

## NOTICE



Notice is hereby given that the 30<sup>th</sup> Annual General Meeting of the members of Pasupati Acrylon Ltd., will be held on Friday the 27<sup>th</sup> day of September 2013 at the plant premises of Pasupati Acrylon Ltd., Village Thakurdwara, Kashipur Road, Distt. Moradabad (U.P.) at 10.00 A.M. to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account of the company for the year ended on March 31, 2013, the Balance Sheet as on date, Auditor's 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 a Director in place of Mr. S. C. Malik, who retires by rotation and being eligible, offers himself for re-appointment
4. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

By order of the Board  
**PASUPATI ACRYLON LIMITED**

Place : New Delhi  
Dated : 29<sup>th</sup> May, 2013

**(Rakesh Mundra)**  
Company Secretary

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

### ANNEXURE TO THE NOTICE

#### 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 and 3 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 20.09.2013 to 27.09. 2013 (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.

## NOTICE (Contd.)



### ANNEXURE TO THE NOTICE

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 herein under:

#### ITEM NO. 2 & 3

Name of Director	Mr. S. Sathyamoorthy	Mr. S. C.Malik
Date of Birth	03.12.1944	10.01.1950
Date of Appointment	29.06.2006	14.02.2012
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.	A Fellow Member of the Institute of chartered Accountants of India, has been in the service of your Company since 1990 and had held senior positions in Finance and Accounts Departments of your company, prior to his appointment as Additional Director
Qualification	B. Com, I.A.A.S, C.A.I.I.B, Post Graduate Diploma in Development Finance (U.K)	B. Com, (Hons), FCA
Directorship in other public limited Companies	Nil	Nil
Member / Chairman of committee of the Board of the public limited companies on which he is a director	Nil	Except Member in Audit Committee and Share Transfer - cum - Shareholders Grievance Committee of Pasupati Acrylon Limited, Mr. Malik does not occupy any Committee membership in any other Public Limited Company.

By order of the Board  
**PASUPATI ACRYLON LIMITED**

Place : New Delhi  
Dated : 29<sup>th</sup> May, 2013

**(Rakesh Mundra)**  
Company Secretary

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

## 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 31<sup>st</sup> March, 2013.

### FINANCIAL RESULTS

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

	<u>2012-13</u>	<u>(Rs./ Crores)</u> <u>2011-12</u>
Sales (Gross) & Other Income	468.20	435.01
Profit before Interest & Depreciation	15.32	2.08
Financial Charges	12.71	10.23
Depreciation	4.72	2.94
Profit / (Loss) before Taxes	(2.11)	(11.09)
Tax Expenses for the year :-		
- Current Tax	0.03	0.03
- Deferred Tax Assets	2.94	3.81
Exceptional Items – Exchange Fluctuation Loss / (gain)	7.73	14.84
Extra-ordinary Income / (Expense)	-	13.45
Profit /(Loss) after Taxes	(6.93)	(8.70)

The Directors do not recommend dividend for the year.

### OPERATIONS

The Company has recorded a production of 29127 MT and Sale of 28977 MT during the year under review as against 24718 MT and 26726 MT respectively during the previous year, posting a strong growth of 20% and 8% respectively. The gross turnover during the year increased to Rs.463.88 Crores from Rs.431.08 Crores in the previous year.

During the year under review company suffered losses as Acrylonitrile (ACN), the principal raw material witnessed volatile scenario, also USD rose sharply against INR.

During current year it is expected that demand of Acrylic Fibre both in domestic and international market shall remain strong, also the A C N prices have now stabilized. The USD also expected to move within a range as the Government is taking various steps to tackle Current Account Deficit. As such barring unforeseen circumstances the Company shall do better in the current year.

### MANAGEMENT DISCUSSION & ANALYSIS

#### a) Industry Structure and Development

The Demand of Acrylic Fibre during the year was better than the previous year and your company has sold 28977 MT during the year as compared to 26726 MT during the previous year. During the current year the demand expected to remain strong.

#### b) Opportunities and Threat

Principal raw material of your company is A C N which is a by-product of crude oil. The crude oil prices continue to be volatile in the international market resulting direct impact on the A C N prices. The A C N is largely imported as such the fluctuation in foreign exchange i.e. USD vs INR adversely affects the margin of the Company.

The economic outlook still appears to be challenging on account of uncertainty in Euro zone and USA, prospects of higher domestic inflation, higher borrowing cost and increasing India's current account deficit is a concern.

#### c) Segment-wise / Product-wise performance

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

#### d) Risk and Concern

Distrust on economic outlook of Euro zone and lacking substance in the recovery of US economy remains a cause of concern globally and it has impact on the purchasing capacity of consumers vis-a vis demand of the commodities. The principal raw material that is A C N and V A M are both petrochemical derivative and are highly susceptible to crude oil prices. In addition, the volatility in USD to INR adds to the woes of the acrylic fibre industry. During the year under review and current year the USD is rising consistently against INR which is a cause of concern for the Industry. To mitigate the exchange impact company is giving thrust to exports and also taking forward cover when ever advised.

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

## DIRECTORS' REPORT (Contd.)



### 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 deposits from public.

### DIRECTORS

Mr. S. Sathyamoorthy and Mr. S.C. Malik, Directors retires by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

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

Your Directors hereby confirm that:-

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- ii) 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 year and of the loss of the company for that year;
- iii) 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;
- iv) 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 was 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 31<sup>st</sup> March, 2013 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.

The Auditors in the report, while referring to Note No.13 to Notes on Accounts, for the Financial Year 2012-13 commented on the inability to express any opinion On the future profitability projections made by the Company and their consequential impact, if any, on the Deferred Tax Assets recognized in the said accounts.

In the opinion of the Company, based on future profitability estimates in view of commissioning of new Power Plant and enhancement in capacity, the company is virtually certain that there would be sufficient taxable income available in future to claim the tax credit.

### 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.

## DIRECTORS' REPORT (Contd.)



### 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, who have diligently contributed to the Company's progress.

Rakesh Mundra  
Director (Finance) & Company Secretary

for and on behalf of the Board  
Vineet Jain  
Managing Director

Place : New Delhi

Dated : 29<sup>th</sup> May, 2013.

(Additional Information in terms of Notification No.1029 of 16.12.1988 issued by the Department of Company Affairs).

### [A] CONSERVATION OF ENERGY

#### (a) Energy conservation measures taken during the period under report are as under:

- i) For 8 MW Turbine ejector steam of 12 kg/cm<sup>2</sup> was used from direct turbine extraction instead of PRDSH to reduce steam losses
- ii) Auto water removal system was installed at HOC Air Dryer to reduce air losses.
- iii) Water addition in DMF recovery area condensate tank was increased to reduce flash steam losses.
- iv) The Conductivity Meter for measuring condensate conductivity was relocated to use condensate being drained through conductivity meter to save steam.

#### (b) Additional investments and proposals

- Energy Audit is to be carried out to know the areas for Energy Conservation.
- Installation of right size/high efficiency steam trap at various places.
- Installation of variable frequency drive on various Blowers to save energy.

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

On account of above measures there would be substantial savings.

#### (d) The total energy consumption per unit of production as per Form - A is annexed herewith.

### [B] TECHNOLOGY ABSORPTION

Replacement of high value chemical with low value chemical is in progress.

### [C] FOREIGN EXCHANGE EARNINGS & OUTGO

#### (a) Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plan.

Your company has exported Fibre amounting to Rs.3356.04 Lacs (FOB) for the year as compared to Rs. 4968.91 Lacs (FOB) during the previous year. Continuous efforts are being made to improve export performance.

