfer from Revaluation Reserve		<u>747.77</u>	<u>89.77</u>
		905.97	1,036.93
Profit/(Loss) before Taxation & Extraordinary Items.		(2,046.84)	(400.04)
Extraordinary Items		1,794.21	
Provision/Payment for Taxation (net of adjustment)			
Wealth tax		2.53	1.67
Fringe benefit tax		<u>18.38</u>	<u>19.70</u>
Excess prov. written back		(0.01)	-
Profit/(Loss) after Tax		(273.53)	(421.41)
Balance brought forward		(8031.10)	(7,609.69)
Transfer from Debenture Redemption reserve		250.00	-
Loss Carried to Balance Sheet		(8,054.63)	(8,031.10)
Earnings per Share of Rs.10 each(excluding extra ordinary items)			
Basic & Diluted (Rs.)		(2.91)	(0.59)
Earnings per Share of Rs.10 each(including extra ordinary items)			
Basic & Diluted (Rs.)		(0.38)	(0.59)
Significant Accounting Policies and Notes on Accounts	Q		

As per our Report of even date annexed
For B.K.SHROFF & CO.
Chartered Accountants

O.P. Shroff
Partner

Place : New Delhi
Dated : 19th November, 2009

Rakesh Mundra
A.V.P. (Finance) &
Company Secretary

S.C. Malik
Director (Finance)

Vineet Jain
Managing Director

Ravinder Kapur
Director

CASH FLOW STATEMENT FOR THE PERIOD ENDING 30TH SEPTEMBER, 2009

	Current Period (18 months) (Rs./Lacs)	Previous Year (Rs./Lacs)
A. Cash Flow from Operating Activities		
Net Profit/(Loss) before tax and after extraordinary items	(2046.80)	(400.04)
Add/(Less) : Adjustments for		
Depreciation	905.97	1036.93
Extraordinary Items		-
Interest expenses	856.95	659.76
Interest income	(50.35)	(24.43)
(Profit)/Loss on sale of fixed assets	(0.04)	0.29
	<u>1712.53</u>	<u>1672.55</u>
Operating Profit/(Loss) before working capital changes	<u>(334.27)</u>	<u>1272.51</u>
Add: Adjustments for change in working capital		
Trade and Other receivables	(502.41)	(190.72)
Inventories	(95.17)	632.28
Trade and Other payables(see point no.4)	<u>1192.85</u>	<u>(259.60)</u>
	<u>595.27</u>	<u>181.96</u>
Net Cash Generated from operations	261.00	1454.47
Direct Taxes paid/adjusted to change	<u>(29.94)</u>	<u>(23.28)</u>
Net Cash from Operating Activities	<u>231.06</u>	<u>1431.19</u>
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(184.36)	(459.92)
Sale of fixed assets	0.76	0.81
Interest received	46.96	24.25
Net Cash from Investing Activities	<u>(136.64)</u>	<u>(434.86)</u>
C. Cash Flow from Financing Activities		
Interest paid	(774.21)	(572.17)
Short Term Bank Borrowings-Buyer's Credit	767.98	-
Proceeds from long term borrowings	79.82	-
Repayment of long term borrowings	(1047.35)	(250.43)
Proceeds/(Payment) of unsecured loans	1038.12	(41.87)
Increase/(Decrease) in Bank Borrowings	<u>(33.25)</u>	<u>(170.15)</u>
Net Cash used in Financing Activities	<u>31.11</u>	<u>(1034.62)</u>
Net increase in Cash and cash equivalents	125.53	(38.29)
Opening Balance of cash and cash equivalents	425.13	463.42
Closing Balance of cash and cash equivalents	<u>550.66</u>	<u>425.13</u>

D. Notes on Cash Flow Statement

- Figures in brackets represent cash outflow.
- Cash flow does not include non cash items.
- Cash and cash equivalents includes balance in fixed deposit/margin money account Rs547.48Lacs(previous period Rs.415.93 lacs)
- Includes Deferred Credit of Rs.1581.56 Lacs(Previous Period Rs.NIL) appearing unsecured Loans represents liability against over 270 days credit period allowed by foreign supplier(s) of raw material.

As per our Report of even date annexed
For B.K.SHROFF & CO.
Chartered Accountants

Vineet Jain
Managing Director

O.P. Shroff
Partner

Rakesh Mundra
A.V.P. (Finance) &
Company Secretary

S.C. Malik
Director (Finance)

