

**37th
ANNUAL REPORT
2008-2009**



perfectpac limited

 ***perfectpac limited*****BOARD OF DIRECTORS**
(as on June 15, 2009)

R.K. Rajgarhia
S.L. Keswani
R.K. Chopra
T.N. Chaturvedi
Sanjay Rajgarhia

Chairman

Managing Director

BANKERS

Canara Bank
Axis Bank

AUDITORS

Jagdish Sapra & Co.

REGISTERED OFFICE

910, Chiranjiv Tower,
43, Nehru Place,
New Delhi - 110 019

WORKS

Plot No. 134, Sector 24, Faridabad - 120 005
Plot No. 1B/1C, Udyog Vihar, Greater Noida - 201 306

SHARES LISTED AT

Bombay & Calcutta Stock Exchanges



perfectpac limited

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(as on June 15, 2009)

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11. Free use of Company's car with driver, telephone, fax /internet facility at his residence.

The perquisites shall be evaluated as per Income Tax Rules, 1962.

He will be entitled to reimbursement of expenses actually and properly incurred by him for the business of the Company.

He shall not be paid any sitting fees for attending meetings of Board of Directors or Committees thereof.

"FURTHER RESOLVED THAT In the event of loss or inadequacy of profit in any financial year during his tenure of Shri Sanjay Rajgarhia as Managing Director, the remuneration and perquisites as given above or such remuneration as would be permissible under paragraph 1(B) of Section II in Part II of Schedule XIII, having regard to the effective paid up capital of the company, shall be paid to him as minimum remuneration for a period of three years from the date of appointment.

The Board recommends the proposed resolution for your approval.

By Order of the Board
for Perfectpac Limited

PLACE: NEW DELHI
DATED: 30th July, 2009

R. K. RAJGARHIA
Chairman

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LATER THAN FORTY EIGHT (48) HOURS BEFORE THE MEETING.**
- 2 The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business under item no. 5 as set out above is annexed hereto.
- 3 The Register of Members and Share Transfer Books of the Company shall remain closed from September 16th, 2009 to September 23rd, 2009 (both days inclusive).
- 4 The Company's share capital had been dematerialized under ISIN "INE750I01016", with both the Depository i.e. NSDL and CDSL. Shareholders who have not been dematerialized their shares may opt the same accordingly.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956

ITEM NO. 5

Shri Sanjay Rajgarhia was appointed as Managing Director of the Company w.e.f. July, 2004 for a period of five (5) years which term expired on June 30, 2009. The Board at its meeting held on July 30, 2009 re-appointed Shri Sanjay Rajgarhia as Managing Director of the Company for a further period of five (5) years w.e.f. July 1, 2009 and approved the payment of remuneration as recommended by Remuneration Committee and as proposed in the resolution, subject to the approval of Shareholders.

Under Section 309 of the Companies Act, 1956, this appointment requires members' approval by way of an ordinary resolution. However, in terms of Schedule XIII of the Companies Act, 1956, to provide for minimum remuneration in the event of loss or inadequacy of profits in any financial year, a special resolution is required to be passed by the members approving payment of remuneration for a period of 3 years. The proposed special resolution is for appointment and payment of minimum remuneration. The information required to be given as per paragraph 1(B) of Section II of Part II of Schedule XIII of the Companies Act, 1956 in the context of above appointment is given below:

1. GENERAL INFORMATION

- a. **Nature of Industry:** The Company's activities can be classified under the Packaging Industry, manufacturing Corrugated Fibreboard Containers and Expanded Polystyrene.
- b. **Commencement of commercial production:** The commercial production commenced in 1972.
- c. **The financial performance for the year ended March 31, 2009**

	(Rs. In lacs)
Net sales	7368.69
Net profit	50.77
EPS	6.75

2. INFORMATION ABOUT THE APPOINTEE:

Shri Sanjay Rajgarhia, aged 46 years, is a successful industrialist having over 21 years of experience in the field of paper and packaging industry. He has been associated with the Company for the last 23 years in different capacities and has been the Managing Director for the last 15 years. Mr. Sanjay Rajgarhia has managed the Company competently over the past years and helped it in becoming a successful business entity in the industry. He was responsible for setting up and expansion of the EPS unit at Faridabad and for setting up the modern Automatic Corrugated Fibreboard Containers unit at Greater Noida. He is a well known personality in the paper and packaging industry and member of various industry related associations. His present remuneration is Rs.70,000 per month and perquisites as approved by the shareholders in the Annual General Meeting held on 28.09.2004. The remuneration proposed to be paid to Shri Sanjay Rajgarhia is set out in the resolution.

a) Job profile

Shri Sanjay Rajgarhia is the Managing Director of the Company and is looking after the overall activities of the company and management and the Company has been seeing steady growth during his tenure. Considering his performance, your Board is of the opinion that the service of Shri Sanjay Rajgarhia as Managing Director is required to be availed for allround growth and development of the company.

b) Comparative remuneration in the industry

No such data is available with the company. But the Board is of the view that the remuneration paid/to be paid by the company is totally in line with the performance made by the company under his dedicated services.

c) Pecuniary relationship and relationship with managerial persons.

Shri Sanjay Rajgarhia's pecuniary relationship is limited to the remuneration receives in the capacity of Managing Director.

He is related to Shri R K Rajgarhia, Chairman as Son.

3. OTHER INFORMATION

The profit of the company during the year was inadequate due to various external reasons such as volatile prices of major raw materials, taxation structure (excise duty etc.) and competition from the unorganized sector. The Management is making all out efforts to improve working and profitability of the Company. However, there

could be events or external factors beyond the control of the company which would influence company's profitability. Hence it is necessary to provide for minimum remuneration to adequately compensate the Managing Director in case of any such eventuality.

4. DISCLOSURE

The appointment and the remuneration have been approved by the remuneration committee and the Board of Directors in their respective meeting held on 30.07.2009.

None of the Director except Shri Sanjay Rajgarhia and Shri R K Rajgarhia is interested or concerned in the said resolution.

The Board recommends the proposed resolution for your approval.

ITEM NO. 2

Details of the Director seeking re-appointment in the forthcoming Annual General Meeting.

BRIEF RESUME OF DIRECTOR OFFERING FOR RE-APPOINTMENT

Name of the Director : Shri R. K. Chopra
Date of Birth : 24.12.1939
Date of Appointment : 30.03.1993
Qualification : B. Tech
Expertise in specific functional area : Shri R. K. Chopra is a renowned personality in the paper industry. He has more than forty four years of experience in the trading and manufacturing of paper.
List of Other Directorship held : JDC Traders Limited
Chairman/member of the committee : Remuneration Committee - Member

ITEM NO. 3

Details of the Director seeking re-appointment in the forthcoming Annual General Meeting.

BRIEF RESUME OF DIRECTOR OFFERING FOR RE-APPOINTMENT

Name of the Director : Shri S. L. Keswani
Date of Birth : 28.04.1932
Date of Appointment : 30.01.2008
Qualification : Doctorate in Pulp and Paper Technology
Expertise in specific functional area : Shri S. L. Keswani holds of doctorate in Pulp and Paper Technology from the Institute of Cellulose Chemistry, Technical University, West Germany. He is associated with the Company in the capacity of a technical director.
List of Other Directorship held : Chemprojects Consulting Pvt. Ltd.
Kashipur Sugar Mills Ltd.
Khatema Paper & Board Mills Ltd.
Chemcon Fabricators (Delhi) Pvt. Ltd.
Cheema Papers Limited
Fuelco Corp. (India) Ltd., Nagpur
Fuelco ISPAT (India) Ltd., Nagpur
Fuelco Washeries (India) Ltd., Nagpur
Fuelco Power and Mining Ltd., Nagpur
Prakash Industries Ltd.
Chairman/member of the committee : Remuneration Committee - Member

By Order of the Board
for Perfectpac Limited

PLACE: NEW DELHI
DATED: 30th July, 2009

R. K. RAJGARHIA
Chairman

DIRECTORS' REPORT

To the Members,

Your Directors present their 37th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2009.

