



Quality Assured Company
ISO-9001:2000



ANNUAL REPORT 2010-2011

PASUPATI ACRYLON LIMITED

BOARD OF DIRECTORS

Managing Director

Mr. Vineet Jain

Directors (As on 12.08.2011)

Mr. M.M. Kohli

Mr. S. Sathyamoorthy

Mr. Rakesh Gupta (PICUP Nominee)

Mr. K.D. Sharma (PICUP Nominee)

Mr. S.C. Malik Director (Finance)

Mr. Rakesh Mundra VP (Finance) &
Company Secretary

Auditors

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

Bankers

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

Regd. Office & Works

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

Corporate Office

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

Registrar & Share Transfer Agents MCS Ltd.

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

NOTICE

Notice is hereby given that the 28th Annual General Meeting of the members of Pasupati Acrylon Ltd., will be held on Monday the 26th day of September 2011 at the plant premises of Pasupati Acrylon Ltd., Village Thakurdwara, Kashipur Road, Distt. Moradabad (U.P.) at 1.00 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account of the company for the period ended on March 31, 2011 the Balance Sheet as on date, Auditors' Report thereon and the Director's Report.
2. To appoint a Director in place of Mr. S.Sathyamoorthy, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

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

Place : New Delhi
Dated : 12th August, 2011

Registered Office
Thakurdwara, Kashipur Road
Distt. Moradabad, Uttar Pradesh

NOTES:-

- 1 (a) A member entitled to attend and vote, is entitled to appoint a proxy to attend and vote on his behalf and such a proxy need not be a member.
- (b) Proxies in order to be effective must be received at the Registered office of the Company, not less than 48 hours before the Annual General Meeting.
- (c) Members/proxies should bring the Attendance Slip duly filled in for attending the meeting.
2. Information relating to item No. 2 as required under clause 49 of the Listing Agreement with the Stock Exchanges is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 19.09.2011 to 26.09.2011 (both days inclusive).
4. Members who hold shares in de-materialised form are requested to bring their client ID and DP ID numbers for facilitating identification for attendance at the meeting.
5. Members who are holding shares in identical names under more than one Folio are requested to write to the Company to consolidate their shareholdings under one Folio. The members are also requested to notify to the Company any change in their address.
6. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m.

7. The members can contact/write to the Company at its Corporate Office at M-14, Connaught Circus (Middle Circle), New Delhi-110001 in addition to its Registered Office.
8. Members needing any information are requested to write to the company at its above said Corporate Office at least 7 days in advance of the Annual General Meeting, so as to enable the management to keep the information ready at the meeting.
9. Member(s) are advised to avail of nomination facilities pursuant to Section 109A of the Companies (Amendment) Act, 1999. They may nominate a person in the prescribed manner i.e. by sending Form 2B under Rule 4CCC and 5D duly filled and signed by the Member(s) to whom his/her shares shall vest in the event of his/her death. They may send the nomination form to the Company at its Corporate Office directly.
10. Members are requested to fill in and send the Feedback Form provided in the Annual Report.

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

ITEM NO. 2

Name of Director	Mr. S. Sathyamoorthy
Date of Birth	03.12.1944
Date of Appointment	29.06.2006
Experience in specific functional area	Retd. Dy Comptroller & Auditor General in the Rank of Secretary to Govt. of India with expertise in the fields of Audit, Accounts and also have very rich assorted experience in the field of Economic, Law and General Management.
Qualification	B. Com, I.A.A.S, C.A.I.I.B, Post Graduate Diploma in Development Finance (U.K)
Directorship in other public limited Companies	NIL
Member / Chairman of committee of the Board of the public limited companies on which he is a director	NIL

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

Place : New Delhi
Dated : 12th August, 2011

Registered Office
Thakurdwara, Kashipur Road
Distt. Moradabad Uttar Pradesh - 224601

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting Annual Report of the Company together with the Audited Accounts for the year ended on 31st March, 2011.

FINANCIAL RESULTS

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

	2010-11	(Rs. in Crores) 01.10.2009 to 31.03.2010 (6 Months)
Sales (Gross) & Other Income	426.28	232.01
Profit before Interest & Depreciation	16.22	34.16
Financial Charges	7.03	3.22
Depreciation	2.85	8.62
Profit before Taxes	6.34	22.32
Payment/Provision for Taxes (Net of MAT Credit)	0.02	0.01
Extra-ordinary Expense	(5.85)	(14.03)
Profit after Taxes	0.47	8.28

The Directors do not recommend dividend for the year.

OPERATIONS

The Company has recorded a production of 27863 MT and sale of 25081 MT during the year under review as against 14957 MT and 16821 MT respectively during the previous period (6 Months). The gross turnover during the year was Rs.423.18 Crore as against Rs.228.38 Crores (6 months) in the previous period.

The Company recorded an EBIDTA of Rs.16.22 Crores for the year as against Rs. 34.16 Crore in the previous period.

During the period under review the Company settled dues of a financial institution on one time settlement (OTS) basis. Interest waiver arising out of OTS amounting to Rs.6.37 Lacs has been credited to Profit & Loss Account and waiver in principal amounting to Rs.3.54 Lacs has been credited to Capital Reserve Account.

MANAGEMENT DISCUSSION & ANALYSIS

a) Industry Structure and Development

The Demand of Acrylic Fibre remained subdued during the later part of the year. During the current year also the demand continues to remain sluggish mainly due to high prices, now the prices have declined and also stabilizing, it is expected that demand should gradually improve.

b) Opportunities and Threat

The economic outlook appears to be positive with a GDP set to grow at 8% plus. Developed Nations e.g. Europe, UK and USA also returned to positive growth, as such, it is expected that Acrylic Fibre demand should pick up in commensurate with the overall economy growth.

Acrylic Fibre is substitute to wool whose prices are going up continuously as production of wool is falling gradually. Thus the consumption of Acrylic Fibre a substitute of wool should move up.

The Acrylic Fibre is surplus in many countries as such there are fears of dumping the same into India, though Govt of India has imposed anti dumping duty on imports from certain countries but still a lot need to be done to check the abnormal imports.

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

The gap in the prices of Acrylic Fibre vis-a-vis cotton & polyester encourages substitution of Acrylic Fibre by these Fibres.

c) Segment-wise / Product-wise performance

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

d) Risk and Concern

The Company/Industry imports most of its requirement of raw-material. All these are derived from crude; as such any move upward or downward affects the pricing of these products.

FUTURE OUTLOOK

The raw material prices are volatile so as the sale price. Your Company makes every effort to contain the cost and also pass on increase in cost due to increase in raw material prices to market. It will further make efforts to adopt prudent and proactive measures to mitigate the situation.

EXPANSION OF CAPACITY AND INSTALLATION OF CAPTIVE POWER PLANT

As reported last year your company is in the process to enhance capacity from 30000 MTPA to 42000 MTPA. The Company is also putting up a Power Plant of 8 MW.

The project cost worked out at Rs. 45 Crores out of which Banks have sanctioned Rs. 27 Crore as term loan.

The work is going on as per schedule and barring unforeseen circumstances the expanded capacity and power plant will get into operation by December 2011.

DIRECTORS' REPORT (Contd.)

The expanded production will add to the capabilities of the company to withstand the competition from domestic as well as international manufacturers

ISO CERTIFICATION

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

FIXED DEPOSITS

The Company does not accept Fixed Deposit from public.

DIRECTORS

Mr. Ravinder Kapur, Director of the Company has passed away on 11.08.2011, board placed its condolences on his sad demise and its appreciation for the valuable services rendered by him.

Mr. S.Sathyamoorthy. Director retires by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

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

Your Directors hereby confirm that:-

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

HUMAN RESOURCES/INDUSTRIAL RELATIONS

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

INTERNAL CONTROL SYSTEM AND ADEQUACY

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

EMPLOYEES

There were no employee drawing remuneration in excess of ceiling(s) prescribed under section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

CORPORATE GOVERNANCE

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

COST AUDIT

The reports of Mr.Satnam Singh Saggu, Cost Accountants, in respect of the Cost Accounts of the company for the year ended 31st March, 2011 will be submitted to the Central Government in due course.

AUDITORS AND THEIR REPORT

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

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

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

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board
S.C. Malik
Director (Finance)
Vineet Jain
Managing Director

Place : New Delhi

Dated : 12th August, 2011



DIRECTORS' REPORT (Contd.)