Ravinder Kapur
Director

Place : New Delhi
Dated :19th November, 2009

SCHEDULES A-Q

	Current Period (18 months) (Rs./Lacs)	Previous Year (Rs./ Lacs)
A. Share Capital		
Authorised		
85000000 Equity Shares of Rs. 10 each	8,500.00	8,500.00
	<u>8,500.00</u>	<u>8,500.00</u>
Issued		
71158825 Equity Shares of Rs. 10 each	7,115.88	7,115.88
	<u>7,115.88</u>	<u>7,115.88</u>
Subscribed & Paid up		
71133121 Equity Shares of Rs. 10 each	7,113.31	7,113.31
Add : Forfeited shares (amount originally paid up)	0.79	0.79
	<u>7,114.10</u>	<u>7,114.10</u>
B. Reserves & Surplus		
Debenture Redemption Reserve		
As per last balance sheet	250.00	250.00
Less: Transferred to Profit & Loss Account	<u>250.00</u>	-
Capital Reserve		
As per last balance sheet	808.39	808.39
Add: Created during the period	<u>637.32</u>	-
Revaluation Reserve		
As per last balance sheet	7,520.02	7609.79
Less: Depreciation for the year on amount added on revaluation transferred to Profit & Loss Account	<u>747.77</u>	89.77
	<u>8217.96</u>	<u>8578.41</u>
C. Secured Loans		
i) From Financial Institutions		
Foreign Currency Loans (a)	-	33.65
Rupee Term Loans (a)	16.05	503.72
Payable to GIC Under OTS(a)	5.93	-
Debentures(b)	-	899.38
Zero Interest Funded Loan (a)	12.74	1,707.51
Interest Accrued & Due(a)	2.56	93.44
From Banks		
Rupee Term Loans (a)	320.54	367.88
Working Capital Term Loan (a)	1,179.90	1,346.86
Cash Credit (c)	1017.00	1050.25
Vehicle Loan (d)	60.11	35.26
Interest Accrued & Due(a)	10.45	-
Hire Purchase Loan (d)	0.73	1.29
From Others-Buyers Credit	<u>767.97</u>	-
	<u>3,393.98</u>	<u>6,039.24</u>

- a. Loans of Rs.1548.17 lacs (previous period Rs.4053.06 lacs) are secured interse on pari-passu basis by way of mortgage of immovable properties and hypothecation of all moveable properties (save and except book debts)-both present and future subject to prior charges created in favour of company's bankers for working capital facilities and further guaranteed by the managing director.
- b. 8.5% Secured Redeemable Non-Convertible privately placed Debentures of Rs. 100 each amounting to Rs.NIL lacs(previous period Rs.899.38 lacs), are secured interse by exclusive charge on the office premise at Mumbai and pari-passu charge by way of mortgage of other immovables properties together with hypothecation of all movable properties (save and except book debts) both present and future subject to prior charges created in favour of the company's Bankers for working capital facilities.The debentures are additionally secured by personal guarantee of the managing director.
- c. Secured by hypothecation of book debts, raw-material, finished goods, semi-finished goods, consumable stores and spares including in transit and also secured by a second charge by way of mortgage of immovable properties both present and future and further guaranteed by the managing director.
- d. Secured by hypothecation of specified assets acquired out of the loan amount.

SCHEDULES A-Q (Contd.)

	Current Period (18 months) (Rs./Lacs)	Previous Year (Rs./Lacs)
D. Unsecured Loans		
Fixed Deposits		41.88
Inter Corporate Deposit	1,080.00	-
Deffered Credit	1,581.55	-
Interest Accrued & Due	82.58	-
	<u>2,744.13</u>	<u>41.88</u>

E. Fixed Assets		(Rs/Lacs)					
	Gross Block			Depreciation		Net Block	
Description	As at 1.4.2008	Additions	Sales/ Adjustments	As at 30.9.2009	Upto 30.9.2009	As at 30.9.2009	As at 31.3.2008
Land-Leasehold (a)	25.90	-	-	25.90	15.00	10.90	12.19
Freehold	7.62	-	-	7.62	-	7.62	7.62
Office Premises (b)	81.47	-	-	81.47	21.37	60.10	62.09
Buildings	1,611.94	-	-	1,611.94	676.06	935.88	1,000.51
Plant & Machinery	30,696.11	12.21	-	30,708.32	22,237.49	8,470.83	9,867.72
Electric Installations	1,874.87	-	-	1,874.87	1,522.76	352.11	460.57
Furniture & Fixtures	247.30	0.99	-	248.29	227.47	20.82	27.96
Factory & Office	320.83	16.23	-	337.06	249.63	87.43	91.34
Equipment							
Vehicles	208.18	93.97	6.92	295.23	120.81	174.42	121.16
	<u>35,074.22</u>	<u>123.40</u>	<u>6.92</u>	<u>35,190.70</u>	<u>25,070.59</u>	<u>10,120.11</u>	<u>11,651.16</u>
Previous year	34,775.26	303.42	4.46	35,074.22	23,423.06		
Capital Work in progress						<u>1,313.40</u>	<u>1,252.44</u>
						<u>11,433.51</u>	<u>12,903.60</u>

Notes :

- Includes Rs.9.90 lacs(previous period Rs.9.90 lacs) towards land for housing colony held by the company under a 30 year lease agreement commenced from 12.10.1992.
- (i) Since separate breakup of Rs. 62.95 lacs being cost of office premises, furniture & fixtures and air conditioners at mumbai are not available. Depreciation has been provided on total cost as office premises.
(ii) Includes cost of 5 shares (previous period 5 shares) Rs.252(previous period Rs.252) in Arcadia Premises Co-operative Society Ltd., Mumbai.

SCHEDULES A-Q (Contd.)