	For the Year Ended 31.03.2009	For the Year Ended 31.3.2008
		(Rs. in lacs)
FINANCIAL RESULTS		
Income from operations	8,339.84	8,246.62
Other Income	9.04	11.75
Profit before interest, depreciation and exceptional items	415.65	415.01
Less: Interest	174.13	174.43
Gross Profit	241.52	240.58
Less: Depreciation	126.87	122.47
Profit before exceptional items	114.65	118.11
Less: Exceptional items	24.28	33.87
Profit from ordinary activities before tax	90.37	84.24
Less: Provision for income tax		
– Current Tax	13.55	15.00
– Deferred tax	20.62	14.28
– Fringe benefit tax	5.43	4.96
Net profit from ordinary activities after tax	50.77	50.00
Extraordinary activities (net of tax expenses)	-	-
Net profit/(Loss)	50.77	50.00
Add: Balance brought forward from previous year	330.04	289.40
	380.81	339.40
APPROPRIATION		
Dividend on Preference Shares	4.99	8.00
Corporate dividend tax	0.85	1.36
Capital Redemption Reserve (on Redemption of Preference Shares)	50.00	
Balance carried to balance sheet	324.97	330.04
	380.81	339.40
Earning per share (Rs.)	6.75	6.10

OPERATIONS AND PROSPECTS

In spite of difficult economic conditions your company has been able to maintain its sales and profitability during the year under review by focussing on efficiency improvement and cost reduction measures. The turnover has registered an increase from Rs. 82.42 Crore to Rs. 83.35 Crores while operating profit increased from Rs. 403.26 lacs to Rs. 406.61 lacs.

Yours directors expect improved working results during the current year.

DIVIDEND

The company paid dividend pro-rata on 50,000, 8% Cumulative Redeemable Preference Shares of Rs.100/- each (redeemed on 30.06.2008) for the period from 01.04.2008 to 30.06.2008 declared by the Board of Directors.

perfectpac limited

The Company paid an interim dividend on 50000, 8% Cumulative Redeemable Preference Shares of Rs.100/- each, for the period from April 1, 2008 to March 31, 2009 declared by the Board of Directors.

No dividend has been recommended by the board on Equity Shares in view of the need to conserve financial resources.

REDEMPTION OF PREFERENCE SHARES

During the year 50,000 8% Cumulative Redeemable Preference Shares of Rs.100/- each, aggregating to Rs.50.00 lacs were redeemed by the company.

RIGHTS ISSUE

The company has filed the draft letter of offer with SEBI for the proposed Rights Issue in the ratio of 1:1 of Rs.10/- each at premium of Rs.15/- per share.

DIRECTORS

Shri R K Chopra and Shri S L Keswani retire by rotation and being eligible offer themselves for re-appointment.

AUDITORS' REPORT

The comments in the Auditors' Report read with the Notes on Accounts are self explanatory and therefore do not call for any further explanation.

AUDITORS

M/s Jagdish Sapra & Co., Auditors of the Company retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

FIXED DEPOSITS

The Company has not invited any deposits from public during the year under the Companies (Acceptance of Deposits) Rules, 1975.

PARTICULARS OF EMPLOYEES

No employee has been paid a remuneration exceeding Rs.24.00 lacs in a year or Rs.2,00,000/- in a month during the year under review which require disclosure under Section 217 (2A) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 the Board of Directors hereby state:

- 1) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- 2) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- 3) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 4) That the Directors have prepared the annual accounts on a going concern basis.

SHARE TRANSFER/INVESTOR GRIEVANCE COMMITTEE

The Share Transfer/Investor Grievance Committee was constituted on January 22, 2009 comprising Shri Sanjay Rajgarhia - Managing Director, Shri T. N. Chaturvedi -Director and Shri Anil Mehta - Compliance Officer of the Company as its members with the primary objective to monitor transfer of shares/transmission/

transposition of shares, issue of duplicate/split share certificate, sub-division/consolidation of shares, consolidation of folios, dematerialization of physical shares/rematerialization of electronic shares and such other issues relating to shares.

RIGHTS ISSUE, 2009 COMMITTEE

The Rights Issue, 2009 Committee was constituted on January 22, 2009 comprising Shri Sanjay Rajgarhia - Managing Director, Shri T. N. Chaturvedi - Director and Shri Anil Mehta - Compliance Officer of the Company as its members with the primary objective to appoint Merchant Bankers, other intermediaries, finalization and approval of the Draft Letter of Offer/ Letter of Offer to be filed with SEBI, determine the other terms and conditions of the issue etc.

REMUNERATION COMMITTEE

The remuneration Committee was constituted on June 15, 2009 comprising Shri T.N. Chaturvedi (Chairman of the Committee), Dr. S. L. Keswani and Shri R. K. Chopra all being independent and non-executive directors. The Committee met once on 30.07.2009 to approve the remuneration of Shri Sanjay Rajgarhia, Managing Director of the Company for a period of 3 years w.e.f July 1, 2009.

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

As required Under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are annexed.

ACKNOWLEDGMENT

Yours Directors wish to place on record their appreciation for the support and co-operation which the Company continues to receive from its valued customers, Government authorities, bankers, the members of the Company and its employees.

By Order of the Board
for Perfectpac Limited

PLACE: NEW DELHI
DATED: 30th July, 2009

R. K. RAJGARHIA
Chairman

ANNEXURE TO DIRECTORS' REPORT

PARTICULARS PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A) CONSERVATION OF ENERGY

The company is making all out efforts to optimize use of energy and reduce the consumption per unit of production.

B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

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

- (a) Analysis of recurring quality problems.
- (b) Preparation of corrective and preventive action plan and incorporating the same in production process for reducing/eliminating current quality problems.

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

- (a) Losses due to quality problems were reduced.
- (b) Improved customer satisfaction resulting in business growth.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO (Rs.)

	2008-09	2007-08
Earnings	Nil	Nil
Outgo (C.I.F. value of imports)	2,11,91,629	73,38,059

AUDITORS' REPORT

To
The Members,
PERFECTPAC LIMITED

1. We have audited the attached Balance Sheet of Perfectpac Limited as at 31st March, 2009, 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 Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Notes thereon, and attached thereto give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - (ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For JAGDISH SAPRA & CO.
CHARTERED ACCOUNTANTS**

PLACE : NEW DELHI
DATED : 15th June, 2009

**(JAGDISH SAPRA)
PARTNER
M.NO. 09194**

ANNEXURE TO AUDITORS' REPORT

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) Verification of fixed assets is being conducted in a phased programme by the management designed to cover all assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of assets. No material discrepancies were noticed on such verification.
- c) The assets disposed off during the year are not significant and therefore do not affect the going concern status of the Company.
- ii. a) As explained to us, inventories have been physically verified during the year by the management, except for inventories lying with outside parties, which have been confirmed by them. In our opinion the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventory and the discrepancies noticed on such verification between physical stocks and book records were not material.
- iii. a) There are no companies, firms or other parties covered in the Register maintained u/s 301 of the Companies Act, 1956 to which the company has granted any loans, secured or unsecured, as per information & explanations given to us and Register u/s 301 produced before us.
- b) Since no loans were granted to parties covered in Register u/s 301, Paras 4(iii) (b), (iii) (c) & (iii) (d) of the Order are not applicable to the Company.
- c) The Company has taken unsecured loan from Managing Director and three companies covered in the Register maintained u/s 301 of the Companies Act, 1956. The maximum amount involved in the transaction was Rs 2.92 Crores and balance outstanding at the year end was Rs 1.62 Crores.
- d) In our opinion the rate of interest and other terms and conditions of loan taken by the company are not prima facie prejudicial to the interest of the company.
- e) The company is regular in payment of interest on the above loan but as there is no stipulation for repayment of loan we are not in a position to make specific comments for the same.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods & services. During the course of our audit we have not come across any continuing failure to correct major weaknesses in internal controls.
- v. a) According to the information & explanations given to us, we are of the opinion that particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the Register required to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are prima facie reasonable having regard to prevailing market prices at the relevant time. However, for sales made as per customers' specifications comparable prices are not available.
- vi. As the company has not accepted any deposits from the public, within the meaning of section 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975 paragraph 4 (vi) of the Order is not applicable.
- vii. In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and nature of its business.
- viii. The Government has not prescribed the maintenance of cost records for the products of the Company under section 209 (1) (d) of the Companies Act, 1956 for the year under review.
- ix. a) According to the information and explanations given to us and the records of the Company examined by us, the

Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth tax, Custom Duty, Excise Duty, Cess, Service Tax and other material statutory dues with the appropriate authorities during the year.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, excise duty and customs duty were in arrears, as at 31st March 2009 for a period of more than six months from the date they became payable.