#### (b) Total Foreign Exchange Used & Earned (Rs.in lacs)

Foreign Exchange Used	2012-13	2011.12
i) Travelling	30.86	22.82
ii) Interest & other charges	212.95	193.49
iii) Commission on Export Sales	36.25	59.16
iv) CIF Value of Imports		
- Raw Material	28595.14	25264.36
- Stores and Spares	70.59	141.18
<b>Foreign Exchange Earned</b>		
FOB Value of Exports	3356.04	4968.91

FORM – A  
(See Rule-2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

		Year Ended March 31, 2013	Year Ended March 31, 2012	
<b>(A) POWER AND FUEL CONSUMPTION</b>				
<b>1. ELECTRICITY</b>				
Own generation				
i)	Through Diesel generator units (in Lacs)	KWH	8.46	10.57
	Unit per Litre of Diesel Oil	KWH/Litre	3.07	3.16
	Cost/Unit	Rs./KWH	14.16	11.87
ii)	Through turbines			
	Units (In Lacs)	KWH	345.87	299.38
	Total Cost	Rs./Lacs	1764.15	2127.31
	Cost/Unit	Rs./KWH	5.10	7.11
<b>2. COAL</b>				
	Quality of Coal and where used	'B', 'C' & 'D' grade Coal used in Boiler for generation of steam		
	Quantity – units	MT	44291	65966
	Total Cost	Rs./Lacs	3870.88	4441.81
	Average rate	Rs./MT	8739.66	6733.49
<b>3. PET COKE</b>				
	Quality of Pet Coke and where used	Pet Coke used in Boiler for generation of steam		
	Quantity – units	MT	25603	266
	Total Cost	Rs./Lacs	2231.59	28.38
	Average rate	Rs./MT	8716.12	10670.89
<b>(B) CONSUMPTION PER UNIT OF PRODUCTION</b>				
	Products	Acrylic Fibre/Tow/Tops		
	Electricity	MW/MT	1.21	1.24
	Coal ("B" 'C' & 'D' grade coal used in Boiler for generation of steam)	MT	1.52	2.65
	Pet Coke used in Boiler for generation of steam	MT	0.88	0.01

## 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 work on Super Bright Fibre using flat spinnerets.
  - Improvement work on Gel Dyed Acrylic Fibre
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**

	(Rs. in Lacs)	
	Year 2012-2013	Year 2011-2012
a) Capital	-	-
b) Recurring	26.06	21.08
c) Total	26.06	21.08
d) Total R&D expenditure as a percentage of total turnover	0.06%	0.05%

##### [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 : - -
  - (b) Year of Import : - -
  - (c) Has technology been fully absorbed : - -
  - (d) If not fully absorbed, reason for & Future action plan : - -

#### 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 31<sup>st</sup> March, 2013, 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. *Except Managing directors remuneration of Rs.24,07,695 paid from 01.10.2012 to 31.03.2013 which has been approved by remuneration committee meeting held on 29.05.2013. Approval of Central Government is yet to be obtained.*

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 investors grievances complaint 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 Registration No: 302166E

**O.P. Shroff**  
Partner

Membership No.6329

Place : New Delhi  
Date : 29<sup>th</sup> May, 2013

## 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 year, four Board Meetings were held on 30.05.2012, 14.08.2012, 09.11.2012 and 12.02.2013.

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	Yes	-	-	-	B
3	Mr. S. C. Malik	Non-executive Director	4	Yes	-	-	-	B
4	Mr. Rakesh Gupta (PICUP Nominee)	Non-executive Director	4	No	1	-	-	B, C
5	Mr. Devender Singh (PICUP Nominee)	Non-executive Director	3	No	1	-	-	B, C
6	Mr. S. Sathyamoorthy	Non-executive Director	2	No	-	-	-	B
7	Mr. Rakesh Mundra	Director (Finance) & Executive Director	4	Yes	1	-	-	

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.

### 3. Audit Committee

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

30.05.2012, 14.08.2012, 09.11.2012 and 12.02.2013.

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 Quarterly, half yearly and annual financial statements, the adequacy of internal control systems, the financial and risk management policies etc.

#### Composition

The Audit Committee of the Board comprises of two non-executive Independent Directors and one Nominee Director. 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. M. M. Kohli	Chairman & Independent Director	4
2	Mr. S. C. Malik	Independent Director	4
3	Mr. Rakesh Gupta	Nominee Director	4

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 three 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 Director	Status
1	Mr.M.M.Kohli	Non Executive Director
2	Mr.Rakesh Gupta, PICUP Nominee	Non Executive Director
3	Mr.Devender Singh, PICUP Nominee	Non Executive Director

The remuneration committee meets as and when need arises. Further, the Board in their meeting held on 27<sup>th</sup> July, 2002 decided that the quorum of the remuneration committee shall be three committee members or 1/3<sup>rd</sup> 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.

During the year, no remuneration committee meeting was held.

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

#### 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 are 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 31.03.2013

##### (i) Executive Directors

Name	Salary (Rs.)	Perquisites (Rs.)	Retirement benefits (Rs.)
Mr.Vineet Jain, Managing Director *	2400000	2008540	600000
Mr. Rakesh Mundra, Director (Finance)	996286	169083	249072

\* Remuneration committee has approved the payment of remuneration in their meeting held on 29.5.2013 subject to approval of Central Government.

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

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

##### (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	51000
Mr. S.C. Malik	51000
Mr.Devender Singh	4500
Mr. Rakesh Gupta	12000
Mr. S. Sathymoorthy	3000

#### 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 are given herein under:

Sl.No	Name of Director	No of Meetings held	No of Meetings attended
1	Mr. M.M. Kohli	26	26
2	Mr.Vineet Jain	26	21
3	Mr.S.C.Malik	26	26
4	Mr. Rakesh Mundra	26	26

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;

- iii) Consolidation/Split of Share Certificates;
- iv) Review of Shares Dematerialized;
- v) All other matters relating to shares.

Mr. Rakesh Mundra, Director (Finance) & Company Secretary and Mr. Hiren Vyas, Company Secretary of M/s. 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 31.03.2013, 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 1.04.2012 to 31.03.2013 are as under.

Sl.No.	Type of Compliant	Pending As on 01.04.2012	Total Complaints Received	Complaints Redressed	Redressal under process	Pending As on 31.03.2013
1	Letter received from SEBI	Nil	Nil	Nil	Nil	Nil
2	Letter received from Stock Exchanges	Nil	3	3	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	Nil	Nil	Nil	Nil
6	Issue of Duplicate Shares	Nil	Nil	Nil	Nil	Nil
7	Non receipt of Dividend	Nil	Nil	Nil	Nil	Nil
8	Share Transfers etc.	Nil	16	16	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](mailto:palinvest.grievance@gmail.com).

#### 8. General Body Meetings

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

Financial year	Date	Time	Venue
31.03.2010	25.09.2010	10.30 AM	Pasupati Acrylon Ltd., Vill. Thakurdwara, Kashipur Road, Moradabad (UP)
31.03.2011	26.09.2011	01.00 PM	
31.03.2012	28.09.2012	10.00 AM	

Mr. M.M. Kohli, Chairman of the Audit Committee had also attended the Annual General Meeting held on 28.09.2012.

No resolution was passed through postal ballot during the period 01.04.2012 to 31.03.2013 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

In the last three Annual General Meetings, no special resolution was passed except one special resolution in the last Annual General Meeting held on 28.9.2012.

