

**PITHAMPUR POLY PRODUCTS LIMITED**

**13<sup>th</sup> ANNUAL REPORT**

**2009-2010**

**Board of Directors**

Mr. R.K. Tekriwal	Chairman
Mr. Vishwanathan Kanungo	Director
Mr. Sharad Dubey	Ind. Non Exe Director
Mr. Provat k. Chakravorty	Ind. Non Exe Director
Mr. Mansharam Birla	Ind. Non Exe Director

**Registered Office**

115, Sector III, Industrial  
Dist. Dhar (MP)

**Auditors**

M/s C.P.Rawka & Co..  
Chartered Accountants  
403, Arcade Silver, 56  
1, New Palasia, Indore(MP)- 452001

**Corporate Office**

2 A.B. Road, Fairdeal Building,  
Geeta Bhavan Square, Indore,  
PH- 0731-2491298

**Registrars & Transfer Agents**

M/S. Purva Sharegistry (India) Pvt. Ltd.  
33, Printing House, 28-D Police Court Lane,  
Fort Mumbai- 400001

## NOTICE

**Notice** is hereby given that the 13<sup>th</sup> Annual General Meeting of the Members of **Pithampur Poly Products Ltd.** Will be held on September 30th, 2010 at 11.00 AM at its Registered Office at 115, Sector – III, Industrial Area, Pithampur, Dist. Dhar (MP), to transact the following business :-

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit & Loss Account for the year ending on that date together with the Report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vishwanathan Kanungo who retires by rotation but has shown his willingness for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. C.P. Rawka & Co., retiring Auditors are eligible and after themselves for re-appointment.

By order of the Board of Director  
**For Pithampur Poly Products Limited**

Sd/-  
**(Rajendra Tekriwal)**  
**Chairman & Managing Director**

Place: Pithampur (MP)  
Dated: September 04, 2010

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY (IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY/(IES) NEED NOT TO BE A MEMBER OF THE COMPANY. PROXY FORM SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 24<sup>th</sup> September, 2010 to Thursday, the 30<sup>th</sup> September, 2010 (both days inclusive).
3. The members are requested to intimate to the Company for Change of address, if any, at the earliest, quoting their registered folio number.
4. Members/proxies are requested to:
  - i) quote their folio numbers in all their correspondence.
  - ii) bring their copies of Annual Report, Notice and Attendance Slips duly completed and signed at the meeting.

- iii) deliver duly completed and signed attendance slips at the entrance of the meeting venue as entry to the meeting hall will be strictly on the basis of the entry slip at the counter of the venue.
5. Members seeking any information with regard to accounts or operations are requested to write to the Company at an early date, preferably atleast seven days prior to the date of meeting, so as to enable the management to keep the information ready.
6. Pursuant to the recommendation of SEBI Committee on Corporate Governance for reappointment of the retiring Directors and appointment of Directors, a statement of the details of the concerned directors is attached hereto.
7. All documents referred to in the accompanying notice and explanatory statements are open for inspection at the registered office of the company on all working days between 11:00 a.m. to 1:00 p.m. upto the date of Annual General Meeting.

By order of the Board of Director  
**For Pithampur Poly Products Limited**

Sd/-

**(Rajendra Tekriwal)**  
**Chairman & Managing Director**

Place: Pithampur (MP)  
Dated: September 04, 2010

## **DIRECTORS' REPORT**

Dear Shareholders,

Your Directors are pleased to present the 13<sup>th</sup> Annual Report along with the audited annual accounts for the year ended 31<sup>st</sup> March 2010.

### **Financial Review**

Your Company's performance for the year ended 31<sup>st</sup> March, 2010 is as follows  
(Amount In Lacs)

	2009-10	2008-09
Sales / income	421.08	347.99
Total Expenses	430.85	387.37
Profit Before Tax	(97.70)	(95.39)
Profit After Tax	(97.70)	(95.39)

### **Dividend**

Keeping in mind the strategy of growth in the business through enhancing manufacturing capacity, your directors do not recommend any dividend for the current year.

### **Public Deposits**

During the year under review the company has neither accepted nor invited any public deposits within the meaning of section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975. Also there are no outstanding public deposits at the end of the year.

### **Management**

In accordance with the provisions of the Sec. 255, 256 of the Companies Act, 1956 and Articles of Association of the Company, Mr. Vishwanathan Kanungo is retiring by rotation at the forthcoming Annual General Meeting and has shown his willingness for re-appointed as a Director of the company. Your directors recommend his reappointment.

Information on the details of directors seeking appointment/re-appointment as required under Clause 49 of the Listing Agreement has been given under the Notice to Shareholders under the head 'Additional Information'.

### **Auditors**

M/s. C.P. Rawka & Co., Statutory Auditor of the Company, retires at the conclusion of ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

The company has received a letter from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such reappointment within the meaning of Section 226 of the said Act.

## **Auditors Report**

The observation made in the Auditors' Report are self explanatory and, therefore need no further clarification under Section 217 (3) of the Companies Act, 1956.

## **Directors' Responsibility Statement**

Your Directors affirm that the audited accounts containing financial statements for the financial year 2009-10 are in full conformity with the requirements of the Companies Act, 1956. They believe that the financial statements reflect fairly, the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operation. These statements are audited by the statutory auditors M/s. Sarad Kasat & Co.

Your Directors further confirm

- i) That in the preparation of the annual accounts for financial year ended 31<sup>st</sup> March 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the financial year ended on 31<sup>st</sup> March, 2010 and of the profit of the Company for the year ended on that date.
- 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 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.

## **Management Discussion and Analysis Report**

Management Discussion & Analysis Report, as required under the Listing agreement with the Stock Exchanges is given in Annexure 'B' and forms a part of this Annual Report.

## **Corporate Governance**

The company has in place a system of Corporate Governance. A detailed compliance report on corporate governance as stipulated in Clause 49 of the Listing Agreement alongwith a certificate of compliance from the Auditors is given in Annexure 'C' and forms a part of this Annual Report.



## CORPORATE GOVERNANCE REPORT

### 1. COMPANY S PHILOSOPHY :

The Company firmly believes that corporate governance and compliance practices are of paramount importance in order to maintain the trust and confidence of stake holder , client, the good reputation of the Company and the unquestioned integrity of all persons involved in the Company. To ensure transparency, fairness and objectivity in an organization functioning, the Company has proactively adopted best practice with regard to corporate governance and compliance, which are ahead of regulatory requirement. The Company's policy on Compliance with external regulatory requirement is backed by stringent internal policy and principal to ensure, *interalia*, priority to clients interest over priority interest, maintenance of clients information and prevention of insider trading.

### 2. BOARD OF DIRECTORS : Composition And Category

The Board of Director of the Company consist of persons with considerable expertise and experience in the manufacturing industry, finance & management. The Board of Director of the Company consist of five Directors including the Executive Chairman. Out of 5, 4 Director are non executive Independent Director. The Company dose not have any pecuniary or transaction with Non Executive Independent Director during the year under preview.

#### 1. BOARD PROCEDURE

A detailed Agenda folder was sent to each Director in advance of Board and Committee meetings. To enable the Board to discharge its responsibility effectively, The Managing Director briefed the Board at every meeting on the financial performance of the company up to last completed month as against the budget / revised budget of the year. Presentation are made by Managing Director about the financial, operational performance and market scenario.

- Strategy and business plan
- Annual operating and capital expenditure budgets
- Investment plan of the Company
- Compliance with statutory / regulatory requirement and review of major legal issues.
- Adoption of quarterly / half yearly / annual results (after recommendation of audit Committee where required)
- Significant labour problems
- Major accounting provision and write-offs.
- Details of joint venture or Collaboration Agreement.

