

20th
Annual Report
2010-2011



PARAS
PETROFILS LTD.

**20th
Annual
Report
2010-2011**

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BOARD OF DIRECTORS

SHRI JIVABHAI A. PATEL (Chairman)
SHRI ASHOKKUMAR R. JAIN (Managing Director)
SHRI SIDDHARTH C. PATEL
SHRI KAILASHCHAND R. JAIN
SHRI ANANDKUMAR R. JAIN
SHRI HARSHAD J. PATEL
SHRI PRAVINCHAND JARIWALA
SHRI ANIL BANSAL
SHRI HARIKISHAN PANPALIYA
SHRI MURLI MANOHAR MODANI

COMPANY SECRETARY

SHRI RAJENDRA PARAKH

AUDITORS

M/s. RKG & CO.
Chartered Accountants, Surat.

REGISTERED OFFICE & FACTORY

PARAS PETROFILS LTD.
Block No. 529, N.H. No. 8,
Village Palsana, Dist. Surat - 394315

CORPORATE OFFICE

PARAS PETROFILS LIMITED
301, JEEVANDEEP APPT., OPP. SUB JAIL,
RING ROAD SURAT

REGISTRAR & SHARE TRANSFER AGENT

M/s. BIGSHARE SERVICES PVT LTD
E-2, Ansa Industrial Estate
Sakivihar Road
Sakinaka, Andheri (E)
Mumbai - 400 072

ANNUAL GENERAL MEETING

30th September, 2011

TIME

3:00 P.M.

VENUE

Block No. 529, N.H. No. 8, Village Palsana Dist. Surat

NOTICE

NOTICE is hereby given that the **20th Annual General Meeting** of the Members of Paras Petrofils Limited will be held at its Registered office at Block No.529, N H 8, Village Palsana District Surat – 394 315 on 30th September,2011 at 3.00 P.M. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet as at 31st March, 2011, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Murli Manohar Modani who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Pravinchandra Jariwala who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Harikishan Panpaliya who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri Anil Kumar Bansal who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors till next Annual General Meeting and fix their remuneration.

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT M\ S R.K.G. & CO. Chartered Accountants, be and are hereby appointed as auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

SPECIAL BUSINESS

7. To consider and if thought fit to pass with or without modification following resolution as ordinary resolution

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and 317 read with schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modifications or re-enactment thereof, approval of the Company be and is hereby accorded to re-appoint Shri Ashok Jain as Wholetime Director designated as Managing Director of the Company for a period of 5 (five) years with effect from 1st July, 2012 on the terms and conditions as set out in the explanatory statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend (and on a poll, vote) instead of him/her. A proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not later than forty eight hours before the time for commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 24th September, 2011 to 30th September, 2011 (both days inclusive).
3. Members are requested to handover the enclosed Attendance slip, duly signed in accordance with their specimen signatures registered with the Company for admission to the meeting hall.
4. Members are requested to bring their copy of the Annual Report to the meeting as the same will not be distributed at the meeting.
5. Corporate members intending to send their authorised representatives are requested to send a certified copy of the resolution with them authorising the member to attend the meeting on their behalf.



6. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the Company at least seven days before the date of the meeting so that the information required may be made available at the meeting.
7. Members who are holding shares in identical order of names in more than one folio are requested to send the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

ITEM NO. 7

The Board of Directors of the Company (the Board) at its meeting held on 30th May, 2011 has, subject to the approval of Members re-appointed Shri Ashok Jain as Wholetime Director designated as Managing Director for a period of 5 (five) years from the expiry of his present term which will expire on 30.06.2012.

It is proposed to seek Members approval for the re-appointment of Shri Ashok Jain as Wholetime Director designated as Managing Director, in terms of the applicable provisions of the Act..

Broad particulars of the terms of re-appointment of Shri Ashok Jain are as under

- (i) The office of the Wholetime Director may be terminated by the Company or the concerned Director by giving the other 6 (six) months prior notice in writing.
- (ii) The Wholetime Director will perform his duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board.
- (iii) The Wholetime Director shall adhere to the Company's Code of Business Conduct and Ethics for Directors and Management personnel.

Shri Ashok Jain is interested in the resolution as set out at Item No. 7 of the Notice which pertains to his re-appointment. Shri Kailaschand Jain and Shri Anand Jain may be deemed to be interested in the resolution pertaining to the re-appointment of, Shri Ashok Jain as they are related to each other. Save and except the above, none of the other Directors of the Company is, in any way, concerned or interested in the Resolution.

The Board commends the Resolutions as set out at Item No. 7 of the Notice for your approval.

Registered Office:

Block No. 529, N.H.No.8,
Village: Palsana, Dist. Surat.
Place : Palsana
Date : 30.05.11

By order of the Board of Directors

Ashok R. Jain
Managing Director

Information required under Clause 49 IV (G) of the Listing Agreement, with respect to the re-appointment of Shri Murli Manohar Modani, Shri Pravinchandra Jariwala, Shri Harikishan Panpaliya and Shri Anil Kumar Bansal has been disclosed in the statement forming a part of the report on Corporate Governance.

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with the Company/ the registrar and transfer agent.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 20th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2011.

SUMMARISED FINANCIAL RESULTS

The Summarised Financial Results of the Company for the year ended 31st March, 2011 are as follows.

	2010-2011 (₹ in lacs)	2009-2010 (₹ in lacs)
Gross Turnover	13152.68	10804.35
Gross Profit before Interest & Depreciation	934.37	937.29
Less: Interest	68.09	127.00
Less: Depreciation	453.90	451.00
Net Profit/(Loss) for the Year	412.38	359.29
Less: Provision for tax	223.79	148.44
Less: MAT Credit Entitlement	(174.63)	0.00
Profit after Tax	363.19	210.85
Add Balance Brought Forward from previous year	535.76	324.90
Balance available for appropriation	898.95	535.76
Transfer to Reserves	NIL	NIL
Surplus Carried to Balance Sheet	898.95	535.76

REVOCAION OF TRADING

Your management is extremely proud to inform you that the suspension imposed by N.S.E. on the trading of the shares of the Company has been taken back by them. Earlier N.S.E. had kept the company under surveillance for monitoring the compliances of the company. As the same were found satisfactory the respected stock exchange authorities decided to lift the suspension for which the management is extremely thankful. The trading on N.S.E. has commenced from 30.08.2010.

DIVIDEND

In view of the meager profits, and the tremendous growth potential which the Directors believe is there in the Yarn industry which is also ascertainable from the tremendous change in the performance of the Company and for expanding and strengthening the reserves and networks of the Company, the Board of Directors have decided not to propose any dividend for the year ended on 31st March, 2011.

The Directors believe this would increase shareholder value and eventually lead to a higher return threshold.

OPERATIONS

Your Director's are extremely pleased to inform that this year also that the trend of growth which started in the two years before in the ended 31st March, 2009 continued and the turnover of the Company, operating profit, profit after tax all of them showed an increase in the positive direction.

Your Directors are pleased to report that during the year under review the profits of the Company before tax increased to ₹ 412.38 lacs in comparison to ₹ 359.29 lacs for the previous year ended on 31.03.2010. The Gross Turnover of the company for the year ended on 31.03.2011 was ₹ 13152.68 lacs as compared to ₹ 10804.35 lacs for the corresponding year ended on 31.03.2010.

Your Directors are extremely glad to announce that to better utilize the potential of the textile industry which the city and the company have, the company has made modifications in its existing capacities which have allowed the company to manufacture nylon yarn along with the traditional polyester yarn which the company has been manufacturing since years. This will make your company more diversified. Accordingly the management is expecting much better performance from the company and the modification is expected to yield results from the year 2011-2012.



BOARD OF DIRECTORS

Under section 256 of the Companies Act, 1956 Shri Murli Manohar Modani, Shri Pravinchandra Jariwala, Shri Harikishan Panpaliya and Shri Anil Bansal retire by rotation and being eligible offer themselves for re-appointment. The board recommends reappointment of retiring directors.

Shri Ashok Jain, who was appointed as Whole-time director designated as Managing Director in the Annual General Meeting held on 29.09.2007 for a period of five years ending on 30.06.2012. Accordingly he is proposed to be re-appointed as Wholetime director for a period of five year w.e.f. 01.07.2012 to 30.06.2017

A brief resume of the Directors proposed to be re-appointed, nature of their expertise in specific functional areas etc. as stipulated under Clause 49 of the Listing Agreement entered into with the various Stock Exchanges are provided in the report of Corporate Governance forming part of the Annual Report.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors state that:

- (i) In preparation of the annual accounts for the financial year ended 31 March, 2011, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- (ii) Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2011 and of the profit of the Company for the year ended on that date.
- (iii) Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) The Directors have prepared the annual accounts of the Company on a 'going concern' basis.

