

ANNUAL REPORT 2008 - 2009

Board of Directors

Name of Directors	Designation
Satish Jain	Director
Nitesh R Lodha	Director
D Suresh Jain *	Director
Prakash Jain *	Director
Bansilal Bafna Mahaveer Chand **	Additional Director
D K Kanodia ***	Director
S Jhunjhunwala ***	Director
V Dalmia ***	Director

* Appointed as Additional Director w.e.f. 22.04.2008

** Appointed as Additional Director w.e.f. 31.07.2008

*** Resigned w.e.f. 31.07.2008

Auditors

M/s. Krishnan & Giri,

Chartered Accountants, Chennai

Bankers

Indian Overseas Bank

Sowcarpet Branch, Chennai

Registered Office

20, Balgopalpur Industrial Estate,

P.O.: Rasalpur, Balasore,

Orissa – 756 020

Corporate Office

No.84/85, Walltax Road,

First Floor, Chennai - 600 003

Registrar & Share Transfer Agent

Cameo Corporate Services Limited

No.2, Club House Road,

Chennai 600 002

Company Secretary

Mr. K.Premnath

Notice

Notice is hereby given that the 17th Annual General Meeting of the members of **M/s. Passari Cellulose Limited** will be held on Thursday, the 17th day of September, 2009 at 11.00 AM at the Registered Office of the Company at 20, Balgopalpur Industrial Estate, P.O.: Rasalpur, Balasore, Orissa – 756 020 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 2009 together with the Directors and the Auditors' reports thereon.
2. To appoint a Director in place of Mr. Satish Jain, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Nitesh R Lodha, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting till conclusion of the next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. Bansilal Bafna Mahaveer Chand who was appointed as an Additional Director and who in terms of Section 260 of the Companies Act, 1956 read with Article 103 of the Articles of Association of the Company, holds office upto the date of the Annual General Meeting and in respect of whom the Company has received a notice from a member of the company under Section 257 of the Companies Act, 1956, proposing his candidature for the Office of the Director along with a deposit of Rs.500/-, be and is hereby appointed as a Director of the Company liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modifications the resolution as a Special resolution:

"RESOLVED THAT:

(a) Pursuant to the provisions of Section 17, 146 and other applicable provisions, if any, of the Companies Act, 1956, the Registered Office of the Company be shifted from No. 20, Balgopalpur Industrial Estate, P.O.: Rasalpur, Balasore, Orissa – 756 020, in the State of ORISSA to No.84/85, Walltax Road, First Floor, Chennai 600 003 in the State of TAMIL NADU.

(b) pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956, and subject to confirmation of the Company Law Board, the existing Clause II of the Company's Memorandum of Association be and it is hereby amended to read as follows:

The Registered Office of the Company will be situated in the State of TAMIL NADU.

(c) the Board of Directors of the Company (which shall include any Committee of Directors or a Director to whom the Board delegates such powers) be and it is hereby authorized to sign and execute all documents and writings related to effecting the above change in the situation of the Registered Office of the Company and further to do all other acts, deeds, matters and things as may be necessary to give effect to this Resolution."

7. To consider and if thought fit, to pass with or without modifications the resolutions as a Special Resolution:

RESOLVED THAT pursuant to the provisions of the Companies Act, 1956, if any and in super session / ratification to the earlier resolution passed by the Shareholders on 14.01.2009, the act of the Board of the Directors of the Company to issue and allot 12,27,500 Equity Shares at a premium of Rs.5.25/- per share instead of Rs.5.00/- per share on preferential basis be and is hereby confirmed, approved and ratified.

RESOLVED FURTHER THAT the Directors of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed necessary or expedient to give effect to the above resolution.

By Order of the Board
For Passari Cellulose Limited

Place : Chennai
Date : 30.06.2009

Sd/-

Nitesh R Lodha
Director

Notes

- a) A member entitled to attend and vote is entitled to appoint a proxy, need not be a member of the Company, to attend and vote instead of himself / herself and in Order to be effective must be deposited at the Registered Office/ Corporate Office of the Company, not less than 48 hours before the meeting.
- b) The Register of Members and Share Transfer Books of the Company shall remain closed from 15th September, 2009 to 17th September, 2009 (both days inclusive).
- c) The members are requested to intimate to the Company and or to its Share Transfer Agent M/s.Cameo Corporate Services Limited, No.2, Club House Road, Chennai 600002 for changes, if any, in their registered address along with Pin Code Number.
- d) Members/ Proxies are requested to deposit the enclosed "Attendance Slip" duly filled in and signed for attending the meeting.
- e) Members are requested to quote their Folio Number in all correspondences with the Company.
- f) Members are requested to send query(ies), if any, regarding Audited Accounts at least 10 days before the meeting.
- g) Members are requested to bring with them their copy of the Annual Report in the meeting.
- h) The Company's Shares are under compulsory demat mode and hence the Members are requested to dematerialize their holdings for their convenience.
- i) Information pursuant to clause 49 of the Listing Agreement for directors seeking appointment / re-appointment:-

Name of the Director	Mr.Satish Jain	Mr. Nitesh R Lodha	Mr. Bansilal Bafna Mahaveer Chand
Date of Birth	01.07.1975	18.07.1986	01.11.1961
Date of Appointment	20.02.2008	20.02.2008	31.07.2008
Qualification	Higher Secondary Education	Bachelor of Business Administration	BSC (Chemistry)
Experience	11 years in the business of manufacturing & trading of agriculture equipment including pumps, sprayers and other tools.	3 years experience in Agro based food processing & FMCG which is a family owned business.	27 Years of experience in the Pharmaceutical & Other Business.
Directorship in other public limited Companies	(1) Pragat Akshay Urja Limited. (2) Vedantha Studio Pvt. Ltd	NIL	(1)Bafna Pharmaceuticals Limited. (2) Bafna Lifeline Private Limited.
Chairman/ Membership of the Committees of other public limited Companies	NIL	NIL	Bafna Pharmaceuticals Limited – Audit committee member & Chairman in Investor Grievance & share transfer committee

Place: Chennai
Date: 30.06.2009

By Order of the Board
for Passari Cellulose Limited

Sd/-

Nitesh R Lodha
Director

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956:

ITEM No. 5

Mr. Bansilal Bafna Mahaveer Chand was appointed as Additional Director w.e.f. 31.07.2008. As per the provisions of Section 260, he holds office only upto the date of the forthcoming Annual General Meeting of the Company and is eligible for appointment as Director. The Company has received notice under Section 257 of the Act, in respect of the candidate, proposing the appointment as a Director of the Company, along with the requisite deposit.

Mr. Bansilal Bafna Mahaveer Chand is having 27 Years of experience in the Pharmaceutical and other Business. The Directors are of the view that the appointment of Mr. Bansilal Bafna Mahaveer Chand, as Director will be beneficial to the operations of the Company.

The Resolution at Item Nos.5 of the Notice is commended for approval of the Members.

Mr. Bansilal Bafna Mahaveer Chand is concerned or interested in the Resolution at Item No. 5 of the accompanying Notice in relation to his appointment.

ITEM NO. 6

The Present Registered Office of the Company is situated at 20, Balgopalpur Industrial Estate, P.O.: Rasalpur, Balasore, Orissa – 756 020, in the State of Orissa. As the Promoters are in the State of Tamil Nadu and foreseeing better prospects for the Company in the State of Tamil Nadu, it is proposed to shift the Registered Office of the Company from 20, Balgopalpur Industrial Estate, P.O.: Rasalpur, Balasore, Orissa – 756 020, in the State of ORISSA to No.84/85, Walltax Road, First Floor, Chennai 600 003 in the State of TAMIL NADU. The Board of Directors feel that Business of the Company can be carried on more economically and efficiently if the Registered Office of the Company is shifted to the state of Tamilnadu.

Section 17 and 146 of the Companies Act, 1956, provide that when it is proposed to shift the Registered Office of the Company to a different State, the same can be effected only if a Special Resolution to that effect is passed by the Members at a General Meeting of the Company and this alteration is also confirmed by the Company Law Board.

The Special Resolution seeks the consent of the Members to the shifting of the Registered Office of the Company from 20, Balgopalpur Industrial Estate, P.O.: Rasalpur, Balasore, Orissa – 756 020, in the State of ORISSA to No.84/85, Walltax Road, First Floor, Chennai 600 003 in the State of TAMIL NADU.

None of the Directors are interested in the proposed resolution, save as, the shareholders of the Company in general.

ITEM NO.7

The Shareholders of the Company at the Extra-Ordinary General Meeting held on 14.01.2009 approved for the issue and allotment of 25,00,000 Equity Shares on preferential basis of the face value of Rs.10/- each at a premium of Rs.5/- per share. The Board of Directors has issued and allotted 12,27,500 Equity Shares on preferential basis at a premium of Rs.5.25/- per share. The shareholders are requested to ratify the act of the Board of Directors for issuing and allotting shares at a premium of Rs.5.25/- per share as against premium of Rs.5.00/- per share, be approved by the Shareholders which is in the interest of the Company.

None of the Directors are interested in the above resolution, except Mr. Nitesh R Lodha is concerned or interested in the above resolution.

By Order of the Board
for Passari Cellulose Limited

Place: Chennai
Date: 30.06.2009

Sd/-

Nitesh R Lodha
Director

Directors' Report

To the Members,

Your Directors have pleasure in presenting the 17th Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March, 2009.

