

## ANNUAL REPORT 2009 - 2010

### Board of Directors

<u>Name of Directors</u>	<u>Designation</u>
Nitesh R Lodha	Whole Time Director
Salish Jain	Director
D Suresh Jain	Director
Prakash Jain	Director
Bafna Mahaveer Chand	Director
Kushal Jain*	Additional Director

\* Appointed as Additional Director w.e.f. 20.10.2009

### Auditors

M/s Krishnan & Giri, Chartered Accountants,  
Chartered Accountants, Chennai

### Bankers

Indian Overseas Bank  
Sowcarpet Branch, Chennai

ING Vysya Bank,  
Govindappa Naicken Street Branch, Chennai

### Registered Office

No 84/85, Walitax Road,  
First Floor, Chennai - 600 003

### Registrar & Share Transfer Agent

Cameo Corporate Services Limited  
No.2, Club House Road,  
Chennai 600 002

## NOTICE

Notice is hereby given that the 18<sup>th</sup> Annual General Meeting of the members of M/s. Passan Cellulose Limited will be held on Saturday the 24<sup>th</sup> day of July, 2010 at 11.00 AM at Ajanta Hall, Hotel Deccan Plaza, No 36, Royapettah High Road, Royapettah, Chennai – 600 014 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2010 together with the Directors and the Auditors' reports thereon.
2. To appoint a Director in place of Mr. Bafna Mahaveer Chand, who retires by rotation and being eligible offers himself for re-appointment
3. To appoint a Director in place of Mr. D. Suresh Jain, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General meeting till conclusion of the next Annual General Meeting and fix their remuneration.

### SPECIAL BUSINESS:

#### **ITEM No 5.**

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Kushal Jain who was appointed as an Additional Director and who, in terms of Section 260 of the Companies Act, 1956 read with Article 103 of the Articles of Association of the Company, holds office up to the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice from a member of the Company under Section 257 of the Companies Act, 1956, proposing his candidature for the Office of the Director along with a deposit of Rs.500/-, be and is hereby appointed as a Director of the Company liable to retire by rotation "

#### **ITEM No 6.**

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 & 310 read with Schedule XIII of the Companies Act, 1956 consent of the members of the Company, be and is hereby accorded for the appointment of Mr. Nitesh R Lodha, as a Whole Time Director of the Company for a period of Five Years w e f 01 04 2010 on the remuneration and terms and conditions as given below.-

#### **a) Remuneration**

Rs 40 000/- (Rs. Forty Thousand Only) p.m with such annual increments / increases as may be decided by the Remuneration Committee from time to time

#### **b) Perquisites**

(i) Company's contribution to provident fund and superannuation fund to the extent they are singly or put together are not taxable under the Income Tax Act, 1961,

(ii) Gratuity at the rate of half a month's salary for each completed year of service

(iii) Leave with full pay as per the rules of the Company with encashment of unavailed leave

(iv) Free furnished residential accommodation with gas, electricity, water and furnishings. In case no such accommodation is provided by the Company, the appointee shall be entitled to house rent allowance subject to the ceiling of thirty percent of the salary

(v) Reimbursement of medical expenses incurred in India or abroad for self and family including hospitalization, nursing home and surgical charges and in case of medical treatment abroad, the air fare, boarding / lodging for patient and attendant

(vi) Reimbursement of actual traveling expenses for proceeding on leave from Chennai to any place in India and return there once in a year in respect of him and his family

(vii) Reimbursement of membership fees for clubs in India, including admission / life membership fees

(viii) Personal accident insurance policy in accordance with the scheme applicable to senior employees

(ix) Cost of insurance cover against the risk of any financial liability or loss because of any error of judgment, as may be approved by the remuneration committee from time to time

(x) Free use of the Company's car for Company's work along with driver.

(xi) Telephone, telefax and other communication facilities at Company's cost for Official purpose.

(xii) Subject to any statutory ceiling/s, the appointee may be given any other allowances, perquisites, benefits and facilities as the Remuneration Committee / Board of Directors from time to time may decide.

#### **c) Valuation of perquisites**

Perquisites/allowances shall be valued as per the Income Tax rules, wherever applicable, and in the absence of any such rules, shall be valued at actual cost.

#### **d) Minimum remuneration**

In the event of loss or inadequacy of profits in any financial year during the tenure of the appointment, the appointee shall subject to the approval of the Central Government, if required, be paid remuneration by way of salaries and perquisites as set out above, as minimum remuneration, subject to restrictions, if any, set out in Schedule XIII to the Companies Act, 1956, from time to time.

#### **e) Computation of ceiling**

The following shall not be included in the computation of perquisites for the purpose of the ceiling of the remuneration viz. contribution to provident fund and superannuation fund, gratuity payable and encashment of leave at the end of the tenure.

#### **f) Other terms**

The terms and conditions of the said appointment may be altered and varied from time to time by the Board of Directors as it may, in its discretion, deem fit within the maximum amount payable to the appointee in accordance with the provisions of the said Act or any amendments made therein or with the approval of the Central Government, if required.

#### **ITEM No 7.**

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT the consent of Members of the Company be and is hereby accorded, pursuant to Section 310 of the Companies Act, 1956 read with Rule 10B of the Companies (Central Government's) General Rule and Forms, 1956 and Article 90(1) of the Articles of Association of the Company, the sitting fees for each Non Executive Director be and is hereby fixed at Rs.2,500/- (Rupees Two Thousand Five Hundred only) (exclusive of travel and out of pocket expenses) per Director for attending each Meeting of the Board of Directors of the Company with effect from 01.04.2010.

## ITEM NO. 8

To consider and if thought fit, to pass the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 17 and other applicable provisions of the Companies Act, 1956, if any, subject to the approval of Registrar of Companies, the existing Object No. 1 of Clause III A of Main Objects to the Memorandum of Association of the Company be and is hereby deleted.

FURTHER RESOLVED THAT the exiting Object No 3, be amended / substituted / replaced with the following object;

"To manufacture, produce, process, prepare, extract, distil, filter, purify, separate, dry, condense, concentrate, refine, preserve, can, freeze, bottle, store, buy, sell, import, export, trade and deal in all kinds of Agro based commodities, food items, Fast Moving consumer Goods and Ready to Eat Food Products."

FURTHER RESOLVED THAT the Main Objects in clause III A of the Memorandum of Association of the Company, be suitably renumbered.

FURTHER RESOLVED THAT the Board of Directors be and are hereby authorized to take necessary steps to give effect to the above resolution."

## ITEM NO. 9

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 21 of the Companies Act, 1956 and subject to the approval of Central Government, through the Registrar of Companies, the name of the Company be changed from "PASSARI CELLULOSE LIMITED" to "RCL FOODS LIMITED"

RESOLVED FURTHER THAT the name "PASSARI CELLULOSE LIMITED" wherever appears in the Memorandum and Articles of Association and other documents of the Company be changed to "RCL FOODS LIMITED".

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to file necessary forms to concerned authorities and to do all acts and deeds and to sign all applications, papers and documents for giving effect to the change of name of the Company."

By Order of the Board  
for Passari Cellulose Limited

Place : Chennai  
Date : 14.06.2010

Sd/-  
Nitesh R Lodha  
Whole Time Director

### Notes

- a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of themselves and the proxy need not be a member. (Proxy form is annexed herewith). The proxy form duly completed must be sent so as to reach the Company at its Registered Office not less than 48 hours before the commencement of the meeting.
- b) Members / Proxies should bring the Attendance slip sent herewith duly filled in and signed and hand over the same at the entrance of the Hall for attending the meeting.
- c) The Register of Members and Share Transfer Books of the Company shall remain closed from 22<sup>nd</sup> July, 2010 to 24<sup>th</sup> July, 2010 (both days inclusive).

- d) The members are requested to intimate to the Company and or to its Share Transfer Agent M/s. Cameo Corporate Services Limited, No 2, Club House Road, Chennai - 600002 for changes, if any, in their registered address along with Pin Code Number.
- e) Members/ Proxies are requested to deposit the enclosed "Attendance Slip" duly filled in and signed for attending the meeting.
- f) Members are requested to quote their Folio Number in all correspondences with the Company.
- g) Members are requested to send query(ies), if any, regarding Audited Accounts at least 10 days before the meeting.
- h) Members are requested to bring with them their copy of the Annual Report in the meeting
- i) The Company's Shares are under compulsory demat mode and hence the Members are requested to dematerialize their holdings for their convenience.
- j) Information pursuant to Clause 49 of the Listing Agreement for directors seeking appointment / re-appointment:-

Name of the Director	Mr. Kushal Jain	Mr. Bafna Mahaveer Chand	Mr. D. Suresh Jain
Date of Birth	14.11.1973	01.11.1961	17.01.1968
Date of Appointment	20.10.2009	31.07.2008	22.04.2008
Qualification	B.Com, CA (Inter)	BSc Chemistry	B.B.A
Experience	Has 12 year of experience as Chief Accounts Officer with M/s Mukesh & Co., Chartered Accountants. And around 5 years of Experience as Bullion merchants which is a family owned business	28 year Experience in the Pharmaceuticals & Other Business.	16years experience in the field of Finance and strong knowledge in Gift Mart.
Directorship in other Public limited Companies	Nil	Bafna Pharmaceuticals Limited	Nil
Chairman/Membership of the committees of other Public Limited Companies	Nil	Bafna Pharmaceuticals Limited - Audit Committee Member & Chairman in Investor Grievance & Share Transfer Committee.	Nil

By Order of the Board  
for Passari Cellulose Limited

Place: Chennai  
Date: 14.06.2010

Sd/-  
Nitesh R Lodha  
Whole Time Director

**Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956:**

**ITEM No. 5**

Mr. Kushal Jain was appointed as an Additional Director w.e.f. 20.10.2009. As per the provisions of Section 260, he holds office only up to the date of the forthcoming Annual General Meeting of the Company and is eligible for appointment as Director. The Company has received notice under Section 257 of the Companies Act, 1956, in respect of the candidate, proposing the appointment as a Director of the Company, along with the requisite deposit.

He has 12 year of experience as Chief Accounts Officer with M/s. Mukesh & Co., Chartered Accountants and around 5 years of experience as Bullion Merchant, which is a family owned business.

The Resolution at Item No.5 of the Notice is recommended for the approval of Members.