FIXED DEPOSIT

As reported in the year 2010-2011 your Company continued to accept/renew deposits and maintained a high standard of service. As on 31st March, 2011 there have been no defaults in payment of Deposits and also no deposits remained unclaimed after maturity.

PARTICULARS OF EMPLOYEES

Particulars of employees required u/s 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, are not given, as none of the employee is qualified for such of the disclosure.

AUDITORS AND AUDITORS REPORT

M/s R. K. G. & Co., Chartered Accountants, 409, Ajanta Shopping & Textile Arcade, Ring Road, Surat – 395 002 will cease to hold the office at the conclusion of the ensuing Annual General Meeting and are recommended for the reappointment.

The Company has received a certificate from the retiring auditors to the effect that the appointment if made, will be in accordance with the limits specified in section 224 (1B) of the Companies Act, 1956. The Board recommends their re-appointment.

Notes forming part of the accounts, which are specifically referred to by the Auditors in their report are self-explanatory and therefore, do not call for any further comments.

COST AUDITOR

The cost accounts of the Company for the year ended 31st March, 2011 will be audited by V SRINIVASAN, FICWA and whose report is due for submission before 30th September, 2011.

As cost audit was not applicable in the year 2009-10, filing information of the same is not applicable.

CASH FLOW ANALYSIS

The Cash Flow statement for the year ended on 31st March, 2011, in terms of clause 32 of the Listing Agreement entered by the company with the stock exchanges where the shares of the Company are listed forms part of the Annual Report.

ENERGY CONSERVATION

Information required u/s 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption are as per the Annexure forming part of this Report.

SAFETY HEALTH & ENVIRONMENT

Your company is committed to being proactive to Safety, Health and Environment. Continued safety awareness was maintained through several activities such as training, competitions, awards, etc. where there is high worker participation.

CORPORATE GOVERNANCE

A separate section on Corporate Governance containing all the information as mandated by the Listing Agreement is attached herewith and forms a part of this report.

Certificate from the Practicing Company Secretary of your Company regarding compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange is attached herewith and forms a part of the Corporate Governance report.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis on matters relating to business performance, as stipulated in Clause 49 of the listing agreement with the stock exchanges, is given as a separate statement in the Annual Report.

ACKNOWLEDGEMENTS

Your Directors would take this opportunity to express their gratitude to the Government authorities, Institutions, business constituents and Shareholders for the faith, guidance and support to the Company during the year under review. Your Directors also wish to sincerely appreciate the spirit of dedication and commitment of all the employees during the year under review.

For and on behalf of the Board

Place : Palsana
Date : 30.05.2011

Ashok R. Jain **Kailashchand Jain**
Managing Director Director

ANNEXURE TO DIRECTORS REPORT

Form for disclosure of particulars with respect to Conservation of Energy

A) ENERGY CONSUMPTION	2010-11	2009-10
1. (a) Electricity:		
Purchased Units	7,26,762	8,56,014
Total Amount (₹)	44,09,065	60,43,882
Average rate/unit (₹)	6.07	7.06
(b) Through Gas Generator		
Unit	1,19,84,166	1,14,74,234
Total Amount	6,60,87,493	5,06,15,720
Cost/Unit	5.51	4.41

B) DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT.

1. Specifies areas in which R&D carried by the Company : Nil
2. Future plan of action : Not Specified
3. Expenditure on R&D : Nil

Technology absorption, adoption and innovation:

1. Efforts, in brief, made towards technology absorption, adoption and innovation.
The Company has adopted latest technology to improve quality, increase efficiency and reduce cost of production.
2. Benefits derived as a result of the above efforts, e.g, product improvement; cost reduction, product development, import substitution etc.
High productivity and accuracy with good quality.
3. Particulars of Imported Technology
Not applicable



MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE & DEVELOPMENTS:

The company is engaged in the manufacturing of Polyester Filament Yarn products namely Polyester Partially Oriented Yarn (POY), Fully Draw Yarn (FDY) and Texturised Yarn. The company has also commenced production of Nylon yarn from the year end. The demand for synthetic yarn is showing a continuous growth since last few years in both domestic and international markets.

The textile industry in the year ended 31st March, 2011, showed a marginal growth. The growth of Indian markets for Partially Oriented Yarn (P.O.Y.) was only 1%. However the exports market gave some kind of relief to the industry. The strong performance of the export market was mainly due to the less availability and higher prices of cotton globally.

The growth in textile industry on the whole has been showing rise since the year 2009. The textile industry has started getting momentum and has registered a marginal growth. The primarily consuming economy of United States of America (U.S.A.) has started showing signs of marginal growth and recovery since last year. Despite increase in business volume, the overall contributions and margins remained under pressure due to fluctuation in raw material prices coupled with competitive pressures on the business activity.

OVERVIEW OF ECONOMY

The country's economic growth was around 8.6% in 2010-11, compared to 7.4% expansion in the previous year. Growth is projected around 9% in the next two fiscals with the government trying to push the same into double digits. The domestic growth could be even faster than what is expected.

However the root problems which impacted growth in the 2010-11 fiscal seem to chase the Indian economy in the coming fiscal also. Rising inflation and the rise in interest rates to prevent the previous one has hampered the economic growth as well as the whole economy. These problems are still existing and even growing as on today.

SWOT ANALYSIS:

Per capita consumption of yarn in India is still much behind the world average. The present growth in Indian economy, decrease in poverty, increase in standard of living of people, rising prices of cotton etc. are expected to contribute a lot in the growth of yarn consumption and the company which will provide a huge opportunity for the company to grow in the coming years.

The manufacturing set-up of our company is in the heart of the synthetic yarn market of Surat which is the biggest yarn consumption city in the whole country. This facilitates us in providing cheaper goods in comparison to few other big players as there is less time consumption during transport, less cost of packing and transporting of goods. The overall economic scenario and the increasing demand of polyester cloth create a tremendous market for the smooth functioning and expansion of the whole polyester industry.

The major yarn industry till few years ago was regulated by the decisions of few big players in the market. However the situation has now changed and there is a whole lot of small players which contribute an important share in the market. The increase in the number of players in the market may affect the margins or the demand negatively. However the Company is trying to expand its customer base and improve its profitability.

There is non-integration in the product line, the company may have cyclical ups and down on its margins. The integration helps in more stable operations as compared to stand-alone units. However the difference is marginal over product life cycle.

The performance of the company will be impacted largely by the developments in the industry. Increase in prices of raw materials, reduction in prices of finished goods, large capacity expansions by other players, availability of raw materials etc will impact largely the overall performance of the Company. However it is expected that the increase in production of Chips in the Country will not cause problems in supply of raw materials and increase in prices of raw materials may also be absorbed by the increase in the prices of the Company's finished products.

Your company is gearing up to meet the challenges through continuous improvement in quality, reduction in costs, better marketing arrangements for higher value added products.

ADEQUACY OF INTERNAL CONTROL:

The company has an internal control system commensurate with its size and nature of business and meeting with the following objectives,

- Efficient use and safeguarding of resources.
- Compliance with statutes, policies and procedures.
- Transactions being accurately recorded and promptly reported.

Company has a proper, strong independent and adequate system of internal controls to ensure that all the assets are safeguarded, protected against loss from unauthorized use or disposition and the transactions are authorised, recorded and reported correctly.

The internal control systems are also designed to ensure that the financial and other records are reliable for preparing financial statements and other data.

The company having audit committee looking after internal controls, its procedures and policies adopted by the company and is reported to the board of directors in their meeting.

RISKS & CONCERNS

The Company in its day to day operations has exposure to various types of risks. The most significant of them is the risk of fluctuation of prices. The Company has been managing the same through better relations with its suppliers, proper inventory management, market analysis etc.

BUSINESS OUTLOOK

The performance of the whole industry would largely depend on raw material prices of yarn that is chips and further P.T.A. and M.E.G. from which chips are made. Apart from this raw material prices of cotton will also make a huge impact on the industry. The performance of the Company would largely depend on the whole industry scenario.

HUMAN RESOURCE DEVELOPMENT:

The company believes that the quality of its employees is the key to success in the long run. It realizes the importance of a component and motivated manpower in achieving its goals. The Company's work environment is challenging and provides opportunity for skill enrichment. A systematic performance appraisal system is used for motivating the performance of officers and staff at all levels. Industrial relations have continued to be harmonious throughout the year.

ENVIRONMENT AND SAFETY

The Company is conscious of the need for an environmentally clean and safe operation. The Company's policy requires the conduct of all operations in such manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.

CAUTIONERY STATEMENT:

This Report contains forward-looking statements that involve risks and uncertainties. When used in this Report, the words anticipate, believe, estimate, expect, intend, will and other similar expressions as they relate to the Company and/or its business are intended to identify such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new formation, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

For and on behalf of the Board

Place : Palsana
Date : 30.05.2011

Ashok R. Jain
Managing Director

Kailashchand Jain
Director



REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange)

Corporate Governance refers to a set of laws, regulations and good practices that enable an organisation to perform efficiently and ethically generate long term wealth and create value for all its stakeholders.