Financial Results	(Rs. In '000)	
	31st March, 2009	31st March, 2008
Profit/(Loss) before Interest, Depreciation & Tax	(642.46)	(386.98)
Less: Interest	(30.62)	0.00
Profit/(Loss) before Depreciation & Tax	(611.84)	(386.98)
Less: Depreciation	(96.67)	0.00
Less: Diminution in value of investments	(221.20)	0.00
Profit/(Loss) before tax	(929.71)	(386.98)
Less: Tax	(7.50)	0.00
Less: Provision for Deferred Taxation	0.00	(450.00)
Profit/(Loss) after tax	(937.21)	(836.98)
Deficit in Profit & Loss A/c. Brought Forward	(12929.98)	(12093.00)
Carried Forward	(13867.20)	(12929.98)

Current Year and Future Prospects

The Company has started production of FMCG products like mouth freshner, etc. in different sizes, shapes and tastes during the second half of the year. The Company has identified dealers for marketing the products in the following states Tamil Nadu, Kerala and Karnataka. The Company has already taken steps to reach to end customers by establishing retail outlets.

The Company is taking steps to dispose off the property situated at to sell / transfer the property situated at 20, Balgopalpur Industrial Estate, P.O.: Rasalpur, Balasore, Orissa – 756020 of the Company as per the resolution passed by the Shareholders through postal ballot on 11.01.2008. The amount received from the above sale will be utilized for settlement of loan with M/s. Orissa State Financial Corporation and surplus, if any will be used for general business purpose. The Company is negotiating with M/s. Orissa State Financial Corporation for one time settlement.

Dividend

Your Directors express their inability to recommend any dividend for the period under report.

Directors

Mr. Satish Jain and Mr. Nitesh R Lodha are liable to retire by rotation, being eligible offers themselves for reappointment. Your Board recommends their continuation.

Mr. Bansilal Bafna Mahaveer Chand was appointed as Additional Director w.e.f. 31.07.2008. Your Board of Directors recommends their continuation for better prospects of the Company.

Mr. D K Kanodia, Mr. S Jhunjhunwala and Mr. V Dalmia, Directors of the Company have resigned from the Board with effect from 31.07.2008. The Board of Directors appreciated the services rendered by them.

Auditors

The retiring auditors **M/s. Krishnan & Giri, Chartered Accountants**, Chennai have expressed their willingness to be appointed as a statutory auditors of the Company and confirmed that if appointed, their appointment would be within the limits prescribed 24 (1 B) of the Companies Act, 1956.

With respect to the remarks made by the Statutory Auditor in point no.2e of their report,

We wish to clarify that the Company is negotiating with M/s. Orissa State Finance Corporation for one time settlement and hence no provision for interest on loan is made.

With regard to not charging depreciation on the Fixed Assets of the Company, we wish to state that the Company's operations at Orissa plant is in lock-out since 2004, and hence the depreciation was not charged on the Fixed Assets of the Company at Orissa Plant.

Proceeds of Preferential Allotment of Shares:

Your company has issued 12,27,500 Equity Shares of Rs.10/- each for a premium of Rs.15.25/- per share aggregating to Rs. 1,87,19,375/- under preferential allotment of Shares. The post issue formalities have been completed and the shares of your company are now listed.

Out of the proceeds of the issue, out of the amount received a sum of Rs.10,31,300/- was utilized for purchase of machineries, a sum of Rs.36,50,000/- was utilized for purchase of raw materials, for working capital requirements and general corporate purpose which is as per the objects of the issue and the unutilized amount has been utilized in fruitful manner in the best interest of the Company.

Compliance Certificate:

As the Company has appointed a Company Secretary in whole time employment, your company is not required to obtain Compliance Certificate in terms of Section 383(A) of the Companies Act, 1956.

Deposit

The Company has not accepted any deposit pursuant to Section 58A of the Companies Act. 1956.

Listing

The Company Shares are listed at Kolkata and Mumbai and the necessary listing fees have been paid to the stock exchanges.

Particulars of Employees

None of the employees is covered under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

Depository System

Company's Shares are under compulsory demat mode and members are requested to dematerialise their shares for operational convenience.

Corporate Governance

Report on Corporate Governance along with Certificate thereon is annexed herewith and forms part of our report.

Management analysis & review report:

Management analysis & review report is mentioned in Corporate Governance Report.

Directors Responsibility Statement:

Pursuant to Section 217 (2AA) of the Companies Act, 1956 the Board hereby confirms:

- a) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimate that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period ;
- c) that the Directors has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the Directors had prepared the annual accounts on going concern basis.

Particulars of Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and Outgo:

The Company's production at Orissa is under suspension since February 2004. The Company has started production of FMCG Goods like mouth freshner, etc. The product manufactured by the Company is material intensive and not power intensive. As the Company has commenced the production in the second half of the year ending 2009, the volume of production was very less. However, the thrust on energy conservation continues and necessary measures for optimization of energy consumption have been taken. The technology used is indigenous, neither any foreign exchange was earned nor there was any outgo of foreign exchange during the period under report. The quantitative and other details of the various raw materials used are duly given in Notice on Accounts in Schedule 17 to the Statement of Accounts of the Company.

INFORMATION PURSUANT TO SECTION 217 (1) (e)

A. CONSERVATION OF ENERGY:

1. POWER AND FUEL CONSUMPTION:

	Current Year	Previous Year
1. Electricity		
(a) Unit	545	NIL
Total Amount	3270	NIL
Rate/Unit(Rs.)	6	NIL
(b) Own generation	NIL	NIL
(i) Through Diesel Generator		
Unit		
Units per Ltr. of Diesel Oil		
Cost/ Unit		
(ii) Through Steam turbine/generator		
Unit		
Units per Ltr. of fuel oil/gas		
Cost/Unit		
2. Coal (specify quality and where used)	NIL	NIL
Quantity		
Total Cost		
Average rate		
3. Furnace Oil	NIL	NIL
Quantity (Ltrs)		
Total amount		
Average Rate		

4. Others/ internal generation (please give details) NIL NIL

Quantity
Total Cost
Rate/Unit

2. CONSUMPTION PER UNIT OF PRODUCTION

Since the Company's production is material intensive and not energy intensive, the consumption of energy is at minimum levels.

B. RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION:

3. RESEARCH AND DEVELOPMENT (R & D)

The Company has not spent any amount on Research & Development and Technology Absorption. The Company is planning for marketing the products through focused research and consumer feedback.

4. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

There was no technology absorption during the year under review.

C. FOREIGN EXCHANGE EARNING AND OUTGO:

The details of foreign exchange earning and outgo during the period under review, is as follows:

Foreign Exchange Earnings	: NIL
Foreign Exchange Outgo	: NIL
Exchange Fluctuation	: NIL

Acknowledgement

Your Directors wish to place on record their appreciation for the co-operation received from the employees and support received from various authorities under the Government of Orissa, the Company's Bankers, Business Associates. Your Directors also place on record the whole-hearted support received from the Shareholders.

Place : Chennai
Date : 30.06.2009

On Behalf of the Board
for Passari Cellulose Limited

Sd/- Sd/-

D Suresh Jain Nitesh R Lodha
Director Director

CORPORATE GOVERNANCE REPORT:

1. Company's philosophy on code of Governance:

Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity in all facets of its operation and in all its interactions of its stake holders including shareholders, employees, the Government and Lenders. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value over a sustained period of time.

2. Board of Directors:

a) Composition of category of Directors

The Composition and category of the Board of Directors are detailed hereunder

Name of Directors	Category
Satish Jain	Promoter Director (Non Executive)
Nitesh R Lodha	Promoter Director (Non Executive)
D.Suresh Jain *	Non Executive Independent Director
Prakash Jain *	Non Executive Independent Director
Bansilal Bafna Mahaveer Chand **	Non Executive Independent Director
D K Kanodia ***	Non Executive Independent Director
S Jhunjhunwala ***	Non Executive Independent Director
V Dalmia ***	Non Executive Independent Director

* Appointed as Additional Director w.e.f. 22.04.2008

** Appointed as Additional Director w.e.f. 31.07.2008

*** Resigned on 31.07.2008

Note: Pursuant to the Letter of offer / Public Announcement(s) made by the Acquirers Mr. Satish Jain & Mr. Nitesh R Lodha on 15th January, 2008 and 8th March, 2008 has come under the category of Promoters of the Company.

b) Attendance of each Director at the Board Meetings and the last Annual General Meeting

Name of Directors	No. of Board Meetings held	No. of Meetings attended	Attendance at the last A.G.M
Satish Jain	8	8	YES
Nitesh R Lodha	8	8	YES
D Suresh Jain *	8	6	NO
Prakash Jain *	8	8	NO
Bansilal Bafna Mahaveer Chand **	6	3	NO
D K Kanodia ***	3	1	NO
S Jhunjhunwala ***	3	1	NO
V Dalmia ***	3	1	NO

* Appointed as Additional Director w.e.f. 22.04.2008

** Appointed as Additional Director w.e.f. 31.07.2008

*** Resigned on 31.07.2008

c) Number of other Directorship and Chairmanship/ Membership of Committee of each Director *

