



BOARD OF DIRECTORS

Shri Ashwin M. Parekh

Shri Chirag A. Parekh

Shri V. C. Mehta

Shri M. Nageswará Rao

Shri J. R. Naik

Shri Ajit R. Sanghvi

Dr. Minoo D. Daver

Shri A.R.Shah

Shri Rustam Mulla

Executive Chairman

Managing Director

COMPANY SECRETARY

Damodar Sejpal

AUDITORS

Sanghavi & Company,
Chartered Accountants.

REGISTRAR & TRANSFER AGENT

M/s Bigshare Services Pvt. Ltd.

E-2/3, Ansa Industrial Estate,

Sakivihar Road, Mumbai – 400 072

Phone: (022) 40430200, Fax : (022) 28475207

BANKERS

State Bank of India,
Bhavnagar.

WORKS

Survey No.312,

Bhavnagar - Rajkot Highway (13th Km.)

Navagam, Post: Vartej,

Bhavnagar 364 060, Gujarat (India).

Phone : (0278) 2540218 / 2540893 / 2540392 / 2540232

Fax : (0278) 2540558

REGISTERED OFFICE

704, Centre Point, J. B. Nagar,

Andheri - Kurla Road, Andheri (East),

Mumbai - 400 059 (India).

Phone : (022) 66711101/05

Fax : (022) 66711109

Email : acrysil@acrysil.com

Website : www.acrysil.com

NOTICE

NOTICE is hereby given that the **TWENTY THIRD ANNUAL GENERAL MEETING** of the Members of **ACRYSIL LIMITED** will be held at Indian Merchant Chambers, IMC Road, Churchgate, Mumbai, on Tuesday, the 10th August, 2010, at 3.00 p.m. to transact the following business:

I. ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet and the Profit and Loss Account for the year ended 31st March, 2010 together with the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Shri A. R. Sanghavi who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri J.R. Naik who retires by rotation and being eligible offers himself for re-appointment.
5. To re-appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

II. SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s), if any, the following **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 302, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and pursuant to a resolution passed by the Remuneration Committee of the Directors of the Company and subject to such other approvals as may be necessary, the consent of the members of the Company, be and is hereby accorded for revision in the remuneration and benefits payable to Shri Chirag A. Parekh, Managing Director of the Company for the remaining period of his tenure of office with effect from 1st April, 2010 upon the terms and conditions including remuneration and perquisites as set out in the Explanatory Statement.”

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON THE POLL ONLY INSTEAD OF HIMSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THEN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**
2. Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 4th August, 2010 to Tuesday, the 10th August, 2010 (both days inclusive).
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No. 6 of the Notice set out above is annexed hereto.
4. The unpaid dividend for the year 2001-2002 remaining unclaimed for 7 years from the date of declaration have been transferred to the Investor Education and Protection Fund established by the Government of India pursuant to Section 205C of the Companies Act, 1956. Consequently, no claim shall lie against the said Fund or the Company in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date they first became due for payment.
5. The dividend, as recommended by the Board, if sanctioned at the Annual General Meeting, will be paid to those members or their mandates whose names stand registered on the Company's Register of Members :-

- a. as Beneficial Owners as at the end of business on Tuesday, the 3rd August, 2010 as per the list to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of Shares held in demat form.
 - b. as members in the Register of Members of the Company on Tuesday, the 10th August, 2010 after giving effect to valid share transfers lodged with the Company, on or before Tuesday, the 3rd August, 2010.
 - c. Members are requested to notify immediately any change of address/mandate/bank details, if any, quoting their number(s) to the Company's Registrar & Transfer Agent.
6. Non-resident Indian Shareholders are requested to inform Share Transfer Agents immediately:
 - (a) the change in the residential status on return to India for permanent settlement.
 - (b) the particulars of NRE Account with a Bank in India, if not furnished earlier.
 7. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays and Sundays between 1.00 p.m. to 3.00 p.m.
 8. Members who are holding shares in identical order of names in more than one folio are requested to send to the Registrar & Share Transfer Agent/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.
 9. 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 7 days before the date of the Meeting so that the information required may be made available at the Meeting.
 10. The Company has connectivity from the CDSL & NSDL and equity shares of the Company may also be held in the electronic form with any Depository Participant (DP) with whom the members/investors are having their depository account. The ISIN No. for the Equity Shares of the Company is INE 482D01016. Any query/difficulty in the matter relating thereto may be addressed to the Share Transfer Agent
 11. As per the provisions of the Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The Nomination Form-2B prescribed by the Government can be obtained from the Share Transfer Agent or may be downloaded from the website of the Department of Company Affairs.
 12. Members are requested to bring with them their copy of Annual Report to the General Meeting.

**By Order of the Board of Directors,
FOR, ACRYSIL LIMITED**

**Damodar Sejpal
Company Secretary**

Bhavnagar : 24th May, 2010

Registered Office :

704, Centre Point,
J.B. Nagar, Andheri – Kurla Road,
Andheri (East),
Mumbai - 400 059 (India).

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT IN PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 6**

Mr. Chirag A. Parekh was reappointed Managing Director of the Company for a period of five years with effect from 1st November, 2008. The Board of Directors of the Company had at its meeting held on 31st March, 2010, approved the proposal for increase in remuneration of Mr. Chirag A. Parekh, Managing Director of the Company for the remaining period of his tenure of office. Earlier, the Remuneration Committee of the Company passed a resolution approving and recommending the said increase in remuneration.

The said proposal for increase in remuneration is subject to the approval of the members of the Company in a General Meeting and/ or Central Government.

The revised terms and conditions including remuneration are as under:

I. SALARY

Rs.3, 00,000/- per month (in the scale of Rs. 3, 00,000 - Rs. 4, 00, 000)

The Board will grant annual increments and revise the Salary within the aforesaid range, having regard to the merits and the Company's performance.

II. PERQUISITES

- (a) Perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with utilities such as gas, electricity, water furnishings and repairs; medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance etc.; in accordance with the Rules of the Company or as may be agreed to by the Board of Directors and Mr. Chirag A. Parekh; such perquisites for each year not to exceed Rs.6, 00,000.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

Provision of the Company's car and telephone at residence for official duties shall not be included in the computation of perquisites for the purpose of calculating the said ceilings.

- (b) Company's contribution to Provident Fund and Superannuation or Annuity Fund, as per the rules of the Company, gratuity payable as per the Rules of the Company and encashment of leave at the end of his tenure as per the Rules of the Company applicable to senior executives.

III COMMISSION

A sum calculated at the rate of 2% of the net profits of the Company in a particular financial year.

IV MINIMUM REMUNERATION

If, in any financial year, the Company has no profits or its profits are inadequate, then in such event, notwithstanding the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956 but subject to the approval of the Central Government as may be required, the remuneration as set out above in paragraphs I, II and III, will be paid as minimum remuneration.

V Other terms :

- a) Leave: On full pay and allowances, as per the Rules of the Company, but not exceeding one month's leave for every 11 months of service.
- b) Reimbursement of entertainment and/or travelling, hotel and other expenses actually incurred by him in the performance of duties.
- c) Mr. Chirag A. Parekh shall not be entitled for sitting fees for attending meetings of the Board of Directors of the Company or Board Committees so long as he functions as the Managing Director of the Company.
- d) Subject to the provisions of the Companies Act, 1956, Mr. Chirag A. Parekh shall not, while he continues to hold office, be subject to retirement by rotation of Directors and he shall not be reckoned as a Director for the purpose of determining the rotation or retirement of Directors or in fixing the number of Directors to retire.
- e) The re-appointment may be terminated by either party giving to the other party ninety days' notice in writing.

In the event of any dispute or difference arising at any time between Mr. Chirag A. Parekh and the Company in respect of the Agreement or the construction thereof, the same will be submitted to and be decided by Arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996.

**By order of the Board of Directors
FOR, ACRYLIL LIMITED**

**Damodar Sejpal
Company Secretary**

Bhavnagar : 24th May, 2010

Registered Office :

704, Centre Point,
J.B. Nagar, Andheri – Kurla Road,
Andheri (East),
Mumbai - 400 059 (India).