- b) According to the books of account and records as produced and examined by us in accordance with the generally accepted auditing practices in India there are no dues of Income Tax, Wealth tax, Service tax, Custom Duty, Excise Duty & Cess which have not been deposited on account of any dispute. The particulars of dues of Sales Tax as at 31st March 2009 which have not been deposited on account of dispute are as follows:

<u>Name of the Statute</u>	<u>Nature of Dues</u>	<u>Amount</u> <u>(Rs. Lacs)</u>	<u>Forum where the dispute</u> <u>is Pending</u>
Sales Tax Act	Sales Tax	3.41 (Including Rs. 2.14 Lacs paid under protest)	Joint Commissioner of Appeals (Sales Tax)

- x. The Company has no accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the current and the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations give to us, the Company has not defaulted in repayment of dues to banks and financial institutions. The Company has not obtained any borrowings by way of debentures.
- xii. Based on our examination of documents and records of the Company and as per information & explanations given to us, we are of the opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion the company is not a chit fund or nidhi/mutual benefit fund/society and hence clause (xiii) of the Order is not applicable to the company.
- xiv. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments and hence clause (xiv) of the Order is not applicable to the company.
- xv. As per our information & explanations given to us the company has not given guarantees for loans taken by others from banks or financial institutions.
- xvi. In our opinion and according to information and explanations given to us the term loans have been applied for the purpose for which they were raised.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investment.
- xviii. According to the information & explanations given to us no preferential allotment of shares has been made by the company to parties and companies covered in the Register maintained under Section 301 of the Companies Act within the meaning of SEBI (Disclosure & Investor Protection) Guidelines, 2000.
- xix. According to the information & explanations given to us, no debentures have been issued by the company during the year.
- xx. Based on our examination of books and records of the company, no public issue was made by the company during the year.
- xxi. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the company nor have we been informed by the management of any such instance being noticed or reported during the year.

For JAGDISH SAPRA & CO.
CHARTERED ACCOUNTANTS

PLACE : NEW DELHI
DATED : 15th June, 2009

(JAGDISH SAPRA)
PARTNER
M.NO. 09194

BALANCE SHEET AS AT 31st MARCH, 2009

	Schedule	As at 31.03.2009		As at 31.3.2008
		(Rs.)	(Rs.)	(Rs.)
SOURCES OF FUNDS:				
Shareholders' Funds:				
Share Capital	1	1,16,66,715	1,66,66,715	
Reserves & Surplus	2	<u>5,30,71,964</u>	<u>4,85,99,418</u>	6,52,66,133
Loan Funds:				
Secured Loans	3	11,63,56,673	12,46,20,202	
Unsecured Loans	4	<u>2,04,04,296</u>	<u>13,67,60,969</u>	14,01,61,752
Deferred Tax Liability(Schedule 15 note 11)			<u>1,14,52,799</u>	93,90,719
TOTAL		<u>21,29,52,447</u>	<u>21,29,52,447</u>	<u>21,48,18,604</u>
APPLICATION OF FUNDS:				
Fixed Assets:				
Gross Block	5	20,81,79,061	18,55,08,947	
Less: Depreciation		<u>6,09,40,530</u>	<u>5,04,89,554</u>	
Net Block		<u>14,72,38,531</u>	<u>13,50,19,393</u>	
Capital Work in Progress		0	1,09,67,260	
Impaired assets held for disposal		<u>2,29,116</u>	<u>14,74,67,647</u>	0
Investments	6		<u>1,22,359</u>	1,22,359
Current Assets, Loans & Advances				
Inventories:		3,71,07,866	4,92,28,402	
Sundry Debtors		9,99,81,955	8,90,65,090	
Cash & Bank Balances		30,09,038	30,17,757	
Loans & Advances		<u>1,63,42,929</u>	<u>2,00,96,909</u>	
		<u>15,64,41,788</u>	<u>16,14,08,158</u>	
Less: Current Liabilities & Provisions	8	<u>9,35,07,195</u>	<u>9,75,54,263</u>	
Net Current Assets			<u>6,29,34,593</u>	6,38,53,895
Miscellaneous expenditure (to the extent not written off or adjusted)	9		<u>24,27,848</u>	48,55,697
TOTAL		<u>21,29,52,447</u>	<u>21,29,52,447</u>	<u>21,48,18,604</u>

Notes to the Account

The schedules referred to above form an integral part of the Balance Sheet

As per our Report of even date
for JAGDISH SAPRA & CO.
CHARTERED ACCOUNTANTS

for and on behalf of the Board

(Jagdish Sapra)
Partner
M. No. : 09194
PLACE : NEW DELHI
Dated : 15th June, 2009

SANJAY RAJGARHIA
Managing Director

R.K. RAJGARHIA
S.L. KESWANI
T.N. CHATURVEDI
Directors

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

	Schedule	Year Ended 31.03.2009 (Rs.)	Year Ended 31.3.2008 (Rs.)
INCOME:			
Sales & Services	10	73,68,69,426	70,93,26,211
Other Income	11	11,50,718	11,74,591
		<u>73,80,20,144</u>	<u>71,05,00,802</u>
EXPENDITURE:			
Materials etc.	12	53,88,76,396	51,47,42,129
Manufacturing, Administration, Selling etc.	13	15,71,66,173	15,43,71,101
Interest & Finance Charges	14	1,78,25,766	1,81,33,916
Deferred Revenue Expenditure W/off		24,27,849	25,82,904
Depreciation	1,27,06,964		1,22,66,155
Less: Transferred from Revaluation Reserve	19,490	<u>1,26,87,474</u>	<u>19,490</u> <u>1,22,46,665</u>
		<u>72,89,83,658</u>	<u>70,20,76,715</u>
Profit before tax		90,36,486	84,24,087
Less: Provision for Taxation			
Current Tax		13,50,000	15,00,000
Deferred Tax		20,62,080	14,28,391
Fringe Benefit Tax		4,30,000	4,95,500
Income Tax & FBT paid for Earlier Years		1,17,717	0
Profit after tax		50,76,689	50,00,196
Add : Profit brought forward from previous year		3,30,04,745	2,89,40,509
Profit available for Appropriation		<u>3,80,81,434</u>	<u>3,39,40,705</u>
APPROPRIATIONS			
Dividend on Preference shares		99,728	0
Proposed Dividend - Preference Shares		4,00,000	8,00,000
Corporate Dividend Tax		84,928	1,35,960
Capital Redemption Reserve (on redemption on preference shares)		50,00,000	0
Balance carried to Balance Sheet		3,24,96,780	3,30,04,745
		<u>3,80,81,434</u>	<u>3,39,40,705</u>
Basic & Diluted earning per share(Schedule 15 note 12)		6.75	6.10