Name of Directors	No. of Directorship in other Boards of Public Limited Companies	No. of membership of other Boards/ Committee(s)	No. of other Board/ Committee(s)
Satish Jain	1	0	0
Nitesh R Lodha	NIL	0	3
D Suresh Jain *	1	0	3
Prakash Jain *	1	0	0
Bansilal Bafna Mahaveer Chand **	1	2	3
D K Kanodia ***	NIL	NIL	NIL
S Jhunjhunwala ***	NIL	NIL	NIL
V Dalmia ***	NIL	NIL	NIL

* Appointed as Additional Director w.e.f. 22.04.2008

** Appointed as Additional Director w.e.f. 31.07.2008

*** Resigned on 31.07.2008

Note: Number of Directorships/ Memberships held in other companies excludes Directorships/ Memberships in private limited companies, foreign companies, membership of various committees of various chambers/ bodies and Companies under Section 25 of the Companies Act, 1956 and alternate Directorships whereas the Membership or Chairmanship of any committee includes Audit Committee and Shareholders'/ Invertors' Grievance Committees only.

d) Details of Board Meetings held during the year:

The Board met 8 times during the year and the time gap between two Board Meetings are not more than four months. Details of Board Meetings held during the year 2008 – 2009 are as under:

Date	Board Strength	No. of Directors present
22.04.08	7	6
31.05.08	7	4
31.07.08	8	5
30.10.08	5	5
04.12.08	5	4
15.12.08	5	4
30.01.09	5	5
05.03.09	5	3

**** Brief resumes of the Directors proposed to be appointed/re-appointed:**

a) Sri. Satish Jain

Date of Birth	01.07.1975
Date of Appointment	20.02.2008
Qualification	Higher Secondary Education
Experience	11 Years in the business of manufacturing & trading of agriculture equipment including pumps, sprayers and other tools.
Directorship in other Public Limited Companies apart from this company	Pragat Akshay Urja Ltd.,
Chairman/Member of the Committee in which he is a Director apart from this Company	NIL

b) Sri. Nitesh R Lodha

Date of Birth	18.07.1986
Date of Appointment	20.02.2008
Qualification	Bachelor of Business Administration
Experience	3 Years experience in Agro based food processing & FMCG which is a family owned business.
Directorship in other Public Limited Companies apart from this company	NIL
Chairman/Member of the Committee in which he is a Director apart from this Company	NIL

c) Sri. Bansilal Bafna Mahaveer Chand

Date of Birth	01.11.1961
Date of Appointment	31.07.2008
Qualification	BSC (Chemistry)
Experience	27 years of Experience in Pharmaceutical Business
Directorship in other Public Limited Companies apart from this company	(1) Bafna Pharmaceuticals Limited (2) Bafna Lifeline Private Limited
Chairman/Member of the Committee in which he is a Director apart from this Company	Member in Audit committee & Chairman in Investor Grievance & share transfer committee of M/s. Bafna Pharmaceuticals Limited

**** Code of Conduct:**

The Company has formulated and implemented a Code of Conduct for all Board Members and Senior Management of the Company in compliance with clause 49 of the Listing Agreement. All Board Members and Senior Management personnel has affirmed compliance with the code on annual basis. A declaration to this effect has been given by the Director of the Company and is enclosed with this report.

3. Committee of the Board:

(a) Audit Committee:

The Audit Committee comprises of the following Non-Executive Independent Directors as on 31.03.2009

1. Mr. S.Jhunjhunwala *
2. Mr. V.Dalmia *
3. Mr. D.K.Kanodia *

* Resigned w.e.f. 31.07.2008

1. Mr. Bansilal Bafna Mahaveer Chand ** - Chairman
2. Mr. D Suresh Jain ***
3. Mr. Nitesh R Lodha

** Appointed w.e.f. 31.07.2008

*** Appointed w.e.f.22.04.2008

Note: (i) There was a reconstitution of the Audit Committee on 31.07.2008 as Mr. S.Jhunjhunwala, Mr. V.Dalmia and Mr. D.K.Kanodia resigned w.e.f.31.07.2008.

(ii) Mr. Bansilal Bafna Mahaveer Chand, Mr. D.Suresh Jain and Mr. Nitesh R Lodha were added as members on 31.07.2008.

Meetings of the Audit Committee and attendance of the members therein in 2008-2009

	31.05.2008	31.7.2008	30.10.2008	30.01.2009
Mr. S.Jhunjhunwala *	YES	YES	NA	NA
Mr. V.Dalmia *	YES	YES	NA	NA
Mr. D.K.Kanodia *	YES	YES	NA	NA
Mr. Bansilal Bafna Mahaveer Chand **	NA	NA	YES	YES
Mr. D Suresh Jain ***	NA	NA	YES	YES
Mr. Nitesh R Lodha	NA	NA	YES	YES

* Resigned on 31.07.2008

** Appointed w.e.f. 31.07.2008

*** Appointed w.e.f.22.04.2008

All the members of the Committee are eminent in their respective fields and financially literate with sufficient accounting or related financial management expertise.

The Committee acts as a link between the management, auditors and the Board of Directors of the Company and has full access to the financial information. The terms of reference of the Audit Committee are in lieu with Clause 49 II(C) and (D) of the Stock Exchange Listing Agreement coinciding with the provisions under Section 292A of the Companies Act, 1956 and inter alia, includes:

*** Functions of the Committee**

1. Review with the management and/or Internal Audit Department and / or Statutory Auditors:

- i) Company's financial statements and reports;
- ii) Disclosure of Company's financial information to ensure the same is correct, sufficient and credible;
- iii) Changes/ improvements in Financial/Accounting practices;
- iv) Adequacy of Internal Audit Function and Systems and;
- v) Charter of Audit Committee;

2. Hold discussion with:

- i) Statutory Auditors, before and after audit on the scope and area of Concern;
- ii) Internal Audit Department on its significant findings and also failure of Internal Control Systems, if any, and
- iii) Management before submission of financial statements to the Board.

3. Compliance with Accounting Standards, Legal requirements and Ethical Code.

(b) Remuneration Committee:

The remuneration committee comprises of the following Non-Executive Directors as on 31.03.2009.

1. Mr. S.Jhunjhunwala *
2. Mr. V.Dalmia *
3. Mr. D.K.Kanodia *

* Resigned on 31.07.2008

1. Mr. Bansilal Bafna Mahaveer Chand **
2. Mr. D Suresh Jain ***
3. Mr. Nitesh R Lodha

** Appointed w.e.f. 31.07.2008

*** Appointed w.e.f.22.04.2008

Note: (i) There was a reconstitution of the Remuneration Committee on 31.07.2008 as Mr. S.Jhunjhunwala, Mr. V.Dalmia and Mr. D.K.Kanodia resigned w.e.f.31.07.2008.

(ii) Mr. Bansilal Bafna Mahaveer Chand, Mr. D.Suresh Jain and Mr. Nitesh R Lodha were added as members on 31.07.2008.

There was no remuneration/ sitting fees was paid to directors.

*** Functions of the Committee:**

The Policy dossier prescribes for payment of Compensation to Executive Directors by way of salary and other perquisites.

Shares/Convertible Instruments held by Non-Executive directors as on 31.03.2009

Name of the Non-Executive Directors	No. of shares of the Company	Convertible Instruments
Mr. S.Jhunjhunwala *	NIL	NA
Mr. V.Dalmia *	NIL	NA
Mr. D.K.Kanodia *	NIL	NA
Mr. Bansilal Bafna Mahaveer Chand **	NIL	NA
Mr. D Suresh Jain ***	NIL	NA
Mr. Nitesh R Lodha	77300	NA

* Resigned on 31.07.2008

** Appointed w.e.f. 31.07.2008

*** Appointed w.e.f.22.04.2008

(c) Shareholders'/Investors' Grievance Committee:

Shareholders'/Investors' Grievance Committee under the Chairmanship of Independent Non-Executive Director comprises of the following Directors as on 31.03.2009.

1. Mr. S.Jhunjhunwala *
2. Mr. V.Dalmia *
3. Mr. D.K.Kanodia *

* Resigned on 31.07.2008

4. Mr. Bansilal Bafna Mahaveer Chand **
5. Mr. D Suresh Jain ***
6. Mr. Nitesh R Lodha

** Appointed w.e.f. 31.07.2008

*** Appointed w.e.f.22.04.2008

Note: (i) There was a reconstitution of the Shareholders'/Investors' Grievance Committee on 31.07.2008 as Mr. S.Jhunjhunwala, Mr. V.Dalmia and Mr. D.K.Kanodia resigned w.e.f.31.07.2008.

(ii) Mr. Bansilal Bafna Mahaveer Chand, Mr. D.Suresh Jain and Mr. Nitesh R Lodha were added as members on 31.07.2008.

The Committee met on 15.05.2008, 31.05.2008, 30.06.2008, 14.07.2008, 04.08.2008, 21.08.2008, 15.10.2008, 07.11.2008, 19.11.2008, 28.11.2008, 12.12.2008, 30.12.2008, 28.01.2009, 26.02.2009, 10.03.2009 and 18.03.2009.

All the meetings were attended by all the members except for the meetings held on 15.10.2008, 12.12.2008 and 10.03.2009 for which Mr. Bansilal Bafna Mahaveer Chand expressed his inability to attend the meeting.

