

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. K. R. Shenoy	Chairman (Independent Director)
	Mr. Sandeep P. Engineer	Managing Director
	Mrs. Jagruti S. Engineer	Executive Director
	Mr. Nimish G. Dalal	Non Executive Director
	Mr. Kyle A. Thompson	Non Executive Director
	Mr. Pradip N. Desai	Independent Director
PRESIDENT	Mr. M. M. Vakil	
COMPANY SECRETARY	Ms. Monika Pandya	
CHIEF FINANCIAL OFFICER	Mr. Hiranand Savlani	
AUDITORS	Deloitte Haskins & Sells Chartered Accountants 'Heritage', 3rd Floor, Near Gujarat Vidhyapith, Off. Ashram Road, Ahmedabad-380 014.	
OUR BANKERS	Corporation Bank Industrial Finance Branch, Ahmedabad.	
	Standard Chartered Bank Abhijeet- II, Mithakhali Six Road, Ahmedabad.	
REGISTERED OFFICE	901, Parshwa Towers, Opp. Rajpath Club, Sarkhej- Gandhinagar Highway, Ahmedabad-380 054, Gujarat, India.	
FACTORY (GUJARAT UNIT)	Plot No. 1253, Village: Santej, Taluka : Kalol, Dist: Gandhinagar, Gujarat, India.	
FACTORY (HIMACHAL UNIT)	Khasra No. # 67-72, Village : Bated, P.O. : Barotiwala, Dist.: Solan, Tehsil: Kasauli, Himachal Pradesh, India.	
REGISTRAR & SHARE TRANSFER AGENTS	Bigshare Services Private Limited E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai – 400072.	

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Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the 12th Annual Report of the Company together with the audited statements of accounts for the year ended on March 31, 2008.

1. FINANCIAL HIGHLIGHTS

The financial results for the year are as follows:

(Rs. In Lacs)

Particulars	Financial Year	
	2007-2008	2006-2007
Net Sales/Income from Operations	13,581.52	9,691.79
Other Income	467.89	123.80
Total Income	14,049.41	9,815.59
Total Expenditure	11,512.15	8,329.69
Profit Before Depreciation, Interest and Tax	2,537.26	1,485.90
Interest	268.67	188.37
Depreciation	326.06	220.12
Profit Before Tax	1,942.53	1,077.41
Provision for Taxation	235.62	166.39
Net Profit for the year	1,706.91	911.02

2. DIVIDEND

Your Directors are pleased to recommend a dividend of Re 1/- per share for the year 2007-2008, if approved by the shareholders at the Annual General Meeting. The dividend will absorb Rs. 112.38 Lacs and the Dividend Distribution Tax payable by the Company will amount to Rs. 19.10 Lacs.

3. OPERATING RESULTS AND BUSINESS

We are pleased to inform you that the last year was an excellent year for your Company. Your Company has achieved Net Sales of Rs. 13,581.52 Lacs compared to Rs. 9,691.79 Lacs previous year which shows a growth of 40%. The Cash Profit increased from Rs. 1,131.25 Lacs to Rs. 2,032.97 Lacs which shows a rise of 80%. In spite of competition from GI market and other polymer products, your Company has maintained its growth momentum. Similarly, Net Profit of the Company has increased from Rs. 911.02 Lacs to Rs. 1,706.91 Lacs which shows a robust rise of 87%. The substantial increase in profitability is mainly due to increase in sales volume, interest income from unutilized IPO funds and forex gain.

Following the aggressive market penetration strategy and capitalizing on the favourable market factors, the Company is continuously increasing its production capacities. During the year, your Company has increased its production capacity under Phase-II of Expansion from 9,074 MT to 11,800 MT. Further, to take advantage of Government Policies and to strengthen its distribution network in the North East and to increase the bottom line, the management of your Company has continued its expansion activity for manufacturing various sizes of Fittings at Himachal Pradesh.

To increase the awareness of CPVC material, Lead Free PVC material and various new products which Company is planning to launch shortly, management of your Company is continuously sponsoring the training programs for Plumbers and sponsoring various Architect Meets and Builders Meets in various parts of the Country.

4. PROJECT EXPANSION

We are pleased to inform you that the expansion activities under the Phase – II are going on with full swing and as per projection. Considering the last years' performance, the capacity utilization and the demand for "ASTRAL" products in the market, management had decided to increase the production capacity up to 25,968 MT per annum instead of originally planned upto 18,479 MT per annum. The entire expansion program is expected to be completed by August 2008.

We are planning to carry out commercial production under expansion project by September 2008. This will allow your Company to manufacture the new products range with full new capacity.

Due to upward revision of installed production capacity and enlargement of production facilities, there has been delay of 3 (Three) months in implementation of expansion project. However, the same would allow the Company to augment its production in uninterrupted manner in the years to come. The upward revision in expansion of production capacities, the Company has undertaken approximate additional capital cost of Rs.29 Crores. The additional capital cost shall be met with partly through strong internal cash accruals from operations and partly through long term debt from Banks. Your Company enjoys a very favorable Debt Equity Ratio to raise additional Debt to meet with the additional capital requirements. This will not require the Company to dilute any further equity to meet with additional capital cost.

5. AWARDS / RECOGNITION

Last year your Company has received the prestigious "National Excellence Award for SME" Instituted by Corporation Bank and in its journey towards achieving excellence, this year also your Company has been awarded "Best Stall Design" award at Plumbex India 2008 an International Exhibition on Plumbing and Allied Products, organized at Mumbai in February 2008, in which there were 80 exhibitors products, displayed from 19 Countries and more than 4000 quality footfalls. This shows the commitment of the Management in the business & strong brand prominence of "ASTRAL".

6. MANAGEMENT DISCUSSIONS AND ANALYSIS STATEMENT

Management Discussion and Analysis Report which is required under the Listing Agreement with the Stock Exchange is given in Annexure - D to the Directors' Report.

7. CORPORATE GOVERNANCE

A separate report on Corporate Governance, along with Auditors' Certificate relating thereto is given in Annexure - C to the Directors' Report.

8. INSURANCE

The fixed assets and stocks of the Company are adequately insured.

9. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that :

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed ;
- (ii) the directors have selected such accounting policies and have applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period;
- (iii) the directors have 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 ;
- (iv) the annual accounts on a going concern basis.

10. DIRECTORS

Mr. K. R. Shenoy and Mr. Pradip N. Desai are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. The requisite particulars in respect of directors seeking reappointment are given in Annexure - C to the Directors' Report.

11. AUDITORS

M/s. Deloitte Haskins & Sells, the Statutory Auditors of the company retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The retiring Auditors have furnished a certificate of their eligibility for re-appointment under section 224(1B) of the Companies Act, 1956 and have indicated their willingness to continue.

12. PARTICULARS OF EMPLOYEES

The list of Employees covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given in Annexure- A to the Directors' Report.

13. DISCLOSURE WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars of Section 217(1)(e) with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo, pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are provided in the Annexure-B to the Report.

14. ACKNOWLEDGMENTS

The Directors wish to place on record their appreciation for the devoted services of the workers, staff and the officers who have largely contributed to the smooth functioning of the Company. The Directors wish to thank Specialty Process LLC., U.S.A for the untiring technical and financial support extended to the Company throughout the year. The management would like to express its deep appreciation for the support extended by the Corporation Bank and Standard Chartered Bank and other agencies working with the Company.

For and on behalf of the Board

Place: Ahmedabad
Date: May 5, 2008

K. R. Shenoy
Chairman

Annexures' to Directors' Report

ANNEXURE - A

Statement under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2008

Sr. No.	Name	Age	Qualification	Date of Commencement of Employment	Designation/ Nature of Duties	Experience in Years	Remuneration (Rs.)	Last Employment held with Designation
1	2	3	4	5	6	7	8	9
(A) Employed throughout the year and was in receipt of remuneration which in the aggregate was not less than Rs. 24,00,000/- p.a.								
1.	*Mr. Sandeep P. Engineer	47	B.E.(Chem.)	25.03.1996	Managing Director	23	30,00,000/-	N.A.
(B) Employed for a part of the year and was in receipt of remuneration which in the aggregate was not less than Rs. 2,00,000/- p.m.								
----- Nil -----								

* Promoter of the Company

Notes :

1. The remuneration received include salary and other allowances.
2. Mr. Sandeep P. Engineer holds 17,37,724 equity shares, which constitutes 15.46% of the paid up capital of the Company.

ANNEXURE - B

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 is set out hereunder.

A. CONSERVATION OF ENERGY

(a) Energy Conservation Measure Taken :

The Company is making continuous efforts for energy conservation. Effective measures have been taken to monitor consumption of energy during the process of manufacture.

(b) Additional investment and proposal for reduction of consumption of energy : NIL

(c) Impact of the above measures:

The impact of the measures taken has been positive.

