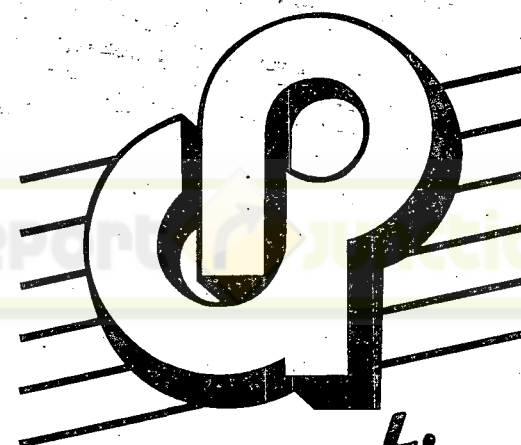




Quality Assured Company
ISO-9001:2000



*Pasupati
Acrylon Ltd.*

ANNUAL REPORT 2008-2009

PASUPATI ACRYLON LIMITED

BOARD OF DIRECTORS

(As on 19.11.2009)

Managing Director

Shri Vineet Jain

Directors

Shri M.M. Kohli

Shri Rayinder Kapur

Shri S. Sathyamoorthy

Shri Rakesh Gupta (PICUP Nominee)

Shri K.D. Sharma (PICUP Nominee)

Shri S.C. Malik Director (Finance)

AVP (Finance) &
Company Secretary
Rakesh Mundra

Auditors

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

Bankers

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

Regd. Office & Works

Thakurdwara
Kashipur Road
Distt. Moradabad (U.P.)- 244 601
Ph: 0591-2241352-55, 2241263
05947-275506, Fax: 0591-2241262
Email: works@pasupatiacrylon.com

Corporate Office

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

Registrar & Share Transfer Agents

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



NOTICE

Notice is hereby given that the 26th Annual General Meeting of the members of Pasupati Acrylon Ltd., will be held on Saturday the 16th day of January 2010 at the plant premises of Pasupati Acrylon Ltd., Village Thakurdwara, Kashipur Road, Distt. Moradabad (U.P.) at 1.30 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account of the company for the period ended on September 30, 2009 (18 months) the Balance Sheet as on date, Auditors' Report thereon and the Director's Report.
2. To appoint a Director in place of Shri Ravinder Kapur, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri S. Sathyamoorthy, 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.

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification(s), the following resolutions:

As Ordinary Resolution(s)

5. "RESOLVED that pursuant to section 198, 269, 309 and 311 read with schedule XIII to the Companies Act, 1956 and subject to the approval of the Central Government, Shareholders and such other approvals, permissions, if any, as may be necessary and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification or re-enactment thereof, the re-appointment of Shri Vineet Jain, Managing Director of the Company for a period of five years w.e.f 1st October, 2009 be and is hereby approved on the terms of remuneration stated in the explanatory statement and in the event of inadequacy or absence of profit under section 349 and 350 of the said Act in any financial year, the remuneration comprising salary, perquisites and benefits as approved herein be paid as minimum remuneration to the said Managing Director for a period of five years.

RESOLVED FURTHER that the Board of Directors of the Company or a Remuneration Committee thereof be and is hereby authorized to vary and or revise the remuneration of the said Managing Director with the overall limits approved herein and settle any question or difficulty in connection therewith and incidental thereto."

6. "RESOLVED that pursuant to section 198, 269, 309 and 311 read with schedule XIII to the Companies Act, 1956 and subject to the approval of the Central Government, Shareholders and such other approvals, permissions, if any, as may be necessary and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification or re-enactment thereof, the re-appointment of Shri S.C. Malik, Director (Finance) of the Company for a period of five years w.e.f 1st October, 2009 be and is hereby approved on the terms of remuneration stated in the explanatory statement and in the event of inadequacy or absence of profit under section 349 and 350 of the said Act

in any financial year, the remuneration comprising salary, perquisites and benefits as approved herein be paid as minimum remuneration to the said Director Finance for a period of five years.

RESOLVED FURTHER that the Board of Directors of the Company or a Remuneration Committee thereof be and is hereby authorized to vary and or revise the remuneration of the said Director Finance with the overall limits approved herein and settle any question or difficulty in connection therewith and incidental thereto."