DIRECTORS' REPORT

To,
THE MEMBERS OF THE COMPANY

Your Directors have pleasure in presenting the **Twenty Third** Annual Report and the Audited Statement of Accounts for the year ended **31st March, 2010**.

FINANCIAL RESULTS:

Financial Results of the Company for the year under review along with the figures for previous year are as follows:—

(Rs. in Lacs)

| | As on 31.03.2010 | As on 31.03.2009 |
|---|---------------------|---------------------|
| 1 Net Sales/Income from Operations | 4576.70 | 5062.28 |
| 2 Other Income | 20.35 | 21.98 |
| 3 Total Income (1+2) | 4597.05 | 5084.26 |
| 4 Total Expenditure | 3503.30 | 3782.31 |
| 5 Operating Profit before Borrowing Cost, Depreciation and Tax (3-4) | 1093.75 | 1301.95 |
| 6 Borrowing Cost | 63.77 | 205.18 |
| 7 Depreciation | 265.21 | 210.01 |
| 8 Profit before Tax (5-6-7) | 764.77 | 886.76 |
| 9 Provision for Taxation | 156.62 | 160.44 |
| 10 Prior period adjustment(net) | (17.19) | 12.00 |
| 11 Net Profit after Tax (8-9+10) | 590.96 | 738.32 |

OPERATIONS OF THE COMPANY :

PERFORMANCE :

As you all aware that the global recession affected the world economy. The financial year witness the global meltdown and financial ups and down. In spite of this, the Company's sales turnover and profit just fell marginally. Sales turnover for the year was Rs. 4576.70 lacs against Rs. 5062.28 lacs in the previous year. The net profit for the year was Rs.590.96 compared to Rs. 738.32 lacs of previous year. The Company's profit fell mainly because of a depreciated foreign currency affecting the export revenues/margins.

DIVIDEND :

Your Directors recommend a dividend of 40 % on Equity Shares of Rs. 10/- for the year ended March 31, 2010 subject to the approval of shareholders at the ensuing Annual General Meeting.

EXPORT MARKET :

Company had put significant efforts to promote sales in emerging countries. Hence, inspite of global meltdown, export sales marginally fell from Rs.4569.95 lacs to Rs. 3860.37 lacs.

Company's focus continues on emerging and high potential markets.

DOMESTIC MARKET :

Sales jumped from Rs. 470 lacs to Rs. 680 lacs, recording 44.68 % growth as compared to previous year. We plan to further increase domestic sales by way of launching new models, catering new projects and aggressive promotion.

REVIEW OF OPERATIONS :

The Company has achieved Turnover of Rs. 4576.70 lacs compared to previous year of Rs. 5062.28 lacs, recording 10% lower. The operating profit before borrowing cost, depreciation and tax is Rs. 1093.75 lacs against Rs. 1301.95 lacs of the previous year. The profit before tax is Rs. 764.77 lacs against Rs. 886.76 lacs of the previous year. The Net Profit After Tax for the year is Rs.590.96 lacs compared to Rs 738.32 lacs of previous year which is 20 % lower compared to previous year.

EXPANSION / DIVERSIFICATION :

Company has successfully increased its installed capacity of manufacturing Quartz Kitchen Sinks from 1,80,000 to 2,00,000 Nos. per annum.

Company plans to float a subsidiary to manufacture Stainless Steel Kitchen Sinks and other allied products.

EQUITY SHARE CAPITAL :

During the year ended 31st March, 2010, the Company received notices from warrants holders for exercising the conversion option in respect of 1,41,000 warrants at a price of Rs. 36.50 out of 4,00,000 warrants, whereupon the Company allotted 1,41,000 equity shares of Rs. 10/- each to the warrant holders. Consequent upon the allotment of these shares, the paid-up Share Capital of the Company stands increased to Rs. 2,97,20,000. The warrants / shares issued / to be issued are lock-in for three years from the date of allotment of warrants.

CERTIFICATION :**1) ISO 9001: 2000 :**

Your Company is having status of ISO 9001:2000 Certification, which is internationally recognized for the production, quality control and other qualities. The scope of certificate is design, manufacture, supply, installation and commissioning of fluid couplings and flexible fluid couplings. The ISO certification will give international reorganization and will help boost export turnover.

2) ISO 14001:2004 OHSAS & BIS- 18001:2007 FOR ENVIRONMENT, HEALTH AND SAFETY POLICY:

Your Company has got ISO 14001:2004 OHSAS & BIS-18001:2007 for Environment, Health and Safety Policy Certification. Your Company considers the environment, health and safety performance criterion as an integral part of our business and essential for long term success.

COMPLYING STANDARDS :

Your Company is also complying standards including CE Marking and CSA.

DIRECTORS :

The Board consists of Executive and Non-executive Directors including Independent Directors who have wide and varied experience in different disciplines of corporate functioning.

Mr. A. R. Sanghavi and Mr. J.R. Naik retire by rotation and being eligible, offer themselves for re-appointment.

PARTICULARS REGARDING CONVERSATION OF ENERGY, ETC :

In accordance with the requirements of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the board of directors) Rules, 1988, statement showing particulars

with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo are annexed hereto and form part of this Report.

AUDITOR'S AND THEIR REPORT :

Comments of the Auditors in their report and the notes forming part of the Accounts are self explanatory and need no comments.

M/S Sanghavi & Co. the Company's Auditors will retire at the conclusion of the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The Company has received a certificate from the auditors to the effect that their re-appointment if made, would be in accordance with the provisions of section 224(1B) of the Companies Act, 1956. The directors recommend the re-appointment of M/S Sanghavi & Co. as the Company's Auditors.

INSURANCE :

The assets of the Company are adequately insured against the loss of fire, riot, earthquake, terrorism, loss of profits, etc. and other risks which considered necessary by the management. In addition to this coverage, a statutory Public Liability Insurance Policy has been taken to cover by company for providing against the Public liability arising out of Industrial accidents for employees working in plants.

FIXED DEPOSITS :

In compliance with the Companies (Acceptance of Deposits) Rules, 1975, your Directors report that all the fixed deposits due for repayment/renewal on or before 31st March, 2010 were either paid or renewed.

DIRECTORS' RESPONSIBILITY STATEMENT :

In accordance with the provisions of section 217(2AA) of the Companies (amendment) Act, 2000 the Directors confirm that:-

1. In the preparation of accounts, the applicable accounting standards have been followed.
2. Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state.
3. of affairs of the Company as at the end of 31st March, 2010 and the profit of the Company for the year ended on that date.
4. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities;
5. The Annual Accounts of the company have been prepared on a going concern basis.

CORPORATE GOVERNANCE :

It is not mandatory for our Company to adopt Corporate Governance, though your Company is among the few who has voluntarily adopted Corporate Governance Compliances from the year 2008-2009. Your Company is committed to maintain the highest standards of Corporate Governance. Your Directors adhere to the requirements set out by the Securities and Exchange Board of India's Corporate Governance practices and have implemented all the stipulations prescribed. Over and above the statutory requirements, your Company has implemented several best corporate governance practices as prevalent globally.

TRANSFER OF UNPAID AND UNCLAIMED DIVIDEND TO IEPF :

Pursuant to the provisions of Section 205(A) of the Companies Act, 1956, the declared dividends which remained unpaid or unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the said Act.

PERSONNEL :

The Company continued to have cordial relations with its employees. Since no employee of the Company is drawing remuneration in excess of the ceilings prescribed under the Companies (Particulars of Employees) Rules, 1957 as amended, read with Section 217(2A) of the Companies Act, 1956 information for the same is not furnished.

ACKNOWLEDGEMENTS :

Your Directors place on record their appreciation for the overwhelming co-operation and assistance received from investors, customers, business associates, bankers, vendors, as well as regulatory and governmental authorities. Your Directors also thank the employees at all levels, who, through their dedication, co-operation, support and smart work, have enabled the Company to achieve rapid growth.

For and on behalf of the Board of Directors,

Ashwin M. Parekh
Executive Chairman

Bhavnagar : 24th May, 2010

Registered Office:

704, Centre Point,
J.B. Nagar, Andheri – Kurla Road,
Andheri (East),
Mumbai - 400 059 (India).

ANNEXURE TO DIRECTORS' REPORT

The information required under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988.