(d) Total energy consumption and energy consumption per unit of production:

A. Power & Fuel Consumption		31.3.2008	31.3.2007
1.	(a) Electricity		
	(i) Purchase Unit	56,74,990	36,21,817
	(ii) Total Amount (Rs.)	2,41,99,165	1,60,50,871
	(iii) Rate/ Unit (Rs.)	4.26	4.43
	(b) Own Generation		
	(i) Through Diesel Generation (kWh)- LDO (Liter)	73,000	63,516
	Total Amount (Rs.)	23,53,044	22,33,811
	Average Rate (Rs. / Liter)	32.23	35.17
	(ii) Through Steam Turbine Generator		
	Unit	Nil	Nil
	Unit per Ltr. of fuel		
	Oil/Gas cost per Unit		
2.	Coal and Lignite	Nil	Nil
	(i) Quantity (Tones)		
	(ii) Total cost (Rs.)		
	(iii) Average Rate (Rs. / Tones)		
3.	Furnace Oil	Nil	Nil
	(i) Quantity (Liter)		
	(ii) Total Cost (Rs.)		
	(iii) Average Rate (Rs. / Liter)		
4.	Other/Internal Generation	Nil	Nil

B. Consumption Per Unit of Production	Standard	31.3.2008	31.3.2007
1. Electricity (KWH) (Total production during the year was M.T. previous year)	There are many sizes of pipes and fittings hence it is difficult to measure.	-	-
2. Furnace Oil (Liter)	Nil	-	-
3. Coal Lignite	Nil	-	-
4. Other	Nil	-	-

B. RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION

Research & Development (R & D):

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

The Company has emphasized on quality maintenance and product enhancement. During the year under review, Company had applied for National Sanitation Foundation (NSF), the world renowned Institute of USA for certification of its product and we are happy to inform you that your Company has already received the approvals for few of its products and balance are still under testing with NSF.

Company has also applied for certification of its BlazeMaster Fire Sprinkler System i.e. Pipes to UL (Underwriter Laboratories – USA) for testing and once the product is approved, it will be commercially launched in the market.

2. Benefits derived as a result of the above R & D

The Company's efforts for quality maintenance and product enhancement, have resulted in development of products which provide better quality at a lower cost of production. Further Company will be eligible for Export of the said approved products to the USA market.

3. Future plan of action

The Company shall continue to exercise utmost care in maintaining the quality of its products and shall endeavor to upgrade the products and its range.

4. Expenditure on R & D

Company is regularly incurring R & D expenses. During the year under review, Company has spent Rs. 11.61 Lacs on R & D expenses and equipment purchased for R & D is shown under the head of Plant & Machineries and Laboratory Equipment.

Technology Absorption, Adaptation and Innovation:

The Company is using the latest technology of Extrusion Machine imported from Theysohn Extrusionstechnik GmbH, Austria.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

Total Foreign Exchange Used and Earned

(Rs. in Lacs)

Particulars	31.3.2008	31.3.2007
(a) Total Foreign Exchange Used	4,177.32	3,322.75
(b) Total Foreign Exchange Earned	145.19	121.57

For and on behalf of the Board

Place: Ahmedabad
Date: May 5, 2008

K. R. Shenoy
Chairman

ANNEXURE - C
REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

I. CORPORATE GOVERNANCE PHILOSOPHY

Your Company believes in adopting the best corporate governance practices, based on the following principles in order to maintain transparency, accountability and ethics:

- Recognition of the respective roles and responsibilities of the management;
- Independent verification and assured integrity of financial reporting;
- Protection of shareholders' right and priority for investor relations; and
- Timely and accurate disclosure on all material matters concerning operations and performance of your Company.

Keeping above in mind, your Company is fully committed to conduct its affairs in a fair and transparent manner and to enhance shareholder value while complying with the applicable rules and regulations. We are in compliance with all the requirements of the corporate governance code, enshrined in Clause 49 of the Listing Agreement.

2. BOARD OF DIRECTORS
Composition

The Board of the Company consists of 6 (six) Directors as on March 31, 2008, out of which 2(two) are Executive Directors and 4(four) are Non-executive Directors. The Chairman of the Board is Non-Executive Independent Director and 1/3 of the Board is independent. The Composition of the Board is in compliance with the requirements of Clause 49 of the Listing Agreement with the stock exchanges. All the Directors have certified to us that they are not members of more than 10(ten) committees and do not act as Chairman of more than 5(five) committees across all the companies in which they are directors.

The composition of the Board of Directors as on March 31, 2008 is as follows:

Name of the Director	Category	Total No. of Directorship	Total No. of Membership of the Committees of Board		Total No. of Chairmanship of the Committees of Board	
			Membership in Audit/Investor grievance Committee	Membership in other Committee	Chairmanship in Audit/Investor grievance Committee	Chairmanship in other Committee
Mr. K. R. Shenoy	Independent Chairman	1	-	-	2	-
Mr. Sandeep P. Engineer	Managing Director	2	2	-	-	-
Mrs. Jagruti S. Engineer	Executive Director	2	-	-	-	-
Mr. Nimish G. Dalal	Non Executive Director	1	-	-	-	-
Mr. Kyle Thompson	Non Executive Director	1	-	-	-	-
Mr. Pradip Desai	Independent Director	3	2	-	-	-

Notes:

1. While considering the total number of directorships, directorships in private companies, and Section 25 companies have also been included. Further memberships in various Committees include all Committees whether mandatory in terms of Listing Agreement or otherwise.

Details of Board Meetings held during the financial year 2007-08

During the financial year 2007-08, the Board of Directors of your Company met 13 (thirteen) times on 26/04/2007, 28/05/2007, 30/06/2007, 09/07/2007, 23/07/2007, 30/07/2007, 02/08/2007, 18/08/2007, 22/09/2007, 18/10/2007, 03/12/2007, 18/01/2008 and 26/02/2008.

Attendance at the Board Meetings and the last Annual General Meeting

The attendance of Directors at Board Meetings held in financial year 2007-08 and the last Annual General Meeting is as under:

Name of Director	No. of Board Meetings Attended	Attendance at the last AGM held on July 9, 2007
Mr. K. R. Shenoy	5	Yes
Mr. Sandeep P. Engineer	12	Yes
Mrs. Jagruti S. Engineer	11	Yes
Mr. Nimish G. Dalal	1	No
Mr. Kyle Thompson	1	No
Mr. Pradip Desai	12	Yes

Code of conduct for Board & Senior management personnel

Your Company adopted a Code of Conduct for Board Members & Senior Management Personnel and the declaration from the Managing Director, stating that all the Directors and the Senior Management Personnel of your Company have affirmed compliance with the code of conduct and has been included in this report. The Code of conduct has been posted on your Company's website www.astralcpvc.com.

Profile of Directors seeking appointment / re-appointment

(a) Mr. K. R. Shenoy

Aged 65 years, is an M.Sc. (Statistics) from Mumbai University. He possesses experience of 37 years in the banking sector. He was the Chairman and CEO of Lakshmi Vilas Bank Limited, Karur, Tamil Nadu till 2002. He has also served in various positions and retired as an Executive Director of Corporation Bank in 1997. He has also served in the RBI during the period 1965-1973 as a Statistical Assistant (3years) and Staff Officer Grade A (5years). Presently he is a Director of an NGO in Bangalore and a member of the Executive Committee of Bhartiya Vidya Bhavan, Mangalore City.

(b) Mr. Pradip N. Desai

Aged 57 years, is a B.Sc. (Physics) from Gujarat University. He started his career by setting up his sole proprietorship firm, which was a manufacturing unit of PVC conduit pipes and pressure pipes, which was operational for seven years. He was the Secretary and President of the Paper Merchants' Association, Ahmedabad for six years, a Committee Member of the Gujarat Chamber of Commerce for ten years and the Vice President of All India Federation of Paper Traders' Association. He is also the Director of N.Desai Papers Private Limited, which is a distribution company to distribute paper manufactured by Ballarpur Paper Mills Limited.

3. COMMITTEES OF BOARD

(i) AUDIT COMMITTEE

Terms of Reference

The broad terms of reference of the Audit Committee includes the following as has been mandated in Clause 49 of Listing Agreement and Section 292A of Companies Act, 1956:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- Appointment, removal and terms of remuneration of Internal Auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 1. Matters required to be included in the Director's Responsibility Statement to be included in the Board's

report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;

2. Changes, if any, in accounting policies and practices and reasons for the same;
 3. Major accounting entries involving estimates based on the exercise of judgment by management;
 4. Significant adjustments made in the financial statements arising out of audit findings;
 5. Compliance with listing and other legal requirements relating to the financial statements;
 6. Disclosure of any related party transactions;
 7. Qualifications in the draft audit report.
- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
 - Monitoring the use of the proceeds of the Initial Public Offering of the Company.
 - Reviewing, with the Management, performance of Statutory and Internal Auditors, and adequacy of the internal control systems.
 - Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
 - Discussions with Internal Auditors on any significant findings and follow up thereon.
 - Reviewing internal audit reports in relation to internal control weaknesses.
 - Reviewing management letters / letters of internal weaknesses issued by the Statutory Auditors.
 - Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - Discussion with Statutory Auditors, before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

The Chief Financial Officer, the representatives of the Statutory Auditors and Internal Auditors were invited to attend the meetings of the audit committee from time to time.

Composition, meetings and attendance

The Audit Committee of your Company has been constituted as per the requirements of Clause 49 of Listing Agreement. The Chairman of the Audit Committee is an Independent Director and Two-third of the members of the Audit Committee are Independent Directors. During the financial year 2007-08, the Audit Committee met 5 (five) times on 26/04/2007, 30/07/2007, 18/08/2007, 18/10/2007 and 18/01/2008.

The composition of the audit committee as on March 31, 2008 and the attendance of the members in the meetings held during the financial year 2007-08 are as follows :

Name of the Member	Designation	No. of meetings attended
Mr. K. R. Shenoy	Chairman	4
Mr. Sandeep P. Engineer	Member	5
Mr. Pradip N. Desai	Member	5

The Company Secretary of the Company acted as the Secretary to the Audit Committee.