The demands of corporate governance require professionals to raise their competency and capability levels to meet the expectations in managing the enterprise and its resources effectively with the highest standards of ethics.

In line with this philosophy, Paras Petrofils Limited continuously strives for excellence through adoption of best governance and disclosure practices.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate Governance is a set of systems and practices to ensure that the affairs of the company are being managed in a way which ensures accountability, transparency, and fairness in all its transactions in the widest sense and meet its stakeholder's aspirations and social expectations.

We, at the Paras Petrofils Limited, are committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Our governance practices are self-driven, reflecting the culture of the trusteeship that is deeply ingrained in our value system and reflected in our strategic growth progress.

The Company is in full compliance with the requirements of Clause 49 of the Listing Agreement.

2. BOARD OF DIRECTORS:

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The composition of the Board was in conformity with Clause 49 of the Listing Agreement, which stipulates that 50% of the Board should comprise of Non Executive Directors. It further stipulates that if the Chairman is Executive Director than 50% of the Board should be of independent Directors and if not than atleast one third of the Board should be independent. The Board of Directors along with the Committees provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. As on March 31, 2011 the Company's Board of Directors consists of Ten Directors out of whom one is Managing Director and nine are non-executive directors. The Chairman of the company is a Non-Executive director.

During the Financial year 2010-2011 the Board of Directors met 4 times on 15.05.2010, 31.07.2010, 31.10.2010, and 31.01.2011.

The maximum time gap between any two meetings was not more than four months.

The company holds minimum of four meetings in each year after the end of each quarter. Besides, additional Board Meeting may be convened at any time for the specific requirements of the company.

The following table provides details of directors, attendance of directors at the board meeting and at the last annual general meeting, number of membership held by them in the board/committees of other public limited companies.

Name of the Directors	Category	No. of Board Meeting attended during the year held on 30.09.2010		Whether attended last AGM of Public Companies	No. of Outside Directorships Companies	No. of Committee positions held in other Public	
		Held	Attended			Chairman	Member
Shri Jivabhai A Patel	Chairman/ Non Executive	4	4	Yes	-	-	-
Shri Ashok R Jain	Managing Director	4	4	Yes	1	-	-
Shri Siddharthbhai C Patel	Non Executive/ Independent	4	2	No	1	-	-
Shri Kailashchand Jain	Non Executive	4	3	Yes	2	-	-
Shri Harshad J Patel	Non Executive	4	2	No	-	-	-
Shri Anandkumar Jain	Non Executive	4	2	No	-	-	-
Shri Pravinchand Jariwala	Non Executive/ Independent	4	2	No	-	-	-
Shri Murli Manohar Modani	Non Executive/ Independent	4	4	No	-	-	-
Shri AnilKumar Bansal	Non Executive/ Independent	4	3	No	-	-	-
Shri Harikishan Panpaliya	Non Executive/ Independent	4	3	No	-	-	-

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

The Board has laid down a Code of Conduct has been circulated to all the members of the Board, Executive as well as Non Executive and the members of the Senior Management also to whom the said code is applicable as defined in Clause 49 of the Listing Agreement. All Board members and senior management persons have affirmed compliance with the Code of Conduct Further as per the requirements of the above mentioned clause the Managing Director has also confirmed and certified the same. A declaration to this certification signed by the Managing Director of the Company is attached to this report as an annexure.

A copy of the Code has also been kept on the website of the Company which is www.paraspetrofilms.com.

C.E.O. / C.F.O. CERTIFICATION

The Managing Director of the Company has furnished the requisite certificate to the Board of Directors under Clause 49 V of the Listing Agreement which is attached at the end of the report.

3. AUDIT COMMITTEE:

The Audit committee has been constituted as per the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The role of the Audit Committee is to supervise the Company's reporting process and disclosure of its financial information, to recommend the appointment of Statutory Auditors and fixation of their remuneration, to review and discuss with the Auditors about adequacy of internal control systems, the scope of Audit including the observations of the Auditors, major accounting policies, practices and entries, compliances with accounting standards and listing agreement with the stock exchanges, reviewing with the management the annual financial statements before submission of the same to the Board for approval with reference to matters to be included in

the Directors Responsibility Statement, adjustments to be made in the financial statements arising out of Audit findings, qualifications in the Draft Audit Report, Disclosure of any related party transaction and other legal requirements concerning financial statements, if any, to review the Company's financial and risk management policies and discuss with the internal auditors and significant findings for follow-up thereon, to review the quarterly, half yearly and annual financial statements before they are submitted to the Board of Directors.

As per the recent circular issued by the ministry of corporate affairs and better operations, the audit committee is also assigned the task of recommending the appointment of cost auditors, to ensure their independence, scope of work, review their performance etc.

The Audit Committee comprises 3 non executive directors. The committee met 4 times during the year and attendance of members at the meetings was as follows:

Name of the Member	Status	No. of Meetings
Shri Murli Manohar Modani	Chairman	4
Shri Jivabhai Patel	Member	4
Shri Pravinchandra Jariwala	Member	4

4. REMUNERATION TO DIRECTORS:

The company does not have formal remuneration committee. No remuneration is paid to Directors.

Details of remuneration paid or payable to Directors for the financial year ended 31st March, 2011 are not applicable as no remuneration is paid to any of the Directors.

5. SHARE TRANSFER-CUM-INVESTORS GRIEVANCE COMMITTEE:

The company has constituted a "Share Transfer-cum-investors Grievance Committee" comprised of following Directors:

1. Shri Jivabhai Patel (Chairman)
2. Shri Pravinchandra Jariwala

The Board has delegated to the committee powers to inter alia approve the transfer/transmission of share, issue of duplicate share certificate and review of all matters connected with Investors complaints/Grievances if any and redressal of the same. The committee also approves requests for issue of new share certificates on spilt / consolidation / renewal / rematerialisation etc.

The committee also sees the overall performance of the Registrar and Share Transfer agent, and recommend to the Board of director for improvement in the investor service.

The Company Secretary is the Compliance officer. He also acts as the Secretary to the Committee and is responsible for convening and holding of the meetings of the Committee. The Committee met 21 times in the previous year. It meets once in a fortnight to ensure proper services to the stakeholders of the company. There was no pending complaint as on 01st April, 2010, the total number of complaints received and resolved during the year ended 31st March, 2011 were 15 respectively. There was no complaint pending as on 31st March 2011.

The Minutes of the committee meeting are placed at the Board Meeting from time to time.

6. GENERAL BODY MEETING:

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

Year	Place		Date	Time
2009-2010	Block No.529, N.H.No.8 Village Palsana Surat	AGM	30-09-2010	3.00 P.M.
2008-2009	-do-	AGM	30-09-2009	3.00 P.M.
2007-2008	-do-	AGM	30-09-2008	3.00 P.M.

No special resolution was passed in the previous three Annual General Meetings.

No special resolution was passed last year through Postal Ballot last year and similarly there is no special resolution proposed to be passed through Postal Ballot.

7. DISCLOSURES:

- (a) During the year, there were no transactions of material nature with the directors or management or their subsidiaries or relatives that had potential conflict with the interest of the company.
None which require separate disclosure.
- (b) No penalty has been imposed or stricture has been made by SEBI, Stock Exchanges or any Statutory Authorities on matters relating to Capital Markets during the last three years.
- (c) The Company has not adopted any Whistle Blower Policy but no personnel is being denied any access to the Audit Committee.
- (d) All the mandatory requirements of this Clause have been complied with by the Company.
- (e) The Company has obtained a certificate from a practicing company secretary regarding compliance of conditions of corporate governance which is attached to this report.

8. MEANS OF COMMUNICATION:

The Company has its own website named as www.paraspetrofilms.com from where the shareholder's can find a copy of annual and quarterly results respectively. All other information relating to company of shareholders interest is available on the website of the Company.

The company has regularly sent the audited financial accounts as well as quarterly un-audited results to the Stock Exchanges after the Board of Directors took them on record.

The quarterly and half-yearly results of the company are published normally in the English Newspaper – Times of India & Economic Times and Vernacular Newspaper- Economic Times.

9. GENERAL SHAREHOLDER INFORMATION :

(a) **Annual General Meeting** : 30th September, 2011 at 3.00 p.m. at Registered Office the Company Block No. 529, N. H. No. 8, Village Palsana, Dist. Surat.