Notes to the Account

The schedules referred to above form an integral part of the Balance Sheet

As per our Report of even date
for JAGDISH SAPRA & CO.
CHARTERED ACCOUNTANTS

for and on behalf of the Board

(Jagdish Sapra)
Partner
M. No. : 09194
PLACE : NEW DELHI
Dated : 15th June, 2009

SANJAY RAJGARHIA
Managing Director

R.K. RAJGARHIA
R.K. RAJGARHIA
S.L. KESWANI
T.N. CHATURVEDI
Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009

	Year ended 31.03.2009 (Rs.)	Year ended 31.3.2008 (Rs.)
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax & Extraordinary items	90,36,486	84,24,087
Adjustments for:		
Depreciation	1,26,87,474	1,22,46,665
(Profit)/loss on sale of fixed Assets & Assets Discarded (Net)	44,827	5,90,943
Impairment Loss	7,17,108	0
Deferred Revenue Expenditure written off	24,27,849	25,82,904
Interest Paid	1,74,13,232	1,74,43,312
Interest received	(85,327)	(1,46,285)
Operating Profit before working capital changes	4,22,41,649	4,11,41,626
Adjustments for:		
Trade and Other Receivables	(71,62,885)	2,45,80,099
Inventories	1,21,20,536	17,54,621
Trade Payable and Other Liabilities	(19,84,988)	(14,16,984)
Cash Generated from Operations	4,52,14,312	6,60,59,362
Direct Taxes Paid (including deferred tax)	(39,59,797)	(34,23,891)
Increase in Deferred Revenue Expenses under VRS	0	(72,83,546)
Cash Flow before extraordinary items	4,12,54,515	5,53,51,925
Extraordinary Items	0	0
Net Cash from Operating Activities	4,12,54,515	5,53,51,925
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets, Including capital work in progress (Net of Subsidy)	(1,63,21,893)	(2,80,55,036)
Decrease in Preference Share Capital	(50,00,000)	0
Sale of Fixed Assets	13,72,000	8,97,500
Interest received	85,327	1,46,285
Net Cash from Investing Activities	(1,98,64,566)	(2,70,11,251)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of Long Term Borrowings	(1,88,42,858)	(1,58,93,641)
Proceeds of Long Term Borrowings	72,25,927	1,95,98,318
Net proceeds of Short Term Borrowings	82,16,149	(1,17,11,641)
Dividend & Dividend Tax Paid	(5,84,654)	(9,35,960)
Interest Paid	(1,74,13,232)	(1,74,43,312)
Net Cash from Financing Activities	(2,13,98,668)	(2,63,86,236)
Net Increase in Cash and Cash Equivalents (A+B+C)	(8,719)	19,54,438
Cash and Cash Equivalents as at 1st April, Opening Balance	30,17,757	10,63,319
Cash and Cash Equivalents as at 31st March, Closing Balance	30,09,038	30,17,757
Note : Figures in brackets represent outflow.		

Per our Report of even date
for JAGDISH SAPRA & CO.
CHARTERED ACCOUNTANTS

for and on behalf of the Board

(Jagdish Sapra)
Partner
M. No. : 09194
PLACE : NEW DELHI
Dated : 15th June, 2009

SANJAY RAJGARHIA
Managing Director

R.K. RAJGARHIA
S.L. KESWANI
T.N. CHATURVEDI
Directors

SCHEDULES TO THE ACCOUNTS

SCHEDULE 1 :		As at		As at	
SHARE CAPITAL		31.03.2009		31.3.2008	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
AUTHORISED:					
20,00,000 (7,50,000) Equity Shares of Rs.10 each		2,00,00,000		75,00,000	
1,25,000 (1,25,000) 8% Cumulative Redeemable Preference Shares of Rs.100 each		1,25,00,000		1,25,00,000	
		<u>3,25,00,000</u>		<u>2,00,00,000</u>	
ISSUED, SUBSCRIBED AND PAID UP					
6,65,950 Equity Shares of Rs 10 each fully paid up in cash, Add: Forfeited Shares	66,59,500 <u>7,215</u>	66,66,715	66,59,500 <u>7,215</u>	66,66,715	
50,000 (1,00,000) 8% Cumulative Redeemable Preference Shares of Rs. 100 each fully paid up (redeemable at par) on or after 1st February, 2014)		<u>50,00,000</u>		<u>1,00,00,000</u>	
		<u>1,16,66,715</u>		<u>1,16,66,715</u>	
SCHEDULE 2 :					
RESERVES & SURPLUS		As at		As at	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
General Reserve As per last Balance Sheet		96,79,840		96,79,840	
Revaluation Reserve As per last Balance Sheet Less: Adjusted during the year	59,14,834 <u>19,490</u>	58,95,344	59,34,323 <u>19,490</u>	59,14,833	
Capital Redemption Reserve		50,00,000		0	
Profit & Loss Transferred Profit & Loss Account Account		<u>3,24,96,780</u>		<u>3,30,04,745</u>	
		<u>5,30,71,964</u>		<u>4,85,99,418</u>	

SCHEDULE 3:	As at	As at
SECURED LOANS	31.03.2009	31.3.2008
	(Rs.)	(Rs.)
(A) TERM LOANS:		
From Scheduled Banks	4,99,21,747	6,15,38,679
(B) CASH CREDIT LOAN:		
From a Bank	6,64,34,926	6,30,81,523
	<u>11,63,56,673</u>	<u>12,46,20,202</u>

Notes:-

(A)

(i) Term Loans except Rs 414.38 (Rs. 483.92) lacs from Banks are hypothecation of specified fixed assets of the company and 1st charge by way of equitable mortgage of Land and Building of Faridabad unit and 11nd charge on factory land and building and other moveable fixed assets of Greater Noida Unit of the company and personal guarantee of a Director of the Company

(ii) Term Loan from a bank of Rs. 414.38 (Rs. 483.92) lacs is secured by equitable mortgage of Land & Buildings and 1st charge over remaining movable Fixed Assets of Greater Noida unit of the company. The above loan is also secured by way of second charge on company's factory land and building of Faridabad Unit and current assets and other movable Fixed assets of the company.

(B) Cash Credit Loan is secured by hypothecation of Inventories, Book Debts and collateral security of specified Plant & Machinery and 1st charge by way of equitable mortgage of Land & Buildings of Faridabad Unit and 11nd charge on factory land and building and other movable fixed assets of Greater Noida unit and personal guarantee of a Director of the company.

All the above loans are also guaranteed by Managing Director in his personal capacity.

SCHEDULE 4:	As at	As at
UNSECURED LOANS	31.03.2009	31.3.2008
	(Rs.)	(Rs.)
From Companies	18218000	12500000
From Managing Director	781913	1500000
Interest Accrued & Due	1404383	1541550
	<u>20404296</u>	<u>15541550</u>

