

**7TH  
ANNUAL REPORT  
2010-2011**



 **CIL Nova**  
**Petrochemicals Ltd.**

**[Formerly Known as Nova Polyyarn Limited]**

## Company Information

### BOARD OF DIRECTORS

1. Mr. Jyotiprasad D. Chiripal
2. Mr. Vedprakash D. Chiripal
3. Mr. Ambalal C. Patel
4. Mr. Murli R. Goyal

### COMPANY SECRETARY

Mr. Romin N. Shah

### BANKERS

1. State Bank of India
2. State Bank of Indore
3. Bank of Baroda
4. Central Bank of India
5. Uco Bank

### REGISTERED OFFICE & PLANT

Survey No. 396(P), 395/4(P),  
Moraiya Village, Sarkhej-Bavla Highway,  
Tal. Sanand, Ahmedabad-382210.

### CORPORATE OFFICE

"Chiripal House",  
Shivranjani Cross Roads,  
Satellite, Ahmedabad - 380015.  
Tel : 91-079-26734660-2-3  
Fax : 91-079-26768656

### COMMITTEES OF BOARD :-

#### AUDIT COMMITTEE

Mr. Ambalal C. Patel *Chairman*  
Mr. Murli R. Goyal *Member*  
Mr. Jyotiprasad D. Chiripal *Member*

#### SHAREHOLDERS GRIEVANCE COMMITTEE

Mr. Ambalal C. Patel *Chairman*  
Mr. Murli R. Goyal *Member*  
Mr. Jyotiprasad D. Chiripal *Member*

#### AUDITORS

M/s J.T. Shah & Co.,  
Chartered Accountants,  
201/202, Lalita Complex,  
Nr. Mithakhali Cross Roads,  
Navrangpura, Ahmedabad - 380 009

#### REGISTRAR & TRANSFER AGENT

##### Link Intime India Private Limited

211 Sudarshan Complex, Nr Mithakhali UnderBridge,  
Navrangpura, Ahmedabad-380009.  
Email : ahmedabad@linkintime.co.in  
Tel No : 079-26465179  
Fax No : 079-26465179

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## NOTICE

**Notice** is hereby given that the **7th Annual General Meeting** of CIL Nova Petrochemicals Limited will be held on Wednesday 28th day of September, 2011 at 3.30 p.m at registered office at Survey No. 396(P), 395/4(P), Moraiya Village, Sarkhej-Bavla Highway, Tal. Sanand, Ahmedabad-382210 to transact the following business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2011, the Profit & Loss Account for the Financial Year ended on that date and Reports of the Auditors and the Directors' thereon
2. To appoint a Director in place of Mr. Ved Prakash D Chiripal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors M/s J.T Shah & Co , Chartered Accountants to hold office from conclusion of this Annual General Meeting upto the Conclusion of Next Annual General Meeting and to authorize the Board to fix their remuneration.

On behalf of the Board of Directors

Date : 11.08.2011  
Place : Ahmedabad

**Jyotiprasad D Chiripal**  
Chairman

### NOTES:

1. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a member of the Company . Proxies, in order to be effective, must be received at the registered office of the company not less than 48 hours before the commencement of the Annual General Meeting.
2. Corporate Members are requested to send a duly certified copy of the Board Resolution at registered office of the company pursuant to section 187 of the Companies Act, 1956 authorizing their representative to attend and vote at the Annual General Meeting.
3. Members /Proxies should fill-in the attendance slip for attending the Meeting and bring their attendance slip along with their copy of the Annual Report to the Meeting.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of name will be entitled to vote.
5. Members holding equity shares in dematerialized form are required to bring details of their Depository Account Number for identification.
6. Members holding equity shares in physical form are requested to notify the change of address, if any, to the Company's Registrar and Share Transfer Agent, M/s Link Intime India Private Limited 211, Sudarshan Complex, Nr Mithakhali Under Bridge, Navrangpura, Ahmedabad-380009. Members holding equity shares in dematerialized form are requested to notify change of their address/ Bank account details with their Depository Participants.
7. The Register of Members and Share Transfer Registered shall remain closed for registering share transfer from 21st day of September, 2011 to 28th day of September, 2011 (Both days inclusive).
8. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Sundays Between 11.a.m to 1.00 p.m upto the date of the Annual General Meeting.

On behalf of the Board of Directors

Date : 11.08.2011  
Place : Ahmedabad

**Jyotiprasad D Chiripal**  
Chairman

### Brief resume and other information in respect of Director seeking re-appointment at the Annual General Meeting :

Mr Vedprakash D Chiripal, aged 60 years, is the Director of CIL Nova Petrochemicals Limited (Formerly Known as Nova Polyyarn Limited). He is a Commerce Graduate and has obtained his bachelor of Commerce degree from Calcutta University. He has an vast experience in the textile industry. Mr Vedprakash D Chiripal is a Chairman of the Chiripal Group under his leadership, the group is running a school, Management Courses and also in real estate Business. He is a Trustee of Chiripal Charitable Trust and also serves as director of other company's. He is known for his financial acumen and he drives the Chiripal Group with his insights and vision. He is to oversee our strategic expansion initiative, business development and supervises the finance of our company.

**DIRECTORS' REPORT**

To ,  
The Members,  
CIL Nova Petrochemicals Limited.  
( Formerly Known as Nova Poly yarn Limited )

Your Directors are delighted to present the 7th Annual Report together with Audited Statement of Accounts of the Company for the year ended March 31,2011.

**FINANCIAL RESULTS**

The Financial Performance of your Company for the year ended March31,2011 is summarized below:

Particulars	(Rs. In Cr)	
	Current Year 2010-2011	Previous Year 2009-2010
Sales	294.29	194.21
Other Income	0.66	0.83
Increase /(Decrease) in Stock	(5.18)	9.04
Less- Expenditure	269.32	186.47
<b>Profit Before Interest, Depreciation &amp; Taxation</b>	<b>20.44</b>	<b>17.62</b>
Less : Interest & Financial Charges	9.12	9.10
<b>Profit Before Depreciation and Taxation</b>	<b>11.32</b>	<b>8.52</b>
Less : Depreciation	9.19	9.01
<b>Profit/(Loss) before Taxation</b>	<b>2.12</b>	<b>(0.49)</b>
Add : Exceptional Item	0	1.27
<b>Profit/(Loss) before taxation</b>	<b>2.12</b>	<b>0.78</b>
Less: Provision for Taxation		
Current including wealth Tax	00	00
Fringe Benefit Tax	00	00
Deferred	00	00
<b>Profit/(Loss) after Taxation</b>	<b>2.12</b>	<b>0.78</b>

**PERFORMANCE**

During the year under review, the company has achieved a gross turnover of Rs. 314.28 Crore for the year 2010-11 as compared to the gross turnover of Rs.206.27 Crore for the year 2009-10 which shows a rise of 52.36 % over the previous year. The PBIDT during the year under review was Rs.20.44 Crore as compared to Rs. 17.62 Crore, registering the increase of 15.97 % over the previous year. The Company has achieved a profit of Rs 2.12 Crore as compared to a profit of Rs.0.78 Crore over the previous year 2009-10. Your directors expects to improve performance during the current year.

**DIVIDEND**

Your directors do not recommend dividend during the year under review as the company is setting its existing manufacturing activities after the demerger and is under process to put up the projects to achieve growth.

**DIRECTORS**

The Companies Act,1956 provides that atleast two-thirds of our directors are subject to retire by rotation. One third of these directors must retire from office at each Annual General Meeting of shareholders. A retiring director is eligible for re-election. Mr Ved Prakash D Chiripal retire by rotation and eligible offer themselves for re-appointment at this Annual General Meeting.

Your directors recommend their re-appointment at the ensuing Annual General Meeting.

**PUBLIC DEPOSITS**

During the year, your Company has not accepted any Deposits under Section 58A and Section 58AA of the Act, read with Companies (Acceptance of Deposits) Rules,1975.

## COVERAGE OF ASSETS

The Company has reviewed the Adequate Insurance Cover for the existing Plant & Machinery, Building, Stock, etc. considering the various risk factors attached to the assets and insured the assets to take care of the unforeseen circumstances to safeguard the interest of the company.

## CORPORATE GOVERNANCE

Your Company is committed towards achieving the highest standard of Corporate Governance. The Directors and the Management of your Company ensure compliance of the Corporate Governance requirements set out under the Listing Agreement with Stock Exchanges.

A detailed report on Corporate Governance pursuant to the requirement of Clause 49 of the Listing Agreement with the Stock Exchange together with Auditor's Certificate confirming compliance is attached to this Annual Report.

## PARTICULARS OF EMPLOYEES

Pursuant to the provision of section 217(2A) of the Act, read with (Particulars of Employees) Rules, 1975 the names and other particulars of employees are required to be annexed to the Director's Report. However during the year under review there were no employees drawing the salary more than the limit prescribed under the Act. Your Directors therefore do not attach the annexure as prescribed under the provision of section 217(2A) of the companies Act, 1956.

## RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 as amended by Companies (Amendment) Act, 2000 with respect to Directors Responsibility Statement, it is hereby confirmed;

- (i) that in the preparation of the accounts for the financial year ended 31st March 2011, the applicable accounting standards have been followed along with proper explanation relating to the material departures,
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review,
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of The Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities,
- (iv) that the Directors have prepared the annual accounts on a 'going concern' basis.

## AUDITORS

You are requested to appoint the auditors for the current year and to fix their remuneration. The retiring auditors M/s. J.T Shah & Co, Chartered Accountants, are eligible and offer themselves for re-appointment. The Company has received a certificate from M/s. J.T Shah & Co. to the effect that their re-appointment, if made, will be within the prescribed limits specified in Section 224(1B) of the Companies Act, 1956.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars as required under section 217(1)(e) of the Companies Act, 1956 read with companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the **annexure A** to this report.

## ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation of the dedication and commitment of employees at all levels that have contributed to the success of your Company. Your Directors thank and express their gratitude for the continued support and co-operation received from the shareholders, business associates, vendors, Bankers, customers, service providers and various statutory authorities.

On Behalf of Board of Directors

Jyotiprasad D Chiripal  
Chairman

Date : 11.08.2011  
Place : Ahmedabad

# ANNEXURE TO DIRECTORS' REPORT

## ANNEXURE-A

Particulars pursuant to section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Report of the Directors.

### A. CONSERVATION OF ENERGY

#### [a] Energy conversion measures taken :

- (1) Utilization of power plant Boiler on optimized capacity and stopped process Boiler Annual Saving approx. Rs.30.00 Lacs
- (2) Power Plant Running on 100 % Lignite instead of 20% mix imported coal. Cost saving in fuel approx. 20%
- (3) New cooling tower 500 M3/hr installed in power plant for better cooling and increases turbine efficiency. Annual Savings appx. Rs 40.00 Lacs
- (4) 3 MW additional Steam Turbine for reduce power cost.
- (5) Modification of air Blower in Dryer # 4 for Power saving per year approx @ Rs.7.00 Lacs/year.
- (6) Thermo pack boiler is now running with CNG GAS instead of furnace oil for improvement of efficiency & cost saving upto @ Rs.25 Lacs/year
- (7) New 24 winders from china installed in POY line 8 for more production growth.
- (8) Energy efficient being introduced in pumps & Motors.

Water conservation Measures taken:

The Company is taking appropriate steps to conserve water as per the applicable provisions of the Act.

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

(c) Total Energy Consumption and energy consumption per Unit of Production.

#### I. POWER & FUEL CONSUMPTION :

##### Power and Fuel Consumption:

31.03.2011

31.03.2010

##### 1. Electricity

###### a) Purchased

Unit (KWH)

NIL

NIL

Total Amount (Rs.)

NIL

NIL

Average Rate/Unit (Rs.)

NIL

NIL

###### b) Own Generation:

###### i. Through Diesel Generator

Unit (KWH)

1393076

1142041

Unit per Ltr of Fuel/Oil

3.55

3.61

Cost/Unit (Rs.)

9.13

9.65

###### ii. Through Steam Turbine / Generator

Unit (KWH)

56844600

67287400

Unit per Kg of Coal

0.71

0.65

Cost / Unit (Rs.)

3.97

4.01

##### 2. Coal / Lignite

Quantity (Kg.)

79765270

104061842

Total Cost (Rs.)

2257.44

2641.78

Average Rate (Rs./Kg.)

2.83

2.58

##### 3. Furnace Oil (Used in the Generation of Steam)

Quantity (K. Liters)

212575

658143

Total Amount (Rs. In Lacs)

52.53

157.06

Average Rate (Rs./KL)

24.71

23.86

##### 4. Others /Internal Generation

Quantity

NIL

NIL

Total Cost (Rs.)

Rate/Unit (Rs.)