A. Conservation of energy :

The operations of the Company are not energy intensive. However, conservation measures have already been taken up wherever applicable. Disclosure of particulars with respect to conservation of energy in Form 'A' is not applicable.

B. Technological Absorption :

Form 'B' for disclosure of particulars with respect to Technology Absorption.

RESEARCH & DEVELOPMENT (R & D)

1. Specific areas in which R & D is carried out by the Company :

Continuous development work in existing products has not only helped in quality improvement but also in cost effectiveness and productivity improvement. During the year under review, quality control measures were updated and upgraded to meet global requirement.

2. Benefits derived as a result of the above efforts :

- (a) Broadening the product range.
- (b) Improvement in quality, productivity and cost effectiveness.
- (c) Certification in EN ISO 9001: 2000, ISO 14001:2004 OHSAS & BIS - 18001:2007 for Environment, Health and Safety Policy.

3. Future Plan of Action :

To develop and introduce new range of products.

4. Expenditure on R & D for the year 2009-2010

| | |
|---|----------|
| (a) Capital | NIL |
| (b) Recurring | 5,00,000 |
| (c) Total | 5,00,000 |
| (d) Total R & D expenditure as a percentage of Total Turnover | 0.11 % |

TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT

(1) Research and Development

(2) Technology absorption, adoption and innovation :

(a) Efforts in brief made towards technology absorption, adoption and innovation:

- Constant monitoring of process and technology up gradation taking place in advance countries and to offer similar products through in-house R & D as well as through progressive manufacturing activities. The Company is in the process of further improving its quality control methods and testing facilities.
- Regular interaction with equipment designers and manufacturers and major raw material suppliers for improvements to processing and operating parameters.

(b) Benefits derived as a result of above efforts :

- Improved product quality
- Cost saving and increased output

(c) Technology imported during the last 5 years :

The Company has not imported any technology during the last 5 years.

C FOREIGN EXCHANGE EARNINGS AND OUTGO :

| | Year ended 31.03.2010 (Rs.) |
|---|---|
| 1. Foreign Exchange Earnings (FOB value of exports) | 355,871,318 |
| 2. Foreign Exchange Outgo : | |
| (a) For Import of Raw Material | 100,290,094 |
| (b) For import of Accessories and Traded Good | 32,978,409 |
| (c) For Import of Capital Goods | 19,667,190 |
| (d) For Expenses | <u>7,015,981</u> |
| | <u>159,951,674</u> |
| 3. Net saving in Foreign Exchange | <u>195,919,644</u> |

For and on behalf of the Board of Directors,

Ashwin M. Parekh
Executive Chairman

Bhavnagar : 24th May, 2010

Registered Office :

704, Centre Point,
J.B. Nagar, Andheri – Kurla Road,
Andheri (East),
Mumbai - 400 059 (India).

AUDITORS' REPORT

To
**The Members of
ACRYSIL LIMITED**

We have audited the attached Balance Sheet of **Acrysil Limited** as at 31st March 2010 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph (1) above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of accounts as required by the law have been kept by the company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - (iv) In our opinion, the Balance Sheet, Profit & Loss account and Cash Flow Statements dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act 1956, to the extent applicable;
 - (v) Based on the written representations received from the directors of the company and taken on the record by the Board of Directors, no director is disqualified as on 31st March 2010 from being appointed as director under clause (g) of sub-section (1) of section 274 of the Companies Act 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with all the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the State of affairs of the company as at 31st March 2010;
 - (b) In the case of the Profit & Loss Account, of the **PROFIT** of the Company for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For SANGHAVI & COMPANY
Chartered Accountants
FRN: 109099W

Bhavnagar
May 24, 2010

MANOJ GANATRA
Partner
Membership No. 043485

ANNEXURE TO AUDITORS' REPORT

Annexure referred to in paragraph 1 of the report of even date of the Auditors to the members of **ACRYSIL LIMITED** on the accounts for the year ended 31st March 2010.

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:

- 1 In respect of fixed assets:
 - a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. As explained to us, fixed assets are physically verified by the management at reasonable intervals in a phased manner in accordance with a programme of physical verification. Discrepancies noticed on such verification, which were not material, have been properly dealt with in the accounts.
 - c. There was no substantial disposal of fixed assets during the year.
- 2 In respect of inventories:
 - a. The inventories were physically verified by the management at reasonable intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, the procedures 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 has maintained proper records of its inventories and no material discrepancies were noticed on physical verification carried out by the management of the Company.
- 3 In respect of loans granted or taken to/from companies, firms or other parties in the register maintained under section 301 of the Companies Act, 1956:
 - a. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - b. The Company has taken unsecured loans from the parties covered in the register maintained under section 301 of the Companies Act, 1956. The number of parties and the amount involved in the transactions during the year were three and Rs. 4.20 lacs respectively and the year-end balance of loans taken from such parties was Rs. 4.20 lacs.
 - c. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties in the register maintained under section 301 of the Companies Act, 1956 are not, prima-facie, prejudicial to the interest of the Company.
 - d. The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest, wherever applicable.
- 4 In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- 5 In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act 1956:
 - a. Based on the audit procedures applied by us and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section.

- b. According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at the prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time, wherever such comparison is possible.
- 6 The Company has complied with the directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA or any other relevant provisions of the Act and the rules framed thereunder with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Board Tribunal or Reserve Bank of India.
- 7 In our opinion, the company has an internal audit system commensurate with its size and the nature of its business.
- 8 As informed to us, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
- 9 In respect of statutory and other dues:
 - a. The Company has generally been regular in depositing 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 statutory dues, to the extent applicable, with the appropriate authorities during the year.
 - b. As explained to us, there are no amounts outstanding, which have not been deposited on account of dispute except for disputed Income Tax demand Rs. 9,21,203 for which appeal has been preferred before The Commissioner of Income Tax (Appeals).
- 10 The Company does not have any accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the current or in the immediately preceding financial year.
- 11 Based on our audit procedures and the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks. The Company has not obtained any borrowings by way of debentures.
- 12 The Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 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 Order are not applicable to the company.
- 14 The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- 15 According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
- 16 Terms loans obtained during the year have been applied for the purpose for which they were obtained.
- 17 According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, funds raised on short-term basis, prima facie, have not been used during the year for long-term investment.
- 18 The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act 1956 except for allotment of 141,000 equity shares to the directors against conversion of warrants issued to them on preferential basis in accordance with the guidelines issued by the Securities and Exchange Board of India in this regard.

- 19 The Company did not have any outstanding debentures during the year.
- 20 The Company has not raised any money through a public issue during the year.
- 21 To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For SANGHAVI & COMPANY
Chartered Accountants
FRN: 109099W

Bhavnagar
May 24, 2010

MANOJ GANATRA
Partner
Membership No. 043485

BALANCE SHEET AS AT 31st MARCH, 2010

(Amount in Rupees)

| Schedule | As at 31st March, 2010 | As at 31st March, 2009 | | |
|--|---------------------------|---------------------------|--------------------|-------------|
| SOURCES OF FUNDS : | | | | |
| 1. SHAREHOLDERS' FUNDS : | | | | |
| Share Capital | A | 29,720,000 | 28,310,000 | |
| Share Warrant Application Money | | - | 514,650 | |
| Reserves and Surplus | B | <u>178,686,697</u> | <u>129,600,970</u> | |
| | | 208,406,697 | 158,425,620 | |
| 2. DEFERRED TAX LIABILITY (NET) | | | 12,635,761 | 11,474,079 |
| 3. LOAN FUNDS : | | | | |
| Secured Loans | C | 90,029,208 | 102,229,573 | |
| Unsecured Loans | D | <u>18,367,413</u> | <u>31,025,981</u> | |
| | | 108,396,621 | 133,255,554 | |
| TOTAL : | | <u>329,439,079</u> | <u>303,155,253</u> | |
| APPLICATION OF FUNDS : | | | | |
| 1. FIXED ASSETS : | | | | |
| Gross Block | E | 304,755,076 | 254,333,093 | |
| Less :Accumulated Depreciation | | <u>128,449,688</u> | <u>102,281,700</u> | |
| Net Block | | <u>176,305,388</u> | <u>152,051,393</u> | |
| Add :Capital Work in Progress | | <u>7,256,555</u> | <u>5,436,530</u> | |
| | | 183,561,943 | 157,487,923 | |
| 2. CURRENT ASSETS, LOANS AND ADVANCES : | | | | |
| Current Assets | | | | |
| Inventories | | 96,977,105 | 85,265,666 | |
| Sundry Debtors | | 108,575,017 | 100,944,406 | |
| Cash and Bank Balances | | <u>10,295,295</u> | <u>8,829,981</u> | |
| | | 215,847,417 | 195,040,053 | |
| Loans & Advances | | | 50,988,109 | 35,089,903 |
| | | <u>266,835,526</u> | <u>230,129,956</u> | |
| LESS : CURRENT LIABILITIES AND PROVISIONS | | | 120,958,390 | 84,462,626 |
| NET CURRENT ASSETS | | | 145,877,136 | 145,667,330 |
| TOTAL : | | <u>329,439,079</u> | <u>303,155,253</u> | |
| NOTES ON ACCOUNTS | | | N | |
| The Accompanying Schedules A to N are an integral part of these financial statements | | | | |