**SCHEDULE - 5
FIXED ASSETS**

Particulars	GROSS BLOCK			Cost /Value As at 31.03.2009 (Rs.)	DEPRECIATION			AS AT 31.03.09 (Rs.)	NET BLOCK	
	Cost /Value As at 31.03.2008 (Rs.)	Additons (Rs.)	Deductions (Rs.)		As at 31.3.2008 (Rs.)	For the Year (Rs.)	Deductions (Rs.)		As at 31.03.08 (Rs.)	As at 31.03.08 (Rs.)
Tangible Assets										
Free Hold Land	40,37,400	0	0	40,37,400	0	0	0	0	40,37,400	40,37,400
Lease Hold Land	88,93,578	0	0	88,93,578	2,64,706	90,074	0	3,54,780	85,38,798	86,28,872
Buildings	5,32,67,790	3,27,801	0	5,35,95,591	80,24,871	15,94,258	0	96,19,129	4,39,76,462	4,52,42,919
Plant & Machinery	8,93,67,989	2,34,62,766	4619039	10,82,11,716	3,26,68,502	81,57,729	22,55,988	3,85,70,244	6,96,41,472	5,66,99,487
Furniture & Fixtures	9,90,077	92,809	0	10,82,886	7,03,743	98,261	0	8,02,004	2,80,882	2,86,334
Office Equipments	11,58,151	3,80,583	0	15,38,734	5,78,773	1,44,881	0	7,23,654	8,15,080	5,79,378
Electrical Machineries Equipments & Fittings	84,76,358	1,46,217	0	86,22,575	20,13,772	3,95,480	0	24,09,252	62,13,323	64,62,586
Vehicles	1,76,08,673	28,41,641	0	2,04,50,314	48,75,394	20,68,047	0	69,43,441	1,35,06,873	1,27,33,279
Computers	15,13,292	24,336	0	15,37,628	12,70,755	1,14,876	0	13,85,631	1,51,997	2,42,537
Intangible Assets										
Computer Software	1,95,639	13,000	0	2,08,639	89,038	43,358	0	1,32,396	76,243	1,06,601
Total	18,55,08,947	2,72,89,153	46,19,039	20,81,79,061	5,04,89,554	1,27,06,964	22,55,988	6,09,40,530	14,72,38,531	13,50,19,393
Previous year	16,92,91,484	2,14,93,505	52,76,042	18,55,08,947	4,20,10,98	1,22,66,155	37,87,599	5,04,89,554	13,50,19,393	
Capital Work in progress									0	1,09,67,260
Impaired assets held for disposal									2,29,116	0

(17)

SCHEDULE 6: INVESTMENTS	As at 31.03.2009 (Rs.)	As at 31.3.2008 (Rs.)
LONG TERM:		
In Equity shares (Quoted)		
Fully paid up		
Non Trade		
42000 (42000) Faridabad Paper Mills Limited of Rs. 10 each	1,15,354	1,15,354
1312 (1312) VHEL Industries Limited of Rs. 10 each	89,320	89,320
1000 (1000) Unlworth Limited of Rs. 10 each	<u>90,680</u>	<u>90,680</u>
	2,95,354	2,95,354
Partly paid up:		
Non Trade		
20000 (20000) Parasrampur Synthetics Limited of Rs. 10 each at a premium of Rs. 10 paid up Rs. 5 (Written off during the year)	<u>0</u>	<u>1,00,000</u>
	2,95,354	3,95,354
Less: Provision for Diminution in Equity Shares	<u>1,72,995</u>	<u>2,72,995</u>
	1,22,359	1,22,359
Aggregate value of quoted investments - market value	1,49,804	1,49,804
SCHEDULE 7 :		
CURRENT ASSETS, LOANS AND ADVANCES	As at 31.03.2009 (Rs.)	As at 31.3.2008 (Rs.)
(A) CURRENT ASSETS :		
Inventories (As taken, valued & certified by the management)		
Raw Materials	2,12,08,099	2,74,95,797
Stores & Spares etc.	46,43,881	47,64,707
Work in Progress*	32,44,485	73,29,615
Finished Goods	79,63,001	95,63,783
Waste Products/Scrap	<u>48,400</u>	<u>74,500</u>
	3,71,07,866	4,92,28,402
* Include Rs.2,52,270 (Rs 1,23,736) lying with outside parties		
Sundry Debtors -Unsecured		
Over six months		
Considered Good	67,05,649	57,31,054
Considered Doubtful	<u>0</u>	<u>21,609</u>
	67,05,649	57,52,663
Less Provision for Doubtful Debts	<u>0</u>	<u>21,609</u>
	67,05,649	57,31,054
Others	<u>9,32,76,306</u>	<u>8,33,34,036</u>
	9,99,81,955	8,90,65,090
Cash & Bank Balances etc.:		
Cash in Hand (as certified)	14,40,696	16,53,724
Balances with scheduled Banks:		
In Current/Term Deposit Accounts	<u>15,68,342</u>	<u>13,64,032</u>
	30,09,038	30,17,757

SCHEDULE 7 :	As at	As at
CURRENT ASSETS,	31.03.2009	31.3.2008
LOANS AND ADVANCES (Contd.)	(Rs.)	(Rs.)
(B) LOANS & ADVANCES :		
(Unsecured considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received and/or adjusted	52,13,097*	44,77,346
Deposits with Govt. Deptts & Others.	11,50,433	9,98,270
Balance with Excise Authorities	74,51,023	1,23,78,449
Advance Income Tax (net of provision)	25,28,376	22,42,844
	<u>1,63,42,929</u>	<u>2,00,96,909</u>

*Including Rs. 3,02,820 (NIL) incurred on Equity Shares on Right basis yet to be issued.

SCHEDULE 8 :	As at	As at
CURRENT LIABILITIES & PROVISIONS	31.03.2009	31.3.2008
	(Rs.)	(Rs.)
CURRENT LIABILITIES :		
<u>Sundry Creditors</u>		
Micro & Small Enterprises	17,64,018*	0
Others**	8,59,92,085	9,09,12,271
Advances from Customers	3,27,235	2,05,392
Other Liabilities	37,49,741	37,52,733
Interest Accrued but not due on loans	56,252	35,487
PROVISIONS		
Retirement and other employees benefits	7,19,885	12,16,920
Dividend on Preference Shares	4,00,000	8,00,000
Dividend Tax	67,979	1,35,960
Fringe Benefit Tax	4,30,000	4,95,500
	<u>9,35,07,195</u>	<u>9,75,54,263</u>

* As certified by the management on which auditors have placed reliance.

** Include Rs. 35,615 (Rs. 40,718) due to Managing Director.

SCHEDULE 9 :	As at	As at
MISCELLANEOUS EXPENDITURE	31.03.2009	31.03.2008
	(Rs.)	(Rs.)
Deferred Revenue Expenditure		
As per last balance sheet	48,55,697	1,55,055
Addition during the year	0	72,83,546
	<u>48,55,697</u>	<u>74,38,601</u>
Written off during the year	24,27,849	25,82,904
	<u>24,27,848</u>	<u>48,55,697</u>

SCHEDULE 10 :	Year ended	Year ended
SALES & SERVICES	31.03.2009	31.3.2008
	(Rs.)	(Rs.)
SALES (Gross):		
Finished Goods	81,90,27,017	81,16,61,294
Waste Products	1,44,98,373	1,25,37,683
	<u>83,35,25,390</u>	<u>82,41,98,977</u>
Less: Excise Duty	9,71,15,260	11,53,35,884
Sales (Net)	73,64,10,130	70,88,63,093
Services		
Jobwork	4,59,296	4,63,118
	<u>73,68,69,426</u>	<u>70,93,26,211</u>
SCHEDULE 11 :	Year ended	Year ended
OTHER INCOME	31.03.2009	31.3.2008
	(Rs.)	(Rs.)
Interest (Gross)		
(Tax deducted at source Rs.18,688(Rs 6,295)	85,327	1,46,285
Miscellaneous Income	2,21,400	3,56,835
Rent	15,220	0
Insurance Claim Received	20,417	0
Exchange Fluctuations	0	2,13,063
Diminution in value of Shares reversed	1,00,000	0
Excess Liabilities & Provisions Written Back (Net)	7,08,354	4,58,408
	<u>11,50,718</u>	<u>11,74,591</u>
SCHEDULE 12 :	Year ended	Year ended
MATERIALS ETC.	31.03.2009	31.3.2008
	(Rs.)	(Rs.)
Raw Materials Consumed:		
Opening Stock	2,74,95,797	2,84,32,752
Add : Purchases	52,88,50,408	50,80,83,543
	<u>55,63,46,205</u>	<u>53,65,16,295</u>
Less: Sales	36,39,327	39,97,405
	<u>55,27,06,878</u>	<u>53,25,18,890</u>
Less : Closing Stock	2,12,08,099	53,14,98,779
Purchase of Semi Finished Goods	23,99,538	2,74,95,797
Excise duty on increase/decrease in finished goods stock	(7,33,933)	50,50,23,093
Add : Decrease in Stocks		77,56,550
		(40,316)
Opening Stock :		
Finished Goods	95,63,783	88,57,841
Work in Progress	73,29,615	1,00,38,759
Waste Products/Scrap	74,500	74,100
	<u>1,69,67,898</u>	<u>1,89,70,700</u>
Less: Closing Stock :		
Finished Goods	79,63,001	95,63,783
Work in Progress	32,44,485	73,29,615
Waste Products/Scrap	48,400	74,500
	<u>1,12,55,886</u>	<u>1,69,67,898</u>
	<u>57,12,012</u>	<u>20,02,802</u>
	<u>53,88,76,396</u>	<u>51,47,42,129</u>