#### II CONSUMPTION PER UNIT OF PRODUCTION :

Products (with details) Unit

Electricity (KWH/Ton of Product)

a) P.O.Y

893

1015

b) Draw Twisting

2550

3796

c) Draw Texturising

1610

1613

## B. TECHNOLOGY

### RESEARCH AND DEVELOPMENT (R & D)

#### 1. Specific Area in which R & D is carried out by the Company

- (1) Production capacity has been increased by converting winder ends from 8 to 12 in FDY area and 10 to 15 in POY area.
- (2) In house development of process technology for FDY has resulted in saving on know how fee.
- (3) Trials with different type of spin finish on POY/FDY to reduce the cost & Improve the quality.
- (4) Development of new product range in POY & FDY.
- (5) Development of new Deniers / Micro Deniers.

#### 2. Benefits derived as a result of the Above R & D

The Company has yet to analyse the results.

#### 3. Future Plan of Action

- (1) New Cooling tower 500 M3 /Hr to be installed in utility for better cooling of POY & FDY plant.
- (2) New Chiller plant 550 X 2 to be installed for POY & FDY plant for better cooling in plant
- (3) New POY line from China (with all system & 6 winders ) for increase production of POY.
- (4) By use Ro to Ro water and enter into DM plant for increase DM Plant existing capacity and reduce rejected water of DM regeneration. It may increase the life of DM Plant, Better quality of water.
- (5) The company is planning to do expansion of power plant and POY Production capacity.

## III. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

### Efforts made towards Technology, Absorption, Adaption and Innovation :-

Since the Company is under process of establishing its activities, there are no such efforts made till Date.

### Benefits derived :

There are no such benefits as no efforts are initiated.

### Future Plan of Actions.

The Company may go for technology, invention etc. after establishment of its activities.

## IV. FOREIGN EXCHANGE EARNINGS AND OUTGO :

- a. The Company has taken various steps to increase exports of products during the year.
- b. Foreign exchange earning and outgo during the year :

Particulars	31.03.2011	(Rs. In Cr) 31.03.2010
(a) Foreign Exchange Earnings	NIL	NIL
(b) Foreign Exchange Outgo	NIL	NIL

Total Foreign Exchange Used and earned :- As per notes on account.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### OVERVIEW OF THE TEXTILE INDUSTRY

As we all know Indian textile industry is one of the leading in the world. Currently it is estimated to be around US\$ 52 billion and is also projected to be increased at remarkable rate by the year 2012. The current domestic market of textile in India is expected to be increased to US\$ 60 billion by 2012

The Indian textiles sector contributes about 14 percent to industrial production, 4 percent to the GDP, and 27 percent to the country's export earnings. It provides direct employment to millions of people. As the second largest provider of employment after agriculture, the textile sector has a direct link with the rural economy and performance of major fibre crops and crafts such as cotton, wool, silk, handicrafts and hand looms, which employ millions of farmers and crafts persons in rural and semi-urban areas. It has been estimated that one out of every six households in the country depends directly or indirectly on this sector. Experts predicted what will be India's Scenario on Global Textile by 2020 where he says that India will be 3rd largest economy in the world next to China & U.S. there will be growth in retail segment.

The contribution of this sector to the Indian fiscal system is also remarkable around 8% of the total excise revenue collection is contributed by the textile industry. So much so, the textile industry accounts for as large as 21% of the total employment generated in the economy.

### SWOT ANALYSIS OF INDIAN TEXTILE INDUSTRY

#### Strengths :

- \* Adequate availability of raw materials and low cost skilled labours.
- \* Growing domestic and international market.
- \* Rich heritage of the country offers good inspiration base for designers.
- \* Greater flexibility to service smaller & specialized orders.
- \* Presence across the value chain.

#### Weakness :

- \* Poor quality standards.
- \* Lack of professionalism and integration of supply chain.
- \* Less attention on manpower planning.
- \* Technological obsolescence.
- \* More dependence on cotton.
- \* Effect of historical government policies.

#### Opportunities :

- \* Textile Industry is growing industry.
- \* Market access through bilateral negotiation.
- \* Growing investment avenues.
- \* Research and development activities & product development.

#### Threats :

- \* Ecological and social awareness.
- \* Competition in Domestic markets.
- \* Regulatory Environment.
- \* Regional alliances.
- \* High cost of borrowings.

### FOREIGN DIRECT INVESTMENT

The Indian authorities believe that the technical textile sector is another potential area for foreign investment due to the rapid growth of the demand for industrial and technical textiles in the nation. The sector is targeting US\$ 6 billion foreign direct investment (FDI) by 2015 to be invested in textiles machinery, fabric and garment manufacturing, as well as technical textiles. The expected growth of Indian textiles industries will be worth about \$220 billion by in the year 2020.

The investment scenario is becoming rise day by day, India is a growing source of supply of textiles and apparel to the world market, the exports are growing rapidly as more and more buyers around the world turn to India as an alternative to China. India has enormous opportunities to expand their share in Textiles and Apparel industries. International scenario does indicate favorable business

atmosphere in India, FDI Inflows to Textiles industry in India enhanced the growth of the sector. India has been known for its textiles all over the world.

### REGULATORY AUTHORITIES

The Technology Upgradation Fund Scheme (TUFS), the "flagship" Scheme of the Ministry of Textiles, was launched on 01.04.1999 with the objective of making funds available to the domestic textile industry for upgrading the technology of existing units, and for setting set up new

units with state-of-the-art technology to enhance their viability and competitiveness in the domestic and international markets. Initially, the Scheme was planned for a five year period to close on 31.03.2004, and it was twice extended; first up to 31.03.2007 and then further on to 31.03.2012. The TUF Scheme is renamed as Modified Technology Upgradation Fund Scheme. Till the end of 31st March, 2009, ` 64,530 crores have been disbursed to the benefit of 25,248 units, of which 7420 are Non Small Scale Industries and 17,828 are Small Scale Industries.

The spinning sector in the country alone has used 34% of the total amount sanctioned. The Indian textiles, renowned for their fineness and captivating colours for over 5000 years, have attracted connoisseurs, from all parts of the world. They bear the imprint of the fine craftsmanship of the Indian weaver, generation down the centuries. The Indian textile industry, with a long and rich history, has had a massive impact on the Indian as well as world textile market and economy.

In February, Excise duty of 10% on garments was announced in union fiscal budget for 11-12 and was implemented with immediate effect. Since this was to effect the entire value chain, a nationwide protest was announced coupled with strikes and closures. This resulted in slowdown of business, affecting domestic consumption. This was the second major blow. By the end of March it was total chaos. As soon as the yarn export quota for FY 11-12 was opened by government for registration, there was a scramble among exporters to dispose maximum quantity.

#### **EXPORTS**

Textile exports play a crucial role in the overall exports from India. With the objective of increasing exports clothing sector contributes significantly to employment generation and export earnings besides meeting the domestic demand for clothing. India's textiles products, including handlooms and handicrafts, are exported to more than a hundred countries. However, the USA and the EU, account for about two-third of India's textiles exports. The other major export destinations are Canada, U.A.E., Japan, Saudi Arabia, Republic of Korea, Bangladesh, Turkey, etc.

#### **IMPORTS**

The import of raw jute, raw silk, raw wool, fiber, yarn and fabrics, made ups, Woolen and cotton rags and other textile decreased day by day. Major import is of yarn, fabrics, raw material and semi-raw-material. The reason behind decreasing import is the availability of the product in the domestic markets itself. Due to advancement of technology, innovation of new techniques and availability of skilled manpower the required product is now available in the domestic market itself only. This is being creating a image among the different countries regarding the strongest of the Indian economy day by day.

#### **FINANCIAL PERFORMANCE**

During the year under review the turnover achieved was Rs. 314.19 Crores as compare to previous year turnover of Rs. 206.27 Crores registering a growth of 52.32 % over the previous year. The profit before interest, depreciation and taxes stood at 20.44 Crore for the year 2010-11 as compared to 17.62 Crore during the year 2009-10 showing 15.97 % rise over the previous year. The Net Profit for the year 2010-11 increases from 0.78 Crores to 2.12 Crores over the previous year 2009-10. The Cash Profit during the year under review was achieved at Rs. 11.32 Crores evidenced by effective management internal control, optimum utilization of resources and dedicated hard working of Human Resources.

#### **CLARIFICATION/EXPLANATION IN RESPECT OF COMMENT OF STATUTORY AUDITOR IN THEIR AUDIT REPORT**

The Statutory Auditor has qualified its Audit Report in respect of non-deposit of our part of Rs.3.39 lacs of unpaid/unclaimed dividend into Investor Education & Protection Fund till date of balance sheet. Your director would like to clarify that the amount lying in unclaimed dividend in respect of earlier year was of erstwhile Nova Petrochemicals Limited and the same amount lying in the Bank Account was seized by the Sales Tax Authority which could not be accessed by the company to be transferred to Investor Education & Protection Fund when it became due and till date the seizure of the account is still continue. Further the company namely erstwhile Nova Petrochemicals Limited was demerged by order of the H'onorable High Court of Gujarat and accordingly as per sharing ratio our liability in respect of transfer of unclaimed dividend comes to Rs.3.39 lacs and balance part is of GSL Nova Petrochemicals Limited.

Further in respect of the note no 9 b of Audit Report stating disputed statutory dues have not been deposited with appropriate authorities. Your director would like to clarify that this statutory dues relates to erstwhile Nova Petrochemicals Limited and the same will be dealt with as per the demerger order of the H'onorable High Court of Gujarat.

#### **RISK MANAGEMENT AND INTERNAL CONTROL**

The Company is having a Risk Management policy to identify, analyze, mitigate and control various risks associated with the business of the company. The Company's internal control system are continuously monitored by internal Auditors and the Board are also reviewed by the management for checking any deviation or departure from the laid down policies. The risks like earthquake, fire, transit of goods which are considered as major risks are adequately insured.

#### **HUMAN RESOURCE AND INDUSTRIAL RELATIONS**

The human resource department of the company is constantly focusing on the training, recruitment, development, promotion, capacity building, education, welfare of employees and as a result it is receiving whole hearted support from employees of the various department which able the company to achieve its predetermined objective without any further difficulties.

#### **CAUTIONARY STATEMENT**

Statement in this report describing the Company's objectives, projections, estimates, expectations or predictions may be "forward - looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include economic conditions affecting demand/supply and price condition in the domestic markets in which the company operates, changes in the government regulations, tax laws and other statutes and other incidental factors.

## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance essentially is the system by which Companies are directed and controlled by the Management in the best interest of the stakeholders and others. Corporate Governance ensures fairness, transparency and integrity of the management. Corporate Governance is a way of life, rather than a mere legal compulsion. It further inspires and strengthens investor's confidence and commitment to the Company.

The Corporate Governance philosophy of the company has been further strengthened with the adoption of the Code of Conduct, Code for Prevention of Insider Trading and Code of Corporate Disclosure Practices. The Company through its Board and Committee, endeavours to strike and deliver the highest governing standards for the benefits of its stakeholders.

In compliance with the disclosure requirements of Clause 49 of the Listing Agreement executed with Stock Exchanges, the details are set out below :

### BOARD OF DIRECTORS

Your company is in strict compliance with board composition requirement of the Listing agreement. The day-to-day management of the company is entrusted to its key management personnel who operates under the superintendence, direction and control of the Board.

#### a) Composition of Board

Your's Companies Board consists of 4(Four) directors of which 2 are Executive and Promoter Directors and 2 are Non-Executive and Independent Director. The Chairman of the Board is Executive Promoter Director. The Composition of the Board is in compliance with the Clause 49 of listing agreement. The Composition of the Board is as under :-

Name of Director	Category	No. of Board Meetings		No of Membership in other Board or Committee as a Member or Chairman		
		Held during year	Attended during the year	Other Directorship (incl CIL Nova)	Committee	Whether Attended Last AGM
Shri JyotiPrasad D Chiripal	Promoter Executive	5	5	6	2	Yes
Shri Ved Prakash D Chiripal	Promoter Executive	5	5	6	4	Yes
Shri Ambalal Patel	Non-Executive Independent	5	5	13	10	Yes
Shri Murli R Goyal	Non-Executive Independent	5	4	NIL	2	Yes

\* Audit Committee and Share holders Grievance Committee has been considered for Committee Position.

None of the Directors is a member of more than 10 Committee or Director is a chairman of more than 5 Committee across all the companies in which he is Director.

#### b) Board Meeting and Procedures

During the Financial Year 2010-2011 under review i.e between the period April 1,2010 till March 31,2011 5(Five) meetings of the Board were held on the following dates 27.04.2010, 07.08.2010, 28.10.2010, 12.01.2011 and 16.02.2011 The intervening period between the Board Meetings were well within the maximum time gap prescribed under the Companies Act,1956 and Clause 49 of the Listing Agreement. The Board Meetings are generally held at the Corporate Office of the Company which are governed by structured agenda. The Company Secretary in consultation with the Chairman drafts agenda of the Meetings. The agenda along with the explanatory notes are sent to all Directors well in advance to enable them to take informed decisions. All relevant information required to be placed before the Board of directors as per Clause 49 of the Listing Agreement, are considered and taken on record / approved by the Board. The Board periodically reviews Compliance Reports in respect of laws and regulation applicable to the company.