Mr Kushal Jain is concerned or interested in the Resolution at Item No. 5

**ITEM No. 6**

Mr. Nitesh R Lodha was appointed as an additional director of the Company in the Board Meeting held on 20.02.2008 and his appointment as a Director of the Company was confirmed in the Annual General Meeting held on 18.07.2008. He has been instrumental in managing the day to day affairs of the Company. The Board of Directors at its meeting held on 26.04.2010, appointed Mr. Nitesh R Lodha, as a Whole Time Director subject to approval of Members of the Company for a period of 5 years w.e.f 01.04.2010 on a remuneration of Rs. 40,000/- p.m. along with other perquisites and allowances pursuant to Section 198, 269, 309, 310, 311, 316, Schedule XIII and all other applicable provisions of the Companies Act, 1956, as recommended by the Remuneration Committee. The terms of the remuneration payable to Mr. Nitesh R Lodha as detailed herein is in accordance with and within the ceiling of maximum remuneration permitted under the Companies Act, 1956

The Material terms of appointment and remuneration of Mr. Nitesh R Lodha are given below:

**a) Remuneration**

Rs.40,000/- (Rs. Forty Thousand Only) p.m. with such annual increments / increases as may be decided by the Remuneration Committee from time to time.

**b) Perquisites**

(i) Company's contribution to provident fund and superannuation fund to the extent they are singly or put together are not taxable under the Income Tax Act, 1961;

(ii) Gratuity at the rate of half a month's salary for each completed year of service

(iii) Leave with full pay as per the rules of the Company with encashment of unavailed leave

(iv) Free furnished residential accommodation with gas, electricity, water and furnishings. In case no such accommodation is provided by the Company, the appointee shall be entitled to house rent allowance subject to the ceiling of thirty percent of the salary

(v) Reimbursement of medical expenses incurred in India or abroad for self and family including hospitalization, nursing home and surgical charges and in case of medical treatment abroad, the air fare, boarding / lodging for patient and attendant

(vi) Reimbursement of actual traveling expenses for proceeding on leave from Chennai to any place in India and return there once in a year in respect of him and his family

(vii) Reimbursement of membership fees for clubs in India, including admission / life membership fees

(viii) Personal accident insurance policy in accordance with the scheme applicable to senior employees

(ix) Cost of insurance cover against the risk of any financial liability or loss because of any error of judgment, as may be approved by the remuneration committee from time to time

(x) Free use of the Company's car for Company's work along with driver

(xi) Telephone, telefax and other communication facilities at Company's cost for Official purpose

(xn) Subject to any statutory ceiling/s, the appointee may be given any other allowances, perquisites, benefits and facilities as the remuneration committee / board of Directors from time to time may decide

**c) Valuation of perquisites**

Perquisites/allowances shall be valued as per the Income Tax rules, wherever applicable, and in the absence of any such rules, shall be valued at actual cost

**d) Minimum remuneration**

In the event of loss or inadequacy of profits in any financial year during the tenure of the appointment, the appointee shall subject to the approval of the Central Government, if required, be paid remuneration by way of salaries and perquisites as set out above, as minimum remuneration subject to restrictions, if any, set out in Schedule XIII to the Companies Act, 1956, from time to time

**e) Computation of ceiling**

The following shall not be included in the computation of perquisites for the purpose of the ceiling of the remuneration viz contribution to provident fund and superannuation fund, gratuity payable and encashment of leave at the end of the tenure.

**f) Other terms**

The terms and conditions of the said appointment may be altered and varied from time to time by the Board of Directors as it may, in its discretion, deem fit within the maximum amount payable to the appointee in accordance with the provisions of the said Act or any amendments made therein or with the approval of the Central Government, if required

Mr Nitesh R Lodha is considered as interested in the above resolution.

**ITEM NO 7**

The Article 90(1) Articles of Association of the Company permits sitting fees, which shall be payable to Non-executive Directors for attending of Board Meetings, subject to the approval of Members. The meeting of Board of Directors of the Company held on 15.03.2010 decided to pay sitting fees of Rs.2,500/- (Rupees Two Thousand Five Hundred Only) to Non Executive Directors for attending each Board Meetings with effect from 01.04.2010 in terms of Section 310 of the Companies Act, 1956, and Rule 10B of the Companies (Central Government's) General Rule and Forms, 1956, subject to approval of Members.

Non-Executive Directors would be considered as interested in the above Resolution

**ITEM NO 8.**

The Company was originally incorporated on 02.11.1992 with the objects to carry on the business of manufacturing of Chemicals and Organic products, Nitro Cellulose and other related activities. During the year 2004, the Company had stopped carrying the above activities due to lock-out. The Company through postal ballot process amended / included in the Main Objects of the Memorandum of Association, the objects relating to Manufacturing and trading of Agro Based Food Products and FMCG Goods. The Company started its commercial production of Agro based food products from November 2008 and presently the Company has only one Activity i.e., manufacturing and trading of Agro based food products / FMCG goods. In order to be in consistent with the present activities carried on by the Company, it has been decided to change its name to RCL FOODS LIMITED. The Company had approached Registrar of Companies for ascertaining the

availability of name and the name was approved, subject to the condition that the Company shall delete the clauses which are not relevant to the Manufacturing and Trading of Agro based Food Products. Hence Board of Directors at its meeting held on 14.06.2010 decided to amend the Main Objects of the Memorandum of Association of the Company by obtaining the consent of members through postal ballot.

Your Directors recommend the resolution for your Approval. None of the Directors of the Company is concerned or interested in the above resolution.

This Item requires the members' approval by following postal ballot procedure, for which relevant postal ballot papers are enclosed.

#### **ITEM NO 9.**

The Board of Directors at its meeting held on 29.05.2010, decided to change the name of the Company to RCL FOODS LIMITED. The Company had applied to Registrar of Companies, in Form 1A for ascertaining the availability of name and the Registrar has approved the name RCL FOODS LIMITED. The Board of Directors at its meeting held on 14.06.2010, decided to seek the approval of the Members of the Company to change the name of the Company to "RCL FOODS LIMITED" pursuant to the provisions of Section 21 of the Companies Act, 1956 and subject to the approval of Central Government, through the Registrar of Companies. Your Directors recommend the resolution for your Approval.

None of the Directors of the Company are considered to be interested in the above resolution, save as Shareholder of Company.

Place: Chennai  
Date: 14.06.2010

By Order of the Board  
for Passari Cellulose Limited

Sd/-  
Nitesh R Lodha  
Whole Time Director



## Directors' Report

To the Members,

Your Directors have pleasure in presenting the 18th Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March 2010

Financial Results	(Rs. In '000)	
	31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2010
Profit(Loss) before Interest, Depreciation & Tax	(581.22)	3950.89
Less: Interest	30.62	139.00
Profit(Loss) before Depreciation & Tax	(611.84)	3811.89
Less: Depreciation	(96.67)	384.83
Less: Diminution in value of investments	(221.20)	(221.20)
<b>PROFIT(LOSS) FOR THE YEAR BEFORE EXCEPTIONAL ITEMS</b>	<b>(929.71)</b>	<b>3648.26</b>
Income on account of one time settlement of Loan	—	6705.48
Loss on Disposal of Undertaking	—	(14181.47)
<b>PROFIT(LOSS) FOR THE YEAR BEFORE TAX</b>	<b>(929.71)</b>	<b>(3827.73)</b>
Less: Tax	(7.50)	(515.00)
Less: Provision for Deferred Taxation	—	(73.73)
<b>Profit(Loss) after tax</b>	<b>(937.21)</b>	<b>(4289.00)</b>
Deficit in Profit & Loss A/c. Brought Forward	(12929.98)	(13867.19)
Carried Forward	(13867.20)	(16136.19)

### Current Year and Future Prospects

Continuing the positive trend, your Company is trying to improve its performance. The sales achieved during the financial year ended 31<sup>st</sup> March 2010, was Rs. 5,05,07,930/- as against Rs. 8,49,950/- in the previous year (for part of year). The profit before Depreciation & Tax for the year ended 2010 was Rs. 38,11,890/- compared to the loss of Rs. 6,11,840/- for the year ended 2009.

### Dividend

Your Directors express their inability to recommend any dividend for the period under report.

### Directors

Mr. Bafna Mahaveer Chand and Mr. D. Suresh Jain are liable to retire by rotation, being eligible offers themselves for reappointment. Your Board recommends their continuation.

Mr. Kushal Jain was appointed as Additional Director w.e.f. 20.10.2009. Your Board of Directors recommends his continuation for better prospects of the Company.

#### **Company Secretary**

Mr. K. Premnatha, Company Secretary resigned from the office with effect from 03.04.2010.

#### **Auditors**

The retiring auditors **M/s. Krishnan & Giri, Chartered Accountants, Chennai** have expressed their willingness to be appointed as a statutory auditors of the Company and confirmed that if appointed, their appointment would be within the limits prescribed 24 (1 B) of the Companies Act, 1956.

The Comments of the Auditors in their report are self explanatory.

#### **Deposit**

The Company has not accepted any deposit pursuant to Section 58A of the Companies Act, 1956.

#### **Listing**

The Company Shares are listed at Bombay Stock Exchange Limited and Calcutta Stock Exchange Association Limited and the necessary listing fees have been paid to the stock exchanges. However the Company is taking steps to delist its securities from Calcutta Stock Exchange Association Limited.

#### **Particulars of Employees**

None of the employees is covered under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

#### **Depository System**

Company's Shares are under compulsory demat mode and members are requested to dematerialize their shares for operational convenience.

#### **Corporate Governance**

Report on Corporate Governance along with Certificate thereon is annexed herewith and forms part of our report.

#### **Directors Responsibility Statement:**

Pursuant to Section 217 (2AA) of the Companies Act, 1956 the Board hereby confirms.

a) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures,

b) that the Directors had 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 loss of the Company for that period ;

c) that the Directors has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) that the Directors had prepared the annual accounts on going concern basis.