As per our Report of even date
For SANGHAVI & COMPANY
Chartered Accountants

A. M. Parekh
Executive Chairman

C. A. Parekh
Managing Director

MANOJ GANATRA
Partner

Damodar Sejpal
Company Secretary

J. R. Naik
Director

Bhavnagar
Dated: May 24, 2010

Bhavnagar
Dated: May 24, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

(Amount in Rupees)

| Schedule | Year ended 31st March, 2010 | Year ended 31st March, 2009 |
|--|--------------------------------|--------------------------------|
| INCOME : | | |
| Sales and Operational Income | H 457,669,621 | 506,227,626 |
| Other Income | I 2,034,897 | 2,197,873 |
| | <u>459,704,518</u> | <u>508,425,499</u> |
| EXPENDITURE : | | |
| Change in Inventory | J (19,036,945) | (5,426,174) |
| Raw Materials Consumption and Other Manufacturing Expenses | K 236,775,445 | 250,493,484 |
| Selling, Administrative and Other Expenses | L 132,590,902 | 133,163,478 |
| Borrowing Cost | M 6,376,853 | 20,517,642 |
| Depreciation | 26,521,145 | 21,001,158 |
| | <u>383,227,400</u> | <u>419,749,588</u> |
| Profit Before Taxation | 76,477,118 | 88,675,911 |
| Less : Provision for Taxation | | |
| - Current Tax | 14,500,000 | 12,000,000 |
| - Deferred Tax | 1,161,682 | 3,514,128 |
| - Fringe Benefit Tax | - | 530,000 |
| | <u>15,661,682</u> | <u>16,044,128</u> |
| Profit After Taxation | 60,815,436 | 72,631,783 |
| Add : Prior Period Adjustments (net) | (1,719,078) | 1,200,798 |
| | <u>59,096,358</u> | <u>73,832,581</u> |
| Add : Balance brought forward from the previous year | 45,217,970 | 34,376,193 |
| Amount available for Appropriation | 104,314,328 | 108,208,774 |
| APPROPRIATIONS: | | |
| (a) General Reserve | 50,000,000 | 50,000,000 |
| (b) Dividend | 11,789,108 | 11,103,726 |
| (c) Corporate Tax on Dividend | 1,958,023 | 1,887,078 |
| | <u>63,747,131</u> | <u>62,990,804</u> |
| Balance Carried to Balance Sheet | 40,567,197 | 45,217,970 |
| Earning Per Share - Basic | 20.05 | 26.60 |
| Earning Per Share - Diluted | 20.05 | 26.05 |
| Face Value per Share | 10.00 | 10.00 |
| NOTES ON ACCOUNTS | N | |
| The Accompanying Schedules A to N are an integral part of these financial statements | | |

As per our Report of even date
For SANGHAVI & COMPANY
Chartered Accountants

A. M. Parekh
Executive Chairman

C. A. Parekh
Managing Director

MANOJ GANATRA
Partner

Damodar Sejpal
Company Secretary

J. R. Naik
Director

Bhavnagar
Dated: May 24, 2010

Bhavnagar
Dated: May 24, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010

(Rs. in Lacs)

| | 2009-2010 | 2008-2009 |
|---|-----------------|-----------------|
| A CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Net Profit Before Tax And Extraordinary Items | 764.77 | 886.76 |
| Adjustments for - | | |
| Depreciation | 265.21 | 210.01 |
| Prior Period Adjustments | (17.19) | 12.01 |
| Provision for doubtful debts | - | 72.62 |
| Interest | 88.64 | 134.96 |
| Loss / (Profit) on sale of Assets | 2.58 | - |
| Operating Profit Before Working Capital Changes | 1,104.01 | 1,316.36 |
| Adjustments for - | | |
| Trade and Other Receivables | (165.03) | (8.73) |
| Inventories | (117.11) | (334.96) |
| Trade Payables | 232.52 | (49.62) |
| Cash Generated From Operations | 1,054.39 | 871.33 |
| Interest Paid | (89.67) | (137.06) |
| Direct Taxes Paid | (113.42) | (203.09) |
| NET CASH FROM OPERATING ACTIVITIES | 851.30 | 626.51 |
| B CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Purchase of Fixed Assets | (536.17) | (658.70) |
| Sale of Fixed Assets | 7.65 | - |
| Interest Received | 1.03 | 2.10 |
| NET CASH USED IN INVESTING ACTIVITIES | (527.49) | (656.60) |
| C CASH FLOW FROM FINANCING ACTIVITIES : | | |
| Proceeds from issuance of Share Capital | 46.33 | 44.02 |
| Proceeds from Loans Borrowed (net) | (248.60) | 58.49 |
| Dividend Paid | (106.88) | (75.96) |
| NET CASH USED IN FINANCING ACTIVITIES | (309.15) | 26.55 |
| Net Increase in Cash and Cash Equivalents | 14.66 | (3.54) |
| Cash And Cash Equivalents as at beginning of the year | 88.30 | 91.84 |
| Cash And Cash Equivalents as at end of the year | 102.96 | 88.30 |

As per our Report of even date
For SANGHAVI & COMPANY
Chartered Accountants

A. M. Parekh
Executive Chairman

C. A. Parekh
Managing Director

MANOJ GANATRA
Partner

Damodar Sejpal
Company Secretary

J. R. Naik
Director

Bhavnagar
Dated: May 24, 2010

Bhavnagar
Dated: May 24, 2010

SCHEDULE FORMING PART OF THE BALANCE SHEET

(Amount in Rupees)

| | As at 31st March, 2010 | As at 31st March, 2009 |
|--|-----------------------------------|---------------------------|
| SCHEDULE - A | | |
| SHARE CAPITAL | | |
| Authorised : | | |
| 5,000,000 Equity Shares of Rs. 10/- each | <u>50,000,000</u> | <u>50,000,000</u> |
| Issued, Subscribed and Paid up : | | |
| 2,972,000 (Previous Year 2,831,000) | <u>29,720,000</u> | <u>28,310,000</u> |
| Equity Shares of Rs. 10 each fully paid up | | |
| TOTAL : | <u><u>29,720,000</u></u> | <u><u>28,310,000</u></u> |
| SCHEDULE - B | | |
| RESERVES AND SURPLUS | | |
| Securities Premium Account | <u>10,600,000</u> | 6,863,500 |
| Capital Reserve : | | |
| State Government Subsidy | <u>2,500,000</u> | 2,500,000 |
| Profit on Reissue of Forfeited Shares | <u>19,500</u> | 19,500 |
| | <u>2,519,500</u> | 2,519,500 |
| General Reserve : | | |
| Balance at the beginning of the year | <u>75,000,000</u> | 25,000,000 |
| Transferred from Profit Loss Account | <u>50,000,000</u> | 50,000,000 |
| | <u>125,000,000</u> | 75,000,000 |
| Profit and Loss Account | <u>40,567,197</u> | 45,217,970 |
| TOTAL : | <u><u>178,686,697</u></u> | <u><u>129,600,970</u></u> |
| SCHEDULE - C | | |
| SECURED LOANS | | |
| A. WORKING CAPITAL FINANCE FROM BANK | <u>53,012,971</u> | 61,485,779 |
| B. TERM LOAN FROM BANK | <u>33,316,457</u> | 40,265,455 |
| C. HIRE PURCHASE FINANCE | <u>3,699,780</u> | 478,339 |
| TOTAL : | <u><u>90,029,208</u></u> | <u><u>102,229,573</u></u> |
| Notes : | | |
| a. Working Capital Finance and Term Loan from Bank is secured by hypothecation of all tangible movable assets including stock of raw materials, finished goods, goods in process, stores & spares, book debts and exclusive charge on immovable properties etc. and personally guaranteed by some of the Directors of the Company. | | |
| [Term Loan due within one year : Rs. 10,600,000 (Rs. 10,600,000)] | | |
| b. Hire Purchase Finance is against Hypothecation of Vehicles | | |
| SCHEDULE - D | | |
| UNSECURED LOANS | | |
| From Shareholders | <u>420,000</u> | 420,000 |
| Fixed Deposits | <u>1,705,000</u> | 1,705,000 |
| External Commercial Borrowings (In Foreign Currency) | <u>15,649,679</u> | 28,367,506 |
| Interest accrued and due | <u>592,734</u> | 533,475 |
| TOTAL : | <u><u>18,367,413</u></u> | <u><u>31,025,981</u></u> |