The Company, Category of Director and their Directorship and Membership / Chairmanship of Committees :

S. No.	Name of the Director	Category	Directorship	Committee Membership	Committee
					Chairmanship
1.	Mr. R.K. Tekriwal	Exe. Chairman & Managing Director	-	3	2
2.	Mr. Sharad Dubey	Ind. Director	-	3	1
3.	Mr. Vishwnathan Kanungo	-	3	-	-
4.	Mr. Provat Kumar	Ind Director	-	-	-



Chakravorty

5. Mr. Mansharam Birla                      Ind. Director                      -                      -                      -

During the year 7 board meeting were held on 30<sup>th</sup> April, 2009, 17<sup>th</sup> June, 2009, 31<sup>st</sup> July, 2009, 4<sup>th</sup> September, 2009, 30<sup>th</sup> October, 2009, 31<sup>st</sup> January, 2010 and 31<sup>st</sup> March, 2010. The Board was present with the relevant and necessary information. None of the Director is a member of more than 10 committees or acting as Chairman of more than 5 committees across all Companies in which he is a director. The Company at the Board Meeting during the year and at the last annual general meeting was as follows:

S.No.	Name of Director	No. of Board Meeting Attended	Attendance at AGM the last held on 30/09/2009
1.	Mr. R.K. Tekriwal	7	Yes
2.	Mr. Sharad Dubey	7	Yes
3.	Mr. Vishwnathan Kanungo	7	Yes
4.	Mr. Provat Kumar Chakravorty	5	No
5.	Mr. Mansharam Birla	5	No

### 3. AUDIT COMMITTEE

The Board constituted an Audit Committee consisting of 3 Director. All member of audit Committee are financially literate and 2 Director out of 3 has financial management expertise as required for member of audit committee as stipulated in Clause 49 of the Listing Agreement. The Details of Audit Committee meeting held during the year April 2009 to March 2010 and the attendance of audit Committee member as under:

S.No.	Name of Director	Category	No. of Meeting Attended	held/
1.	Mr. R.K. Tekriwal	Exe. Chairman & M.D. & Member of Audit Committee	4	4
2.	Mr. Sharad Dubey	Ind. Director & Chairman Of Audit Committee	4	4
3	Mr. Vishwnathan Kanungo	Ind. Director & Member of Audit Committee	4	4

Terms of Reference:-

- Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment and removal of statutory auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the quarterly, half yearly and annual financial statements before submission to the board, focusing primarily on any changes in accounting policies and practices; major accounting entries based on exercise of judgment by management; qualifications in draft audit report; significant adjustments arising out of audit; the going concern assumption; compliance with accounting

standards; compliance with stock exchange and legal requirements concerning financial statements; any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with interests of company at large.

- d. Reviewing with the management, statutory and internal auditors , the adequacy of internal control system and ensuring compliance therewith.
- e. Discussions with auditors before the commencement of audit about the nature and scope of audit as well as have post-audit discussion to ascertain any areas of concern.
- f. Reviewing the company s the financial and risk management policies.
- g. To review the functioning of the Whistle Blower Policy adopted by the company.
- h. To review report on management discussion & analysis of financial condition and results of operation to be included in the company's annual report to its Shareholders.

#### 4.REMUNERATION COMMITTEE

This is a non-mandatory requirement, The company has constituted a Remuneration Committee to decide and fix payment of remuneration and sitting fees to the directors of the company.

The Remuneration committee consists of Mr.R.K. Tekriwal, CMD and Charman of the committee, Mr. sharad Dubey ,NEID & member and Mr. Vishwanath Kanungo,NEID & member. Only one meeting of the committee held during the year under review.

#### 5.SHARE HOLDER S GRIEVANCE AND SHARE TRANSFER COMMITTEE

Composition:-

The said committee comprise of R.K. TEKRIWAL, CMD & Chairman of the committee, Sharad Dubey, NEID & member and Vishwanath Kanungo, NEID and member of the committee. There are 2 meetings during the year.

The Committee has delegated the authority to an officer of the company who attends to share transfer formalities at least once in a fortnight.

Terms of reference:-

To look into the redressal of the share holders complaints in respect of any matter including transfer of shares, non receipt of annual report, non receipt of declared dividend etc.

Compliance officers :-

The company has designated Mr. R.K. TEKRIWAL as compliance officer.

Summary of investors' Complaints :-

During the year NIL letters/ complaints were received from the share holders, out of which NIL letters/ complaints were replied/ resolved to the satisfaction of the shareholders.

As on date, there are no complaints pending.

Annual General Meeting :-

The Annual General Meeting (AGMs) of the company have been held at the following places in the last three years

YEAR	DATE	TIME	VENUE
2006-07	29-09-2007	11.00A.M.	REGD. OFF.:115, Sector-III, Ind, Area Pithampur, Dist Dhar(M.P.)
2007-08	30-09-2008	11.00A.M.	AS ABOVE
2008-09	30-09-2009	11.00A.M.	AS ABOVE

No resolution was put through postal ballot during the fin. Year 2009-10

6.DISCLOSURE :-There were no transaction by the company of material significance with related parties i.e. its promoters, Directors of companies or the management or their relatives during the year which may have potential conflict with interest of the company at large. There is not any penalties or restrictions imposed on the company by stock Exchanges, SEBI or any statutory or any matter related to capital markets during the last three years.

7.CEO & CFO CERTIFICATION :-

The managing Director have given certificate to board as contemplated in clauses 49 of the listing Agreement & is enclosed at the end of the report.

8.MEANS OF COMMUNICATION:-

- (i) The periodical unaudited/audited financial are published in Prabhatkiran or agniban (Hindi) and M.P. Chronical & Free Press Journal(English) as required under Listing Agreement. All financial and other vital information is promptly communicated to the Stock Exchange on which Company's Shares are listed.
- (ii) The Management Discussion and Analysis Report Prepared by the management and forming part of the annual report is separately attached.

8. GENERAL INFORMATION FOR SHAREHOLDER:

(a) Regd. Office :- 115, Sector III, Industrial Area, Pithampur Dist. Dhar (MP)

(B) Date, Time, Venue, of Annual General Meeting :-

September 30th, 2010 at 11.00 AM at its Registered Office at 115, Sector – III, Industrial Area, Pithampur, Dist. Dhar (MP)

(C) Financial Report for the quarter ending:-

JUNE 30 : END JULY  
SEPTEMBER30 : END OCTOBER  
DECEMBER 31 : END JANUARY  
MARCH 31 : END APRIL

(D) Date of Book Closure:-

24/09/2010 to 30/09/2010 (Both days inclusive)

(E) Listing Details:-

The Equity Shares of the Company are listed on the stock exchange at Indore, Mumbai, Ahmedabad, Chennai.

Scrip Code: BSE 530683

(F) ISIN for Dematerialization of Equity Shares:-  
INE747D01012

(G) Market Price:

During the year from 01/04/2009 to 31/03/2010 the equity Shares have not been traded at all because the scrip of the Company is suspended by BSE for want of Compliances hence no market price of the financial year 2009-2010 is available.

Month	High	Low
April	-	-
May	-	-
June	-	-
July	-	-
August	-	-
September	-	-
October	-	-
November	-	-
December	-	-
January	-	-
February	-	-
March	-	-

(H) Registrar And Transfer Agents:

(For Share transfer and other communication relating to share certificate, change of address)

M/S. Purva Sharegisteey (India) Pvt. Ltd.  
33, Printing House, 28-D Police Court Lane,  
Fort Mumbai- 400001

(I) Share Transfer System:-

Equity shares sent for transfer in physical form are normally registered by our Registrar and Share Transfer Agent within 15 days of receipt of document, if document are found in order. Share under objection are returned within 2 weeks. The Company has a Share Holder / Investor Grievance Committee who looks after share transfer job by meeting at regular intervals depending upon the receipt of shares for transfer.

The Company has designated an email id [pppl@sancharnet.in](mailto:pppl@sancharnet.in) for the purpose of registering complaints by the Investor in accordance with Clause 47(f) of the listing Agreement.

**(L) DEMATERIALISATION OF SHARES AND LIQUIDITY:-**

The Company has already entered into agreement with CDSL, whereby the shareholder have an option to dematerialize their holdings.

The Company is under negotiation with NSDL to have connectivity of NSDL also.

**(M) PLANT LOCATION:**

The Company is 100% Export Oriented Unit with ISO : 9001-2008 Certification and having manufacturing and procession plant situated at plot no. 115, Sector- III, Industrial Area, Pithampur, Dist – Dhar (MP) where HDPE/PP WOVEN SACKS AND ALLIED PRODUCTS are manufactured.

**(N) INVESTOR CORREPENDENCE:-**

For any quires, investor are requested to get in touch with the Company s TRA-

**Registrars & Transfer Agents**

M/S. Purva Sharegistry (India) Pvt. Ltd.  
33, Printing House, 28-D Police Court Lane,  
Fort Mumbai- 400001

**INVESTOR GRIEVANCE REDRESSAL SYSTEM:-**

Investor Grievance, if any, is settled expeditiously and satisfactorily by the company as well as by the registrar. The company has designated an email id pppl@shancharnet. In for the purpose of registering complaints by the investors in accordance with clause 47 (f) of the Listing Agreement.

**DISPOSAL OF INVESTOR GRIEVANCES:-**

The average time required by the company or register to the issue for redressal of routine investor grievances is estimated to be seven working days from the date of receipt of the complaint. In case of non routine complaints and where external agencies are involved, the company or register will strive to redress these complaints as expeditiously as possible.

**CERTIFICATIO WITH RESPECT TO FINANCIAL STATEMENT:-**

The Managing director of the company has furnished a certificate to the board of director of the company with respect to accuracy of financial statements and adequacy of internal controls and compliance of clause 49 as required under clause 49 of the listing agreement.