(ii) INVESTORS' GRIEVANCE COMMITTEE

Terms of Reference

The broad terms of reference of the Investors' Grievance Committee is to supervise and ensures the following:

1. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;

2. Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc;
3. Issue of duplicate / split / consolidated share certificates;
4. Allotment of shares;
5. Review of cases for refusal of transfer / transmission of shares and debentures;
6. Reference to statutory and regulatory authorities regarding investor grievances; and
7. To otherwise ensure proper and timely attendance and redressal of investor queries and grievances.

Composition, Meetings and Attendance

The Investors' Grievance Committee of your Company consists of 3 (three) directors. The Chairman of the Investors' Grievance Committee is Non-Executive Independent Director. During the Financial year 2007-2008 Investors' Grievance Committee met 4 (four) times 26/04/2007, 30/07/2007, 18/10/2007 & 18/01/2008 and all the members attended the meetings.

The composition of the Investors' Grievance Committee as on March 31, 2008 is as follows :

Name of the Member	Designation
Mr. K. R. Shenoy	Chairman
Mr. Sandeep P. Engineer	Member
Mr. Pradip Desai	Member

Name and designation of Compliance Officer

Ms. Monika Pandya, Company Secretary, is the Compliance Officer of the Company.

Status of Investors' complaints

The status of investors complaints as on March 31, 2008 is as follows :

Number of complaints as on April 01, 2007	NIL
Number of complaints received during the year ended on March 31, 2008	208
Number of complaints resolved up to March 31, 2008	208
Number of complaints pending as on March 31, 2008	NIL

The complaints received were mainly in the nature of non-receipt of refund orders, non-receipt of allotment of shares in the Initial Public Offer (IPO) of the Company, non-receipt of electronic credit etc. None of the complaints were pending for a period of more than one month.

There were no pending requests for transfer of shares of the Company as on March 31, 2008.

4. GENERAL BODY MEETINGS

The details of last three Annual General Meetings of the Company are as follows:

Financial Year	Date Time Venue
2006-2007	July 9, 2007 at 11.00 a.m. at the Rajpath Banquet Hall, Rajpath Club, S.G.Highway, Ahmedabad.
2005-2006	August 10, 2006 at 10.30 a.m. at the registered office of the Company.
2004-2005	September 30, 2005 at 10.30 a.m. at the registered office of the Company.

Details of special resolutions passed

The details of special resolutions passed in last three Annual General Meetings are as follows:

Financial year	Particulars of Special Resolutions passed
2006-2007	Nil
2005-2006	<ol style="list-style-type: none"> 1. Resolution under Section 314(1B) for appointment of Mr. Bipin Mehta who is relative of director, to office or place of profit under the Company. 2. Resolution under Section 31 for conversion from Private Limited to Public Limited. 3. Resolution under Section 81(1A) for issue of equity shares to the employees of the Company for a sum not exceeding Rs. 45 Lacs. 4. Resolution under Section 81(1A) for issue of equity shares to the Business associates of the Company for a sum not exceeding Rs. 252 Lacs. 5. Resolution under section 80 & 81 for alteration in the terms and conditions of existing non-cumulative preference shares.
2004-2005	Nil

The Company was not required to pass any resolution by means of Postal ballot during the financial year 2006-2007.

No special resolution is proposed to be conducted through postal ballot at the ensuing Annual General Meeting of the Company.

During the last financial year, One Extra Ordinary General Meeting was held on September 15, 2007 for the change of Statutory Auditor of the Company.

5. DISCLOSURES

(a) Disclosure on materially significant related party transactions

There were no material significant related party transactions during the financial year 2007-08 that may have potential conflict with the interest of the Company at large. The details of related party transactions as per Accounting Standard – 18 are included in Significant Accounting Policies and notes on accounts of Auditors Report.

(b) Details of non-compliance with regard to capital market

The equity shares of the Company got listed on the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) with effect from March 20, 2007. The Company has complied with all the requirements of listing agreement as well as the regulations and guidelines prescribed by the Securities and Exchange Board of India (SEBI). The Company has complied with Clause 38 of the listing agreement with respect to payment of listing fees to the Exchanges and Annual Custodial Fees to the Depositories for the year 2008-09

There were no penalties imposed nor strictures passed on the Company by the Stock Exchanges, SEBI or any other statutory authority on any matter related to Capital Markets, during last year.

(c) Disclosure of accounting treatment

There is no deviation in following the treatments prescribed in any Accounting Standard in preparation of financial statements for the year 2007-08.

(d) Board disclosures – risk management

The Board members of the Company have been appraised about the risk assessment and minimization procedures intended to be adopted. The audit committee of the Board is also regularly informed about the business risks and the steps taken to mitigate the same. The implementation of the risk assessment and minimization procedures are under progress and the Board members are periodically informed of the status.

(e) Proceeds from public issue

The proceeds of the Initial Public Offer (IPO) of the Company are being utilized for the purpose mentioned in the prospectus only and there is no deviation in the application of these funds. For details of deployment of funds please refer to Schedule – 23 “Significant Accounting Policies and Notes on Accounts” of Auditors Report.

(f) Details of remuneration and pecuniary benefits to the Directors

(Rs. In Lacs)

Name of the Director	Salary	Perquisites	Sitting Fees	Others	Total
Mr. K. R. Shenoy	3.00	-	-	-	3.00
Mr. Sandeep P. Engineer	30.00	-	-	-	30.00
Mrs. Jagruti S. Engineer	9.00	-	-	-	9.00
Mr. Nimish G. Dalal	-	-	-	-	-
Mr. Kyle Thompson	-	-	-	-	-
Mr. Pradip N. Desai	-	-	-	-	-
TOTAL	42.00	-	-	-	42.00

Notes:

- There are no pecuniary relationships or transactions of the non-executive directors vis-à-vis Company except as mentioned in para 2 below.
- The Company has received the approval of the Central Government u/s 309(4)(a) of the Companies Act, 1956 on July 09, 2007 and paid Rs. 1,00,000/- as remuneration for the period from 01.10.2006 to 31.03.2007 and thereafter paid quarterly remuneration of Rs. 50,000/- to Mr. K. R. Shenoy for the F.Y. 2007-2008 for his time devoted as Chairman.
- In case of Managing Director, the re-appointment had been made w.e.f. April 1, 2006 for five years at the Extra Ordinary General Meeting of the Company held on March 27, 2006.
- Mrs. Jagruti S. Engineer was appointed as Executive Director w.e.f. September 1, 2006 for five years at the Annual General Meeting of the Company held on August 10, 2006.
- The shareholding of Directors as on March 31, 2008 is as under:

Details of Shareholding of Directors

Sr. No.	Name of Director	Shareholding	%
1.	Mr. K. R. Shenoy	Nil	Nil
2.	Mr. Sandeep P. Engineer	17,37,724	15.46
3.	Mrs. Jagruti S. Engineer	9,14,341	8.14
4.	Mr. Nimish G. Dalal	6,29,417	5.60
5.	Mr. Kyle Thompson	Nil	Nil
6.	Mr. Pradip N. Desai	38,571	0.34

(g) Certification from CEO and CFO

The requisite certification from the Managing Director and Chief Financial Officer required to be given under Clause 49 (V) has been placed before the Board of Directors of the Company and is being reproduced hereunder for your reference.

CEO and CFO Certification

The Board of Directors
Astral Poly Technik Limited

We, Mr. Sandeep P. Engineer, Managing Director and Mr. Hiranand Savlani, Chief Financial Officer of the Company hereby certify that:

- (a) We have reviewed the financial Statement and the cash flow statement for the year 2007-2008 and that to the best of our knowledge and belief:
 - (i) these statements does not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are , to best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of Company's Code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which they have become aware and the involvement therein , if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For, Astral Poly Technik Limited

Sandeep P. Engineer
Managing Director

Place : Ahmedabad
Date : May 5, 2008

For, Astral Poly Technik Limited

Hiranand Savlani
Chief Financial Officer

Place : Ahmedabad
Date : May 5, 2008

- h) Details of compliance with mandatory requirements and adoption of non-mandatory requirements of Clause 49 of the listing agreement

The Company has complied with all the mandatory requirements as mandated under Clause 49 of listing agreement. A certificate from the Statutory Auditors of the Company to this effect has been included in this report.

- (i) Whistle blower policy
The Company does not have a whistle blower policy.

6. MEANS OF COMMUNICATION TO SHAREHOLDERS

- (a) Quarterly / Annual results
The quarterly / annual results and notices as required under Clause 41 of the listing agreement are normally published in the Leading Daily New Papers in English & Local Language i.e. Gujarati.
- (b) Posting of information on the website of the Company
The annual / quarterly results of the Company, Shareholding pattern, Code of conduct for Board and senior management and the official news releases are posted on its website www.astralcpvc.com.

7. MANAGEMENT DISCUSSION AND ANALYSIS STATEMENTS

The Management Discussion and Analysis Statements is given in Annexure - D to the Directors' Report.

8. GENERAL SHAREHOLDERS INFORMATION

(a) Annual General Meeting (Proposed): Twelfth Annual General Meeting

Day and date	Thursday, June 19, 2008
Time	11.00 a.m.
Venue	The Rajpath Banquet Hall, Rajpath Club, S. G. Highway, Ahmedabad - 380054.

(b) Financial Year 2008-2009 (tentative schedule)

Financial year	April 1 to March 31
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Board meetings for approval of quarterly results:

Quarter	Tentative Date of Announcement In Board Meeting [F.Y.2008-2009]
Ist Quarter Results	July, 2008
II nd Quarter Results	October, 2008
III rd Quarter Results	January, 2009
IV th Quarter Results	April, 2009

Annual results for financial year ended March 31, 2009 (Audited) : Within 6 months of the close of financial year.