Compliance Officer:

Name	: Mr. Nitesh R Lodha
Address	: No.84/85, Walltax Road, Chennai – 600 003
Phone No	: (044) 2534 5283
Fax No.	: (044) 2534 5275
Email	: capiptions@gmail.com

*** Functions and activities:**

The Committee, inter alia, approves issue of duplicate certificates and overseas and reviews all matters connected with the securities transfer. The Committee also looks into redressal of Shareholders'/Investors' complaints like transfer of shares, non-receipt of Balance Sheet etc. during the year under review the Company has generally processed all the applications within time.

*** Share Transfer System:**

The Company's shares are traded in the Stock Exchange compulsorily in Demat mode.

i) Share Transfers : Share transfers are registered and returned in the normal course within a period of 15 days from the date of receipt, if the documents are order in all respects. Request for dematerialization of shares are processed and confirmation is given to the respective depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CSDL) within 15 days.

ii) Investor Correspondence : Shareholders can send in their correspondence to No.84/85, Walltax Road, Chennai – 600 003 of the company at or to the share transfer agents at the above address.

iii) Intimation of change of address, bank details etc. All the members are requested to notify immediately any change in their address, bank details, and bank mandate and nominate details to the Registrar and Share transfer agent of the company.

M/s. Cameo Corporate Services Limited
 No.2, Club House Road,
 Chennai 600 002
 Ph: (044) 2846 0390 (6 Lines)

iv) Investor Grievances

During the year 299 transfer deeds comprising of 614900 shares were received for Physical Transfer. Requests received for dematerialization of shares were generally processed promptly.

The Company has a regular system of attending to investor grievances. These grievances are promptly attended to and there is no complaint pending as on date.

4. General Body Meetings:

The last three Annual General Meetings of the Company were held as under:

Year	Location	Date	Time
2005-2006	Passari Cellulose Limited 20, Balgopalpur Industrial Estate Balasore, Orissa - 756020	23.09.2006	1 PM
2006-2007	-do-	28.09.2007	10 AM
2007-2008	-do-	16.07.2008	11 AM

5) Disclosures:

(i) The financial statements are prepared following the Accounting Standards and there is no deviation from it.

(ii) Disclosures on materially significant related party transactions, i.e. transactions of the Company of material nature, with its promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large.

There are no significant transactions with related parties which may have a potential conflict with the interests of the Company. The Register of Contracts containing transactions in which directors are interested is placed before the Board regularly.

(iii) Details of non-compliance by the company, penalties, and strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority or any matter related to Capital Markets, during the last three years:

There were no such significant instances of non-compliances of any matter related to the capital markets during the last year.

(iv) The Company has complied with all the mandatory and non-mandatory requirements of the revised Clause 49 of the Listing Agreement. The extents of compliance of the following non-mandatory requirements are given below:

(a) With regard to training of Board Members, the directors of the Company are continuously trained in the business model of the Company and the risk profile of business parameters through various presentations at Board/Committee Meetings.

(b) With regard to Whistle Blower Policy, the Company is examining the formulation and implementation of the same, after which the same would be submitted to the Board.

6. Subsidiary Company:

The Company does not have any subsidiary company.

7. Means of Communication:

The Company's Notice, Results etc. have generally been published in 'The Statesman' (in English) and in 'The Utkal Mail' (in Oriya), whereas the printed Annual Report along with statement of accounts and notices convening the Annual General Meeting are mailed to the shareholders.

The unaudited quarterly financial results, limited review by the Auditors and the audited full year financial results are sent to the Bombay Stock Exchange Limited and The Calcutta Stock Exchange Association Ltd within the specified time limit.

9. CEO/CFO Certificate:

The CEO / Director of the Company has certified to the Board the particulars as stipulated vide clause 49 V of the Listing Agreement is complied.

10. General Shareholder Information:

(a) Annual General Meeting

Date & Time : Thursday, the 17th day of September, 2009 at 11.00 AM
Venue : 20, Balgopalpur Industrial Estate, P.O.: Rasalpur, Balasore,
Orissa – 756 020

(b) Financial Calendar 2009-2010 (tentative)

Annual General Meeting (next year)	- September 2010
Results for the quarter ending June 30, 2009	- Last week of July 2009
Results for the quarter ending Sept. 30, 2009	- Last week of Oct. 2009
Results for the quarter ending Dec. 31, 2009	- Last week of Jan. 2010
Results for the quarter ending Mar. 31, 2010	- Last week of April, 2010

(c) Book Closure date:

The Register of Members and Share Transfer records shall be closed from 15th September 2009 to 17th September 2009 (both days inclusive) for the purpose of AGM.

(d) Listing:

Shares are listed at:

- i) The Calcutta Stock Exchange Association Ltd
7, Lyons Range, Calcutta – 700 001.
- ii) The Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai – 400 001

Demat : ISIN No. INE 008F01014
Scrip Code : 530923
CIN : L24119OR1992PLC003171

The Listing Fee for both the Stock Exchanges are paid upto 31.03.2010.

(e) Market Price Data & Performance:

The Company shares are not reported to be traded frequently.

(f) Registrar & Share Transfer Agent:

Cameo Corporate Services Limited
No.2, Club House Road,
Chennai 600 002
Phone : 044 - 2846 0390
Fax : 044 – 2846 0129
Email : investor@cameoindia.com

Depositories : The National Securities
 Depository Limited
 4th Floor, Trade World
 Kamala Mill compound
 Senapati Bapat Marg
 Lower Parel, Mumbai – 400 013

Central Depository
 Services (India) Limited
 Phirozee Jeejeebhoy Towers
 17th Floor Dalal Street
 Mumbai – 400 001

(g) Distribution of Shareholding (as on 31.3.2009)

Category	No. of Shares Held	% of Share Holding
A. Promoter(s) Holding		
1. <u>Promoters</u>		
a. Indian Promoters	759,400	16.70
b. Foreign Promoters	-	-
Sub-Total	759,400	16.70
2. Persons Acting in concert	-	-
B. Non-Promoters Holding		
3. <u>Institutional Investors</u>		
a. Mutual Funds & UTI		
b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-Government Institutions)		
c. FIIS		
Sub-Total	-	-
4. <u>Others</u>		
a. Bodies Corporate	75,100	1.65
b. Individual Holding		
(i) Nominal Share Capital upto Rs.1 Lakh	1,077,500	23.69
(ii) Nominal Share Capital in excess of Rs.1 Lakh	2,439,400	53.64
c. Any Other		
Clearing Members	1,100	0.02
Hindu Undivided Families	195,000	4.29
Sub-Total	3,788,100	83.30
GRAND TOTAL	4,547,500	100.00

(ii) Distribution Schedule (as on 31.03.2009)

Share Holding	Share Holder Number	%	No. of Shares	%
1 to 500	1762	75.8501	445600	9.7987
501 to 1000	310	13.3448	221500	4.8708
1001 to 2000	106	4.5630	151100	3.3227
2001 to 3000	45	1.9371	114400	2.5156
3001 to 4000	13	0.5596	45500	1.0005
4001 to 5000	9	0.3874	42800	0.9411
5001 to 10000	12	0.5165	97000	2.1330
10001 and above	66	2.8411	3429600	75.4172
TOTAL	2323	100.0000	4547500	100.0000

(iii) Holding pattern as on 31.03.2009

	Shareholders		Shares	
	No.	%	No.	%
Physical	2165	51.82	2356400	51.82
NSDL	26	7.47	339800	7.47
CDSL	132	40.71	1851300	40.71
TOTAL	2323	100.00	4547500	100.00

- (h) i) Address for correspondence : No.84/85, Walltax Road, First Floor, Chennai - 600 003
ii) Any query on Annual Report : No.84/85, Walltax Road, First Floor, Chennai- 600 003
iii) Investor Correspondence:
Cameo Corporate Services Limited
No.2, Club House Road,
Chennai 600 002
Phone : 044 - 2846 0390
Fax : 044 – 2846 0129
Email : investor@cameoindia.com

11. Management Analysis and Review:

a. Industry structure & Development :

During the year under review, the Indian Economy grew at a much slower rate. Despite growth rates falling from 9%, recorded over the last three years, India will still be the second fastest growing economy in the world next only to China. The robust growth demonstrated by the economy over the last 5 years has led to the average income of an Indian increasing vastly. Estimates indicate that over 300 million people will move up from the category of rural poor to rural lower middle class between 2005 and 2025. Developments in India's markets are expected to create major opportunities for Indian Consumer Product companies. The Indian Government is providing stimulus wherever possible by cutting taxes and duties, in order to increase the consumption among the consumer fraternity. Implementing the recommendations of the recent Pay Commission will help to increase the spending power of Government employees. Cuts in the REPO and CENVAT rates should also encourage spending.

b. Opportunities & Threats :

The Company deals in FMCG goods like mouth freshner, etc., There is a positive support from the Government for manufacturing of Agri based processed food products. Though there was an overall fall in the industry there is inelastic demand for the food product industry. Moreover, the Indian Government is providing stimulus wherever possible by cutting taxes and duties, in order to increase the consumption among the consumer fraternity. Since the company is manufacturing Agri based processed food products, timely availability of raw material and failure of crops is a threat to your Company.

c. Segment-wise analysis :

Your Company has started its production in the second half of the financial year 2008-2009 and concentrating in only one segment i.e., Manufacturing of Agri based Fast Moving Consumer Goods and Food Products. As the Company has commenced the production in the second half of the year ending 2008-2009, the volume of production was very less.

d. Outlook :

The company is planning to introduce the following products in the years to come like Betal Nut, Sweet & Regular, Dry Chappati (Khakra), Namkeen, Mouth Freshner (Mukhwas), etc. These products are having good market both in domestic and international market and the Company has

plans to enter into international market also. The Company has identified dealers for marketing the products in the following states Tamil Nadu, Kerala and Karnataka. The Company has already taken steps to reach to end customers by establishing retail outlets.