**WHISTLE BLOWER POLICY:-**

Recently, the Security & Exchange Board of India has also prescribed the adoption by all listed companies, of a Whistle Blower Policy as a non-mandatory requirement. The company has adopted a Whistle Blower Policy, which affords protection and confidentially to whistle blowers. The audit committee chairman is authorized to receive protected disclosures under this policy. The audit committee is also authorized to supervise the conduct of investigations of any disclosure made whistle blower in accordance with policy.

No personnel have been denied access to the audit committee. As of March 31,2009, no protected disclosure have been received under this policy.

**CODE OF CONDUCT:-**

The company's Board of Director has adopted the code of conduct which govern the conduct of all directors/employees. All Directors and management personnel have affirmed compliance with respective codes for the year ended on 31<sup>st</sup> march 2009.

## IMPLEMENTATION OF NON-MANDATORY CORPORATE GOVERNANCE REQUIREMENTS

The company has implemented the following non-mandatory requirements as stated in clause 49 of the listing agreement with respect to corporate governance:-

(i) Remuneration Committee:- Already details have been given earlier.

(ii) Whistle Blower Policy:- Under this policy employees of the company can report the management about unethical behavior, actual or suspected fraud or violation of code of conduct or ethics policy. It is the company's policy to insure that the whistle blower are not victimized or denied direct access to the chairman of the audit committee. The existence of said policy mechanism has been communicated to all employees.

### MANAGEMENT DISCUSSION AND ANALYSIS:-

The company is in the business of manufacturing and trading of HDPE/PP WOVEN SACKS AND ALLIED PRODUCTS. The key issues of the Management Discussion and Analysis are given below:-

#### (a) Industry structure and developments

Indian poly industries market size is estimated at RS.51 billion. The industry experienced a significant growth of 27.31% during the year 2009-2010. The company continued its growth along with the lines of industry and has maintained its market position.

#### (b) Strength

The strength of the company is management team. The company has earned goodwill from utilization of full licensed and installed capacity and good policy of marketing due to expert management team

#### (c) Comment on Current year's performance

During the financial year 2009-2010, the company has posted a satisfactory performance. All expenses are under control. The operating profits are upto the industry mark.

#### (d) Opportunities and threats

Continuing increase in demand of quality poly products provides an opportunity of growth to the company.

The company is exposed to the fluctuation of economy and industry cycles/downturns and throatcut competition in the industry.

#### (e) Segment wise performance

The business of the company falls under a single segment i.e. manufacturing and trading of HDPE/PP products" for the purpose of Accounting Standards AS-17.

#### (f) Outlook

The company is making all efforts to accelerate of its business. It expects to improve its position in the market by focusing on technologically advanced and more profitable products/market segments and working aggressively in the areas of productivity, efficiency and cost reductions . the company will focus on making long term strategic policy in existing as well as in new venture.

#### (g) Risk and concerns

There is sharp increase in the prices of raw materials and other expenses and due to governmental policies for poly products industries. It may not be possible for the company to

recover the increase in material cost from customers entirely due to competition in the industry.

(h) Internal control system

The internal control system has been found to be adequate. This is reviewed periodically by the audit committee and statutory auditors of the company.

(j) Cautionary statement

Statements in this Management Discussion and Analysis Report, Describing the company's outlook, projections, estimates, expectations or predictions may be Forward looking statement" within the meaning of applicable securities laws or regulations.

Actual results could differ materially from those expressed or implied.

#### DECLARATION

As provided under clause 49 of the listing agreement with the stock exchanges. It is here by declared that all the board members and senior managerial personnel of the company have affirmed the compliance of code of conduct for the year ended 31<sup>st</sup> march, 2009.

Place: PITHAMPUR

Date: 04-09-2009

For and behalf of The Board of directors

Sd/-

R.K. TEKRIWAL

Managing Director

### **Auditor's Certificate on Corporate Governance**

The Company has obtained a certificate from its statutory auditors M/s. C.P. Rawka & Co., Chartered Accountant confirming compliance with the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges. This Certificate is annexed to the Directors' Report for the year 2009-10. This certificate will be sent to the stock exchanges along with the annual report to be filed by the Company.

### **AUDITOR S CERTIFICATE**

We have examined the compliance of the conditions of Corporate Governance by Pithampur Ploy Products Limited (the Company) for the year ended 31<sup>st</sup> March, 2010 as stipulated in Clause 49 of the Listing agreement of the Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to the review of the procedures and implementations thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

**For C.P. RAWKA & Co.  
Chartered Accountants**

**Place : Pithampur  
Date : September 04, 2010**

Sd/-  
**(C.P. Rawka)  
Proprietor  
M. No. 70060**



## **AUDITORS' REPORT**

The Members,

**M/s PITHAMPUR POLY PRODUCT LTD.**

Indore – [M.P.]

We have audited the attached Balance Sheet of **M/s PITHAMPUR POLY PRODUCT LTD.** as at 31<sup>st</sup> March 2010 and also the profit & Loss Account for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, material 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.

1. As required by the Companies [Auditor's Report] Order, 2003 issued by the Central Government, in terms of sub-section [4A] of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to above, we report that:
  - I. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - II. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
  - III The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.

A] In our opinion, the Balance – Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section 3[c] of section 211 of the Companies Act,1956.

B] On the basis of written representations received from the directors, as on 31<sup>st</sup> March'2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director in terms of clause [g] of sub-section [1] of section 274 of the Companies Act, 1956.

3. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act,1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-

- I. In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March'2010, and
- II. In the case of the Profit and Loss Account, of the profit for the period ended on that date.
- III. In the case o the Cash Flow Statement, of the Cash Flows of the company for the year on that date.

For: **C. P. RAWKA & CO.**  
Chartered Accountants

Place: INDORE  
Date: 04.09.2010

sd/-

**C.P.RAWKA**  
[Proprietor]

Membership No. 70060  
Firm Regn. No. 000518C

**ANNEXURE REFERRED TO IN THE AUDITORS' REPORT ON THE ACCOUNTS OF M/s PITHAMPUR POLY PRODUCT LTD.**

1. [a] According to the information and explanation given to us, the Company is in the process of compiling its fixed assets register.  
  
[b] We are informed that all fixed assets have been physically verified by the management at reasonable intervals.  
  
[c] The none of the material portion of fixed assets have been disposed during the year.
2. [a] The inventory has been physically verified during the year by the management at reasonable intervals.  
  
[b] In our opinion, the procedures of physical verification of inventory followed by the management were adequate in relation to the size of the company and the nature of its business.  
  
[c] The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to book records were not material and have been properly dealt with in the books of accounts.
- 3 [a] The Company has not granted inter-corporate deposits to parties listed in the register maintained under Section 301 of the Companies Act, 1956.

[b] The company has taken loan from party covered in Register maintained u/s 301 of the Companies Act, 1956

The maximum amount involved during the period was Rs.2243132/- and balance outstanding at the year end Rs. 2243132.

4. In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. Further, in our opinion, there is no continuing failure to correct major weaknesses in internal control.
5. [a] To the best of our Knowledge and belief and according the information and explanations given to us, we are of the opinion that the transaction that need to be entered into the register maintained under section 301 of companies act, 1956 have been so entered.

[b] In the opinion and having regard to our comments in paragraph (IV) above and accounting to the information and explanations given to us, the transaction made in purchase of contracts or arrangements entered in the register maintained under Section 301 of Companies Act 1956 and exceeding the value of Rs. Five Lakhs 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 where such market prices are available.

6. In our opinion and according to the information and explanations given to us, the company has not accepted deposit from the public during the year.
7. The company has an internal audit system commensurate with its size and nature of its business.
8. The Central Government has not prescribed the maintenance of cost records by the company under section 209[1][d] of the Companies Act, 1956.
9. [a] The company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales – Tax, Custom Duty, Excise Duty, cess and any other statutory dues with appropriate authorities and there are no undisputed liabilities as on 31<sup>st</sup> March'2010 outstanding for a period of more than six months from the date they became payable.  
  
[b] As per the information and explanations given to us there is no case where sales tax / income tax/ wealth tax / custom duty/ excise duty/cess have not been deposited on account of dispute, except the following :-

Sr.. No	Name Of the Act	Nature Of Dues	Of Amount (In Rs.)	Period Which Amount related	To For on where dispute are pending
1)	MP Comm. Tax Act, 1994	Demand	34733/-	1996-1997	DY. Commissioner Appellate MP Comm. Tax Dept. Indore
2)	MP Comm. Tax Act, 1994	Demand	18028/-	1999-2000	DY. Commissioner Appellate MP Comm. Tax Dept. Indore
3)	MP Comm. Tax Act, 1994	Demand Penalty	825036/- 636400/-	2000-2001 2000-2001	DY. Commissioner Appellate MP Comm. Tax Dept. Indore
4)	MP Comm. Tax Act, 1994	Demand Penalty	679287/- 510400/-	2001-02 2001-02	DY. Commissioner Appellate MP Comm. Tax Dept. Indore
5)	MP Comm. Tax Act, 1994	Demand Penalty	578337/- 416500/-	2002-03 2002-03	DY. Commissioner Appellate MP Comm. Tax Dept. Indore
6)	MP Comm. Tax Act, 1994	Demand	1068417/-	2003-04	DY. Commissioner Appellate MP Comm. Tax Dept. Indore

10. The company have accumulated losses at Rs. 29158660/-, The Company has incurred Loss during the year at Rs.6464597/- Covered by our audit.