**Particulars of Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and Outgo:**

The product manufactured by the Company is material intensive and not power intensive. However, the thrust on energy conservation continues and necessary measures for optimization of energy consumption have been taken. The technology used is indigenous, neither any foreign exchange was earned nor there was any outgo of foreign exchange during the period under report. The quantitative and other details of the various raw materials used are duly given in Notes on Accounts in Schedule 14 to the Statement of Accounts of the Company

**INFORMATION PURSUANT TO SECTION 217 (1)(g)**

**A. CONSERVATION OF ENERGY:**

**1. POWER AND FUEL CONSUMPTION:**

1	Electricity	Current Year	Previous Year
(a)	Unit	1957	545
	Total Amount	11740	3270
	Rate/Unit(Rs.)	6	6
(b)	Own generation	NIL	NIL
(i)	Through Diesel Generator		
	Unit		
	Units per Ltr. of Diesel Oil		
	Cost/ Unit		
(ii)	Through Steam turbine/generator		
	Unit		
	Units per Ltr. of fuel oil/gas		
	Cost/Unit		
2	Coal (specify quality and where used)	NIL	NIL
	Quantity		
	Total Cost		
	Average rate		
3	Furnace Oil	NIL	NIL
	Quantity (k Ltrs)		
	Total amount		
	Average Rate		
4.	Others/ internal generation (please give details)	NIL	NIL
	Quantity		
	Total Cost		
	Rate/Unit		

**2. CONSUMPTION PER UNIT OF PRODUCTION**

Since the Company's production is material intensive and not energy intensive, the consumption of energy is at minimum levels

### **3. RESEARCH AND DEVELOPMENT (R & D)**

The Company has not spent any amount on Research & Development and Technology Absorption. The Company is planning for marketing the products through focused research and consumer feedback

#### **Acknowledgement**

Your Directors wish to place on record their appreciation for the co-operation received from the employees and support received from various authorities under the Government of Orissa and Tamil Nadu, the Company's Bankers, Business Associates. Your Directors also place on record the whole-hearted support received from employees and Shareholders of the Company

On Behalf of the Board  
for **Parsari Cellulose Limited**

Place : Chennai  
Date : 14.06.2010

Sd/-  
D Suresh Jain  
Director

Sd/-  
Nitesh R Lodha  
Whole Time Director

## CORPORATE GOVERNANCE REPORT

### 1. Company's philosophy on code of Governance:

Company's philosophy on Corporate Governance envisages the attainment of highest levels of transparency, accountability and equity in all facets of its operation and in all its interactions of its stake holders including shareholders, employees, the Government and Lenders. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value over a sustained period of time.

### 2. Board of Directors:

#### a) Composition and category of Directors

The Composition and category of the Board of Directors are detailed hereunder

Name of Directors	Category
Satish Jain	Promoter Director (Non Executive)
Nitesh R. Lodha	Promoter Director (Non Executive)
D.Suresh Jain	Non Executive Independent Director
Prakash Jain	Non Executive Director
Bafna Mahaveer Chand	Non Executive Independent Director
Kushal Jain *	Non Executive Independent Director

\* Appointed as Additional Director w.e.f. 20.10.2009

#### b) Attendance of each Director at the Board Meetings and the last Annual General Meeting

Name of Directors	No. of Board Meetings held	No. of Meetings attended	Attendance at the last A.G.M
Satish Jain	6	2	P
Nitesh R. Lodha	6	6	P
D Suresh Jain	6	4	A
Prakash Jain	6	3	A
Bafna Mahaveer Chand	6	3	A
Kushal Jain *	6	3	A

\* Appointed as Additional Director w.e.f. 20.10.2009

#### c) Number of other Directorship and Chairmanship/ Membership of Committee of each Director \*

Name of Directors	No. of Directorship in other Boards of other Companies	No. of Chairmanship in Board / Committees of other Companies	No. of Membership in Committees of other Companies
Satish Jain	1	0	0
Nitesh R. Lodha	0	0	0
D Suresh Jain	0	0	0
Prakash Jain	1	0	0
Bafna Mahaveer Chand	1	2	1
Kushal Jain*	0	0	0

\* Appointed as Additional Director w.e.f. 20.10.2009

**Note:** Number of Directorships / Memberships held in other companies excludes Directorships / Memberships in Private Limited Companies, Foreign Companies, membership of various committees of various chambers / bodies and Companies under Section 25 of the Companies Act, 1956 and alternate Directorships whereas the Membership or Chairmanship of any committee includes Audit Committee and Shareholders' / Investors' Grievance Committees only

**d) Details of Board Meetings held during the year:**

The Board met 6 times during the year and the time gap between two Board Meetings are not more than four months. Details of Board Meetings held during the year 2009 – 2010 are as under:

Date	Board Strength	No. of Directors present
24.04.2009	5	4
30.06.2009	5	3
29.07.2009	5	2
20.10.2009	6	5
22.01.2010	6	3
15.03.2010	6	4

**Brief resumes of the Directors proposed to be appointed/re-appointed is mentioned in Point No.ii) of Notes to Notice calling Annual General Meeting.**

**Code of Conduct:**

The Company has formulated and implemented a Code of Conduct for all Board Members and Senior Management of the Company in compliance with clause 49 of the Listing Agreement. All Board Members and Senior Management personnel has affirmed compliance with the code on annual basis.

**3. Committee of the Board:**

**(a) Audit Committee:**

The Audit Committee comprises of the following Directors as on 31.03.2010

1. Mr. Bafna Mahaveer Chand - Chairman
2. Mr. D Suresh Jain
3. Mr. Nitesh R Lodha

Meetings of the Audit Committee and attendance of the members therein in 2009-2010

Date of Meeting	Mr. Bafna Mahaveer Chand	Mr. Suresh Jain	Mr. Nitesh R Lodha
25.04.2009	P	A	P
30.06.2009	P	P	P
29.07.2009	P	P	P
20.10.2009	P	A	P
22.01.2010	A	P	P

All the members of the Committee are eminent in their respective fields and financially literate with sufficient accounting or related financial management expertise

The Committee acts as a link between the management, auditors and the Board of Directors of the Company and has full access to the financial information. The terms of reference of the Audit Committee are in lieu with Clause 49 II(C) and (D) of the Stock Exchange Listing Agreement coinciding with the provisions under Section 292A of the Companies Act, 1956 and inter alia, includes

**Functions of the Committee**

**I. Review with the management and/or Internal Audit Department and / or Statutory Auditors:**

- i) Company's financial statements and reports;
- ii) Disclosure of Company's financial information to ensure the same is correct, sufficient and credible;
- iii) Changes/ improvements in Financial/Accounting practices;
- iv) Adequacy of Internal Audit Function and Systems and;
- v) Charter of Audit Committee;

**ii. Hold discussion with:**

- i) Statutory Auditors, before and after audit on the scope and area of Concern;
- ii) Internal Audit Department on its significant findings and also failure of Internal Control Systems, if any, and
- iii) Management before submission of financial statements to the Board

**iii. Compliance with Accounting Standards, Legal requirements and Ethical Code.**

**(b) Remuneration Committee:**

The remuneration committee comprises of the following Directors as on 31.03.2010.

- 1 Mr. Bafna Mahaveer Chand
- 2 Mr. D Suresh Jain
- 3 Mr. Kushal Jain

There was no remuneration/ sitting fees was paid to directors.

**Functions of the Committee:**

The function of the Committee is to prescribe payment of Compensation to Directors by way of salary and other perquisites and sitting fees.

**Shares/Convertible Instruments held by Non-Executive Independent Directors as on 31.03.2010**

Name of the Non-Executive Independent Directors	No. of shares of the Company	Convertible Instruments
Mr. Bafna Mahaveer Chand	NIL	NA
Mr. D Suresh Jain	NIL	NA
Mr. Prakash Jain	NIL	NA
Mr. Kushal Jain	NIL	NA

**(c) Shareholders'/Investors' Grievance Committee:**

Shareholders'/Investors' Grievance Committee comprises of the following Directors as on 31.03.2010.

1. Mr. Bafna Mahaveer Chand
2. Mr. D Suresh Jain
3. Mr. Nitesh R Lodha

The Committee met 18 times in the year under review

**Functions and activities:**

The Committee, inter alia, approves issue of duplicate certificates and overseas and reviews all matters connected with the securities transfer. The Committee also looks into redressal of Shareholders'/Investors' complaints like transfer of shares, non-receipt of Balance Sheet etc during the year under review the Company has generally processed all the applications within time

**Share Transfer System:**

The Company's shares are traded in the Stock Exchange compulsorily in Demat mode.

- i) Share Transfers: Share transfers are registered and returned in the normal course within a period of 15 days from the date of receipt, if the documents are order in all respects. Request for dematerialization of shares are processed and confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CSDL) within 15 days.

ii) Investor Correspondence: Shareholders can send their correspondence to No.84/85, Walltax Road Chennai – 600 003 or to the share transfer agents at the below address.

iii) Intimation of change of address, bank details etc. All the members are requested to notify immediately any change in their address, bank details, and bank mandate and nominate details to the Registrar and Share transfer agent of the Company.

M/s. Cameo Corporate Services Limited  
No.2, Club House Road,  
Chennai 600 002  
Ph: (044) 2846 0390 (6 Lines)

iv) Investor Grievances

During the year 148 transfer deeds comprising of 100200 shares were received for Physical Transfer Requests received for dematerialization of shares were generally processed promptly.

The Company has a regular system of attending to investor grievances. These grievances are promptly attended to and there is no complaint pending as on date

#### **4. General Body Meetings:**

The last three Annual General Meetings of the Company were held as under:

Year	Location	Date	Time
2006-2007	Passari Cellulose Limited 20, Balgopalpur Industrial Estate Balesore, Orissa - 756020	28.09.2007	10 AM
2007-2008	-do-	16.07.2008	11 AM
2008-2009	-do-	17.09.2009	11 AM

#### **5. Disclosures:**

(i) The financial statements are prepared following the Accounting Standards and there is no deviation from it.

(ii) Disclosures on materially significant related party transactions, i.e. transactions of the Company of material nature, with its promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

There are no significant transactions with related parties which may have a potential conflict with the interests of the Company. The Register of Contracts containing transactions in which directors are interested is placed before the Board regularly.

(iii) Details of non-compliance by the Company, penalties, and structures imposed on the Company by the Stock Exchange or SEBI or any statutory authority or any matter related to Capital Markets, during the last three years.

There were no such significant instances of non-compliances of any matter related to the capital markets during the last year.

(iv) The Company has complied with all the mandatory and non-mandatory requirements of the revised Clause 49 of the Listing Agreement. The extents of compliance of the following non-mandatory requirements are given below:

(a) With regard to training of Board Members, the directors of the Company are continuously trained in the business model of the Company and the risk profile of business parameters through various presentations at Board/Committee Meetings.

(b) With regard to Whistle Blower Policy, the Company is examining the formulation and implementation of the same, after which the same would be submitted to the Board.



#### **6. Subsidiary Company:**

The Company does not have any subsidiary Company.

#### **7. Means of Communication:**

The Company's Notice, Results etc. generally published in 'The Statesman' (in English) and in 'The Utkal Mail' (in Oriya). Whereas the printed Annual Report along with statement of accounts and notices convening the Annual General Meeting are mailed to the shareholders.

The unaudited quarterly financial results, limited review by the Auditors and the audited full year financial results are sent to the Bombay Stock Exchange Limited and The Calcutta Stock Exchange Association Ltd within the specified time limit.

However, in view of Change in the Registered Office of the Company from the State of Orissa to the State of Tamil Nadu w.e.f. 2<sup>nd</sup> day of June, 2010, the Company's Notice, Results etc. is proposed to be published in newspaper having wide circulation in the State of Tamil Nadu.