Annual general meeting for the year 2008-09 : In accordance with Section 166 of
Companies Act, 1956.

(c) Book Closure date

The Share Transfer book and Register of Members will remain closed from June 11, 2008 to June 19, 2008 (both days inclusive).

(d) Dividend Payment date

The Dividend for the year ended March 31, 2008 will be paid to the members whose names will appear on the Register of Members of the Company at the end of Business Hours on June 10, 2008.

(e) Listing on Stock Exchanges

The equity shares of the Company are listed on the following stock exchanges in India since March 20, 2007:

1.	The Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001.
2.	National Stock Exchange Limited (NSE) "Exchange Plaza", Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.

The Company has paid Annual Listing fees to the above Stock Exchanges for the Current financial year 2008-2009

(f) Stock code

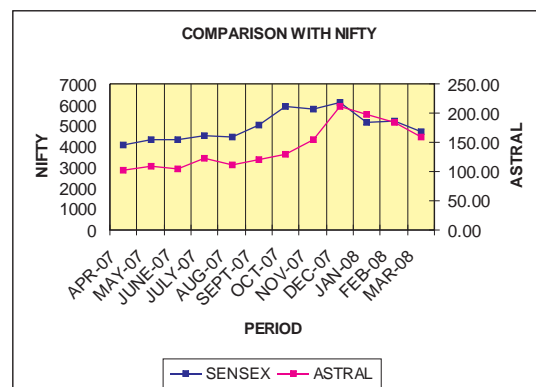
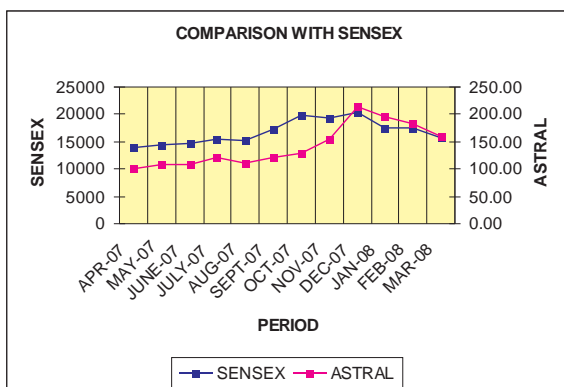
The Bombay Stock Exchange Limited (BSE)	532830
The National Stock Exchange Limited (NSE)	ASTRAL
International Security Identification Number (ISIN) for Equity Shares held in Demat form with NSDL and CDSL	INE006I01012

(g) Market price data

The Equity Shares of the Company were listed on BSE and NSE with effect from March 20, 2007. The high and low during the year 2007-08 is given as under

(In Rs.)

MONTH	BSE		NSE	
	High	Low	High	Low
April, 2007	106.00	77.55	105.50	76.05
May, 2007	118.40	100.00	118.10	99.25
June, 2007	116.80	99.80	115.55	100.55
July, 2007	139.70	102.00	108.90	104.55
August, 2007	120.50	100.00	123.00	103.10
September, 2007	134.80	108.00	132.40	110.00
October, 2007	142.95	115.00	157.00	116.00
November, 2007	157.70	121.50	158.00	121.00
December, 2007	218.90	145.90	218.40	157.00
January, 2008	235.40	166.00	239.95	170.30
February, 2008	206.00	166.25	200.00	168.50
March, 2008	182.50	125.05	185.90	135.00



(h) Registrar and Share Transfer Agents:

All the work relating to the share registry for shares held in physical form as well as shares held in electronic form (demat) are being done at one single point at Bigshare Services Private Limited. The detailed address is as under :

BIGSHARE SERVICES PRIVATE LIMITED

E-2/3, Ansa Industrial Estate,

Sakivihar Road, Saki Naka,

Andheri (E), Mumbai – 400072

Tel: 022-28470652 Fax No. 022-28475207

E-mail : ipo@bigshareonline.com

Website: www.bigshareonline.com

Contact person: Mr. N.V.K. Mohan

(i) Share Transfer System

The shares of Company are compulsorily traded in dematerialized form. Shares received in physical form are transferred within a period of 30 days from the date of lodgment subject to documents being valid and complete in all respects. The request for dematerialization of shares are also processed by the R&T agent within stipulated period and uploaded with the concerned depositories. In terms of Clause 47(c) of the Listing Agreement, Company Secretary in Practice examines the records and processes of share transfers and issue half yearly certificates which is being sent to the stock exchanges.

(j) Distribution of shareholding

The distribution of shareholding of the Company as on March 31, 2008 is as follows :

No. of Equity Shares Held	No. of Shareholders	% of Total Shareholders	No. of Shares	% of Total Capital
Upto 5,000	4,594	96.94	14,55,288	12.96
5,000-10,000	93	1.96	6,83,396	6.08
10,001-20,000	24	0.51	3,32,021	2.95
20,001-30,000	6	0.13	1,56,859	1.40
30,001-40,000	3	0.06	1,09,092	0.97
40,001-50,000	2	0.04	91,500	0.81
50,001-1,00,000	6	0.13	4,13,042	3.67
1,00,001- & above	11	0.23	79,96,858	71.16
Total	4,739	100.00	1,12,38,056	100.00

(k) Shareholding Pattern

The Shareholding Pattern of the Company as on March 31, 2008 is as follows :

Category	No. of Shares	% of Total Capital
Promoters (including persons acting in concert)	71,71,616	63.82
Foreign Institutional Investors	20,500	0.18
Non-resident Indians/Overseas Corporate Bodies	1,38,494	1.24
Mutual Funds, Financial Institutions and Banks	4,66,947	4.15
Private Corporate Bodies	5,58,065	4.96
Resident Indians	28,82,434	25.65
Total	1,12,38,056	100.00

(l) Dematerialization of shares and liquidity

As on March 31, 2008, 31.70% of the total Equity Shares are held in dematerialized form with National Securities Depository Ltd [NSDL] and Central Depository Services Limited [CDSL]. The details of which is as under:

Sr.No.	Mode of Holding	No. of Shares	% of Total Capital
1.	NSDL	26,01,855	23.15
2.	CDSL	9,61,340	8.55
3.	Physical	76,74,861	68.30
	TOTAL	1,12,38,056	100.00

(m) GDRs/ADRs/Warrants or Convertible Instruments outstanding as on the date of this report : Nil

(n) Plant Location

Gujarat Unit	Himachal Pradesh Unit
Plot No. 1253, Village: Santej, Taluka: Kalol, Dist: Gandhinagar, Gujarat.	Khasra No. #67-72, Village:Bated, P.O. Barotiwala, Dist: Solan, Tehsil: kasauli, Himachal Pradesh.

(o) Address for correspondence

Shareholders' correspondence should be addressed to the Company's Registrar & Share Transfer Agent at the address mentioned above.

Shareholders' may also contact Company Secretary at the Registered Office of the Company for any assistance.

Registered and Corporate Office

901, Parshwa Towers,

Opp. Rajpath Club,

Sarkhej - Gandhinagar Highway,

Ahmedabad - 380 054.

Gujarat, India.

Tel. No : (079) 30112100,

Fax No. : (079) 26872214

Email : info@astralcpvc.com

website : www.astralcpvc.com

For and on behalf of the Board

Place: Ahmedabad

Date: May 5, 2008

K. R. Shenoy

Chairman

ANNEXURE - D

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENTS

Industry Structure and Developments

The Company is primarily engaged in the business of Manufacturing of CPVC/PVC (Lead free) Pipes and Fittings. Company is a leader in this segment of the business. Despite competition in the market from other units, the Company is confident of recording a sizable rate of growth in the coming years. The Company wants to provide a hygienic solution for transportation of water, which was lacking earlier in this country. Last year, the Company has recorded very high growth in both segments of business i.e. CPVC Pipes and Fittings as well as Lead Free PVC Pipes and Fittings. The overall growth of the Company was 40% in Top line and 87% in Bottom line.

Opportunities and Threats

The growth in housing construction, commercial construction, malls and SEZ throughout the country offer great opportunity for the Company. The increasing brand consciousness amongst the builders, architects, plumbers and consumers will help the Company to perform better in the years ahead supported by its concerted and continued efforts in brand promotional activities.

The increasing imports of CPVC raw material and the fluctuations in the exchange rate of foreign currency could affect the profitability of the Company. Volatility in crude prices will also affect the raw material cost of PVC/CPVC resin.

Outlook

With the Government Policies of continuing tax benefits on housing loan and increasing number of shopping malls in all towns, increasing area of retail sectors in shopping centers, constructions of various hospitals, hotels etc there is an ample opportunity to the Company for speedy growth.

Astral continues the endeavor of increasing its efficiency in operations, thereby building sustainable competitiveness. The main thrust of the Company is on product innovation and diversification. All efforts are made to reduce cost of production to make our products more competitive in the Indian Market. Our alliance with Specialty Process LLC., USA continues to play a significant role in the growth of the Company and also helps us in introduction of new products and in achieving market growth.

Further to take the advantage of incentives available in the country, Company has already commenced its production facilities at Himachal Pradesh and is further planning to expand the capacity at Himachal Pradesh, where the Company enjoys all kinds of tax exemptions.

To take the advantage of market, Company is continuously increasing its strong Distribution Network across all the States of the country. The Company is coming up with more products line such as Under Ground Pipes & Fittings, ABS Pipes & Fittings, SWR Pipes & Fittings, Foam Core Pipes and CPVC Blaze Master Pipes & Fittings. This will help the Company to increase its presence in all segments of building products and utilize the same channel of distribution, which presently is being used. With additions on new products line, Company will be in a position to increase both its top line and bottom line sizably.