#### 9. Disclosures

1. Details of related party transactions during the year have been set out under Note No. 34 of 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 31<sup>st</sup> March 2013. 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. Business Standard English and 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](http://www.pasupatiacrylon.com) is regularly updated with financial results.
4. Requisite information, statements and reports are being filed under [www.corpfiling.co.in](http://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. S. Sathyamoorthy and Mr. S.C. Malik 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 Friday the 27<sup>th</sup> day of September, 2013 at Registered office of the Company i.e. Thakurdwara, Kashipur Road, Distt. Moradabad (UP) at 10.00 AM.
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 30<sup>th</sup> 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.
4. Financial Calendar for the period 2013-14 (Provisional)

First Quarter Results (30.06.2013)	By 14 <sup>th</sup> August 2013
Second Quarter Results (30.09.2013)	By 15 <sup>th</sup> November 2013
Third Quarter Results (31.12.2013)	By 15 <sup>th</sup> February 2014
Fourth Quarter Results (31.03.2014)	By 15 <sup>th</sup> May 2014
Mailing of Annual Report	By August, 2014
Annual General Meeting	By September, 2014

#### 12. Dates of Book Closure

The Share Transfer Books and Register of Members of the Company shall remain close from Friday the 20<sup>th</sup> day of September 2013 to Friday the 27<sup>th</sup> day of September 2013 (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 2013-2014 have been paid to the Mumbai Stock Exchange.

#### 15. Stock Market Price Data for the period 01.04.2012 to 31.03.2013.

##### Share Price on BSE

Month	B S E		B S E SENSEX	
	High (Rs.)	Low (Rs.)	High	Low
April, 2012	4.69	3.43	17664	17010
May, 2012	4.68	2.94	17432	15810
June, 2012	5.29	3.70	17448	15749
July, 2012	6.15	4.25	17631	16598
August, 2012	5.10	3.87	17973	17027
September, 2012	4.70	3.37	18870	17251
October, 2012	4.45	3.58	19137	18393
November, 2012	5.04	3.40	19373	18256
December, 2012	4.94	3.15	19612	19149
January, 2013	4.69	3.42	20204	19509
February, 2013	4.52	3.19	19967	18794
March, 2013	3.99	2.48	19755	18568

#### 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 M/s.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 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 31<sup>st</sup> March 2013**

No. of Shares	No. of Shareholders	%	No. of Shares	%
1-500	52282	89.47	7422194	8.33
501-1000	3603	6.17	2762343	3.10
1001-2000	1384	2.37	2083739	2.34
2001-3000	368	0.63	932941	1.05
3001-4000	151	0.26	530525	0.60
4001-5000	186	0.32	863885	0.97
5001-10000	224	0.38	1636663	1.83
10001 -50000	179	0.30	3793506	4.25
50001- 100000	20	0.03	1395490	1.56
100001 and above	40	0.07	67711835	75.97
<b>Total</b>	<b>58437</b>	<b>100</b>	<b>89133121</b>	<b>100</b>

19. **Dematerialization of Shares**

As on March 31, 2013, 86.56% of the Company's total shares representing 77153731 shares were held in dematerialized form and the balance 13.44% representing 11979390 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 Email: 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 : 29<sup>th</sup> May , 2013

**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, 2013, as envisaged in Clause 49 of the Listing Agreement with stock exchanges.

Vineet Jain  
 Managing Director

Place : New Delhi  
 Date : 29<sup>th</sup> May, 2013

## AUDITORS' REPORT



### TO THE MEMBERS OF PASUPATI ACRYLON LTD.

#### Report on the Financial Statements

We have audited the accompanying financial statements of PASUPATI ACRYLON LTD. ("the Company") which comprise the Balance Sheet as at 31 March 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

#### Management's responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;
- In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Emphasis of Matter

We draw attention to:

- Schedule 28 to the financial statements which states that the Managing Directors Remuneration of Rs.27.08 lacs paid for the period 01.10.2012 to 31.03.2013 is subject to approval of the Central Government.*
- Schedule 13 to the financial statements relating to recognition of net deferred tax assets of Rs.2690.13 lacs (including Rs.2395.83 lacs upto March 2012) in accounts upto 31<sup>st</sup> March 2013 based on future profitability projection made by the management. However, we are unable to express any opinion on the above projections and their consequential impact, if any, on such DTA*

#### Report on Other Legal and Regulatory requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by section 227(3) of the Act, we report that:
  - 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;
  - 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;
  - The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
  - On the basis of written representation received from the directors as at 31 March 2013 and taken on record by the Board of Directors, none of the directors is disqualified as at 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For B.K. SHROFF & CO.  
Chartered Accountants  
Firm Registration No. 302166E

O.P. Shroff  
Partner

Membership No. : 6329

Place : New Delhi  
Date : 29<sup>th</sup> May, 2013

ANNEXURE REFERRED TO IN PARAGRAPH (1) UNDER THE HEADING OF "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" 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.
- (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 covered 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, accordingly 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 31<sup>st</sup> March, 2013 for a period of more than six months

AUDITORS' REPORT (Contd.)



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 dispute are as under:

Sr. No.	Name of the Statute	Nature of dues	Period to which amount relates	Amount Rs.in lacs	Forum where pending	Remarks
1	Central Excise & Salt Act 1964	Differential duty on waste	13.02.92 to 30.06.92 August 92 to 20.01.93 Feb. 96 to July 03 Aug. 03 to Jan. 04 May 04 to Jan. 05 Feb. 05 to Apr. 05 May 05 to Nov 05 Dec 05 to March 07 April 07 to August 07 Sept 07 to March 08 April 08 to Nov. 08 Dec. 08 to Aug. 09 Sept 09 to Feb. 10 March 10 to Nov. 10 May 11 to Jan. 12 Feb 12 to Nov. 12	6.77 13.28 145.58 17.52 31.25 4.75 10.89 13.40 4.26 4.96 7.43 2.83 3.76 4.32 6.27 45.26	Supreme Court, N. Delhi	Department filed appeal in Hon'ble Supreme Court  Department issuing SCN as Protected Demand
2	UP Trade Tax Act Entry Tax	Entry Tax Entry Tax Entry Tax Entry Tax	01.04.03 to 31.03.04 01.04.04 to 31.03.05 01.04.05 to 31.03.06 01.04.06 to 31.03.07 November 2010 (2010-11)	14.40 19.46 14.68 10.34 3.15	Supreme Court, N. Delhi Tribunal - Moradabad Tribunal - Moradabad Tribunal - Moradabad Supreme Court, N. Delhi Stay granted	BG submitted as per Supreme Court order. BG submitted as per Supreme Court order. BG submitted as per Supreme Court order. BG submitted as per Supreme Court order. BG submitted as per Supreme Court order.
3	Central Excise & Customs Act	Education cess debited in DEPB script	14.09.04 to 07.10.04 11.10.04 to 29.11.04 02.12.04 to 08.02.05	4.16 14.69 17.34	Addl. Commissioner. Central Excise & Customs, Meerut	Department filed appeal before The CESTAT. Cases put in call book till decision by CESTAT
4	Central Excise, Service Tax & Customs Act (Service Tax)	Utilisation of CENVAT Credit for payment of Service Tax	April 07 to Sept 07 Oct 07 to Dec 07 Jan 08 to Feb 08	4.97 3.41 3.01	CESTAT, New Delhi	Pending before CESTAT for final hearing Stay Granted
5	Central Excise & Customs Act	Excise Duty on Nitrogen Gas	Jan 06 to December 06 Jan 07 to December 07 Jan 08 to November 08 Dec. 08 to October 09 Nov. 09 to Aug. 10 Sep. 10 to May 11	0.18 0.17 0.27 0.20 0.15 0.18	CESTAT, New Delhi CESTAT, New Delhi CESTAT, New Delhi CESTAT, New Delhi CESTAT, New Delhi Supdt.-Adj. Haldwani Division	Pending before CESTAT for final hearing Pending before CESTAT for final hearing Pending before CESTAT for final hearing Pending before CESTAT for final hearing Pending before CESTAT for final hearing case not fixed for hearing till date.
6	Central Excise, Service Tax & Customs Act (Service Tax)	Disallowing Service Tax Credit due to non Registration of HO under ISD.	Feb 05 to Feb 08	122.27	CESTAT, New Delhi	Pending before CESTAT for final hearing

- (x) As at 31.03.2013 the accumulated losses of the company are more than fifty percent of its net worth. The company has incurred cash losses during the year covered by our audit and in the immediately preceding year.