FORM - A
(See Rule-2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

		Year Ending March 31, 2011	6 Months Period Ending March 31, 2010
(A) POWER AND FUEL CONSUMPTION			
1. ELECTRICITY			
Own generation			
(i) Through Diesel generator units (in lacs)	KWH	7.26	1.88
Unit per Ltr. of Diesel Oil	KWH/Litre	3.16	3.20
Cost/Unit	Rs./KWH	10.94	9.54
(ii) Through turbines			
Units (in lacs)	KWH	330.03	179.61
Total Cost	Rs./Lacs	1784.51	899.95
Cost/Unit	Rs./KWH	5.41	5.01
2. COAL			
Quality of Coal and where used	'B', 'C' & 'D' grade Coal used in Boiler for generation of steam		
Quantity - units	MT	71095	37361
Total Cost	Rs./Lacs	3714.13	1818.20
Average rate	Rs./MT	5224.17	4866.56
(B) CONSUMPTION PER UNIT OF PRODUCTION			
Products	Acrylic Fibre/Tow/Tops		
Electricity	MW/MT	1.21	1.21
Coal ('B' 'C' & 'D' grade coal used in Boiler for generation of steam)	MT/MT	2.55	2.50

DIRECTORS' REPORT (Contd.)

FORM - B

(See Rule-2)

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

(A) RESEARCH & DEVELOPMENT (R&D)

1. **SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY :**
 - Development of Low Pill fibre with modified parameters is under progress.
 - Super High Shrinkage fibre development completed
 - Improvement in the reduction of residual shrinkage
2. **BENEFITS DERIVED AS A RESULT OF THE ABOVE R&D :**
 - Speciality Acrylic Fibre development work will lead to other fields of acrylic fibre application
3. **FUTURE PLAN OF ACTION :**
 - To improve Acrylic Fibre quality in different categories.
4. **EXPENDITURE ON R&D**

	Year	(Rs.in lacs) 6 months period
	2010-2011	2009-2010
a) Capital	—	—
b) Recurring	17.38	8.34
c) Total	17.38	8.34
d) Total R&D expenditure as a percentage of total turnover	0.04%	0.04%

(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, if brief, made towards technology absorption, adaptation and innovation - -
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc. - -
3. Particulars of imported technology in the last five years:
 - (a) Technology imported : NA
 - (b) Year of Import : NA
 - (c) Has technology been fully absorbed : NA
 - (d) If not fully absorbed, reason for & Future action plan : NA

AUDITORS, CERTIFICATE ON CORPORATE GOVERNANCE

UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

We have examined the compliance of conditions of Corporate Governance by **M/S. PASUPATI ACRYLON LIMITED** for the year ended on 31st March, 2011, as stipulated in clause 49 of the Listing Agreement of the said company with Stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

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

As required by the Guidance Note issued by the Institute of Chartered Accountants of India. We have to state that the Registrar and share Transfer Agent of the Company has certified that there was no investor's grievances companies pending against the company as at the year end.

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

For B. K. Shroff & CO.,
Chartered Accountants
Firm Reg. No: 302166E

O.P. Shroff
Partner
Membership No. 6329

Place : New Delhi
Date : 12th August 2011

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2010-11.

Corporate Governance

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

1. Company's Philosophy

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

2. Board of Directors

The Board of Directors consists of three promoter directors (one managing director and two nominee directors of PICUP), one whole time director (finance) and three non-executive directors.

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

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

During the period, four Board Meetings were held on 27.05.2010, 30.07.2010, 12.11.2010 and 11.01.2011.

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

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

Sl. No.	Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM	No. of other Director -ships	No. of Member of other Committees	Chairman-ship of other Committee(s)	Note No.
1	Mr. Vineet Jain	Managing Director & Executive Director	4	Yes	-	-	-	A
2	Mr. M.M. Kohli	Non-executive Director	4	No	-	-	-	B
3	Mr. Ravinder Kapur*	Non-executive Director	4	Yes	-	-	-	B
4	Mr. S.C. Malik	Director (Finance) & Executive Director	3	Yes	-	-	-	-
5	Mr. Rakesh Gupta (PICUP Nominee)	Non-executive Director	4	No	1	-	-	BC
6	Mr. K.D. Sharma (PICUP Nominee)	Non-executive Director	-	No	1	-	-	BC
7	Mr. S. Sathyamoorthy	Non-executive Director	3	No	-	-	-	B

A. Promoter Directors.

B. Non-executive and independent Directors.

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

* Since expired on 11.08.2011.

3. Audit Committee

The Audit Committee of the Company met four times during the year on following dates:

27.05.2010, 30.07.2010, 12.11.2010 and 11.01.2011.

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

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2010-11.

Composition

The Audit Committee of the Board comprises of two non-executive Independent Directors and one Director (Finance). The Committee met four times during the year and attendances of the members at these meetings were as follows:-

Sl.No.	Name of Director	Status	Meetings attended
1	Mr. Ravinder Kapur	Chairmen & Independent Director	4
2	Mr. M.M.Kohli	Independent Director	4
3	Mr. S.C. Malik	Director (Finance)	3

Mr. Ravinder Kapur, an independent Director was the Chairman of Audit Committee, expired on 11.08.2011. The audit committee reconstituted on 12.08.2011 & Mr. M.M. Kohli, appointed as Chairman & Mr. Rakesh Gupta nominated as a committee member.

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

4. Remuneration Committee

The remuneration committee of the Board comprises of four non-executive Directors (including two Nominee Directors i.e. two directors from PICUP). Nominee Director (s) of Financial Institution (s) automatically becomes member of Remuneration Committee.

Sl.No.	Name of the Director	Status
1	Mr.M.M.Kohli	Non Executive Director
2	Mr.Rakesh Gupta, PICUP Nominee	Non Executive Director
3	Mr.K.D. Sharma, PICUP Nominee	Non Executive Director

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

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

No Remuneration Committee Meeting was held during the year.

5. Remuneration Policy

Remuneration of employees largely consists of basic remuneration and perquisites.

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

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

6. Details of remuneration to Directors for the year ended on 31.03.2011

(i) Executive Directors

Name	Salary (Rs.)	Perquisites (Rs.)	Retirement benefits (Rs.)
Mr.Vineet Jain, Managing Director	24,00,000	15,43,981	6,00,000
Mr.S.C.Malik, Director (Finance)	10,20,000	1,38,095	2,55,000

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

The above remuneration is within the limits of remuneration approved by the Shareholders of the Company in their meeting held on 16th January, 2010 and by Central Government.

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

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2010-11.

(ii) Non Executive Directors

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

Name	Sitting fee paid (Rs.)
Mr.M.M.Kohli	12000
Mr.Ravinder Kapur	52500
Mr. S. Sathyamoorthy	4500
Mr. Rakesh Gupta	6000

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

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

Sl.No.	Name of Director	No of Meetings held	No of Meetings attended
1	Mr. Ravinder Kapur	27	27
2	Mr. Vineet Jain	27	27
3	Mr. S.C.Malik	27	25

Mr. Ravinder Kapur, an Independent Director was the Chairman of the Committee, expired on 11.8.2011. The Share Transfer-cum- shareholder/Investor Grievance Committee reconstituted on 12.08.2011 and Mr. M.M. Kohli appointed as Chairman of the Committee.

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

The Committee deals with matters relating to :

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

Mr.Rakesh Mundra, Company Secretary and Mr. S. Biswas, Director of MCS Ltd., Registrar & Share Transfer Agent are the Compliance Officer of the Company.

Further the Company confirms that there were no share transfers lying pending as on 31.03.2011, and all requests for dematerialization and re-materialization of shares as on that date were confirmed / rejected into the NSDL/CDSL system.

The Shareholder complaints received and resolved during the year from 1.04.2010 to 31.03.2011 are as under.

Sl.No.	Type of Compliant	Pending As on 01.04.2010	Total Complaints Received	Complaints Redressed	Redressal under process	Pending As on 31.03.2011
1	Letter received from SEBI	Nil	3	3	Nil	Nil
2	Letter received from Stock Exchanges	Nil	Nil	Nil	Nil	Nil
3	Letter received from DCA	Nil	Nil	Nil	Nil	Nil
4	Court/Consumer forum cases	Nil	Nil	Nil	Nil	Nil
5	Change of Address etc.	Nil	103	103	Nil	Nil
6	Issue of Duplicate Shares	Nil	3	3	Nil	Nil
7	Non receipt of Dividend	Nil	Nil	Nil	Nil	Nil
8	Share Transfers etc.	Nil	42	42	Nil	Nil

- Note: The Company has endeavored to settle all shareholder complaints in the minimum possible time. The average time of settlement may vary from 7 days to 15 days.
- An email ID exclusive for registering complaints / grievance has been formed as palinvest.grievance@gmail.com.

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2010-11.