11. In our opinion and according to the information and explanation given to us and overall examination of the Balance Sheet, we have found that the company has defaulted in repayment of dues to Banks.
12. According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares debentures and other securities.
13. The company is not a Chit fund, nidhi or mutual benefit fund/society.
14. In our opinion, the company is not dealing in or trading in Shares, Securities, Debentures and other Investment. Accordingly, the provision of clause 4[XIV] of the companies [Auditor's Report] order 2003 are not applicable to the company.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. According to the information and explanations given to us, and on overall examination of the Balance Sheet of the Company we report that company has not raised term loans from Bank and Financial Institution.
17. According to the information and explanations given to us, and on overall examination of the Balance Sheet of the Company the funds raised by the company on the short term basis have not used for long term investment.
18. 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. The company has not issued any debentures during the year.
20. The company has not made any public issue during the year.
21. According to the information and explanations given to us, any fraud on or by the company has not been noticed or reported during the year.

Place: **INDORE**  
Date: 04.09.2010

For: **C. P. RAWKA & CO.**  
Chartered Accountants

Sd/-  
**C.P.RAWKA**  
[Proprietor]  
Membership No. 70060  
Firm Regn. No. 000518C

**FORM NO. 3CA**  
[See rule 6G(1)(a)]

**Audit report under section 44AB of the Income-tax Act, 1961, in a case where the accounts of the business or profession of a person have been audited under any other law**

We report that the statutory audit of **M/S PITHAMPUR POLY PRODUCT LTD., Indore – [M.P.]** (Permanent Account No. AABCP 2017 J) for was conducted by M/s C. P. RAWKA & CO. INDORE –(M.P.)] in pursuance of the provisions of the COMPANIES ACT, and we annex hereto a copy of our audit report dated 04.09.2010 along with a copy each of audited Profit and Loss Account for the year ended on 31st March 2010 and a copy of the Audited Balance Sheet as at 31<sup>st</sup> March'2010 along with the documents declared by the relevant Act to be part of, or annexed to, the Profit and Loss Account and Balance Sheet.

**2.** A further report as required under the provision to the section 44AB is furnished in Form No. 3CD.

**3.** In our opinion and to the best of our information and according to explanations given to us, the particulars given in the said Form No. 3CD are true and correct.

PLACE : INDORE.-[M.P.]

FOR : **C. P. RAWKA & CO.**  
Chartered Accountants

DATE : 30<sup>th</sup> September'2010

Sd/-  
**C.P. RAWKA**  
[Proprietor]

**FORM NO. 3 CD**  
**[See rule 6G (2)]**  
**Statement of particulars to be furnished under section 44AB of the Income-Tax Act, 1961**

**PART - A**

1. Name of the assessee : **M/S PITHAMPUR POLY PRODUCT LTD.**
2. Address : 2, A.B. ROAD, GEETA BHAWAN SQUARE,  
FAIRDEAL BUILDING, INDORE – [M.P.]
3. Permanent account number : **AABCP 2017 J**
4. Status : PUBLIC LTD.
5. Previous year ended : 31<sup>st</sup> MARCH'2010
6. Assessment year: : 2010-2011

**PART -B**

7. NOT APPLICABLE
- a) If firm or association of persons, indicate names of the partners/members and their profit sharing ratios.
- NOT APPLICABLE
- b) If there is any change in the partners/members or in their profit sharing ratio since the last date of the preceding year, the particulars of such change.
8. MANUFACTURING OF PP/HDPE WOVEN SACKS AND ALLIED PRODUCTS
- a) Nature of business or profession (if more than one business or profession is carried on during the previous year, nature of every business or profession.)
- b) If there is any change in the nature of business or profession, the particulars of such change.
- NO CHANGES
9. PURCHASE REGISTER.
- a) Whether the books of account are prescribed under section 44AA, if yes, list of books so prescribed.
- AS ABOVE
- b) Books of account maintained. (In case books of account are maintained in a computer system, mention the books of accounts generated by such computer system.)
- c) List of books of accounts examined.

NOT APPLICABLE

CASH BOOK, LEDGER, JOURNAL,  
BANK BOOK, SALE REGISTER,

10. Whether the profit and loss account includes any profits and gains assessable on presumptive basis, if yes, indicate the amount and the relevant section (44AD, 44AE, 44AF, 44B, 44BB, 44BBA, 44BBB or any other relevant section.) NO
- 11.
- a) Method of accounting employed in the previous year. MERCANTILE
- b) Whether there has been any change in the method of accounting employed vis-à-vis the method employed in the immediately preceding previous year. NO
- c) If answer to (b) above is in the affirmative, give details of such change, and the effect thereof on the profit or loss. NOT APPLICABLE
- d) Details of deviation, if any, from the method of valuation prescribed under section 145, and the effect thereof on the profit or loss. NOT APPLICABLE
- 12.
- a) Method of valuation of closing stock employed in the previous year. RAW MATERIAL, WIP, FINISHED GOODS STORES ( AT COST - NET OF EXCISE)
- b) Details of deviation, if any, from the method of valuation prescribed under section 145A, and the effect thereof on the profit and loss. NIL
- 12A. Give the following particulars of the capital asset converted into stock-in-trade: - NIL
- a) Description of capital asset,
- b) Date of acquisition;
- c) Cost of acquisition;
- d) Amount at which the asset is converted into stock-in-trade.
13. Amounts not credited to the profit and loss account, being,
- a) The items falling within the scope of section 28.
- b) The Performa credits, drawbacks, refund of duty of customs or excise or service tax, or refund of sales tax or value added tax, where such credits, drawbacks or refunds are admitted as due by the authorities concerned.

NIL

NIL



- c) escalation claims accepted during the previous year; NIL
  - d) Any other item of income; NIL
  - e) Capital receipt, if any. NIL
14. Particulars of depreciation allowed as per the Income-tax Act, 1961 in respect of each asset or block of assets, as the case may be, in the following form: -
- a) Description of asset/block of assets
  - b) Rate of depreciation
  - c) Actual cost or written down value, as the case may be.
  - d) Additions/deductions during the year with dates, in the case of any additions of an asset, date put to use; including adjustments on account of-
    - i) Modified Value Added Tax credit claimed and allowed under the Central Excise rules, 1944, in respect of assets acquired on or after 1st March, 1994,
    - ii) Change in the rate of exchange of currency, and
    - iii) Subsidy or grant or reimbursement, by whatever name called.
  - e) Depreciation allowable
  - f) Written down value at the end of year.
- AS PER ANNEXURE 'I'
15. Amounts admissible under sections- (a)33AB (b)33ABA (c)33AC(wherever applicable) (d)35 (e)35ABB (f)35AC (g) 35CCA (h)35CCB (i)35D (j)35DD (k)35DDA (l)35E. NOT APPLICABLE
- a) Debited to the profit and loss account (showing the amount debited and deduction allowable under each section separately);
  - b) Not debited to the profit and loss account.
- 16.
- a) Any sum paid to an employee as bonus or commission for services rendered, where such sum was otherwise payable to him as profits or dividend [Section 36(1)(ii)]
  - b) Any sum received from employees towards contributions to any provident fund or superannuation fund or any other fund mentioned in Section 2(24)(x); any due date of payment and the actual date of payment to the concerned authorities under section 36(1)(va)

NIL

AS PER ANNEXURE 'II'