	Current Period (18 months) (Rs./Lacs)	Previous Year (Rs./Lacs)
F. Inventories (As certified & valued by the management)		
Stores, Spares & Consumables (including in transit Rs.4.58 lacs previous year Rs.21.42 lacs)	693.74	726.26
Raw Material (including in transit Rs.2967.53 lacs Previous year Rs.3586.61 lacs)	3,525.16	4,247.22
Fuel	87.85	299.82
Stock in Process	254.97	267.41
Finished Goods:		
Own Manufactured	2,826.90	1,754.79
- Trading	2.17	0.12
	<u>7,390.79</u>	<u>7,295.62</u>
G. Sundry Debtors		
Exceeding Six Months.		
-Considered Good	10.02	10.02
-Considered Doubtful	178.14	178.14
	<u>188.16</u>	<u>188.16</u>
-Less: Provision for Doubtful Debts.	178.14	178.14
Others-Considered Good	10.02	10.02
	<u>1087.07</u>	<u>1196.42</u>
	<u>1,097.09</u>	<u>1,206.44</u>
H. Cash & Bank Balances		
Cash in Hand	1.00	1.22
Balances with Scheduled Banks		
-In Current Account	2.18	7.98
-In Fixed Deposit / Margin Money Account	547.48	415.93
	<u>550.66</u>	<u>425.13</u>
I. Loans & Advances (Unsecured - Considered Good)		
Loans - to Staff	12.73	15.11
Interest Receivable on Loans and Deposits	15.13	11.74
Advances (Recoverable in Cash or in Kind or for Value to be Received)		
-Considered Good	241.84	358.57
-Considered Doubtful	75.49	75.49
	<u>317.33</u>	<u>434.06</u>
-Less: Provision for Doubtful Advances.	75.49	75.49
Security Deposits	8.17	8.12
Tax Deducted at Source	10.02	1.68
Balances with Customs & Excise Authorities etc.	1,686.21	955.39
	<u>1974.10</u>	<u>1350.61</u>

SCHEDULES A-Q (Contd.)

	Current Period (18 months) (Rs./Lacs)		Previous Year (Rs./Lacs)
J. Current Liabilities			
Acceptances Under letter of Credit/Deferred Credit	7,457.81		8,441.40
Book Overdraft With Banks	4.48		-
Sundry Creditors	1,068.61		604.66
Other Liabilities	461.48		239.62
Advances from Customers	28.06		123.47
Interest Accrued but not Due	9.20		28.05
	<u>9,029.64</u>		<u>9,437.20</u>
K. Provisions			
Wealth Tax	0.97		1.67
	<u>0.97</u>		<u>1.67</u>
L. Other Income			
Scrap Sale	74.65		57.99
Interest (Gross)			
- Banks (TDS Rs.0.92 lacs previous year Rs.0.38 lacs)	46.16	22.92	
- Others	<u>4.18</u>	<u>1.51</u>	24.43
Claims Received	61.04		21.28
Gain on Exchange Fluctuation	-		277.47
Miscellaneous Income	13.14		16.07
Gain on Sale of Fixed Assets	0.04		-
Prior year's Income/Adjustments	53.91	7.70	
Less Prior year's Expenses	<u>3.25</u>	<u>6.16</u>	<u>1.54</u>
	<u>249.87</u>		<u>398.78</u>
M. Increase/(Decrease) in Stocks			
Closing Stock			
Finished Goods			
- Own Manufactured	2,826.90	1,754.79	
- Trading	2.17	0.12	
Stock in Process	<u>254.97</u>	<u>267.41</u>	
	<u>3,084.04</u>		2,022.32
Opening Stock			
Finished Goods			
- Own Manufactured	1,754.79	2,102.60	
- Trading	0.12	0.43	
Stock in Process	<u>267.41</u>	<u>311.44</u>	
	<u>2,022.32</u>		<u>2,414.47</u>
Increase/(Decrease) in Stocks	<u>1,061.72</u>		<u>(392.15)</u>
N. Material Cost			
Purchase of Finished Goods			
Raw Material Consumed	3.64		3.74
- Opening Stock	4,247.22	4,617.11	
Add:Purchases	<u>35,157.82</u>	<u>24,349.24</u>	
	<u>39,405.04</u>	<u>28,966.35</u>	
Less - Closing Stock	<u>3,525.15</u>	<u>4,247.22</u>	
	<u>35,879.89</u>		24,719.13
	<u>35,883.53</u>		<u>24,722.87</u>

SCHEDULES A-Q (Contd.)

	Current Period (18 months) (Rs./Lacs)		Previous Year (Rs./Lacs)
O. Manufacturing & Other Expenses			
Stores, Spares & Packing Material Consumed	1,084.83		798.28
Power, Fuel & Water	5,197.51		3,068.68
Salaries, Wages, Allowances & Bonus	1,504.22		898.99
Gratuity	49.96		27.31
Contribution to ESIC, Provident/ Superannuation Funds, etc.	123.30		73.58
Staff Welfare Expenses	48.30		28.52
Staff Recruitment & Training Expenses	4.51		7.63
Rent (Including Lease Rent Rs. 0.30 lacs Previous period Rs. 0.20 lacs)	165.91		96.07
Rates and Taxes	10.05		10.47
Insurance	74.89		62.22
Repairs and Maintenance			
- Plant & Machinery	182.43	137.40	
- Buildings	97.14	48.48	
- Others	55.43	36.57	222.45
Travelling & Conveyance	78.16		60.97
Directors' Sitting Fee	1.14		0.84
Rebates & Discounts	2,053.61		580.94
Commission & Brokerage	6.23		9.41
Freight Outward	812.31		596.89
Exchange Fluctuation	130.09		-
Claim Paid/Irrecoverable Advances Written Off	8.76		29.14
Excise Duty on Increase/Decrease in Closing Stock	81.47		(26.29)
Miscellaneous Expenses	323.09		221.35
Charity & Donation	1.35		0.91
Loss on Sale of Fixed Assets	-		0.29
Auditor's Remuneration	10.86		6.75
	<u>12,105.55</u>		<u>6,775.40</u>
P. Interest and Finance Charges			
Interest			
- On Debentures	-		77.15
- On Term Loans	215.07		207.99
- Others	641.88		374.62
Bank & L/C Charges	358.18		207.81
Other Financial Charges	11.70		4.45
	<u>1,226.83</u>		<u>872.02</u>

Q. SCHEDULE

1. Significant Accounting Policies & Notes On Accounts.

Fixed Assets

Fixed assets are stated at cost except in the case of plant and machinery, which have been shown at revalued amount. Cost includes financing cost till the commencement of commercial production, inward freight, duties & taxes, incidental expenses related to acquisition and is net of MODVAT / CENVAT. In respect of major projects involving construction, related pre-operational expenses form part of the value of the assets capitalized.