8. General Body Meetings

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

Financial year	Date	Time	Venue
31.03.2008	20.09.2008	10.30 AM	Pasupati Acrylon Ltd., Vill. Thakurdwara, Kashipur Road, Moradabad (UP)
30.09.2009	16.01.2010	01.30 PM	
31.03.2010	25.09.2010	10.30 AM	

Mr. Ravinder Kapur, Chairman of the Audit Committee had also attended the Annual General Meeting held on 25.09.2010.

Following three resolutions were passed through postal ballot during the period 01.04.2010 to 31.03.2011 under the provisions of Section 192A of the Companies Act, 1956 and the companies (Passing of Resolutions by Postal Ballot) Rules 2001 and no resolution is proposed to be passed at the ensuing Annual General Body Meeting through postal ballots.

1. Ordinary Resolution for alteration of Memorandum of Association in respect of Increase of authorized share capital of the Company from Rs. 85 Crores to Rs. 100 Crores.
2. Special Resolution for alteration the Articles of Association in respect of Increase in authorized share capital of the Company from Rs. 85 Crores to Rs. 100 Crores.
3. Special resolution for Issue of 1,80,00,000 Equity Shares to persons belonging to the Promoter category, on preferential basis as per the SEBI (ICDR) regulations, 2009.

In the last three Annual General Meetings, no special resolution was passed.

9. Disclosures

1. Details of related party transactions during the year have been set out under Note No.24 of Schedule 'Q' of the Annual Accounts. However, these are not having any potential conflict with the interests of the company at large.
2. There were no instances of non-compliance or penalty, strictures imposed on the company by Stock Exchanges/SEBI or any other statutory authorities on any matter related to capital markets, during the last three years.
3. Presently the company does not have a Whistle Blower Policy but has a policy similar to it, which is called Open Talk. No personnel of the Company have been denied access to the Audit Committee.
4. PAL has implemented a Code of conduct based on its business principles along with implementation framework for its Directors and Senior Management of the Company. In compliance with the code, Directors and Senior Management of the Company have affirmed compliance with the Code for the year ended on 31st March 2011. A declaration to this effect signed by the Managing Director form part of this Annual Report.

10. Means of Communication

1. Quarterly yearly results are being published in daily newspapers viz. Pioneer and Veer Arjun Hindi Edition. The Annual Report is posted to every shareholder of the Company.
2. Management's Discussions and Analysis Report forms part of Directors' Report on the Annual Accounts more specifically under Operations, Current Year Outlook, Internal Control System and adequacy, Human Resources and Industrial Relations.
3. The Company's website at www.pasupatiacrylon.com is regularly updated with financial results.
4. Requisite information, statements and reports are being filed under www.corpfiling.co.in also as per SEBI directions.

11. General Shareholder Information

1. Notes on Directors seeking re-appointment as required under Clause VI A of the Listing Agreement.
Mr. Ravinder Kapur and Mr. S. Sathyamoorthy will retire at the ensuing Annual General Meeting by rotation and they have offered themselves for re-appointment. The Board has recommended the re-appointment of the retiring Directors. The information about the brief resume and other information required to be disclosed under this section are provided in the notice of the Annual General Meeting.
2. Annual General Meeting will be held on Monday the 26th day of September, 2011 at Registered office of the Company i.e. Thakurdwara, Kashipur Road, Distt. Moradabad (UP) at 1.00 PM.
3. The company has furnished information as required by Clause 49 (vi) of the Listing Agreement of the Stock Exchanges, relating to appointment/re-appointment of Director(s). Shareholders may kindly refer to the Notice convening the 28th Annual General Meeting of the Company. The number of companies in which the person also holds directorship and the membership of Committees of the board are given separately.

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2010-11.

4. Financial Calendar for the period 2011-12 (Provisional)

First Quarter Results (30.06.2011)	By 14 th August 2011
Second Quarter Results (30.09.2011)	By 15 th November 2011
Third Quarter Results (31.12.2011)	By 15 th February 2011
Fourth Quarter Results (31.03.2012)	By 15 th May 2012
Mailing of Annual Report	By August, 2012
Annual General Meeting	By September, 2012

12. Dates of Book Closure

The Share Transfer Books and Register of Members of the Company shall remain close from Monday the 19th day of September 2011 to Monday the 26th day of September 2011 (both days inclusive).

13. Stock Code

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

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

The Company's shares are presently listed on the Stock Exchange at Mumbai. The listing fees for the year 2011-2012 have been paid to the Mumbai Stock Exchange.

15. Stock Market Price Data for the period 1.04.2010 to 31.03.2011.

Share Price on BSE

Month	B S E		B S E SENSEX	
	High (Rs.)	Low (Rs.)	High	Low
April, 2010	9.75	7.40	18048	17277
May, 2010	10.70	7.36	17537	15960
June, 2010	9.90	7.70	17920	16318
July, 2010	9.35	7.40	18238	17396
August, 2010	8.40	6.60	18475	17820
September, 2010	8.30	6.00	20268	18027
October, 2010	9.40	6.00	20855	19769
November, 2010	9.70	6.66	21109	18955
December, 2010	8.10	6.65	20552	19075
January, 2011	8.12	5.75	20665	18038
February, 2011	7.49	6.00	18691	17296
March, 2011	7.20	5.26	19575	17792

16. Share Transfer Agent

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

17. Share Transfer System

As already stated, the Company's shares are traded in the Stock Exchanges compulsorily in demat mode. Therefore, Investors/ Shareholders are requested to kindly note that physical documents, viz Demat Request Forms (DRF) and Share Certificates etc. should be sent by their Depository Participants (DP's) directly to the Share Transfer Agents. Any delay on the part of the DP's to send the DRF and the Share Certificates beyond 21 days from the date of generation of the DRF by the DP will be rejected/cancelled. This is being done to ensure that no demat requests remain pending with the Share Transfer Agent beyond

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2010-11.

a period of 21 days. Investors/Shareholders should, therefore, ensure that their DP's do not delay in sending the DRF and Share Certificates to Share Transfer Agent after generating the DRF.

18. Distribution of Shareholding as on 31st March 2011

No. of Shares	No. of Shareholders	%	No. of Shares	%
1-500	53510	89.37	7628194	10.72
501-1000	3730	6.23	2863836	4.03
1001-2000	1410	2.35	2105114	2.96
2001-3000	397	0.66	1007412	1.42
3001-4000	176	0.29	620842	0.87
4001-5000	184	0.31	856426	1.20
5001-10000	226	0.38	1689273	2.37
10001-50000	187	0.31	3825827	5.39
50001-100000	20	0.04	1389689	1.95
100001 and above	35	0.06	49146508	69.09
Total	59875	100.00	71133121	100.00

19. Dematerialization of Shares

As on March 31, 2011, 82.87% of the Company's total shares representing 58948332 shares were held in dematerialized form and the balance 17.13% representing 12184789 shares were in paper form.

20. CEO / CFO Certification

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

21. Registered Office and Works

Thakurdwara, Kashipur Road, Distt. Moradabad (UP)

22. Address of correspondence and corporate office

Company's corporate office is situated at
M-14, Connaught Circus (Middle Circle), New Delhi-110 001

Shareholders correspondence should be addressed to :

Pasupati Acrylon Ltd. Registered Office Thakurdwara, Kashipur Road Distt. Moradabad (UP) Phone: 0591 2241263, 2241352-55 Fax : 0591 2241262 E-mail: works@pasupatiacrylon.com	Pasupati Acrylon Ltd Corporate Office M-14, Connaught Circus (Middle Circle) New Delhi-110 001 Phone: 47627400 Fax : 47627497 E-mail : delhi@pasupatiacrylon.com	MCS Limited F-65, Okhla Industrial Area Phase-I, New Delhi-110020 Phone: 41406149 Fax : 41406148 Email: admin@mcsdel.com
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23. Auditors Certificate on Corporate Governance

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

For and on behalf of the Board

Place : New Delhi
Dated : 12th August, 2011

Vineet Jain
Managing Director

DECLARATION ON CODE OF CONDUCT

This is to confirm that the Board has laid down a Code of Conduct for all Board members and senior management of the Company. The Code of Conduct has also been posted on the website of the company. It is further confirmed that all directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the period ended March 31, 2011, as envisaged in Clause 49 of the Listing Agreement with stock exchanges.

Place : New Delhi
Dated : 12th August, 2011

Vineet Jain
Managing Director



AUDITORS' REPORT

TO THE MEMBERS OF PASUPATI ACRYLON LTD.