17. Amounts debited to the profit and loss account, being:	
a) Expenditure of capital nature;	NIL
b) Expenditure of personal nature;	DONATION RS.168600/-
c) Expenditure on advertisement in any souvenir, brochure, tract, pamphlet or the like, published by a political party;	NIL
d) Expenditure incurred at clubs,-	NIL
i) As entrance fees and subscriptions	NIL
ii) As cost for club services and facilities used;	
e)	NIL
i) Expenditure by way of penalty or fine for violation of any law for the time being in force:	NIL
ii) Any other penalty or fine.	NIL
iii) Expenditure incurred for any purpose which is an offence or which is prohibited by law	NIL
f) Amounts inadmissible under section 40(a)	
g) Interest, salary, bonus, commission or remuneration inadmissible under section 40(b) / 40(ba) and computation thereof	NOT APPLICABLE
h)	
a) whether a certificate has been obtained from the assessee regarding payments relating to any expenditure covered under section 40A(3) that the payments were made by account payee cheques drawn on a bank or account payee bank draft, as the case may be, [Yes/No]	YES
b) amount inadmissible under section 40A(3), read with rule 6DD [with break-up of inadmissible amounts];	NIL
i) Provision for payment of gratuity not allowable under section 40A(7)	
j) Any sum paid by the assessee as an employer not allowable under section 40A(9)	NIL
k) Particulars of any liability of contingent nature.	NIL
l) amount of deduction inadmissible in terms of section 14A in respect of the expenditure incurred in relation to income which does not form part of the total income,	NIL
m) Amount inadmissible under the proviso to section 36(1)(iii).;	NIL
17A. Amount of interest inadmissible under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	19. Amounts deemed to be profits and gains under section 33AB, 33ABA or 33AC.
NIL	AS PER ANNEXURE 'III'
18. Particulars of payments made to persons specified under section 40A(2)(b)	NIL
20. Any amount of profit chargeable to tax under section 41 and computation thereof	NIL

21. \*[i.] In respect of any sum referred to in clause (a), (b),(c),(d),(e) or (f) of section 43B, the liability for which;-

NIL

A) Pre existed on the first day of the previous year but was not allowed in the assessment of any preceding previous year and was

(a) Paid during the previous year

(b) Not paid during the previous year

B) Was incurred in the previous year and was:

(a) Paid on or before the due date for furnishing the return of income of the previous year under section 139(1);

(b) Not paid on or before the aforesaid date.

(ii) [\*\*\*]

PF RS. 63518/- PAID ON 13/04/2010 AND RS. 64490/- PAID ON 28/04/2010.  
ESIC RS 41590/- PAID ON 13/04/2010 AND RS. 42729/- PAID ON 28/04/2010.  
ENTRY TAX 53552/- PAID ON 19/07/2010.

\*State whether Sales Tax, Customs Duty, Excise Duty or any other indirect tax, levy, cess, impost etc. is passed through the profit and loss account.

NIL

22.

a) Amount of Modified Value Added Tax credits availed of or utilised during the previous year and its treatment in the profit and loss account and treatment of outstanding Modified Value Added Tax credits in the accounts.

The Company is taking Sales Net Off Excise so amount of Modvat Credit utilised is not reflected in P&L A/C. The outstanding Modvat Credit available of Rs. 1197201/- is shown in Balance Sheet at Assets Side under Loan & Advances.

b) Particulars of income or expenditure of prior period credited or debited to the profit and loss account.

NIL

23. Details of any amount borrowed on hundi or any amount due thereon (including interest on the amount borrowed) repaid, otherwise than an account payee cheque. [Section 69D].

NIL

24. a. \*Particulars of each loan or deposit in an amount not exceeding the limits specified under section 269SS taken or accepted during the previous year:-

AS PER ANNEXURE - IV

- i) Name ,address and permanent account number (if available with the assessee) of the lender or depositor :
- ii) Amount of loan or deposit taken or accepted.
- iii) Whether the loan or deposit was squared up during the previous year.
- iv) Maximum amount outstanding in the account at any time during the Previous Year.
- v) Whether the loan or deposit was taken or accepted otherwise than by an account payee cheque or an account payee bank draft.

\*(These particulars need not be given in the case of a Government Company, a banking company or a corporation established by a Central State or Provincial Act.)

AS PER ANNEXURE -IV

b. Particulars of each repayment of loan or deposit in an amount exceeding the limit specified in section 269T made during the previous year:-

- i) Name ,address and permanent account number (if available with the assessee) of the payee
- ii) Amount of repayment
- iii) Maximum amount outstanding in the account at any time during the year.
- iv) Whether the payment was made otherwise than by account payee cheque or account payee bank draft.

c) Whether a certificate has been obtained from the assessee regarding taking or accepting loan or deposit, or repayment of the same through an account payee cheque or an account payee bank draft. [Yes/No]

The particulars (i) to (iv) at (b) and the Certificate at (c) above need not be given in the case of a repayment of any loan or deposit taken or accepted from Governement, Government Company, Banking Company or a Corporation Established by a Central, State or Provincial Act.

YES

25

a) Details of brought forward loss or depreciation allowance AS PER COMPUTATION OF INCOME  
in the following matter, to the extent available:

Serial Number	Assessment year	Nature of Loss /Allowance(in rupees)	Amount as returned (in rupees)	Amount as assessed (give reference to relevant order)	Remarks
-----AS PER COMPUTATION OF INCOME -----					

b) Whether a change in shareholding of the company has taken place in the previous year due to which the losses incurred prior to the previous year cannot be allowed to be carried forward in terms of section 79; NO

26. Section wise details of deductions , if any, admissible under chapter VIA: NIL

27.  
a. Whether the assessee has complied with the provisions of Chapter XVII-B regarding deduction of tax at source and regarding the payment thereof to the credit of the Central Government. [Yes/No] AS PER ANNAXTURE - V

b. If the provisions of Chapter XVII-B have not been complied with. AS PER ANNEXURE –‘V’  
Please give the following details\*, namely: - :-

		Amount
(i)	Tax deductible and not deducted at all	Nil
(ii)	Shortfall on account of lesser deduction than required to be deducted	Nil
(iii)	Tax deducted late	Nil
(iv)	Tax deducted but not paid to the credit of the Central Government	Nil

\*Please give the detail of cases covered in [i] to [iv] above.

28.

a. In case of a trading concern, give quantitative details of principal items of goods traded

NOT APPLICABLE

- a) Opening stock
- b) Purchases during the previous Year
- c) Sales during the previous year
- d) Closing stock
- e) Shortage / excess, if any.

b. In the case of a manufacturing concern, give quantitative details of the principal items of raw materials, finished products and by-products

AS PER ANNEXURE - VI

A. Raw materials:

AS PER ANNEXURE - VI

- (i) Opening stock
- (ii) Purchases during the previous year
- (iii) Consumption during the previous year
- (iv) Sales during the previous year
- (v) Closing stock
- (vi) \*Yield of finished products
- (vii) \*Percentage of yield
- (viii) \*Shortage/excess, if any

AS PER ANNEXURE - VI

B. Finished products / by products

- (i) Opening stock
- (ii) Purchases during the previous year
- (iii) Quantity manufactured during the Previous year
- (iv) Sales during the previous year
- (v) Closing stock
- (vi) Shortage / excess, if any.

\* Information may be given to the extent available.

29. In the case of a domestic company, details of tax on distributed profits under section 115- O in the following form:-

COMPANY NOT DECLARING DIVIDEND DURING THE YEAR.

- a. Total amount of distributed profits
- b. Total tax paid thereon
- c. Dates of payments with amounts

30. Whether any cost audit was carried out, if yes, enclose a copy of the report of such audit [See section 139(9)]

NOT APPLICABLE

31. Whether any audit was conducted under the Central Excise Act, 1944, if yes, enclose a copy of the report of such audit.

NO SUCH REPORT IS PROVIDED TO US

32. Accounting ratios with calculations  
as follows

a. Gross Profit/Turnover	8.61 %
b. Net Profit / Turnover	-16.16 %
c. Stock-in-trade / Turnover	244.44 TIMES
d. Material Consumed / Finished goods produced.	-

-----  
\*SIGNED

PLACE: - INDORE – [M.P.]

NAME: - **C.P.RAWKA & COMPANY**  
Chartered Accountants

DATE: - 30/09/2010

ADDRESS: 403 ARCADE SILVER'56  
1, NEW PALASIA, INDORE-[M.P.]