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE - E FIXED ASSETS

| ASSETS | GROSS BLOCK | | | DEPRECIATION | | | | NET BLOCK | | |
|--|------------------------------|--|---|------------------------------|------------------------------|--------------------------|-------------------------------------|--------------------|------------------------------|------------------------------|
| | As at 01.04.2009 (Rs.) | Additions during the year (Rs.) | Deductions during the year (Rs.) | As at 31.03.2010 (Rs.) | Up to 31.03.2009 (Rs.) | For the year (Rs.) | Deductions/ Adjustments (Rs.) | Total (Rs.) | As at 31.03.2010 (Rs.) | As at 31.03.2009 (Rs.) |
| Freehold Land | 5,914,929 | 9,127,975 | - | 15,042,904 | - | - | - | - | 15,042,904 | 5,914,929 |
| Buildings | 40,874,292 | 7,826,118 | - | 48,700,410 | 5,733,184 | 1,493,983 | - | 7,227,167 | 41,473,243 | 35,141,108 |
| Plant & Machinery | 67,170,762 | 3,981,704 | - | 71,152,466 | 30,887,008 | 3,598,626 | - | 34,485,634 | 36,666,832 | 36,283,754 |
| Moulds and Dies | 121,858,321 | 22,060,926 | 1,375,981 | 142,543,266 | 54,529,297 | 18,329,857 | 353,157 | 72,505,997 | 70,037,269 | 67,329,024 |
| Furnitures, Fixtures & Office Equipment | 13,746,187 | 3,398,053 | - | 17,144,240 | 8,768,444 | 1,585,418 | - | 10,353,862 | 6,790,378 | 4,977,743 |
| Vehicles | 4,768,602 | 5,403,188 | - | 10,171,790 | 2,363,767 | 1,513,261 | - | 3,877,028 | 6,294,762 | 2,404,835 |
| CAPITAL WORK IN PROGRESS | 254,333,093 | 51,797,964 | 1,375,981 | 304,755,076 | 102,281,700 | 26,521,145 | 353,157 | 128,449,688 | 176,305,388 | 152,051,393 |
| | 5,436,530 | 26,151,493 | 24,331,468 | 7,256,555 | - | - | - | - | 7,256,555 | 5,436,530 |
| TOTAL | 259,769,623 | 77,949,457 | 25,707,449 | 312,011,631 | 102,281,700 | 26,521,145 | 353,157 | 128,449,688 | 183,561,943 | 157,487,923 |
| PREVIOUS YEAR | 193,900,077 | 73,400,976 | 7,531,430 | 259,769,623 | 81,280,542 | 21,001,158 | - | 102,281,700 | 157,487,923 | 112,619,535 |

SCHEDULE FORMING PART OF THE BALANCE SHEET

(Amount in Rupees)

| | As at 31st March, 2010 | As at 31st March, 2009 |
|--|---------------------------|---------------------------|
| SCHEDULE - F | | |
| CURRENT ASSETS, LOANS AND ADVANCES | | |
| CURRENT ASSETS | | |
| 1. Inventories (As taken, valued and certified by the Management) | | |
| a) Raw Materials (at cost) * | 34,975,637 | 45,563,797 |
| b) Stores & Spares (at cost) | 2,822,150 | 2,500,099 |
| c) Packing Materials (at cost) | 7,541,333 | 4,600,730 |
| d) Semi-Finished Goods (at estimated cost) | 7,499,592 | 3,535,612 |
| e) Traded Goods | 28,488,023 | 22,104,054 |
| f) Finished Goods [e & f at lower of cost or market value] | 15,650,370 | 6,961,374 |
| | 96,977,105 | 85,265,666 |
| * includes materials lying in bonded warehouse Rs. NIL (Previous Year Rs.56,37,238) | | |
| 2. Sundry Debtors (Unsecured Considered Good, unless otherwise stated) | | |
| Over six months (Including doubtful Rs. 72,62,175) | 9,240,214 | 8,771,594 |
| Others | 106,596,978 | 99,434,987 |
| | 115,837,192 | 108,206,581 |
| Less : Provision for Doubtful Debts | 7,262,175 | 7,262,175 |
| | 108,575,017 | 100,944,406 |
| 3. Cash & Bank Balances | | |
| Cash on Hand | 1,691,604 | 385,351 |
| Balance with Scheduled Banks : | | |
| a. In Current Accounts | 5,999,321 | 6,040,160 |
| b. In Dividend Accounts | 1,065,410 | 648,910 |
| c. In Fixed Deposit Accounts (pledged with the bankers against various credit facilities except for a TDR of Rs. 2,36,960/-) | 1,538,960 | 1,755,560 |
| | 10,295,295 | 8,829,981 |
| TOTAL (I) | 215,847,417 | 195,040,053 |
| LOANS AND ADVANCES | | |
| (Unsecured Considered Good) | | |
| Advances recoverable in cash or in kind or for value to be received | 31,943,636 | 23,200,725 |
| Advance Payment of Taxes | 17,406,145 | 10,380,427 |
| Sundry Deposits | 1,638,328 | 1,508,751 |
| TOTAL (II) | 50,988,109 | 35,089,903 |
| TOTAL (I+II) | 266,835,526 | 230,129,956 |

SCHEDULE FORMING PART OF THE BALANCE SHEET

(Amount in Rupees)

| | As at 31st March, 2010 | As at 31st March, 2009 |
|---|-----------------------------------|---------------------------|
| SCHEDULE - G | | |
| CURRENT LIABILITIES AND PROVISIONS | | |
| CURRENT LIABILITIES | | |
| Sundry Creditors | 62,284,180 | 42,561,620 |
| Advances from Customers | 1,273,425 | 2,074,503 |
| Statutory Liabilities | 1,717,604 | 917,049 |
| Unclaimed Dividend * | 1,060,420 | 643,920 |
| Other Liabilities | 5,002,545 | 1,575,147 |
| | 71,338,174 | 47,772,239 |
| * Includes due and outstanding to be credited to Investor Education and Protection Fund, Rs. 1,09,297 | | |
| PROVISIONS | | |
| Provision for Leave Encashment | 951,193 | 784,986 |
| Provision for Bonus | 1,013,316 | 978,105 |
| Provision for Gratuity | 428,622 | 527,824 |
| Provision for Super Annuation Contribution | 476,565 | 476,565 |
| Provision for Taxation | 33,003,389 | 20,932,103 |
| Proposed Dividend | 11,789,108 | 11,103,726 |
| Provision for Corporate Tax on Dividend | 1,958,023 | 1,887,078 |
| | 49,620,216 | 36,690,387 |
| TOTAL : | <u>120,958,390</u> | <u>84,462,626</u> |

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT

| | Year ended 31st March, 2010 | Year ended 31st March, 2009 |
|-------------------------------------|--|--------------------------------|
| SCHEDULE - H | | |
| SALES AND OPERATIONAL INCOME | | |
| Sales | 467,622,322 | 503,565,026 |
| Less: Excise Duty | 4,784,241 | 5,419,762 |
| | 462,838,081 | 498,145,264 |
| DEPB claims on Export Sales | 3,679,830 | 2,278,390 |
| Exchange Rate Difference on Sales | (8,848,290) | 5,803,972 |
| TOTAL : | <u>457,669,621</u> | <u>506,227,626</u> |