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

Place : New Delhi

Dated : 19th November 2009

Registered Office

Thakurdwara Kashipur Road

Distt. Moradabad Uttar Pradesh

NOTES:-

- 1 (a) A member entitled to attend and vote, is entitled to appoint a proxy to attend and vote on his behalf and such a proxy need not be a member.
- (b) Proxies in order to be effective must be received at the Registered office of the Company, not less than 48 hours before the Annual General Meeting.
- (c) Members/proxies should bring the Attendance Slip duly filled in for attending the meeting.
2. Information relating to item No. 2, 3, 5 & 6 as required under clause 49 of the Listing Agreement with the Stock Exchanges and explanatory statement relating to item No(s). 5 & 6 pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 07.01.2010 to 16.01.2010 (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 enclosing Form 2B (enclosed with the Annual Report), 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.



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 hereunder:

ITEM NO.2 & 3

Name of Director	Mr. Ravinder Kapur	Mr. S. Sathyamoorthy
Date of Birth	02.03.1937	03.12.1944
Date of Appointment	24.04.1984	29.06.2006
Experience in specific functional area	Practicing Chartered Accountant and an expert in Finance.	Retd. Dy Comptroller & Auditor General in the Rank of Secretary to Govt. of India with expertise in the fields of Audit, Accounts and also have very rich assorted experience in the field of Economic, Law and General Management.
Qualification	Chartered Accountant	B. Com, I.A.A.S, C.A.I.I.B, Post Graduate Diploma in Development Finance (U.K)
Directorship in other public limited Companies	Nil	Nil
Member / Chairman of committee of the Board of the public limited companies on which he is a director	Except Chairman in Audit Committee and Member in Remuneration Committee and Share Transfer cum Shareholders Grievance Committee of Pasupati Acrylon Limited, Shri Kapur does not occupy Committee membership in any other Public Limited Company.	Nil

ITEM NO.5

Re-appointment of Shri Vineet Jain as Managing Director

Shri Vineet Jain, B.B.A. (London), aged 40 years, has been in the service of your Company since 1990. He was elevated as Joint Managing Director in the year 1994 and Managing Director in the year 1997. Except Member in Share Transfer-cum-Shareholders Grievance Committee of Pasupati Acrylon Limited, Shri Vineet Jain does not occupy the position of Directorship/Committee Membership in any other Public Limited Company.

ITEM NO.6

Re-appointment of Shri S.C. Malik as Director (Finance)

Shri S.C. Malik is a Fellow Member of the Institute of Chartered Accounts of India, aged 60 years, has been in the service of your Company since 1990 and had held senior positions in Finance and Accounts Departments of your Company, before he was appointed as Director (Finance) in the year 1994.

Except Member in Share Transfer-cum-Shareholders Grievance Committee and Audit Committee of Pasupati Acrylon Limited, Shri Malik does not occupy the position of Directorship/Committee Membership in any other Public Limited Company.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 5 & 6

The Board of Directors of the Company at its meeting held on 31st July 2009 has re-appointed Shri Vineet Jain Managing Director and Shri S. C. Malik, Director (Finance) both for a period of five years w.e.f. 1st October, 2009 on the terms of remuneration approved by the Remuneration Committee as per details hereunder subject to approval of the shareholders and the Central Government.

The broad particulars of remuneration payable to and terms of the respective re-appointment of Shri Vineet Jain for a period of five years w.e.f. 1st October, 2009 is as under:

1. Salary (Basic) per month Rs.2,00,000/-
2. Allowances / perquisites:-
 - a) House Rent Allowance 60% of the Basic Salary i.e. Rs.1,20,000/- per month.
 - b) Leave Travel Allowance Rs.2,00,000 i.e. equivalent to one month's basic salary.
 - c) Medical Allowance Rs.2,00,000 i.e. equivalent to one month's basic salary.