## AUDITORS' REPORT (Contd.)



- (xi) In our opinion and according to the information and explanations given to us, the company has generally not defaulted in repayment of principal/interest dues to financial institutions, banks & debentures holders.
- (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. *Except Rs. 279.48 Lacs utilized for purchase of fixed assets / repayment of Term Loan.*
- (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  
Registration No: 302166E

**O.P. Shroff**  
**Partner**  
Membership No. : 6329

Place : New Delhi  
Date : 29<sup>th</sup> May, 2013



**BALANCE SHEET AS AT 31ST MARCH, 2013**



Particulars	Note No.		As at 31.03.2013 (Rs./Lacs)	As at 31.03.2012 (Rs./Lacs)
<b>EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital	2	8,914.10	8,914.10	
Reserves & Surplus	3	(1,235.11)	7,678.99	299.55
				9,213.65
<b>NON-CURRENT LIABILITIES</b>				
Long-Term Borrowings	4	3,122.03	3,424.52	
Other Long Term Liabilities	5	432.54	342.03	
Long Term Provisions	6	73.92	3,628.49	78.73
				3,845.28
<b>CURRENT LIABILITIES</b>				
Short-Term Borrowings	7	5,181.17	4,381.87	
Trade Payables	8	8,842.72	9,691.04	
Other Current Liabilities	9	2,066.32	1,900.38	
Short Term Provisions	10	171.97	16,262.18	154.13
				16,127.42
			<b>27,569.66</b>	<b>29,186.35</b>
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
<b>Fixed Assets</b>				
Tangible Assets	11	10,493.73	9,417.48	
Capital Work in Progress	12	-	2,157.94	
		10,493.73	11,575.42	
Deferred Tax Assets(Net)	13	2,690.13	2,395.83	
Long-Term Loans & Advances	14	-	70.49	
Other Non Current Assets	15	6.97	13,190.83	5.46
				14,047.20
<b>CURRENT ASSETS</b>				
Inventories	16	10,286.16	10,508.71	
Trade Receivables	17	2,085.10	1,850.38	
Cash & Cash Equivalents	18	1,211.17	1,281.58	
Short Term Loans & Advances	19	383.97	764.02	
Other Current Assets	20	412.43	14,378.83	734.46
				15,139.15
			<b>27,569.66</b>	<b>29,186.35</b>

Significant Accounting Policies and Notes on Accounts 1  
As per our report of even date annexed

For B.K. Shroff & Co.,  
Chartered Accountants  
Firm Registration No.302166E

Vineet Jain  
Managing Director

O.P.Shroff  
Partner  
Membership No.6329

Place : New Delhi  
Dated : 29th May, 2013

Rakesh Mundra  
Director (Finance) & Company Secretary

S.C.Malik  
Director

M.M.Kohli  
Director

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013



Particulars	Note No.	Current Year (Rs./Lacs)	Previous Year (Rs./Lacs)
Revenue from Operations	23	41,658.85	39,526.58
Other Income	24	431.99	392.51
<b>Total Revenue</b>		<b>42,090.84</b>	<b>39,919.09</b>
Expenses			
Cost of Materials Consumed	25	31,526.81	27,628.40
Purchases of Stock in Trade	26	9.62	6.45
Changes in Inventories of Finished Goods, Work in Progress and Stock in trade	27	(651.54)	1,655.14
Employee Benefits Expense	28	1,696.52	1,530.03
Finance Costs	29	1,270.89	1,022.76
Depreciation and Amortisation Expense	30	472.08	293.71
Other Expenses	31	7,977.23	8,891.72
<b>Total Expenses</b>		<b>42,301.61</b>	<b>41,028.21</b>
Profit before Exceptional & Extraordinary items & Tax		(210.77)	(1,109.12)
Exceptional items-Exchange Fluctuation (Loss)		(773.49)	(1,484.06)
Profit before Extraordinary items and Tax		(984.26)	(2,593.18)
Extraordinary Items	32	-	1,345.38
Tax Expense			
Current Tax			
Deferred Tax Asset		294.30	380.73
Wealth Tax		2.00	2.00
Interest on Income/Wealth tax		0.54	0.98
Wealth Tax Written Back for earlier year's		-	(0.29)
Loss for the Year		(692.50)	(869.76)
Earnings per Equity Share	33		
Basic & Diluted (before extra ordinary items)			
(Basic & Diluted)		(0.78)	(2.61)
Basic & Diluted (after extra ordinary items)			
(Basic & Diluted)		(0.78)	(1.03)
<b>Significant Accounting Policies and Notes on Accounts</b>	1		

As per our report of even date annexed

For B.K. Shroff & Co.,  
Chartered Accountants  
Firm Registration No.302166E

Vineet Jain  
Managing Director

O.P.Shroff  
Partner  
Membership No.6329

Place : New Delhi  
Dated : 29th May, 2013

Rakesh Mundra  
Director (Finance) & Company Secretary

S.C.Malik  
Director

M.M.Kohli  
Director

## CASH FLOW STATEMENT FOR YEAR ENDED 31ST MARCH, 2013



	As at 31.03.2013 (Rs./Lacs)	As at 31.03.2012 (Rs./Lacs)
<b>A. Cash Flow from Operating Activities</b>		
Net Profit/(Loss) before tax, extraordinary items	(984.26)	(2593.18)
Add/(Less) : Adjustments for		
Depreciation	472.08	293.71
Interest expenses	787.55	499.73
Interest Income	(86.44)	(66.26)
Liability no longer require written back	(40.36)	-
Loss/(Gain) on sale of fixed assets	(4.60)	2.97
	1128.23	730.15
Operating Profit before working capital changes	143.97	(1863.03)
Add: Adjustments for change in working capital		
Trade and Other receivables	538.56	584.78
Inventories	222.55	1186.27
Trade and Other Payables	(603.15)	(400.67)
	157.96	1370.38
Net Cash Generated from operations	301.93	(492.65)
Direct Taxes paid/adjusted	(10.63)	(11.51)
Net Cash from Operating Activities	291.30	(504.16)
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(233.50)	(2043.01)
Sale of Fixed Assets	5.56	46.23
Interest received	82.11	66.85
Net Cash from Investing Activities	(145.83)	(1929.93)
<b>C. Cash Flow from Financing Activities</b>		
Interest paid	(798.89)	(452.07)
Short Term Bank Borrowings-Buyer's Credit	588.34	3380.00
Proceeds from long term borrowings	14.49	1207.50
Repayment of long term borrowings	(697.33)	(684.60)
Proceeds/(Payment) of unsecured loans	340.00	390.00
Proceeds/(Payment) of short term advances	9.60	5.67
Increase/(Decrease) in Bank Borrowings	327.91	(988.65)
Net Cash used in Financing Activities	(215.88)	2857.85
Net increase in Cash and cash equivalents	(70.41)	423.76
Opening Balance of cash and cash equivalents	1281.58	857.82
Closing Balance of cash and cash equivalents	1211.17	1281.58

**D. Notes on Cash Flow Statement**

1. Figures in brackets represent cash outflow.
2. Cash flow does not include non cash items.

3. Cash and cash equivalents includes balance in fixed deposit/margin money account Rs.905.04 Lacs(Previous Year Rs.1272.07 Lacs)

As per our report of even date annexed

**For B.K. Shroff & Co.,**  
Chartered Accountants  
Firm Registration No.302166E

**Vineet Jain**  
Managing Director

**O.P.Shroff**  
Partner  
Membership No.6329

Place : New Delhi  
Dated : 29th May, 2013

**Rakesh Mundra**  
Director (Finance) & Company Secretary

**S.C.Malik**  
Director

**M.M.Kohli**  
Director



## ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

### 1. Significant Accounting Policies & Notes on Accounts.

#### a) Method of Accounting

- i) The accounts of the Company are prepared under the historical cost convention using the accrual method of accounting unless otherwise stated hereinafter.
- ii) Accounting policies are consistent with generally accepted accounting principles.