#### c) Code of Conduct

In compliance with the Clause 49 of the Listing Agreement the Company has adopted a Code of Conduct for the Board and Senior Management of the Company. The compliance of the code of conduct is affirmed by the Board and Senior Management personnel annually. A copy of said Code of Conduct applicable to the board members and senior management is available at our website, [www.chiripalgroup.com](http://www.chiripalgroup.com)

All the members of the Board and the Senior Management have affirmed compliance to the said Code of Conduct during the financial year ended March31,2011. A declaration affirming compliance with the code of conduct by the members of the Board and Senior Management personnel is given below :

#### DECLARATION PURSUANT TO CLAUSE 49 I(D) (II) OF THE LISTING AGREEMENT

I confirm that the company has obtained from all Directors and Senior Management Personnel of the Company their affirmation of compliance with the Code of Conduct for Members of the Board and Senior Management of the Company for the financial year ended March 31,2011.

Date : 11.08.2011  
Place : Ahmedabad

On Behalf of Board of Directors  
Jyotiprasad D Chiripal  
Chairman

## BOARD COMMITTEES

Yours Board has constituted various Board Committees for smooth and efficient operation of day-to-day business of the company. Relevant particulars of Audit Committee, Remuneration Committee, Share Holders Grievance Committee are as detailed hereunder.

### a) Audit Committee

The Audit Committee comprises of 3 members represented by 2 Non-executive Independent Director and 1 Executive Promoter Director. Shri Ambalal C Patel acts as a Chairman of Audit Committee and Shri Jyotiprasad D Chiripal and Shri Murli R Goyal are members of Committee.

The Composition of the Audit Committee as on March 31,2011 which complies with the requirements of Section 292A of the Companies Act,1956 and Clause 49 of the Listing Agreement is as under:

Name of Director	Category	No. of Meeting Held	No. of Meeting attended
Shri Ambalal C Patel - Chairman	Non-Executive Independent	4	4
Shri Murli R Goyal - Member	Non-Executive Independent	4	4
Shri Jyotiprasad D Chiripal - Member	Executive Promoter	4	4

#### Primary Objective :

The Primary objective of the Audit Committee of the Company is to monitor and provide effective supervision of the management financial reporting process with a view to ensure accurate, timely and proper disclosure and transparency, integrity and quality of financial reporting.

The role and powers of the Audit Committee is as set out in Clause 49 of the Listing Agreement with Stock Exchanges and Section 292A of the Companies Act,1956. The terms of reference of the Audit Committee inter alia include :-

- Overseeing of company's financial reporting process and disclosure of its financial information.
- Review with the management, quarterly and annual financial statements.
- Review of related party transaction.
- Review of Company's financial and risk management policies.
- Review with the management, Statutory and Internal Auditors, adequacy of internal control systems.
- Review of financial statements, investment, minutes and related party transactions of Subsidiary Companies.
- Recommend to the Board the appointment, re-appointment and removal of the Statutory Auditor, fixation of their remuneration.
- Discussion with Statutory Auditors about the nature and scope of audit as well as post audit discussion to ascertain any area of concern and internal control weaknesses observed by the Statutory Auditors.
- Discussion of Internal Audit Reports with Internal Auditors and significant findings and follow up there on and in particular internal control weaknesses.

### b) Remuneration Committee

The Remuneration Committee of the Company comprises of 3(three) Directors. 2(Two) of them are Non-Executive Independent Director and 1(One) Director is Executive Promoter.

Name of Director	Category	No. of Meeting Held	No. of Meeting attended
Shri Murli R Goyal - Chairman	Non-Executive Independent	0	0
Shri Ambalal C Patel - Member	Non-Executive Independent	0	0
Shri Jyotiprasad D Chiripal - Member	Executive Promoter	0	0

\* The remuneration committee has not met during the year under review.

The terms of the reference of the Remuneration Committee, inter alia, consists of reviewing the overall compensation policy, service agreement and other employment conditions of Senior Management and Executive Director(s). The recommendation of the Remuneration Committee are considered and approved by the Board of Directors, subject to the approval of the Shareholders where necessary.

The Remuneration Committee is also responsible for administering Company's Employees Stock Option Scheme including review and grant of options to the eligible employees under the Scheme.

Details of remuneration paid to the directors for the year ended on March 31,2011 are as follows:

Name of Director	Sitting Fees(Rs)	Salaries and Perquisites (Rs)	Commission(Rs)	Total(Rs)
Shri VedPrakash D Chiripal	Nil	Nil	Nil	Nil
Shri JyotiPrasad D Chiripal	Nil	Nil	Nil	Nil
Shri Ambalal C Patel	35000	Nil	Nil	35000
Shri Murli R Goyal	Nil	Nil	Nil	Nil

**Details of Shareholding of Directors as on 31st March, 2011**

Name of Directors	No. of Share Held as on 31.03.2011	% holding
Shri VedPrakash D Chiripal	921119	3.40 %
Shri JyotiPrasad D Chiripal	12500	0.05 %
Shri Ambalal C Patel	700	0.002%
Shri Murli R Goyal	Nil	Nil

**C) Shareholders/Investors Grievance Committee**

The Shareholders/Investor Grievance Committee of the Board comprises of Mr. Ambalal C Patel, Non-Executive Director as Chairman, Mr. Murli R Goyal and Mr. Jyotiprasad D Chiripal as a Member.

The Main functions of the Investor Grievance Committee is to supervise and ensure efficient transfer of shares and proper and timely attendance of investors' grievances. The equity share of company are compulsorily traded in electronic form on the stock exchange. Hence the handling physical transfer of shares in minimum. The Board has delegated power for approving transfer and transmission of shares to shareholders Grievance committee.

**Composition of Shareholders/ Investors Grievance Committee**

Name of Director	Category	No. of Meeting Held	No. of Meeting attended
Shri Ambalal C Patel - <b>Chairman</b>	Non-Executive Independent	4	4
Shri JyotiPrasad D Chiripal - <b>Member</b>	Non-Executive Independent	4	4
Shri Murli R Goyal - <b>Member</b>	Executive Promoter	4	4

**Details of complaints resolved during the financial year 2010-11 are as follows**

Nature of Correspondence	Received	Replied/Resolved	Pending
Non-receipt of Shares Certificate	—	—	—
Non-receipt of Shares	—	—	—
Non-receipt of Annual Report	—	—	—
Non-receipt of Dividend Payment	—	—	—
Non-receipt of fractional payment	—	—	—
Non-receipt of call Money Notice	—	—	—
Non-receipt of confirmation of call money payment	—	—	—
Others	1	1	—

**SHARE TRANSFER SYSTEM**

The Company's Registrar and Share Transfer Agent is M/s Link Intime India Private Limited Mumbai. The Shares lodged for Physical transfer/transmission/transposition/rematerialization are registered within the prescribed time if the documents are complete in all respects. The shares in dematerialized form are admitted for trading with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

**SUBSIDIARY COMPANY**

The Company has no Subsidiary Company.

**RELATIONSHIP BETWEEN DIRECTORS INTER-SE**

Mr Jyotiprasad D Chiripal Chairman and Mr. Vedprakash D Chiripal Executive Director are related as brothers. Apart from them, no other Directors, are in any way related.

**MANAGEMENT DISCUSSION AND ANALYSIS**

This is included as a separate section in this Annual Report.

**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

As required by Clause 49 of the Listing Agreement, the Statutory Auditors' Certificate is provided in this Annual Report.

**CEO/CFO CERTIFICATION**

As required by Clause 49 of the Listing Agreement, the CEO/CFO Certification is provided in this Annual Report.

**GENERAL MEETINGS**

The 7th Annual General Meeting of the company will be held on Wednesday, 28th day of September, 2011 at 3.30 P.M at registered office at Survey No.396(P), 395/4(P), Moraiya Village, Sarkhej-Bavla Highway, Tal. Sanand, Ahmedabad-382210.

Details of Annual General Meetings held during last 3 years are as follows :

Financial Year Ended	Date & Time	Venue	Special Resolution Passed
March 31,2010	Thrusday, 23rd September,2010 3.30 P.M	Survey No. 391(P), 396(P) Moraiya Village, Sarkhej Bavla Highway, Tal. Sanand, Ahmedabad-382210	1
March 31,2009	Friday, 4th September,2009 11.30 A.M	Survey No. 391/ 403, Moraiya Village, Sarkhej Bavla Highway, Tal. Sanand, Ahmedabad-382210	0
March 31,2008	Tuesday, 30th September,2008 3.30 P.M	Survey No. 391/ 403, Moraiya Village, Sarkhej Bavla Highway, Tal. Sanand, Ahmedabad-382210	1

#### POSTAL BALLOT

The Company has not passed any resolution through postal ballot during the year under reference, none of the resolutions proposed for the ensuing Annual General Meeting need to be passed through Postal Ballot.

#### MEANS OF COMMUNICATION

Half Yearly report sent to each of shareholders	: No
Quarterly Results Published in which newspapers	: No. The Company got listed w.e.f. 23.05.2011
Any web-site where displayed	: www.chiripalgroup.com
Presentation made to Institutional Investors or to Analyst	: No
Whether Management Discussion and Analysis Report Is a part of annual report or not	: Yes

#### DISCLOSURES

##### a) Basis of Related Party Transaction :

For significant related party transaction refer to Point No 14 of the Notes on Account contained in financial statements in this Annual Report.

##### b) Disclosure of accounting treatment in preparation of Financial Statement

The Company has followed the guidelines prescribed by The Institute of Chartered Accountants of India (ICAI) in preparation of financial statements.

##### c) Details of Non-compliance by the Company

The Company has complied with all the requirements of Regulatory Authorities. There has not been any non-compliance by the Company and no penalties or strictures imposed by SEBI or Stock Exchanges or any statutory authority on any matter relating to capital markets, during the last three years except the debarment order dated 12.01.2010 restraining erstwhile Nova Petrochemicals Limited from buying, selling, dealing or accessing the securities market directly or indirectly in any manner whatsoever for a period of two years from the date of order and pending order under adjudication notice issued by SEBI against erstwhile Nova Petrochemicals Limited.

##### d) Remuneration of Directors

The disclosure on remuneration of Directors, pecuniary relationship or transactions with Non-Executive Directors, details of notice period, severance fees, no. of shares held by Directors etc. have been provided earlier under the head " Remuneration Committee" in this Corporate Governance Report.

##### e) Shareholders

The information of Directors who are proposed to be appointed / re-appointed have been provided in the Annexure to the Notice of Annual General Meeting.

#### GENERAL SHAREHOLDERS INFORMATION

##### a) Annual General Meeting

Date	: Wednesday,28th September2011
Venue	: 396(P),395/4(P), Moraiya Village, Sarkhej-Bavla Highway,Tal. Sanand, Ahmedabad-382210.
Time	: 3.30 P.M
Last date of receipt of Proxy Form	: Monday,26th September2011(Before 3.30 P.M at the Registered Office of the Company)
Book Closure	: Wednesday 21st September,2011 to 28th September,2011 (Both days Inclusive)

b) Financial Year : 2010-2011

c) Dividend Payment Date : Nil

- d) Registered Office : Survey No. 396(P), 395/4(P), Moraiya Village, Sarkhej-Bavla Highway, Tal.Sanand, Ahmedabad-382210.
- e) Address for Correspondence : Correspondence should be address to  
**The Company Secretary**  
**CIL Nova Petrochemicals Ltd**  
Survey No. 396(P), 395/4(P), Moraiya Village, Sarkhej-Bavla Highway, Tal. Sanand, Ahmedabad-382210  
Phone : +91-2717-250556-7-8 Fax : +91-2717-251612 Email cs.cilnova@chiripalgroup.com  
**Link Intime India Private Limited**  
**Unit : CIL Nova Petrochemicals Limited**  
211, Sudarshan Complex, Near Mithakhali Underbridge, Navrangpura, Ahmedabad  
C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup West, Mumbai-400078  
Phone : 022-25946970 Fax : 022-25946969
- f) Listing details of Equity Shares : The Equity Shares are at present listed at the following Stock Exchanges :  

Name of the Stock Exchanges	Stock Code/symbol(Fully Paid Shares)
National Stock Exchange of India Limited (NSE)	CILNOVA
Bombay Stock Exchange Limited (BSE)	533407

ISIN at NSDL/CDSL : INE672K01017 ( Equity shares of Rs 5 each, fully paid up )
- g) Corporate Identification Number (CIN) : L17111GJ2003PLC043354
- h) Listing Fee : The Company has paid listing fees upto March 31,2012 to the National Stock Exchange of India Limited and Bombay Stock Exchange Limited.
- i) Change of Address : Members holding equity shares in physical form are requested to notify the change of address, if any, to the Company's Registrar & Share Transfer Agent, at the address mentioned above. Members holding equity shares in dematerialized form are requested to notify the change of address, if any, to their respective Depository Participant (DP).
- j) Dematerialisation of Equity Shares & Liquidity : As per extant guidelines, trading in equity shares of the Company is mandatory in dematerialized form. To facilitate trading in demat form, there are two depositories i.e National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company has entered into agreements with both these depositories. Shareholders can open account with any of the Depository Participant registered with any of these two depositories. As on date 89.82 % of the equity shares of the Company are in the dematerialized form.