Our endeavour to drive organic growth is driven by a two pronged strategy. Firstly, we are focusing on expanding the number and variety of products offered to customers across categories based upon focused research and consumer feedback. Secondly, our thrust is on enhancing distribution and presence both internationally and in the country.

e. Risks and concerns :

Your Company is subject to a diverse set of risk areas. These risks can adversely affect and influence the financial position, operating results, cash flows and stability of your company. These risks have been considered and the Company is aware of the potential for these risks to occur. Utmost care is being taken to plan and mitigate known risks as well as proactively identify new risks that may occur.

The key risks that affect the functioning of the Company and are actively considered for risk management activities are:

- Seasonal Fluctuations / Failure of Crops / Non availability of raw materials
- Political risks associated with unrest and instability
- Economic depression and inflation
- Shelf Life of the products of the Company
- Labour shortages and attrition of key staff
- Increasing costs of raw material, transport and storage
- Compliance and regulatory pressures including changes to tax laws
- Supplier and distributor relationships and retention of distribution channels

f. Internal control systems and their adequacy :

Your Company has in place, adequate internal control systems and procedures commensurate with the size and nature of our business. The system is designed to adequately ensure that financial and other records are reliable for preparing financial information and other data and for maintaining accountability of assets. These procedures are designed to ensure that:

- * An effective and adequate internal control environment is maintained across the Company.
- * All assets and resources are acquired economically, used efficiently and are adequately protected.
- * Significant financial, managerial and operating information is accurate, reliable and is provided timely, and
- * All internal policies and statutory guidelines are complied with.

g. Discussion on financial performance with respect to operational performance :

The Company has made a loss of Rs.9.29 Lakhs as against previous year loss of Rs.3.86 Lakhs. The Company has started production of FMCG products like mouth freshner, etc. in different sizes, shapes and tastes during the second half of the year. The Company has identified dealers for marketing the products in the following states Tamil Nadu, Kerala and Karnataka. The Company has already taken steps to reach to end customers by establishing retail outlets.

h. Material developments in human resources/industrial relations front, including number of people employed :

The Company is continuously endeavoring to align the employee's objectives with the business objectives of the organisation through its HR policies, process and other development initiatives to achieve its organizational goals. Industrial relations have been cordial. The total number of employees in the Company during the financial year 2008 – 2009 was 3 permanent employees. The Company engages the services of Casual labourers on weekly basis as and when the need arises.

12. Cautionary Statement:

Details given herein above relating to various activities and future plans may be forward looking statements within the meaning of applicable laws and regulations. The actual performance may differ from those expressed or implied.

13. Certificate:

The Company has obtained the Certificate from M/s. AK Jain & Associates, Company Secretaries regarding compliance of Corporate Governance as stipulated in Clause 49 of the listing agreement and the same is annexed. All material requirements with respect to Corporate Governance as stipulated in the Listing Agreement have been complied with.

Place:Chennai
Date:30.06.2009

On behalf of the Board
For Passari Cellulose Limited
Sd/-
Nitesh R Lodha
Director

CERTIFICATE OF COMPLIANCE OF THE CODE OF CONDUCT OF THE COMPANY:

This is to confirm that a code of conduct for the Board Members and Senior Management Personnel of the Company has been adopted in the Board Meeting held on 31.01.2006. The Code of Conduct as adopted by the Board was also circulated. The Company received declarations affirming compliance of the Code from the persons concerned for the Financial Year ended 31st March, 2009. The same has also been noted by the Board.

Place:Chennai
Date: 30.06.2009

On behalf of the Board
For Passari Cellulose Limited
Sd/-
Nitesh R Lodha
Director

Certificate of Corporate Governance

To

The Members of
Passari Cellulose Limited

We have examined the compliance of conditions of Corporate Governance by Passari Cellulose Limited for the year ended on 31st March, 2009 as stipulated in Clause 49 of the Listing Agreements of the said Company with Stock Exchange(s) in India.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement and that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by Company's Registrar and 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.

Place: Chennai
Date: 30.06.2009

For AK Jain & Associates
Company Secretaries

Sd/-
Mr. Balu Sridhar
CP No.3550

AUDITOR'S REPORT

TO.
THE MEMBERS
PASSARI CELLULOSE LIMITED, ORISSA.

We have audited the attached Balance Sheet of **PASSARI CELLULOSE LIMITED, ORISSA**, as at 31st March, 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those statements 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 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 Company Law Board in terms of Section 227 (4A) 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 :-
 - a. 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.
 - b. In our opinion, proper books of account as required by law have been maintained by the Company so far as it appears from our examination of such books.
 - c. The Balance Sheet and the Profit and Loss Account and the Cash Flow Statement referred to in this report are in agreement with the books of account and comply with the Accounting Standards specified in Sec. 211 (3c) of the Companies Act, 1956.
 - d. On the basis of written representation received from the Directors as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors are disqualified as at March 31, 2009 from being appointed as a director u/s 274 (1) (g) of the Companies Act, 1956.
 - e.
 - (i) *No provision of interest on the loan amount due to Orissa State Finance corporation has been made during the year and the exact provision/liability of interest has not been determined by the management.*
 - (ii) *No depreciation has been provided for the year as well as previous years on fixed assets situated at its industrial undertaking at Orissa plant since 28th February, 2004.*

Subject to the above, In our opinion and to the best of our information and explanations given to us, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :

- i. in the case of Balance Sheet of the state of affairs of the company as at 31st March 2009 and
- ii. in the case of Profit and Loss Account of the **Loss** for the year ended as on that date; and
- iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

CHENNAI.
30-06-2009

For **KRISHNAN & GIRI**
Chartered Accountants
Sd/-
(M. JAYANTILAL JAIN)
Partner.
Membership No:29712

ANNEXURE

RE : PASSARI CELLULOSE LIMITED, ORISSA REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE

1. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. All the assets have been physically verified by the management and no serious discrepancies were noticed on such verification of the Fixed Assets and the Company has not disposed off substantial portion of its Fixed Assets during the year.
2. The stock of raw materials, packing materials and finished goods has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and adequate in relation to the size of the company and nature of its business.
3. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
4. In our opinion, the company has maintained proper records of its inventories. The discrepancies between the physical stocks and book records were not material and have been properly dealt with in the books of account.
5. In our opinion, the terms and conditions on which loans have been taken from the parties listed in the register maintained under Sec. 301 of the Companies Act, 1956, are prima facie not prejudicial to the interests of the Company. The company has taken loans from directors and the balance amount outstanding as on the close of the year is Rs 0.30 lakhs. The company has not advanced amounts to any party listed in the register maintained under Section 301 of the Companies Act, 1956.
6. 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 nature of its business, for purchase of inventories, fixed assets and for the sale of goods.
7. In our opinion, and according to the information and explanations given to us, the company has not entered into transactions made in pursuance of contracts and arrangements entered into in the register maintained U/S 301 of the Companies Act, 1956.
8. In our opinion, and according to the information and explanations given to us, the company has not accepted any deposit within the meaning of provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
9. In our opinion, and according to the information and explanations given to us, the company has not accepted any deposit within the meaning of provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
10. The internal audit system of the company is commensurate with the size and nature of the business.
11. According to the information and explanations given to us, the Central Government has not prescribed for the maintenance of cost records required to be maintained Under Section 209(1)(d) of the Companies Act, 1956.
12. According to the information and explanations given to us, the provisions of Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the Employees State Insurance Act, 1948 are not applicable to the company.
13. On the basis of the audited financial statements, the accumulated loss of the company at the close of the year is Rs.138.67 Lakhs which is not more than 50% of its net worth. The Company has incurred cash loss during the year.
14. The company has not issued any debentures. However it has defaulted in repayment of term loan dues to Orissa State Financial corporation. The company has made an application for one time settlement of the entire dues, which is pending for disposal.

15. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Order is not applicable.
16. The company is not a Chit fund, Nidhi, Mutual benefit fund or a Society. Accordingly, clause 4(xiii) of the Order is not applicable.
17. According to the information and explanations given to us, the company has maintained proper records in respect of the transactions for shares and has been duly entered into on a timely basis. Further on verification, it is observed that the investments have been held by the company in its own name.
18. On the basis of information and explanations given to us, the company has not given guarantee to any Bank on behalf of other parties.
19. The company has not taken any term loans during the year. Hence clause 4(xvi) is not applicable to the company.
20. In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements, the funds raised on short term basis have not been used for long term investment.
21. The company has made preferential allotment of 1,00,000 shares to the parties listed in the register maintained under Section 301 of the Companies Act, 1956 and in our opinion, the price paid for issue of such shares are not prejudicial to the interest of the company.
22. The company has not issued debentures. Hence, clause 4(xix) of the Order is not applicable to the company.
23. The company has not raised any money by way of public issues during the year.
24. According the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For **KRISHNAN & GIRI**
Chartered Accountants

Sd/-
(M. JAYANTILAL JAIN)
Partner.
Membership No: 29712

CHENNAI.
30-06-2009

M/S. PASSARI CELLULOSE LIMITED
BALANCE SHEET AS AT MARCH 31, 2009

	SC		AS AT 31.03.2009 (Rs. In '000)	AS AT 31.03.2008 (Rs. In '000)
<u>SOURCES OF FUNDS :</u>				
SHAREHOLDERS FUND				
Share Capital	1	45,475.00		31,816.01
Reserves & Surplus	2	10,781.49	56,256.49	824.40
				32,640.41
LOAN FUNDS :				
Secured Loans	3		13,049.35	12,933.22
UnSecured Loans	4		30.00	-
TOTAL			69,335.83	45,573.63
<u>APPLICATION OF FUNDS :</u>				
FIXED ASSETS				
Gross Block	5	28,111.31		26,303.00
Less: Depreciation		8,033.67		7,937.00
Net Block			20,077.64	18,366.00
INVESTMENTS				
	6		7,890.10	6,411.16
CURRENT ASSETS , LOANS & ADVANCES				
Current Assets :				
Inventories	7		4,226.24	376.22
Sundry Debtors	8		5,190.19	5,023.57
Cash & Bank Balance	9		1,093.62	(10.81)
Loans & Advances	10		17,596.50	3,111.01
		A	28,106.54	8,499.99
Less: CURRENT LIABILITIES & PROVISIONS				
Current Liabilites	11		780.62	625.46
Provisions	12		25.02	9.09
		B	805.64	634.55
Net Current Assets		A-B	27,300.90	7,865.44
MISCELLANEOUS EXPENDITURE				
(To the extent not Written off/adjusted)	13		200.00	-
Deficit Balance in Profit & Loss Account				
			13,867.20	12,931.03
TOTAL			69,335.83	45,573.63
NOTES ON ACCOUNTS				
	20			

The Schedules referred to herein forms an integral part of this Balance Sheet
"This is the Balance Sheet referred to in our report of even date"

for **KRISHNAN & GIRI**
Chartered Accountants

Chennai.
Dated : 30.06.2009

Sd/-
(M.JAYANTILAL JAIN)
Partner
M.NO.: 029712

Sd/-
DIRECTOR
NITESH R LODHA

Sd/-
DIRECTOR
D SURESH JAIN

M/S. PASSARI CELLULOSE LIMITED
PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2009

	SCH	FIGURES FOR THE YEAR Rs. In '000	PREVIOUS YEAR FIGURES Rs. In '000
INCOME :			
Sales		649.95	-
Other Income		90.79	
Variation in Stock	14	2,865.78	-
		3,606.51	-
EXPENDITURE :			
Materials Consumed	15	3,385.50	-
Manufacturing Expenses	16	110.73	91.00
Selling & Distribution Expenses	17	82.95	21.00
Administrative Expenses	18	608.55	266.00
Finance Charges	19	30.62	9.00
		4,218.35	386.98
PROFIT/(LOSS) BEFORE DEPRECIATION		(611.84)	(386.98)
Less/(ADD) : Depreciation		96.67	-
Provision(diminution Value of Investments)		221.20	
PROFIT/(LOSS) FOR THE YEAR		(929.71)	(386.98)
Less: Provision for Current Tax(FBT)		7.50	-
Deferred Tax Asset		-	(450.00)
PROFIT/(LOSS) AFTER TAX		(937.21)	(836.98)
Add:DEFICIT BROUGHT FORWARD FROM PREVIOUS YEAR		(12,929.98)	(12,093.00)
DEFICIT CARRIED TO BALANCE SHEET		(13,867.20)	(12,929.98)
BASIC EARNINGS PER SHARE(EPS)		(0.28)	(0.25)
NOTES ON ACCOUNTS	20		

The Schedules referred to herein forms an integral part of this Profit & Loss Account

"This is the Profit & Loss Account referred to in our report of even date"

for KRISHNAN & GIRI
Chartered Accountants

for PASSARI CELLULOSE LIMITED

Sd/-

Chennai. (M.JAYANTILAL JAIN)
Dated : 30.06.2009 Partner

Sd/-
Director

Sd/-
Director

M.No.:029712

NITESH R LODHA D SURESH JAIN

M/S. PASSARI CELLULOSE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

	31.03.2009 (Rs. In '000)	31.03.2008 (Rs. In '000)
<u>A. CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net Profit before Taxation and Extra ordinary items	(929.71)	(386.98)
<u>Adjustments for :</u>		
Interest Paid	19.23	-
Depreciation	96.67	-
Gratuity	8.43	
Provision For Diminution in the value of Invesments	221.20	
Preliminary Expenses Written off	50.00	
Non - Operating Income	(90.79)	
Operating Profit before working capital changes	(624.97)	(386.98)
Changes in Working Capital:		
Less : (Increase)/decrease in Current Assets	(18,502.13)	676.00
Add: Increase/(decrease) in Current Liabilites	156.21	(586.00)
Net Cash Flow from Operating activites (A)	(18,970.88)	(296.98)
<u>B. CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of fixed assets	(1,808.31)	-
Purchase of Shares	(1,700.14)	-
Expansion of business	(250.00)	-
Proceeds from Loans & Advances	-	269.00
Profit on sale of F & O	5.92	
Interest Received on FDR	2.33	
Net Cash Flow from investing activites (B)	(3,750.21)	269.00
<u>C. CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Preferential issue of Equity Shares	13,658.99	-
Share Premium Account	9,957.09	-
Secured Loans	116.13	-
Unsecured Loans	30.00	-
Interest Paid	(19.23)	-
Interest on Loan	82.54	
Net Cash Flow from financing activites (C)	23,825.52	-
Net Increase in Cash and Cash Equivalents (A)+(B)+(C)	1,104.43	(27.98)
Opening Cash and Cash Equivalensts	(10.81)	17.00
Closing Cash and Cash Equivalensts	1,093.62	(10.81)

The Schedules referred to above form an integral part of the Accounts
In terms of our report of even date attached

for KRISHNAN & GIRI

Chartered Accountant

sd/-

(M.JAYANTILAL JAIN)

Partner

M.NO.: 029712

Chennai.

Dated : 30.06.2009

**for PASSARI CELLULOSE
LIMITED**

sd/-

NITEESH LODHA

DIRECTOR

sd/-

D SURESH JAIN

DIRECTOR

M/S. PASSARI CELLULOSE LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

	31.03.2009 (Rs. In '000)	31.03.2008 (Rs. In '000)
SCHEDULE 1:		
<u>SHARE CAPITAL</u>		
AUTHORISED		
100,00,000 Equity Shares of Rs.10/- each	100,000.00	50,000.00
(Previous Year 50,00,000/- Equity shares of 10/- each)		
<u>ISSUED, SUBSCRIBED & PAID UP</u>		
45,47,500 Equity Shares of Rs.10/-each	45,475.00	33,200.00
fully paid up (Previous Year 33,20,000 shares)	-	1,383.99
Less : Calls in Arrears	-	-
	45,475.00	31,816.01
SCHEDULE 2:		
<u>RESERVES & SURPLUS</u>		
Capital Reserve		
-On account of Shares forfeited	3,512.71	-
-Capital Subsidy	824.40	824.40
Share Premium	6,444.38	-
	10,781.49	824.40
SCHEDULE 3:		
<u>SECURED LOANS</u>		
Term Loan from Financial Institutions	12,433.22	12,933.22
From Others -Vehicle Loan	616.13	-
	13,049.35	12,933.22
SCHEDULE 4:		
<u>UNSECURED LOANS</u>		
From a Director	30.00	-
	30.00	-
SCHEDULE 6:		
<u>INVESTMENTS</u>		
<u>(LONG TERM , AT COST)</u>		
	QTY	
<u>Unquoted, Fully paid-up</u>		
Equity Shares of Passari Organics	571116	5,711.16
Private Limited @ Rs.10/- each		
Equity shares of Altona (Exim) Private Limited @ Rs.10/-each	30000	300.00
Equity shares of MBR Promoters Private Limited @ Rs.10/- each	40000	400.00
	A	6,411.16
	6,411.16	6,411.16