#### b) 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.

#### c) 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.

#### d) 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.

#### e) 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. Up till 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.

#### f) 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.

#### g) Retirement benefits

- i) Short term Employees Benefits.

All Employee benefits payable only within twelve months of rendering the service are classified as short term employee benefits. Benefits such as Salaries, Wages etc. and the expected cost of bonus, exgratia, incentives are recognized in the year during which the employee renders the related services.

- ii) 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.

- iii) 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.

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

**h) Borrowing Cost**

Borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying assets are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the year in which they are incurred. Capitalisation of borrowing cost ceases when substantially all activities necessary to prepare the qualifying assets for its intended use or sale are complete.

**i) Excise and other duties.**

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.

**j) Claims and Benefits**

Claims receivable and export benefits are on accrual basis.

**k) Revenue Recognition**

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

**l) 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.

**m) 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.

**n) 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.

**o) 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 Assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

At each Balance Sheet date the company re assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent it has become reasonably certain or virtually certain as the case may be that sufficient actual taxable income will be available against which such deferred tax can be realized.

**p) Earning Per Share**

Basic earnings 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 earnings 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).

**q) Events occurring after Balance Sheet Date**

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

**r) Contingent liabilities**

Contingent Liabilities as defined in Accounting Standard-29 are disclosed by way of notes to accounts. Provision is made if it becomes probable that an outflow of future economic benefit will be required for an item previously dealt with as a contingent liability.

**2. Share Capital**

**a) Authorised**

Particulars	No. of Shares		Amount (Rs./Lacs)	
	As at 31.3.2013	As at 31.3.2012	As at 31.3.2013	As at 31.3.2012
<b>Equity Shares of Rs. 10 each</b>				
At the beginning of the period	<b>10,00,00,000</b>	10,00,00,000	<b>10000.00</b>	10000.00
Add: Additions during the period	-	-	-	-
Less: Reduction during the period	-	-	-	-
At the end of the period	<b>10,00,00,000</b>	10,00,00,000	<b>10000.00</b>	10000.00

b) Issued

Particulars	No. of Shares		Amount (Rs./Lacs)	
	As at 31.3.2013	As at 31.3.2012	As at 31.3.2013	As at 31.3.2012
<b>Equity Shares of Rs. 10 each fully paid up</b>				
At the beginning of the period	89158825	71158825	8915.88	7115.88
Add: Additions during the period		18000000	-	1800.00
At the end of the period	89158825	89158825	8915.88	8915.88

c) Subscribed and Paid up

Particulars	No. of Shares		Amount (Rs./Lacs)	
	As at 31.3.2013	As at 31.3.2012	As at 31.3.2013	As at 31.3.2012
<b>Equity Shares of Rs. 10 each fully paid up</b>				
At the beginning of the period @	89133121	71133121	8914.10	7114.10
Add: Additions during the period	-	18000000	-	1800.00
At the end of the period	89133121	89133121	8914.10	8914.10

@ Does not include 15800 Shares(Previous year 15800 Shares) forfeited in earlier years, amount forfeited Rs.0.79 lacs (Previous year Rs.0.79 lacs) included in share capital subscribed and paid up.

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).

Details of shares in the company held by each shareholder holding more than 5% of shares is as under:

Name of the Shareholder	Percentage	No. of Shares	
		As at 31.3.2013	As at 31.3.2012
Manish Jain	17.56	15649232	15649232
Shubh Exim Ltd.	5.05	4500000	4500000
PICUP	5.03	4481752	4481752
Gurukripa Finvest Private Ltd.	10.10	9000000	9000000
Sulabh Plantation & Finance Pvt. Ltd.	9.26	8250000	8250000

3. Reserve & Surplus

Particulars	Amount (Rs./Lacs)	
	As at 31.3.2013	As at 31.3.2012
<b>a) Capital Reserve</b>	1452.78	1452.78
<b>b) Revaluation Reserve</b>		
At the beginning of the Year	4880.27	5637.30
Less: Depreciation for the year on amount added on revaluation transferred to Profit & Loss Statement	842.16	757.03
At the end of the Year	4038.11	4880.27
<b>c) Profit &amp; Loss Statement</b>		
At the beginning of the Year	(6033.50)	(7178.84)
Add : Deferred Tax Assets for earlier years	-	2015.10
Add: Profit /(Loss)for the Year	(692.50)	(869.76)
At the end of the Year	(6726.00)	(6033.50)
<b>Total (a+b+c)</b>	<b>(1235.11)</b>	299.55

#### 4. Long Term Borrowings

Particulars	Amount (Rs./Lacs)	
	As at 31.3.2013	As at 31.3.2012
<b>Secured</b>		
<b>Term Loans</b>		
From Banks		
Rupee Loan (a) (c)	1915.56	2366.73
Working Capital Term Loan (a)	430.91	618.24
Vehicle Loan (b)	45.56	49.55
Total	2392.03	3034.52
<b>Unsecured</b>		
<b>Inter Corporate Deposits</b>	730.00	390.00
<b>Total</b>	<b>3122.03</b>	<b>3424.52</b>

- a) Loans of Rs.546.47 Lacs (Previous year Rs.784.97 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 specified assets acquired out of the loan amount.
- c) Loan of Rs.1800 Lacs(previous year Rs.2200 lacs) are secured by 1<sup>st</sup> charge on New Plant & Machinery on pari-passu basis. 2<sup>nd</sup> 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.

There is no default as on the Balance Sheet date in repayment of loans and interest.

The above loans are repayable as follows:

Particulars	Amount (Rs./Lacs)	
	As at 31.3.2013	As at 31.3.2012
Payable after 1 year	685.80	658.87
Payable after 2 years	705.39	684.28
Payable after 3 years	400.85	690.53
Payable after 4 years	400.00	400.85
Payable after 5 years	199.99	400.00
Payable after 6 years	-	199.99
Total	2392.03	3034.52

#### 5. Other Long Term Liabilities

Particulars	Amount (Rs./Lacs)	
	As at 31.3.2013	As at 31.3.2012
Export Benefits	408.28	276.28
Others	24.26	65.75
Total	432.54	342.03

#### 6. Long Term Provisions

Particulars	Amount (Rs./Lacs)	
	As at 31.3.2013	As at 31.3.2012
Provisions for Employee Benefits	73.92	78.73

#### 7. Short Term Borrowings

Particulars	Amount (Rs./Lacs)	
	As at 31.3.2013	As at 31.3.2012
<b>Secured</b>		
<b>Loans repayable on Demand</b>		
From Banks (a)	376.72	48.81
<b>Other Loans &amp; Advances</b>		
Foreign Currency Buyers Credit (a)	4574.63	3986.29
Sub Total	4951.35	4035.10
<b>Unsecured</b>		
Deferred Credit	229.82	346.77
<b>Total</b>	<b>5181.17</b>	<b>4381.87</b>

- (a) 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.