#### **8. CEO/CFO Certificate:**

The CEO / Director of the Company has certified to the Board that the particulars as stipulated vide Clause 49 V of the Listing Agreement is complied.

#### **9. General Shareholder Information:**

##### **(a) Annual General Meeting**

Date & Time : 24.07.2010, 11.00 A.M  
Venue : Ajanta Hall, Hotel Deccan Plaza,  
No.38, Royapettah High Road,  
Royapettah, Chennai - 600 014

##### **(b) Financial Calendar 2010-2011 (tentative)**

Annual General Meeting (next year)	- September 2011
Results for the quarter ending June 30, 2010	- Last week of July 2010
Results for the quarter ending Sept. 30, 2010	- Last week of Oct. 2010
Results for the quarter ending Dec. 31, 2010	- Last week of Jan. 2011
Results for the quarter ending Mar. 31, 2011	- Last week of April, 2011

##### **(c) Book Closure date:**

The Register of Members and Share Transfer records shall be closed from 22<sup>nd</sup> day of July 2010 to 24<sup>th</sup> day of July 2010 (both days inclusive) for the purpose of AGM.

##### **(d) Listing:**

Shares are listed at

- l) The Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers, Dalal Street  
Mumbai - 400 001
- m) The Calcutta Stock Exchange Association Ltd  
7, Lyons Range, Calcutta - 700 001

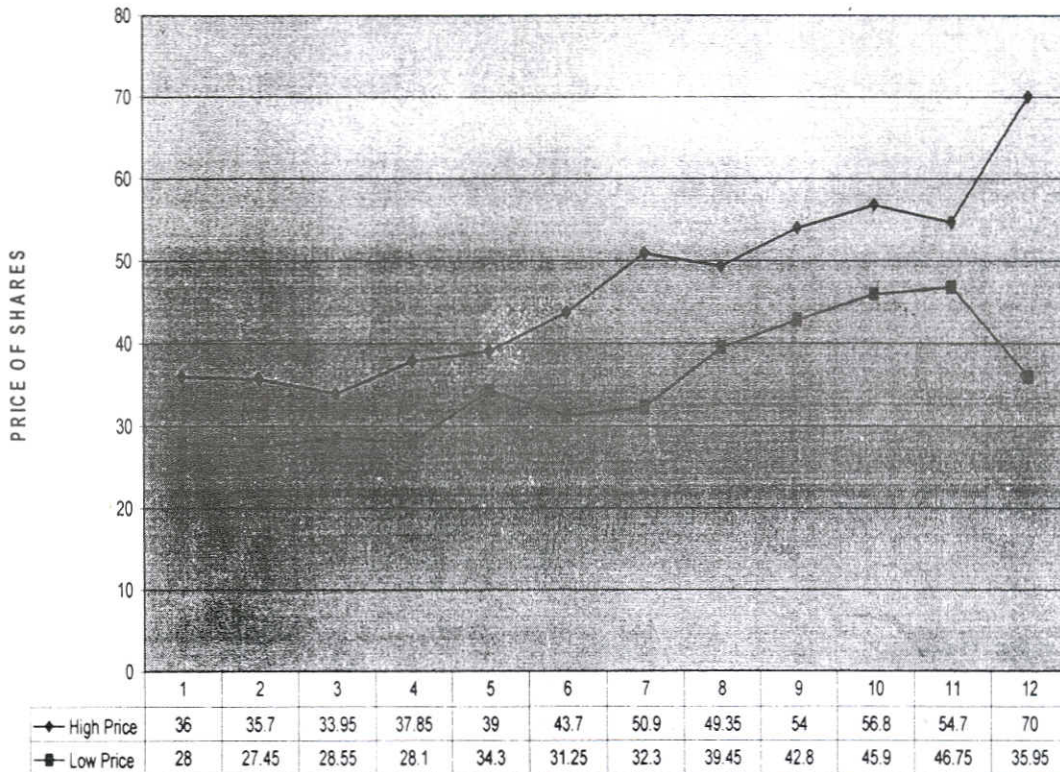
Demat : ISIN No. INE 008F01014  
Scrip Code : 530923  
CIN : L 24119 TN 1992 PLC 075956

The Listing Fee for the Stock Exchanges are paid up to 31.03.2010.

**e) Market Price Data & Performance:**

**i) Stock Market Price & Stock Performance - BSE**

**BSE MARKET DATA OF THE COMPANY**



APRIL 2009 - MARCH 2010

ii) The Company shares are not reported to be traded frequently in Kolkata Stock Exchange.

**(f) Registrar & Share Transfer Agent:**

Cameo Corporate Services Limited  
 No.2, Club House Road,  
 Chennai 600 002  
 Phone : 044 - 2846 0390  
 Fax : 044 - 2846 0129  
 Email : [investor@cameoindia.com](mailto:investor@cameoindia.com)

**Depositories** : The National Securities  
 Depository Limited  
 4th Floor, Trade World  
 Kamala Mill compound  
 Senapati Bapat Marg  
 Lower Parel, Mumbai - 400 013

Central Depository  
 Services (India) Limited  
 Phirozee Jeejeebhoy Towers  
 17th Floor Dalal Street  
 Mumbai - 400 001

## (g) Distribution of Shareholding (as on 31.3.2010)

Category	No. of Shares Held	% of Share Holding
<b>A. Promoter(s) Holding</b>		
1. <u>Promoters &amp; Promoter Group</u>		
a. Indian Promoters	796060	17.5054
b. Foreign Promoters	0	
<b>Sub-Total</b>	<b>796060</b>	<b>17.5054</b>
<b>B. Non-Promoters Holding</b>		
2. <u>Institutional Investors</u>		
a. Mutual Funds & UTI	0	0
b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-Government Institutions)	0	0
c. FII	0	0
<b>Sub-Total</b>	<b>0</b>	<b>0</b>
3. <u>Others</u>		
a. Bodies Corporate	348983	7.6741
b. Individual Holding		
(i) Nominal Share Capital upto Rs.1 Lakh	990793	21.7876
(ii) Nominal Share Capital in excess of Rs.1 Lakh	2105443	46.2989
c. Any Other		
Clearing Members	30863	0.6786
Hindu Undivided Families	275108	6.0496
Non Resident Indians	260	0.0054
<b>Sub-Total</b>	<b>3751440</b>	<b>82.4945</b>
<b>GRAND TOTAL</b>	<b>4647500</b>	<b>100.0000</b>

## (ii) Distribution Schedule (as on 31.03.2010)

Share Holding	Share Holder Number	%	No. of Shares	%
1 to 100	146	6.6153	10704	0.2353
101 to 500	1528	69.1436	395575	8.6987
501 to 1000	275	12.4603	202397	4.4507
1001 to 2000	92	4.1685	135103	2.9709
2001 to 3000	44	1.9936	111504	2.4519
3001 to 4000	14	0.6343	50518	1.1108
4001 to 5000	18	0.7249	75701	1.6646
5001 to 10000	27	1.2233	195531	4.3217
10001 and above	67	3.0357	3369467	74.0949
<b>TOTAL</b>	<b>2207</b>	<b>100.0000</b>	<b>4647500</b>	<b>100.0000</b>

## (ii) Holding pattern as on 31.03.2010

	Shareholders		Shares	
	No	%	No	%
Physical	1718	77.8432	788400	17.3590
NSDL	228	10.3307	1718891	37.7996
CDSL	261	11.8261	2039209	44.8424
<b>TOTAL</b>	<b>2207</b>	<b>100.0000</b>	<b>4647500</b>	<b>100.0000</b>

- (h) i) Address for correspondence : No.84/85, Walltax Road, First Floor,  
Chennai - 600 003  
ii) Any query on Annual Report : No.84/85 Walltax Road First Floor  
Chennai- 600 003  
iii) Investor Correspondence.  
Cameo Corporate Services Limited  
No.2, Club House Road,  
Chennai 500 002  
Phone : 044 - 2846 0390  
Fax : 044 - 2846 0129  
Email : investor@cameoindia.com

**Compliance Officer:**

Name : Mr. Nitesh R Lodha  
Address : No.84/85, Walltax Road, Chennai – 600 003  
Phone No : (044) 2534 5283  
Fax No. : (044) 2534 5275  
Email : [mailpassan@gmail.com](mailto:mailpassan@gmail.com)

**10. Management Analysis and Review:**

**a. Industry structure & Development :**

India is the second largest producer of food in the world. Whether it is canned food, processed food, food grains, dairy products, frozen food etc, the Indian agro industry has a huge potential, the significance and growth of which will never cease. A few years ago, companies struggled to sell packaged foods. But now it is much easier to break into the Indian market because of a younger population, higher incomes, new technologies and a growing middle class, estimated at 50 million households. An average Indian spends around 53 per cent of his/her income on food. The domestic market for processed foods is not only huge but is growing fast in tandem with the economy. It is estimated to be worth \$90 billion. Processed Food Manufacturing companies are required to be persistent and must adapt products to the Indian cultural preferences. With modernization, innovation and incorporation of latest trends and technology in the entire food chain as well as agro-production, the total production capacity of agro products in India and the world is likely to double by the next decade.

**b. Opportunities & Threats**

The Company deals in FMCG goods like mouth Freshners, Agro based processed food products, Ready to eat Foods and Bakery Items. There is a positive support from the Government for manufacturing of Agro based processed food products. Moreover, the Indian Government is providing stimulus wherever possible by cutting taxes and duties and granting of Subsidies, in order to increase the consumption among the consumer fraternity. Since the company is manufacturing Agro based processed food products, timely availability of raw material and failure of crops is a threat to your Company.

**c. Segment-wise analysis**

Your Company is concentrating in only one segment i.e., Manufacturing and trading of Agro based Fast Moving Consumer Goods and Food Products

**d. Outlook :**

The company is planning to introduce the following products in the years to come like Dry Chappati, Namkeen, additional Variety of Mouth Freshner, Bakery Products like Khari, Cookies, Dry Amla. These products are having good market both domestic and international market. The Company has appointed 25 dealers for marketing the products in the states of Tamil Nadu, Kerala and Karnataka. The Company is also proposing to reach the end customers through established retail outlets.

Our endeavour to drive organic growth is driven by a two-pronged strategy. Firstly, we are focusing on expanding the number and variety of products offered to customers across categories based upon

focused research and consumer feedback. Secondly, our thrust is on enhancing distribution and presence in the country

#### **e. Risks and concerns**

The key risks that affect the functioning of the Company and are actively considered for risk management activities are:

- Seasonal Fluctuations / Failure of Crops / Non availability of raw materials
- Economic depression and inflation
- Shelf Life of the products of the Company
- Labour shortages and attrition of key staff
- Increasing costs of raw material, transport and storage
- Compliance and regulatory pressures including changes to tax laws.