SCHEDULE 13 : MANUFACTURING, ADMINISTRATION, SELLING ETC.	Year ended		Year ended	
	31.03.2009		31.3.2008	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Salaries, Wages & Bonus	3,54,16,340		3,86,21,449	
Gratuity and Compensation	5,19,299		14,88,934	
Contribution to Provident Fund & Family Pension Scheme	11,63,453		13,41,739	
Welfare Expenses	<u>41,66,927</u>	4,12,66,019	<u>41,95,680</u>	4,56,47,802
Electricity, Power & Fuel etc.	4,17,75,135		3,74,73,093	
Stores & Spares etc. consumed	2,45,55,978		2,22,15,630	
Blocks, Designs & Jobwork	<u>41,68,647</u>	7,04,99,760	<u>40,09,756</u>	6,36,98,429
Repairs & Maintenance :				
Plant & Machinery	99,24,322		83,74,841	
Buildings	17,44,255		14,23,148	
Others	<u>6,94,282</u>	1,23,62,859	<u>6,85,452</u>	1,04,83,441
Rent		9,53,286		8,50,376
Rates & Taxes		3,61,622		3,74,401
Insurance		7,02,562		7,67,169
Exchange rate fluctuations(net)		52,209		0
Misc. Expenses		92,01,517*		80,67,721
Auditors' Remuneration:		1,37,420		1,11,900
Bad Debts/Miscellaneous Balances				
Written off (Net)	26,91,997		52,41,899	
Less Transfer from Provisions	<u>21,609</u>	26,70,388	<u>0</u>	52,41,899
Provision for Doubtful Debts		0		21,609
Investment in Equity shares W/off		1,00,000		0
Packing & Forwarding(Net)		1,34,02,902		1,37,00,959
Machinery Discarded		0		5,57,070
Loss on sale of Fixed Assets		44,827		33,873
Impairment Loss		7,17,108		0
Selling Commission		28,94,084		35,63,036
Cash Discount		17,99,610		10,51,366
		<u>15,71,66,173</u>		<u>15,43,71,101</u>

*Including fee of Rs. 87,291 (Nil) for increase in Authorised Capital

SCHEDULE 14 : INTEREST & FINANCE CHARGES	Year ended		Year ended	
	31.03.2009		31.3.2009	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Interest				
On Term Loans		74,60,976		78,38,567
On Other Loans		99,52,257		96,04,745
Bank Charges		4,12,533		6,90,604
		<u>1,78,25,766</u>		<u>1,81,33,916</u>

SCHEDULE-15: NOTES TO THE ACCOUNTS

1 SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF PREPARATION OF FINANCIAL STATEMENT

Basic of Accounting:

The financial statements have been prepared and presented under the historical cost convention on accrual basis of accounting to comply with the accounting prescribed in the companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies, 1956.

b) Fixed Assets

- i) Fixed assets are stated at cost (net of CENVAT wherever applicable) less accumulated depreciation. Cost is inclusive of freight, duties and levies and any directly attributable cost of bringing the assets to their working conditions for intended use but excludes recoveries. Intangibles are stated at cost less accumulated amount of amortisation.
- ii) Capital work in progress includes expenditure during construction period incurred on projects under implementation treated as Pre-operative expenses pending allocation to the assets. These expenses are apportioned to fixed assets on commencement of commercial production.

c) INVESTMENTS

Long term Investments are stated at cost. However, diminution in value other than temporary is provided. The Profit/Loss arising on account of sales is recognised in the Profit and Loss Account. The reduction in carrying amount is reversed when there is a rise in the value of investments or if the reasons for the reduction no longer exist.

d) DEPRECIATION/AMORTISATION

Tangible Assets

- i) Depreciation on fixed assets is provided on straight line method at rates and in the manner prescribed in Schedule-XIV of the Companies Act, 1956 except straight line rate on Dies & Moulds at 95% per annum which is higher than the rate prescribed in the above schedule: The rate of depreciation on dies & moulds reflect the estimated useful life of such assets.
- ii) Depreciation on building other than above is calculated on the revalued amount at the rates considered appropriate by the Valuer. Out of the above, depreciation on original cost on straight line method basis as prescribed by the Companies Act, 1956 (as amended) is charged to Profit & Loss Account and balance for the year is set off against transfer from Revaluation Reserve.
- iii) Assets costing upto Rs.5,000/- each are depreciated fully in the year of purchase.
- iv) Lease hold Land is amortised over the period of lease.

Intangible Assets

- v) Computer Software is amortized over a period of five years / two years.

e) INVENTORIES

Inventories are valued at lower of cost or net realisable value.

- i) Cost of Raw Materials, Stores, Spares etc. is determined on first in first out basis but excludes sales tax on such purchases within Haryana which is set off against the Sales tax liability on goods produced from such purchases and sold during the year. Excise duty is not included in cost as the Cenvat benefit goes to reduce the cost of materials purchased.
- ii) The cost of finished goods and work in progress includes cost of raw material and factory overheads. Provision of excise duty on finished goods is made in accounts and is also considered to determine the cost of stock of finished goods.

f) REVENUE RECOGNITION

- i) Sales are recognised when goods are supplied to the customers and are recorded net of excise duty, sales tax, returns/rebate and trade discounts.
- ii) Dividend income on investments is accounted for when the right to receive the same is established.

g) BORROWING COSTS

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

h) **EMPLOYEE BENEFITS**

Contributions to defined Contribution Schemes such as Provident Fund etc are charged to the Profit & Loss Account as and when incurred.

The Gratuity Fund benefits are administered by a Trust recognised by income Tax Authorities through the Group Scheme of LIC of India. The liability for gratuity at the end of each financial year is determined on the basis of actuarial valuation carried out by the Insurer's actuary on the basis of projected unit credit method as confirmed to the Company. Company's contributions are charged to the Profit and Loss Account.

Liability on account of short term employee benefits comprising largely of compensated absences, bonus and other incentives is recognised on an undiscounted accrual basis.

Expenses incurred on compensation to workers on voluntary retirement schemes are considered as deferred revenue expenses.

i) **TAXATION**

Provision for current tax and fringe benefit tax is made based on the liability computed in accordance with relevant tax rates and tax laws.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

j) **MISC EXPENDITURE**

Till 31.03.2007 expenses incurred on compensation paid to workers on Voluntary Retirement Scheme are considered as deferred revenue expenditure and amortized over a period of 5 years. However, wef. 01.04.2007 such expenses incurred during the year are amortised over a period of 3 years ending on 31.03.2010 as per (AS) -15 (Revised)

k) **GOVERNMENT GRANTS**

Government grants in the nature of Sales Tax concessions are credited to Profit & Loss Account. Subsidy is accounted as per Accounting Standard (AS)-12.

l) **IMPAIRMENT OF ASSETS**

After a careful evaluation of the assets, the Company identifies impairment of assets i.e. the amount by which carrying amount of assets exceed their recoverable value. Impairment losses, if any, are dealt as per Accounting Standard (AS)-28.

m) **FOREIGN EXCHANGE TRANSACTIONS**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transactions. Transactions outstanding at year end are translated at exchange rates prevailing at the year end and the profit / loss so determined is recognised in the Profit and Loss Account.

n) **PROVISIONS AND CONTINGENT LIABILITIES**

A provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources would be required to settle the obligation, and in respect of which a reliable estimate can be made.