Company has also entered in the overseas market and started exporting its products to Nepal, Bangladesh, Srilanka & Kenya by appointing local distributors in the said countries and Company see a very good potential in overseas market.

Further the Company has also recently launched its two new product in the Indian Market i.e. Astral "Aquatek" ABS Pipes & Fittings and Astral "FlowGuard Bendable" Composite Pipe and Fittings. FlowGuard Bendable pipe is having combination of Aluminum and CPVC. Company is getting very good response for both the products from the market.

On completion of expansion of Phase – II, Company will introduce other products such as "Astral Blaze Master", "Astral SWR" and "Astral Foam Core" and all these products have good and sizeable market in Indian Plumbing Sector.

Risk and Concerns

Foreign Exchange Risk

Being significantly dependent on imports & loans in foreign currency, the company is exposed to the risk of fluctuation in exchange rate of foreign currency. Appropriate decisions are being taken for hedging the exposure from time to time based on the market scenario.

Raw Material Prices

Since significant part of the raw material is imported, any increase in the import price or fluctuation in currency may affect the margins of the Company. Further, the price of raw material is to some extent, linked to International crude price, which may affect the price of raw material. But Company has been successfully managing this risk for the past several years. Whenever the revision in raw material prices is on the higher side, it is passed on to the customers.

Internal Control and their adequacy

The Company has an adequate system of Internal Control relating to purchase of raw materials, stores, plant & machineries, equipments & various components and for the sale of goods commensurate with the size of the Company and its nature of business.

The system of Internal Control of the Company is adequate keeping in view the size and the complexity of the Company's Business. Systems are regularly reviewed to ensure effectiveness. To strengthen the Internal Control System, Company has decided to appoint a reputed chartered accountants firm of Ahmedabad M/S. Shreekant S. Shah & Co. as an Internal Auditor of the Company, with effect from the financial year 2008-09.

Financial Performance

An overview of the financial performance is given in the Directors Report. The Audit Committee constituted by the Board of Directors periodically reviews the financial performance and reporting systems.

Human Resources

Your Company places great value on the commitment, competence and vigor shown by its employees in all aspects of business. Your Company confirms its commitment to take initiative to further align its HR policies in order to meet the growing needs of the business.

Your Company has employee focus in the sense that it provides fulfillment, stretch and opportunity for development of its employees at all levels. It is because of the considerable skill and motivation of the employees, that your Company is able to deliver employee satisfaction. Your Board would like to express its sincere appreciation and gratitude to all employees on behalf of the stakeholders of your Company, who benefit from their hard work.

During the year under review, Company has appointed Sr. Technical Person at Gujarat Unit having experience of more than 15 years in the similar line of activities, which will add the technical strength of the Company.

Cautionary Statement:

Some of the statements in this Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations.

Actual results might differ substantially from those expressed or implied. Important developments that could affect the Company's operations include changes in economic conditions, affecting demand supply and price conditions in the domestic and overseas markets in which the company operates, change in the Government regulations, tax laws and other statutes or other incidental factors

For and on behalf of the Board

Place: Ahmedabad
Date: May 5, 2008

K. R. Shenoy
Chairman

DECLARATION

The Members,
Astral Poly Technik Limited

I, Sandeep P. Engineer, Managing Director of Astral Poly Technik Limited hereby declare that, as of March 31, 2008, all the Board Members and Senior Management have affirmed compliance with the Code of Conduct laid down by the Company.

For, Astral Poly Technik Limited

Place : Ahmedabad
Date : May 5, 2008

Sandeep P. Engineer
Managing Director

Auditors' Certificate on Corporate Governance

To
The Members,
Astral Poly Technik Limited

We have examined the compliance of the conditions of Corporate Governance by Astral Poly Technik Limited for the year ended on March 31, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For Deloitte Haskins and Sells
Chartered Accountants

Place : Ahmedabad
Date : May 5, 2008

(Gaurav J Shah)
Partner
Membership No. 35701

Auditors' Report

To
The Members,
Astral Poly Technik Limited

1. We have audited the attached Balance Sheet of Astral Poly Technik Limited as at March 31, 2008 and also 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 Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') 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 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in sub – section (3C) of Section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on March 31, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with significant accounting policies and 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:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Deloitte Haskins and Sells
Chartered Accountants

(Gaurav J Shah)
Partner
Membership No. 35701

Place : Ahmedabad
Date : May 5, 2008

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

1. The nature of the Company's activities during the year is such that the requirements of clauses (xiii) and (xiv) of paragraph 4 of the Order are not applicable to the Company.
2. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 (b) According to the information and explanations given to us, the Company has followed a programme of physical verification of major fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We have been informed that no material discrepancies were noticed on such verification.
 (c) The Company has not disposed off a substantial part of the fixed assets during the year.
3. (a) As informed to us, the inventories, except in transit, have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 (b) In our opinion and according to the information and explanations given to us, the procedures for 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) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventories and no material discrepancies were noticed on physical verification of inventories as compared to the book records.
4. (a) The Company has granted unsecured loans to a company covered in the register maintained under section 301 of the Companies Act, 1956 on current account basis. The maximum amount involved during the year was Rs. 187.40 lacs and the year end balance of the loan was Rs. Nil.
 (b) In our opinion and according to the information and explanations given to us, the rate of interest is not prima facie prejudicial to the interest of the Company. There are no other terms and conditions stipulated in respect of the loan.
 (c) The Company is regular in repaying the principal amount, when demanded and is regular in payment of interest.
 (d) There are no overdue amounts during the year and hence the question of taking reasonable steps for recovery of principal amount and interest does not arise.
 (e) The Company has obtained interest free unsecured loan from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year end balance of such loans was Rs. 0.50 lacs.
 (f) There are no other terms and conditions stipulated in respect of the loan.
 (g) As regards, the loan obtained as above, terms of repayment have not been stipulated.
5. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and for sale of goods. During the course of the audit, we have not observed any continuing failure to correct material weaknesses in such internal control system.
6. (a) According to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lacs in respect of such parties during the year have been made at prices, which are reasonable having regard to the prevailing market prices at the relevant time.

7. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public during the year, accordingly, the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under with regard to deposits accepted from the public are not applicable. We have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
8. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
9. As explained, the Central Government has not prescribed maintenance of records for any of the products of the Company under section 209 (1) (d) of the Companies Act, 1956.
10. (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, service tax, excise duty, cess and other material statutory dues applicable to it during the year. There were no arrears as at March 31, 2008 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty, service tax and cess which have not been deposited on March 31, 2008 on account of any dispute.
11. The Company does not have any accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and during the immediately preceding financial year.
12. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or banks. The Company has not issued any debentures.
13. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
15. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans availed by the Company have been applied by the Company for the purposes for which they were obtained.
16. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have, prima facie, not been used for long-term investments during the year.
17. According to the records of the Company and the information and explanations provided by the management, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
18. During the year, no debentures have been issued by the Company and hence the question of creating securities or charges thereof does not arise.
19. During the year, the Company has not raised money by way of Public Issue.
20. 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 Deloitte Haskins and Sells
Chartered Accountants

(Gaurav J Shah)
Partner
Membership No. 35701

Place : Ahmedabad
Date : May 5, 2008

Balance Sheet As At 31st March, 2008

(Rs. In Lacs)

Particulars	Schedule	As At 31.03.2008	As At 31.03.2007
SOURCES OF FUNDS :			
SHARE HOLDERS' FUNDS			
Share Capital	1	1,123.81	1,123.81
Reserves & Surplus	2	6,862.08	5,631.95
LOAN FUNDS			
Secured Loans	3	2,823.37	2,438.39
Unsecured Loans	4	392.15	9.23
Deferred Tax Liability (Net)		169.00	169.00
Total		11,370.41	9,372.38
APPLICATION OF FUNDS :			
FIXED ASSETS			
Gross Block	5	5,008.53	3,646.72
Less : Depreciation		894.15	568.09
Net Block		4,114.38	3,078.63
Capital Work-in-Progress		1,715.76	186.32
		5,830.14	3,264.95
Investments	6	0.07	0.07
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	2,649.12	1,942.05
Sundry Debtors	8	3,275.49	2,034.24
Cash and Bank Balances	9	2,588.31	3,667.84
Loans and Advances	10	412.77	309.98
		8,925.69	7,954.11
Less : Current Liabilities & Provisions			
Current Liabilities	11	3,234.60	2,153.55
Provisions	12	150.97	34.21
		3,385.57	2,187.76
NET CURRENT ASSETS		5,540.12	5,766.35
Miscellaneous Expenditure	13	0.09	341.01
Total		11,370.41	9,372.38
Significant Accounting Policies & Notes on Accounts	23		

As per our report of even date

For and on behalf of the Board

For, Deloitte Haskins & Sells
Chartered Accountants

(Sandeep P. Engineer) (Jagruti S. Engineer)
Managing Director Director

(Gaurav J. Shah)
Partner
Membership No.: 35701
Place : Ahmedabad
Date : May 5, 2008

(Monika H. Pandya)
Company Secretary
Place : Ahmedabad
Date : May 5, 2008

Profit & Loss Account For The Year Ended On 31st March, 2008

(Rs. In Lacs)