Fixed assets acquired under hire purchase schemes are capitalized at their principal value and hire charges are expensed.

Fixed assets taken on lease are not treated as assets of the company and lease rentals are charged off as revenue expenses.

Spares received along with the plant or equipment and those purchased subsequently for specific machines and having irregular use are being capitalized.

As per practice, expenses incurred on modernization / de-bottlenecking / relocation / relining of plant and equipment are capitalized.

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the greater of the net selling price and value in use.

Inventories

Inventories are valued at lower of cost or net realisable value. Cost is determined using the First in First out (FIFO) formula. Finished goods and stock in process include cost of conversion and other costs incurred in bringing the inventories to their present location and conditions. Cost of machinery spares which can be used only in connection with plant & machinery and whose use is expected to be irregular are amortized proportionately over a period of residual useful life of machinery as technically evaluated. Due allowance is estimated and made for defective and obsolete items, wherever necessary, based on the past experience of the company.

Foreign Currency Fluctuations

Foreign currency loans under Exchange Risk Administration Scheme (ERAS) and of ADB line of credit have been reflected in Indian Rupees at the rates prevailing at the time of disbursement/conversion.

Gains / Losses due to Foreign Exchange fluctuations arising out of the settlement including those related to fixed assets are dealt within the profit and loss account.

Foreign currency current assets and liabilities are converted into Rupee at the exchange rate prevailing on the Balance Sheet date and the resultant gains / losses are reflected in the profit and loss account.

Depreciation

Depreciation is calculated on fixed assets on straight line method in accordance with schedule XIV of the Companies Act, 1956. Leasehold land is depreciated over the lease period.

Depreciation on amounts capitalized on account of foreign currency fluctuations, is provided prospectively over the residual life of the assets.

Depreciation on revalued assets is calculated on straight line method over the residual life of the respective assets as estimated by the valuer. The additional charge for depreciation on account of revaluation is withdrawn from the revaluation reserve and credited to the profit & loss account.

Research and Development

While revenue expenditure on research and development is charged against the profit of the year in which it is incurred, capital expenditure is shown as an addition to fixed assets.

Employees

The company has set up separate provident fund and superannuation trusts in respect of certain categories of employees. For other employees, provident fund is accrued on monthly basis in accordance with the terms of contract with the employees and is deposited with the "Statutory Provident Fund". Liability on account of retirement gratuity to the employees is being provided in accordance with the company's Group Gratuity Cash Accumulation Scheme with Life Insurance Corporation of India. The contributions to the Trusts are charged to the Profit & Loss Account.

The company extends benefits of leave to the employees while in service as well as on retirement. Provision for leave encashment benefit is being made on the basis of actuarial valuation.

Keyman insurance policy taken by the company on the life of its Keyman is valued at surrender value.

Tax, Duties, etc.

Excise duty has been accounted for in respect of goods cleared and provision has also been made for goods lying in bonded warehouse. Custom duty on material lying in bond and in transit is accounted for at the time of clearance thereof. This accounting treatment has no impact on the loss for the year. Sales tax paid is charged to Profit & Loss Account.

Claims and Benefits

Claims receivable and export benefits are accounted on accrual basis.

Revenue Recognition

Sale of goods is recognized on dispatch to customers. Sales are net of returns, excise duty and sales tax / VAT.

Borrowing Cost

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

Financial Derivatives Transactions

In respect of derivative contracts, premium paid gains / losses on settlement and provisions for losses for cash flow hedges are recognized in the Profit & Loss account.

Forward Exchange Contracts not intended for trade or speculation purpose.

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange difference on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change except for difference in respect of liabilities incurred for acquiring fixed assets from a country outside India, in which case such difference is adjusted in the carrying amount of the respective fixed assets. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

Income from Investments / Deposits

Income from investments/deposits is credited to revenue in the year in which it accrues. Income is stated in full with the tax thereon being accounted for under Tax deducted at source.

Deferred Taxation/Fringe Benefit Tax

Deferred Taxation is calculated using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure which are expected with reasonable probability to crystallize in the foreseeable future.

Deferred tax is recognized in the financial statements only to the extent of any deferred tax liability or when such benefits are reasonably expected to be realisable in the near future.

Provision for Fringe Benefit Tax upto 31.03.09 has been made in respect of employees benefit & other specified expenses as determined under Income Tax Act, 1961.

Earning Per Share

Basic earning per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earning per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year (adjusted for the effects of dilutive options).

Events occurring after Balance Sheet Date

Events occurring after the balance sheet date have been considered in the preparation of financial statements.

Contingent liabilities

Un-provided contingent liabilities are disclosed in the accounts by way of notes giving nature and quantum of such liabilities.