#### **f. Internal control systems and their adequacy**

Your Company has in place, adequate internal control systems and procedures commensurate with the size and nature of our business. The system is designed to adequately ensure that financial and other records are reliable for preparing financial information and other data and for maintaining accountability of assets. These procedures are designed to ensure that

- An effective and adequate internal control environment is maintained across the Company
- All assets and resources are acquired economically, used efficiently and are adequately protected.
- Significant financial, managerial and operating information is accurate, reliable and is provided timely, and
- All internal policies and statutory guidelines are complied with

#### **g. Discussion on financial performance with respect to operational performance.**

The sales achieved during the financial year ended 31<sup>st</sup> March 2010, was Rs.5,05,07,930/- as against Rs. 6,49,950/- in the previous year(part of the year). The profit before Depreciation & Tax for the year ended 2010 was Rs. 38,11,890/- compared to the loss of Rs. 6,11,840/-for the year ended 2009 (part of the year). The Company has started production of FMCG products like mouth freshers, Dry Chappati, Namkeen, additional Variety of Mouth Freshner, Bakery Products like Khari, Cookies, Dry Amla etc., in different sizes, shapes and tastes. The Company has appointed 25 dealers for marketing the products in the States of Tamil Nadu, Kerala and Karnataka

#### **h. Material developments in human resources / Industrial relations front, including number of people employed**

The Company is continuously endeavoring to align the employee's objectives with the business objectives of the organization through its HR policies, process and other development initiatives to achieve its organizational goals. Industrial relations have been cordial. The total number of employees in the Company during the financial year 2009 – 2010 was 3 permanent employees. The company is in the process of identifying suitable candidates at the administrative and marketing level to improve the business. The Company also engages the services of Casual labourers on weekly basis as and when the need arises

#### **11. Cautionary Statement:**

Details given herein above relating to various activities and future plans may be forward looking statements within the meaning of applicable laws and regulations. The actual performance may differ from those expressed or implied

**12. Certificate:**

The Company has obtained the Certificate from M/s AK Jain & Associates Company Secretaries regarding compliance of Corporate Governance as stipulated in Clause 49 of the listing agreement and the same is annexed.

All material requirements with respect to Corporate Governance as stipulated in the Listing Agreement have been complied with.

Place: Chennai  
Date: 14.06.2010

On behalf of the Board  
for **Passart Cellulose Limited**

Sd/-  
**Nitesh R Lodha**  
Whole Time Director

**CERTIFICATE OF COMPLIANCE OF THE CODE OF CONDUCT OF THE COMPANY:**

This is to confirm that a code of conduct for the Board Members and Senior Management Personnel of the Company has been adopted in the Board Meeting held on 31.01.2006. The Code of Conduct as adopted by the Board was also circulated. The Company received declarations affirming compliance of the Code from the persons concerned for the Financial Year ended 31<sup>st</sup> March, 2010. The same has also been noted by the Board.

On behalf of the Board  
for **Passari Cellulose Limited**

Place:Chennai  
Date: 14.06.2010

Sd/-  
**Nitesh R Lodha**  
Whole Time Director

**Certificate of Corporate Governance**

To  
The Members of  
Passari Cellulose Limited

We have examined the compliance of conditions of Corporate Governance by Passari Cellulose Limited for the year ended on 31<sup>st</sup> March, 2010 as stipulated in Clause 49 of the Listing Agreements of the said Company with Stock Exchange(s) in India.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither the 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 generally complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement and that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by Company's Registrar and Transfer Agents

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

For **A.K. Jain & Associates**  
Company Secretaries

Place: Chennai  
Date: 14.06 2010

Sd/-  
**Balu Sridhar**  
CP No.3550



## AUDITOR'S REPORT TO THE MEMBERS OF PASSARI CELLULOSE LIMITED

We have audited the attached Balance Sheet of **PASSARI CELLULOSE LIMITED**, as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph '1' above :-
  - a. 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.
  - b. In our opinion, proper books of account as required by law have been maintained by the Company so far as it appears from our examination of such books.
  - c. The Balance Sheet and the Profit and Loss Account and the Cash Flow Statement referred to in this report are in agreement with the books of account and comply with the Accounting Standards specified in Sec. 211 (3c) of the Companies Act, 1956.
  - d. On the basis of written representation received from the Directors as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors are disqualified as at March 31, 2010 from being appointed as a director u/s 274 (1) (g) of the Companies Act, 1956.

Subject to the above, in our opinion and to the best of our information and 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 :-

- i. in the case of Balance Sheet of the state of affairs of the company as at 31st March 2010 and
- ii. in the case of Profit and Loss Account subject to Notes B1(c) and 4 of Schedule 20 to the financial statements, of the Loss for the year ended as on that date; and
- iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **KRISHNAN & GIRI**  
Chartered Accountants

Sd/-  
**(M. JAYANTILAL JAIN)**  
Partner  
Membership No:29712

Place : CHENNAI  
Dated : 29-05-2010

**ANNEXURE**

**RE : PASSARI CELLULOSE LIMITED**  
**REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets at Chennai Plant. All the assets have been physically verified by the management and no serious discrepancies were noticed on such verification of the Fixed Assets. The Company has fully written off the assets which are not in working conditions at Orissa Plant and also disposed off the remaining fixed assets pertaining to Orissa Plant as the Company has not been carrying on any manufacturing activity since February, 2004. However the disposal of assets at Orissa Plant has not affected its going concern status, since the Company has switched over to different manufacturing activity.
2. The stock of raw materials, packing materials and finished goods at Chennai Plant has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and adequate in relation to the size of the company and nature of its business.  
  
The stock of raw materials at Orissa Plant has been determined by the Management after verification as unusable, and declared as Obsolete stock with no residual value and hence written off during the year.  
  
The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.  
  
In our opinion, the company has maintained proper records of its inventory. No material discrepancies have been noticed on verification between physical stock and book records.
3. In our opinion, the terms and conditions on which loans have been taken from the parties listed in the register maintained under Sec. 301 of the Companies Act, 1956, are prima facie not prejudicial to the interests of the Company. No loan is outstanding at the close of the year. The company has not advanced amounts to any party listed in the register maintained under Section 301 of the Companies Act, 1956.
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 nature of its business, for purchase of inventories, fixed assets and for the sale of goods.
5. In our opinion, and according to the information and explanations given to us, the company has not entered into transactions made in pursuance of contracts and arrangements entered into in the register maintained U/S 301 of the Companies Act, 1956.
6. In our opinion, and according to the information and explanations given to us, the company has not accepted any deposit within the meaning of provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
7. The Company is in the process of setting up internal audit system
8. According to the information and explanations given to us, the Central Government has not prescribed for the maintenance of cost records required to be maintained Under Section 209(1)(d) of the Companies Act, 1956
9. According to the information and explanations given to us, the provisions of Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the Employees State Insurance Act, 1948 are not applicable to the company

According to the information and explanations given to us and on the basis of our examination of books of account, the Company is regular in depositing undisputed material statutory dues including Income tax, sales tax, VAT, cess with appropriate authorities during the year

According to the information and explanations given to us and on the basis of our examination of books of account, there are no undisputed material statutory dues payable in respect of Income

tax, sale tax, vat, cess and others which are in arrears as on 31<sup>st</sup> March, 2010

10. On the basis of the audited financial statements, the accumulated loss of the company at the close of the year is Rs. 181.36 Lakhs which is not more than 50% of its net worth. The Company has not incurred cash loss during the year.
11. The Company has not defaulted in repayment of dues to a financial institution or Bank or debenture holders during the period.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Order is not applicable.
13. The company is not a Chit fund, Nidhi, Mutual benefit fund or a Society. Accordingly, clause 4(xiii) of the Order is not applicable.
14. According to the information and explanations given to us, the company has maintained proper records in respect of the transactions for shares and has been duly entered into on a timely basis. Further on verification, it is observed that the investments have been held by the company in its own name.
15. On the basis of information and explanations given to us, the company has not given guarantee to any Bank on behalf of other parties.
16. The company has not taken any term loans during the year. Hence clause 4(xvi) is not applicable to the company.
17. In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements, the funds raised on short term basis have not been used for long term investment.
18. The company has not made preferential allotment of shares during the year.
19. The company has not issued debentures. Hence, clause 4(xix) of the Order is not applicable to the company.
20. The company has not raised any money by way of public issues during the year.
21. As represented to us by the management and based on our examination in the normal course of audit, no fraud on or by the company has been noticed or reported during the year.

For KRISHNAN & GIRI  
Chartered Accountants

SD/-

(M. JAYANTILAL JAIN)  
Partner  
Membership No: 28712

Place : CHENNAI  
Dated : 29-05-2010

**PASSARI CELLULOSE LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2010**

	SCHEDULE		FIGURES AS AT 31.03.2010 (Rs. In '000)	FIGURES AS AT 31.03.2009 (Rs. In '000)
<b>SOURCES OF FUNDS:</b>				
<b>SHAREHOLDERS FUND</b>				
Share Capital	1	45,475.00		45,475.00
Reserves & Surplus	2	10,781.49		10,781.40
			56,256.49	56,256.49
<b>LOAN FUNDS:</b>				
Secured Loans	3		482.02	13,049.35
UnSecured Loans	4		2,548.63	30.00
<b>TOTAL</b>			<b>58,287.33</b>	<b>69,335.83</b>
<b>APPLICATION OF FUNDS:</b>				
<b>FIXED ASSETS</b>				
Gross Block	6	3,639.47		28,111.31
Less Depreciation		481.50		8,033.67
<b>Net Block</b>			3,157.97	20,077.64
<b>INVESTMENTS</b>	6		10,029.42	7,890.10
<b>DEFERRED TAX ASSET</b>			73.73	
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
<b>Current Assets</b>				
Inventories	7	4,077.16		4,226.24
Sundry Debtors	8	19,812.99		5,190.18
Cash & Bank Balance	9	564.41		1,093.62
Loans & Advances	10	14,840.08		17,596.50
<b>A</b>		<b>39,294.64</b>		<b>28,106.54</b>
<b>Less: CURRENT LIABILITIES &amp; PROVISIONS</b>				
Current Liabilities	11	11,020.10		780.62
Provisions	12	534.52		25.02
<b>B</b>		<b>11,554.62</b>		<b>805.64</b>
<b>Net Current Assets</b>	<b>A-B</b>		27,740.02	27,300.90
<b>MISCELLANEOUS EXPENDITURE</b>	13		150.00	200.00
To the extent not Written off/adjusted)				
<b>Deficit Balance in Profit &amp; Loss Account</b>			18,136.19	13,867.20
<b>TOTAL</b>			<b>68,287.33</b>	<b>68,335.84</b>