1. We have audited the attached Balance Sheet of **PASUPATI ACRYLON LTD.** as at 31st March, 2011, the Profit & 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 have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 and the companies (Auditor's Report) (Amendment) order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Attention is invited to Note no. 13(a) on schedule 'Q' relating to change in method of providing depreciation on certain assets from straight line method to written down value method, resulting in exceptional items to be higher by Rs. 470.44 Lacs depreciation for year lower by Rs. 3.69 Lacs & fixed assets lower by Rs.466.75 Lacs.
5. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 other than as stated below;
 - (v) As per information and explanations given to us, we report that as on 31.03.2011 none of the directors of the company are disqualified from being appointed as a director of the company u/s 274(1)(g) of the Companies Act, 1956.

Subject to the above, and note no. 12(a) in schedule Q, relating to noncompliance of Accounting standard 9 to the extent of credit for extinguishment of loan liability amounting to Rs. 3.54 lacs taken to capital Reserve instead of Profit & Loss account had the same been considered the profit for the year would have been Rs.41.78 lacs as against reported of Rs. 38.24 lacs. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011.
- (b) In the case of the Profit & Loss Account, of the Profit for the year ended on that date and
- (c) In the case of cash flow statement, of the cash flows for the year ended on that date.

For **B. K. Shroff & CO.**,
Chartered Accountants
Firm Reg. No: 302166E

O.P. Shroff
Partner

Membership No. 6329

Place : New Delhi
Date : 12th August 2011

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

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have been physically verified by the management according to a regular program which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.

AUDITOR'S REPORT (Contd.)

- (c) In our opinion and according to explanations given to us, fixed assets disposed off during the year were not substantial and as such the disposal has not affected the going concern concept of the company.
- (ii) (a) As explained to us, physical verification of inventory (except material in transit and lying with third parties) has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. Discrepancies noticed on verification of inventory as compared to book records were not material and these have been properly dealt with in the books of accounts.
- (iii) (a) (i) The company has not granted any loans, secured or unsecured from companies, firms or other parties as listed in the register maintained under section 301 of the Companies Act 1956 and as such information regarding rate of interest, overdue amounts and other terms & conditions of loans granted is not required to be furnished.
- (ii) The Company has not taken any loan during the year from the parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) As the company has neither taken nor granted any loan to parties caused U/s 301 of the companies Act, 1956 provision of clause (iii) (b) (c) (d) of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. Further on the basis of our examination of the books and records of the company, carried out in accordance with the auditing standards generally accepted in India, we have not observed any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- (v) (a) According to the information and explanations given to us, during the year there were no contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, no transactions of purchase and sale of goods materials and services, made in pursuance of contracts or arrangements to be entered into the register maintained under section 301 of the Companies Act 1956 aggregating during the year to Rs. 5 lacs in respect of any party.
- (vi) In our opinion and according to the information given to us, company has not accepted deposits from the public within the meaning of section 58A & 58AA of the companies Act, 1956 or other relevant provision of the act according clause (iv) of the order are not applicable.
- (vii) In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company pursuant to the order made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such accounts and records.
- (ix) (a) According to the records of the company, the company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Service Tax, Trade Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it, except in certain instances where delays were noticed.
- (b) According to information and explanations given to us no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty and cess were outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable.
- (c) According to the records of the company, dues in respect of Sales Tax/Income Tax/Customs Duty/Wealth Tax/Excise Duty /Service Tax/Cess which have not been deposited on account of any dispute are as under:

AUDITOR'S REPORT (Contd.)

Name of the statute	Nature of dues	Period to which amount relates	Amount (Rs. in lacs)	Forum where pending
Central Excise and Salt Act, 1964	Differential duty on waste	Feb. 96 to Jan'04 May 04 to April'05 May 05 to Mar. 07 Apr. to Aug. 09 Sept. 09 to Nov. 10 13.02.92 to 30.06.02 Aug.92 to 20.01.93	163.10 36.00 24.29 19.48 8.08 6.77 13.28	Supreme Court High Court Supreme Court Supreme Court
Entry Tax	Entry tax Entry tax demand for e-form Entry tax demand for e-form Entry tax demand for e-form Entry tax demand for e-form Entry Tax Entry Tax on coal Freight Entry Tax on coal Freight Entry Tax	Apr. 07 to Mar. 08 Apr. 04 to Mar. 05 Apr. 05 to Mar. 06 Apr. 08 to Sept. 09 Apr. 06 to Mar. 07 Dec. '03 to Mar. 04 Apr. 06 to Mar. 07 Oct. 09 to Nov. 10 Apr. 10 to Mar. 11	15.36 19.46 14.54 45.19 2.22 14.40 10.33 29.04 53.61	High Court High Court Deputy Commissioner Moradabad High Court High Court High Court High Court High Court High Court
Customs Act	Education cess on DEPB	14.09.04 to 08.02.05	36.19	Additional Commissioner Central excise & Customs
Central Excise Act	Excise duty Excise duty Excise duty	Jan. 06 to Dec. 06 Jan. 07 to Dec. 07 Jan. 08 to Nov. 08 Dec. 08 to Oct. 09 Nov. 09 to Aug. 10	0.18 0.17 0.28 0.20 0.15	Assistant Commissioner Custom & Excise
Central Excise Act	Cenvat	Apr. 07 to Feb. 08	11.39	Additional Commissioner Central excise
Forest Act, 1927	Transit tax on forest produce	Oct.09 to Mar. 10	10.91	High Court
Central Excise tax	Disallowing service tax credit due to non registration	Feb. 05 to Feb. 09	122.27	Commissioner Meerut - II

- (x) As at 31.03.2011 the accumulated losses of the company are more than fifty percent of its net worth. The company has not incurred cash losses during the year covered by our audit nor in the immediately preceding period.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of principal/interest dues to financial institutions, banks & debentures holders.
Note:- The repayment / payment of overdue quarterly principal installments and monthly interest of Rs. 8.02 lacs & Rs. 1.58 lacs (including Rs. 0.31 lacs for current year) to an Institution have been paid / waived as per one time settlement during the year and as such there is no default as at 31st March, 2011.
- (xii) Based on our examination of documents and records maintained by the company, we are of the opinion that since the company has not granted any loan and advance on the basis of security by way of pledge of shares, debenture and other securities, it is not required to maintain records in respect thereof.
- (xiii) In our opinion the company is neither a chit fund nor nidhi/mutual benefit fund/society and hence clause 4 (xiii) of the Order is not applicable.
- (xiv) In our opinion the company is not dealing in or trading in shares, securities, debentures and other investments and accordingly the provisions of clause 4(xiv) of the Order is not applicable.
- (xv) Based on our examination of the records we are of the opinion that the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion the term loans have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company we report that funds raised on short term basis have not been used for long term investments.
- (xviii) During the year the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of Companies Act, 1956.
- (xix) During the year the company had not issued any debentures.
- (xx) During the year under review no money was raised by public issue.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with auditing standards generally accepted in India, we have neither come across any instance of fraud by the company, noticed or reported during the year nor have we been informed of such case by the management.

For B. K. Shroff & CO.,
Chartered Accountants
Firm Reg. No: 302166E

O.P. Shroff
Partner

Membership No. 6329

BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE			As at 31.03.2011 (Rs./Lacs)	As at 31.03.2010 (Rs./Lacs)
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	A	7,114.10	7,114.10	
Reserves & Surplus	B	<u>7,090.08</u>	<u>7,839.28</u>	14,953.38
			14,204.18	
Loan Funds				
Secured Loans	C	4,430.44	2,836.80	
Unsecured Loans	D	<u>3,162.77</u>	<u>2,468.66</u>	
			7,593.21	5,305.46
			<u>21,797.39</u>	<u>20,258.84</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	E	35,039.53	35,196.70	
Less : Depreciation		<u>27,698.69</u>	<u>26,314.73</u>	
		7,340.84	8,881.97	
Add : Capital Work In Progress		<u>3,295.14</u>	<u>1,360.56</u>	
			10,635.98	10,242.53
Current Assets, Loans & Advances				
Inventories	F	11,694.99	8,569.12	
Sundry Debtors	G	1,358.31	1,504.56	
Cash & Bank Balances	H	857.82	635.93	
Loans & Advances	I	805.38	917.43	
		<u>14,716.50</u>	<u>11,627.04</u>	
Less : Current Liabilities & Provisions				
Current Liabilities	J	10,722.67	8,834.75	
Provisions	K	11.26	2.06	
		<u>10,733.93</u>	<u>8,836.81</u>	
Net Current Assets			3,982.57	2,790.23
Profit & Loss Account			7,178.84	7,226.08
			<u>21,797.39</u>	<u>20,258.84</u>
Significant Accounting Policies and Notes on Accounts				
	Q			

As per our Report of even date annexed.

For B.K.SHROFF & CO.