k) Stock Market Data Relating to Shares Listed in India

Monthly Highs and Lows for the period April,2010 to March,2011 not available as the company got listed w.e.f. 23.05.2011

**Distribution of Shareholding as on 31st March,2011**

Sr. No.	Shares Range		No. of Shareholders	% of Total	Shares Allotted	% to No. of Holders
	From	To				
1	1	500	6438	86.1501	1234375	4.5549
2	501	1000	557	7.4535	456465	1.6844
3	1001	2000	221	2.9573	363188	1.3402
4	2001	3000	68	0.9099	172311	0.6358
5	3001	4000	40	0.5353	147212	0.5432
6	4001	5000	28	0.3747	130572	0.4818
7	5001	10000	32	0.4282	230759	0.8515
8	10001	999999999	89	1.1910	24365118	89.9082
<b>TOTAL</b>			<b>7473</b>	<b>100.00</b>	<b>27100000</b>	<b>100.00</b>

Shareholding Pattern as on March 31,2011

SR.No	Category	March 31,2011	
		No. of Shares Held	% of shareholding
<b>A</b>	<b>Promoters Holding</b>		
	Individuals/HUF	5877839	21.69
	Bodies Corporate	6602917	24.37
<b>B</b>	<b>Non Promoter Holding</b>		
	FIs, Mutual funds and Banks	600	0.002
	Bodies Corporate	11020800	40.67
	Indian Public	2946881	10.87
	Any other (FII's, Trusts, Clearing Member, NRI-Rep,NRI- Non Rep, Overseas Bodies Corporate)	650963	02.40
	<b>Total</b>	<b>27100000</b>	<b>100.00</b>

#### POLICY FOR PREVENTION OF INSIDER TRADING

In compliance with SEBI, regulation on Insider Trading the Company has framed comprehensive Code of Conduct for prevention of Insider Trading for its designated employees. The Policy laid down guidelines, which advise them on procedures to be followed and disclosure to be made while dealing with share of the Company and cautioning them on consequences of violations.

#### REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) :

The CSR activities of Chiripal Group are guided by the vision and philosophy of the Chairman of the group Shri Vedprakash D Chiripal, who got the inspiration from his parents, late Shri Devkinandan Chiripal and mother late Smt. Shanti Devi Chiripal. He enunciated the value of trusteeship in business and laid strong foundation for its ethical and value-based functioning.

The major CSR activities include ethical functioning, respect for all stake holders, care of the human beings and care for the environments. Chiripal group generally implements the above initiatives through its employees, welfare funds, charitable trust and bodies corporate. It also helps the poor and needy, local authorities and others, wherever deem necessary.

Some of the major initiatives taken up during the year under review are summarized below :

#### Through Charitable Trust and Group Companies

In addition to the activities carried out by the group companies, the numerous charitable and other activities carried out through its Trust and Companies are;

1. In the Education field by starting a School, in the name of Shanti Asiatic School.
2. In the field of Management, in the name of Shanti Business School relating to Business Management.
3. In the form of donation and helping poor people for their medical and education requirements.
4. Sponsoring Scholarship scheme for the poor children.
5. Running Employees Welfare scheme to help their families.
6. Organizing Blood Donation Camp for its group employees and collecting thousands of units of blood for the society.
7. Setting up Shanti Educational Initiatives Limited for small Kids.

Chiripal group is also continuously striving and making its humble contribution to the society for its betterment.

#### AUDITORS CERTIFICATE ON REPORT OF CORPORATE GOVERNANCE

To,  
The Members,  
CIL Nova Petrochemicals Limited

We have examined the compliance of conditions of Corporate Governance by CIL Nova Petrochemicals Limited for the year ended March31,2011, as stipulated in clause 49 of the Listing Agreement entered into the Stock Exchanges in India.

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 the 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 an according to the explanation given to us and the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As per the records of the Company and certificates issued by the Registrar, no investor grievances are pending for a period exceeding one month against the Company.

We further state that such compliance in neither an assurance to the future viability of the Company not the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For, **J. T. SHAH & COMPANY**  
Chartered Accountants

Place : Ahmedabad  
Date : 11.08.2011

(J.T. Shah)  
Partner

**AUDITORS' REPORT**

To,  
The Members of  
**CIL - NOVA PETROCHEMICALS LIMITED**  
(FORMERLY KNOWN AS NOVA POLYARN LIMITED)  
Ahmedabad

1. We have audited the attached Balance Sheet of **CIL-NOVA PETROCHEMICALS LIMITED** as at **31st March 2011**, the Profit and Loss Account and also Cash Flow Statement for the year ended on that date annexed thereto (together read as financial statements). These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These 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 also 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 issued by the Company Law Board in terms of section 227 (4 A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) We have obtained all the information and explanations, which are 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 and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
  - (v) On the basis of written representation received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2011, from being appointed as director of the company in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
    - (ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
    - (iii) In the case of the Cash Flow Statement, of the Cash Flow of the Company for the year ended on that date.

For, **J. T. SHAH & COMPANY**  
Chartered Accountants  
(FRN No. 109616W)

Place : Ahmedabad  
Date : 11.08.2011

(J.T. Shah)  
Partner  
[M. No. 3983]

**ANNEXURE TO THE AUDITORS REPORT**

Referred to in paragraph 3 of our Report of even date to the Members of **CIL-NOVA PETROCHEMICALS LIMITED** for the year ended **31st March, 2011**.

1. In respect of Fixed Assets:
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets on the basis of available information.
  - b. As per the information and explanations given to us, the management at reasonable intervals during the year in accordance with a programme of physical verification physically verified the fixed assets and no material discrepancies were noticed on such verification as compared to the available records.
  - c. In our opinion, the Company has not disposed off any major / substantial part of the fixed assets during the year and the going concern status of the company is not affected.
2. In respect of its Inventories:
  - a. The inventory other than the inventory of work in process has been physically verified during the year by the management. We have been informed that looking at the manufacturing process, it is not possible to physically verify the inventory of work in process. In our opinion, the frequency of verification is reasonable.
  - b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. On the basis of our examination of the records of inventory, we are of opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and books records were not material.
3. In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - a. During the year under audit, the company has not granted any loans, secured or unsecured, to the companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956 hence clause 4 (iii) (a), (iii) (b), (iii) (c) and (iii) (d) of the Companies (Auditor's Report) Order, 2003 are not applicable.
  - b. There are 7 parties covered in the register maintained under section 301 of the Companies Act, 1956 from whom the company has taken loans. The maximum amount involved during the year was Rs. 1114.42 Lacs and the year-end balance of loans taken from such parties was Rs. 1114.42 Lacs.
  - c. In our opinion and according to the information and explanations given to us, in case of loans taken during the year, the rates of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the company.
  - d. In respect of loans taken by the company, the company has taken interest free loans and in case of principal, the terms of repayment have not been stipulated hence the question of regularity of payment of interest and principal does not arise.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
5. In respect of contracts or arrangements covered under Section 301 of the Companies Act, 1956:
  - a. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the contracts or arrangements that need to be entered into the register maintained under section 301 have been so entered.
  - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The company has not accepted any deposits from public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the said records with a view to determine whether they are accurate or complete.
9. In respect of Statutory Dues:
  - a. According to the records of the Company, the Company is by and large regular in depositing with appropriate authorities undisputed statutory dues including income tax, wealth tax, custom duty, Provident fund, excise duty, cess and other statutory dues applicable to it with the appropriate authorities, all though there have been delays in depositing Service Tax, Gujarat Valued Added Tax, Central Sales Tax, Professional Tax and Income Tax Deducted at Source. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Service Tax, Customs Duty, Gujarat Valued Added Tax, Central Sales Tax and Excise Duty were outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable except Investor Education & Protection Fund of Rs.3.39 Lacs has not been deposited till balance sheet date.

- b. On the basis of our examination of the records, following disputed statutory dues have not been deposited with the appropriate authorities;

Name of the Statute	Nature of the Dues	Period	Amount (Rs. In Lacs)	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax & Interest	1998-99 to 2004-05 & 2007-08	36.59	Commissioner of Income Tax, Appeals
The Income Tax Act, 1961	Interest on Income Tax	2001-02	2.72	The Income Tax Appellate Tribunal
The Gujarat Value Added Tax Act, 2003	Interest & Penalty	2006-07	12.77	Joint Commissioner Appeal
The Central Excise and Customs Act	Excise Duty and Penalty	June 2001 to 2006	1787.33	Custom Excise and Service Tax Appellate Tribunal
The Central Excise and Customs Act	Excise Duty and Penalty	2004 to 2008	36.25	Commissioner of Excise and Customs (Appeals)
The Central Excise and Customs Act	Excise Duty and Penalty	2005-06	1.46	Assistant Commissioner of Central Excise
The Central Excise and Customs Act	Excise Duty and Penalty	2006 to 2008	1.22	Hon'ble High Court of Gujarat
Service Tax Act	Service Tax and Penalty	2006 to 2009	5.79	Custom Excise and Service Tax Appellate Tribunal
The Textile Committee Amendment Act, 1973	Textile Cess	1995 to 2005	50.90	Textiles Committee, Government of India, Ministry of Textiles

10. The accumulated losses at the end of the financial year are not more than fifty percent of its net worth. The Company has not incurred cash loss during the year under audit and in the immediately preceding financial year.
11. Based on our audit procedure and according to the information & explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to banks.
12. Based on our examination of documents and records and information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to Chit Fund, Nidhi or Mutual benefit Fund/Societies are not applicable to the Company. Therefore, clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
14. The Company is not dealing or trading in shares, securities, debentures or other investments and hence, the requirements of Para 4 (xiv) are not applicable to the Company.
15. As per the information provided to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. The company has not obtained any term loans from banks or financial institutions during the year under audit.
17. According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term purpose.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. During the year, the company has not issued any debentures.
20. During the year, the Company has not raised any money by way of Public issues.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For, **J. T. SHAH & COMPANY**  
Chartered Accountants  
(FRN No. 109616W)

(J.T. Shah)  
Partner  
[M. No. 3983]

Place : Ahmedabad  
Date : 11.08.2011

# BALANCE SHEET AS AT 31ST MARCH, 2011

(In Rs.)

Particulars	Schedule No.	As at 31.03.2011	As at 31.03.2010
<b>SOURCES OF FUNDS</b>			
1 Shareholders' Funds :			
(a) Share Capital	1	185500000	185500000
(b) Share Application Money		414000	414000
(c) Reserves and Surplus	2	529863446	529863446
		715777446	715777446
2 Loan Funds :			
(a) Secured Loans	3	576225649	621036991
(b) Unsecured Loans	4	341057719	344650270
		917283368	965687260
3 Deferred Tax Liability (Net)		Nil	Nil
Total.....		1633060814	1681464706
<b>APPLICATION OF FUNDS :</b>			
1 Fixed Assets :	5		
(a) Gross Block		2584614374	2517238502
(b) Less : Depreciation		1420388967	1328436695
Net Block		1164225408	1188801806
Add: Capital Work in Progress		40912543	25858989
2 Investments :	6	12221	12221
3 Current Assets, Loans and Advances			
(a) Inventories	7	131408840	186678381
(b) Sundry Debtors	8	292448896	298084043
(c) Cash and Bank Balances	9	20449005	15167934
(d) Loans and Advances	10	82906959	74029748
		527213699	573960106
4 Less :Current Liabilities and Provisions			
(a) Current Liabilities	11	378796708	407881590
(b) Provisions	12	0	0
		378796708	407881590
Net Current Assets		148416992	166078516
5 Miscellaneous Expenditure	13		
(To the Extent not w/off or adjusted)			
(a) Profit and Loss Account		279493650	300713175
Total.....		1633060814	1681464706
Notes on Accounts	20		

As per our report of even date attached herewith

For, **J. T. SHAH & COMPANY**

Chartered Accountants

**(J. T. Shah)**

Partner

Membership No. 3983

Place : Ahmedabad

Date : 11.08.2011

For, **CIL NOVA PETROCHEMICALS LIMITED**  
(Formerly Known as NOVA POLYARN LIMITED)

**Jyotiprasad D. Chiripal**  
Chairman

**Vedprakash D. Chiripal**  
Director

**Romin N. Shah**  
Company Secretary

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

(In Rs.)