(b) **Financial Calendar (Tentative)** : April 2011 to March 2012

Annual Results of 2010-2011	May 30, 2011
First Quarter Results	July/August, 2011
Annual General Meeting	30th September, 2011
Second Quarter Results	October/November 2011
Third Quarter Results	January/February 2012

(c) **Book Closure Date** : 24th September, 2011 to 30th September 2011 (Both days inclusive)

(d) Listing of Equity Share on Stock Exchange:

1. The Vadodara Stock Exchange Limited - Vadodara
2. The National Stock Exchange of India Limited - Mumbai
3. The Bombay Stock Exchange Limited - Mumbai
4. The Calcutta Stock Exchange Limited - Calcutta
5. The Jaipur Stock Exchange Limited - Jaipur
6. The Delhi Stock Exchange Association Limited - New Delhi

Note: Annual Listing fee for the financial year 2011 – 12 has been paid to Vadodara, Bombay and National Stock Exchanges and the same for the financial year (s) 1999-2000 and onwards have not been paid to the Stock Exchanges of Calcutta, Jaipur and New Delhi.

(e) Stock Market Data:

Month	Bombay Stock Exchange	
	High	Low
May - 2010	0.84	0.65
June- 2010	0.83	0.60
July - 2010	0.73	0.60
August - 2010	0.81	0.60
September - 2010	0.80	0.65
October - 2010	0.77	0.66
November - 2010	1.42	0.65
December - 2010	1.02	0.72
January - 2011	0.85	0.66
February - 2011	0.73	0.58
March - 2011	0.67	0.55

(f) Registrar and Share Transfer Agents:

All the work related to Share Registry, both in physical and electronic form, is handled by the Company's Registrar and Transfer Agent M/s Bigshare Services Pvt. Ltd.

The communication details of M/s Bigshare Services Pvt. Ltd is

E-2/3, Ansa Industrial Estate Saki Vihar Road, Saki Naka Andheri (E), Mumbai - 400 072

Ph: (022) 28470652, 28470653 Fax: 28475207

(g) Share Transfer System:

The company's shares are traded in the Stock Exchanges compulsorily in demat mode. Shares in physical mode which are lodged for transfer are processed and forwarded to the registrar and share transfer agent M/s Bigshare Services P.Ltd., and sent to the company for approval at regular interval and returned to the shareholders within the stipulated time. The Board has formed a share transfer cum investor grievance committee for the purpose of transfer, transmission etc.

The Company's Representatives visit the office of the Registrar and Share Transfer Agent from time to time to monitor, supervise and ensure that there are no delays or lapses in the system. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47 (c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.

(h) Summary of shareholding

Distribution of Shareholding as on 31.03.2011:

Category	No. of shares held	% of share holding
Indian Promoters	137073054	41.01
Mutual Fund & UTI	2000000	0.60
Private Corporate Bodies	79786170	23.87
Indian Public	106493370	31.86
NRI's/OCB	8650024	2.59
Others (Demat/ transit)	218382	0.07
TOTAL	33,42,21,000	100.00

Category wise Summary of Holders / Holdings as on 31st March, 2011:

No. of Equity Shares	No. of Shareholders	% of total Shareholders	No. of Shares held	% of totalShares
1 – 500	6007	19.7853	1980194	0.5925
501-1000	8355	27.5189	8165457	2.4431
1001-2000	6086	20.0455	11496928	3.4399
2001-3000	2597	8.5537	7435335	2.2247
3001-4000	1086	3.5770	4189784	1.2536
4001-5000	2505	8.2507	12425503	3.7178
5001-10000	2041	6.7224	17318889	5.1819
More Than 10000	1684	5.5466	271208910	81.1466
Total	30361	100.00	334221000	100.00

(i) Dematerialization of Shares :

13,70,59,100 Equity Share representing 41.008 % of the total Equity Capital of the Company are held in a dematerialisation form with National Securities depository Limited (NSDL) and Central depository Services (India)Limited (CDSL) as on

(j) Plant Location :

Block No. 529, N. H. No. 8, Vill: Palsana. Surat

(k) Address for investor correspondence :

ParasPetrofils Ltd., Block No. 529, N. H. No.8, Village Palsana, Dist. Surat.

OR

301, Jeevan Deep Complex, Opp. J.K. Tower Ring Road, Surat

OR

M/s Bigshare Services Pvt. Ltd.,
E-2/3,Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (E), Mumbai - 400 072.

For and on behalf of the Board of Directors

Place : Palsana
Date : 30-05-2011

Ashok R. Jain
Managing Director



**Details of the Directors retiring by rotation and seeking Re-appointment at the Annual General Meeting
(Pursuant to clause 49 of the listing agreement)**

Name	Shri Murli Manohar Modani	Shri Pravinchandra Jariwala	Shri Harikishan Panpaliya	Shri Anil Kumar Bansal
Date of Birth	20.09.1996	18.03.1942	07.05.1960	05.07.1965
Experience	Vast experience as Practicing Chartered Accountant in various fields like Income Tax, Accounts etc.	Rich business experience in textile business	Vast experience in commercial and legal matters	Rich business experience in textile business
Date of Appointment	30/03/2009	30/03/2002	30/03/2009	30/03/2009
List of Directorship In Other Companies	(1) Royal Art Impex (India) Pvt. Limited, (2) Rich Fine Additives Private Limited, (3) Raj Rajeshwar Enterprises Private Limited	(1) Dhanlaxmi Dyeing and Printing Mills Pvt. Ltd.	—	(1) GDR International Pvt Ltd
List of Membership in Other Companies	—	—	—	—
No. of Shares held	NIL	NIL	NIL	NIL

**Annexure to Corporate Governance Report of Paras Petrofils Limited
Declaration regarding Affirmation of Code of Conduct**

In terms of the requirement of the Clause 49 of the Listing Agreement, this is to confirm that all members of the Board and the senior management personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2011.

Place : Surat
Date : 30-05-2011

Ashok R. Jain
Managing Director

AUDITORS' CERTIFICATE

We have examined the compliance of conditions of Corporate Governance by M/s Paras Petrofils Limited, Block No. 529, N H No. 8, Village Palsana, Dist. Surat – 394315, for the year ended on 31st March 2011 as stipulated in clause 49 of the Listing agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statement of the Company.

In our opinion and to 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 stipulated in the above-mentioned listing agreement. We further state, as informed, that no investor grievance(s) is/are pending for a period exceeding one month against the Company as per the records / certificate maintained/given by the Company and its Registrars and Share Transfer Agents. 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 M. D. Baid & Associates
Company Secretary

Mohan Baid
Partner

Date : 30-05-2011
Place : Surat

Membership No. 3598

CEO/CFO CERTIFICATION

**To,
The Board of Directors
Paras Petrofils Limited.**

Sir,

I, Ashok R Jain, Managing Director, hereby certify that

- a) I have reviewed the Financial Statement and cash flow statement for the year ended on 31st March 2011 and that to the best of my knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or in violation of the Company's code of conduct.
- c) I accept the responsibility for establishing and maintaining internal control for financial reporting and that I have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and I have disclosed to the auditors and the audit Committee, that there is no deficiencies in the design or operation of such internal controls, if any, of which I am aware.
- d) I have indicated to the auditors and Audit Committee
 - i) That there is no significant change in internal control over financial reporting during the year.
 - ii) There is no significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) There is no significant fraud of which I have become aware and that the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For Paras Petrofils Limited

Place : Palsana
Date : 30.05.2011

Ashok R Jain
Managing Director



AUDITORS' REPORT

To
The Members **PARAS PETROFILS LTD.**
Surat.

We have audited the attached Balance Sheet of **PARAS PETROFILS LTD.** as at 31st March, 2011 and Profit & Loss Account for the year ended on that date and annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provided a reasonable basis for our opinion.

- (1) As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of sub-section 4(A) of Section 227 of the Companies Act, 1956, we enclose in Annexure a statement on the matters specified in Para - 4 & 5 of the said Order.
- (2) Further to our comments in the Annexure referred to above, we state that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from examination of such books.
 - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of accounts.
 - (d) In our opinion, the Profit & Loss Account, Balance Sheet and Cash Flow Statement comply with the accounting standards referred to in sub-section 3(C) of Section 211 of the Companies Act, 1956.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) in the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2011, and
 - (ii) in the case of Profit & Loss Account, of the Profit of the company for the year ended on that date.
 - (iii) in the case of Cash Flow Statement, of the Cash Flow of the company for the year ended on that date.

for **R K G & CO.**
Chartered Accountants
Firm Reg. No. : 103366W

(CA RAMESH GOYAL)
Partner
M.No.37747

Place : Surat
Date : 30.05.2011

**ANNEXURE TO AUDITOR'S REPORT
(Referred to in Para - 1 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) All the assets have been physically verified by the management during the year but there is a regular programme of verification which in our opinion is reasonable having regards to the size of the company and nature of its assets. No material discrepancies were noticed on verification.
- (c) During the year, the company has not disposed off substantial part of fixed assets except Texturising Plant & Machinery. However it does not effect the going concern status of the company.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company has not granted loan to companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act.
- (b) The company has taken unsecured loan from three companies and thirteen other parties covered under section 301 of the Companies Act, 1956. The maximum amount involved during the year was 8.73 Crores and year end balance of the loan taken from such parties was 3.45 crores.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest where applicable and other terms and conditions of loan taken are not prima facie prejudicial to the interest of the company.
- (d) In our opinion and according to the information and explanations given to us, the company is regular in payment of principal amount and interest as stipulated.
- (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 purchases of inventory, fixed assets and with regard to sale of goods and service. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According the information and explanations given to us, we are of the opinion that transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rule, 1975 with regard to acceptance of deposit from public.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules 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.
- (ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.



- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, service tax, excise duty and cess were in arrears, as at 31.03.2011 for a period of more than six months from the date they become payable.
- (c) As on 31.03.2011, according to the record of the company, the following disputed dues have not been deposited with the appropriate authorities.

Name of the Statute	Nature of Due	Amount (in lacs)	From, where dispute is pending	Year
Gujarat Sales Tax Act	Sales Tax	83.11	Joint Sales Tax Commissioner-(Appeal)-II	Acc. Year 2002-2003
Gujarat Sales Tax Act	Sales Tax	19.86	Joint Sales Tax Commissioner-(Appeal)-II	Acc. Year 2001-2002
Gujarat Sales Tax Act	Sales Tax	1.73	Joint Sales Tax Commissioner-(Appeal)-II	Acc. Year 2000-2001
Central Excise and Custom Act	Excise Duty	1.98	Commissioner-(Appeal-1) Surat	Acc. Year 2005-2006

- (x) In our opinion, the company has no accumulated losses and has not incurred cash loss during the financial year under review and in the immediate preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company does not have any loan from Bank, financial Institution and debenture holder.
- (xii) In our opinion and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion and according to information and explanations given to us, the company does not trade in shares or other securities. However it has made investment in the quoted shares/mutual funds. The company has maintained proper records of the transaction and contract and timely entry have been made therein. All the investment are held in the name of the company.
- (xv) In our opinion and according to information and explanations given to us, the company has not given guarantees for loans taken by others from bank and financial institutions.
- (xvi) In our opinion, the company has not obtained term loans during the year. Hence the provisions of clause 4(xvi) of the Companies (Auditors Report) Order,2003 are not applicable to the company.
- (xvii) According to the informations and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) In our opinion and according to the informations and explanations given to us, the company has not made preferential allotment of share to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the informations and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
- (xx) According to the informations and explanations given to us, during the period covered by our audit report, the company has not raised any money by way of public issue.
- (xxi) Based upon the audit procedure performed and as per the information and explanations given to us by the management, we report that no fraud on or by the company has been noticed during the year.

for **R K G & CO.**
Chartered Accountants
Firm Reg. No. : 103366W

(CA RAMESH GOYAL)
Partner
M.No.37747

Place : Surat
Date : 30.05.2011

PARAS PETROFILS LTD.**BALANCE SHEET AS ON 31ST MARCH, 2011**

PARTICULARS	SCHEDULE	AS ON 31.03.2011	AS ON 31.03.2010
SOURCE OF FUND			
SHAREHOLDERS FUND			
Share Capital	1	367,843,000.00	367,843,000.00
Reserve & surplus		89,895,017.00	53,575,922.00
		<u>457,738,017.00</u>	<u>421,418,922.00</u>
LOAN FUNDS			
Secured Loans		—	—
Unsecured Loan	2	34,477,587.00	82,650,799.00
		<u>34,477,587.00</u>	<u>82,650,799.00</u>
Deferred Tax Liability		60,229,534.00	46,069,177.00
TOTAL		<u>552,445,138.00</u>	<u>550,138,898.00</u>
APPLICATION OF FUND			
Fixed Assets			
Gross Block	3	857,424,958.00	886,020,048.00
Less Depreciation		440,153,007.00	423,838,742.00
Net Block		417,271,951.00	462,181,306.00
Investment	4	17,751,439.00	3,400,348.00
CURRENT ASSETS, LOANS & ADVANCES			
Inventory	5	74,199,694.00	31,151,741.00
Sundry Debtors		41,092,323.00	47,568,669.00
Cash & Bank Balances		10,491,993.00	8,421,127.00
Loans & Advances		52,228,702.00	27,445,034.00
		<u>178,012,712.00</u>	<u>114,586,571.00</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	6	52,372,056.00	24,333,900.00
Provision		8,218,908.00	5,695,427.00
		<u>60,590,964.00</u>	<u>30,029,327.00</u>
Net Current Assets/Liabilities		117,421,748.00	84,557,244.00
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)			
Total ₹		<u>552,445,138.00</u>	<u>550,138,898.00</u>

As per our report of even date

For R K G & Co.

Chartered Accountants

Firm Reg. No. : 103366W

CA Ramesh Goyal

Partner

Mem. No. : 37747

Place : Surat

Date : 30.05.2011

Rajendra Parakh

Company Secretary

For and on behalf of the Board

Ashok R. Jain

Managing Director

Kailashchand Jain

Director

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2011**

PARTICULARS	SCHEDULE	AS ON	
		31.03.2011	31.03.2010
INCOME			
Income from Operations		1,315,267,987.00	1,080,435,095.00
Less:- Excise Duty/Service Tax/Sales Tax		177,530,539.00	118,424,501.00
Net Income from Operations		1,137,737,448.00	962,010,594.00
Other Income	7	3,557,642.00	9,964,479.00
Increase/Decrease in Stock	8	3,400,354.00	6,930,144.00
Total ₹		1,144,695,444.00	978,905,217.00
EXPENDITURE			
Raw Material Consumed	9	892,893,815.00	741,789,967.00
Manufacturing Expenses	10	130,616,759.00	113,408,136.00
Payment to Employees	11	12,643,549.00	10,846,654.00
Administrative and Selling Expenses	12	15,104,376.00	19,131,764.00
Financial Expenses	13	6,809,006.00	12,700,300.00
Total ₹		1,058,067,505.00	897,876,821.00
PROFIT/(LOSS) BEFORE DEPRECIATION		86,627,939.00	81,028,396.00
Depreciation		45,390,099.00	45,099,646.00
Profit before Tax		41,237,840.00	35,928,750.00
Less: Provision for Taxation (MAT)		8,218,908.00	5,695,427.00
Less: Deferred Tax Assets/(Liability)		(14,160,357.00)	(12,216,356.00)
Prior Period Income Tax Adjustment		2,107.00	3,068,098.00
MAT Credit Entitlement		(17,462,627.00)	—
Profit after Tax		36,319,095.00	21,085,065.00
Add: Balance B/f		53,575,922.00	32,490,857.00
Balance carried to Balance Sheet		89,895,017.00	53,575,922.00

Notes forming part of Accounts

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As per our report of even date

For R K G & Co.

Chartered Accountants

Firm Reg. No. : 103366W

CA Ramesh Goyal

Partner

Mem. No. : 37747

Place : Surat

Date : 30.05.2011

Rajendra Parakh

Company Secretary

For and on behalf of the Board

Ashok R. Jain

Managing Director

Kailashchand Jain

Director

SCHEDULES FORMING PART OF THE ACCOUNTS

PARTICULARS	AS ON 31.03.2011	AS ON 31.03.2010
SCHEDULE -1 : SHARE CAPITAL		
AUTHORISED CAPITAL		
33,63,78,000 (33,63,78,000) Equity Shares of ₹ 1 each	336,378,000.00	336,378,000.00
33,62,200 (33,62,200) 11% Non cumulative Preference Shares of ₹ 10 each	33,622,000.00	33,622,000.00
Total ₹	370,000,000.00	370,000,000.00

ISSUED, SUBSCRIBED & PAIDUP CAPITAL

33,42,21,000 (33,42,21,000) Equity Share of ₹ 1/- each, fully paid up issued for cash at par	334,221,000.00	334,221,000.00
33,62,200 (33,62,200) 11% Non cumulative Preference Shares of ₹ 10 each	33,622,000.00	33,622,000.00
Total ₹	367,843,000.00	367,843,000.00

SCHEDULE -2 : UNSECURED LOANS

From Directors	7,749,111.00	17,319,844.00
From Others	26,728,476.00	65,330,955.00
Total ₹	34,477,587.00	82,650,799.00