		31.03.2009 (Rs. In '000)	31.03.2008 (Rs. In '000)
<u>(CURRENT INVESTMENTS, AT COST)</u>			
<u>Quoted Investments, Fully Paid-Up</u>			
Arvind Remedies Limited	320000	375.52	-
Bafna Pharmaceuticals Limited	11798	177.77	-
Edserve Soft Systems limited	6000	268.23	-
Somi Conveyor Bekltings limited	85000	878.62	-
	B	1,700.14	-
Aggregate cost of total Investments	(A+B)	8,111.30	6,411.16
Less : Diminution in value of current Investments*		221.20	-
Value of Total Investments		7,890.10	6,411.16
* Current quoted investmets are valued at lower of Cost and fair value			
<u>SCHEDULE 7:</u>			
<u>INVENTORIES</u>			
(As taken, valued & certified by Management)			
Raw Materials (At Cost)		578.71	365.86
Packing Materials (At Cost)		774.45	3.05
Finished Goods		2,873.09	7.31
(Cost or Market Value which ever is lower)			
		4,226.24	376.22
<u>SCHEDULE 8:</u>			
<u>SUNDRY DEBTORS</u>			
(Unsecured, considered good)			
More than six months		4,970.47	5,023.57
Others		219.71	-
		5,190.19	5,023.57
<u>SCHEDULE 9:</u>			
<u>CASH & BANK BALANCE</u>			
Cash in hand (As certified by the Management)			
Balance with Scheduled Banks		342.70	3.11
In Current Account		750.92	(13.92)
		1,093.62	(10.81)
<u>SCHEDULE 10</u>			
<u>LOANS & ADVANCES</u>			
(Unsecured, considered Good)			
Advance recoverable in cash or in kind or for value to be received		10,392.68	2,218.01
Deposits		5,168.82	58.00
Share Application (Pending Allotment)		2,035.00	835.00
		17,596.50	3,111.01

	31.03.2009 (Rs. In '000)	31.03.2008 (Rs. In '000)
<u>SCHEDULE 11:</u>		
<u>CURRENT LIABILITIES</u>		
Sundry Creditors		
For Goods	682.49	576.46
Others	98.13	49.00
	780.62	625.46
<u>SCHEDULE 12:</u>		
<u>PROVISIONS</u>		
For Taxation	9.09	9.09
For Frienge Benefit Tax	7.50	-
Provison for Gratuity	8.43	-
	25.02	9.09
<u>SCHEDULE 13:</u>		
<u>MISCELLANEOUS EXPENDITURE</u>		
Preliminary Expenses (Roc Fees paid for increase in authorised capital)	200.00	-
<u>SCHEDULE 14:</u>		
<u>VARIATION IN STOCK</u>		
Stock in Trade (at cost)	2,873.09	7.31
Less: Stock in Trade in commencement	7.31	7.31
	2,865.78	-
<u>SCHEDULE 15:</u>		
<u>MATERIALS CONSUMED</u>		
Opening Stock	368.91	368.91
Add: Purchases	4,369.75	-
	4,738.66	368.91
less: Closing Stock	1,353.16	368.91
	3,385.50	-
<u>SCHEDULE 16:</u>		
<u>MANUFACTURING EXPENSES</u>		
Power & Fuel	2.49	16.00
Factory Expenses	108.24	75.00
	110.73	91.00
<u>SCHEDULE 17:</u>		
<u>SELLING & DISTRIBUTION EXPENSES</u>		
Advertisement Expenses	48.04	21.00
Transport Charges	34.91	-
	82.95	21.00

<u>SCHEDULE 18:</u>		
<u>ADMINISTRATIVE EXPENSES</u>		
Salary	126.00	7.00
Postage & Telegram	9.25	19.00
Printing & Stationery	16.43	21.00
Professional Charges	4.49	3.00
Secretarial Charges	-	23.00
Travelling & Conveyance	90.96	7.00
Auditors Remuneration		
- Audit Fees	27.58	6.00
Consultancy Charges	-	6.00
Director's Remuneration	-	7.00
Gratuity	8.43	-
Rates & Taxes	185.90	51.00
Office Expenses	89.51	1.00
Preliminary Expenses Written off	50.00	-
Penalty	-	115.00
	608.55	266.00
<u>SCHEDULE 19:</u>		
<u>FINANCE CHARGES</u>		
Bank Charges	11.39	9.00
Interest Expenses	19.23	-
	30.62	9.00

The Schedules referred to above form an integral part of the Accounts

In terms of our report of even date attached

for KRISHNAN & GIRI

Chartered Accountant

sd/-

(M.JAYANTILAL JAIN)

Partner

M.NO.: 029712

for PASSARI CELLULOSE LIMITED

sd/-

NITEESH LODHA

DIRECTOR

sd/-

D SURESH JAIN

DIRECTOR

Chennai.

Dated : 30.06.2009

PASSARI CELLULOSE LIMITED,ORISSA

SCHEDULE: 20

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS:

A) SIGNIFICANT ACCOUNTING POLICIES:

1. Accounting Assumptions:

- (a) The production process of the company at Orissa Factory is inoperative since 28th February 2004, however production at Chennai unit has started during the second half of the year.
- (b) The company has given proposal for one time settlement of dues to the Secured Lenders, i.e., Orissa State Financial Corporation which is under their consideration.
- (c) In expectation of a positive response on the above the account have been prepared on Going Concern Basis. This will hold good subject to the receipt of required support from the lenders, promoters and related parties.
- (d) Accounts have been prepared on the basis of historical cost convention and is in accordance with the normally accepted accounting principles. The accounting method followed by the company comply with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. Accounting is on the basis of going concern concept.

2. Use of Estimates :

The preparation of the financial statements in conformity with the generally accepted accounting principles required estimates an assumption to be made that affect the reported amount of assets and liabilities on the date of financial statement and the reported amount of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known /materialised.

3.Fixed Assets & Depreciation:

- (a) Fixed Assets are stated at Cost of acquisition or installation and includes erection and construction expenses.
- (b) Depreciation has been provided on the basis of written down value method at the rates prescribed in schedule XIV of the Companies Act 1956. in respect of the additions during the year , depreciation charge has been provided on pro-rata basis. However no depreciation has been provided on the fixed assets situated at Orissa, since the plant is not in operation.

4. Investments:

Long term Investments are stated at cost. Provision for diminution in value is made, if the decline is other than temporary in nature. Current Investments are stated at lower of cost or fair value determined on the basis of each category of Investments.

5.Valuation – Inventories:

Raw materials and stores are valued at cost. Cost includes sales tax and all other charges up to the point of receipts but net of tax credit recoverable from tax authorities, wherever applicable. Finished goods are valued at lower of market value or estimated cost of production.

6. Liability Recognition:

Provision is made in Accounts in respect of all liabilities relating to the year under review which have known till the date of the accounts were prepared for authentication by the board of Directors and which have material effect on the position stated in the balance sheet Liabilities, claims and debts not

acknowledged/ accepted and disputed by the Company and not provided for, are being disclosed in the Notes to the Accounts.

7. Income & Expenditure:

All items of Income & Expenditure are accounted for on accrual basis.

8. Accounting of Employee Benefits:

Defined benefit plan: The liability for Gratuity to employees as at Balance sheet date is determined on the basis of Actuarial Valuation based on Projected Unit Credit Method.

9. Taxation:

- (i) Provision for current Income Tax is made in accordance with the Income Tax Act, 1961.
- (ii) Provision for differed tax is made for timing differences arising between taxable income and accounting income computed using tax rates and laws that have been enacted or substantially enacted as of balance sheet date. Deferred Tax Liability/Asset are recognized, subject to consideration of prudence, timing difference and materiality. Deferred tax asset are recognized only if there is virtual certainty that they will be realized and reviewed for appropriateness of their carrying values at each balance sheet date.

10. Miscellaneous Expenditure:

Preliminary Expenses will be amortized over a period of 5 years.

B) NOTES ON ACCOUNTS:

	(Rs. In '000)	(Rs. In '000)
	Y.E.31.03.2009	Y.E.31.03.2008
1. Contingent Liabilities:		
(a) Estimated amt of contracts remaining to be executed on capital account	NIL	Nil
(b) The Term Loan of Rs.124.33 lakhs (PY.Rs.129.33 lakhs) from financial institution together with interest and other charges thereon are secured by creation of a First Mortgage charge on Land, Building and Plant & machinery situated at Balagopalpur Industrial Area, Orissa along with present and future fixed assets owned by the company.		
(c) The Company has not provided in the Accounts interest and liability on account of other charges due to Orissa State Financial Corporation, since a proposal for concession including waiver of interest has been submitted which is pending disposal and the management is of the opinion that the same would be waived off.		

2. No provision for taxation is necessary, in view of the accumulated loss incurred over the years.

3. Auditor's Remuneration :

	<u>Current Year('000)</u>	<u>Previous Year('000)</u>
Audit Fees	25.00	6.00
Tax Audit Fees	-	-
Service Tax	2.58	-
Other Matters	-	-

4. The company does not owe amount to any Small Scale Industrial Undertaking and to micro, small and medium enterprises.
5. The company has not been carrying on any operations in Orissa plant. Hence information pursuant to AS 17 on Segment Reporting is not applicable to the company.
6. Accumulated Depreciation on Fixed Assets amounting to Rs.47.50 lacs up to 31st March, 2008 in respect of Fixed assets at Orissa Plant has not been provided in the books of account, as the operations at Orissa Plant has been suspended since 28th February, 2004. Depreciation for the current year for the assets at Orissa Plant has not been quantified since the written down value of the Fixed Asset were not ascertainable.
7. The company has not estimated the impairment loss which is likely to arise in respect of Fixed Assets at Orissa Plant, which is not in operation since 2004 and hence no provision for impairment loss, if any, made in the books of account.
8. The Company has suspended its Operation in the Orissa Plant. In view thereof and in consideration of prudence, the company has not recognized Deferred Tax Asset in respect of Set off of available losses, & timing differences.
9. In the opinion of the Board, Current Assets, Loans & Advances have value on realization in the ordinary course of business approximately the same at which these are stated in the Balance Sheet and provision for all known liabilities have been made and the same are not in excess of the amount reasonably necessary.