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(Amount in Rupees)

| | Year ended 31st March, 2010 | Year ended 31st March, 2009 |
|---|--------------------------------|--------------------------------|
| SCHEDULE - I | | |
| OTHER INCOME | | |
| Interest Received (Tax deducted at source Rs. 11,067 : Previous Year Rs. 43,694) | 102,678 | 210,038 |
| Insurance claims received | 1,569,905 | 1,351,614 |
| Exchange rate difference | - | 375,225 |
| Miscellaneous Income | 362,314 | 260,996 |
| TOTAL : | <u>2,034,897</u> | <u>2,197,873</u> |
| SCHEDULE - J | | |
| CHANGE IN INVENTORY | | |
| Closing Stock : | | |
| Finished Goods | 15,650,370 | 6,961,374 |
| Traded Goods | 28,488,023 | 22,104,054 |
| Semi-Finished Goods | 7,499,592 | 3,535,612 |
| | 51,637,985 | 32,601,040 |
| Less : Opening Stock : | | |
| Finished Goods | 6,961,374 | 7,621,555 |
| Traded Goods | 22,104,054 | 12,355,300 |
| Semi-Finished Goods | 3,535,612 | 7,198,011 |
| | 32,601,040 | 27,174,866 |
| | <u>19,036,945</u> | <u>5,426,174</u> |
| SCHEDULE - K | | |
| RAW MATERIAL CONSUMPTION AND OTHER MANUFACTURING EXPENSES | | |
| Raw Materials Consumed : | | |
| Opening Stock | 39,926,559 | 15,997,320 |
| Add : Purchases and Expenses | 114,631,974 | 155,115,195 |
| | 154,558,533 | 171,112,515 |
| Less : Closing Stock | 34,975,637 | 39,926,559 |
| | 119,582,896 | 131,185,956 |
| Trading Purchases : | 41,662,726 | 45,893,185 |
| Manufacturing Expenses : | | |
| Stores Consumed | 8,717,463 | 9,683,871 |
| Power and Fuel | 18,959,835 | 21,898,787 |
| Machinery Repairs | 2,775,673 | 2,104,262 |
| Packing Materials | 44,577,423 | 39,564,565 |
| Other Expenses | 499,429 | 162,858 |
| | 75,529,823 | 73,414,343 |
| TOTAL : | <u>236,775,445</u> | <u>250,493,484</u> |

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(Amount in Rupees)

| | Year ended 31st March, 2010 | Year ended 31st March, 2009 |
|--|--------------------------------|--------------------------------|
| SCHEDULE - L | | |
| SELLING, ADMINISTRATIVE AND OTHER EXPENSES | | |
| PERSONNEL COST : | | |
| Salaries, Wages, Bonus etc. | 39,175,314 | 35,921,528 |
| Contribution to Provident Fund, Gratuity and other funds | 2,455,717 | 1,879,991 |
| Employees' Welfare Expenses | 1,445,319 | 1,525,666 |
| | 43,076,350 | 39,327,185 |
| SALES AND DISTRIBUTION COST : | | |
| Sales Discount and Commission | 2,182,373 | 357,600 |
| Advertisement and Sales Promotion | 8,726,090 | 5,128,080 |
| Freight and handling charges | 42,136,027 | 49,985,564 |
| Insurance Premium (sales) | 2,539,923 | 3,015,014 |
| | 55,584,413 | 58,486,258 |
| ESTABLISHMENT COST : | | |
| Travelling and Conveyance Expenses [including Directors' Travelling Rs.39,07,105 (Previous Year Rs.47,64,406)] | 9,002,861 | 8,168,712 |
| Rent | 1,702,950 | 1,183,324 |
| Rates and Taxes | 25,224 | 33,074 |
| Insurance | 1,299,083 | 912,741 |
| Repairs to Building and others | 3,037,824 | 2,534,760 |
| Payment to Auditors | 174,000 | 158,000 |
| Directors' Sitting Fees | 260,000 | 160,000 |
| Legal and Professional Fees | 5,358,872 | 2,563,546 |
| Charity & Donation | 287,700 | 460,925 |
| Postage and Telephone Expenses | 1,386,882 | 1,462,064 |
| Printing and Stationery Expenses | 836,920 | 1,008,113 |
| Bank Commission and Charges | 3,085,549 | 4,113,345 |
| Exchange Rate Difference | 450,159 | - |
| Vehicles expenses | 294,340 | 280,647 |
| Loss on sale of Assets | 258,024 | - |
| Provision for Doubtful Debts | - | 7,262,175 |
| General Expenses | 6,469,751 | 5,048,609 |
| | 33,930,139 | 35,350,035 |
| TOTAL : | 132,590,902 | 133,163,478 |
| SCHEDULE - M | | |
| BORROWING COST | | |
| Interest | | |
| Banks | 8,380,838 | 13,078,005 |
| Others | 646,040 | 667,079 |
| | 9,026,878 | 13,745,084 |
| Exchange Rate Difference on Foreign Currency Borrowings | (2,650,025) | 6,772,558 |
| TOTAL : | 6,376,853 | 20,517,642 |

SCHEDULE FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

- a. Figures in the brackets are the figures for the previous year, unless otherwise stated.
- b. All the amounts are stated in Indian Rupees, unless otherwise stated.
- c. Previous year's figures are regrouped and rearranged, wherever necessary.

SCHEDULE – N

1. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING:

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles (“GAAP”) in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 and are based on the historical cost convention on an accrual basis.

USE OF ESTIMATES:

The preparation of financial statement in conformity with GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

FIXED ASSETS:

All tangible assets are stated at cost less depreciation. All the costs incurred till the date the assets are put to use, have been capitalized and included in the cost of the respective assets.

Depreciation is provided on Written Down Value method except for Buildings, Plant and Machinery and Dies and Moulds where depreciation is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV in accordance with the provisions of section 205(2)(b) of the Companies Act, 1956.

INVENTORIES:

Raw Materials, Packing Materials and Stores & Spares are valued at cost on FIFO basis. Semi-Finished Goods are valued at estimated cost. Traded Goods and Finished Goods are valued at lower of the cost or net realizable value.

SALES:

Sales comprise sale of products and services net of excise duty.

EXCISE AND CUSTOM DUTY:

Excise duty in respect of goods manufactured by the Company is, according to the method consistently followed by the Company, accounted for at the time of removal of goods from the factory for sale.

However, excise duty payable on the closing stock of Finished Goods is provided for in the account. Purchases of goods and fixed assets are accounted for net of excise cenvat credit availed. Custom duty paid on import of materials is dealt with in respective materials accounts.

EMPLOYEE BENEFITS:**Post-employment benefit plans**

- i. Defined Contribution Plan: Contribution for provident fund are accrued in accordance with applicable statutes and deposited with the Regional Provident Fund Commissioner. Contribution for Superannuation in respect of certain employees of the Company is made in accordance with the scheme with Life Insurance Corporation of India.
- ii. Defined Benefit Plan: The liabilities in respect of gratuity and leave encashment are determined using Projected Unit Credit Method with actuarial valuation carried out as at balance sheet date. Actuarial gains and losses are recognized in full in the profit and loss account for the period in which they occur.

Contributions in respect of gratuity are made to the Group Gratuity Scheme with Life Insurance Corporation of India. Employee benefits recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost and as reduced by the fair value of respective fund.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for services rendered by employees is recognized during the period when the employee renders the service.

FOREIGN CURRENCY TRANSACTIONS:

Foreign Currency Transactions are accounted for at the rates prevailing on the date of transaction. Differences arising out of foreign exchange rates are dealt with in the profit and loss account. Current assets and liabilities relating to foreign currency transactions remaining unsettled at the end of the year are translated at the closing rates and profit or loss arising therefrom is dealt with in the profit and loss account.

BORROWING COSTS:

Net costs of borrowed funds for the projects are capitalized and included in the cost of fixed assets till its completion and other borrowing costs are recognized as expenses in the period in which they are incurred.