SCHEDULE - 3 : FIXED ASSETS

ASSETS	RATE %	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		AS ON 01.04.10	ADDITION	DEDUCTION	AS ON 31.03.11	AS ON 01.04.10	DEDUCTION FOR THE YEAR	AS ON 31.03.11	AS ON 31.03.11	AS ON 31.03.10	
LAND	0.00	1,392,510	—	—	1,392,510	—	—	—	1,392,510	1,392,510	
FACTORY BUILDING	3.34	57,476,758	1,023,598.00	—	58,500,356	20,680,139	—	1,929,784	22,609,923	35,890,433	36,796,619
VEHICLE	9.50	2,383,867	2,186,657.00	—	4,570,524	664,327	—	431,923	1,096,250	3,474,274	1,719,540
FURNITURE & FIXTURE	6.33	3,349,906	5,463.00	—	3,355,369	2,282,973	—	212,192	2,495,165	860,204	1,066,933
PLANT & MACHINERY	5.28	818,169,859	9,033,317.00	40,959,121	786,244,055	398,258,865	29,075,834	42,576,832	411,759,863	374,484,192	419,910,994
OFFICE EQUIPMENT	4.75	1,051,902	82,396.00	—	1,134,298	431,896	—	51,709	483,605	650,693	620,006
COMPUTER	16.21	2,195,246	32,600.00	—	2,227,846	1,520,542	—	187,659	1,708,201	519,645	674,704
Total ₹		886,020,048	12,364,031.00	40,959,121	857,424,958	423,838,742	29,075,834	45,390,099	440,153,007	417,271,951	462,181,306
PREVIOUS YEARS		867,156,558	19,279,778	416,288	886,020,048	378,780,414	41,318	45,099,646	423,838,742	462,181,306	488,376,144



PARTICULARS	AS ON 31.03.2010	AS ON 31.03.2009
SCHEDULE -4 : INVESTMENT		
Quoted (At Cost) Non-Trade		
71504 (71504) shares of Jaipan Industries Ltd	2,944,230.00	2,944,230.00
Aggregate Market Value 17,84,025 (20,40,854)		
Nil (15000) shares of Gammon Infrastructure Projects Ltd	—	366,940.00
Aggregate Market Value Nil (3,72,750)		
3000 (Nil) shares of Housing Dev & Infra. Ltd	755,838.00	—
Aggregate Market Value 5,26,950 (Nil)		
4000 (Nil) shares of South Indian Bank Ltd	92,544.00	—
Aggregate Market Value 91,400 (Nil)		
20000 (Nil) shares of Zee Newas Ltd	300,478.00	—
Aggregate Market Value 2,42,000 (Nil)		
Nil (1502) shares of Visagar Polytex Ltd	—	89,178.00
Aggregate Market Value Nil (1,82,343)		
Others		
Bank Fixed Deposit with SBI	13,658,349.00	—
Total ₹	17,751,439.00	3,400,348.00
SCHEDULE -5 : CURRENT ASSETS		
INVENTORY (As taken, valued & certified by the Management)		
Raw Materials	37,733,849.00	5,438,800.00
Work in Process	2,282,308.00	1,528,388.00
Finished Goods	23,681,085.00	20,985,294.00
Store, Packing & Process Materials	10,473,611.00	3,121,061.00
D.E.P.B. on hand	28,841.00	78,198.00
Total ₹	74,199,694.00	31,151,741.00
SUNDRY DEBTORS (Debts unsecured, considered good by the management)		
Debts Outstanding over 6 Months	1,036,136.00	1,582,682.00
Other Debts	40,056,187.00	45,985,987.00
Total ₹	41,092,323.00	47,568,669.00
CASH & BANK BALANCES		
Cash in Hand	340,405.00	940,535.00
Balance with Schedule Bank		
In Current Account	10,151,588.00	7,480,592.00
Total ₹	10,491,993.00	8,421,127.00
LOANS & ADVANCES		
Advances recoverable in cash or kind or for value to be received	22,096,962.00	16,274,009.00
Deposits	12,669,113.00	11,171,025.00
MAT Credit Entitlement	17,462,627.00	—
Total ₹	52,228,702.00	27,445,034.00

PARTICULARS	AS ON 31.03.2011	AS ON 31.03.2010
SCHEDULE -6 : CURRENT LIABILITIES & PROVISION		
(A) CURRENT LIABILITIES		
Sundry Creditors for Goods	29,257,926.00	7,202,990.00
Sundry Creditors for Expenses	16,089,026.00	8,895,853.00
Other Liabilities	7,025,104.00	8,235,057.00
Total ₹	52,372,056.00	24,333,900.00
(B) PROVISION		
Income Tax Payable (MAT)	8,218,908.00	5,695,427.00
Total ₹	8,218,908.00	5,695,427.00
SCHEDULE-7 : OTHER INCOME		
DEPB Licence Sale	110,853.00	479,043.00
Dividend Income	17,000.00	400.00
Interest on Income Tax Refund	476,375.00	364,028.00
Profit on Sale Of Assets	116,713.00	—
Profit on Sale Of Shares/Mutul Fund	565,671.00	693,524.00
Royalty Income	1,318,233.00	3,572,930.00
Miscellaneous Income	—	4,500,000.00
Interest (Gross) on Fixed Deposit (T.D.S. ₹ 6,484 previous year ₹ 5,256)	64,833.00	51,014.00
Interest (Gross) - Other (T.D.S. ₹ 22,893 previous year ₹ 13,493)	887,964.00	303,540.00
Total ₹	3,557,642.00	9,964,479.00
SCHEDULE-8 : INCREASE/ DECREASE IN INVENTORY		
Opening Stock - WIP	1,528,388.00	2,766,591.00
Opening Stock - Finish	20,985,294.00	12,416,102.00
DEPB on Hand	78,198.00	479,043.00
Total ₹	22,591,880.00	15,661,736.00
Less: Closing Stock - WIP	2,282,308.00	1,528,388.00
Less: Closing Stock - Finish	23,681,085.00	20,985,294.00
Less: D.E.P.B. on Hand	28,841.00	78,198.00
Total ₹	25,992,234.00	22,591,880.00
Increase/ (Decrease)	3,400,354.00	6,930,144.00



PARTICULARS	AS ON 31.03.2011	AS ON 31.03.2010
SCHEDULE-9 : RAW MATERIAL CONSUMED		
Opening Stock	5,438,800.00	2,529,475.00
Purchases	925,188,864.00	744,699,292.00
Less Closing Stock	37,733,849.00	5,438,800.00
Total ₹	892,893,815.00	741,789,967.00
SCHEDULE - 10 : MANUFACTURING EXPENSES		
Carriage Inward	116,221.00	82,955.00
Packing Expenses	23,894,885.00	22,596,624.00
Power & Fuel Expenses	70,496,558.00	56,659,602.00
Process Expenses	15,037,196.00	16,266,922.00
Repair & Maintenance Building	252,402.00	271,532.00
Repair & Maintenance Expenses	888,633.00	807,482.00
Stores & Spares	19,923,799.00	16,722,357.00
Testing Charges	7,065.00	662.00
Total ₹	130,616,759.00	113,408,136.00
SCHEDULE-11 : PAYMENT TO EMPLOYEE		
Salary & Bonus	10,714,436.00	9,846,420.00
Provident Fund & ESIC	558,904.00	350,036.00
Previlage Leave	1,244,500.00	626,990.00
Gratuity	125,709.00	23,208.00
Total ₹	12,643,549.00	10,846,654.00

PARAS PETROFILS LTD.

	AS ON 31.03.2011	AS ON 31.03.2010
SCHEDULE-12 : ADMINISTRATIVE & SELLING EXPENSES		
Advertisement Expenses	57,199.00	41,150.00
Auditors Remuneration	110,300.00	110,300.00
Bank Charges	87,410.00	63,745.00
Bad Debts	—	4,988,521.00
Carriage Outward Expenses	3,936,150.00	3,251,988.00
Charity & Donation	1,000.00	—
Conveyance Expenses	89,600.00	143,040.00
Dealer's Commission	4,278,146.00	3,292,569.00
Factory General Expenses	188,941.00	136,616.00
Foreign Exchange Fluctuation	179,892.00	7,296.00
Insurance Expenses	495,740.00	731,745.00
Legal & Professional Charges	200,190.00	125,600.00
Listing Fees & Share Transfer Expenses	567,895.00	578,428.00
Loss On Sale Of Assets	—	16,187.00
Office Expenses	770,882.00	644,805.00
Printing & Stationery	331,500.00	339,924.00
Rates & Taxes	221,809.00	1,573,416.00
Rent	840,000.00	840,000.00
Security Charges	902,742.00	639,660.00
Security Transaction Tax	5,801.00	7,377.00
Telephone & Postage Charges	462,082.00	498,348.00
Travelling Expenses	663,899.00	508,704.00
Vehicle Expenses	713,198.00	592,345.00
Total ₹	15,104,376.00	19,131,764.00
SCHEDULE-13 : FINANCIAL EXPENSES		
Interest on Unsecured Loan		
Directors	1,297,167.00	2,086,444.00
Other Parties	5,511,839.00	10,613,856.00
Total ₹	6,809,006.00	12,700,300.00

SCHEDULE - 14 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES OF ACCOUNTS

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1 SYSTEM OF ACCOUNTING

- (i) The financial statements are prepared on a historical cost convention and as a going concern concept.
- (ii) Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles.
- (iii) The Company follows the mercantile System of accounting and recognizes Income and expenditure on accrual basis except otherwise referred.