#### 8. Trade Payables

Particulars	Amount (Rs./Lacs)	
	As at 31.3.2013	As at 31.3.2012
Acceptances	8440.73	9210.09
Sundry Creditors	401.99	480.95
Total	8842.72	9691.04

The Company has not received intimation from vendors regarding the status under the Micro, Small and Medium Enterprises Development Act, 2006 and therefore, disclosures under this Act have not been given.

#### 9. Other Current Liabilities

Particulars	Amount (Rs./Lacs)	
	As at 31.3.2013	As at 31.3.2012
Current Maturities of Long Term Debts – Secured (a)(b) & (c)	659.23	637.62
Interest accrued but not due on borrowings	31.25	42.59
Interest accrued & due on borrowings	-	40.35
Advance from Customers	322.96	255.72
Other Payables	1052.88	924.10
Total	2066.32	1900.38

- a) Loans of Rs. 238.54 Lacs (previous year Rs.218.24 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) Loan of Rs.400 Lacs(Previous year Rs.400 Lacs) are secured by 1st charge on New Plant & Machinery on pari-passu basis. 2nd 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
- c) Vehicle Loan of Rs. 20.69Lacs (Previous year Rs. 19.38 Lacs) Secured by hypothecation of specified assets acquired out of the loan amount.

#### 10. Short Term Provisions

Secured	Amount (Rs./Lacs)	
	As at 31.3.2013	As at 31.3.2012
Provision for Income Tax	-	0.68
Wealth Tax	2.07	2.00
Provision for employee benefits	169.90	151.45
<b>Total</b>	<b>171.97</b>	<b>154.13</b>



**11. Tangible Assets**
**Rs/Lacs**

Description	Gross Block			Depreciation			Net Block			
	As At 01.04.2012	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2013	As at 01.04.2012	For The Year	Deductions/ Adjustments	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
<b>TANGIBLE ASSETS:</b>										
Lease Hold Land	16.00	-	-	16.00	10.81	0.54	-	11.35	4.65	5.19
Free Hold Land	7.62	-	-	7.62	-	-	-	-	7.62	7.62
Office Premises (a)	81.47	-	-	81.47	24.69	1.33	-	26.02	55.45	56.78
Building	1611.95	381.91	-	1993.86	1185.60	64.42	-	1250.02	743.84	426.35
Plant & Machinery \$	30598.96	1941.31	-	32540.27	25151.90	1015.37	-	26167.27	6373.00	5447.06
Electrical Installations	4880.70	45.48	-	4926.18	1615.23	192.22	-	1807.45	3118.73	3265.46
Office Equipments	366.04	4.59	-	370.63	286.57	10.64	-	297.21	73.42	79.47
Furniture & Fixtures	250.87	0.50	-	251.37	243.87	1.37	-	245.24	6.13	7.00
Vehicles	343.38	17.65	42.52	318.51	220.84	28.35	41.57	207.62	110.89	122.55
<b>Total</b>	<b>38156.99</b>	<b>2391.44</b>	<b>42.52</b>	<b>40505.91</b>	<b>28739.51</b>	<b>1314.24</b>	<b>41.57</b>	<b>30012.18</b>	<b>10493.73</b>	<b>9417.48</b>
Previous Year	35039.54	3136.45	19.00	38156.99	27698.69	1050.74	9.92	28739.51	9417.48	7340.84

\$ Includes depreciation on revaluation of Rs.842.16 Lacs (Previous Year Rs.757.03 Lacs) Netted from revaluation reserve.

- a) 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 year 5 shares) Rs.252 (previous year Rs.252) in Arcadia Premises Co-operative Society Ltd., Mumbai.
- b) The company revalued its imported plant & machinery as on 31.03.2001 based on the valuation made by an approved valuer. Accordingly, the original cost of such assets resulted in gross increase in the value of assets over their original cost by Rs.8585.83 lacs, increase in depreciation upto 30.03.2001 by Rs.2682.44 Lacs and thereby net increase in replacement cost by Rs.5903.39 Lacs. The net increase of Rs.5903.29 Lacs in the value of such plant & machinery had been credited to revaluation reserve account.
- c) Revaluation of indigenous plant & machinery was carried out as on 31.03.2002 by an approved valuer. The revaluation resulted in a gross increase in the value of assets over their original cost by Rs.3981.77 Lacs, increase in depreciation upto 30.03.2002 by Rs.1930.53 Lacs and thereby net increase in replacement cost by Rs.2051.24 Lacs which has been taken as increase in the value of plant & machinery as on 31.03.2002 by creating a revaluation reserve to that an extent

**12. Capital Work In Progress**

Particulars	Amount (Rs./Lacs)	
	As at 31.3.2013	As at 31.3.2012
Capital work in progress	-	2157.94
<b>Total</b>	<b>-</b>	<b>2157.94</b>

Capital work in progress does not include capital advances Rs. NIL Lacs (Previous Year Rs. 70.49 Lacs)

**13. Deferred Tax Assets**
**(Rs./Lacs)**

	As at 31.3.2012	Current Year	As at 31.3.2013
<b>Deferred Tax Assets being tax impact thereon</b>			
(i) Unabsorbed losses and/or depreciation carried forward as per Income tax laws	2582.96	554.18	3137.14
(ii) Expenses charged in the books, but allowance thereof deferred under Income tax laws	73.05	(16.75)	56.30
	2656.01	537.43	3193.44
<b>Deferred Tax Liabilities being tax impact thereon</b>			
(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.	260.18	243.13	503.31
	260.18	243.13	503.31
<b>Net Deferred Tax Asset</b>	<b>2395.83</b>	<b>294.30</b>	<b>2690.13</b>

In terms of Accounting Standard -22, net deferred tax assets (DTA) of Rs.294.30 Lacs (Previous Year Rs.380.73 Lacs) has been recognized during the year and consequently DTA as on March 31<sup>st</sup> 2013 stands at Rs 2690.13 Lacs (Previous year Rs. 2395.83 Lacs) there is carried forward unabsorbed depreciation and business loss at the balance sheet date. However, based on future profitability projections, the company is virtually certain that there would be sufficient taxable income in future, to claim the above tax credit.

**14. Long Term Loans & Advances**  
(Unsecured-considered good)

Particulars	Amount (Rs./Lacs)	
	As at 31.3.2013	As at 31.3.2012
Capital Advances	-	70.49

**15. Other Non Current Assets**  
(Unsecured-considered good)

Particulars	Amount (Rs./Lacs)	
	As at 31.3.2013	As at 31.3.2012
Others	6.97	5.46
Total	6.97	5.46

**16. Inventories**

Particulars	Amount (Rs./Lacs)	
	As at 31.3.2013	As at 31.3.2012
Raw Materials *	3877.44	4740.43
Work in Progress	776.44	635.44
Finished Goods		
-Own Manufactured	3924.94	3418.59
-Trading	7.80	3.61
Stores & Spares**	1283.97	1200.45
Fuel	415.57	510.19
Total	10286.16	10508.71
Basis of valuation	FIFO	FIFO

\*includes goods in transit Rs.1933.30 Lacs (Previous year Rs.3596.27 Lacs )

\*\* includes goods in transit Rs.25.21 Lacs (Previous year Rs.18.56 Lacs)

**17. Trade Receivables**  
(Unsecured-considered good)

Particulars	Amount (Rs./Lacs)			
	As at 31.3.2013	As at 31.3.2012	As at 31.3.2013	As at 31.3.2012
Exceeding Six Months				
- Considered Good	1.32		-	
- Considered doubtful	-		80.06	
	1.32		80.06	
Less: Provision for doubtful debts	-	1.32	80.06	-
Others - Considered Good		2083.78		1850.38
Total		2085.10		1850.38

- As reported in earlier years, an employee of the Company defrauded Rs.126 Lacs (Previous year Rs.126 Lacs) in connivance with certain customers. Criminal proceedings against the employee is being pursued. During the year the Company settled the dues with Customers and withdrawn Civil as well as criminal cases against them.
- Certain debit balances of sundry debtors are subject to confirmation and reconciliation. Difference, if any, shall be accounted for on such reconciliation.