Particulars	Schedule No.	For the year ended 31.03.2011	For the year ended 31.03.2010
<b>INCOME</b>			
1 Sales and Job Charges (Gross)		3142780756	2062682882
Less : Excise Duty		199900543	120546063
Sales (Net)		2942880213	1942136819
2 Other Income	14	6601814	8302518
3 Increase/(Decrease) in stock	15	(51855905)	90433429
<b>Total.....</b>		<b>2897626122</b>	<b>2040872766</b>
<b>EXPENDITURE</b>			
1 Materials	16	2139876010	1279607294
2 Payments to and Provisions for Employees	17	34924535	26380654
3 Operational and Other Expenses	18	518423607	558635301
		<b>2693224151</b>	<b>1864623249</b>
<b>Profit before Interest, Depreciation and Taxation</b>		<b>204401970</b>	<b>176249517</b>
Less : Interest and Financial Charges	19	91230175	91065874
<b>Profit before Depreciation and Taxation</b>		<b>113171795</b>	<b>85183642</b>
Less : Depreciation	5	91952271	90079445
<b>Profit / (Loss) before Taxation</b>		<b>21219524</b>	<b>(4895802)</b>
Add : Exceptional Item		0	12730550
<b>Profit / (Loss) before Taxation</b>		<b>21219524</b>	<b>7834748</b>
Less : Provision for Taxation			
- Current including Wealth Tax		0	0
- Fringe Benefit Tax		0	0
- Deferred		0	0
<b>Profit / (Loss) after Taxation</b>		<b>21219524</b>	<b>7834748</b>
Notes on Accounts	20		
<b>Basic and Diluted earning per share</b>		<b>0.78</b>	<b>0.29</b>

As per our report of even date attached herewith  
For, **J. T. SHAH & COMPANY**  
Chartered Accountants

(J. T. Shah)  
Partner  
Membership No. 3983  
Place : Ahmedabad  
Date : 11.08.2011

For, **CIL NOVA PETROCHEMICALS LIMITED**  
(Formerly Known as NOVA POLYARN LIMITED)

Jyotiprasad D. Chiripal  
Chairman

Vedprakash D. Chiripal  
Director

Romin N. Shah  
Company Secretary

**SCHEDULES "1 TO 20" FORMING THE PART OF BALANCE SHEET AND  
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011**

(In Rs.)

Particulars	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
1 Authorised Capital		
5,50,00,000 Equity Shares of Rs. 5/- each. ) (Previous Year 5,50,00,000 of Rs.5/- each	275000000	275000000
5,00,000 8% Non Cumulative Redeemable Preference Shares (Previous Year 5,00,000) of Rs. 100/- each.	50000000	50000000
	<u>325000000</u>	<u>325000000</u>
2 Issued, Subscribed and Paid-up Capital		
2,71,00,000 (Pr. Year 2,71,00,000 of Rs.5/- each) Equity shares of Rs.5/- each fully paid up	135500000	135500000
5,00,000 (Pr. Year 5,00,000) 8% Non Cumulative Redeemable Preference shares of Rs.100/- each fully paid up	50000000	50000000
<b>Total.....</b>	<u>185500000</u>	<u>185500000</u>
<b>SCHEDULE - 2 : RESERVES AND SURPLUS</b>		
1 Revaluation Reserve		
Balance as per last year	410893433	Nil
Add: on Revaluation	Nil	410893433
	<u>410893433</u>	<u>410893433</u>
Less: Transferred to P & L Account	Nil	Nil
	<u>410893433</u>	<u>410893433</u>
2 Share Premium		
Balance as per last year	118970013	118970013
Add: Addition/Deduction during the year	Nil	Nil
	<u>118970013</u>	<u>118970013</u>
3 General Reserve		
Balance as per last year	22500000	22500000
Less : Adujusted against Debit balance of Profit & Loss	<u>(22500000)</u>	<u>(22500000)</u>
	Nil	Nil
4 Profit and Loss Account		
B Balance as per last year	(323213175)	(331047922)
Add : Additions during the year	<u>21219524</u>	<u>7834748</u>
	<u>(301993650)</u>	<u>(323213175)</u>
Add: Amount adjusted against Credit balance of General Resreve	22500000	22500000
	<u>(279493650)</u>	<u>(300713175)</u>
Add : Transferred to Miscellaneous Expenditure	279493650	300713175
<b>Total.....</b>	<u>529863446</u>	<u>529863446</u>

(In Rs.)

Particulars	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - 3 : SECURED LOANS</b>		
1 Term Loans from Banks	505510610	550098646
2 Working Capital Loans from Banks	70306175	69553684
3 Vehicle Loans	408864	1384660
<b>Total ...</b>	<b>576225649</b>	<b>621036991</b>

- 1 Term Loans are secured by first charge of fixed assets (through mortgage/hypothecation of Immovable and Movable assets), both present and future; subject to prior charge in favour of bankers/othres on specified Assets for Working Capital loans/other loans and further secured by personal guarantee of Promoter Directors and Corporate guarantee of Promoter's Group Companies and also further secured by second charge on book debts and stocks.
- 2 Working Capital loans are secured by first charge on Book Debts and Stocks, and further secured by personal guarantee of the Promoter Directors and corporate guarantee of the Promoter's Group Companies and also further secured by second charges on fixed assets specified under point 1 as above.
- 3 Car Loans are secured by hypothecation of Motor Car

**SCHEDULE - 4 : UNSECURED LOANS**

1 From Banks	Nil	Nil
2 Security Deposits	3606757	7199308
3 From Corporate Bodies	337396962	337396962
4 From Director	54000	54000
<b>Total ...</b>	<b>341057719</b>	<b>344650270</b>

**SCHEDULE - 5 : FIXED ASSETS**

(Rs. In Lacs)

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
		As at 01-04-10	Addition during the year	Addition due to revalu- ation	Deduction during the year	As at 31-03-11	As at 01-04-10	Addition during the year	Deduction during the year	As at 31-03-11	As at 31-03-11	As at 31-03-10
1	Freehold Land	422386556	3055666	Nil	Nil	425442222	Nil	Nil	Nil	Nil	425442222	422386556
2	Building	226612341	23917060	Nil	Nil	250529401	70612397	7707435	Nil	78319833	172209568	155999944
3	Furniture & Fixtures	146576	3389175	Nil	Nil	3535751	39594	197317	Nil	236911	3298839	106982
4	Electrical Installation	251472170	7765103	Nil	Nil	259237273	94467526	12142423	Nil	106609950	152627323	157004644
5	Computer	3403444	183559	Nil	Nil	3587003	3091095	84384	Nil	3175479	411524	312348
6	Plant & Machinery	1591773520	28629459	Nil	Nil	1620402978	1145885267	70600733	Nil	1216486000	403916979	445888253
7	Equipments	14209636	261708	Nil	Nil	14471344	10312926	682921	Nil	10995846	3475498	3896710
8	Vehicle	7234260	174142	Nil	Nil	7408402	4027890	537058	Nil	4564948	2843454	3206370
SUB TOTAL		2517238502	67375872	Nil	Nil	2584614374	1328436695	91952271	Nil	1420388967	1164225405	1188801807
9	Capital Work In Progress	25858989	40912543	Nil	25858989	40912543	Nil	Nil	Nil	Nil	40912543	25858989
SUB TOTAL		25858989	40912543	Nil	25858989	40912543	Nil	Nil	Nil	Nil	40912543	25858989
GRAND TOTAL		2543097491	108288415	Nil	25858989	2625526917	1328436695	91952271	Nil	1420388967	1205137948	1214660796
PREVIOUS YEAR		2029568406	103107001	Nil	471349	2132204058	1238717439	90079444	360188	1329157070	803046988	790850967

Note : On 31/03/2010 Company has revalued its Freehold Land by Rs. 336,961,804/- based on the report issued by the Registered Valuer.

(In Rs.)

Particulars	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - 6 : INVESTMENTS</b>		
<b>INVESTMENT IN SHARES (QUOTED)</b>		
1 1 (Previous Year 1) Equity Shares of Reliance Natural Resources Ltd., of Rs. 5/- each fully paid-up	3	3
2 50 (Previous Year 50) Equity Shares of Century Enka Ltd., of Rs. 10/- each fully paid-up	1890	1890
3 50 (Previous Year 50) Equity Shares of Garden Silk Mills Ltd., of Rs. 10/- each fully paid-up	328	328
	<u>2221</u>	<u>2221</u>
<b>LONG TERM INVESTMENTS (NON TRADE)</b>		
1 National Saving Certificate	10000	10000
<b>Total...</b>	<u>12221</u>	<u>12221</u>
Aggregate value of Quoted Investments	12221	12221
Market value of Quoted Investments	13888	17220
<b>SCHEDULE - 7 : INVENTORIES</b>		
1 Raw Materials	27261914	26254402
2 Power & Fuel	87345	83025
3 Stores & Spares	38419236	37619672
4 Packing Materials	670089	1054012
5 Work-In-Process	29423961	77007118
6 Finished Goods	25485820	29758568
7 Goods-in-Transit	10060475	14901584
<b>Total...</b>	<u>131408840</u>	<u>186678381</u>
<b>SCHEDULE - 8 : SUNDRY DEBTORS</b>		
(Unsecured except reported at Note no 27 of Schedule 19)		
<b>Considered Good</b>		
1 Outstanding for a Period exceeding 6 Months	96090	Nil
2 Others	292352806	298084043
	<u>292448896</u>	<u>298084043</u>
<b>Considered Doubtful</b>		
1 Outstanding for a Period exceeding 6 Months	6301475	6346194
2 Others	Nil	Nil
	<u>6301475</u>	<u>6346194</u>
	298750371	304430237
Less: Provision for Doubtful Debtors	6301475	6346194
<b>Total....</b>	<u>292448896</u>	<u>298084043</u>
<b>SCHEDULE - 9 : CASH AND BANK BALANCES</b>		
1 Cash on hand	241038	77984
2 Balance With Scheduled Banks		
- In Current Account	8946529	2633583
- In Fixed Deposit	11259424	12454353
	<u>20446991</u>	<u>15165920</u>
3 Balance with Non Scheduled Bank in Current Accounts	2014	2014
<b>Total....</b>	<u>20449005</u>	<u>15167934</u>

(In Rs.)

Particulars	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - 10 : LOANS AND ADVANCES</b>		
(Unsecured)		
1 Advances Recoverable in Cash or Kind		
Considered Good	34832991	35198896
Considered Doubtful	5216917	5216917
	40049908	40415813
Less: Provisiond for Doubtful Advances	5216917	5216917
	34832991	35198896
2 Deposits	33342900	23981538
3 Advance to Staff	Nil	347409
4 Balance with Excise authority (Payable on Demand)	120772	573263
5 Advance Tax and TDS	20065251	20860215
Less:Provision for Taxation	(5454955)	(6931573)
	14610296	13928642
<b>Total ...</b>	<b>82906959</b>	<b>74029748</b>
<b>SCHEDULE - 11 : CURRENT LIABILITIES</b>		
1 Sundry Creditors	360072325	397093069
2 Bank Overdraft	Nil	8910693
3 Advance from Customers / Employees	17830954	984400
4 Unclaimed dividend	893428	893428
<b>Total ...</b>	<b>378796708</b>	<b>407881590</b>
<b>SCHEDULE - 12 : PROVISIONS</b>		
1 Proposed Dividend	Nil	Nil
2 Provision for Tax on Proposed Dividend	Nil	Nil
<b>Total....</b>	<b>Nil</b>	<b>Nil</b>
<b>SCHEDULE - 13 : MISCELLANEOUS EXPENDITURE</b>		
<b>Preliminary &amp; Pre Operative Expense</b>		
Balance as per last year	Nil	1216046
Add : Additions During The Year	Nil	19772
	Nil	1235818
Less: Preli. Exps. Written Off	Nil	(1235818)
	Nil	Nil
<b>Profit &amp; Loss Account</b>		
Net Deficit after adjustment of Reserves & Surplus (Refer Schedule 2)	279493650	300713175
<b>Total....</b>	<b>279493650</b>	<b>300713175</b>

(In Rs.)

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
<b>SCHEDULE - 14 : OTHER INCOME</b>		
1 Interest (TDS Rs.137137/- Previous year Rs. 322423/-)	2797441	1045343
2 Miscellaneous Balances Written off	550803	590061
3 Miscellaneous Income	3203620	6111557
4 Dividend	5230	3626
5 Provision for Doubtful Debtors and Advances (Net)	44719	551931
<b>Total..</b>	<b>6601814</b>	<b>8302518</b>
<b>SCHEDULE - 15 : INCREASE / (DECREASE) IN STOCK</b>		
Closing Stock :		
1. Finished Goods	25485820	29758568
2. Work-In-Process	29423961	77007118
	<b>54909781</b>	<b>106765686</b>
Less : Opening Stock		
1. Finished Goods	29758568	5906723
2. Work-In-Process	77007118	10425534
	<b>106765686</b>	<b>16332257</b>
<b>Total..</b>	<b>(51855905)</b>	<b>90433429</b>
<b>SCHEDULE - 16 : MATERIALS</b>		
Raw Materials Consumed	1443263166	1195164612
Purchase of Finished Goods	696612843	84442682
<b>Total..</b>	<b>2139876010</b>	<b>1279607294</b>
<b>SCHEDULE - 17 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>		
1 Salary and Wages	32569498	24941452
2 Contribution to P.F. and other funds	1235562	1056383
3 Staff and Labour Welfare	1119475	382819
<b>Total..</b>	<b>34924535</b>	<b>26380654</b>

(In Rs.)