**PITHAMPUR POLY PRODUCTS LIMITED**  
**BALANCE SHEET AS AT 31ST, MARCH, 2010**

PARTICULARS	SCHEDULE	AS AT 31/03/2010 RUPEES	AS AT 31/03/2009 RUPEES
<b><u>SOURCES OF FUNDS:</u></b>			
<b><u>SHARE HOLDER'S FUNDS</u></b>			
Share Capital	1	52,447,500	52,447,500
<b><u>LOAN FUNDS</u></b>			
Secured Loans	2	127,004,004	127,228,531
Unsecured Loans	3	6,851,176	6,151,246
	<b>TOTAL</b>	<b><u>186,302,680</u></b>	<b><u>185,827,277</u></b>
<b><u>APPLICATION OF FUNDS:</u></b>			
<b><u>FIXED ASSETS</u></b>			
a) Gross Block	4	132,165,159	132,438,398
Less: Depreciation		<u>60,741,520</u>	<u>55,855,316</u>
Net Block		<b>71,423,639</b>	<b>76,583,082</b>
<b><u>CURRENT ASSETS, LOANS AND ADVANCES</u></b>			
Inventories	5	3,132,097	1,692,856
Sundry Debtors	6	86,349,071	89,904,708
Cash & Bank Balances	7	329,073	322,467
Loans & Advances	8	<u>37,135,723</u>	<u>33,167,388</u>
		<b>126,945,964</b>	<b>125,087,419</b>
Less : Current Liabilities & Provisions	9	41,225,583	38,577,287
<b><u>Net Current Assets</u></b>		<b><u>85,720,381</u></b>	<b><u>86,510,132</u></b>
Profit & Loss Account		(29,158,660)	22,734,063
	<b>TOTAL</b>	<b><u>186,302,680</u></b>	<b><u>185,827,277</u></b>

Notes on accounts  
As per our report even date attached

19

FOR C.P. RAWKA & Co.  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

(C.P. RAWKA)  
Proprietor

(R.K. TEKRIWAL) (VISHWANATH KANUNGO)  
Chairman & Managing Director Director

PLACE: **INDORE**  
DATED: **04/09/2010**

**PITHAMPUR POLY PRODUCTS LIMITED**  
**PROFIT AND LOSS ACCOUNTS**  
**For the Year Ended 31st, March, 2010**

<b>PARTICULARS</b>	<b>SCHEDULE</b>	01/04/2009 to 31/03/2010 RUPEES	01/04/2008 to 31/03/2009 RUPEES
<b><u>INCOME</u></b>			
Sales (Net of Excise Duty)	10	<b>12,437,600</b>	4,333,956
Jobwork Domestic Income		<b>27,314,040</b>	30,497,370
Other Income	11	<b>1,218,894</b>	132,199
Increase/Decrease in Stock	12	<b>1,138,297</b>	(164,981)
	<b>Total (A)</b>	<b>42,108,831</b>	<b>34,798,544</b>
<b><u>EXPENDITURE</u></b>			
Raw Material Consumed	13	9,976,017	3,600,986
Manufacturing Expenses	14	15,820,459	19,635,100
Employee's Remun. & Benefits	15	12,983,696	11,181,657
Administrative Expenses	16	3,837,672	3,749,689
Selling & Distribution Exp.	17	100,389	304,378
Financial Expenses	18	367,671	265,657
	<b>Total (B)</b>	<b>43,085,904</b>	<b>38,737,467</b>
Profit (Loss) Before Depreciation	<b>Total [A-B]</b>	(977,073)	(3,938,923)
<b>Less :</b>			
Depreciation		5,447,524	5,599,997
Preliminary Expenses written off		0	0
Public issue Expenses written off		0	0
Differed Revenue Expenses written off		0	0
Balance Written-Off		0	0
Prior Period Items		0	0
Provision for Fringe Benefit Tax		0	0
<b>Net Profit/Loss for the Year</b>		<b>(6,424,597)</b>	<b>(9,538,920)</b>
<b>Add:</b>			
Interest Reversal		0	0
<b>Net Profit/Loss for the Year</b>		<b>(6,424,597)</b>	<b>(9,538,920)</b>
Balance Brought Forward (Last Period)		(22,734,063)	(13,195,143)
<b>Net Loss C/F to Balance-Sheet</b>		<b>(29,158,660)</b>	<b>(22,734,063)</b>

Notes on accounts 19  
As per our report even date attached

FOR C.P. RAWKA & Co.  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

(C.P. RAWKA)  
**Proprietor**  
PLACE: **INDORE**  
DATED: **04/09/2010**

Sd/-  
(R.K. TEKRIWAL)  
**Chairman & Managing Director**

Sd/-  
(VISHWANATH KANUNGO)  
**Director**

**PITHAMPUR POLY PRODUCTS LIMITED**  
**SCHEDULES 1 TO 19 ATTACHED TO AND FORMING PART OF THE BALANCE SHEET**  
**AS ON 31st, MARCH-2010, AND PROFIT & LOSS ACCOUNT AS ON THE DATE**

PARTICULARS	01/04/2009 to 31/03/2010 RUPEES	01/04/2008 to 31/03/2009 RUPEES
-------------	---------------------------------------	---------------------------------------

**SCHEDULE - 1**  
**SHARE CAPITAL**

<u>Authorised</u> 60,00,000 Equity Shares of Rs.10/- each	60,000,000	60,000,000
<u>Issued and Subscribed</u> 55,90,200 Equity Shares of Rs.10/- each	55,902,000	55,902,000
<u>Paid-up Share Capital</u> 48,74,000 Equity Shares of Rs.10/- each fully paid-up	48,740,000	48,740,000
<b>Add:</b> Forfeited Share (Amount Originally Paid Up)	3,707,500	3,707,500
<b>Total</b>	<b>52,447,500</b>	<b>52,447,500</b>

**SCHEDULE - 2**  
**SECURED LOANS**

LOANS & ADVANCES FROM BANKS :		
Term Loan : Building	7,869,252	7,869,253
Term Loan : Plant & Machinery	37,971,764	37,971,764
Demand Loan	6,188,837	6,188,837
Working Capital Loan <i>(Term Loan, Demand Loan and Working Capital Loan are secured by equitable mortgage of moveable assets including Plant &amp; Machinery and accessories Stock of Raw Materials, Semi-Finished Goods, Stores and spares and personal guarantee of Managing Director)</i>	74,974,151	74,974,151
City Bank Car Loan	0	224,526
Interest Accrued and due on Loan	0	0
<b>Total</b>	<b>127,004,004</b>	<b>127,228,531</b>

**SCHEDULE - 3**  
**UNSECURED LOANS**

<b>OTHER LOANS &amp; ADVANCE :</b>		
- From Others	2,844,132	1,943,902
- From Body Corporate	4,007,044	4,207,344
<b>Total</b>	<b>6,851,176</b>	<b>6,151,246</b>

**SCHEDULE - 5**  
**INVENTORIES**

*(as taken, valued and certified by the management)*

Raw Materials + Semi Finished Good	0	233,142
Work-in-Process	1,041,565	0
Finished Goods	101,760	0
Wastage & Scrape	57,231	62,258
Stores and Spares	1,931,541	1,397,456
<b>Total</b>	<b>3,132,097</b>	<b>1,692,856</b>

**PITHAMPUR POLY PRODUCTS LIMITED**  
**SCHEDULES 1 TO 19 ATTACHED TO AND FORMING PART OF THE BALANCE SHEET**  
**AS ON 31st, MARCH-2010, AND PROFIT & LOSS ACCOUNT AS ON THE DATE**

PARTICULARS	01/04/2009 to 31/03/2010 RUPEES	01/04/2008 to 31/03/2009 RUPEES
-------------	---------------------------------------	---------------------------------------

**SCHEDULE - 6**  
**SUNDRY DEBTORS**

*(Unsecured, considered good)*

Due Less than Six Months	0	81,939,878
Due over Six months	86,349,071	7,964,830
<b>Total</b>	<b><u>86,349,071</u></b>	<b><u>89,904,708</u></b>

**SCHEDULE - 7**  
**CASH AND BANK BALANCES**

Cash-in-hand	38,000	16,152
<u>Balances With Scheduled Bank</u> on Current Accounts	291,073	42,763
On Fixed Deposit		263,552
<b>Total</b>	<b><u>329,073</u></b>	<b><u>322,467</u></b>

**LOANS AND ADVANCES**

*(Unsecured considered good)*

*(recoverable in cash or kind or for value to be received)*

Advance to Suppliers	4,861,438	4,256,993
Other receivables	10,824,246	8,179,907
Advance to Others	18,962,804	18,456,643
Deposits	2,487,235	2,273,845
<b>Total</b>	<b><u>37,135,723</u></b>	<b><u>33,167,388</u></b>

**SCHEDULE - 9**  
**CURRENT LIABILITIES & PROVISIONS**

**(A) CURRENT LIABILITIES :**

*(1) Sundry Creditors:*

a) Total Amount due to small scale industries undertaking		312,833
b) Total Amount due to Creditors other than small scale industries undertaking	35,697,451	19,015,819

*(3) Statutory Liabilities:*

TDS Payable	94,450	47,632
Other Taxes Payable (Entry Tax)	53,552	145,565

*(4) Other liabilities:*

Other Creditors	0	12,795,703
Bank Balance (Book Overdraft)	671,778	1,035,455

**(B) PROVISIONS:**

For Provident Fund Scheme		31,469
Other Provisions:	4,708,352	5,192,811
<b>Total</b>	<b><u>41,225,583</u></b>	<b><u>38,577,287</u></b>

**PITHAMPUR POLY PRODUCTS LIMITED**

SCHEDULES 1 TO 19 ATTACHED TO AND FORMING PART OF THE BALANCE SHEET  
AS ON 31st, MARCH-2010, AND PROFIT & LOSS ACCOUNT AS ON THE DATE