		Current Period (Rs./lacs)	Previous Year (Rs./lacs)
2.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-
3.	Contingent liabilities not provided for in respect of		
	a. UPSEB demand under appeal	101.25	94.25
	b. Guarantee(s) given by banks and financial institutions	280.09	286.64
	c. Letters of credit outstanding	243.63	621.99
	d. SalesTax/Excise Duty/Custom Duty/ServiceTax disputed in appeals	440.78	362.73
	e. Labour Cases disputed In appeal	11.50	7.42

4. The Company has not received intimation from vendors regarding the status under the Micro, Small & Medium Enterprises Development Act, 2006 and therefore, disclosures under this Act have not been given. The management does not envisage any material impact on the financials in this regard.
5. (a) Previous year's figures have been regrouped / rearranged wherever considered necessary.
(b) Current period consists of the period 1.4.08 to 30.09.09 and the previous year is for the period 01.04.07 to 31.03.08, accordingly current period figures are not comparable with previous period figures.
6. Presently no options are available on un-issued share capital except convertibility clause(s), which can be exercised by the Financial Institution(s) in terms of loan agreement(s).

7. Loan includes repayable within one year (including overdue).

	As at 30.09.09 Rs. In Lacs	As at 31.03.08 Rs. In Lacs
Secured Loan		
Rupee Term Loan	41.42	103.56
OTS with GIC	5.93	-
Foreign Currency Loan	-	4.93
Interest Accrued and Due	13.01	93.20
Vehicle Loan	35.37	37.38
Non Convertible Debentures	-	131.88
Working Capital Term Loan	137.50	123.54
Buyers Credit	766.74	64.30
Unsecured Loan		
Fixed Deposit	-	41.88
Deferred Credit	1581.56	-
Interest Accrued and Due	82.58	-

8. a. As reported in earlier years, an employee of the Company defrauded Rs.126 lacs in connivance with certain customers. Legal proceedings against the employee and customers are being pursued. The defrauded amount has been fully provided in the year of fraud.
- b. As reported in earlier years, DEPB licences of Rs. 27.01 lacs (Previous year Rs. 36.86 lacs) (Net of recovery of Rs 34.01 lacs) Purchased were found forged. The amount was provided for in the year of fraud. Legal proceedings are being pursued for recovery of balance amount.
9. In terms of Section 58 A of the Companies Act, 1956 read with the Companies (Amendment) Act 1977 on an application with Central Government it has granted the exemption from the provisions of Section 58A of the Companies Act, 1956 & Rules 3 (1) (a), 3(2) (1) and 3 (2) (ii) of the Companies (Acceptance of Deposit) Rules, 1975 in respect of deposit of Rs.167.50 lacs (balance outstanding as on 30.09.09 Nil Previous year Rs.41.88 lacs) retained by the Company. As per order repayment of Fixed deposit made as under:
 - in 48 equal monthly installments starting from 30.04.05
 - interest @ 12.50% p.a. upto maturity and thereafter 8.5% p.a. on half yearly basis starting from 30.04.05.
10. (a) The company revalued its imported plant & machinery as on 31.03.2001 based on the valuation made by an approved valuer. Accordingly, the original cost of such assets resulted in gross increase in the value of assets over their original cost by Rs.8585.83 lacs, increase in depreciation upto 31.03.2001 by Rs.2682.44 lacs and thereby net increase in replacement cost by Rs.5903.39 lacs. The net increase of Rs.5903.29 lacs in the value of such plant & machinery had been credited to revaluation reserve account.
- (b) Revaluation of indigenous plant & machinery was carried out as on 31.03.2002 by an approved valuer. The revaluation resulted in a gross increase in the value of assets over their original cost by Rs.3981.77 lacs, increase in depreciation upto 31.03.2002 by Rs.1930.53 lacs and thereby net increase in replacement cost by Rs.2051.24 lacs which have been taken as increase in the value of plant & machinery as on 31.03.2002 by creating a revaluation reserve to that extent.
- (c) Thus the aggregate increase by way of revaluation has been at Rs.7954.53 lacs. The revaluation reserves as at 30.09.09 stand to Rs.6772.25 lacs consequent to charge of Depreciation.
11. As per corporate Debt Restructuring Scheme, the Lenders have an option to convert 20% of interest bearing loan and entire 0% interest funded loan into equity, that remain outstanding after a period of seven years. The Lenders would also have an option to convert entire / part of defaulted interest of principal, in the event of default continue beyond 90 days and have the right to revoke the package in case of default.
12. a) The Government of India reduced the Excise Duty on Acrylic Fibre in the Union Budget 2006 while duty on raw material were not reduced commensurately, resulting in inverted duty structure. Due to such anomaly the company is facing CENVAT accumulation, as at 30.09.2009, the CENVAT accumulation stood to Rs.1671.42 lacs (Previous year Rs.748.00 lacs). The Management is reasonably confident that this accumulation in CENVAT account would be liquidated over a reasonable period of time.
- b) During the year Excise duty payable on closing stock of Rs.215.47 lacs (Previous year Rs.134.00 lacs) has been adjusted against balance with Custom & Excise.
13. (a) During the period under review the Company has entered into one time settlement (OTS) with Financial Institutions, the payment of OTS amount has been made during the year and subsequent to the close of the financial year. Based on legal opinion obtained by the Company, it has taken credit of Rs. 637.32 lacs (Previous Year Nil) in respect of extinguishment of liability towards principal amount to the Capital Reserve Account.
- (b) Interest waiver on such OTS amounting to Rs. 1794.21 lacs (Previous Year Nil) has been shown under the extraordinary items in the Profit & Loss Account.
14. Deferred Credit of Rs. 1581.56 lacs (Previous Year Nil) appearing under unsecured Loans represents liability against over 270 days credit period allowed by foreign supplier(s) of raw material.
15. Certain credit and debit balances of sundry debtors and secured loans are subject to confirmation and reconciliation.