**18. Cash & Cash Equivalents**

Particulars	Amount (Rs./Lacs)	
	As at 31.3.2013	As at 31.3.2012
Balances with Banks		
Held as margin/security	905.04	1272.07
Others (a)	304.45	6.23
Cash in hand	1.68	3.28
Total	1211.17	1281.58

Bank deposit with more than 12 months maturity Rs.762.76 Lacs (Previous year Rs.508.42 Lacs)

**19. Short Term Loans & Advances**

(Unsecured-considered good)

Particulars	Amount (Rs./Lacs)	
	As at 31.3.2013	As at 31.3.2012
Loans to Staff (Considered Good)	13.90	23.50
Advances (Recoverable in cash or in kind or for value to be received) Net of provision for doubtful advance of Rs.27.15 Lacs (Previous Year Rs.27.15 Lacs)	257.38	648.95
Tax Deducted at Source	14.87	6.70
Others	97.82	84.87
Total	383.97	764.02

a) As reported in earlier years, DEPB licenses of Rs. 27.01 Lacs (Previous Year 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.

**20. Other Current Assets**

Particulars	Amount (Rs./Lacs)	
	As at 31.3.2013	As at 31.3.2012
Interest receivable on Loans & Deposits	25.98	21.64
Balance with Custom & Central Excise Authorities etc.	378.14	700.51
MAT Credit Entitlement	8.31	9.00
Others	-	3.31
Total	412.43	734.46

**21. Contingent Liabilities and Commitments**

(To the extent not provided for)

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

Particulars	Amount (Rs./Lacs)	
	As at 31.3.2013	As at 31.3.2012
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-
Contingent liabilities not provided for in respect of		
a. Guarantee(s) given by banks and financial institutions	554.80	538.84
b. Letters of Credit outstanding	829.88	3020.90
c. Sales Tax/Excise Duty/Custom Duty/Other Statutory dues/Service Tax disputed in appeals	555.56	504.03
d. Labour Cases disputed In appeal	16.78	16.78

22. In the opinion of the board the assets other than fixed assets have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.

**23. Revenue from Operations**

Particulars	Amount (Rs./Lacs)	
	Current Year	Previous Year
<b>Acrylic Fibre</b>		
Gross Sales	46378.63	43097.35
Less: Excise Duty	4729.57	3581.50
Net Sales of Acrylic Fibre	41649.06	39515.85
Acrylic Yarn	9.79	10.73
<b>Total</b>	<b>41658.85</b>	<b>39526.58</b>

**24. Other Income**

Particulars	Amount (Rs./Lacs)	
	Current Year	Previous Year
Interest	86.44	66.26
Claims Received	54.58	22.78
Exports Incentives/Benefits	81.21	136.58
Miscellaneous Receipts & Income	149.47	162.77
Prior year's Income/Adjustments	55.69	4.12
Profit on sale of Assets	4.60	-
<b>Total</b>	<b>431.99</b>	<b>392.51</b>

**25. Cost of Materials Consumed**

Particulars	Amount (Rs./Lacs)	
	Current Year	Previous Year
Acrylonitrile	28094.36	24877.69
Vinyl Acetate Monomer	1358.78	1287.27
Others	2073.67	1463.44
<b>Total</b>	<b>31526.81</b>	<b>27628.40</b>

**26. Purchases of Stock In Trade**

Particulars	Amount (Rs./Lacs)	
	Current Year	Previous Year
Yarn Purchase	9.62	6.45

**27. Decrease / ( Increase) in stocks**

Particulars	Amount (Rs./Lacs)	
	Current Year	Previous Year
Closing Stock		
Finished Goods		
- Own Manufactured	3924.94	3418.59
- Trading	7.80	3.61
Stock in Process	776.44	635.44
	4709.18	4057.64
Opening Stock		
Finished Goods		
- Own Manufactured	3418.59	5386.16
- Trading	3.61	2.91
Stock in Process	635.44	323.73
	4057.64	5712.80
	(651.54)	1655.14

28. Employee Benefits/ Expense

Particulars	Amount (Rs./Lacs)	
	Current Year	Previous Year
Salaries & Wages	1493.30	1342.38
Contribution to Provident & Other Funds	144.91	133.47
Staff Welfare Expenses	58.31	54.18
Total	1696.52	1530.03

During the year Remuneration of Rs.27.08 Lacs has been paid to Managing Director for the period from 01.10.2012 to 31.03.2013 which is subject to approval of Remuneration Committee and Central Government .

**Employees Post Retirement Benefits**

Particulars	Amount (Rs./Lacs)			
	Current Year		Previous Year	
<b>During the year, the following contribution have been made under defined contribution plans:-</b>				
Employer's Contribution to Provident Fund	40.31		36.63	
Employer's Contribution to Employees Pension Scheme	31.23		30.50	
Defined Benefit Plans	Gratuity	Leave Benefit	Gratuity	Leave Benefit
<b>i) Assumptions</b>				
Discount Rate	8.00%	9.30%	8.00%	8.50%
Salary Escalation	5.00%	4.50%	5.00%	5.00%
<b>ii) Table showing changes in present value of obligations</b>				
Present value of obligation as at beginning of year	349.57	102.29	322.82	94.85
Interest cost	27.97	9.51	25.83	8.08
Current Service Cost	21.08	8.51	19.58	9.20
Benefits Paid	(17.45)	(15.77)	(26.23)	(16.44)
Actuarial (gain)/loss on obligation	14.37	(3.56)	7.57	6.59
Present value of obligations as at end of year	395.53	100.99	349.57	102.29
<b>iii) Table showing changes in the present value of plan assets</b>				
Fair value of plan assets at the beginning of year	340.85	-	263.03	-
Expected return on plan assets	31.76	-	24.68	-
Contributions	29.80	-	79.38	-
Benefits paid	(17.45)	-	(26.23)	-
Actuarial gain / (Loss) on plan assets	-	-	-	-
Fair value of plan assets at the end of year	384.96	-	340.85	-
<b>iv) Table showing fair value of plan assets</b>				
Fair value of plan assets at the beginning of year	340.85	-	263.03	-
Actual return on plan assets	31.76	N.A	24.68	N.A
Contributions	29.8	-	79.38	-
Benefits paid	(17.45)	-	(26.23)	-
Fair value of plan assets at the end of year	384.96	-	340.85	-
Present value of obligation at the end of year	395.53	-	349.57	-
Funded Status	(10.57)	-	(8.72)	-
<b>v) Actuarial Gain / Loss recognized</b>				
Actuarial gain / Loss for the year – obligation	(14.37)	(3.56)	(7.57)	6.59
Actuarial (gain)/Loss for the year – plan assets	-	-	-	-
Total (gain) / Loss for the year	14.37	(3.56)	7.57	6.59
Actuarial (gain) / Loss recognized in the year	14.37	(3.56)	7.57	6.59

	Gratuity	Leave Benefit	Gratuity	Leave Benefit
<b>vi) The amounts to be recognized in the balance sheet and statements of Profit &amp; loss</b>				
Present value of obligations as at the end of year	395.53	100.99	349.57	102.29
Fair value of plan assets as at the end of the year	384.96	-	340.85	-
Funded status	(10.57)	(100.99)	(8.72)	(102.29)
Net Asset / (Liability) recognized in balance sheet	(10.57)	(100.99)	8.72	(102.29)
<b>vii) Expenses recognized in statement of Profit &amp; Loss</b>				
Current services cost	21.08	8.51	19.58	9.20
Interest cost	27.97	9.51	25.89	8.08
Expected return on plan assets	(31.76)	-	(24.68)	-
Net Actuarial (gain)/Loss recognized in the year	14.37	(3.56)	7.57	6.59
Expenses recognized in statement of P&L	31.64	14.46	28.31	23.87
The Estimates of rate of future salary increase takes account inflation, seniority, promotion and other relevant factors on long term basis.				
The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of liability. The above information is certified by the actuary.				