2 FIXED ASSETS AND DEPRECIATION

- (i) Expenditure which are of Capital nature are capitalized at a cost net of CENVAT and VAT which comprises purchase price (net of rebates and discount), levies and any directly attributable cost of bringing the assets to working condition for its intended use.
- (ii) Depreciation is charged on straight line method in accordance with the rates specified under Schedule XIV to the Companies Act, 1956 on pro rata basis.

3 INVENTORY

- (i) Raw materials are stated at cost or net realizable value whichever is lower.
- (ii) Stock of finished goods have been valued at cost or net realizable value whichever is lower.
- (iii) Stock of work in progress have been valued at cost or net realizable value whichever is lower.
- (iv) The cost includes manufacturing expenses and appropriate overheads. Excise duty on finished goods lying at the plant is provided and considered for valuation of stock.
- (v) Stock of waste have been valued at net realisable value
- (vi) Stores and Spares are stated at Cost or net realizable value whichever is lower.

4 INVESTMENT

Investments have been valued at cost. Provision for diminution in the value of long term investment is made only when such a decline is other than temporary in the opinion of the management.

5 BORROWING COST

- (i) Borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset have been capitalized as part of the cost of that asset.
- (ii) All other borrowing costs are charged to revenue.

6 FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currency are normally recorded at the rates of exchange prevailing at the time of transactions. Monetary items at the end of the year are translated at the year end rate. The difference between the exchange rate prevailing on the date of transactions and on the date of settlement, as also on translation at the end of the year is recognised as income or expenses, as the case may be for the year.

7 IMPAIRMENT OF ASSETS

An assets is treated as impairment when the carrying cost of the assets exceeds its recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an assets is identified as impaired.

8 RETIREMENT BENEFITS

Company's contributions to provident fund and ESIC are charged to profit and loss account. Incremental liability of gratuity for the year is provided in the books of accounts and charged to the profit & loss account on the basic of actuarial valuation. The eligible benefit of privileged leave have been charged to Profit & loss Account as per policy of the company.

9 TAXATION

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the company. Deferred tax assets and liabilities are recognized for further tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements, subject to consideration of prudence. Deferred tax assets and liabilities are measured as per the tax rates/laws that have been enacted or substantively enacted by the Balance Sheet date.

10 INCOME FROM OPERATIONS

Income from Operations includes Sales and Excise Duty and Value Added Tax on Sales, Commission Income including Service Tax but is net of discounts, claims and returns.

11 PROVISION, CONTINGENCIES

A provision is recognised where there is present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Contingent liability are not recognised but are disclosed in the notes. Contingent Assets are neither recognised, hence not disclosed.

12 MAT CREDIT ENTITLEMENT

The MAT Credit entitlement has been recognised as an assets in the year when there is certainty to utilise the MAT Credit within the specified period

B. NOTES OF ACCOUNTS

Notes forming part of the Account for the year ended 31st March 2011.

- 1 Figures of the previous year have been regrouped/ recast wherever necessary to make them comparable with the figure of the current year and are rounded off to the nearest rupees.
- 2 Balances of Sundry Debtors, Sundry Creditor and Loans and Advances are subject to confirmation and reconciliation if any.
- 3 The amount of Sundry Debtors includes ₹ 1.58 crores (Previous Year - ₹ 2.10 crores) receivable from firm/company/individual in which directors of the company are partner/director/relative. However the maximum amount outstanding during the year at any time is ₹ 5.22 Crores (Previous Year - ₹ 3.30 Crores).
- 4 In the opinion of Board of Directors, Current Assets, Loans & Advances are approximately of the value stated, if realised in the ordinary course of business, unless stated otherwise. Adequate provision have been made for all known liabilities except stated otherwise.
- 5 In The absence of necessary information with the Company relating to the status of the suppliers under Micro, Small and Medium Enterprises Act.2006, the Information Could not be Complied and disclosed.

6 CONTINGENT LIABILITIES (not provided for) in respect of

	As on 31.03.2011	(₹ in Lacs) As on 31.03.2010
(a) Corporate Guarantee	—	525.00
(b) Export obligation against Advance License	66.78	66.78
(c) Export obligation against EPCG	413.32	413.32
(d) Sales Tax Liabilities	110.42	104.69
(e) NCCD Duty claim dispute with Excise Department	1.98	1.98
(f) Listing Fee to Regional Stock Exchange	6.53	6.53
7 The break up of Auditor's remuneration is as under:-		
For Audit Fees (including service tax)	71695	71695
For Taxation	38605	38605
	110300	110300

8 Related Party Disclosures

A) Key Management Personnel:

<u>Sr. No.</u>	<u>Name</u>	<u>Designation</u>
1	Shri Jivabhai Patel	Chairman
2	Shri Ashok R Jain	Managing Director
3	Shri Siddharth C Patel	Director
4	Shri Kailashchand Jain	Director
5	Shri Harshad J. Patel	Director
6	Shri Anandkumar Jain	Director
7	Shri Pravindrai D Jariwala	Director
8	Shri Anil Bansal	Director
9	Shri Murli Manohar Modani	Director
10	Shri Harikishan Pinpaliya	Director
11	Shri Rajendra Parakh	Company Secretary

B) List of other Related Parties with whom transactions have taken place during the Year

<u>Sr. No.</u>	<u>Name</u>
1	Akansha Ship Breaking Pvt Ltd
2	Construction India Pvt Ltd
3	Priyanka Developers Pvt Ltd
4	Sanidhy Security Pvt Ltd
5	Shree Finlease Ltd

C) Relatives of key management personnel with whom transactions have taken place during the year:

<u>Sr. No.</u>	<u>Name</u>	<u>Sr. No.</u>	<u>Name</u>
1	Anish D Jain	7	Ritesh J patel
2	Champaben J Patel	8	Santosh K Jain
3	Manish M Jain	9	Siddharth C Patel HUF
4	Nikul J Patel	10	Viraj S Patel
5	Nilesh D Patel	11	Vishwesh S Patel
6	Pranjal S Patel		

D) Details of transactions with key management personal and related parties of the key management personal are as follows. (₹ in Lacs)

Nature of Transaction	Key	Other	Relatives of key Parties	Total Personnel
1 Unsecured Loan				
Taken during the year	—	—	75.00	75.00
	—	(145.00)	(100.00)	(245.00)
Balance as at 31.03.2011	77.49	37.93	224.09	339.51
	(173.20)	(146.43)	(462.36)	(781.99)
2 Expenditure				
Interest Paid	12.97	11.10	40.47	64.54
	(20.86)	(20.76)	(69.09)	(110.71)
Purchase of goods and	—	31.96	5.59	37.55
Payment for expenses	—	(1.80)	(5.59)	(7.39)
Payment to employees	1.82	—	—	1.82
	(1.26)	—	—	(1.26)
3 Income				
Sales and Other Income	—	3,469.23	—	3,469.23
	—	(3,252.96)	—	(3,252.96)

9 SEGMENT REPORTING

Business Segment

The company has two business segment viz Polyester filament yarn and Commission Activity.

Performance of Business segment is as follows

	Year ended	(₹ in lacs)
	31.03.2011	Year ended 31.03.2010
1 Segment revenue (Net Turnover/Income)		
a. Polyester Filament Yarn Division	10,878.39	9,099.45
b. Commission Activity	498.98	520.66
Total	11,377.37	9,620.11
Net sales/Income from operations	11,377.37	9,620.11
2 Segment results Profit (+)/Loss (-)		
a. Polyester filament yarn Division	71.57	(23.51)
b. Commission Activity	498.98	520.66
Total	570.55	497.15
Less : (i) other Un-allocable exp.net off un-allocable income	158.17	137.86
Total profit before tax	412.38	359.29
3 Capital employed (Segment assets- Segment liabilities)		
a. Polyester filament yarn Division	5,017.66	5,201.44
b. Commission Income	38.08	38.58
c. Unallocable Net Assets	468.71	261.37
Total	5,524.45	5,501.39

Geographic Segment:

The company has only one Geographic Segment hence Geographic Segment has not provided

10 EARNING PER SHARE

	Year ended	Year ended
	31.03.2011	31.03.2010
Basic		
1. Weighted average no. of shares of ₹ 1 each	334,221,000	334,221,000
2. Net Profit attributable to shareholders	36,319,095	21,085,064
3. Earning per share	0.11	0.06

Diluted:

The company has no potential equity shares, hence not applicable.

Note: The company has recognised MAT Credit as an Assets during the year and the same has been considered while working of the Earning Per Share.

11 Accounting for taxes on income.

The major components of deferred tax assets/(liabilities) on Account of timing difference are as below:

	Year ended	Year ended
	31.03.2011	31.03.2010
Deferred Tax Assets		
Provision to Retirement benefit	10.10	6.49
Dissolance U/s 43 B	1.75	—
Unabsorbed Depreciation allowance	180.06	401.21
	191.91	407.70
Deferred Tax Liability		
Related to Fixed Assets	794.21	868.39
	794.21	868.39
Net Deffered Tax Assets/(Liability)	(602.30)	(460.69)

C Additional Information pursuant to the provisions of part II of the Schedule VI of the Companies Act 1956 to the extent relevant.