- Difference, if any, shall be accounted for on such reconciliation.
16. (a) Foreign Currency exposure that are not hedged by derivative instrument or forward contracts as at 30.09.2009 amount to Rs.9574.01 lacs (US\$ 198.78 Lacs) (Previous year Rs.8378.11 Lacs (US\$ 209.14 Lacs)
 - (b) Foreign currency exposure hedged by derivate instrument or forward contracts as at 30.9.09 amounting to Rs.48.81 Lacs (US\$ 1 lacs).
 - (c) Considering the principle of prudence and announcement made by The Institute of Chartered Accountants of India "Accounting for Derivatives" in March 2008, the Company has provided an amount of Rs.0.59 lacs (Previous Year Nil) on outstanding contracts to the Profits & Loss Account.
 17. Raw material consumed is inclusive of loss due to fluctuation in exchange rate of Rs.1605.97 lacs (Previous year gain of Rs.450.43 lacs)
 18. Unsecured loans from Bodies Corporates include interest free unsecured loan of Rs. 1080 lacs (Previous Year nil) received from Promoter (s) in terms of conditions stipulated by term lending Banks.
 19. Pending determination of the company's claim by Uttar Pradesh State Electricity Board, the refund against service line connection charges on 33 KVA line shall be accounted for on receipt.
 20. No amount was due for credit to investor education & protection fund as at 30th September 2009.
 21. Disclosure in respect of loan/advances and investments in its own shares by the company, its subsidiaries, associates, etc. (as required under clause 32 of listing agreement) is not being made as the company has not granted any loan or advances in the nature of loan.
 22. Tax Liability (if any) will be considered at the end of the Financial Year ending March 2010.
 23. In the opinion of the management, the current assets, loans and advances are expected to realise at least the amount at which they are stated, if realized in the ordinary course of business and provision for all known liabilities have been adequately made in the accounts

24. Related Party Disclosures

Related Party disclosures, as required by AS-18 "Related Party Disclosures" are given below:-

1. Relationship

- (i) **Subsidiaries Companies** NIL
- (ii) **Joint Venture/Joint Control & Associates** NIL
- (iii) **Key management personnel (Whole Time Directors)**
 Mr.Vineet Jain-Managing Director Mr.S.C.Malik-Director (Finance)
Relatives of key management personnel (with whom transactions have taken place)
 Mrs.Anju Jain-Mother
 Mr.Manish Jain-Brother
- (iv) **Enterprises over which key management personnel/relative have significant influence**
 Prabhat Capital Services Ltd.
 Gurukripa Finvest Pvt Ltd.
 Sulabh Plantation & Finance Pvt. Ltd.
- (v) **Other related parties**
 Pasupati Officer's Provident Fund Trust
 The Pasupati Acrylon Ltd. Employees Superannuation Scheme
 The Pasupati Acrylon Ltd. Employees Group Gratuity Scheme

2. The following transactions were carried out with related parties in the ordinary course of business: (Rs./Lacs)

	2008-09				2007-08			
	Key management personnel	Relatives of key management personnel	Companies where significant influence exists	Others	Key management personnel	Relatives of Key Management personnel	Companies where significant influence exists	Others
Salaries & allowances	74.24	6.96	-	-	43.11	5.70	-	-
Interest paid on Fixed Deposit	-	1.93	-	-	-	5.19	-	-
Fixed Deposit Repaid	-	41.88	-	-	-	41.88	-	-
Rent/Lease Rent paid	0.27	0.23	-	4.03	0.18	0.15	-	2.69
Loan Taken	-	-	1875.00	-	-	-	550.00	-
Loan Repaid	-	-	1875.00	-	-	-	550.00	-
Interest Paid	-	-	53.56	-	-	-	37.26	-
Contribution to Gratuity/PF/ Superannuation Fund	12.15	1.67	-	98.88	-	-	-	56.43
Outstanding Fixed Deposit	-	-	-	-	-	41.88	-	-

Note: Related party relationship is as identified by the company and relied upon by the auditors.

25. Employee Benefit Obligations

- a) The Company makes contribution towards gratuity and superannuation to a defined contribution retirement benefits plan for qualifying employees. The fund have taken policy with Life Insurance Corporation of India to provide for payment of vested employees at retirement, death while in employment or on termination of employment. During the year contribution paid to the gratuity fund of Rs.49.96 lacs (Previous Year Rs.27.31 Lacs) and to the superannuation fund of Rs.26.50 lacs (Previous Year Rs.15.59 Lacs) by the Company to cover fully the benefits to be paid to the employees has been charged to the Profit and Loss Account.
- b) The Company has set up a separate Provident Fund in respect of certain categories of employees. For other employees, Provident Fund is accrued on monthly basis in accordance with the terms of contract with the employees and deposited with the "Statutory Provident Fund". During the period Rs.22.42 lacs (Previous year Rs.13.53 lacs) has been paid as contribution to the fund and Rs.72.10 lacs (Previous Year Rs.42.84 lacs) paid as contribution the Statutory Provident Fund, which has been charged to the Profit & Loss Account.
- c) In respect of leave encashment, the present value of obligation is determined based on actuarial valuation by an Independent Actuary based on LIC 1994-96 (ultimate) mortality table. The actuarial valuation is based on terminal salary determined by assuming salary rise of 5% per annum and discounted by assuming the imputed rate of interest of 8% per annum. The difference between the obligations at the beginning of the year Rs. 60.32 lacs and at the end of the year Rs. 74.46 lacs together with the amount paid during the period Rs. 13.77 lacs has been charged to the Profit & Loss Account.