Chartered Accountants

O.P.Shroff

Partner

Membership No. : 6329

Firm Reg. No: 302166E

Place : New Delhi

Dated: 10th May, 2011

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

S.C. Malik
Director (Finance)

Vineet Jain
Managing Director

M.M. Kohli
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 2011

SCHEDULE	Current Year (12 months) (Rs./Lacs)	Previous Period (6 months) (Rs./ Lacs)
INCOME		
Sales(Gross)	42,322.51	22,838.02
Excise Duty	<u>3,665.85</u>	<u>1,751.12</u>
Sales (Net)	38,656.66	21,086.90
Export Incentives/Benefits.	132.01	33.23
Other Income	173.60	329.54
(Increase)/Decrease in stocks	<u>4,119.49</u>	<u>(1,490.73)</u>
	<u>43,081.76</u>	<u>19,958.94</u>
EXPENDITURE		
Material Cost	31,108.93	11,781.05
Manufacturing and Other Expenses	<u>10,350.28</u>	<u>4,761.62</u>
	<u>41,459.21</u>	<u>16,542.67</u>
Profit before Financial Charges, Depreciation & Taxation	<u>1,622.55</u>	<u>3,416.27</u>
Interest and Finance Charges	<u>703.38</u>	<u>321.60</u>
Profit before Depreciation and Taxation	<u>919.17</u>	<u>3,094.67</u>
Depreciation	1,037.77	1,244.33
Less: Transfer from Revaluation Reserve	<u>752.74</u>	<u>382.22</u>
	<u>285.03</u>	<u>862.11</u>
Profit before Taxation & Extraordinary Items.	<u>634.14</u>	<u>2,232.56</u>
Extraordinary items(See Note No.14 on Schedule Q)	<u>(584.60)</u>	<u>(1,402.92)</u>
Provision/Payment for Taxation (net of adjustment)		
-Current Tax(MAT)	9.00	-
-Wealth tax	2.25	1.09
-Interest on Income/Wealth tax	<u>0.05</u>	<u>-</u>
Profit after Tax	<u>38.24</u>	<u>828.55</u>
-MAT Credit Entitlement	<u>9.00</u>	<u>-</u>
Balance brought forward	<u>(7226.08)</u>	<u>(8,054.63)</u>
	<u>-</u>	<u>-</u>
Loss Carried to Balance Sheet	<u>(7,178.84)</u>	<u>(7,226.08)</u>
Earnings per Share of Rs.10 each(before extra ordinary items)		
Basic & Diluted (Rs.)	0.89	3.14
Earnings per Share of Rs.10 each(after extra ordinary items)		
Basic & Diluted (Rs.)	0.07	1.16

Significant Accounting Policies and

Notes on Accounts

Q

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

O.P.Shroff
Partner
Membership No. : 6329
Firm Reg. No: 302166E
Place : New Delhi
Dated: 10th May, 2011

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

S.C. Malik
Director (Finance)

Vineet Jain
Managing Director

M.M. Kohli
Director

CASH FLOW STATEMENT FOR YEAR ENDED 31ST MARCH, 2011

	As at 31.03.2011 (12 months) (Rs./Lacs)	As at 31.03.2010 (6 months) (Rs./Lacs)
A. Cash Flow from Operating Activities		
Net Profit/(Loss) before tax, extraordinary items	634.14	2,232.51
Add/(Less) : Adjustments for		
Depreciation	285.02	862.12
Interest expenses	390.45	182.69
Interest income	(37.08)	(17.76)
Loss on sale of fixed assets	8.75	0.03
	<u>647.14</u>	<u>1,027.08</u>
Operating Profit before working capital changes	<u>1,281.28</u>	<u>3,259.59</u>
Add: Adjustments for change in working capital		
Trade and Other receivables	271.73	(697.30)
Inventories	(3,125.87)	(1,178.32)
Trade and Other Payables (see point no.4)	<u>1,841.27</u>	<u>(392.94)</u>
	<u>(1,012.87)</u>	<u>(2,268.56)</u>
Net Cash Generated from operations	268.41	991.03
Direct Taxes paid/adjusted	(1.22)	2.74
Net Cash from Operating Activities	<u>267.19</u>	<u>993.77</u>
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(2,040.64)	(117.39)
Sale of fixed assets	9.70	0.12
Interest received	31.62	16.14
Net Cash from Investing Activities	<u>(1,999.32)</u>	<u>(101.13)</u>
C. Cash Flow from Financing Activities		
Interest paid	(373.08)	(269.56)
Short Term Bank Borrowings-Buyer's Credit	259.47	(421.15)
Proceeds from long term borrowings	1,572.50	-
Repayment of long term borrowings	(228.70)	(133.30)
Proceeds/(Payment) of unsecured loans	720.00	-
Increase/(Decrease) in Bank Borrowings	3.83	16.64
Net Cash used in Financing Activities	<u>1,954.02</u>	<u>(807.37)</u>
Net increase in Cash and cash equivalents	221.89	85.27
Opening Balance of cash and cash equivalents	635.93	550.66
Closing Balance of cash and cash equivalents	<u>857.82</u>	<u>635.93</u>

D. Notes on Cash Flow Statement

- Figures in brackets represent cash outflow.
- Cash flow does not include non cash items.
- Cash and cash equivalents includes balance in fixed deposit/margin money account Rs.724.81 Lacs (previous period Rs.629.34 lacs.)
- Includes Deferred Credit of Rs.1346.78 Lacs (Previous Period Rs.1383.64 Lacs) appearing under "Unsecured Loans" represents liability for credit allowed by foreign supplier(s) of raw material.

As per our Report of even date annexed.

For B.K.SHROFF & CO.

Chartered Accountants

O.P.Shroff

Partner

Membership No. : 6329

Firm Reg. No: 302166E

Place : New Delhi

Dated: 10th May, 2011

Rakesh Mundra

V.P. (Finance) & Company Secretary

S.C. Malik

Director (Finance)

Vineet Jain

Managing Director

M.M. Kohli

Director

SCHEDULES A-Q

	As at 31.03.2011 (Rs./Lacs)	As at 31.03.2010 (Rs./Lacs)
A. Share Capital		
Authorised		
100000000 Equity Shares of Rs. 10 each (Previous Year 85000000 Equity Shares of Rs.10 each)	10,000.00	8,500.00
	<u>10,000.00</u>	<u>8,500.00</u>
Issued		
71158825 Equity Shares of Rs. 10 each	7,115.88	7,115.88
Subscribed & Paid up		
71133121 Equity Shares of Rs. 10 each	7,113.31	7,113.31
Add : Forfeited shares (amount originally paid up)	0.79	0.79
	<u>7,114.10</u>	<u>7,114.10</u>
B. Reserves & Surplus		
Capital Reserve		
As per last balance sheet	1,449.24	1,445.71
Add: Created during the period	<u>3.54</u>	<u>3.54</u>
	1,452.78	1,449.25
Revaluation Reserve		
As per last Balance Sheet	6,390.04	6,772.25
Less: Depreciation for the year on amount added on revaluation transferred to Profit & Loss Account	<u>752.74</u>	<u>382.22</u>
	5,637.30	6,390.03
	<u>7,090.08</u>	<u>7,839.28</u>
C. Secured Loans		
From Financial Institutions		
Rupee Term Loans (a)	-	8.02
Payable Under OTS(a)	-	4.48
Zero Interest Funded Loan (a)	-	6.37
Interest Accrued & Due(a)	-	1.27
From Banks		
Rupee Term Loans (a)(d)	1,758.44	298.07
Working Capital Term Loan (a)	949.59	1,092.94
Cash Credit (b)	1,037.47	1,033.64
Vehicle Loan (c)	78.60	42.40
Interest Accrued & Due(a)	-	2.28
Hire Purchase Loan (c)	0.04	0.51
From Others-Buyers credit (b)	606.30	346.82
	<u>4,430.44</u>	<u>2,836.80</u>
a. Loans of Rs.1208.03 Lacs (previous period Rs.1413.43 lacs) are secured interse on pari-passu basis by way of mortgage of immovable properties and hypothecation of all moveable properties (save and except book debts) both present and future subject to prior charges created in favour of company's bankers for working capital facilities and further guaranteed by the managing director.		
b. Secured by hypothecation of book debts, raw-material, finished goods, semi-finished goods, consumable stores and spares including in transit and also secured by a second charge by way of mortgage of immovable properties both present and future and further guaranteed by the managing director.		
c. Secured by hypothecation of specified assets acquired out of the loan amount.		
d. Loan of Rs.1500 Lacs(previous period NIL) are secured by 1 st charge on New Plant & Machinery on pari-passu basis. 2 nd Pari-passu charge by way of hypothecation of current assets of the Company, subject to existing charge of working capital bankers and assignment of project related documents, contract right interest, insurance contracts etc. and further guaranteed by the Managing Director.		