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
<b>SCHEDULE - 18 : OPERATIONAL, ADMINISTRATIVE AND SELLING EXPENSES</b>		
1 Stores and Spares Consumed	28280748	30205198
2 Power and Fuel Consumed	242106160	283380321
3 Packing Material Consumed	69150702	73331642
4 Freight, Cartage and Octroi	8785851	20271771
5 Insurance	2802725	3021820
6 Rates and Taxes	1390538	573623
7 Vat Expense	107753199	88108265
8 Excise Duty Expenses	(426791)	2531767
9 Service Tax	484811	496579
10 Postage and Telephone Expenses	386925	530712
11 Stationery, Printing and Advertisement	453979	721827
12 Selling and Distribution Expenses	35199179	30499351
13 Travelling, Conveyance and Vehicle Expenses	2397312	2278043
14 Repairs and Maintenance :		
(a) Plant	4101599	3170166
(b) Building	120465	81324
(c) Others	713730	701939
	4935794	3953429
15 Legal and Professional Exps.	3312459	4883927
16 Exchange Rate Difference	886986	Nil
17 Auditor's remuneration :		
(a) Audit fees	350000	150000
(b) Tax Audit fees	25000	25000
(c) Taxation and Others	25000	25000
(d) Certification	41200	204000
	441200	404000
18 Miscellaneous Expenses	10081830	13397866
19 Loss on Sale of Fixed Asset	Nil	45161
<b>Total ...</b>	<b>518423607</b>	<b>558635301</b>
<b>SCHEDULE - 19 : INTEREST AND FINANCE CHARGES</b>		
1 Interest on Term Loans	44859774	46825914
2 Interest on Working Capital Loans	19791970	18986467
3 Bank and Other Charges	23124550	18395270
4 Interest to Others	3453881	6858224
<b>Total ...</b>	<b>91230175</b>	<b>91065874</b>

**SCHEDULE - 20 : NOTES ATTACHED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011****1. SIGNIFICANT ACCOUNTING POLICIES****a. Basis of Accounting**

The accounts are prepared on historical cost convention on an accrual basis and materially complies with the mandatory accounting standards issued by the Institute of Chartered Accountants of India.

**b. Fixed Assets**

Fixed Assets are stated at cost, net of Cenvat, less accumulated depreciation. All costs, including financial costs till commencement of commercial production.

**c. Depreciation**

Depreciation on Fixed Assets other than Plant and Machinery has been provided on "Straight Line Method" at the rates provided in Schedule XIV to the Companies Act, 1956. Depreciation on Plant and Machinery has been provided on "Written down Value Method" at the rates provided in Schedule XIV to the Companies Act, 1956.

**d. Inventories**

Inventories at year-end are valued at the lower of cost or net realizable value. The basis of determining the cost for various categories of inventories is as follows:

- (i) In case of Raw Materials, Stores, Spares, Fuel and Packing Materials on FIFO basis.
- (ii) In case of Finished Goods and Work-In-Progress on FIFO basis.

**e. Foreign Currency Transactions**

Transactions denominated in Foreign Currency are normally recorded at the exchange rate prevailing at the time of transaction. Monetary items denominated in foreign currencies at the year are translated at the rate prevailing on the date of Balance Sheet. Exchange differences are dealt with in the Profit & Loss account.

**f. Sales**

Sales are accounted for on dispatch of goods to the customers and are inclusive of Excise Duty and Sales Tax but net of sales returns and trade discounts.

**g. Investments**

Long Term Investments are stated at its cost.

**h. Borrowing Cost**

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. All other borrowing costs are charged to revenue.

**i. Taxation**

- i) Provision for current tax is made and retained in the accounts on the basis of estimated tax liability as per the applicable provisions of the Income Tax Act, 1961.
- ii) Deferred Tax resulting from timing differences between book and tax profit is accounted for under the liability method, at the current rates of tax, to the extent that the timing differences are expected to crystallize.

**j. Provisions, Contingent Liabilities and Contingent Assets**

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

**k. Impairment of Assets**

The Management Periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. If an asset is impaired, the company recognizes the an impairment loss as the excess of the carrying amount of the asset over the recoverable amount.

**l. Earning Per Share**

Basic earning per share is calculated by dividing net profit after tax for the year attributable to equity share holders of the company by the weighted average number of equity shares issued during the year. Diluted earning per share is calculated by dividing net profit attributable to equity share holders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

**m. Employee Benefits**

- (i) The employee and Company make monthly fixed Contribution to Government of India Employee's Provident fund equal to a specified percentage of the covered employee's salary, Provision for the same is made in the year in which service are rendered by the employees.
- (ii) The Liability for Gratuity to employee, which is a defined benefit plan, is determined on the basis of actuarial Valuation based on Projected Unit Credit method. Actuarial gain/Loss in respect of the same is charged to the profit and loss account.
- (iii) Leave encashment benefit to eligible employee has been ascertained on actuarial basis and provided for. Actuarial gain/loss in respect of the same is charged to the profit and loss account.

**2. CONTINGENT LIABILITIES:**

	2010-2011 (Rs. in Lacs)	2009-2010 (Rs. in Lacs)
a) Letters of Credit Outstanding	2007.51	1738.53
b) Income Tax demands disputed in appeal by the Company/ Income Tax Authorities (Against which the Company has paid amount of Rs. 22.48 Lacs)	277.38	272.60
c) Excise Duty demands disputed in appeal by the Company/ Excise Authorities (Against which the Company has paid amount of Rs. 281.67 Lacs)	2109.05	2905.28
d) The Gujarat Value Added Tax disputed demand in appeal by the Company	12.76	Nil
e) Textile Cess Demands disputed pending with Textiles Committee, Government of India, Ministry of Textiles.	50.90	50.90
f) Service Tax demand disputed in appeal by the Company/Authority	10.82	33.48
g) Claims not acknowledged as debts by the company	1.13	1.13
h) Show Cause Notices received from various authorities	80.06	65.85
i) Employees Demands pending before Labour Courts	Amount not ascertainable	Amount not ascertainable

3. The Company has pending export obligation to be fulfilled during the specified period in lieu of items imported under concessional / nil rate of custom duty. The Liability towards custom duty payable and interest thereon in respect of unfulfilled export obligation as on 31st March 2011 is Rs.Nil (Previous Year Rs.694.75 Lacs).

4. Secured loans where repayments are stipulated include Rs. 573.30 Lacs (Previous year Rs 499.02 Lacs) repayable within a period of one year.

5. Unsecured loans where repayments are stipulated include Rs. Nil (Previous year Rs. Nil) repayable within a period of one year.

6. Borrowing cost incurred during the year, which are attributable to the acquisition or construction of Qualifying Assets to the extent of Rs. Nil (Previous Year Rs. Nil) are capitalized by the company.

7. Maximum debit balance in Non Scheduled Bank during the year is Rs. 0.02 Lacs (Previous year Rs 0.02 Lacs).

8. Exceptional items consist of amount written back on account of restructuring / settlement of some of the loans and interest thereon Rs. Nil. ( Previous year Rs. 127.31 Lacs)

9. Particulars of Prior Period expense debited to respective head of expenditure:-

Particulars	31-03-2011	31-03-2010
i) Raw Material Consumption	Nil	603,015
ii) Payment to Employees	40257	(648)
iii) Freight & Cartage	Nil	820,660
iv) Rent Rates and Taxes	Nil	(12598)
v) Repairs & Maintenance Expense	11030	68,190
vi) Miscellaneous Expenses	Nil	266,999
vii) Telephone Expense	(64503)	1,529
viii) Legal & Professional Expense	(23163)	117,052
ix) Traveling Expense	2330	19,909
x) Store & Spares Expense	17958	Nil
xi) Power Exp	(765223)	Nil
<b>Total . . .</b>	<b>(7,81,314)</b>	<b>18,84,108</b>

12. The Disclosure requirement as required by Accounting Standard 15 "Employee Benefits" is as follows :-

(Rs. In Lacs)

Sr. No.	Particulars	Gratuity (Funded) Defined benefit Obligation 31/03/11	Gratuity (Funded) Defined benefit obligation 31/03/10
i)	<b>Employee Benefit Obligations The amounts (in Rs.) recognized in the balance sheet.</b>		
	Present value of funded obligations	—	—
	Fair value of plan assets	—	—
	Present value of unfunded obligations	2,797,974	3,125,383
	Unrecognized past service cost	—	—
	Net liability	2,797,974	3,125,383
	Amounts in the balance sheet:		
	- Liabilities	2,797,974	3,125,383
	- Assets	—	—
	Net liability	2,797,974	3,125,383
ii)	<b>The amounts (in Rs.) recognized in the statement of profit and loss.</b>		
	Current service cost	459,910	489,780
	Interest on obligation	257,844	282,380
	Expected return on plan assets	—	—
	Net actuarial losses (gains) recognised in year	(523,837)	(1,069,561)
	Past service cost	—	—
	Losses (gains) on curtailments and settlement	—	—
	Total, included in 'employee benefit expense'	193,917	(297,401)
	Actual return on plan assets	—	—
iii)	<b>Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:</b>		
	Opening defined benefit obligation as on 01-04-2010	3,125,383	3,422,784
	Service cost	459,910	489,780
	Interest cost $3,125,382.94 \times 8.25\%$	257,844	282,380
	Actuarial losses (gains)	(523,837)	—
	Losses (gains) on curtailments	—	(1,069,561)
	Liabilities extinguished on settlement	—	—
	Liabilities assumed in an amalgamation in the nature of purchase	—	—
	Exchange differences on foreign plans	—	—
	Benefits paid	(521,326)	—
	Closing defined benefit obligation	2,797,974	3,125,383
iv)	<b>Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:</b>		
	Opening fair value of plan assets	—	—
	Expected return 0*0%	—	—
	Actuarial gains and (losses)	—	—
	Assets distributed on settlements	—	—
	Contributions by employer	—	—
	Assets acquired in an amalgamation	—	—
	In the nature of purchase	—	—
	Exchange differences on foreign plans	—	—
	Benefits paid	—	—
	Closing balance of fair value of plan assets	—	—
v)	<b>The major categories of plan assets as a percentage of total plan assets are as follows:</b>		
	Government of India Securities	0.00%	0.00%
	High quality corporate bonds	0.00%	0.00%
	Equity shares of listed companies	0.00%	0.00%
	Property	0.00%	0.00%
	Policy of Insurance	0.00%	100.00%
	Bank Balance	0.00%	—

Sr. No.	Particulars	Gratuity (Funded) Defined benefit Obligation 31/03/11	Gratuity (Funded) Defined benefit obligation 31/03/10
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vi) **Principal actuarial assumptions at the balance sheet date (expressed as weighted averages) :**

Discount rate at 31-03-2011	8.25%	8.25%
Expected return on plan assets 31-03-2011	0.00%	0.00%
Proportion of employees opting for early retirement	—	—
Annual increase in Salary costs	6.00%	6.00%

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

vii) **Amount for the current period.**

Defined benefit obligation	2,797,974	3,125,383
Plan assets	—	—
Surplus/(deficit)	(2,797,974)	(3,125,383)
Experience adjustments on plan Liabilities	(523,837)	(1,069,561)
Experience adjustments on plan assets	—	—

11. The Disclosure requirement as required by Accounting Standard 15 of "Leave Encashment" is as follows :- (Rs. In Lacs)

Sr. No.	Particulars	Leave Encashment (Unfunded) Defined benefit Obligation 31/03/11	Leave Encashment (Unfunded) Defined benefit obligation 31/03/10
---------	-------------	---	---

i) **Employee Benefit Obligations The amounts (in Rs.) recognized in the balance sheet.**

Present value of funded obligations	—	—
Fair value of plan assets	—	—
Present value of unfunded obligations	1,007,364	779,516
Unrecognized past service cost	—	—
Net liability (Asset)	1,007,364	779,516
Amounts in the balance sheet:		
- Liabilities	1,007,364	779,516
- Assets	—	—
Net liability	1,007,364	779,516

ii) **The amounts recognized in the statement of profit and loss are as follows.**

Current service cost	227,663	282,865
Interest on obligation $779,516.43 \times 8.25\%$	64,310	125,931
Expected return on plan assets	—	—
Net actuarial losses (gains) recognised in year	435,278	(1,155,722)
Past service cost	—	—
Losses (gains) on curtailments and settlement	—	—
Total, included in 'employee benefit expense'	727,251	(746,926)
Actual return on plan assets	—	—