Particulars	Schedule	2007 - 08	2006 - 07
I N C O M E			
Net Sales	14	13,581.52	9,691.79
Other Income	15	467.89	123.80
Increase (Decrease) in Stock	16	98.41	451.52
Total		14,147.82	10,267.11
E X P E N D I T U R E			
Material Consumed	17	8,822.25	6,914.48
Manufacturing Expenses	18	498.90	301.69
Personnel Costs	19	542.80	380.10
Administrative Expenses	20	293.62	305.44
Selling and General Expenses	21	1,452.99	879.50
Interest and Finance Charges	22	268.67	188.37
Depreciation		326.06	220.12
Total		12,205.29	9,189.70
PROFIT FOR THE YEAR BEFORE TAX		1,942.53	1,077.41
Provision For Tax			
Current Tax		220.09	121.00
Deferred Tax		-	33.72
Wealth Tax		0.25	0.18
Fringe Benefit Tax		14.15	10.27
PROFIT FOR THE YEAR AFTER TAX		1,708.04	912.24
Less : Short Provision of Income Tax in earlier years		1.13	1.22
NET PROFIT FOR THE YEAR		1,706.91	911.02
Balance of Profit Brought Forward		1,238.06	425.38
AMOUNT AVAILABLE FOR APPROPRIATIONS		2,944.97	1,336.40
APPROPRIATIONS			
Capitalised For Bonus Shares		-	98.36
Proposed Dividend on Equity Shares		112.38	-
Corporate Dividend Tax		19.10	-
BALANCE CARRIED TO THE BALANCE SHEET		2,813.49	1,238.06
Earnings Per Share (In Rs.) - Basic & Diluted (Face Value of Rs. 10/- each) (Refer Note : 8)		15.19	11.70
Significant Accounting Policies & Notes on Accounts	23		

As per our report of even date

For and on behalf of the Board

For, Deloitte Haskins & Sells
Chartered Accountants(Sandeep P. Engineer) (Jagruti S. Engineer)
Managing Director Director(Gaurav J. Shah)
Partner
Membership No.: 35701
Place : Ahmedabad
Date : May 5, 2008(Monika H. Pandya)
Company Secretary
Place : Ahmedabad
Date : May 5, 2008

Cash flow statement for the year ended on 31st March, 2008

(Rs. In Lacs)

Sr. No.	Particulars	2007 - 08	2006 - 07
A	Cash flow from Operating Activities		
	Net Profit before tax and Extraordinary items	1,706.91	911.02
	Adjustments for :		
	Depreciation	326.06	220.11
	Interest	268.67	188.37
	Provision for Taxation	221.22	121.00
	Fringe Benefit Tax	14.15	10.27
	Deferred Tax	-	33.72
	Wealth Tax	0.25	-
	Preliminary Expenses written off	0.12	0.12
	Prior Year Adjustments (Net)	(3.26)	-
	Interest Received	(299.90)	(33.02)
	Operating profit before Working Capital Changes	2,234.22	1,451.59
	Adjustments for :		
	Increase/(Decrease) in Inventory	(707.07)	(883.01)
	Increase/(Decrease) in Trade & Other Receivables	(1,241.25)	(1,083.60)
	Increase/(Decrease) in Loans & Advances	(102.79)	(111.21)
	Increase/(Decrease) in Trade Payables	1,066.33	1,048.25
	Cash generated from Operations	1,249.44	422.02
	Interest	(268.67)	(188.37)
	Taxation	(235.62)	(131.49)
	Net Cash from Operating Activities	745.15	102.16
B	Cash flow from Investing Activities		
	Purchase of Fixed Assets	(1,361.82)	(1,006.24)
	Capital work-in-progress	(1,529.44)	(178.77)
	Interest received	299.90	33.02
	Increase in Investment	-	(0.07)
	Net Cash used in Investing Activities	(2,591.36)	(1,152.06)
C	Cash flow from Financing Activities		
	Increase in Capital	-	216.09
	Issue of Bonus shares	-	(98.36)
	Increase in Share Premium	-	3,998.10
	Miscellaneous Expenditure incurred for Increase in Capital	(1.22)	(340.70)
	Proceeds from Long Term Borrowings	767.89	817.93
	Net Cash flow from Financing Activities	766.67	4,593.06
	NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(1,079.53)	3,543.16
	Cash and Cash Equivalents - as at the Opening	3,667.84	124.68
	Cash and Cash Equivalents - as at the Closing	2,588.31	3,667.84

Note : Cash and Cash Equivalents represent Cash and Bank Balances.

Fixed Deposits of Rs. 47.17 lacs are pledged with a bank towards Letters of Credit/Bank Guarantees.

As per our report of even date

For and on behalf of the Board

For, Deloitte Haskins & Sells
Chartered Accountants

(Sandeep P. Engineer) (Jagruti S. Engineer)
Managing Director Director

(Gaurav J. Shah)
Partner
Membership No.: 35701
Place : Ahmedabad
Date : May 5, 2008

(Monika H. Pandya)
Company Secretary
Place : Ahmedabad
Date : May 5, 2008

Schedules to the Financial Statements

(Rs. In Lacs)		
Particulars	As At 31.03.2008	As At 31.03.2007
SCHEDULE - 1 : SHARE CAPITAL		
AUTHORISED		
1,50,00,000 Equity Shares of Rs.10/- each	1,500.00	1,500.00
	1,500.00	1,500.00
ISSUED, SUBSCRIBED AND PAID UP		
1,12,38,056 Equity Shares of Rs. 10/- each fully paid up	1,123.81	1,123.81
(Of the above,42,16,354 Equity Shares were allotted as fully paid-up bonus shares by capitalisation of surplus in the Profit and Loss Account)		
Total	1,123.81	1,123.81
SCHEDULE - 2 : RESERVES & SURPLUS		
CAPITAL RESERVE		
Balance as per last Balance Sheet (Refer Note : 10)	40.00	40.00
REVALUATION RESERVE		
Balance as per last Balance Sheet	121.14	121.14
SECURITIES PREMIUM ACCOUNT		
Balance as per last Balance Sheet	4,232.76	234.65
Add : On shares issued upon public issue	-	3,998.10
Less : Initial Public Offer Expenses	342.03	-
	3,890.73	4,232.75
PROFIT & LOSS ACCOUNT		
Balance as per last Balance Sheet	1,238.06	425.38
Add : Transferred from Profit and Loss Account	1,575.41	911.04
Less : Earlier years' liability for Employees Benefits (Refer Note : 2)	3.26	-
Less : Capitalised for Issue of Bonus Shares	-	98.36
	2,810.21	1,238.06
Total	6,862.08	5,631.95
SCHEDULE - 3 : SECURED LOANS		
From Banks		
a) Cash Credit (Refer Note 1 below)		
i) In Rupee	936.43	495.73
ii) In Foreign Currency	146.35	605.76
b) Term Loans (Refer Note 1 below)		
i) In Rupee	1,384.89	573.53
ii) In Foreign Currency	317.07	730.22
c) Vehicle Loans (Refer Note 2 below)	38.63	33.15
Notes: 1. Secured by way of first pari-passu charge, both present and future, in respect of all the current assets of the Company and Fixed assets and further secured by personal guarantees of Directors.		
2. Secured by way of hypothecation of respective motor vehicles purchased.		
Total	2,823.37	2,438.39
SCHEDULE - 4 : UNSECURED LOANS		
Short Term		
a) From Banks	382.92	-
b) From Others		
From a Shareholder	0.50	0.50
Trade Deposits	8.73	8.73
Total	392.15	9.23

SCHEDULE - 5 : FIXED ASSETS

(Rs. In Lacs)

Sr. No.	Assets	Gross Block				Depreciation				Net Block	
		As On 01.04.2007	Additions	Deductions / Adjustments	As On 31.03.2008	As On 01.04.2007	For The Year	Deductions / Adjustments	As On 31.03.2008	As On 31.03.2008	As On 31.03.2007
1	Land	368.08	-	-	368.08	-	-	-	-	368.08	368.08
2	Buildings *	616.80	175.46	-	792.26	33.31	17.89	-	51.20	741.06	583.49
3	Plant & Machinery	2,515.92	1,113.31	0.06	3,629.17	504.74	293.12	-	797.86	2,831.31	2,011.18
4	Furniture & Fixtures	57.14	42.03	-	99.17	11.67	5.02	-	16.69	82.48	45.47
5	Vehicles	88.78	31.07	-	119.85	18.37	10.03	-	28.40	91.45	70.41
	Total	3,646.72	1,361.87	0.06	5,008.53	568.09	326.06	-	894.15	4,114.38	3,078.63
	Capital Wrok In Progress									1,715.76	186.32
		3,646.72	1,361.87	0.06	5,008.53	568.09	326.06	-	894.15	5,830.14	3,264.95
	Previous Year	2,640.49	1,006.25	0.02	3,646.72	347.99	220.12	0.02	568.09	3,264.95	2,300.05

* Note : Includes Rs. 750/- being face value of 15 number of shares of Rs. 50/- each held in Kant Apartment Co-operative Housing society limited