TAXATION:

Provisions are made for current income tax based on tax liability computed in accordance with relevant tax rates and tax laws.

Deferred tax is recognized, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

EARNING PER SHARE:

Basic Earning Per Share (EPS) is computed by dividing the net profit for the year attributable to the equity shareholders, by weighted average number of equity shares outstanding during the year. Diluted earning per share is computed using the weighted number of equity and dilutive equity equivalent shares outstanding at the year-end.

PROVISION AND CONTINGENCIES:

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation can not be made.

2. Balances with Sundry Debtors, Sundry Creditors and for Loans and Advances are subject to confirmations from the respective parties. In absence of such confirmations, the balances as per books have been relied upon by the Auditors.
3. In the opinion of the Directors, Current Assets, Loans and Advances are of the value stated in the Balance Sheet, if realised in the normal course of the business and also provisions for all known liabilities have been made.
4. Deferred tax liability of Rs. 1,161,682 arising during the year, a major component of which is due to timing difference related to depreciation charged in the accounts and as claimed under Income Tax Act, is charged to the Profit & Loss Account. Details of the balance of Rs. 12,635,761 are as under:

| Particulars | Rs. |
|--|-------------------|
| Depreciation | 16,079,604 |
| Disallowances u/s. 43B of the Income Tax Act | (975,410) |
| Others | (2,468,433) |
| Total | 12,635,761 |

5. As per the resolution passed by the Board, dividend on 1,41,000 shares allotted to the promoters on 04.06.2009 upon conversion of the warrants, is proposed on pro-rata basis.
6. The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to the amounts unpaid as at the year-end together with interest paid/payable under this Act have not been given.
7. **CONTINGENT LIABILITIES:**
 - In respect of Excise Duty claim disputed by Excise Authorities: Rs. 109,659 (Rs. 109,659).
 - In respect of disputed Income tax liability of Rs. 921,203 (Rs. 921,203)
 - Claims against the Company, not acknowledged as debt Rs. Nil (Rs. 2,000,500)

8. AUDITORS' REMUNERATION :

| | 2009-2010 | 2008-2009 |
|----------------|------------------|-----------|
| Audit Fees | 104,000 | 87,500 |
| Tax Audit Fees | 25,000 | 22,500 |
| Other Matters | 45,000 | 48,000 |

9. ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED INCLUDE:

| | 2009-2010 | 2008-2009 |
|----------------------------------|-------------------|------------|
| Advances to suppliers | 15,380,768 | 8,907,631 |
| Loans and Advances to Staff | 2,156,770 | 1,192,200 |
| Balances with Excise Authorities | 21,948 | 57,562 |
| Prepaid Expenses | 1,335,546 | 700,123 |
| Other Advances | 13,048,604 | 12,343,209 |

10. DIRECTORS' REMUNERATION: (INCLUDED IN PERSONNEL COSTS)

| | 2009-2010 | 2008-2009 |
|--|------------------|-----------|
| Salaries and allowances | 4,796,681 | 2,844,977 |
| Contribution to Provident and Superannuation Fund & Others | 1,009,319 | 583,861 |
| Commission | 2,499,651 | 2,276,381 |
| Total | 8,305,651 | 5,705,219 |

11. COMPUTATION OF NET PROFIT IN ACCORDANCE WITH SECTION 198 READ WITH SECTIONS 349 AND 350 OF THE COMPANIES ACT, 1956

| | 2009-2010 | 2008-2009 |
|--|--------------------|-------------|
| Profit before Tax as per Profit and Loss Account | 76,477,118 | 88,675,911 |
| Depreciation as per books | 26,521,145 | 21,001,158 |
| Directors' Remuneration | 8,305,651 | 5,705,219 |
| Prior Period Expenses | (1,719,078) | (346,078) |
| Loss (Profit) on sales of Assets | 258,024 | -- |
| | 109,842,860 | 115,036,210 |
| Less: Depreciation u/s. 350 | 26,521,145 | 21,001,158 |
| Net Profit as per Section 349 | 83,321,715 | 94,035,052 |

- Commission @ 1% or 2% of the above, each, to the Executive Chairman and Managing Director, as per the terms of the appointment aggregating to Rs. 2,499,651.

**12. DISCLOSURE AS PER AS – 15 (REVISED) ON “EMPLOYEE BENEFIT”
FOR THE YEAR ENDED 31st MARCH 2010:**

(Amount in Rupees)

| | GRATUITY PLAN | |
|---|------------------|-----------|
| | 2009-2010 | 2008-2009 |
| Change in the defined benefit obligations | | |
| Defined benefit obligations as at 1st April 2009 | 2,619,863 | 2,184,740 |
| Service cost | 277,209 | 237,909 |
| Interest cost | 209,589 | 174,779 |
| Actuarial loss / (Gain) | 40,534 | 101,598 |
| Benefits paid | (98,556) | (79,523) |
| Defined benefit obligations as at 31st March 2010 (a) | 3,048,639 | 2,619,863 |
| Change in plan assets | | |
| Fair Value of plan assets as at 1st April 2009 | 1,972,084 | 1,407,744 |
| Expected return on plan assets | 157,767 | 112,620 |
| Contributions by employer | 339,743 | 508,851 |
| Actuarial Gain / (loss) | 30,360 | 22,392 |
| Benefits paid | (98,556) | (79,523) |
| Fair Value of plan assets as at 31st March 2010 (b) | 2,401,398 | 1,972,084 |
| Present Value of unfunded obligations (a-b) | 647,241 | 647,779 |
| The net amount recognized in the statement of profit and loss for the year ended 31st March 2010 is as follows: | | |
| Current service cost | 277,209 | 237,909 |
| Interest cost | 209,589 | 174,779 |
| Expected return on plan assets | (157,767) | (112,620) |
| Net actuarial loss / (gain) recognized | 10,174 | 79,566 |
| Net amount recognized | 339,205 | 379,634 |
| Actual Return on Plan Assets | 188,127 | 135,012 |
| The principal actuarial assumptions used as at 31st March 2010 are as follows: | | |
| Discount Rate | 8% | 8% |
| Expected rate of return on plan assets | 8% | 8% |
| Rate of increase in compensation levels | 5.50% | 5.50% |

13. RELATED PARTY DISCLOSURES:

| Associates |
|--|
| Industrial Jewels Private Limited |
| Meccanica Plast Private Limited |
| Anilaben Labhuma Parekh Charitable Trust |
| Desai Desai & Carrimjee |

| Key Managerial Personnel |
|---------------------------------|
| Shri Ashwin M Parekh |
| Shri Chirag A Parekh |

Transactions with Related Parties

| | Associates | Key Managerial Personnel |
|--|------------------------|---------------------------------|
| (a) Reimbursement of Expenses and Services Receivable. | 50,650 (97,672) | -- (--) |
| Reimbursement of Expenses and Services Payable. | 48,040 (60,519) | -- (--) |
| (b) Remuneration | -- (--) | 8,305,651 (5,705,219) |
| (c) Donation | -- (300,000) | -- (--) |
| (d) Interest on Loan | -- (137,389) | -- (--) |
| (e) Professional Fees | 1,240,048 (105,000) | -- (--) |
| (f) Purchase of Land | 8,619,823 (--) | -- (--) |

14. QUANTITATIVE INFORMATION (as certified by the Directors)**Installed Capacity and Production:**

| Class of Goods | Installed Capacity Nos. | Production Nos. |
|-----------------------|--------------------------------|-----------------------------|
| Kitchen Sinks | 200,000 (180,000) | 117,656 (126,100) |

Note: Installed Capacity, being a technical matter, is as certified by the Management on which the Auditors have relied upon.