PARTICULARS OF CAPACITY

			Year ended 31.03.2011	Year ended 31.03.2010
(A) (i) Licensed Capacity			N.A.	N.A.
(ii) Installed Capacity	POY		22675 MT	22675 MT
	FDY		3325 MT	3325 MT
	Texturising		3080 MT	3080 MT
	Knitting		400 MT	400 MT
(iii) Production	POY		12475 MT	11448 MT
	FDY Poly		1731 MT	2249 MT
	FDY Nylon		01 MT	00 MT
	Texturising		00 MT	00 MT
	Knitting		00 MT	00 MT
	Year ended 31. 03. 2011		Year ended 31. 03. 2010	
	QTY.	Value	QTY.	Value
		(₹ in lacs)		(₹ in lacs)

(B) TURNOVER

- Yarn (in MT)	14,468	10,874.93	13,612	9,099.45
- Finish Fabric (In '000 Mtrs)	4	3.46	—	—

(C) OPENING STOCK

Finished Yarn (in MT)	221	175.00	143	89.31
Finish Fabric (In '000 Mtrs)	129	34.85	129	34.85
Raw Material (in MT)	79	52.27	44	23.18
Raw Material Fabric (in MT)	19	2.12	19	2.12
Work in Progress (in MT)	21	15.28	48	27.67

(D) CLOSING STOCK

Finished Yarn (in MT)	178	205.22	221	175.00
Finish Fabric (In '000 Mtrs)	125	31.59	129	34.85
Raw Material (in MT)	266	375.22	79	52.27
Raw Material Fabric (in '000 Mtrs)	19	2.12	19	2.12
Work in Progress (in MT)	22	22.82	21	15.28

(E) Consumption of Raw Material

Chips (in Mt)	14,174	8,928.94	13,300	7,417.90
---------------	---------------	-----------------	--------	----------

(F) C.I.F.Value of Imports

Capital Goods		—		150.72
Raw Materials		124.98		—
Stores & Spare Parts		181.07		—

(G) Advance payment in foreign currency :

Capital Goods		40.91		—
Raw Materials		—		—
Stores & Spare Parts		2.41		20.20

(H) Expenditure in Foreign currency

Travelling		4.51		3.39
------------	--	-------------	--	------

(I) Earnings in foreign exchange

Export of Goods		3.46		—
-----------------	--	-------------	--	---

(J) Dividend to N.R.I.s

		—		—
--	--	---	--	---

(k) Break-up of consumption of Raw material, Stores & Spare parts

	Year ended 31. 03. 2011		Year ended 31. 03. 2010	
	₹ in lacs	%	₹ in lacs	%
Raw material				
Indigenous	8,928.94	100.00	7,417.90	100.00
Imported	—	—	—	—
	<u>8,928.94</u>	<u>100.00</u>	<u>7,417.90</u>	<u>100.00</u>
Store & Spares				
Indigenous	464.85	71.97	447.75	80.25
Imported	181.07	28.03	110.17	19.75
	<u>645.92</u>	<u>100.00</u>	<u>557.92</u>	<u>100.00</u>

D Balance Sheet Abstract and Company's General Business Profile as required by part IV of schedule VI of the Companies Act, 1956

I. Registration Details

Registration No. 15254 State Code : 4
 Balance Sheet Date : 31.03.2011

II. Capital Raised during the Year (Amount in ₹ Thousands)

Public Issue NIL Right Issue NIL
 Private Placement NIL Bonus Issue NIL

III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousand)

Total Liabilities 552445 Total Assets 552445

SOURCES OF FUNDS :

Paid-up Capital 367843 Reserves & Surplus 89895
 Deferred tax liability 60230 Secured Loans 0
 Unsecured Loans 34477

APPLICATION OF FUNDS :

Net Fixed Assets 417272 Investments 17751
 Net Current Assets 117422 Misc.Expenditure 0

IV. Performance of Company (Amount in ₹ Thousand)

Gross Turnover 1315268 Total Expenditure 1058068
 Profit Before Tax 41238 E P S (₹) 0.11
 Dividend rate (%) Nil

IV. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

a. Item Code No. (ITC Code no.) : 5 4 0 2
 Product Description : POLYESTER FILAMENT YARN/
 PARTIALLY ORIENTED YARN

Signature to Schedule - 1 to 14

As per our report of even date

For R K G & Co.

Chartered Accountants
 Firm Reg. No. : 103366W

For and on behalf of the Board

CA Ramesh Goyal

Partner
 Mem. No. : 37747

Place : Surat
 Date : 30.05.2011

Rajendra Parakh
 Company Secretary

Ashok R. Jain
 Managing Director

Kailashchand Jain
 Director



CASH FLOW STATEMENT

	For the year ended 31.03.2011		For the year ended 31.03.2010	
	₹	₹	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before Taxation and Extra-Ordinary items		41,237,840		35,928,750
ADJUSTMENT FOR :				
1. Depreciation	45,390,099		45,099,646	
2. Interest Expenses	6,809,006		12,700,300	
3. Loss /(Profit) on Sale of Assets	(116,713)		16,187	
4. Loss / (Profit) on Sale of Investment	(565,671)	51,516,721	(693,524)	57,122,609
Operating profit before Working Capital Change		92,754,561		93,051,359
Adjustment For:				
1. Trade and other Receivables	(18,307,322)		(5,328,193)	
2. Inventories	(43,047,953)		(3,283,674)	
3. Trade Payables	30,561,637		5,834,572	
4. Income Tax	9,241,612		(2,627,329)	
Cash generated from operations		(21,552,026)		(5,404,624)
Cash flow before extra ordinary Items		71,202,535		87,646,735
1. Extra Ordinary items		—		—
Net cash flow from Operating activities		71,202,535		87,646,735
B. CASH FLOW FROM INVESTING ACTIVITIES				
1. Purchase of Fixed Assets	(12,364,031)		(18,923,995)	
2. Sale of Fixed Assets	12,000,000		3,000	
3. Investment in Bank Fixed Deposit	(13,658,349)			
4. Purchase of Shares/Mutual Funds	(55,458,617)		(16,129,204)	
5. Sale of Shares/Mutual Funds	55,331,546		15,815,588	
Net cash used for investing activities		(14,149,451)		(19,234,611)
C. CASH FLOW FROM FINANCING ACTIVITIES				
1. Increase of long term borrowing	(48,173,212)		(58,240,127)	
2. Interest Paid	(6,809,006)		(12,700,300)	
Net cash used for Financing activities		(54,982,218)		(70,940,427)
Net increase in Cash & Cash equivalents		2,070,866		(2,528,303)
Cash & Cash equivalents (Opening)		8,421,127		10,949,430
Cash & Cash equivalents (Closing)		10,491,993		8,421,127

Notes

1 The Cash Flow Statements has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India

2 Previous years figures have been regrouped wherever necessary.

As per our report of even date

For R K G & Co.

Chartered Accountants

Firm Reg. No. : 103366W

CA Ramesh Goyal

Partner

Mem. No. : 37747

Place : Surat

Date : 30.05.2011

Rajendra Parakh

Company Secretary

For and on behalf of the Board

Ashok R. Jain

Managing Director

Kailashchand Jain

Director

PARAS PETROFILS LTD.

Regd. Office : Block No. 529, N. H. No. - 8, Village Palsana, Dist. : Surat - 394315

ATTENDANCE SLIP

20th Annual General Meeting
30th September, 2011

Folio No. _____

I certify that I am registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the TWENTIETH ANNUAL GENERAL MEETING of the Company held at the Registered Office of the Company on 30th September, 2011

Member's/ Proxy's name in Block Letter _____

Member's/Proxy's Signature _____

Note : Please fill in this attendance slip and hand it over at the ENTRANCE OF THE MEETING ROOM.

** No gifts shall be distributed at the meeting.

Tear Here

PARAS PETROFILS LTD.

Regd. Office : Block No. 529, N. H. No. - 8, Village Palsana, Dist. : Surat - 394315

PROXY FORM

20th Annual General Meeting
on dated 30th September, 2011.

Folio No. _____

I/We _____ of _____ in the district of _____

being a member/members of the above named Company hereby appoint Shri/ Smt. _____ of _____ in the district of _____ as my/ our proxy

to attend and vote for me/us on my/our behalf at the TWENTIETH ANNUAL GENERAL MEETING of the Company to be held on 30th September, 2011 at the Registered Office of the Company and at any adjournment thereof.

Signed this _____ day of _____ 2011.

**Affix
Re. 1
Revenue
Stamp**

Note : This form in order to be effective should be duly stamped and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

BOOK-POST

To

If Undelivered, Please return to :

PARAS PETROFILS LTD.

Block No. 529, N. H. No. 8,

Village : Palsana

Dist. Surat - 394 315.