Sr. No.	Particulars	Leave Encashment (Unfunded) Defined benefit Obligation 31/03/11	Leave Encashment (Unfunded) Defined benefit obligation 31/03/10
iii)	<b>Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows.</b>		
	Opening defined benefit obligation	779,516	1,526,442
	Service cost	227,663	282,865
	Interest cost $779,516.43 \times 8.25\%$	64,310	125,931
	Actuarial losses (gains)	435,278	(1,155,722)
	Losses (gains) on curtailments	—	—
	Liabilities extinguished on settlement	—	—
	Liabilities assumed in an amalgamation in the nature of purchase	—	—
	Exchange differences on foreign plans	—	—
	Benefits paid	(499,404)	—
	Closing defined benefit obligation	1,007,364	779,516
iv)	<b>Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof.</b>		
	Opening fair value of plan assets	—	—
	Expected return	—	—
	Actuarial gains and (losses)	—	—
	Assets distributed on settlements	—	—
	Contributions by employer	—	—
	Assets acquired in an amalgamation	—	—
	In the nature of purchase	—	—
	Exchange differences on foreign plans	—	—
	Benefits paid	—	—
	closing balance of fair value of plan assets	—	—
v)	<b>The major categories of plan assets as a percentage of total plan assets.</b>		
	Government of India Securities	0.00%	0.00%
	High quality corporate bonds	0.00%	0.00%
	Equity shares of listed companies	0.00%	0.00%
	Property	0.00%	0.00%
	Policy of Insurance	0.00%	0.00%
	Bank balance	0.00%	0.00%
vi)	<b>Principal actuarial assumptions at the balance sheet date (expressed as weighted averages) :</b>		
	Discount rate	8.25%	8.25%
	Expected return on plan assets	0.00%	0.00%
	Proportion of employees opting for early retirement	—	—
	Annual increase in Salary costs	6.00%	6.00%
	The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.	—	—
vii)	<b>Amount for the current period.</b>		
	Defined benefit obligation	1,007,364	779,516
	Plan assets	—	—
	Surplus/(deficit)	(1,007,364)	(779,516)
	Experience adjustments on plan Liabilities	435,278	(1,141,851)
	Experience adjustments on plan assets	—	—

12. Based on the principles for determination of segments given in Accounting Standard 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the company has identified its business segment as primary segment. "Others" represents income from Trading of Cloth. There is no reportable secondary segment as none of the conditions as laid down for determining the geographical segments are satisfied.

**Primary Segment Information for the year ended 31st March, 2011**

(Rs. in Lacs)

Particulars	Yarns 31-03-11	Others 31-03-11	Total 31-03-11
<b>Revenues</b>	<b>22180.36</b>	<b>7248.45</b>	<b>29428.80</b>
<b>Unallocable Revenue</b>			<b>66.02</b>
<b>Total Revenue</b>			<b>29494.82</b>
Segment Result	603.93	492.54	1096.47
Interest and Finance Charges	912.30	Nil	912.30
Interest Income			27.97
Income from Investments			0.05
Total Profit Before Tax			212.20
Taxes			Nil
Net income after taxes			212.20
Assets	16980.61	138.54	17119.15
Unallocable Assets			204.49
Total Assets			17323.64
Liabilities	12954.26	6.54	12960.80
Unallocable Corporate Liabilities			0.00
Total Liabilities			12960.80
Capital Expenditure	824.29	Nil	824.29
Depreciation	919.52	Nil	919.52
Non-cash expenses	Nil	Nil	Nil

**Note:** Since, there was only one reportable segment in the previous year, corresponding figures for the previous year are not given.

**13. Earning Per Share**

Particulars	31-03-2011	31-03-2010
Numerator used for calculating Basic and Diluted Earning Per Share (Profit After Tax)	2,12,19,524	78,34,748
Nominal Value per Share	5	5
Weighted Average No. of Shares used as denominator for calculating Basic and Diluted Earning Per Share	27100000	27100000
<b>Basic and Diluted earning per share</b>	<b>0.78</b>	<b>0.29</b>

**14. Related Party Disclosures**

**a) Key Management Personnel**

Sr. No.	Name	Designation
1	Shri Jyotiprasad Chiripal	Chairman
2	Shri Vedprakash Chiripal	Director

**b) List of Other Related Parties with whom transactions have taken place during the year**

Sr. No.	Name
1	Chiripal Industries Ltd.
2	Deepak Enterprise
3	Gupta Dying and Printing Mills
4	Gupta Dying and Printing Mills Pvt. Ltd.
5	Gupta Synthetics Limited
6	Gupta Silk Mills Pvt. Ltd.
7	Nandan Exim Ltd.
8	Shanti Exports Pvt. Ltd.
9	Vishal Fabrics Pvt. Ltd.
10	NPL Power Pvt. Ltd.
11	GSL-Nova Petrochemicals Limited

c) Details of Transactions with Key Management Personnel and Related Parties of the Key Management Personnel are as follows:  
(Rs. in Lacs)

No.	Nature of Transaction	Key Management Personnel	Other related Parties	Relatives of Key Management Personnel	Total
1	<b>Unsecured Loans</b>				
	Taken during the year	NIL	NIL	NIL	NIL
	Balance as at Balance Sheet Date	(NIL)	(1.00)	(NIL)	(NIL)
		Nil	1114.42	NIL	1114.42
		(NIL)	(1114.42)	(NIL)	(1114.42)
2	<b>Advances Recoverable in Cash or Kind</b>				
	Given during the year	NIL	404.30	NIL	404.30
	Balance as at Balance Sheet Date	(NIL)	(941.60)	(NIL)	(941.60)
		NIL	NIL	NIL	NIL
		(NIL)	(NIL)	(NIL)	(NIL)
3	<b>Advances Received from Customers</b>				
	Received during the year	NIL	371.30	NIL	371.30
	Balance as at Balance Sheet Date	(NIL)	(234.03)	(NIL)	(234.03)
		NIL	371.30	NIL	371.30
		(NIL)	(234.03)	(NIL)	(234.03)
4	<b>Expenditure</b>				
	Purchase of Goods, Packing Material and Stores	NIL	1409.41	NIL	1409.41
	Jobwork Charges	(NIL)	(2506.88)	(NIL)	(2506.88)
	Purchase of Fixed Asset	NIL	NIL	NIL	NIL
		(NIL)	(209.31)	(NIL)	(209.31)
		NIL	503.82	NIL	503.82
		(NIL)	(770.40)	(NIL)	(770.40)
5	<b>Income Received</b>				
	Power & Fuel Income	NIL	972.44	NIL	972.44
	Jobwork Income	(NIL)	(1315.91)	(NIL)	(1315.91)
	Interest Income	NIL	135.38	NIL	135.38
		(NIL)	(426.75)	(NIL)	(426.75)
		NIL	0.82	NIL	0.82
		(NIL)	(NIL)	(NIL)	(NIL)
6	<b>Stock in trade</b>				
	Sold / Redeemed during the year	NIL	1131.18	NIL	1131.18
	Balance as at Balance Sheet Date	(NIL)	(574.34)	(NIL)	(574.34)
		NIL	726.14	NIL	726.14
		(NIL)	(150.22)	(NIL)	(150.22)
7	<b>Other Transactions</b>				
	Payment received on behalf of others	NIL	NIL	NIL	NIL
	Payment made on their behalf	(NIL)	(NIL)	(NIL)	(NIL)
		NIL	3.00	NIL	3.00
		(NIL)	(327.12)	(NIL)	(327.12)

**Note :** List of transaction, out of the transactions reported in the above table, where the transactions entered in to with single party exceed the 10% of the total related Party transactions of similar nature are as under :

	(Rs. In Lacs)	
	2010-11	2009-10
1. <b>Unsecured Loan Taken :-</b>		
- Chiripal Industries Ltd.		
2. <b>Advance Recoverable in cash or Kind Given :-</b>		
- Chiripal Industries Ltd.	Nil	1.00
	404.30	941.60

(Rs. In Lacs)

	2010-11	2009-10
3. Advance Received from Customer Advance Received:-		
- Chiripal Industries Ltd.	371.30	234.02
4. Expenditure :-		
Purchase of Goods, Packing Material and Stores :-		
- Chiripal Industries Ltd	911.05	2496.36
Jobwork Expense:		
- GSL-Nova Petrochemicals Ltd.	NIL	209.30
Purchase of Fix Asset :-		
- Chiripal Industries Ltd	503.82	770.40
5. Income Received :-		
Power & Fuel Income:		
- GSL-Nova Petrochemicals Ltd.	972.44	1315.91
Jobwork Income:		
- Chiripal Industries Ltd.	135.38	426.75
Interest Income:		
- Gupta Dying and Printing Mills Pvt. Ltd..	135.38	426.75
6. Stock in trade :-		
Sold / Redeemed during the year		
- Chiripal Industries Ltd.	316.10	574.01
7. Other Transaction :-		
Payment made on behalf of Others		
- GSL-Nova Petrochemicals Ltd.	3.01	327.12

15. The Company is entitled for set off of carried forward losses and unabsorbed depreciation against the future income under the Income Tax Act. However as a matter of prudence, the company is not recognizing the deferred tax asset as provided in the Accounting Standard 22 issued by The Institute of Chartered Accountant of India.

#### 16. Impairment of Asset

During the year, the company has impaired its assets to the tune of Rs. Nil (Previous Year Rs.Nil)

#### 17. The amount of Exchange Difference

Debited to Profit and Loss Account Rs. 8.87 Lacs (Previous Year Credited to Profit & Loss Account Rs. 18.47 Lacs)

18. Based on the information available with the company and to the extent to which they could be identified as Small Scale and ancillary undertakings, sundry Creditors include Rs.10.77 Lacs (Previous year Rs. 64.98 Lacs) due to Small Scale and ancillary concerns.

19. Balance in Current Account with Scheduled Banks includes Rs. 5.61Lacs (Previous Year Rs. 5.61 Lacs) in the unpaid dividend account with various banks.

20. The Company has not received information from vendor regarding their status under the Micro, Small & Medium Enterprise Development Act, 2006 and hence disclosure relating to amount unpaid as at year end together with interest paid/payable under this act has been not given.

21. Sundry Debtors are Secured to the extent of Rs.36.07 Lacs (Previous Year Rs. 71.99 Lacs)

22. Information pursuant to provision of paragraphs 3 and 4 of part II of Schedule VI Companies Act, 1956. (As certified by Directors):

#### a) Licensed & Installed Capacity :

Sr. No.	Product Name	Licence Capacity	Installed Capacity	
			2010-11	2009-10
1	Partially Oriented Polyester Filament Yarn (POY)	License is not required	18325 Tons p.a.*	18325 Tons p.a.*
2	Polyester Twisted Yarn	License is not required	3011 Tons p.a.*	3011 Tons p.a.*
3	Polyester Chips	License is not required	3282 Tons p.a.*	3282 Tons p.a.*
4	Fully Draw Yarn	License is not required	14412 Tons p.a.*	14412 Tons p.a.*

**b) Opening Stock & Closing Stock of Finished Goods**

(In Rs.)

Sr. No.	Products	Unit	Opening Stock				Closing Stock			
			Quantity		Value		Quantity		Value	
			2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1	Partially Oriented Polyester Filament Yarn (POY)	Kg.	213418	58775	1,28,78,513	15,45,032	116757	213418	88,62,634	1,28,78,513
2	Polyester Texturised Yarn	Kg.	2683	14023	2,47,942	13,44,286	10935	2683	11,03,560	2,47,942
3	Draw Twisted Yarn	Kg.	31690	13493	34,94,175	14,05,984	15974	31690	17,23,112	34,94,175
4	Fully Draw Yarn	Kg.	140893	21400	1,31,37,938	16,11,421	155818	140893	1,37,96,514	1,31,37,938
5	Cloth	Mtr.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total . . .					2,97,58,568	59,06,723			2,54,85,820	2,97,58,568

**c) Production meant for Sale**

(In Rs.)

Sr. No.	Products	Unit	Quantity	
			2010-11	2009-10
1	Partially Oriented Polyester Filament Yarn (POY)	Kg.	10359264	10145693
2	Polyester Texturised Yarn	Kg.	101417	213977
3	Draw Twisted Yarn	Kg.	1077124	1996729
4	Fully Draw Yarn	Kg.	11268181	8429828

**d) Purchase of Finished Goods**

(In Rs.)

Sr. No.	Products	Unit	Quantity		Value	
			2010-11	2009-10	2010-11	2009-10
1	Cloth	Mtr.	8469387	Nil	67,55,90,711	Nil
2	Polyester Chips		331900	1038652	2,10,22,132	5,37,95,886
3	Partially Oriented Polyester Filament Yarn (POY)	Kg	Nil	387548	Nil	3,06,46,836
Total . . .					69,66,12,843	8,44,42,682

**e) Sales**

(In Rs.)

Sr. No.	Products	Unit	Quantity		Value	
			2010-11	2009-10	2010-11	2009-10
1	Partially Oriented Polyester Filament Yarn (POY)	Kg.	10455925	10378598	90,84,30,335	75,77,73,630
2	Polyester Texturised Yarn	Kg.	93165	228000	1,30,39,919	2,24,43,484
3	Draw Twisted Yarn	Kg.	1092840	1978532	14,59,15,908	23,05,87,386
4	Fully Draw Yarn	Kg.	11253256	8310335	118,05,38,526	81,44,51,075
5	Chips	Kg	331900	1038652	2,61,56,376	5,59,33,380
6	Cloth	Mtr.	8469387	Nil	72,48,44,659	Nil
7	Others including Job Charges & Power & Fuel Income				14,38,55,033	18,14,93,927
Total . . .					314,27,80,756	2,06,26,82,882

**f) Consumption of Raw Materials**

(In Rs.)