SCHEDULES A-Q (Contd.)

	As at 31.03.2011 (Rs./Lacs)	As at 31.03.2010 (Rs./Lacs)
D. Unsecured Loans		
Inter Corporate Deposit	1,800.00	1,080.00
Deffered Credit	1,346.78	1,383.64
Interest Accrued & Due	15.99	5.02
	<u>3,162.77</u>	<u>2,468.66</u>

E. Fixed Assets

		(Rs/Lacs)					
Description	Gross Block			Depreciation		Net Block	
	As at 1.4.2010	Additions	Sales/ Adjustments	As at 31.3.2011	Upto 31.3.2011	As at 31.3.2011	As at 31.3.2010
Land -Leasehold (a)	25.90	-	-	25.90	16.30	9.60	10.47
-Freehold	7.62	-	-	7.62	-	7.62	7.62
Office Premises (b)	81.47	-	-	81.47	23.36	58.11	59.44
Buildings	1,611.94	-	-	1,611.94	1,153.05	458.89	914.42
Plant & Machinery	30,708.32	6.41	110.77*	30,603.96	24,231.13	6,372.83	7,365.60
Electric Installations	1,874.87	-	103.95*	1,770.92	1,572.41	198.51	273.89
Furniture & Fixtures	248.38	1.04	-	249.42	241.49	7.93	9.92
Factory & Office Equipment	342.90	7.19	-	350.09	275.49	74.60	79.94
Vehicles	295.30	91.42	48.51	338.21	185.46	152.75	160.67
	<u>35,196.70</u>	<u>106.06</u>	<u>263.23</u>	<u>35,039.53</u>	<u>27,698.69</u>	<u>7,340.84</u>	<u>8,881.97</u>
Previous year	35,190.70	6.33	0.33	35,196.70	26,314.73		

Capital Work in Progress (including capital advances)

3,295.14

1,424.47

Less: Impairment of Capital Works in Progress as per AS-28 (See note15)

-

63.91

10,635.98

10,242.53

*Represents assets impaired(see note no.15)

Notes :

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

SCHEDULES A-Q (Contd.)

	As at 31.03.2011 (Rs./Lacs)	As at 31.03.2010 (Rs./Lacs)
F. Inventories (As Certified & valued by the Management)		
Stores, Spares & Consumables (including in transit Rs.16.07 lacs . previous period Rs.0.89 lacs)	809.68	677.66
Raw Material (including in transit Rs.3918.66 lacs previous period Rs.5424.16 lacs)	4,505.48	5,871.37
Fuel	667.03	426.78
Stock in Process	323.73	216.00
Finished Goods:		
- Own Manufactured	5,386.16	1,376.53
- Trading	2.91	0.78
	<u>11,694.99</u>	<u>8,569.12</u>
G. Sundry Debtors		
Exceeding Six Months.		
-Considered Good	11.07	13.46
-Considered Doubtful	178.14	178.14
	<u>189.21</u>	<u>191.60</u>
-Less: Provision for Doubtful Debts.	178.14	178.14
Others-Considered Good	1,347.24	1,491.10
	<u>1,358.31</u>	<u>1,504.56</u>
H. Cash & Bank Balances		
Cash in Hand	1.31	0.29
Balances with Scheduled Banks		
In Current Account(including Rs.127.21 lacs in TRA for capex)	131.70	6.30
-In Fixed Deposit / Margin Money Account	724.81	629.34
	<u>857.82</u>	<u>635.93</u>
I. Loans & Advances (Unsecured - Considered Good)		
Loans - to Staff	29.17	28.26
Interest Receivable on Loans and Deposits	22.22	16.75
Advances (Recoverable in Cash or in Kind or for Value to be Received)		
-Considered Good	303.05	743.77
-Considered Doubtful	39.36	39.36
	<u>342.41</u>	<u>783.13</u>
-Less: Provision for Doubtful Advances.	39.36	39.36
Security Deposits	5.30	8.17
Tax Deducted at Source	6.44	7.28
Balances with Customs & Excise Authorities etc.	430.20	113.20
MAT Credit Entitlement	9.00	-
	<u>805.38</u>	<u>917.43</u>
J. Current Liabilities		
Acceptances Under letter of Credit/Deferred Credit	8,840.57	8,011.35
Sundry Creditors	1,015.90	251.70
Other Liabilities	795.16	453.73
Advances from Customers	51.72	108.62
Interest Accrued but not Due	19.32	9.35
	<u>10,722.67</u>	<u>8,834.75</u>
K. Provisions		
Income Tax	9.00	-
Wealth Tax	2.26	2.06
	<u>11.26</u>	<u>2.06</u>

SCHEDULES A-Q (Contd.)

		Current Year (12 months) (Rs./Lacs)	Previous Period (6 months) (Rs./Lacs)
L. Other Income			
Scrap Sale		65.31	39.15
Interest (gross)			
- Banks (TDS Rs.0.65 lacs previous period Rs.0.58 lacs)	35.05	16.48	
- Others	<u>2.04</u>	<u>37.09</u>	<u>1.29</u>
Claims Received		40.51	37.63
Gain on Exchange Fluctuation		-	228.19
Miscellaneous Income		14.98	6.80
Gain on Sale of Fixed Assets			
Prior year's Income/Adjustments	35.15	-	-
Less Prior year's Expenses	<u>19.44</u>	<u>15.71</u>	<u>-</u>
		<u>173.60</u>	<u>329.54</u>
M. Increase(Decrease) in Stocks			
Closing Stock			
Finished Goods			
- Own Manufactured	5,386.16	1,376.53	
- Trading	2.91	0.78	
Stock in Process	<u>323.73</u>	<u>216.00</u>	
		5,712.80	1,593.31
Opening Stock			
Finished Goods			
- Own Manufactured	1,376.53	2,826.90	
- Trading	0.78	2.17	
Stock in Process	<u>216.00</u>	<u>254.97</u>	
		1,593.31	3,084.04
Increase(Decrease) in Stocks		<u>4,119.49</u>	<u>(1,490.73)</u>
N. Material Cost			
Purchase of Finished Goods		4.67	-
Raw Material Consumed			
Opening Stock	5,871.35	3,525.15	
Add:Purchases	<u>29,738.39</u>	<u>14,127.25</u>	
	35,609.74	17,652.40	
Less : Closing Stock	<u>4,505.48</u>	<u>5,871.35</u>	
		31,104.26	11,781.05
		<u>31,108.93</u>	<u>11,781.05</u>



Q. SCHEDULE

1. Significant Accounting Policies & Notes On Accounts.

Fixed Assets

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

Fixed assets acquired under hire purchase schemes are capitalized at their principal value and hire charges are expensed. Fixed assets taken on lease are not treated as assets of the company and lease rentals are charged off as revenue expenses.

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

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

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

Inventories

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

Foreign Currency Fluctuations

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

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

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

Depreciation

Depreciation has been calculated on fixed assets on straight line method in accordance with schedule XIV of the Companies Act, 1956 except for building and vehicle where depreciation is calculated on written down value method. Leasehold land is depreciated over the lease period. Up till last accounting period ending on 30.09.2009 the Company used to provide depreciation upto 95% of assets value. From 01.10.2009 the Company is providing depreciation keeping the residual value to Re.1 instead of 5%.

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

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

Research and Development

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

Employees

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

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

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

Tax, Duties, etc.

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

Claims and Benefits

Claims receivable and export benefits are accounted on accrual basis.

Revenue Recognition

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

Borrowing Cost

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

Financial Derivatives Transactions

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

Forward Exchange Contracts not intended for trade or speculation purpose

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

Income from Investments / Deposits

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

Deferred Taxation

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

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

Earning Per Share

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

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

Events occurring after Balance Sheet Date

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

Contingent liabilities

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

		As at 31.03.11 (Rs./lacs)	As at 31.03.11 (Rs./lacs)
2.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1163.12	528.60
3.	Contingent liabilities not provided for in respect of		
	a. Guarantee(s) given by banks and financial institutions	327.44	289.44
	b. Letters of credit outstanding	190.70	7.00
	c. SalesTax/Excise Duty/Custom Duty/Other Statutory dues / ServiceTax/disputed in appeals	656.89	611.39
	d. Labour Cases disputed In appeal	15.30	13.88

4. The Company has not received intimation from vendors regarding the status under the Micro, Small & Medium Enterprises Development Act, 2006 and therefore, disclosures under this Act have not been given. The management does not envisage any material impact on the financials in this regard.
5. (a) Previous year's figures have been regrouped / rearranged wherever considered necessary.
(b) Current year consists of the period from 1.4.2010 to 31.03.2011 and the previous period is for the period 1.10.09 to 31.03.10, accordingly current year's figures are not comparable with previous period figures.
6. Presently no options are available on un-issued share capital except convertibility clause(s), which can be exercised by the Financial Institution(s) in terms of loan agreement(s).
7. Loan includes repayable within one year.