PARTICULARS	01/04/2009 to	01/04/2008 to
	31/03/2010	31/03/2009
	RUPEES	RUPEES

**PITHAMPUR POLY PRODUCTS LIMITED**  
**SCHEDULES 1 TO 19 ATTACHED TO AND FORMING PART OF THE BALANCE SHEET**  
**AS ON 31st, MARCH-2010, AND PROFIT & LOSS ACCOUNT AS ON THE DATE**

PARTICULARS	01/04/2009 to 31/03/2010 RUPEES	01/04/2008 to 31/03/2009 RUPEES
-------------	---------------------------------------	---------------------------------------

**SCHEDULE - 10**  
**SALES (NET OF EXCISE DUTY)**

Domestic	12,437,600	404,927
Export	0	3,929,029
<b>Total</b>	<b>12,437,600</b>	<b>4,333,956</b>

**SCHEDULE - 11**  
**OTHER INCOME**

Interest Income	64,474	70,196
Discount	1,016	200
Misc Receipts	(13,606)	24,191
Unclaimed Dr Cr Balance Written Off	1,141,903	0
Income Tax Refund ( <i>inclusive interest of Rs.-/</i> )	0	12,690
Profit on sale of asset	25,107	
<b>Total</b>	<b>1,218,894</b>	<b>107,277</b>

**PITHAMPUR POLY PRODUCTS LIMITED**  
**SCHEDULES 1 TO 19 ATTACHED TO AND FORMING PART OF THE BALANCE SHEET**  
**AS ON 31st, MARCH-2010, AND PROFIT & LOSS ACCOUNT AS ON THE DATE**

PARTICULARS	01/04/2009 to 31/03/2010 RUPEES	01/04/2008 to 31/03/2009 RUPEES
<b>SCHEDULE - 12</b>		
<b><u>INCREASE IN STOCK</u></b>		
A. Work-in-process		
Closing Stock	1,041,565	0
Less Opening Stock	0	0
<b>Total (A)</b>	<u>1,041,565</u>	<u>0</u>
B. Finished Goods		
Closing Stock	101,760	0
Less Opening Stock	0	0
<b>Total (B)</b>	<u>101,760</u>	<u>0</u>
C. Wastage & Scrap		
Closing Stock	57,231	62,259
Less Opening Stock	62,259	227,240
<b>Total (C)</b>	<u>(5,028)</u>	<u>(164,981)</u>
<b>Total Increase/ (Decrease) in Stock</b>	<u><u>1,138,297</u></u>	<u><u>(164,981)</u></u>

**SCHEDULE - 13**  
**RAW MATERIAL CONSUMED**

Opening Stock	233,142	233,142
Add : Purchase during the period	9,742,875	3,600,986
<i>(Including Direct Expenses)</i>	9,976,017	3,834,128
Less : Closing Stock	0	233,142
<b>Total</b>	<u><u>9,976,017</u></u>	<u><u>3,600,986</u></u>

**PITHAMPUR POLY PRODUCTS LIMITED**  
**SCHEDULES 1 TO 19 ATTACHED TO AND FORMING PART OF THE BALANCE SHEET**  
**AS ON 31st, MARCH-2010, AND PROFIT & LOSS ACCOUNT AS ON THE DATE**

PARTICULARS	01/04/2009 to 31/03/2010 RUPEES	01/04/2008 to 31/03/2009 RUPEES
-------------	---------------------------------------	---------------------------------------

**SCHEDULE - 14**  
**MANUFACTURING EXPENSES**

Manufacturing Expenses	15,644,604	1,963,510
<b>Total</b>	<b><u>15,644,604</u></b>	<b><u>1,963,510</u></b>

**SCHEDULE - 15**  
**EMPLOYEES REMUNERATION & BENEFITS**

Employee Remuneration	12,983,696	11,181,657
<b>Total</b>	<b><u>12,983,696</u></b>	<b><u>11,181,657</u></b>



**PITHAMPUR POLY PRODUCTS LIMITED**  
**SCHEDULES 1 TO 19 ATTACHED TO AND FORMING PART OF THE BALANCE SHEET**  
**AS ON 31st, MARCH-2010, AND PROFIT & LOSS ACCOUNT AS ON THE DATE**

PARTICULARS	01/04/2009 to 31/03/2010 RUPEES	01/04/2008 to 31/03/2009 RUPEES
<b>SCHEDULE - 16</b>		
<b><u>ADMINISTRATIVE EXPENSES</u></b>		
Administrative Expenses	3,837,672	3,749,689
<b>Total</b>	<b><u>3,837,672</u></b>	<b><u>3,749,689</u></b>
<b>SCHEDULE - 17</b>		
<b><u>SELLING &amp; DISTRIBUTION EXPENSES</u></b>		
Selling & Distribution Expenses	100,389	304,378
<b>Total</b>	<b><u>100,389</u></b>	<b><u>304,378</u></b>
<b>SCHEDULE - 18</b>		
<b><u>FINANCIAL EXPENSES</u></b>		
Bank charges (Including L.C. Charges)	15,423	53,150
<u>Bank and other Interest :-</u>		
Interest to Others	9,986	5,556
Interest on TDS	9,379	1,564
Interest on Loan	332,883	205,387
Interest on Fixed Loan		
<b>Total</b>	<b><u>367,671</u></b>	<b><u>265,657</u></b>
<b>SCHEDULE - 19</b>		
<b><u>DIRECT EXPENSES</u></b>		
Diesal Exp.	71,748	
Dipawali Bonus	6,828	
Entry Tax	96,605	
Labour Charges	0	
PF Damages	396	
PF Interest	278	
	<b><u>175,855</u></b>	



**PEHAMPUR POLY PRODUCTS LIMITED**  
**DETAILS OF CONTINGENCIES TO AND DISBURSMENT OF THE BALANCE SHEET**  
**AS ON 31st MARCH 2001 AND PROFIT & LOSS ACCOUNT FOR THE DATE**

**SCHEDULE - 19**

**ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:**

**A. SIGNIFICANT ACCOUNTING POLICIES**

1. **Accounting Convention**  
The Financial Statements are prepared under historical cost convention and income & expenditure are recognized on accrual basis.
2. **Fixed Assets**  
Fixed Assets are stated at cost less depreciation. The cost of assets comprises its purchase price, duties, levies and other directly attributable cost upon the date, the asset is put to working condition for its intended use. Current Credit on capital goods was reduced from the cost.
3. **Prior Period Items**  
The expenditure and income pertaining to prior period being not material are shown under the respective head of accounts in the Profit & Loss Account.
4. **Treatment of expenditure during construction period**  
The expenditure incurred during the period including interest during construction period are charge to capital work-in-progress and on completion, the cost is to be allocated to the respective fixed assets.
5. **Depreciation**  
Depreciation on fixed assets is provided on Straight-Line method at the rate prescribed in schedule XIV to the Companies Act, 1956, on pro-rata basis from the month next to the month in which the assets was put to use.
6. **Excise duty**  
The Excise Duty payable on finished goods is accounted in the clearance thereof from the factory premises and hence not included in valuation of stock. CENVAT Credit is accounted by recording material purchased net of excise duty.
7. **Inventories**  
The Company value its inventories as per accounting standard AS-2 as issued by ICAI.
8. **Retirement Benefits**  
Employees retirement benefits are accounted on actual basis.
9. **Amortization of Miscellaneous Expenditures**  
The companies amortize preliminary and public issue expenses equally over a period of ten accounting period.
10. **Foreign Currency Transaction**  
Foreign currency transactions during the accounting period are translated at the rates prevalent on the date of payment receipt. The exchange difference is credited/charged to Profit & Loss account in case of revenue items.
11. **Research and Development**  
The company does not have a separate research & development department and has not incurred any expenditure on research & development.
12. **Contingent Liabilities**  
The contingent liabilities are not provided and are disclosed by way of notes.

**B. NOTES OF ACCOUNTS**

- I Contingent liabilities not provided for:
- a) Bank guarantee issued by Bank R.N.L. Lacs
  - b) Sales Tax authority issued demands for which company has disputed the claim and they have been advised by the legal experts that it will succeed in the following matters:

Sr.	Name of the Act	Nature of Debt	Amount	Year
1	M.P. Comm. Tax Act, 1994	Demand	34733/-	1996-1997
2	M.P. Comm. Tax Act, 1994	Demand	18028/-	1999-2000
3	M.P. Comm. Tax Act, 1994	Demand	825036/-	2000-2001
		Penalty	684400/-	
4	M.P. Comm. Tax Act, 1994	Demand	679287/-	2001-2002
		Penalty	510400/-	
5	M.P. Comm. Tax Act, 1994	Demand	574337/-	2002-2003
		Penalty	416500/-	994837
6	M.P. Comm. Tax Act, 1994	Demand	415017/-	2003-2004
		Penalty	453400/-	

- c) The company has filed application with the competent authority for enhancement of period for E.Tax exemption on purchases for the same is pending with the authority. Therefore contingent liability of Rs.32,27,506/- not provided in the books of accounts.
- ii In the opinion of the Board the current assets, Loans & Advance have a value on ordinary course of business at least equal to the amount at which they are stated in realization in the balance sheet and provision for all known liabilities have been made.
- iii The company adopt produce norms of accounting Policies. Therefore the provision for deferred tax assets as required in AS-22 issued by ICAI have not been made.

iv Additional information pursuant to the provision to the provision of part II of Schedule VI to the Companies Act, 1956.