Provisions are reviewed at each balance sheet date and are adjusted to effect the current best estimation. A disclosure of contingent liability is made when there is a possible obligation or a present obligation that will probably not require outflow of resources or where a reliable estimate of the obligation can not be made.

NOTES ON ACCOUNTS

2. Estimated amount of outstanding capital commitments not provided for Rs. 13.56 Lacs (Rs. 10.11 Lacs) (net of advances.)
3. Contingent Liabilities not provided for in respect of:-
 - a) Interest of Rs. 1.83 lacs (Rs. 1.83 Lacs) on Local Area Development Tax recovery of which is stayed by Supreme Court of India.
 - b) ESIC demand Rs.3.09 lacs (Rs.3.09 lacs) excluding interest paid under protest Rs. 1.54 lacs (Rs 1.54 lacs) being contested in appeal
 - c) Sales Tax demand Rs 3.41 Lacs (Rs 3.19 Lacs) being contested in appeal out of which Rs 2.14 lacs (Rs. 1.29 lacs) paid under protest.
4. Some of the Sundry Debtors, Advances including Deposits and Current Liabilities are subject to confirmation/reconciliation.

5. In the opinion of the Management Current Assets, Loans and Advances other than shown doubtful have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.
6. i) As per Accounting Standards (AS) 15 Revised on Employee Benefits details of expenses under Defined Contribution Plan are given as under:-

	Year Ended 31.03.2009 Rs.	Year Ended 31.03.2008 Rs.
Provident Fund (disclosed in profit & loss account as Contribution to provident and other funds).	11,63,453	13,41,739
Employees State Insurance (Included in welfare expenses)	3,90,185	5,43,085
Labour welfare fund (Included in Salaries,Wages & Bonus)	9,610	12,139

ii) The Company operates post retirement defined benefit plan for retirement gratuity which is funded.

iii) Details of the post retirement gratuity plans & obligations are as follows:

Gratuity Scheme Funded Plan :

	As on 31.03.2009 Rs.	As on 31.03.2008 Rs.
(a) Reconciliation of opening and closing balances of obligation.		
a) Present value of obligation as at Opening date	30,96,405	59,74,623
b) Current Service Cost	2,50,455	1,89,278
c) Interest Cost	2,83,321	5,46,678
d) Actuarial (Gain)/Loss	(3,40,163)	11,40,722
e) Benefits Paid	87,330	47,54,896
f) Present value of obligation as at Closing date	32,02,688	30,96,405
(b) Change in Plan Assets (Reconciliation of opening and closing balances)		
a) Fair Value of Plan Assets as at Opening date	26,07,471	59,74,623
b) Expected return on Plan Assets	2,38,583	4,03,511
c) Interest credited for the year	2,61,312	0
d) Actuarial Gain/(Loss)	2,38,583	15,767
e) Contributions	6,64,331	10,00,000
f) Benefits Paid	87,330	47,54,896
g) Fair Value of Plan Assets as at Closing date	34,45,784	26,07,471
(c) Reconciliation of fair value of assets and obligations		
a) Present Value of Obligation as at Opening date	32,02,688	30,96,405
b) Fair value of Plan Assets as at Closing date	34,45,784	26,07,471
c) Liability recognized in the Balance Sheet	NIL	4,88,934
(d) Expense recognized during the year		
a) Current Service Cost	2,50,455	1,89,278
b) Interest Cost	2,83,321	5,46,678
c) Expected return on Plan Assets	2,38,583	4,03,511
d) Actuarial (Gain)/Loss	(1,01,580)	11,56,489
e) Expense recognized during the year	1,93,613	14,88,934
(e) Assumptions		
a) Discount Rate (per annum)	8.00%	8.00%
b) Interest Rate (per annum)	9.15%	9.15%
c) Estimated Rate of return on Plan Assets (per annum)	9.15%	9.15%
d) Rate of Escalation in Salary (per annum)	6.00%	5.00%

- 7) Advances (Schedule-7) include amounts of **Rs. 2.14 Lacs** (Rs. 1.91 Lacs) paid against demand raised by Sales Tax Authority which the company is contesting. The above payments will be charged to Profit & Loss Account on the decision by Appellate Authority.
8. Payment to Auditors:-
- | | Rs. | Rs. |
|--|--------|----------|
| a) Statutory Audit | 82,000 | (82,000) |
| b) Limited Review of Quarterly Results | 15,250 | (13,500) |
| c) Taxation Matters | 32,500 | (12,500) |
| d) Out of Pocket Expenses | 7,670 | (3,900) |
| e) For Certification | 0 | (0) |
9. Profit/loss on sale of raw materials and stores & spares etc stand adjusted in their consumption Accounts.
10. Managerial remuneration under Section 198 of the Companies Act, 1956
- | | Rs. | Rs. |
|---|----------|------------|
| Salary | 7,80,000 | (6,00,000) |
| Monetary value of Perquisites
(Actual and/or valued as per Income Tax Rules) | 8,24,928 | (6,52,086) |
| Contribution to Provident Fund | 93,600 | (72,000) |
- The above remuneration does not include contribution to gratuity fund as this contribution is lump sum amount based on actuarial Valuation.
11. The major components of Deferred Tax Assets/Liabilities arising on account of timing differences are as follows: -
- | | As at
31.03.2009
(Rs.) | As at
31.03.2008
(Rs.) |
|---------------------------------------|------------------------------|------------------------------|
| a) Deferred Tax Liability | | |
| Depreciation | 1,23,28,862 | 1,01,57,861 |
| | 1,23,28,862 | 1,01,57,861 |
| b) Deferred Tax Assets | | |
| Provision for Doubtful Debts/Advances | 0 | 6,677 |
| Employee Benefits | 2,22,444 | 3,76,028 |
| Expenditure on VRS | 6,00,164 | 3,00,082 |
| Others | 53,455 | 84,355 |
| | 8,76,063 | 7,67,142 |
| Deferred Tax Liability (Net) | 1,14,52,799 | 93,90,719 |
12. Earning Per Share (EPS)
- Profit attributable to the Equity Share Holders (Rs.) (A)
- | | |
|-----------|-----------|
| 44,92,035 | 40,64,236 |
|-----------|-----------|
- Basic/Weighted average No. of Equity Shares outstanding during the year (B)
- | | |
|----------|----------|
| 6,65,950 | 6,65,950 |
|----------|----------|
- Nominal Value of Equity Shares (Rs.)
- | | |
|----|----|
| 10 | 10 |
|----|----|
- Basic/Diluted Earning Per Share (Rs.) (A/B)
- | | |
|------|------|
| 6.75 | 6.10 |
|------|------|
13. The company has taken factory land/godown & office under cancellable operating lease agreements. The lease agreements are usually renewed by mutual consent on mutually agreeable terms. Total rental expenses under such lease **Rs. 9,53,286** (8,50,376).
14. Related Party Disclosures under Accounting Standard-18.
- a) List of Related Parties (As identified by the Management)
- i) Enterprises owned or significantly influenced by key management personnel or their relatives :- Orient Syntex (Prop.APM Industries Limited), Essvee Fiscal Pvt. Ltd., AJR Fiscal Pvt. Ltd., Rajgarhia Leasing & Financial Services Pvt. Ltd., Faridabad Paper Mills Ltd. RKR Foundation, Sanjay Rajgarhia & Son (HUF)
- ii) Key Management Personnel and their Relatives:- Directors-Shri Sanjay Rajgarhia, Shri R.K. Rajgarhia.