	As at 31.03.11 Rs. In Lacs	As at 31.03.10 Rs. In Lacs
Secured Loan		
Rupee Term Loan	43.61	41.49
OTS with Institutions	-	4.48
Interest Accrued and Due	-	3.55
Vehicle Loan	24.43	34.97
Working Capital Term Loan	159.90	143.46
Buyers Credit	606.30	346.82
Unsecured Loan		
Deferred Credit	1346.78	1383.64
Interest Accrued and Due	15.99	5.02
Interest Accrued but not Due	19.32	-

8. (a) As reported in earlier years, an employee of the Company defrauded Rs.126 lacs in connivance with certain customers. Legal proceedings against the employee and customers are being pursued. The defrauded amount has been fully provided in the year of fraud.
(b) As reported in earlier years, DEPB licenses of Rs. 27.01 lacs (Previous Period Rs. 27.01 lacs) purchased were found forged. The amount was provided for in the year of fraud. Legal proceedings are being pursued for recovery of balance amount.
9. As per corporate Debt Restructuring Scheme, the Lenders have an option to convert 20% of interest bearing loan and entire 0% interest funded loan into equity, that remain outstanding after a period of seven years. The Lenders would also have an option to convert entire / part of defaulted interest of principal, in the event of default continue beyond 90 days and have the right to revoke the package in case of default.
10. Deferred Credit (Raw-Material) of Rs. 1346.78 lacs (Previous Period Rs. 1383.64 lacs) appearing under unsecured loans represents liability for raw material supplied by foreign suppliers under deferred credit facilities.
11. (a) In the previous period the Company had written off accumulated CENVAT Credit of Rs.1345.38 due to accumulation because of inverted duty structure. During the year the recovery is Rs.Nil against the said written off.
(b) During the year Excise duty payable on closing stock of Rs.506.51 lacs (Previous Period Rs.128.30 lacs) has been adjusted against balance with Custom & Excise.
12. (a) During the year under review the Company has entered into one time settlement (OTS) with a Financial Institution, the payment of OTS amount has been made during the year. Based on legal opinion obtained by the Company, it has taken credit of Rs. 3.54 lacs (Previous Period Rs. 3.54 lacs) in respect of extinguishment of liability towards principal amount to the Capital Reserve Account.
(b) Interest waiver on such OTS amounting to Rs. 6.37 lacs (Previous Period Rs. 6.37 lacs) has been shown under the extraordinary items in the Profit & Loss Account.
13. (a) Hitherto depreciation on Building and Vehicle has been provided on written down value method instead of SLM being provided earlier. Such change has resulted in extra ordinary items to be higher by Rs.470.44 lacs, depreciation for the year to be lower by Rs.3.69 lacs thereby resulting in fixed assets to be lower by Rs.466.75 lacs.
(b) Depreciation on all assets which was hitherto being provided on straight line method basis, as per Schedule XIV of Companies Act, 1956 considering residual value at 5% of the value of assets has since last year been provided considering

residual value at Re. 1.00. The said change has resulted in increase in depreciation by Rs.30.15 lacs (for Previous Period Rs.717.33 Lacs) for the year ended on 31.03.2011. Had the earlier method be applied the depreciation for the year would have been Rs.254.88 lacs.

14. Extra Ordinary Items

(Rs./Lacs)

	Year ended 31.03.2011	Period ended 31.03.2010
Write Back of Interest on One Time Settlement with Financial Institutions	6.37	6.37
Accumulated Cenvat Credit written off	-	(1345.38)
Depreciation for earlier period (see note No. 13(a))	(470.44)	-
Impairment of certain machinery in compliance with AS-28 (see note No.15)	(120.53)	(63.91)
Total	(584.60)	(1402.92)

15. In pursuance of accounting Standard 28, on impairment of assets (AS-28) issued by the Institute of Chartered Accounts of India, the Company has reviewed the future earnings of its cash generating units. Based on such review, the company has accounted for the impairment loss on certain machinery having value of Rs.220.72 Lacs (Previous period Rs.68.90 lacs) due to change in technology. In absence of reserves Rs.120.53 lacs (Previous period 63.91 lacs) impairment loss has been reflected under extra-ordinary items
16. Certain credit and debit balances of sundry debtors and secured loans are subject to confirmation and reconciliation. Difference, if any, shall be accounted for on such reconciliation.
17. (a) Foreign Currency exposure that are not hedged by derivative instrument or forward contracts as at 31.03.2011 amount to Rs.10788.64 lacs (US\$ 244.06 Lacs) (Previous Period Rs.9608.91 lacs (US\$ 212.16 Lacs)).
- (b) Foreign currency exposure hedged by derivate instrument or forward contracts as at 31.03.11 amounting to Rs.Nil; US\$ Nil (Previous Period Rs.142.26 Lacs; US\$ 3.00 Lacs).
- (c) Considering the principle of prudence and announcement made by The Institute of Chartered Accountants of India "Accounting for Derivatives" in March 2008, the Company has provided an amount of Rs Nil (Previous Period Rs.6.39 Lacs) on outstanding contracts to the Profits & Loss Account.
18. Raw material consumed is inclusive of losses due to fluctuation in exchange rate of Rs. 79.96 Lacs (Previous Period gain of Rs.282.35 lacs)
19. Unsecured loans from Bodies Corporate include interest free unsecured loan of Rs.1800 Lacs (Previous Period Rs.1080 lacs) received from Promoter (s) in terms of conditions stipulated by term lending Banks.
20. For the year gratuity has been provided considering maximum gratuity payable at Rs.10 Lacs from Rs.3.50 Lacs as amended by notification No. S.O.1217 (E) dated 24.05.2010.
21. No amount was due for credit to investor education & protection fund as at 31st March, 2011.
22. Disclosure in respect of loan/advances and investments in its own shares by the company, its subsidiaries , associates, etc. (as required under clause 32 of listing agreement) is not being made as the company has not granted any loan or advances in the nature of loan).
23. In the opinion of the management, the current assets, loans and advances are expected to realise at least the amount at which they are stated, if realized in the ordinary course of business and provision for all known liabilities have been adequately made in the accounts.

24. Related Party Disclosures

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

1. Relationship

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

(Rs./Lacs)

	Current Year				Previous Period			
	Key management personnel	Relatives of key management personnel	Companies where significant influence exists	Others	Key management personnel	Relatives of Key Management personnel	Companies where significant influence exists	Others
Salaries & Allowances	51.02	4.59	-	-	25.70	2.37	-	-
Rent/Lease Rent Paid	0.18	0.15	-	2.69	0.09	0.08	-	1.34
Loan Taken	-	-	930.00	-	-	-	735.00	-
Loan Repaid	-	-	930.00	-	-	-	735.00	-
Interest Paid	-	-	38.27	-	-	-	14.49	-
Contribution to Gratuity/PF/ Superannuation Fund	8.55	1.11	-	53.26	4.28	0.56	-	28.43

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

25. Employee Benefit Obligations

(a) The Company makes contribution towards gratuity and superannuation to a defined contribution retirement benefits plan for qualifying employees. The fund have taken policy with Life Insurance Corporation of India to provide for payment of vested employees at retirement, death while in employment or on termination of employment. During the year contribution paid (including life cover premium) to the gratuity fund of Rs.17.00 Lacs (Previous Period Rs.11.36 Lacs) and to the superannuation fund of Rs.19.98 Lacs (Previous Period Rs.9.39 Lacs) by the Company to cover fully the benefits to be paid to the employees has been charged to the Profit and Loss Account.

(b) The Company has set up a separate Provident Fund in respect of certain categories of employees. For other employees, Provident Fund is accrued on monthly basis in accordance with the terms of contract with the employees and deposited with

the "Statutory Provident Fund". During the year Rs.16.28 Lacs (Previous Period Rs.7.68 Lacs) has been paid as contribution to the fund and Rs.61.59 Lacs (Previous Period Rs.25.68 Lacs) paid as contribution the Statutory Provident Fund, which has been charged to the Profit & Loss Account.