1. Information of Stock	Closing Stock as at 31/03/2000		Closing Stock as at 31/03/01	
	Quantity (M.T.)	Value (Rs.)	Quantity (M.T.)	Value (Rs.)
a) Raw Material	0.000	0	2.134	231142.0k
b) Finished Goods	1.228	101761	0	0.0k
c) Work-in-Progress	11.050	1041565	0.000	0.0k
d) Stores & Spares	---	1911540	---	1397456.0k
e) Wastage & Scraps	7.589	572320	3.91	62258.0k
<b>Total</b>	<b>19.867</b>	<b>3132096</b>	<b>6.044</b>	<b>1692856</b>

2. Raw Material Consumed	Year ended on 31/03/00		Year ended on 31/03/01	
	Quantity (M.T.)	Value (Rs.)	Quantity (M.T.)	Value (Rs.)
PP Consums & Others	109.000	9656906	46.500	3600796

(Note: Consumption of Raw Material including with materials used for Job-Work.)

3. Quantitative information of Capacity, Production activity (in M.T.):

	Current Year (M.T.)	Previous Year (M.T.)
a) Licensed Capacity	N.A.	N.A.
b) Installed Capacity (As certified by the management)	4200 (P.A.)	4200 (P.A.)
c) Production (Bags, Taps, Fabrics, including JW)	32.603	32.603
d) Sales (Bags/Sacks)	32.603	32.603

4. Value of Material Consumed (Including Direct Expenses)

	Rs. -----	Rs. -----
Raw Materials Imported	Rs. -----	Rs. -----
Indigenes	Rs. 69742875. :- (100.00%)	Rs. 3573718. :- (100.00%)

Note: Quantitative details including quantity of materials which is received for Job-work from the following companies:

	Current Year (Rs.)	Previous Year (Rs.)
v Earning in foreign exchange	0	0
vi FOB value of Export	0	0
vii Expenditure in foreign currency - (in Rs.)		
For, Travelling Expenses	0	0
For, Purchase of Raw Material	0	0
For, Testing Fee	0	Rs.8873. :-
viii Salary paid to Managing Director is as per Sub-XIII to the Companies Act, 1956.		
Remuneration	180000	Rs. :-

ix Auditors Remuneration

	Current Year (Rs.)	Previous Year (Rs.)
For Statutory Audit	20000	20000
For Tax Audit	5000	5000
<b>Total Rupees</b>	<b>25000</b>	<b>25000</b>

x Information on related party transaction as per Accounting Standard 18 on related party disclosure:

Sr.	Name of the Related Party	Nature of Transaction	Amount	Balance at year end
01	Prakash Meenar Garage Ltd. (Company in which Director Interested)	Car Petrol & Other Exp.	0	94036/- Payable
02	R. K. Tekrival (CMD)	Office Esth. Charges	0	0 Payable
03	Mera Tekrival (Relative to CMD)	Salary	180000	180000 Payable
		Salary	150000	243147 Payable

- x The company, due to dispute with bank, has not provided intence on secured loans at contracted rates of Bank. Though it is provided @ 10% P.A.
- xi The company is a Sick Industrial Company within the meaning of clause of Sub-Section 1 of Section 3 of the Sick Industrial Companies Special Provision Act 1985.
- xii Sundry debtors, creditors, loans and advances are subject to balance confirmation.
- xiii Previous period figures have been regrouped, rearranged wherever considered necessary to make them comparable.
- xiv Figures are rounded off to the nearest rupee.

**PITHAMPUR POLY PRODUCTS LIMITED**  
**STATEMENT OF FINANCIAL POSITION AND PROFIT AND LOSS ACCOUNT**  
**AS ON 31st MARCH 2001 AND PROFIT & LOSS ACCOUNT FOR THE YEAR**  
**FOR C.F. RAWKA & CO. FOR AND ON BEHALF OF THE BOARD**

**PIHAMPUR POLY PRODUCTS LIMITED**  
STATEMENT OF RECEIPTS TO AND PAYMENTS MADE OF THE BALANCE SHEET  
AS ON 31st MARCH 2001 AND PROFIT & LOSS AS ON THE DATE

CHARTERED ACCOUNTANTS

(C.F. RAWKA)  
Proprietor

(R.K. TEKKI WAL)  
Chairman & Managing Director

(VISHWANATHI KANUNGO)  
Director

PLACE: INDORE  
DATED: 04/09/2010

**PITHAMPUR POLY PRODUCTS LIMITED**  
**DETAILS OF SCHEDULES TO AND FORMING PART OF THE BALANCE SHEET**  
**AS ON 31st, MARCH 2009, AND PROFIT & LOSS AS ON THE DATE**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:**

**1. Registration Details**

Registration Number	8513
Balance Sheet Date	31/03/2009
State Code	10

**2. Capital Raised During the Period:**

(Amount in Rs. Lacs.)

Public Issue	NIL
Bonus Issue	NIL
Right Issue (Application Money)	NIL
Private Placement	NIL
[Firm Allotment to the promoters & their Associates]	

**3. Position of Mobilisation and deployment of Funds:**

<b><u>SOURCE OF FUND:</u></b>	(in Lacs)	<b><u>APPLICATION OF FUND</u></b>	(in Lacs)
<b><u>Total Liabilities</u></b>	<b><u>1863.03</u></b>	<b><u>Total Assets</u></b>	<b><u>1279.85</u></b>
Share Capital	524.48	Net Fixed Assets	714.24
Reserve & Surplus	0.00	Investments	--
Secured Loan	1270.04	Net Current Assets	857.20
Unsecured Loan	68.51	Misc. Expenditures	0.00
		Accumulated Losses	(291.59)

**4. Performance of Company**

Turnover (Gross)	421.09	Total Expenditure	528.26
Profit Before Tax	(11.08)	Profit After Tax	(11.08)
Earning per Share	NIL	Dividend Rate %	NIL

**5. Generic Name of Three Principle Products/Services of Company**

(As per monetary terms)

Items Code No. (ITC Code)	392329
Product Description	Woven Sacks/Jumbo Bag

AS PER OUR REPORT OF EVEN DATE ATTACHED.

**FOR, C.P. RAWKA & CO.**  
**CHARTERED ACCOUNTANTS**

**FOR AND ON BEHALF OF THE BOARD**

**(C.P. RAWKA)**  
**Proprietor**

**(R.K. TEKRIWAL)**  
**Chairman & Managing Director**

**(VISHWANATH KANUNGO)**  
**Director**

PLACE: **INDORE**  
DATED: **04/09/2009**



**PITHAMPUR POLY PRODUCTS LIMITED**  
**Regd. office : 115, Sector – III, Industrial Area, Pithampur (MP)**

**Proxy Form**

Regd. Folio No./DP Client ID 

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I / We \_\_\_\_\_ of \_\_\_\_\_ in the district \_\_\_\_\_ being a member/members of the Company hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ in the district \_\_\_\_\_ as my/ our proxy to vote for me/ us on my/our at the 13<sup>th</sup> ANNUAL GENERAL MEETING of the Company on, the 30<sup>th</sup> Day of September, 2010 at 03.00 p.m. at the registered office of the Company situated at 115, Sector – III, Industrial Area, Pithampur (MP) and at any adjournment(s) thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010  
 Signature \_\_\_\_\_

Affix Revenue Stamp
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Note:- This form, in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.  
 ... .. **Please tear here...** ... ..

**PITHAMPUR POLY PRODUCTS LIMITED**  
**Regd. office : 115, Sector III, Industrial Area, Pithampur (MP)**

**ATTENDANCE SLIP**

**13<sup>th</sup> Annual General Meeting –September 30, 2010**

Name of the attending member (in block letters)	
Folio Number	
No. of shares held	
Name of proxy (to be filled in if the proxy attends instead of the member)	

I hereby record my presence at the 13<sup>th</sup> Annual General Meeting of Pithampur Poly Products Limited at 115, Sector – III, Industrial Area, Pithampur (MP) at 03.00 p.m. on, the 30<sup>th</sup> September, 2010.

**Signature of Member/Proxy**

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