- d) Club Fee Actual fees subject to a maximum of Rs.30,000/- per annum.
- e) Depreciation on furniture As per Income Tax Rules.
- f) Personal Accident Premium For a maximum of Rs.15,000/- per annum
- g) Medical Insurance Premium For a maximum of Rs.15,000/- per annum
- h) Contribution to Provident Fund and Superannuation fund will be as per Rules of the Company. At present the same shall be 12% and 13% respectively of basic salary.
- i) Gratuity payable shall be at a rate not exceeding 15 days salary for each completed year of service or part thereof in excess of six months as per Rules of the Company.
- j) Encashment of unavailed leave at the end of the tenure as per rules of the Company.

The broad particulars of remuneration payable to and terms of the respective re-appointment of Shri S.C. Malik for a period of five years w.e.f. 1st October, 2009 is as under:

1. Salary (Basic) per month Rs.85,000/-
2. Allowances / perquisites:-
 - a) House Rent Allowance Rs.10,000/- per month. The yearly payment in the form of allowance shall be equivalent to one month's basic salary.
 - b) Leave Travel Allowance Expenditure incurred by the Director (Finance) and his family, subject to a ceiling of Rs.15,000/- per annum.
 - c) Medical Reimbursement For a maximum of Rs.10,000/- per annum
 - d) Personal Accident Premium For a maximum of Rs.10,000/- per annum
 - e) Medical Insurance Premium For a maximum of Rs.10,000/- per annum
 - f) Contribution to Provident Fund and Superannuation fund will be as per Rules of the Company. At present the same shall be 12% and 13% respectively of basis salary.
 - g) Gratuity payable shall be at a rate not exceeding 15 days salary for each completed year of service or part thereof in excess of six months as per Rules of the Company.
 - h) Encashment of unavailed leave at the end of the tenure as per rules of the Company.

In the event of inadequacy or absence of profits under Section 349 and 350 of the Companies Act, 1956, in any year or years, Shri Vineet Jain, Managing Director and Shri S.C. Malik, Director (Finance) shall be entitled to minimum remuneration comprising salary, perquisites and benefits as detailed above for a period of five years in the aggregate subject to necessary approvals.

The respective arrangement may be terminated by either party (company or the concerned Director (Finance)) by giving the other Three month's prior notice of termination in writing.

If at any time Whole-time Director (Finance) ceases to be a Director of the Company for any cause whatsoever, he shall cease to be Director (Finance) of the company.

Director (Finance) is liable to retire by rotation.

Shri Vineet Jain and Shri S. C. Malik are interested in this resolution which pertains to their re-appointment and / or remuneration payable to each of them.

Save and except the above, none of the Directors of the Company, in any way, concerned or interested in the resolution(s).

Your Directors recommended the resolutions set out at Item No.5 & 6 of the Notice for approval of the Shareholders.

The above may also be treated as an abstract of the terms of contract / agreements between the company and Shri Vineet Jain and Shri S.C. Malik respectively pursuant to Section 302 of the companies Act, 1956.

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

Place: New Delhi
Dated: 19th November 2009
Registered Office
Thakurdwara, Kashipur Road
Distt. Moradabad Uttar Pradesh - 224601



DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting Annual Report of the Company together with the Audited Accounts for the period ended on 30th September, 2009 (18 Months).

FINANCIAL RESULTS

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

	1.4.2008- 30.09.2009 (18 months)	(Rs. in Crores) 2007-2008 (12 Months)
Sales (Gross) & Other Income	499.69	360.08
Profit before Interest & Depreciation	0.86	15.09
Financial Charges	12.27	8.72
Depreciation	9.06	10.37
Profit/(Loss) before Taxes	(20.47)	(4.00)
Payment/Provision for Taxes	0.21	0.21
Extra-ordinary Income (net)	17.94	-
Profit/(Loss) after Taxes	(2.74)	(4.21)

In the absence of divisible surplus, your Directors expresses their inability to recommend any dividend.

OPERATIONS

The financial year of Company was extended by six months thus covering 18 months period ended 30th September 2009.

The Company has recorded a production of 44948 MT and a Sale of 43606 MT during the period under review as against 31063 MT and 30596 respectively during the previous year. The gross turnover during the period was Rs.49682 Lacs as against Rs.35540 lacs in the previous year.