Opening and Closing Stock of Finished and Traded Goods:

| Class of Goods | Opening Stock | | Closing Stock | |
|--|----------------------|-----------------------------------|----------------------|-----------------------------------|
| | Quantity | Amount Rs. | Quantity | Amount Rs. |
| I. Finished Goods : Kitchen Sinks (Nos) | 3,427 (4,236) | 6,961,374 (7,621,555) | 7,474 (3,427) | 15,650,370 (6,961,374) |
| II. Traded Goods : Accessories | | 22,104,054 (12,355,300) | | 28,488,023 (22,104,054) |
| | | 29,065,428 (19,976,855) | | 44,138,393 (29,065,428) |

SALES :

| Class of Goods | Quantity | Amount Rs. |
|---|--------------------------|-------------------------------------|
| Manufactured Goods : Kitchen Sinks (Nos) | 113,609 * (126,909) * | 437,010,811 ** (487,020,785) ** |
| Traded Goods & Other Accessories | -- | 25,827,270 (11,124,479) |
| | | 462,838,081 (498,145,264) |

* includes Samples

** includes sale proceeds of accessories in respect of export sales for which composite invoices are raised.

RAW MATERIALS CONSUMED :

| Item | Quantity [Kgs] | Amount (Rs.) |
|-------------------------|--------------------------|-------------------------------------|
| Coated Silica/Granucols | 1,429,324 (1,451,046) | 46,055,911 (48,906,620) |
| Polymethyl Methacrylate | 106,312 (128,276) | 13,065,883 (15,317,401) |
| Methyl Methacrylate | 400,181 (460,895) | 39,355,406 (49,298,721) |
| Colour Pigments | 5,985 (3,668) | 4,579,327 (2,604,719) |
| Others | - | 16,526,369 (15,058,495) |
| | | 119,582,896 (131,185,956) |

Consumption of Raw Materials, Components and Spare Parts:

| | Amount Rs. | Percentage |
|---|-------------------------------------|---------------------------|
| Raw Materials: | | |
| Imported | 105,053,092 (117,095,870) | 87.85 (89.26) |
| Indigenous | 14,529,804 (14,090,086) | 12.15 (10.74) |
| | 119,582,896 (131,185,956) | 100.00 (100.00) |
| Components and Spare Parts (Accessories) | | |
| Imported | 12,710,678 (25,763,009) | 100.00 (100.00) |

Value of Imports on C.I.F. basis:

| | 2009-2010 | 2008-2009 |
|---|--------------------|-------------|
| Raw Materials | 100,290,094 | 140,643,142 |
| Components and Spare Parts * (Accessories) | 14,231,544 | 30,543,182 |
| Traded Goods | 18,746,865 | 7,149,582 |
| Capital Goods | 19,667,190 | 19,344,370 |

* In giving the above information, the Company has taken the view that Components and Spare Parts as referred to in Clause 4D(a) or (c) of Part II of Schedule VI cover only such items as go directly into production and not those used as spares for repairs and maintenance of Plant and Machinery.

Expenditure in Foreign Currency (on accrual basis):

| | | |
|---------------------------------|------------------|-------------|
| Foreign Travelling Expenses | 1,775,526 | (1,471,178) |
| Advertisement & Sales Promotion | 535,934 | (--) |
| Sales Discount & Commission | 2,532,902 | (--) |
| Legal & Professional Fees | 1,842,277 | (--) |
| Others | 329,342 | (112,504) |

Earnings in Foreign Exchange:

| | | |
|----------------------|--------------------|---------------|
| FOB value of Exports | 355,871,318 | (425,673,264) |
|----------------------|--------------------|---------------|

**Balance Sheet Abstract and Company's General Business Profile
As per Schedule VI, Part (IV) of the Companies Act, 1956**

I. Registration Details

| | | | |
|--------------------|--------------|------------|-------|
| Registration No. | : 4 2 2 8 3 | State Code | : 1 1 |
| Balance Sheet Date | : 31.03.2010 | | |

II. Capital Raised during the year (Amount in Rs. Thousands)

| | | | |
|--------------|---------|--------------------------------|---------|
| Public issue | : N I L | Right issue/Preferential issue | : 1,410 |
| Bonus issue | : N I L | Private Placement | : N I L |

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

| | | | |
|-------------------|-----------|--------------|-----------|
| Total Liabilities | : 329,439 | Total Assets | : 329,439 |
|-------------------|-----------|--------------|-----------|

Sources of Funds

| | | | |
|-------------------------------------|----------|--------------------|-----------|
| Paid-up Capital | : 29,720 | Reserves & Surplus | : 178,686 |
| Share Warrant Application Money | : N I L | | |
| Secured Loans | : 90,029 | Unsecured Loans | : 18,367 |
| Deferred Liabilities for Income Tax | : 12,636 | | |

Application of Funds

| | | | |
|--------------------|-----------|-------------------|---------|
| Net Fixed Assets | : 183,562 | Investments | : N I L |
| Net Current Assets | : 145,877 | Misc. Expenditure | : N I L |
| Accumulated Losses | : N I L | | |

IV. Performance of the Company (Amount in Rs. Thousands)

| | | | |
|------------------------------|-----------|-------------------|-----------|
| Total Income | : 459,704 | Total Expenditure | : 383,227 |
| Profit Before Tax | : 76,477 | Profit After Tax | : 59,096 |
| Earning Per Share-Basic (Rs) | : 20.05 | Dividend Rate (%) | : 40% |

V. Generic Names of Three Principal Products/Services of Company (As per Monetary Terms)

| | |
|-----------------------------|---|
| 1. Item Code No. (ITC Code) | : 392490.00 |
| Product Description | : K I T C H E N S I N K S / C E N T R E S |

Signatures to Schedules A to N

As per our Report of even date
For SANGHAVI & COMPANY
Chartered Accountants

A. M. Parekh
Executive Chairman

C. A. Parekh
Managing Director

MANOJ GANATRA
Partner

Damodar Sejpal
Company Secretary

J. R. Naik
Director

Bhavnagar
Dated: May 24, 2010

Bhavnagar
Dated: May 24, 2010

Information to Shareholders of Acrysil Limited:

Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, all unclaimed/unpaid dividend, application money, debenture interest and interest on deposits as well as the principal amount of debentures and deposits remaining unpaid or unclaimed for a period of seven years from the date they became due for payment, have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. No claim shall lie against the said Fund or the Company for the amounts so transferred nor shall any payment be made in respect of such claim. Members who have not yet encashed their dividend warrant(s) for the financial years 2005-06 to 2008-09, are requested to make their claims without any delay to the Company's Registrar and Transfer Agents, Bigshare Services Pvt. Ltd.

The following table gives information relating to outstanding dividend accounts and the dates by which they need to be transferred:

| Financial Year | Date of declaration | Date of payment | Date on which dividend will become part of IEPF |
|-----------------------|----------------------------|------------------------|--|
| 2005 - 06 | 27.09.2006 | 14.10.2006 | 14.10.2013 |
| 2006 - 07 | 28.09.2007 | 15.10.2007 | 15.10.2014 |
| 2007 - 08 | 24.06.2008 | 15.07.2008 | 15.07.2015 |
| 2008 - 09 | 31.07.2009 | 18.08.2009 | 18.08.2016 |

ACRYSIL LIMITED

Registered Office : 704, Centre Point, J. B. Nagar, Andheri – Kurla Road,
Andheri (East), Mumbai – 400 059.

ATTENDANCE SLIP

23rd Annual General Meeting, Tuesday, 10th August, 2010, at 3.00 p.m.

Please complete this attendance slip and hand it over at the entrance of Meeting Hall.

Name of the Member: _____ No of Shares held: _____

Folio/Client ID No.: _____ DP ID No.: _____

I hereby record my presence at the 23rd ANNUAL GENERAL MEETING of the Company at INDIAN MERCHANT CHAMBERS, IMC ROAD, CHURCHGATE, MUMBAI – 400 020.

Signature of the Member or the Proxy attending the Meeting

If Member, please sign below

If Proxy, please sign below

. TEAR OFF HERE .

ACRYSIL LIMITED

Registered Office : 704, Centre Point, J. B. Nagar, Andheri – Kurla Road,
Andheri (East), Mumbai – 400 059.

PROXY FORM

Folio/Client ID No.: _____ DP ID No.: _____

I/We _____

of _____

being a member(s) of Acrysil Limited, hereby appoint _____

_____ of _____

or failing him _____ of _____

or failing him _____ of _____

as my/our proxy to attend and vote for me/us on my/our behalf at the 23rd Annual General Meeting of the Company to be held on 10th August, 2010 and at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2010.

No. of Shares : _____

**Please Affix
1.00 paise
Revenue
Stamp**

Signature : _____

NOTE: The Proxy Form must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the meeting.