**NOTES ON ACCOUNTS**

20

The Schedules referred to herein forms an integral part of this Balance Sheet

"This is the Balance Sheet referred to in our report of even date"

For KRISHNAN & GIRI for PASSARI CELLULOSE LIMITED  
Chartered Accountants

SD/-

SD/-

SD/-

Place : Chennai

(M. JAYANTILAL JAIN)

NITESH R LODHA

D SURESH JAIN

Dated : 29.05.2010

Partner

WHOLE TIME DIRECTOR

DIRECTOR

**PASSARI CELLULOSE LIMITED**  
**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2010**

	SCHEDULE	FIGURES FOR THE YEAR Rs. In '000	PREVIOUS YEAR FIGURES Rs. In '000
<b>INCOME :</b>			
Sales		50,507.93	649.95
Other Income		573.47	90.79
Increase in Stock	14	449.96	2,865.78
		<b>51,631.37</b>	<b>3,606.51</b>
<b>EXPENDITURE :</b>			
Materials consumed/Cost of Purchases	15	45,584.47	3,385.50
Manufacturing Expenses	16	317.74	110.73
Administrative Expenses	17	1,617.32	608.55
Selling & Distribution Expenses	18	80.95	82.95
Finance Charges	19	139.00	30.62
		<b>47,719.48</b>	<b>4,218.35</b>
<b>PROFIT/(LOSS) BEFORE DEPRECIATION</b>		<b>3,811.89</b>	<b>(611.84)</b>
Less/(ADD) : Depreciation		384.83	96.67
Provision( diminution Value of Investments)		(221.20)	221.20
<b>PROFIT/(LOSS) FOR THE YEAR BEFORE EXCEPTIONAL ITEMS</b>		<b>3,648.26</b>	<b>(929.71)</b>
Exceptional Items (Refer Notes 1 (C) and 4			
-Income on account of one time settlement of Loan		6,706.48	-
-Loss on Disposal of Undertaking		(14,181.47)	-
<b>PROFIT/(LOSS) FOR THE YEAR BEFORE TAX</b>		<b>(3,827.73)</b>	<b>(929.71)</b>
Less: Provision for Current Tax(FBT)		515.00	7.50
Deferred Tax Asset/(Liability)		73.73	-
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>(4,269.00)</b>	<b>(937.21)</b>
LESS:DEFICIT BROUGHT FORWARD FROM PREVIOUS YEAR		<b>(13,887.19)</b>	<b>12,929.98</b>
<b>DEFICIT CARRIED TO BALANCE SHEET</b>		<b>(18,135.19)</b>	<b>13,867.19</b>
<b>BASIC EARNINGS PER SHARE(EPS)</b>		<b>0.80</b>	<b>(0.28)</b>
<b>NOTES ON ACCOUNTS</b>	20		

The Schedules referred to herein forms an integral part of this Profit & Loss Account

"This is the Profit & Loss Account referred to in our report of even date"

for KRISHNAN & GIRI  
Chartered Accountants

for PASSARI CELLULOSE LIMITED

Place : Chennai  
Dated : 29.05.2010

SD/-  
(M. JAYANTILAL JAIN)  
Partner

SD/-  
NITESH R LODHA  
WHOLE TIME  
DIRECTOR

SD/-  
D SURESH JAIN  
DIRECTOR

M No. 029712

**PASSARI CELLULOSE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010**

	<b>FIGURES AS AT 31.03.2010 (Rs. In '000)</b>	<b>FIGURES AS AT 31.03.2009 (Rs. In '000)</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Net Profit before Taxation and Extra ordinary items	(3,827.73)	(929.71)
<b>Adjustments for :</b>		
Interest Paid	132.54	19.23
Depreciation	384.83	96.67
Gratuity	2.00	8.43
Diminution Provision in the value of Investments written back	(221.20)	221.20
Preliminary Expenses Written off	50.00	50.00
Non - Operating Income	(531.43)	(90.79)
<b>Operating Profit before working capital changes</b>	<b>(4,011.00)</b>	<b>(624.97)</b>
<b>Changes in Working Capital:</b>		
Less : (Increase)/decrease in Current Assets	(11,717.31)	(18,502.13)
Add: Increase/(decrease) in Current Liabilities	10,239.48	156.21
<b>Net Cash Flow from Operating activities (A)</b>	<b>(5,488.83)</b>	<b>(18,970.89)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of fixed assets	(1,830.83)	(1,808.32)
Sale of Fixed Assets	18,365.69	-
Purchase of Shares	(1,918.12)	(1,700.14)
Expansion of business	-	(250.00)
Profit on sale of shares and F & O	328.19	5.92
Interest Received on FDR	-	2.33
<b>Net Cash Flow from Investing activities (B)</b>	<b>14,944.92</b>	<b>(3,750.21)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Preferential issue of Equity Shares	-	13,858.98
Share Premium Account	-	9,957.09
Secured Loans	(12,567.33)	116.13
Unsecured Loans	2,518.83	30.00
Extra Ordinary Items	-	0
Interest Paid	(132.54)	(19.23)
FBT Paid	(7.50)	-
Interest on Loan	203.24	82.54
<b>Net Cash Flow from financing activities (C)</b>	<b>(9,985.30)</b>	<b>23,825.52</b>
<b>Net Increase in Cash and Cash Equivalents (A)+(B)+(C)</b>	<b>(528.20)</b>	<b>1,104.42</b>
Opening Cash and Cash Equivalents	1,093.61	(10.61)
Closing Cash and Cash Equivalents	564.41	1,093.61

The Schedules referred to above form an integral part of the Accounts

In terms of our report of even date attached

**For KRISHNAN & GRI**  
Chartered Accountants  
SD  
**(M.JAYANTILAL JAIN)**

**Partner**  
M.No. 029712

**for PASSARI CELLULOSE LIMITED**

SD/-  
**NITESH R. LODHA**  
**WHOLE TIME DIRECTOR**

SD/-  
**D SURESH JAIN**  
**DIRECTOR**

**Place : Chennai**  
**Dated : 29.05.2010**

**PASSARI CELLULOSE LIMITED**

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	<b>FIGURES AS AT 31.03.2010 (Rs. In '000)</b>	<b>FIGURES AS AT 31.03.2009 (Rs. In '000)</b>
<b>SCHEDULE 1:</b>		
<b><u>SHARE CAPITAL</u></b>		
<b>AUTHORISED</b>		
100,00,000 Equity Shares of Rs.10/- each (Previous Year 100,00,000/- Equity shares of 10/- each)	<b>100,000.00</b>	<b>100,000.00</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
45,47,500 Equity Shares of Rs.10/-each fully paid up (Previous Year 45,47,500 shares)	45,475.00	45,475.00
	<b>45,475.00</b>	<b>45,475.00</b>
<b>SCHEDULE 2:</b>		
<b><u>RESERVES &amp; SURPLUS</u></b>		
Capital Reserve		
-On account of Shares forfeited	3,512.71	3,512.71
-Capital Subsidy	824.40	824.40
Share Premium	6,444.38	6,444.38
	<b>10,781.49</b>	<b>10,781.49</b>
<b>SCHEDULE 3:</b>		
<b><u>SECURED LOANS</u></b>		
Term Loan from Financial Institutions		12,433.22
From Others -Vehicle Loan (Secured by Hire Purchase Agreement)	482.02	616.13
	<b>482.02</b>	<b>13,049.35</b>
<b>SCHEDULE 4:</b>		
<b><u>UNSECURED LOANS</u></b>		
From a Director		30.00
From a company	2,546.83	
	<b>2,546.83</b>	<b>30.00</b>

M/S PASSARI CELLULOSE LIMITED

SCHEDULE 5: FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON 01.4.2009	ADDITION	(DELETIONS)	AS AT 31.03.2010	AS ON 01.4.2009	FOR THE YEAR	ADJUST MENTS	AS AT 31.03.2010	AS AT 31.03.2010	AS AT 31.03.2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
LAND	300000	345143	300000	345143	0	0	0	0	345143	300000
BUILDING	5762000	0	5762000	0	1510000	0	1510000	0	0	4252000
PLANT & MACHINERY	9259979	1087170	5429000	1918146	5732804	112428	5704000	41232	1776916	13527174
FACTORY EQUIPMENTS	97000	0	97000	0	531000	0	31000	0	0	66000
ELECTRICAL INSTALLATION	825000	0	825000	0	321000	0	321000	0	0	504000
FURNITURE & FIXTURES	25397	0	25397	25397	2680	4112	0	6722	18605	22717
OFFICE EQUIPMENTS	340000	0	340000	0	134000	0	134000	0	0	206000
VEHICLES	1471929	338170	550000	1260099	301740	245193	237000	309933	950166	1170189
COMPUTER	19000	35850	0	54850	375	15076	0	15451	39399	19625
SOFTWARE	11300	10000	0	21300	74	6189	0	6263	15037	11226
CONVERTER	0	14500	0	14500	0	1029	0	1829	12671	0
<b>PREVIOUS YEAR FIGURES</b>	<b>28111604</b>	<b>1830633</b>	<b>26309000</b>	<b>3639437</b>	<b>8033673</b>	<b>384827</b>	<b>7937000</b>	<b>481500</b>	<b>3157937</b>	<b>20077931</b>
	<b>26303000</b>	<b>0</b>		<b>28111604</b>	<b>7937000</b>	<b>86673</b>		<b>8033673</b>	<b>20077931</b>	<b>18365678</b>

In terms of our report of even date attached  
For KRISHNAN & SRI  
Chartered Accountants;