On account of global economic crisis coupled with high volatility in raw material prices, consequent to heavy fluctuation in crude prices which within a short period first rapidly moved to about 150 USD per barrel and then crashed sharply to about 40 USD per barrel. To make the matter worse the Indian Rupee depreciated more than 25% during April 2008 – March 2009 period, causing heavy losses as the Company makes the payment in USD for import of raw material. Due to such unprecedented volatility the Company suffered huge losses during June 2008 to December 2008 period, which partly could be recouped during April 2009 to Sept 2009 period as the raw material prices softened and sale prices remained stable.

Still the times are challenging and volatility in raw material prices are continuing. Though the volatility is not steep this time so far, but still such moves affect the working of the Company.

As reported last year due to inverted duty structure the CENVAT credit is increasing, resulting strain on cash flow, the situation is yet continuing. Though the Industry has time and again urged Government to provide relief by way of correcting the inverted duty structure, but the Government is yet to set right the anomaly.

During the period under review the Company settled dues of various financial institutions on one time settlement (OTS) basis. Interest waiver arising out of OTS amounting to Rs.1794.21 lacs has been credited to Profit & Loss Account and waiver in Principal amounting to Rs.637.32 has been credited to Capital Reserve Account.

MANAGEMENT DISCUSSION & ANALYSIS

a) Industry Structure and Developments

The Company/Industry imports (most of its requirement) raw-material i.e. A C N, M A, DMF etc. All these are derived from crude, as such any move upward or down ward affects the pricing of these products. Now it appears that crude will settle at 75-80 USD per barrel, resultant raw material prices will also move in narrow band, which will provide stability in selling prices.

b) Opportunities and Threat

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

Acrylic fibre competes with the Cotton and Polyester fibre. As such fluctuation in the prices of cotton and polyester affect the market prices and demand for Acrylic.

c) Segment-wise / Product-wise performance.

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

d) Risk and Concern

As mentioned above the price of Polyester and Cotton will continue to influence consumption and capacity utilization of Acrylic Fibre. While cotton prices depend to a large extent on out-put and consumption trends, the price of polyester fibre is influenced by cotton price. Cost of input of polyester fibre and capacity utilization of the industry, the price movement of crude oil, demand and availability of propylene are the factors impacting the A C N prices and consequently cost of production of acrylic fibre. In the Indian context, besides the factors mentioned above, agricultural income general economic scenario, wholesale and consumer price level impact of the trade agreements with other countries and trade blocks etc. are also affects the demand of the acrylic fibre.

FUTURE OUTLOOK

As mentioned above raw material prices should settle in a narrow band of 10%, thus, selling prices should remain stable, which will boost customer confidence.

Your management is making continuous efforts to reduce cost of production by way of optimizing the resources.

EXPANSION OF CAPACITY

As reported last year your company is in the process to enhance capacity from 30000 MTPA to 42000 MTPA. The expanded production will add



DIRECTORS' REPORT (Contd.)

to the capabilities of the company to withstand the competition from domestic as well as international manufacturers.

ISO CERTIFICATION

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

FIXED DEPOSITS

The outstanding public deposits at the end of the accounting period under review amounted to Nil. There was no default in repayment of deposits or interest thereon on the due dates and there was no overdue/unclaimed deposit at the end of the accounting period.

DIRECTORS

Shri Ravinder Kapur, and Shri S.Sathyamoorthy Directors retires by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

There has been following changes in the nominee directorship since the previous director's report ;

- PICUP Nominee Director Mr Prabhat Gupta resigned and Mr Prabhat Kumar was appointed in his place. Mr Prabhat Kumar resigned and Mr N Kannan was appointed in his place. Mr N Kannan resigned and Mr K D Sharma & Mr Rakesh Gupta were appointed.
- IFCI Nominee Director Mr Dinesh Sharma resigned and Mrs Shalini Soni was appointed at his place. Consequent to settlement with IFCI the nomination of Mrs Shalini Soni withdrawn by IFCI on 31.07.2009.

Your Directors placed on record their appreciation for the valuable services rendered by the respective Directors during their tenure.

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 period and of the profit or loss of the company for that period;
- 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

Information under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, is appended herewith.

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 period ended 30th September, 2009 will be submitted to the Central Government in due course.