b) Transactions with Related Parties

Nature of Transaction Enterprises owned or significantly influenced by key Management Personnel Key Management Personnel and their relatives

(In Rupees)

Nature of Transaction	Enterprises owned or Significantly influenced by key management personnel	key Management Personnel and their relatives
1) EXPENSES		As per point No.10 above
Remuneration to directors		11,000
Directors sitting fees		(8,000)
Interest paid	22,08,712 (12,10,993)	1,30,059 (3,85,934)
Rent Paid	36,000 (36,000)	
2) INCOME		
Sale of Goods	58,66,189 (55,11,913)	
3) UNSECURED LOANS		
Accepted:	3,15,38,762 (55,00,000)	10,50,000 (3,60,000)
Repaid:	2,67,57,344 (54,11,400)	21,00,295 (41,67,716)
4) BALANCES AS ON 31st MARCH 2009		
- Unsecured Loans outstanding	1,54,01,982 (94,36,582)	8,23,795 (18,42,208)
- Creditors		35,615 (40,718)
- Debtors	2,60,351 (9,30,176)	

Note: In respect of above parties there is no provision for doubtful debts as on 31.03.2009 and no amount has been written off or written back during the year in respect of debts due from/to them.

15. As per Accounting Standard-17, "Segment Reporting" the Company's business segment is packaging. As this is the only segment no separate disclosure of segment wise information is made.
16. Additional information as required by paragraphs 3, 4c & 4d of Part-II of Schedule VI to the Companies Act :-

	Corrugated Board Boxes	Expanded Polystyrene
Licenced Capacity	Not applicable	Not applicable
Installed Capacity (As certified by the Management on which auditors have placed reliance)	33,000 MT* (33,000 MT)	1,800 MT* (1,800 MT)
Actual Production Quantity	162.77 Lacs Nos. (182.88 Lacs Nos)	95.86 Lacs Nos (112.60 Lacs Nos)
Sales Quantity	163.05 Lacs Nos. (182.82 Lacs Nos)	93.73 Lacs Nos (112.75 Lacs Nos)
Value in Rupees (Gross)	59,13,00,152 (56,47,35,216)	22,77,26,865 (24,69,26,078)
Opening Stock Quantity	1.52 Lacs Nos. (1.46 Lacs Nos)	0.53 Lac Nos. (0.68 Lac Nos.)
Value in Rupees	80,13,998 (73,18,254)	15,49,785 (15,39,587)
Closing Stock Quantity	1.24 Lacs Nos. (1.52 Lacs Nos.)	2.66 Lacs Nos (0.53 Lacs Nos)
Value in Rupees	67,75,876 (80,13,998)	11,87,125 (15,49,785)

* The Nos. cannot be determined accurately.

ii) Consumption of Raw Materials:

	Percentage of total consumption	Kraft Paper	Expandable Polystyrene	Others
a) Indigenous Quantities		18,533.98MT (20,261.95MT)	15,00,765 Kg (16,50,020 Kg)	Nil (Nil)
Value in Rupees	98.58 (99.77)	39,89,96,973 (37,17,38,115)	11,22,20,405 (12,01,93,056)	1,27,13,848 (1,19,19,536)
b) Imported Quantity		214.64 MT (37.31 MT)	Nil (Nil)	Nil (Nil)
Value in Rupees	1.42 (0.23)	75,67,553 (11,72,386)	Nil (Nil)	Nil (Nil)

iii) Consumption of Stores, Spare Parts and Components:-

	Percentage of total consumption	Amount(Rs.)
a) Indigenous	91.45 (95.87)	2,24,55,472 (2,12,97,606)
b) Imported	8.55 (4.13)	21,00,506 (9,18,024)
iv) C.I.F. Value of Imports		
a) Capital Goods		1,35,28,600 (39,18,694)
b) Raw Materials		55,36,886 (25,01,341)
c) Stores & Spares		21,26,143 (9,18,024)
v) Expenditure in Foreign Currency		Nil (Nil)
vi) Earnings in Foreign Exchange		Nil (Nil)

17. Figures of Previous Year have been regrouped and/ or re-arranged wherever found necessary to conform to this year's classification. In the schedules the same are appearing in brackets.
18. Schedules 1 to 15 form an integral part of the Balance Sheet and Profit & Loss Account and have been duly authenticated.

As per our Report of even date
for JAGDISH SAPRA & CO.
CHARTERED ACCOUNTANTS

For and on behalf of the Board

(Jagdish Sapra)
Partner
M. No. : 09194
PLACE : NEW DELHI
Dated : 15th June, 2009

SANJAY RAJGARHIA
Managing Director

R.K. RAJGARHIA
S.L. KESWANI
T.N. CHATURVEDI
Directors

Informations pursuant to Part IV of Schedule - VI of the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details:

Registration No.

State Code

Balance Sheet Date

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

Public Issue

Bonus Issue

Rights Issue

Private Placement

III Capital redeemed during the year (Amount in Rs. Thousands)

IV Position of Mobilisation and Development of Funds (Amount in Rs. Thousands)

Sources of funds

Total Liabilities

Paid up Capital

Secured Loans

Deferred Tax Liability

Total Assets

Reserves & Surplus

Unsecured Loans

Application of funds

Net Fixed Assets

Net Current Assets

Accumulated Losses

Investments

Misc. Expenditure

V. Performance of Company (Amount in Rs. Thousands)

Turnover (Gross Revenue)

Profit/Loss Before Tax

Earning per Share in Rs.

Total Expenditure

Profit/Loss After Tax

Dividend Rate % On Preference shares

VI. Generic Names of Three Principal Products/Services of Company (As per Monetary Terms)

Item Code No.

(ITC Code)

Product Description

IMPORTANT

MEMBERS/PROXY HOLDERS ATTENDING THE ANNUAL GENERAL MEETING OF THE COMPANY ON WEDNESDAY, 23rd SEPTEMBER, 2009 ARE REQUESTED TO NOTE THAT THE MANAGEMENT OF THE COMPANY HAS DECIDED THAT NO GIFT/COUPONS SHALL BE DISTRIBUTED AT THE MEETING.



REGD. OFFICE : 910, CHIRANJIV TOWER, 43, NEHRU PLACE, NEW DELHI-110 019
PROXY FORM

I/We.....
of
being a member (s) of PERFECTPAC LTD. hereby appoint.....
.....
of
or failing him/her.....
of
as my/our proxy to attend and vote for me/us and on my/our behalf at the **37th** Annual General Meeting of the Company to be held on Wednesday, the 23rd September, 2009 at 11.00 A.M.
AS WITNESS my/our hand(s) the..... day of 2009
Signature (s).....
FOLIO NO.



NOTE :
THE PROXY MUST BE RETURNED SO AS TO REACH THE COMPANY'S SHARE DEPARTMENT NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE AFORESAID MEETING.

ATTENDANCE SLIP

Name of the person(s) attending (1)(2).....
Father/Husband's Name (1)(2).....
Registered Folio No./Client ID No.No. of Shares Hold.....
If proxy or second/third joint holders, name of the first shareholder.....
I/We here record my/our presence of the 37th Annual General Meeting of the Company held at Multipurpose Community Centre, Kheda Khurd, Alipur Block, Delhi-110 082 on this 23rd day of September, 2009 at 11.00 A.M.

Signature(s)

IMPORTANT

- i) This attendance slip duly filled in and signed may please be handed over at the entrance of the Meeting Hall.
- ii) If the particulars contained herein are incorrect/missing, the Company reserves the right to withhold entry.
- iii) Accompany children/non-members will not be allowed entry

BOOK-POST

If undelivered please return to:

 ***perfectpac limited***

910, CHIRANJIV TOWER,
43, NEHRU PLACE,
NEW DELHI - 110 019