(M JAYANTILAL JAIN)  
Partner  
M No: 029712

Chennai  
Dated 28.05.2010

for PASSARI CELLULOSE LIMITED

(sd/)  
NITESH LODHA D SURESH JAIN  
DIRECTOR DIRECTOR



<b>SCHEDULE 6:</b>		
<b><u>INVESTMENTS</u></b>		
<b><u>(LONG TERM, AT COST)</u></b>		
	<b>QTY</b>	
<b><u>Unquoted, Fully paid-up</u></b>		
Equity Shares of Passari Organics Private Limited @ Rs.10/- each		5,711.16
Equity shares of Altona (Exm) Private Limited @ Rs 10/-each		300.00
Equity shares of MBR Promoters Private Limited @ Rs.10/- each		400.00
Equity shares of Udhya Energy Photovoltaics Pvt Ltd., Private Limited @ Rs.20/- each		3,500.00
<b>A</b>	<b>8,911.16</b>	<b>6,411.16</b>
<b><u>(CURRENT INVESTMENTS, AT COST)</u></b>		
<b><u>Quoted Investments, Fully Paid-Up</u></b>		
Arvind Remedies Limited	320000	375.52
Bafna Pharmaceuticals Limited	11798	177.77
Edserve Soft Systems limited	500	266.23
Somi Conveyor Beltings limited	85000	878.62
<b>B</b>	<b>118.26</b>	<b>1,700.14</b>
<b>Aggregate cost of total investments</b>	<b>(A+B)</b>	<b>10,029.42</b>
Less : Diminution in value of current Investments*		<b>221.20</b>
<b>Value of Total Investments</b>		<b>10,029.42</b>
* Current quoted investments are valued at lower of Cost and fair value.		
<b>SCHEDULE 7:</b>		
<b><u>INVENTORIES</u></b>		
(As taken, valued & certified by Management)		
Raw Materials ( At Cost)		38.00
Packing Materials (At Cost)		718.11
Finished Goods ( Cost or Market Value which ever is lower)		3,323.05
		<b>4,077.16</b>
		<b>4,226.24</b>
<b>SCHEDULE 8:</b>		
<b><u>SUNDRY DEBTORS</u></b>		
(Unsecured, considered good)		
More than six months		3,486.97
Others		16,326.02
		<b>19,812.99</b>
		<b>5,190.19</b>
<b>SCHEDULE 9:</b>		
<b><u>CASH &amp; BANK BALANCE</u></b>		
Cash in hand (As certified by the Management)		40.77
Balance with Scheduled Banks In Current Accounts		750.92
		<b>584.41</b>
		<b>1,093.62</b>

<b>SCHEDULE 10:</b>		
<b><u>LOANS &amp; ADVANCES</u></b>		
(Unsecured, considered Good)		
Advance recoverable in cash or in kind or for value to be received	8,850.09	10,382.68
Deposits	5,590.00	5,168.82
Share Application (Pending Allotment)	400.00	2,035.00
	<b>14,840.09</b>	<b>17,586.50</b>
<b>SCHEDULE 11:</b>		
<b><u>CURRENT LIABILITIES</u></b>		
Sundry Creditors		
For Goods	10,328.77	682.48
Others	691.33	98.13
	<b>11,020.10</b>	<b>780.62</b>
<b>SCHEDULE 12:</b>		
<b><u>PROVISIONS</u></b>		
For Taxation	9.09	9.09
For Income Tax/Fringe Benefit Tax	515.00	7.50
Provision for gratuity	10.43	8.43
	<b>534.52</b>	<b>25.02</b>
<b>SCHEDULE 13:</b>		
<b><u>MISCELLANEOUS EXPENDITURE</u></b>		
(To the extent not written off or adjusted)		
Preliminary Expenses	150.00	200.00
<b>SCHEDULE 14:</b>		
<b><u>INCREASE IN STOCK</u></b>		
Closing Stock	3,323.05	2,873.09
Less: Opening Stock	2,873.09	7.31
	<b>449.96</b>	<b>2,865.78</b>
<b>SCHEDULE 15:</b>		
<b><u>MATERIALS CONSUMED</u></b>		
Opening Stock	1,353.18	368.91
Add Purchases	961.94	4,369.75
	<b>2,315.10</b>	<b>4,738.66</b>
less: Closing Stock	754.11	1,353.18
<b>Materials consumed</b>	<b>1,560.99</b>	<b>3,385.50</b>
<b>PURCHASE OF TRADED GOODS :</b>		
Purchases	43,400.45	-
Freight Inwards	603.04	-
<b>COST OF PURCHASES (B)</b>	<b>44,003.49</b>	<b>-</b>
<b>TOTAL (A + B)</b>	<b>45,584.47</b>	

<b>SCHEDULE 16:</b>		
<b><u>MANUFACTURING EXPENSES</u></b>		
Power & Fuel	11.74	2.49
Factory Expenses	306.00	108.24
	<b>317.74</b>	<b>110.73</b>
<b>SCHEDULE 17:</b>		
<b><u>ADMINISTRATIVE EXPENSES</u></b>		
Salary	221.50	126.00
Postage & Telegram	32.85	9.25
Printing & Stationery	26.92	16.43
Professional Charges	188.34	4.49
Travelling & Conveyance	88.43	90.96
Auditors Remuneration		
- Statutory Audit	44.12	27.58
- Tax Audit	11.03	
Director's Remuneration	10.00	
Gratuity	2.00	8.43
Rates & Taxes	114.65	185.90
Office Expenses	250.98	89.51
Assets Discarded	584.21	
Preliminary Expenses Written off	50.00	50.00
Donation	2.50	
	<b>1,817.32</b>	<b>608.55</b>
<b>SCHEDULE 18:</b>		
<b><u>SELLING &amp; DISTRIBUTION EXPENSES</u></b>		
Advertisement Expenses	22.60	48.04
Transport Charges	58.35	34.91
	<b>80.95</b>	<b>82.95</b>
<b>SCHEDULE 19:</b>		
<b><u>FINANCE CHARGES</u></b>		
Bank Charges	6.46	11.39
Interest Expenses	132.54	19.23
	<b>139.00</b>	<b>30.62</b>

The Schedules referred to above form an integral part of the Accounts in terms of our report of even date attached

for KRISHNAN & GIRI  
Chartered Accountants

SD/-

(M. JAYANTILAL JAIN)

Partner

M.No.:029712

for PASSASRI CELLULOSE LIMITED

SD/-

NITESH R LODHA  
WHOLE TIME DIRECTOR

SD/-

D SURESH JAIN  
DIRECTOR

Place : Chennai  
Dated : 29.05.2010

## **PASSARI CELLULOSE LIMITED**

### **SCHEDULE: 20**

#### **NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS:**

##### **A. SIGNIFICANT ACCOUNTING POLICIES:**

###### **i) Basis of Accounting:**

The Company maintains accounts under the historical cost convention accounts on accrual basis as a going concern and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and as per the provisions of the Companies Act, 1956

###### **ii) Income & Expenditure Recognition:**

All items of Income and Expenditure are accounted for on Accrual basis.

###### **iii) Use of Estimates :**

The preparation of the financial statements in conformity with the generally accepted accounting principles required estimates an assumption to be made that affect the reported amount of assets and liabilities on the date of financial statement and the reported amount of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known /materialised.

###### **iv) Fixed Assets:**

All fixed assets are stated at cost less accumulated depreciation.

Cost of Fixed Assets includes all duties and taxes and all expenses incurred up to erection and installation but net of tax credit recoverable from tax authorities, wherever applicable.

###### **v) Depreciation**

Depreciation has been provided on "Written Down Value Method" in accordance with the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions/sale are calculated on pro rata basis from the date of additions or up to the date of sale, as the case may be

###### **vi) Investments:**

Long term Investments are stated at cost. Provision for diminution in value is made, if the decline is other than temporary in nature. Current Investments are stated at lower of cost or fair value determined on the basis of each category of Investments

###### **vii) Accounting of Employee Benefits:**

Defined benefit plan: The liability for Gratuity to employees as at Balance Sheet date is determined on the basis of Actuarial Valuation based on Projected Unit Credit Method.

###### **viii) Liability Recognition:**

Provision is made in the accounts in respect of all liabilities relating to the period under review, which have material effect on the position stated in the Balance Sheet.

###### **ix) Taxation:**

- (i) Provision for current Income Tax is made in accordance with the Income Tax Act, 1961.
- (ii) Provision for deferred tax is made for timing differences arising between taxable income and accounting income computed using tax rates and laws that have been enacted or

substantially enacted as of balance sheet date. Deferred Tax Liability/Asset are recognized, subject to consideration of prudence, timing difference and materiality.

- (iii) Deferred tax asset are recognized only if there is virtual certainty that they will be realized and reviewed for appropriateness of their carrying values at each balance sheet date.

**x) Miscellaneous Expenditure:**

Preliminary Expenses is being amortized over a period of 5 years.

**B) NOTES ON ACCOUNTS:**

**1.Fixed Assets :**

- (a) The Company has during the year fully written off the depreciated value of the assets which are not in working conditions and nil residual value at Orissa Plant in terms of Accounting Standards 28.
- (b) The Company has also disposed off the remaining fixed assets pertaining to Orissa Plant as the Company has not been carrying on any manufacturing activity since February, 2004.
- (c) The Company has incurred Loss of Rs.14,181.87 on account of disposal of the undertaking and to that extent loss of the company is increased during the year.
- (d) However the disposal of assets at Orissa Plant has not affected its going concern status, since the Company has switched over to different manufacturing activity.

**2. Inventories:**

- (a) Raw materials and stores are valued at cost. Cost includes sales tax and all other charges up to the point of receipts but net of tax credit recoverable from tax authorities, wherever applicable. Finished goods are valued at lower of market value or estimated cost of production.
- (b) The stock of raw materials and Finished goods of Rs.3.76 lakhs at Orissa Plant has been determined by the Management after verification as unusable, and declared as Obsolete stock, with no residual value and hence written off during the year.

**3. Taxation:**

The Company has made provision for Deferred tax asset on account of timing difference, as there is virtual certainty that they will be realized in subsequent period.

**Current Year('000) (Previous Year('000))**

Timing Difference on account of.

Depreciation	73.11	Nil
On account of Provisions	0.62	Nil

4. The Company entered into compromise arrangement with Orissa State Financial Corporation and arrived at one time settlement and settled same during the year. In terms of settlement institution has waived arrears of principal amount of Rs.67.06 lacs and same has been written back as extraordinary income during the year and to the extent Profit of the Company is increased during the year.

**5. Auditor's Remuneration :**

	<u>Current Year('000)</u>	<u>Previous Year('000)</u>
Audit Fees	40.00	25.00
Tax Audit Fees	10.00	-
Service Tax	5.15	2.58
Other Matters	-	-

6. Payments to Directors :		
Sitting Fees	10.00	Nil
7.. Expenditure in Foreign Currency :		
- Towards Travel	Nil	Nil

8. Related Party Disclosures under AS 18:

(a) The list of related parties as identified by the management are as under  
Key management personnel of the company  
Director Mr. Nitesh Lodha

(b) The following transactions were carried out with the related parties.

Share Application Money		
RCl Agro Foods Pvt Ltd.,	Nil	12.00

9 Contingent Liabilities:

(a) Estimated amt of contracts remaining to be executed on capital account	NIL	Nil
--	-----	-----

10. The Company has not received intimation from the Suppliers regarding 'SSI' Status and status under Micro, Small and Medium Enterprises Development Act,2006 and hence disclosures , if any, relating to the amounts unpaid as at the year end together with interest paid/payable as required under the Act not furnished.