10. Basic and Diluted Earning per Share:

For the purpose of calculation of Basic and Diluted Earning per Share, the following amounts are considered:

Particulars	Current Year Rs. In '000	Previous Year Rs. In '000
a) Net Profit after Tax	(937.21)	(836.98)
Less: Dividend and Tax thereon	-	-
Net Profit available for Equity Shareholders	(937.21)	(836.98)
b) Weighted Average No. of Equity Shares (Nos.)	34,07,438	33,20,000
c) Basic and Diluted Earning per Share	(0.28)	(0.25)

11. Employee benefits Obligations:

Defined contribution plans:

The company is yet to devise a scheme/fund for defined contribution plan towards Provident and other Funds.

Defined Benefit Plans:

The company offers its employees defined benefit plans in the form of gratuity (a lump sum amount). Benefits under the defined benefit plans are based on years of service and the employees last drawn salary immediately before exit. The gratuity scheme covers substantially all regular employees. However the company has not created any fund in accordance with the scheme. Commitments are actuarially determined at year end. On adoption of the revised Accounting Standard (AS 15) on "Employee Benefits" notified under the Companies (Accounting Standards) Rules, 2006, actuarial valuation is done based on "Projected Unit Credit Method". Gains and loss of changed actuarial assumptions are charged to Profit & Loss Account.

The net value of the defined benefit commitment is detailed below:

	Gratuity (Non funded)	
	As at 31.03.09 Rs in '000	As at 31.03.08 Rs in '000
Obligation		
Present value of obligation	8.43	
Fair Value of Plan Assets	Nil	Nil
Net Liability recognized in the Balance Sheet	8.43	

Plan Assets	Gratuity (Non funded)	
	As at 31.03.09 Rs	As at 31.03.08 Rs
Opening Balance	Nil	Nil
Expected Return	Nil	Nil
Contributions by the company	Nil	Nil
Benefits paid	Nil	Nil
Actuarial Gain	Nil	Nil
Closing balance 31.03.09	Nil	Nil

The company has not created any fund into which contributions are made. Hence furnishing of information on Return on Plan Assets does not arise.

Expense recognized in the Profit & Loss Account	Gratuity (Non funded)	
	Year ended 31.03.09 Rs	Year Ended 31.03.08 Rs
Current Service Cost	8.43	Nil
Interest Cost	Nil	Nil
Expected Return on Plan Assets	Nil	Nil
Benefits paid directly	Nil	
Net Actuarial (Gain)/loss		Nil
Expense charged to Profit & Loss Account	8.43	

Actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions, which if changed, would affect the defined benefit commitment's size.

	Gratuity (Non funded)
	Year ended 31.03.09
Rate of Discount applied	7.5%
Expected Salary Escalation	10%
Expected Return on plan assets	Does not arise
Mortality Table Used	LIC (94-96)

The Institute of Chartered Accountants of India, in May 2007 released its Guidance on the implementation of the Revised Accounting Standard on 'Employee Benefits' (AS 15 Revised 2005). The present value of the obligation, Actuarial assumptions and its charge to the Profit & Loss Account and has been adopted by the company in the financial year 2008-09.

12. Information pursuant to the provisions of paragraphs 3,4c, 4d of schedule VI to the Companies Act, 1956.

Particulars	Units	Opening Stock		Purchases		Sales / Consumption		Closing stock	
		Qty.	Value in '000	Qty.	Value in '000	Qty.	Value in '000	Qty.	Value in '000
Raw Materials									
Mixed acid	Itrs.	27,000	323.86	-	-	-	-	27000	323.86
Pol Bags (in Big)	Pcs.	2,319	40.00	-	-	-	-	2319	40.00
Pol Bags (in small)	Pcs.	101	2.00	-	-	-	-	101	2.00
Sounf	Kgs.	-	-	7,880	604.83	5,515	391.98	2365	212.85
Sugar	Kgs.	-	-	12,100	239.88	12,100	239.88	-	-
Split orid dhall	Kgs.	-	-	1,700	61.82	1,700	61.82	-	-
Pepper	Kgs.	-	-	6	0.96	6	0.96	-	-
			365.86		907.49		694.64		578.71
Packing Materials									
Poly Jar	Pcs.	20	1.00	-	-	-	-	20	1.00
Poly Thene	Kgs.	108	2.05	-	-	-	-	108	2.05
					812.00		40.60		771.40
			3.05		812.00		-		774.45
Finished Goods									
NBA WET HM 10/25	Kgs.	50	6.00	-	-	-	-	50	6.00
Waste Cotton	Kgs.	25	1.31	-	-	-	-	25	1.31
Papad	Pcs.	-	-	1,706	73.81	550	46.60	1156	50.01
Souf	Kgs.	-	-	17,263	743.46	13,420	603.35	3843	165.51
			7.31		817.27		649.95		222.82
Methi	Kgs.	-	-	25,100	822.40	-	-	25100	822.40
Mustaord	Kgs.	-	-	46,225	1,261.76	-	-	46225	1,261.76
Poppy seed	Kgs.	-	-	1,000	226.50	-	-	1000	226.50
Sodium Bi-carbonate	Kgs.	-	-	850	8.50	-	-	850	8.50
Ginger	Kgs.	-	-	1,300	80.62	-	-	1300	80.62
Cassia	Kgs.	-	-	2,000	122.00	-	-	2000	122.00
Sugar Candy	Kgs.	-	-	725	22.48	-	-	725	22.48
W.Grams	Kgs.	-	-	450	19.23	-	-	450	19.23
Star Anni Seed	Kgs.	-	-	60	5.10	-	-	60	5.10
Mono Sodium	Kgs.	-	-	225	12.38	-	-	225	12.38
Kasturi Manjal	Kgs.	-	-	1,350	24.30	-	-	1350	24.30
Cloves	Kgs.	-	-	200	45.00	-	-	200	45.00
			7.31		3,467.53				2,873.09

13. Payments to Directors :		
Sitting Fees	Nil	7.00
14.. Expenditure in Foreign Currency :		
- Towards Travel	Nil	Nil

15. Related Party Disclosures under AS 18:

- (a) The list of related parties as identified by the management are as under:
Key management personnel of the company

Director	Mr. Nitesh Lodha
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- (b) The following transactions were carried out with the related parties:

(i) <u>Corporate Investments</u>		
(Passari Organics Pvt Ltd)	00.00	57.11
(Altona Exim Pvt Ltd)	00.00	3.00
(MBR Promotors Pvt Ltd)	00.00	4.00
(ii) Share Application Money :		
RCL Agro Foods Pvt Ltd.,	1200.00	00.00

16. Previous Year's figures have been regrouped , rearranged and reclassified wherever necessary.

For **KRISHNAN & GIRI**
Chartered Accountants

Chennai
Dated: 30.06.09

Sd/-
(M JAYANTIAL JAIN)
Partner
M No: 029712

Sd/-
DIRECTOR
NITESH R LODHA

Sd/-
DIRECTOR
D SURESH JAIN

PASSARI CELLULOSE LIMITED

Regd. Office: 20, Balgopalpur Industrial Estate,
P.O.: Rasalpur, Balasore, Orissa – 756 020

Members attending the Meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the 17th Annual General Meeting of the Company at on Thursday, the 17th day of September, 2009 at 11.00 AM at the Registered Office of the Company at 20, Balgopalpur Industrial Estate, P.O.: Rasalpur, Balasore, Orissa – 756 020

(Full name of the Member (in Block Letters) Signature

Folio No: _____ DP ID No.* _____ Client ID
No.* _____
* Applicable for Member holding shares in electronic form

(Full name of the proxy (in Block Letters) Signature

- NOTES:
- 1. Member/Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand it over at the entrance duly signed.
 - 2. Member/Proxy holder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meetng.

PASSARI CELLULOSE LIMITED
Regd. Office: 20, Balgopalpur Industrial Estate,
P.O.: Rasalpur, Balasore, Orissa – 756 020

PROXY

I/We _____
of _____ in the district of _____
being _____
a Member/Members of the above named Company, hereby appoint _____
_____ of _____ in the district of _____ or
failing him _____ of _____ in the district of _____
_____ as my/our Proxy to attend and vote for me/us and on my/our
behalf at the 17th Annual General Meeting of the Company to be held on Thursday, the 17th day of September, 2009 at 11.00 AM at the Registered Office of the Company at 20, Balgopalpur Industrial Estate, P.O.: Rasalpur, Balasore, Orissa – 756 020 and at any adjournment thereof.

Signed this _____ day of _____ 2009
Folio No: _____ DP ID No.* _____ Client ID No.* _____
* Applicable for Member holding shares in electronic form
No. of Shares held: _____

(Signature) Affix 15
Paise
Revenue Stamp

** in favour of _____
This form is to be used _____ the resolution. Unless otherwise instructed, the Proxy
** against _____
will act as he thinks fit.

- ** Strike out whichever is not desired.
- NOTES:
- 1. This Proxy must be lodged with the Company at its Registered Office at 20, Balgopalpur Industrial Estate, Orissa – 756 020, not less than Forty Eight Hours before the time for holding the aforesaid meeting.
 - 2. Those members who have multiple folios with different jointholders may use copies of this Attendance slip/Proxy.