Sr. No.	Products	Quantity		Value	
		2010-11	2009-10	2010-11	2009-10
1	Polyester Chips	22345452	9620841	140,76,39,704	52,07,81,151
2	Pure Terephthalic Acid (PTA)	Nil	5883898	Nil	23,54,84,074
3	Mono Ethylene Glycol (MEG)	Nil	2308136	Nil	9,18,60,104
4	Others	—	—	3,56,23,462	6,17,42,206
	<b>Total . . .</b>			<b>144,32,63,166</b>	<b>119,51,64,612</b>

Note : The above figures do not include captive consumption.

**g) Value of Imported & Indigenous Raw Materials, Stores and Spare Parts Consumed and Percentage thereof to the Total Consumption:**

(Rs. In Lacs)

	Imported		Indigenous		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1 Raw Materials Consumed:						
Value Rs.	2,69,06,198	32,90,413	1,41,63,56,968	1,19,18,74,199	1,44,32,63,166	1,19,51,64,612
Percentage	1.86%	0.28%	98.14%	99.72%	100%	100%
2 Stores & Spares Consumed						
Value Rs.	29,67,060	8,44,039	2,53,13,688	2,93,61,159	2,82,80,748	3,02,05,198
Percentage	10.49%	2.79%	89.51%	97.21%	100%	100%

**h C.I.F. Value of Imports**

1 Capital Goods	Nil	1,29,946
2 Raw Materials	2,26,67,141	32,90,413
3 Stores and Spares	86,92,601	8,44,039
4 Purchase of Trading Goods	Nil	2,27,06,375

**i Expenditure in Foreign Exchange**

1 Foreign Traveling	Nil	Nil
2 Interest and Bank Charges	Nil	Nil

**j Earning in Foreign Exchange:**

1 FOB Value of Exports	Nil	Nil
------------------------	-----	-----

23. Balances of Debtors, Creditors, Advances etc. are subject to confirmation and reconciliation wherever required.

24. Figures of the previous year have been regrouped and/or rearranged wherever necessary.

25. In the opinion of the board, Current Assets, Loans and Advances are approximately of the value stated if realized in the ordinary course of business.

Note : Previous year's figures have been shown in brackets.

**Signature to Schedules "1" to "20"**

As per our report of even date attached herewith  
For, **J. T. SHAH & COMPANY**  
Chartered Accountants

**(J. T. Shah)**  
Partner  
Membership No. 3983  
Place : Ahmedabad  
Date : 11.08.2011

For, **CIL NOVA PETROCHEMICALS LIMITED**  
(Formerly Known as NOVA POLY YARN LIMITED)

**Jyotiprasad D. Chiripal**      **Vedprakash D. Chiripal**  
Chairman      Director

**Romin N. Shah**  
Company Secretary

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

### I. Registration Details

Registration No.	043354	State Code	04
Balance Sheet Date	31/03/2011	CIN	L17111GJ2003PLC043354

### II. Capital Raised during the year (Rs. in Thousands)

Public issue	Nil	Right Issue	Nil
Bonus issue	Nil	Private Placement	Nil

### III. Position of Mobilisation and Deployment of Funds (Rs. in Thousands)

Total Liabilities	Total Asset		
<b>SOURCES OF FUNDS</b>			
Paid-up Capital	185914000	Reserves & Surplus	529863446
Secured Loans	576225649	Unsecured Loans	341057719
<b>APPLICATION OF FUNDS</b>			
Net Fixed Assets	1205137951	Investments	12221
Net Current Assets	148416992	Miscellaneous Expenditure	279493650
Deferred Tax Liabilities	Nil		
Accumulated Losses	-301993650		

### IV. Performance of Company (Rs. in Thousands)

Turnover (Includint other income)	2949482027	Total Expenditure	2928262503
Profit Before Tax	21219524	Profit After Tax	21219524
Earning Per Share (Rs.)	0.78	Dividend Rate	Nil

### V. Generic Names of Three Principal Products of Company

Product Description	Item Code No. (ITC Code)
1. Polyester Filaments Yarn	540242
2. Polyester Draw Twisted Yarn	002403
3. Polyester Texturised Yarn	540232
4. Polyester Chips	003029
5. Polyester Fully Drawn Yarn	003062

For, CIL NOVA PETROCHEMICALS LIMITED  
(Formerly Known as NOVA POLYYARN LIMITED)

Jyotiprasad D. Chiripal  
Chairman

Vedprakash D. Chiripal  
Director

Romin N. Shah  
Company Secretary

Place : Ahmedabad  
Date : 11.08.2011

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(In Rs.)

Particulars	2010-2011	2009-2010
<b>A) CASH FLOW FROM OPERATING ACTIVITIES:-</b>		
Net Profit after Tax and Extraordinary Items	21219524	7834748
Adjustment for:-		
1) Prior Year Adjustment	Nil	Nil
2) Loss on Sale of Fixed Assets	Nil	45161
3) Depreciation	91952271	90079445
4) Interest Paid	91230175	91065874
5) Interest Received	(2797441)	(1045343)
6) Provision for Taxation	Nil	Nil
(Incl. Provision for Deferred Tax Liability)		
7) Provision for Doubtful Debtors and Advances	(44719)	(551931)
8) Dividend Received	(5230)	(3626)
	<u>180335056</u>	<u>179589580</u>
Operating Profit Before Working Capital Changes	201554580	187424328
Adjustment for:-		
1) Trade & Others Receivable	5679866	(7635960)
2) Inventories	55269540	(88290943)
3) Loans & Advances	(8703422)	(3201398)
4) Current Liabilities	(11118245)	21359896
	<u>41127740</u>	<u>(77768404)</u>
<b>Cash Generated From Operation</b>	<u>242682320</u>	<u>109655924</u>
Adjustment for:-		
1) Prior year adjustment	Nil	Nil
2) Preliminary & Preoperative Expense	Nil	1235818
3) Tax Paid	794964	(2279036)
	<u>794964</u>	<u>(1043218)</u>
<b>NET CASH FROM OPERATING ACTIVITIES (1)</b>	<u>243477284</u>	<u>108612706</u>
<b>B) CASH FLOW FROM INVESTMENT ACTIVITIES:-</b>		
1) Purchase of Fixed Assets	(100648533)	(79122043)
2) Interest Received	2081158	8445406
3) Sale of Fixed Assets	Nil	66000
4) Dividend Received	5230	3626
5) Decrease in Investment	Nil	(10000)
	<u>(98562145)</u>	<u>(70617011)</u>
<b>NET CASH USED IN INVESTMENT ACTIVITIES (2)</b>	<u>(98562145)</u>	<u>(70617011)</u>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES:-</b>		
1) Proceed from Share issue	0	50000000
2) Increase/(Decrease) of Long term borrowings	(48180588)	(2602474)
3) Increase/(Decrease) of Short term borrowings	(223305)	6037968
4) Interest Paid	(91230175)	(91065874)
5) Dividend Paid (incl. Div.Tax)	Nil	40140
	<u>(139634068)</u>	<u>(37590239)</u>
<b>NET CASH FROM FINANCING ACTIVITIES (3)</b>	<u>(139634068)</u>	<u>(37590239)</u>
Net Increase/(Decrease) in Cash & Cash Equivalent	5281071	405456
Opening Cash & Cash Equivalent as on 1st April	15167934	14762478
Closing Cash & Cash Equivalent as on 31st March	20449005	15167934

**Notes:**

- The above Cash Flow Statement has been prepared under the "Indirect Method" setout in Accounting Standard - 3 issued by the Institute of Chartered Accountants of India.
- Cash and Cash Equivalents at the end includes Rs. 560946/- (Previous Year Rs.560946/-) in respect of un claimed dividend and Rs. 11259424/- (Previous Year Rs.12454353/-) in respect of Fixed Deposit Pledged with the Bank which are not available for use by the company.

As per our report of even date attached herewith

For, **J. T. SHAH & COMPANY**

Chartered Accountants

**(J. T. Shah)**

Partner

Membership No. 3983

Place : Ahmedabad

Date : 11.08.2011

**For, CIL NOVA PETROCHEMICALS LIMITED**  
(Formerly Known as NOVA POLYARN LIMITED)

**Jyotiprasad D. Chiripal**  
Chairman

**Vedprakash D. Chiripal**  
Director

**Romin N. Shah**  
Company Secretary

**CIL NOVA PETROCHEMICALS LIMITED**

(Formerly Known as NOVA POLYARN LIMITED)

**Registered Office :** Survey No. 396(P),395/4(P), Moraiya Village, Sarkhej-Bavla Highway, Tal. Sanand, Ahmedabad-382210**E-MAIL REGISTRATION FORM**

Dear Shareholder

**Re : Green Initiative in Corporate Governance: Go Paperless**

The Ministry of Corporate Affairs ('Ministry') has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies through electronic mode. In accordance with the recent circulars no. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 issued by the Ministry, companies can now send documents like Notice of Annual General Meeting, Annual Report, Postal Ballot Notice etc. to their shareholders through electronic mode, to their registered e- mail addresses.

We invite you to take part in this opportunity to contribute to the Corporate Social Responsibility initiative of the Company. We therefore request you to register your email ID with your Depository Participant(s) or by sending this form duly filled in and signed to the Company's Registrar & Share Transfer Agent M/s Link Intime India Private Limited at 211, Sudarshan Complex, Nr Mithakhali Underbridge, Navrangpura, Ahmedabad-380009 or your concerned Depository Participant.

To  
Link Intime India Private Limited/Depository Participant  
Unit: CIL Nova Petrochemicals Limited  
(Formerly Nova Polyyarn Limited)  
211, Sudarshan Complex, Nr Mithakhali Underbridge,  
Navrangpura, Ahmedabad-380009

Dear Sir/Madam,

**RE: Green Initiative in Corporate Governance**

I agree to receive all communication from the Company in electronic mode. Please register my following e-mail id in your records for sending communication through e-mail -

E-mail ID to be registered


Name of Sole/Joint Holder(s)	Folio No./DP ID and Client ID	Signature

Date .....

**Important Notes:**

- 1) After registration, all the communication will be sent to your registered e-mail Id. However, you can anytime ask for physical copy of the document.
- 2) Shareholders are requested to keep company informed as and when there is any change in the e-mail address. Unless the email Id given hereunder is changed by you by sending another communication in writing, the company will continue to send the notices/documents to you on the above mentioned email ID.

## CIL NOVA PETROCHEMICALS LIMITED

(Formerly Known as NOVA POLYARN LIMITED)

Registered Office : Survey No. 396(P),395/4(P), Moraiya Village, Sarkhej-Bavla Highway, Tal. Sanand, Ahmedabad-382210

### ATTENDANCE SLIP

PLEASE FILL IN ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE PLACE OF MEETING.

Name and Address of the Shareholder : .....

Folio No. : ..... DP Id : ..... Client Id : .....

No. of Shares held : .....

I hereby record my presence at the Seventh Annual General Meeting of the Company held on Wednesday, 28th September, 2011 at 3.30 p.m at Survey No. 396(P), 395/4(P), Moraiya Village, Sarkhej-Bavla Highway, Tal. Sanand, Ahmedabad-382210.

SIGNATURE OF THE EQUITY SHAREHOLDER/PROXY : .....

NOTE: Equity Shareholders attending the Meeting in person or through Proxy are requested to complete the Attendance Slip and hand it over at the entrance of the meeting hall.

.....TEAR HERE .....

## CIL NOVA PETROCHEMICALS LIMITED

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### PROXY FORM

I/We ..... of .....being a member/ members of the CIL NOVA PETROCHEMICALS LIMITED hereby appoint ..... of..... or failing him ..... of.....as my/our proxy to vote for me/us and on my/our behalf at the Seventh Annual General Meeting to be held on 28th September, 2011 and /or at any adjournment(s) thereof.

Signed ..... day of ..... 2011

Affix One  
Rupee  
Revenue  
Stamp

Folio No. : ..... DP Id : ..... Client Id : .....

No. of Shares held.....

Notes :

1. The Proxy form must be deposited at the Registered Office of the Company at least 48 hours before the time for holding the meeting. The Proxy need not be a member of the Company.
2. All alterations made in the Proxy Form should be initialed.
3. In case of multiple proxies, proxy later in time shall be treated as valid and accepted.

**BOOK-POST**

To,

*If undelivered please return to :*

**CIL NOVA PETROCHEMICALS LIMITED**

**(Formerly Known as NOVA POLYYARN LIMITED)**

Registered Office : Survey No. 396(P), 395/4(P),  
Moraiya Village, Sarkhej-Bavla Highway,  
Tal. Sanand, Ahmedabad-382210