26. Gratuity Valuation as per AS-15

	Current Period (Rs. in lacs))	Previous Year (Rs. in lacs)
Change in Benefit Obligations		
Projected benefit obligations at beginning of the period	172.90	144.32
Current service cost	25.52	12.14
Interest cost	20.77	10.82
Benefits paid	-9.99	11.65
Actuarial (gain) loss	28.96	17.27
Projected benefit obligations at end of the period	238.16	172.90
Change in plan assets		
Plan asset at the beginning of the period at fair value	175.93	138.81
Contribution	13.23	35.85
Actual return of plan asset	25.29	-12.92
Actuarial (gain) loss-plan assets	-	-
Benefits paid	-9.99	-11.65
Plan asset at the end of the period at fair value	204.46	175.93
Actuarial gain/loss-plan assets		
Actual return on plan assets	25.29	12.92
Expected return on plant asset	24.41	12.92
Actuarial (gain) loss-plan assets	-0.88	-
The amount to be recognised in B/S		
Present value of defined benefits obligations	238.16	172.90
Plant assets at end of the period at fair value	204.46	175.93
Liability recognised in the balance sheet	33.70	-3.03
Cost for the period		
Current service cost	25.52	12.14
Interest cost	20.77	10.82
Expected return on plan assets	-24.41	-12.92
Actuarial (gain) loss	28.08	17.27
Expenses recognised to Profit & Loss account	49.96	27.31

27. The Net Deferred Tax Asset of Rs. 2305.39 lacs as at 30.09.2009 (Rs.2186.02 lacs for the period upto 31.03.2008) has not been recognised in view of uncertainty of its realisation, as recommended under Accounting Standard (AS)-22 on "Deferred Taxation" issued by The Institute of Chartered Accountants of India. The details of Deferred Tax Assets are as under:-

(Rs./lacs)

	As at 1 st April, 2008	Current Period	As at 30 Sept., 2009
<u>Deferred Tax Assets being Tax impact thereon</u>			
(i) Unabsorbed losses and/or depreciation carried forward as per Income tax laws	2292.47	470.01	2762.48
(ii) Expenses charged in the books, but allowance thereof deferred under Income tax laws	646.24	-527.03	119.21
	2938.71	-57.02	2881.69
<u>Deferred Tax Liabilities being tax impact thereon</u>			
(i) Difference between written down value of block of assets as per Income tax laws and written down value of the fixed assets as per books of accounts.	752.69	-176.39	576.30
	752.69	-176.39	576.30
Net Deferred Tax Asset	2186.02	119.37	2305.39

28. **Earning per Share (in. Rs.)**

Basic/Dilluted Earning Per Share

		Current Period	Previous Year
Net (Loss)/Profit for the year before extraordinary Items. (Rs./ lacs)	(A)	(2067.74)	(421.41)
Net (Loss)/Profit for the year after extraordinary Items. (Rs./ lacs)		(273.53)	(421.41)
Number of Equity Shares (Rs.10 each) *	(B)	71133121	71133121
Earning per share before extra ordinary items	(A)/ (B)	(2.91)	(0.59)
Earning per share after extra ordinary items	(A)/ (B)	(0.38)	(0.59)
Nominal Value per Equity Share		10.00	10.00

29. a) **Managerial Remuneration**

Profit & Loss Account includes remuneration of Managing Director and Director (Finance) as under:

	Current Period (Rs. in lacs)	Previous Year (Rs.in lacs)
Salary	48.68	28.20
Perquisites/Allowances	25.64	14.91
Contribution towards Superannuation/Provident Funds	12.15	7.05

Note : a) The above figure does not include contribution to Gratuity Fund as separate figures are not available.

b) The company holds an insurance policy on the life of the Managing Director for a sum of Rs.100 lacs (Previous year Rs.100 Lacs).

30. **Auditors' Remuneration**

	Current Period (Rs. in lacs)	Previous Year (Rs.in lacs)
- As audit fees	6.00	4.00
- As tax audit fees	2.00	1.00
- As limited review audit fees	2.50	1.50
- In other capacity	0.36	0.25
	10.86	6.75

31. **Additional information (pursuant to the provisions of part II & Part IV of schedule VI to the Companies Act, 1956)**

(A) Capacities & Production

Product	Licenced Capacity/ Registered Capacity @ (Per Annum)		Installed Capacity * (Per Annum)		Production	
	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year
Acrylic Fibre (MT)	30000	30000	30000	30000	44948	30447

@ Registered with Ministry of Industry

* As certified by management & accepted by auditors as correct, being a technical matter.