**29. Finance Costs**

Particulars	Amount (Rs./Lacs)	
	Current Year	Previous Year
Interest Expense	787.55	499.73
Bank Charges	483.34	523.03
<b>Total</b>	<b>1270.89</b>	<b>1022.76</b>

**30. Depreciation & Amortisation Expense**

Particulars	Amount (Rs./Lacs)	
	Current Year	Previous Year
Depreciation	472.08	293.71
<b>Total</b>	<b>472.08</b>	<b>293.71</b>

**31. Other Expenses**

Particulars	Amount (Rs./Lacs)	
	Current Year	Previous Year
Consumption of Stores, Spare and Packing Materials	753.39	1045.29
Power & Fuel	4008.13	4618.72
Rent	132.64	121.81
Repairs to Buildings	54.42	70.21
Repairs to Machinery	240.52	364.46
Repairs-Others	43.82	51.97
Insurance	75.79	60.31
Rates & Taxes	35.42	12.11
Travelling & Conveyance	85.66	83.76
Rebates and Discounts	1268.92	1442.62
Commission & Brokerage	36.25	59.48
Freight Outward	814.89	724.74
Claim Paid/Irrecoverable Advances written off	84.27	
Less : Provided in earlier years now w/off	80.06	4.21
Excise Duty on Increase / (Decrease) in Closing Stock	56.44	(129.71)
Miscellaneous Expenses *	333.48	330.02
Charity & Donation	1.09	1.68
Loss on Sale of Fixed Assets	-	2.98
Loss on Sale of Raw Materials	32.16	27.37
<b>Total</b>	<b>7977.23</b>	<b>8891.72</b>

\*includes payment to auditors, details as under:

Particulars	Amount (Rs./Lacs)	
	Current Year	Previous Year
As Statutory Audit Fees	6.00	6.00
As Audit Fees for Quarterly Audited Results	3.00	3.00
As Tax Audit Fees	1.00	1.00
For Other Services	0.11	0.23
Total	10.11	10.23

**32. Extra ordinary Items**

Particulars	Amount (Rs./Lacs)	
	Current Year	Previous Year
Accumulated CENVAT Credit written back	-	1345.38
Total	-	1345.38

In earlier years, the Company had written off accumulated CENVAT Credit of Rs.1345.38 Lacs because of inverted duty structure. In last year the entire amount have been written back as the imbalances has been corrected

**33. Earnings Per Share (EPS)**

Basic / Diluted Earnings Per Share	Amount (Rs./Lacs)	
	Current Year	Previous Year
Net (Loss)/Profit for the year before extraordinary Items after tax (Rs./ Lacs)	(692.50)	(2215.14)
Net (Loss)/Profit for the year after extraordinary Items after tax (Rs./ lacs)	(692.50)	(869.76)
Opening Balance of Equity Shares	89133121	71133121
Weighted average no. of 18000000 equity shares issued to Promoters which remained outstanding for 277 days during the year.	-	13622951
Weighted Number of Equity Shares (viz. denominator) for basic earnings per share	89133121	84756072
Earnings per share before extra ordinary items	(0.78)	(2.61)
Earnings per share after extra ordinary items	(0.78)	(1.03)
Nominal Value per Equity Share (Rs.)	10	10

**34. Related Party Disclosure:**

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. Rakesh Mundra-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  | Accurex Traders Pvt. Ltd.            |
| Gurukripa Finvest Pvt Ltd   | Ujjwal Commodities Pvt.Ltd.          |
| Sulabh Plantation & Finance Pvt.Ltd.  |                                      |
| (iv) Other related parties  |                                      |
| Pasupati Officer's Provident Fund Trust   |                                      |
| The Pasupati Acrylon Ltd. Employees Superannuation Scheme   |                                      |
| The Pasupati Acrylon Ltd. Employees Group Gratuity Scheme   |                                      |

2. The following transactions were carried out with related parties in the ordinary course of business.

(Rs./Lacs)

	Current Year				Previous Year			
	Key management personnel	Relatives of key management personnel	Companies where Others influence exists	Others	Key management Personnel	Relatives of key management Personnel	Companies where significant influence exists	Others
Salaries & Allowances	55.74	7.27	-	-	67.45	4.99	-	-
Rent/Lease Rent Paid	-	-	-	2.69	0.14	0.11	-	2.69
Loan Taken	-	-	340.00	-	-	-	390.00	-
Loan Repaid	-	-	-	-	-	-	-	-
Interest Paid	-	-	-	-	-	-	30.66	-
Contribution to Gratuity/ PF/Superannuation Fund	8.49	1.68	-	70.98	8.34	1.11	-	116.82

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

35. It is the management's opinion that since the company is exclusively engaged in the activity of manufacture of Acrylic Fibre, Tow/Tops, which are considered to constitute a single reportable segment in the context of Accounting Standard on "Segment Reporting" issued by the Institute of Chartered Accountants of India.
36. Foreign Currency exposure that are not hedged by derivative instrument or forward contracts as at 31.03.2013 amount to Rs.13276.18 lacs (US\$ 244.50 Lacs) (Previous Year Rs. 13428.22 Lacs - US\$ 263.92 Lacs)
37. Figures for the previous year have been regrouped / rearranged wherever considered necessary.
38. **Value of imported / indigenous Raw materials, Stores & spares consumed**

Class of Goods	Current Year		Previous Year	
	Percentage	Amount (Rs./Lacs)	Percentage	Amount (Rs./Lacs)
<b>Raw Materials</b>				
Imported	95.17	30004.72	95.52	26390.68
Indigenous	4.83	1522.09	4.48	1237.72
	100.00	31526.81	100.00	27628.40
<b>Stores &amp; Spares</b>				
Imported	7.02	52.91	17.06	178.37
Indigenous	92.98	700.48	82.94	866.92
	100.00	753.39	100.00	1045.29

39. **Other Information's**

Particulars	Amount (Rs./Lacs)	
	Current Year	Previous Year
<b>CIF value of Imports</b>		
Raw materials	28595.14	25264.36
Stores & spares	70.59	141.18
<b>Expenditure in Foreign Currency</b>		
Travelling	30.86	22.82
Commission on export Sales.	36.25	59.16
Interest & Other Charges	212.95	193.49
<b>Earnings in Foreign Currency</b>		
FOB value of exports	3356.04	4968.91

As per our report of even date annexed

For B.K. Shroff & Co.,  
Chartered Accountants  
Firm Registration No.302166E

O.P.Shroff  
Partner  
Membership No.6329

Place : New Delhi  
Dated : 29th May, 2013

Rakesh Mundra  
Director (Finance) & Company Secretary

S.C.Malik  
Director

Vineet Jain  
Managing Director

M.M.Kohli  
Director