AUDITORS AND THEIR REPORT

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

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

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

ACKNOWLEDGEMENT

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

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

S.C. Malik
Director (Finance)

For and on behalf of the Board
Vineet Jain
Managing Director

Place : New Delhi
Dated : 19th November, 2009

**DIRECTORS' REPORT (Contd.)****ANNEXURE TO DIRECTORS' REPORT**

Statement of particulars Under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rule, 1975 forming part of Directors' Report for the period ended 30.09.2009.

Sl. No.	Name of employee	Age	Qualification	Exp. (yrs.)	Date of Employment	Designation	Remuneration	Last Employment held & Designation
Employed through the Financial year and in receipt of remuneration aggregating not less than Rs.24,00,000/- per annum								
1.	Vineet Jain	40	BBA (London)	19	01.01.1990	Managing Director	Rs.68,05,672/-	—

Notes :

- Perquisites have been valued in terms of actual expenditure incurred by the Company in providing the benefits to the employee except in the case of certain expenses where the actual amount of expenditure cannot be ascertained with reasonable accuracy, notional amount as per Income Tax Rules has been added. Actuarial valuation based contribution / provision with respect to gratuity and leave encashment have not been included as these are for the Company as a whole.
- The Employment is Contractual.

For and on behalf of the Board

Place : New Delhi

S.C. Mailk

Vineet Jain

Dated : 19th November 2009

Director (Finance)

Managing Director

(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:**

- Replacement of conventional type 2 x 40 W fluorescent fittings with high efficiency T-5 fittings.
- Installation of high efficiency vapour absorption Chiller.
- Installed variable speed drive in BCT and Reactor cooling water system.
- Introducing the electrical interlock system for reducing the blower speed automatically during the period when plant is under breakdown.
- Provided CFL fittings in place of Mercury vapour fittings in street light.

(b) Additional investments and proposals

Installation of variable speed drive at UCT cooling water system

(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**

Efforts made towards technology absorption are given as per Form-B is annexed herewith.

[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 Rs.6.67 crores (FOB) as compared to Rs. 5.79 crores during the pervious financial year, due to sluggish demand. Continuous efforts are being made to improve export performance.

(b) Total Foreign Exchange Used & Earned

Rs. in Lacs

Foreign Exchange Used	2008-09	2007-08
i) Travelling	23.42	17.03
ii) Interest & other charges	348.57	212.64
iii) Commission on export sales	5.41	2.89
iv) Other Charges	—	1.76
v) CIF Value of Imports		
- Raw Material	29391.21	21837.45
- Stores and spares	175.66	89.47
Foreign Exchange Earned :		
- FOB Value of Exports	667.28	578.80

**DIRECTORS' REPORT (Contd.)**

FORM - A
(See Rule-2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**(A) POWER AND FUEL CONSUMPTION**

		Period Ending September 30, 2009	Year Ending March 31, 2008
1. ELECTRICITY			
(a) Own generation			
(i) Through Diesel generator units (in lacs)	KWH	7.62	2.09
Unit per Ltr. of Diesel Oil	KWH/Litre	3.14	2.99
Cost/Unit	Rs./KWH	9.67	9.69
(ii) Through turbines			
Units (in lacs)	KWH	537.92	364.81
Total Cost	Rs./Lacs	2522.80	1404.37
Cost/Unit	Rs./KWH	4.47	3.85
2. COAL			
Quality of Coal and where used	'B', 'C' & 'D' grade Coal used in Boiler for generation of steam		
Quantity - units	MT	109519	77607
Total Cost	Rs./Lacs	5121.11	2989.74
Average rate	Rs./MT	4676.00	3852.41
3. HUSK			
Quantity - units	MT	-	1806.69
Total Cost	Rs./Lacs	-	40.95
Average Rate	Rs./MT	-	2266.67
(B) CONSUMPTION PER UNIT OF PRODUCTION			
Products.			
Acrylic Fibre/Tow/Tops			
Electricity	MW/MT	1.21	1.20
Coal ('B' 'C' & 'D' grade coal used in Boiler for generation of steam)	MT/MT	2.44	2.55
Husk	MT/MT	-	0.06