11. In the opinion of the Board, Current Assets, Loans & Advances have value on realization in the ordinary course of business approximately the same at which these are stated in the Balance Sheet and provision for all known liabilities have been made and the same are not in excess of the amount reasonably necessary.

12. Basic and Diluted Earning per Share:

For the purpose of calculation of Basic and Diluted Earning per Share, the following amounts are considered:

Particulars	Current Year Rs. In '000	Previous Year Rs. In '000
a) Net Profit/(loss) before exceptional item	3,648.26	(929.71)
Less: Dividend and Tax thereon	-	-
Net Profit available for Equity Shareholders	(3,648.26)	(929.71)
b) Weighted Average No. of Equity Shares (Nos.)	45,47,500	34,07,438
c) Basic and Diluted Earning per Share	0.80	(0.28)

13. Employee benefits Obligations.

**Defined contribution plans:**

The company is yet to devise a scheme/fund for defined contribution plan towards Provident and other Funds.

**Defined Benefit Plans:**

The company offers its employees defined benefit plans in the form of gratuity (a lump sum amount) Benefits under the defined benefit plans are based on years of service and the employees last drawn salary immediately before exit. The gratuity scheme covers substantially all regular employees. However the company has not created any fund in accordance with the

scheme. Commitments are actuarially determined at year end. On adoption of the revised Accounting Standard (AS 15) on "Employee Benefits" notified under the Companies (Accounting Standards) Rules, 2006, actuarial valuation is done based on "Projected Unit Credit Method". Gains and loss of changed actuarial assumptions are charged to Profit & Loss Account.

The net value of the defined benefit commitment is detailed below:

Obligation	Gratuity (Non funded)	
	As at 31.03.10 Rs in '000	As at 31.03.09 Rs in '000
Present value of obligation	10.43	8.43
Fair Value of Plan Assets	Nil	Nil
Net Liability recognized in the Balance Sheet	10.43	8.43

Plan Assets	Gratuity (Non funded)	
	As at 31.03.10 Rs. in '000	As at 31.03.09 Rs. in '000
Opening Balance	Nil	Nil
Expected Return	Nil	Nil
Contributions by the company	Nil	Nil
Benefits paid	Nil	Nil
Actuarial Gain	Nil	Nil
Closing balance 31.03.10	Nil	Nil

The company has not created any fund into which contributions are made. Hence furnishing of information on Return on Plan Assets does not arise.

Expense recognized in the Profit & Loss Account	Gratuity (Non funded)	
	Year ended 31.03.10 Rs in '000	Year Ended 31.03.09 Rs. in '000
Current Service Cost	5.91	8.43
Interest Cost	Nil	Nil
Expected Return on Plan Assets	Nil	Nil
Benefits paid directly	Nil	
Net Actuarial (Gain)/loss		Nil
Expense charged to Profit & Loss Account	2.00	8.43

Actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions, which if changed, would affect the defined benefit commitment's size.

	Gratuity (Non funded)	
	Year ended 31.03.10	
Rate of Discount applied	8.0%	
Expected Salary Escalation	5%	
Expected Return on plan assets	Does not arise	
Mortality Table Used	LIC (94-96)	

The Institute of Chartered Accountants of India, in May 2007 released its Guidance on the implementation of the Revised Accounting Standard on "Employee Benefits" (AS 15 Revised 2005). The present value of the obligation, Actuarial assumptions and its charge to the Profit & Loss Account and has been adopted by the company in the financial year.

14. Information pursuant to the provisions of paragraphs 3,4c, 4d of schedule VI to the Companies Act, 1956

Particulars	Units	Opening Stock		Purchases		Sales / Consumption		Closing stock	
		Qty.	Value in '000	Qty.	Value in '000	Qty.	Value in '000	Qty.	Value in '000
<b>Raw Materials</b>									
Mixed acid	litre.	27,000	323.88	-	-	27,000	323.88	0	0.00
Pol Bags (in Big)	Pcs.	2,319	40.00	-	-	2,319	40.00	0	0.00
Pol Bags (in small)	Pcs.	101	2.00	-	-	101	2.00	0	0.00
Sounif	Kgs.	2,365	212.85	1,220	54.29	3,585	384.04	0	0.00
Sugar	Kgs.	-	-	26,500	800.06	26,500	782.05	1,000	38.00
			576.71		854.34		1521.95		38.00
<b>Packing Materials</b>									
Poly Jar	Pcs.	20	1.00	-	-	20	1.00	0	0.00
Poly Thene	Kgs.	108	2.05	-	-	108	2.05	0	0.00
Pouches		-	771.40	-	107.60	-	162.89	-	716.11
			3.05		812.00		-		774.45
<b>Finished Goods</b>									
NBA WET HM 10/25	Kgs.	50	6.00	-	-	-	-	50	6.00
Waste Cotton	Kgs.	25	1.31	-	-	-	-	25	1.31
Papad	Pcs.	1,156	50.01	1,175	16.33	2,331	111.30	0	0.00
Souf	Kgs.	3,843	185.50	29,085	1,158.09	32,770	2177.82	158	6.50
			7.31		817.27		648.95		222.82
Methi	Kgs.	25,100	822.40	108207	3394.66	107608	3906.85	25701	814.72
Mustard	Kgs.	46,225	1,261.76	221714	5895.04	221765	6531.64	48174	1200.52
Poppy seed	Kgs.	1,000	226.50	21360	2577.25	13026	1976.97	9334	1045.41
Sodium Bi-carbonate	Kgs.	850	8.50	0	0	850	9.35	0	0.00
Ginger	Kgs.	1,300	80.62	0	0	1300	82.58	1300	0.00
Cassia	Kgs.	2,000	122.00	24306	1479.41	26206	1836.94	100	7.00
Sugar Candy	Kgs.	725	22.48	0	0	725	23.82	0	0.00
W.Grams	Kgs.	450	19.23	0	0	450	20.25	0	0.00
Star Anril Seed	Kgs.	60	5.10	0	0	60	5.91	0	0.00
Mono Sodium	Kgs.	225	12.36	0	0	225	12.71	0	0.00
Kastun Manjal	Kgs.	1,350	24.30	0	0	1350	26.32	0	0.00
Cloves	Kgs.	200	45.00	2355	548.68	2555	647.78	0	0.00
Khakara				5400	133.49	5400	165.17	0	0.00
Black Pepper				20530	2897.60	20530	3058.44	0	
Jeera				138243	17040.74	136170	19573.16	2073	238.40
Pepper				31904	4534.44	31904	4780.97	0	
Sago				50	1.80	50	1.75	0	
Sounif				53822	4926.89	53822	5545.90	0	
Supan				60	10.50	0	0.00	60	10.50
Namkeen				850	16.02	850	13.12	0	0
			2873.08		44628.74		50515.24		3323.05



15. Previous Year's figures have been regrouped , rearranged and reclassified wherever necessary

For **KRISHNAN & GRI**  
Chartered Accountants

FOR **PASSARI CELLULOSE LIMITED**

SD/-

SD/-

SD/-

Place :Chennai  
Dated: 29.05.10

**(M JAYANTIAL JAIN)**  
Partner  
M No: 029712

**NITESH R LOOHA**  
**WHOLE TIME DIRECTOR**

**D SURESH JAIN**  
**DIRECTOR**

**PASSARI CELLULOSE LIMITED****BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****(Rs in 000's.)****1. REGISTRATION DETAILS**

a) Registration No	03171
b) State Code	15
c) Balance Sheet Date	31.03.10

**2. CAPITAL RAISED DURING THE YEAR (Amount Rs.'000)**

a) Public Issue/Preference Allotment	Nil
b) Rights Issue	Nil
c) Bonus Issue	Nil
d) Private Placement	Nil

**3. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS**

a) Total Assets	59,287
b) Total Liabilities	59,287

**Source of Funds**

a) Paid-up Capital	45,475
b) Reserves & Surplus	10,781
c) Secured Loans	482
d) Unsecured Loans	2,549

**Application of Funds**

a) Net Fixed Assets	3,158
b) Investments	10,029
c) Net Current Assets	27,740
d) Miscellaneous Expenditure	150
d) Accumulated loss	18,136
e) Deferred Tax	74

**4. PERFORMANCE OF COMPANY**

a) Turnover & Other Income	51,531
b) Total Expenditure	48,104
c) Profit/(Loss) before Tax	3,427
d) Profit/(Loss) after Tax	(4,269)
e) Earnings per Share	0.60
f) Dividend Rate	Nil

**5. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)**

(ITC Code)	909
Product Description	Manufacturing of Sonuf (Fennel Seed)

**By Order of the Board**

SD SD

**NITESH R LODHA****D SURESH JAIN****WHOLE TIME DIRECTOR****DIRECTOR**

Place :CHENNAI

Dated:29.05.2010

**PASSARI CELLULOSE LIMITED**  
Regd off:- No.84/85, Walltax Road, 1<sup>st</sup> Floor,  
Chennai – 600 003

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING.

Folio No \_\_\_\_\_ No. of Shares held: \_\_\_\_\_

I hereby record by presence at the 18<sup>th</sup> Annual General Meeting held at Ajanta Hall, Hotel Deccan Plaza, No 36, Royapettah High Road, Royapettah, Chennai – 600 014, on Saturday, the 24<sup>th</sup> day of July, 2010 at 11 00 A M as Shareholder/Proxy

\_\_\_\_\_  
Name of the Shareholder/Proxy

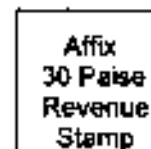
\_\_\_\_\_  
Signature of the Shareholder/Proxy

**PASSARI CELLULOSE LIMITED**  
Regd off:- No.84/85, Walltax Road, 1<sup>st</sup> Floor,  
Chennai – 600 003

**PROXY FORM**

Folio No \_\_\_\_\_ No. of Shares held: \_\_\_\_\_  
I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_  
\_\_\_\_\_ being a member/members of M/s PASSARI CELLULOSE LIMITED, hereby appoint \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ in the District of \_\_\_\_\_ as my / our Proxy to vote for me/ us on my/our  
behalf, at the 18<sup>th</sup> Annual General Meeting of the Company to be held at Ajanta Hall, Hotel Deccan Plaza  
No 36 Royapettah High Road, Royapettah, Chennai – 600 014 on Saturday, the 24<sup>th</sup> day of July, 2010 at  
11 00 A M and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2010



Signature \_\_\_\_\_

**NOTE:**

1. In the case of a Corporation this Proxy shall be either given under the Common Seal or signed on its behalf by an Attorney or Officer of the Corporation
2. Proxies to be valid must be deposited at the Registered Office of the Company, not later than 48 hours before the time for holding the Meeting.