



Quality Assured Company
ISO-9001:2000



ANNUAL REPORT 2010-2011

PASUPATI ACRYLON LIMITED

BOARD OF DIRECTORS

Managing Director

Mr. Vineet Jain

Directors (As on 12.08.2011)

Mr. M.M. Kohli

Mr. S. Sathyamoorthy

Mr. Rakesh Gupta (PICUP Nominee)

Mr. K.D. Sharma (PICUP Nominee)

Mr. S.C. Malik Director (Finance)

Mr. Rakesh Mundra VP (Finance) &
Company Secretary

Auditors

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

Bankers

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

Regd. Office & Works

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

Corporate Office

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

Registrar & Share Transfer Agents MCS Ltd.

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

NOTICE

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

ORDINARY BUSINESS

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

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

Place : New Delhi
Dated : 12th August, 2011

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

NOTES:-

- 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.
 - 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.
 - Members/proxies should bring the Attendance Slip duly filled in for attending the meeting.
- Information relating to item No. 2 as required under clause 49 of the Listing Agreement with the Stock Exchanges is annexed hereto.
- The Register of Members and Share Transfer Books of the Company shall remain closed from 19.09.2011 to 26.09.2011 (both days inclusive).
- 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.
- 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.
- 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.

- 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.
- 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.
- 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.
- Members are requested to fill in and send the Feedback Form provided in the Annual Report.

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

ITEM NO. 2

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

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

Place : New Delhi
Dated : 12th August, 2011

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

DIRECTORS' REPORT

To the Members

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

FINANCIAL RESULTS

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

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

The Directors do not recommend dividend for the year.

OPERATIONS

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

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

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

MANAGEMENT DISCUSSION & ANALYSIS

a) Industry Structure and Development

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

b) Opportunities and Threat

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

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

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

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

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

c) Segment-wise / Product-wise performance

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

d) Risk and Concern

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

FUTURE OUTLOOK

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

EXPANSION OF CAPACITY AND INSTALLATION OF CAPTIVE POWER PLANT

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

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

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

DIRECTORS' REPORT (Contd.)

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

ISO CERTIFICATION

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

FIXED DEPOSITS

The Company does not accept Fixed Deposit from public.

DIRECTORS

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

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

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

Your Directors hereby confirm that:-

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

HUMAN RESOURCES/INDUSTRIAL RELATIONS

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

INTERNAL CONTROL SYSTEM AND ADEQUACY

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

EMPLOYEES

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

CORPORATE GOVERNANCE

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

COST AUDIT

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

AUDITORS AND THEIR REPORT

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

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

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

ACKNOWLEDGEMENT

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

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

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

Place : New Delhi

Dated : 12th August, 2011



DIRECTORS' REPORT (Contd.)

FORM - A
(See Rule-2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

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

DIRECTORS' REPORT (Contd.)

FORM - B

(See Rule-2)

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

(A) RESEARCH & DEVELOPMENT (R&D)

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

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

(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

AUDITORS, CERTIFICATE ON CORPORATE GOVERNANCE

UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

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

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

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

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

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

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

O.P. Shroff
Partner
Membership No. 6329

Place : New Delhi
Date : 12th August 2011

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2010-11.

Corporate Governance

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

1. Company's Philosophy

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

2. Board of Directors

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

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

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

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

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

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

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

A. Promoter Directors.

B. Non-executive and independent Directors.

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

* Since expired on 11.08.2011.

3. Audit Committee

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

27.05.2010, 30.07.2010, 12.11.2010 and 11.01.2011.

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

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2010-11.

Composition

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

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

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

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

4. Remuneration Committee

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

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

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

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

No Remuneration Committee Meeting was held during the year.

5. Remuneration Policy

Remuneration of employees largely consists of basic remuneration and perquisites.

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

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

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

(i) Executive Directors

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

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

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

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