(B) Stocks & Sales of goods produced

Product	Current Period		Previous Year	
	Qty (MT)	Value (Rs. in lacs)	Qty (MT)	Value (Rs. in lacs)
Acrylic Fibre				
Opening stock	1832	1754.79	2173	2102.60
Sales *	43606	49681.42	30788	35533.30
Closing stock	3174	2826.90	1832	1754.79

* including sample sales

C) Purchases, Sales and Stocks of goods traded in

Product	Current Period		Previous Year	
	Value (Rs. in lacs)		Value (Rs. in lacs)	
Acrylic Yarn				
Opening stock	0.12		0.42	
Purchase	3.64		3.74	
Sales	2.74		6.59	
Closing stock	2.17		0.12	

D. Consumption of Raw Materials

	Current Period		Previous Year	
	Qty (MT)	Value (Rs. in lacs)	Qty (MT)	Value (Rs. in lacs)
Acrylonitrile	39952	31010.78	27055	22160.16
Methyl Acrylate	3618	2753.54	2492	1617.81
Others	-	2115.56	-	941.16
		35879.88		24719.13

E. Consumption of Imported & Indigenous Raw Material, Stores & Spares

	Current Period		Previous Year	
	Value (Rs. in lacs)	%	Value (Rs. in lacs)	%
Raw Material				
Imported	34559.34	96.32	23696.97	95.86
Indigenous	1320.54	3.68	1022.16	4.14
	35879.88	100.00	24719.13	100.00
Stores & Spares				
Imported	101.18	9.33	31.60	3.96
Indigenous	983.64	90.67	766.68	96.04
	1084.82	100.00	798.28	100.00

F. Value of Imports on CIF basis

	Current Period		Previous Year	
	Value (Rs. in lacs)		Value (Rs. in lacs)	
Plant and Machinery (Including Capital Work-in-Progress)				
Raw Material	29391.21		74.75	
Stores and Spares	175.66		21837.45	
			89.47	

G. Expenditure in Foreign Currency*

	Current Period	Previous Year
	Value (Rs. in lacs)	Value (Rs. in lacs)
Travelling #	23.42	17.03
Interest	348.57	212.64
Commission on Export Sales	5.41	2.89
Other Charges	-	1.76

* On payment basis

Includes amount capitalized

H. Earnings in Foreign Currency

	Current Period	Previous Year
	Value (Rs. in lacs)	Value (Rs. in lacs)
FOB value of exports	667.28	578.50

SCHEDULES A – Q (Contd.)

I. Balance Sheet Abstract & Company's General Business Profile

(a) Registration Details:

Registration No. State Code
Balance Sheet Date

(b) Capital raised during the year: (Amount in Rs. Thousands)

Public issue Right issue
Bonus issue Private Placement

(c) Position of mobilisation and deployment of funds: (Amount in Rs. Thousands)

Total Liabilities Total Assets
Source of Funds:
Paid up Capital Reserves & Surplus
Secured Loans Unsecured Loans
Application of Funds:
Net Fixed Assets Investments
Net Current Assets Miscellaneous Expenditure
Accumulated Losse

(d) Performance of Company: (Amount in Rs. Thousands)

Turnover (Gross)* Total Expenditure
+ -
Profit/(Loss) before tax Profit/(Loss) after Tax
+ -
Basic Earnings per share (Rs) Dividend Rate
Diluted Earning per Share (Rs.)
before extra-ordinary items

* Including other Income and Export Incentives.

(e) Generic Names of principal product, services of the Company:

Item Code No. Product Description

32. Schedules A to Q annexed to and forming part of the statement of accounts have been duly authenticated.

As per our Report of even date annexed
For B.K.SHROFF & CO.
Chartered Accountants

Vineet Jain
Managing Director

O.P. Shroff
Partner

Rakesh Mundra
A.V.P. (Finance) &
Company Secretary

S.C. Malik
Director (Finance)

Ravinder Kapur
Director

Place : New Delhi
Dated : 19th November, 2009



ATTENDANCE SLIP

Pasupati Acrylon Limited

Registered Office
Thakurdwara, Kashipur Road, Distt. Moradabad, Uttar Pradesh - 244 601

Please complete this attendance slip and hand it over at the entrance of the meeting hall, Joint Shareholders may obtain attendance slip on request.

NAME & ADDRESS OF THE SHAREHOLDER/PROXY*

Folio No./DPID/Client ID	No. of Shares

I hereby record my presence at the 26th Annual General Meeting held onthe2010 at 1.30 P.M. at Thakurdwara, Kashipur Road, Distt. Moradabad, Uttar Pradesh.

SIGNATURE OF THE SHAREHOLDER/PROXY

*Strike out whichever is not applicable

(PLEASE TEAR)

PROXY FORM

Pasupati Acrylon Limited

Registered Office
Thakurdwara, Kashipur Road, Distt. Moradabad, Uttar Pradesh - 244 601

Folio No./DPID*/Client ID*

I/We
of in the district of being a member/members
of Pasupati Acrylon Limited hereby appoint of in the district of
or failing him of in the district of
as my/our proxy to vote for me/us and on my/our behalf at the 26th Annual General Meeting of the Company to be held on, the
.....day of, 2010 or at any adjournment thereof.

Signed this day of 2010 by the said

Affix a
Fifteen Paise
Revenue
Stamp

*applicable if shares are held in electronic form

NOTE : The proxy must be returned so as to reach the registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.

BOOK POST

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Corporate Office
M-14, Connaught Circus, (Middle Circle), New Delhi-110 001 (INDIA)

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