**DIRECTORS' REPORT (Contd.)****FORM - B**
(See Rule-2)**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION****(A) RESEARCH & DEVELOPMENT (R&D)****1. SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY :**

- Development of Low Pill fibre with modified parameters.
- Development of High Dye Pick-up acrylic fibre P-15.
- Development of Super High Shrinkage 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

	2008-2009	(Rs.in lacs) 2007-2008
a) Capital	—	—
b) Recurring :	24.35	9.85
c) Total	24.35	9.85
d) Total R&D expenditure as a percentage of total turnover	0.05%	0.03%

(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**1. Efforts, in brief, made towards technology absorption, adaptation and innovation**

No

2. Benefits derived as a result of the above efforts, eg. product improvement, cost reduction, product development, import substitution etc.

N.A.

3. Particulars of imported technology in the last five years:

- (a) Technology imported : NA
- (b) Year of Import : NA
- (c) Has technology been fully absorbed : NA
- (d) If not fully absorbed, reason for & future action plan : NA

AUDITORS, CERTIFICATE ON CORPORATE GOVERNANCE**UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES**

We have examined the compliance of conditions of Corporate Governance by M/S. PASUPATI ACRYLON LIMITED for the period ended on 30th September, 2009, as stipulated in clause 49 of the Listing Agreement of the said company with Stock exchange(s). The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

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

As required by the Guidance Note issued by the Institute of Chartered Accountants of India. We have to state that the Registrar and share Transfer Agent of the Company has certified that there was no investors grievances/ complaints pending against the company as at 30th September 2009.

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

O.P. Shroff
PARTNER

Place : New Delhi

Date : 19th November, 2009



CORPORATE GOVERNANCE REPORT FOR THE PERIOD 1.4.2008 TO 30.9.2009 (18 MONTHS)

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 Director (Finance) and three non-executive directors (including one nominee director of IFCI Ltd., whose nomination was withdrawn during the financial year).

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

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

During the period, six Board Meetings were held on 30.05.2008, 30.07.2008, 31.10.2008, 30.01.2009, 30.04.2009 and 31.07.2009.

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 period 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 Directorships	No. of Member of other Committees	Chairmanship of other Committee(s)	Note No.
1	Mr. Vineet Jain	Managing Director	6	Yes	-	-	-	A
2	Mr. M.M. Kohli	Non-executive Director	5	No	-	-	-	B
3	Mr. Ravinder Kapur	Non-executive Director	6	Yes	-	-	-	B
4	Mr. Prabhat Gupta (PICUP Nominee)	Non-executive Director	1	No	4 @	3 @	-	B D
5	Mr. Prabhat Kumar (PICUP Nominee)	Non-executive Director	-	No	6 @	4 @	-	B D
6	Mr. N. Kannan (PICUP Nominee)	Non-executive Director	-	No	**	**	-	B D
7	Mr. Rakesh Gupta (PICUP Nominee)	Non-executive Director	-	No	1	-	-	B D
8	Mr. K.D. Sharma (PICUP Nominee)	Non-executive Director	-	No	1	-	-	B D
9	Mr. Dinesh Sharma (IFCI Nominee)	Non-executive Director	2	No	**	**	-	B
10	Ms. Shalini Soni (IFCI Nominee)	Non-executive Director	4	No	-	-	-	B
11	Mr. S. Sathyamoorthy	Non-executive Director	3	No	-	-	-	B
12	Mr. S.C. Malik	Director (Finance)	6	Yes	-	-	-	-

@ Information furnished as on 31st March, 2008 as resigned during the year.

** Information not available

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.

D. Mr. Prabhat Gupta, PICUP nominee resigned on 27.06.2008 and Mr. Prabhat Kumar was appointed on 13.08.2008. Mr. Prabhat Kumar resigned on 24.09.2008 and Mr. N. Kannan was appointed on 20.11.2008. Mr. N. Kannan resigned on 20.07.2009 and Mr. Rakesh Gupta and Mr. K.D. Sharma were appointed on 15.05.2009.

3. Audit Committee

The Audit Committee of the Company met six times during the period on following dates:

30.05.2008, 30.07.2008, 31.10.2008, 30.01.2009, 30.04.2009 and 31.07.2009.