(c) In respect of leave encashment, the present value of obligation is determined based on actuarial valuation by an Independent Actuary based on LIC 1994-96 (ultimate) mortality table. The actuarial valuation is based on terminal salary determined by assuming salary rise of 5% per annum and discounted by assuming the imputed rate of interest of 8% per annum. The difference between the obligations at the beginning of the year Rs.80.09 Lacs and at the end of the year Rs.94.85 Lacs together with the amount paid during the period Rs.11.27 Lacs has been charged to the Profit & Loss Account.

26. Gratuity Valuation as per AS-15

	Current Year (Rs. in lacs)	Previous Period (Rs. in lacs)
Change in Benefit Obligation		
Projected benefit obligations at beginning of the period	236.70 *	238.16
Current service cost	14.66	25.52
Interest cost	18.94	20.77
Benefits paid	-6.44	-9.99
Actuarial (gain) loss	58.96	28.96
Projected benefit obligations at end of the period	322.82	255.29
Change in plan assets		
Plan asset at the beginning of the period at fair value	232.11	204.46
Contribution	15.78	13.23
Actual return of plan asset	21.58	25.29
Actuarial (gain) loss-plan assets		
Benefits paid	-6.44	-9.99
Plan asset at the end of the period at fair value	263.03	232.11
Actuarial gain/loss-plan assets		
Actual return on plan assets	21.58	9.75
Expected return on plant asset	21.58	9.46
Actuarial (gain) loss-plan assets	-	-0.29
The amount to be recognised in B/S		
Present value of defined benefits obligations	322.82	255.29
Plant assets at the end of the period at fair value	263.03	232.11
Liability recognised in the balance sheet	59.79	23.18
Cost for the period		
Current service cost	14.66	8.76
Interest cost	18.94	9.50
Expected return on plan assets	-21.58	-24.41
Actuarial (gain) loss	58.96	2.56
Expenses recognised to Profit & Loss account	70.98	49.96

* Opening balance as on 1.4.2010 as per LIC while closing balance as on 31.3.2010 as per actuarial valuation.

27. The Net Deferred Tax Asset of Rs. 2015.10 lacs as at 31.03.2011 (Rs.2017.57 lacs for the period upto 31.03.2010) has not been recognised in view of uncertainty of its realisation, as recommended under Accounting Standard (AS)-22 on "Deferred Taxation" issued by The Institute of Chartered Accountants of India. The details of Deferred Tax Assets are as under:-

	As at 31 st March, 2010	Current Year	As at 31 st March, 2011
Deferred Tax Assets being Tax impact thereon			
(i) Unabsorbed losses and/or depreciation carried forward as per Income Tax laws	2232.31	-245.32	1986.99
(ii) Expenses charged in the books, but allowance thereof deferred under Income Tax laws	125.62	33.02	158.64
	2357.93	-212.30	2145.63
Deferred Tax Liabilities being tax impact thereon			
(i) Difference between written down value of block of assets as per Income tax laws and written down value of the fixed assets as per books of accounts.	340.36	-209.83	130.53
	340.36	-209.83	130.53
Net Deferred Tax Asset	2017.57	-2.47	2015.10

28. **Earning Per Share (In.Rs.)**

Basic/Dilluted Earning Per Share

	Current Year	Previous Period
Net (Loss)/Profit for the year before extraordinary Items after tax (Rs./ lacs)	631.84	2231.47
Net (Loss)/Profit for the year after extraordinary Items after tax (Rs./ lacs)	47.24	828.55
Number of Equity Shares (Rs.10 each) *	71133121	71133121
Earning per share before extra ordinary items	0.89	3.14
Earning per share after extra ordinary items	0.07	1.16
Nominal Value per Equity Share (Rs.)	10.00	10.00

29. **Managerial Remuneration**

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

	Current Year (Rs. in lacs)	Previous Period (Rs.in lacs)
Salary	34.20	17.10
Perquisites/Allowances	16.82	8.60
Contribution towards Superannuation/Provident Funds	8.55	4.28

Note : a) The above figure does not include contribution to Gratuity Fund as separate figures are not available.
b) The company holds an insurance policy on the life of the Managing Director for a sum of Rs.100 lacs (Previous Period Rs.100 lacs).

30. **Auditors' Remuneration**

	Current Year (Rs. in lacs)	Previous Period (Rs.in lacs)
- As audit fees	5.00	2.50
- As tax audit fees	1.00	-
- As limited review audit fees	2.25	0.75
- In other capacity	0.26	0.13
Total	8.51	3.38

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

(A) Capacities & Production

Product	Licenced Capacity/ Registered Capacity @ (Per Annum)		Installed Capacity * (Per Annum)		Production MT (Per Annum)	
	Current Year	Previous Period	Current Year	Previous Preiod	Current Year	Previous Period (6 months)
Acrylic Fibre (MT)	42000	30000	30000	30000	27863	14957

@ Registered with Ministry of Industry

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

(B) Stocks & Sales of goods produced

Product	Current Year		Previous Period	
	Qty (MT)	Value (Rs. in lacs)	Qty (MT)	Value (Rs. in lacs)
Acrylic Fibre				
Opening stock	1310	1376.53	3174	2826.90
Sales *	25081	42317.89	16821	22835.82
Closing stock	4092	5386.16	1310	1376.53
*including sample Sale				

(C) Purchases, Sales and Stocks of goods traded in
Product

Product	Current Year Value (Rs. in lacs)	Previous Period Value (Rs. in lacs)
Acrylic Yarn		
Opening stock	0.78	2.17
Purchase	4.67	-
Sales	4.72	2.20
Closing stock	2.91	0.78

(D) Consumption of Raw Materials

Product	Current Year		Previous Period	
	Qty (MT)	Value (Rs. in lacs)	Qty (MT)	Value (Rs. in lacs)
Acrylonitrile	24766	27726.67	13222	10207.40
Methyl Acrylate	2053	2070.42	1184	830.09
Others		1307.17		743.56
		31104.26		11781.05

(E) Consumption of Imported & Indigenous Raw Material, Stores & Spares

	Current Year		Previous Period	
	Value (Rs. in lacs)	%	Value (Rs. in lacs)	%
Raw Material				
Imported	29935.67	96.24	11280.72	95.75
Indigenous	1168.59	3.76	500.33	4.25
	31104.26	100	11781.05	100.00
Stores & Spares				
Imported	50.02	5.11	67.07	15.51
Indigenous	929.18	94.89	366.49	84.49
	979.20	100	433.56	100.00

(F) Value of Imports on CIF basis

	Current Year Value (Rs. in lacs)	Previous Period Value (Rs. in lacs)
Raw Material	27919.87	10305.42
Stores & Spares	101.72	35.40

(G) Expenditure in Foreign Currency*

Travelling #	19.24	13.94
Interest & Other Charges	131.63	120.08
Commission on Export Sales	14.39	1.40

* On payment basis

Includes amount capitalized

(H) Earnings in Foreign Currency

	Current Year Value (Rs. in lacs)	Previous Period Value (Rs. in lacs)
FOB value of exports	2503.07	711.28

SCHEDULES A-Q (Contd.)

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

(a) Registration Details:

Registration No. State Code
Balance Sheet Date

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

Public issue Right issue
Bonus issue Private Placement

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

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

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

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

* Including other Income and Export Incentives.

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

Item Code No. Product Description

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

As per our Report of even date annexed.

For B.K.SHROFF & CO.

Chartered Accountants

O.P.Shroff

Partner

Membership No. : 6329

Firm Reg. No: 302166E

Place: New Delhi

Dated: 10th May, 2011

Vineet Jain
Managing Director

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

S.C. Malik
Director (Finance)

M.M. Kohli
Director

ATTENDANCE SLIP



Pasupati Acrylon Limited

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

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

NAME & ADDRESS OF THE SHAREHOLDER/PROXY*

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

I hereby record my presence at the 28th Annual General Meeting held onthe2011 at 1 P.M. at Thakurdwara, Kashipur Road, Distt. Moradabad, Uttar Pradesh.

SIGNATURE OF THE SHAREHOLDER/PROXY

*Strike out whichever is not applicable

(PLEASE TEAR)

PROXY FORM

Pasupati Acrylon Limited

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

Folio No./DPID*/Client ID*

I/We
of in the district of being a member/members
of Pasupati Acrylon Limited hereby appoint of in the district of
or failing him of in the district of
as my/our proxy to vote for me/us and on my/our behalf at the 28th Annual General Meeting of the Company to be held on, the
.....day of, 2011 or at any adjournment thereof

Signed this day of 2011 by the said

*applicable if shares are held in electronic form

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

Affix a
Fifteen Paise
Revenue
Stamp



PASUPATI ACRYLON LTD.

Corporate Office

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