Schedules to the Financial Statements

(Rs. In Lacs)		
Particulars	As At 31.03.2008	As At 31.03.2007
SCHEDULE - 6 : INVESTMENTS		
(At Cost)		
Trade and Quoted	0.07	0.07
22 Nos. of Equity Shares of Rs. 10/ Each in Parsvnath Developers Limited (Market Value as on 31.03.2008 Rs. 0.05 lacs (P.Y. Rs. 0.06 lacs)		
Total	0.07	0.07
SCHEDULE - 7 : INVENTORIES		
Raw Materials	912.61	636.69
Goods Traded In	742.12	409.38
Finished Goods	994.39	895.98
Total	2,649.12	1,942.05
SCHEDULE - 8 : SUNDRY DEBTORS (Unsecured)		
Outstanding over six months		
Considered good	84.56	46.91
Considered doubtful	15.00	-
Less : Provision	15.00	-
	84.56	46.91
Others - Considered good	3,190.93	1,987.33
Total	3,275.49	2,034.24
SCHEDULE - 9 : CASH AND BANK BALANCES		
Cash on Hand	2.77	1.77
Balances with Scheduled banks		
In Current Accounts	83.94	372.10
In Fixed Deposits	2,501.60	3,293.97
(Includes Rs. 47.17 lacs (P.Y. Rs. 39.57 lacs) under Bank Lien for Letters of Credit and Bank Gurantees and Rs. 0.30 lacs(P.Y. Rs. 0.30 lacs) lodged with Sales Tax authorities-H.P.)		
Total	2,588.31	3,667.84
SCHEDULE - 10 : LOANS AND ADVANCES		
(Unsecured Considered Good)		
Advances recoverable in cash or in kind or for value to be received	160.82	141.59
Balance with Excise Authority	251.95	168.39
Total	412.77	309.98
SCHEDULE - 11 : CURRENT LIABILITIES		
Sundry Creditors	3,222.76	2,153.55
Interest accrued but not due	11.84	-
Total	3,234.60	2,153.55
SCHEDULE - 12 : PROVISIONS		
For Taxation (Net off of Advance Tax and TDS)	17.39	32.78
For Fringe Benefit Tax	1.85	1.32
For Wealth Tax	0.25	0.11
For Proposed Dividend	112.38	-
For Tax on Dividend	19.10	-
Total	150.97	34.21
SCHEDULE - 13 : MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Share Issue Expenses	-	340.81
Preliminary Expenditure	0.09	0.20
Total	0.09	341.01

Schedules to the Financial Statements

(Rs. In Lacs)

Particulars	2007 - 08	2006 - 07
SCHEDULE - 14 : SALES		
Domestic Sales	14,299.98	10,048.19
Less : Excise Duty	871.28	477.97
Net Domestic Sales	13,428.70	9,570.22
Export Sales	152.82	121.57
Total	13,581.52	9,691.79
SCHEDULE - 15 : OTHER INCOME		
Interest Received (Gross)	299.90	33.02
Foreign Exchange Fluctuation Gain	115.63	66.37
Miscellaneous Income	52.36	24.41
{Tax deducted at source from Interest Rs. 67.47 lacs (P.Y. Rs. 8.24 lacs)}		
Total	467.89	123.80
SCHEDULE - 16 : INCREASE / (DECREASE) IN STOCK		
Closing Stock of Finished Goods	994.39	895.98
Less :		
Opening Stock of Finished Goods	895.98	444.46
Total	98.41	451.52
SCHEDULE - 17 : MATERIAL CONSUMED		
Opening Stock	1,046.07	614.53
Add : Purchases	9,430.91	7,346.02
	10,476.98	7,960.55
Less : Closing Stock	1,654.73	1,046.07
Total	8,822.25	6,914.48
SCHEDULE - 18 : MANUFACTURING EXPENSES		
Factory Stores and Other Expenses	45.19	10.03
Freight Inward Charges	21.99	7.19
Power and Fuel	270.44	184.50
Repairs and Maintenance		
Plant and Machinery	137.24	89.16
Building	24.04	10.81
Total	498.90	301.69
SCHEDULE - 19 : PERSONNEL COSTS		
Salaries, Wages and Bonus	490.43	342.35
Contributions to Provident Fund, Gratuity and Other Funds	34.42	26.86
Staff Welfare Expenses	17.95	10.89
Total	542.80	380.10

Schedules to the Financial Statements

(Rs. In Lacs)

Particulars	2007 - 08	2006 - 07
SCHEDULE -20 : ADMINISTRATIVE EXPENSES		
Electricity Expenses	6.50	5.01
Rent Expenses	29.33	23.62
Repairs and Maintenance	12.64	13.11
Insurance	3.46	16.47
Research and Development Expenses	11.61	-
Audit Fees	4.79	1.28
Miscellaneous Expenses	32.17	20.06
Computer Expenses	12.96	4.87
Travelling, Conveyance and Vehicle Expenses	91.32	62.60
Telephone Expenses	28.93	22.39
Printing and Stationery	20.26	36.47
Excise Duty on Finished Goods	0.81	40.47
Security Service Charges	17.82	16.57
Legal and Professional Fees	14.75	39.68
Donation Expenses	6.27	2.84
Total	293.62	305.44
SCHEDULE -21 : SELLING & GENERAL EXPENSES		
Discount on Sales	720.65	353.37
Advertisement Expenses	15.30	23.36
Commission	181.02	59.20
Packing Expenses	144.74	134.61
Free Sample Expenses	12.58	16.49
Postage and Courier Charges	16.84	15.18
Sales Promotion Expenses	149.38	93.58
Travelling Expenses	77.22	75.94
Provision for Bad and Doubtful Debts	15.00	-
Freight & Carting Expenses	120.14	107.65
Preliminary Expenses Written Off	0.12	0.12
Total	1,452.99	879.50
SCHEDULE - 22 : INTEREST AND FINANCE CHARGES		
Interest to Banks		
On Term Loans	127.99	86.27
On Working Capital Loans	109.74	84.37
Bank and Finance Charges	29.86	16.72
Other Interest	1.08	1.01
Total	268.67	188.37

SCHEDULE – 23

Significant accounting policies and notes on accounts

A. SIGNIFICANT ACCOUNTING POLICIES :-

1. Basis of Preparation of Financial Statements

The financial statements have been prepared on a going concern basis under the historical cost convention, except in case of certain fixed assets which are re-valued, on accrual basis of accounting in accordance with the generally accepted accounting principles and applicable provisions of the Companies Act, 1956. Except where otherwise stated, the accounting principles are consistently applied.

2. Use of Estimates

The preparation of Financial Statements in conformity with Generally Accepted Accounting Principles (GAAP), requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the Financial Statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

3. Fixed Assets

Fixed Assets are stated at cost of acquisition inclusive of freight, duties, taxes, roll over charges of forward contracts on foreign currency loans & incidental expenses related to acquisition/installation, adjusted by revaluation of Land in 2004-05.

4. Lease

Operating lease rentals are expensed with reference to lease terms and other considerations. There are no finance leases.

5. Impairment of Assets

An asset is treated as impaired when the carrying cost of the same exceeds its recoverable amount. An impairment is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of the recoverable amount.

6. Depreciation

Depreciation is charged under Straight Line Method in accordance with the rates and manner as specified in Schedule XIV of the Companies Act, 1956.

7. Investments

Long Term investments are stated at cost less provision for diminution in value other than temporary, if any.

8. Valuation of Inventories

Inventories are valued at lower of cost and net realizable value. Cost is determined on first-in first-out (FIFO) basis. The cost of finished goods comprises of raw materials, direct labour, other direct costs and related production overhead, but excludes interest expenses. Net realizable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

9. Revenue Recognition

Sales are recognized on transfer of significant risks and rewards of ownership to the buyer. Sales are net of trade discounts but excludes Excise duty and Sales Tax.

10. Cenvat

Cenvat (Central Value Added Tax) credit in respect of Excise, Custom and Service tax is accounted on accrual basis on purchase of eligible inputs, capital goods and services. The balance of cenvat credit is reviewed at the end of each year and amount estimated to be un-utilisable is charged to the Profit and Loss Account for the year.

11. Foreign Currency Transactions

Transactions denominated in foreign currencies are normally recorded at exchange rate prevailing at the time of transaction. Monetary items denominated in foreign currencies at the year end and not covered by forward exchange contracts are translated at year end rates and those covered by forward exchange contracts are translated at rate at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction and such difference is charged to the Profit and Loss Account for the year.

Any income or expenses on account of exchange difference either on settlement or on translation are recognised in the Profit and Loss Account.

12. Borrowing costs

Borrowing costs relating to (i) funds borrowed for qualifying assets are capitalised upto the date the assets are put to use, and (ii) funds borrowed for other purposes are charged to the Profit and Loss Account.

13. Taxes on Income

Income tax expenses for the year comprises of current tax and deferred tax. Current tax provision is determined on the basis of taxable income computed as per the provisions of the Income Tax Act. Deferred tax is recognized for all timing differences that are capable of reversal in one or more subsequent periods by applying tax rates that have been substantively enacted by the balance sheet date. Deferred tax assets are recognized to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

14. Research & Development Expenditure

Research and Development expenses of revenue nature are charged to the Profit and Loss Account and the expenditure on capital assets is added to the fixed assets.

15. Retirement Benefits

Contributions to Provident Fund, a defined contribution scheme, is made to a government administered Provident Fund and is charged to the Profit and Loss account as incurred. The Company has no further obligations beyond its monthly contributions to this fund. Provision for gratuity, under a LIC administered fund, which is in the nature of defined benefit plan, is provided based on valuations, as at the balance sheet date, made by the independent actuaries. Termination benefits are recognised as expense as and when incurred.

16. Amortization of Miscellaneous Expenditure

Preliminaries Expenses are being written off equally over a period of ten years.

Share issue expenses are deducted from the balance of Securities Premium Account as per the permission of Section 78 of the Companies Act, 1956.

17. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements

B. NOTES ON ACCOUNTS :-
1. Contingent Liabilities not provided for :

(Rs. In Lacs)

Sr. No.	Particulars	As at 31.03.2008	As at 31.03.2007
1	Bank Guarantees	31.44	24.28
2	Letters of Credit	265.97	82.81
3	Export Obligations under EPCG Scheme (Duty Involved)	35.69	38.36
4	Capital Contracts remaining to be executed	3,478.12	695.70

2. Employee Benefits

Effective from financial year 2007-08, the Company implemented Accounting Standard (AS) 15 (Revised 2005) dealing with Employee Benefits, issued by the Institute of Chartered Accountants of India. AS 15 (Revised 2005) deals with recognition, measurement and disclosure of short term, post-employment, termination and other long term employee benefits provided by the Company. Adoption of AS 15 (Revised 2005) has resulted in certain changes in accounting policies followed by the Company in respect of post-employment and other long term employee benefits. However, the changes are not expected to have a material effect on the financial statements for the current year.

As permitted by the transitional provisions in AS 15 (Revised 2005), Rs. 3.26 lacs being difference between present value of defined benefit obligations on account of gratuity and long term compensation plans and fair value of plan assets, if any, as on 31-Mar-2007 has been charged off to the opening credit balance of the Profit and Loss Account.

General Description of the Plan :

The Company operates a defined benefit plan (the Gratuity Plan) covering eligible employees, which provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employees salary and the tenure of employment.

Status of gratuity plan as required under AS 15 [Revised] :
a. Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

Particulars	Rs. In Lacs
Obligations at the beginning of the year	14.77
Current service cost	5.78
Interest cost	1.19
Actuarial (gain) / loss	(1.32)
Benefits paid	(1.24)
Obligations at the end of the year	19.18

b. Reconciliation of opening and closing balances of the fair value of plan assets :

Particulars	Rs. In Lacs
Plan assets at the beginning of the year, at fair value	12.96
Expected return on plan assets	1.35
Actuarial gain / (loss)	(0.07)
Contributions	4.02
Benefits paid	(1.24)
Plan assets at the end of the year, at fair value	17.02

c. Reconciliation of the present value of the defined benefit obligation & fair value of plan assets :

Particulars	Rs. In Lacs
Obligations at the end of the year	19.19
Plan assets at the end of the year, at fair value	17.02
Liability recognised in Balance sheet as on 31-Mar-08	2.17

d. Gratuity cost for the year :

Particulars	Rs. In Lacs
Current service cost	5.78
Interest cost	1.19
Expected return on plan assets	(1.35)
Net Actuarial (gain)/Loss.	(1.25)
Net gratuity cost	4.37

e. Investment details of plan assets :

To fund the obligations under the gratuity plan, Contributions are made to Life Insurance Corporation of India, who has invested the funds substantially in the government securities.

f. Assumptions :

Discount Rate	8.08%
Expected return on plan assets	9.00%
Annual Increase in Salary Costs	5.00%

Future Salary increases are based on long term average salary rise expected taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employee market. Future Separation & mortality rates are obtained from relevant data of Life Insurance Corporation of India.

The Liability for Leave Encashment and compensated absences as at year end is Rs. 16.97 lacs (P.Y.: Rs. 12.09 lacs)

3. Accumulated Depreciation upto March 31, 2008 (Schedule-5) includes impairment loss on Plant & Machinery – Rs. 96.20 lacs (Previous Year Rs. 96.20 lacs).

4. Auditors' remuneration

(Rs. In Lacs)

Sr. No.	Particulars	2007-08	2006-07
a.	For Statutory Audit	4.00	1.03
b.	For Tax Audit	---	0.25
c.	For IPO Certification	---	2.20
d.	Service Tax	0.55	0.43
e.	For Other Services	0.48	---
	Total	5.03	3.91

5. Managerial Remuneration

(Rs. In Lacs)

Particulars	2007-08	2006-07
Remuneration	33.00	29.50
Allowances	9.00	8.75
Total	42.00	38.25

Commission is not payable to the directors and hence the computation of net profit under section 349 of the Companies Act, 1956 has not been given.

6. Related Party Disclosures

(As identified by Management)

1. Name of the party and relationships

a) Companies and firms in which Directors/Directors' Relatives exercise control / significant influence:

Kairav Chemicals Limited
Saumya Pharma Private Limited
Saumya Polymers Private Limited

b) Key management personnel

Mr. Sandeep P. Engineer
Mrs. Jagruti S. Engineer
Mr. K.R. Shenoy

c) Relatives of key management personnel

Sandeep P. Engineer HUF
Mr. Bipin R. Mehta
Mrs. Rekha B. Mehta
Mrs. Hansa P. Engineer

Transactions carried out with related parties referred in (1) above, in ordinary course of business: (Rs. In Lacs)

Particulars	Related Referred in 1 (a) above	Related Referred in 1 (b) above	Related Referred in 1 (c) above	Total
Unsecured Loans Given	342.65	-	-	342.65
	(566.55)	-	-	(566.55)
Purchase of Goods / Assets	100.55	187.00	-	287.55
	(88.40)	-	-	(88.40)
Sale of Goods	0.64	-	-	0.64
	(1.04)	-	-	(1.04)
Rent Received	3.00	-	-	3.00
	(3.00)	-	-	(3.00)
Interest on Loans / FDs	12.68	-	-	12.68
	(7.87)	-	-	(7.87)
Remuneration	-	42.00	13.00	55.00
	-	(38.25)	(12.00)	(50.25)
Rent Paid	-	-	4.20	4.20
	-	-	(5.10)	(5.10)

7. Segment Reporting

Following the Accounting Standard-17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company has identified the following reportable Segments :

a) Primary Segment Information (Geographical) :

(Rs. In Lacs)

Particulars	2007-08			2006-07		
	Unit at Gujarat	Unit at Himachal Pradesh	Total	Unit at Gujarat	Unit at Himachal Pradesh	Total
SEGMENT REVENUE						
Sales	7,706.09	5,875.43	13,581.52	4,507.79	5,184.00	9,691.79
TOTAL REVENUE	7,706.09	5,875.43	13,581.52	4,507.79	5,184.00	9,691.79
SEGMENT RESULTS						
Profit Before Tax & Interest	51.90	1,690.28	1,742.18	(47.43)	1,188.18	1,140.75
Other Income	457.12	10.77	467.89	123.83	(0.03)	123.80
Interest Expenses	17.95	13.00	30.95	7.24	10.49	17.73
Unallocable Expenses	-	-	237.71	-	-	170.64
Provision for Tax	-	-	234.49	-	-	165.17
(Including Deferred Tax and Fringe Benefit Tax)						
Net Profit			1,706.91			911.02
OTHER INFORMATION						
Segment Assets (Gross)	10,653.53	3,280.85	13,934.38	9,390.97	2,550.94	11,941.91
Segment Liabilities	2,727.56	658.01	3,385.57	1,529.44	658.32	2,187.76
Depreciation	140.02	186.04	326.06	93.41	126.71	220.12
Capital Expenditure	1,621.04	94.72	1,715.76	120.99	65.33	186.32
Including CWIP						

b) Secondary Segment Information (Business) :
(Rs. In Lacs)

Particulars	2007-08			2006-07		
	Manufacturing	Trading	Total	Manufacturing	Trading	Total
SEGMENT REVENUE						
External Sales	11,835.07	2,318.85	14,153.92	8,609.16	1,525.30	10,134.46
Unallocable Duties, Tax & Recoveries	-	-	(572.40)	-	-	(442.67)
TOTAL REVENUE	11,835.07	2,318.85	13,581.52	8,609.16	1,525.30	9,691.79
SEGMENT RESULTS						
Profit Before Tax & Interest	4,226.48	630.07	2,210.07	3,013.50	335.57	1,264.55
Interest Expenses	-	-	268.67	-	-	188.37
Provision for Tax (Including Deferred Tax and Fringe Benefit Tax)	-	-	234.49	-	-	165.17
Net Profit			1,706.91			911.02
OTHER INFORMATION						
Segment Assets	5,370.77	994.39	6,365.16	4,194.55	895.98	5,090.53
Un-allocable Assets			6,675.07			6,283.29
TOTAL ASSETS			13,040.23			11,373.82
Segment Liabilities	1,196.01	127.56	1,323.57	1,092.06	118.33	1,210.39
Un-allocable Liabilities			2,062.00			977.37
TOTAL LIABILITIES			3,385.57			2,187.76
Depreciation	297.52		297.52	196.69		196.69
Un-allocable Depreciation			28.54			23.43
TOTAL DEPRECIATION			326.06			220.12
Capital Expenditure Including CWIP	1,621.04	94.72	1,715.76	120.99	65.33	186.32

8. Earnings Per Share
(Rs. In Lacs)

Particulars	As at 31.03.2008	As at 31.03.2007
Profit after tax and exceptional / non- recurring item as per Profit & Loss account.	1,706.91	911.02
Profit after taxation available for Equity Share Holder	1,706.91	911.02
Weighted Average No. of Equity Shares	1,12,38,056	77,87,722
Basic & Diluted Earnings Per Share (In Rs.)	15.19	11.70

9. Out of the total proceeds of Rs. 3,416.66 lacs from the public issue of shares an amount of Rs. 1,300.00 lacs has remained unutilized as on 31.03.2008 and the same is invested as under: (Rs. In Lacs)

Particulars	Rs.
a. Total IPO Proceeds Received	3,416.66
b. Utilised upto 31.03.2008	2,116.66
c. Balance in Fixed Deposits with Scheduled Banks	1,300.00

10. The plant and machineries and equipments located at the company's Himachal Pradesh unit Costing Rs. 277.33 lacs carry first charge in favour of the Government of Himachal Pradesh for a period of five years effective from the year 2005-06 during which the company was granted a cash subsidy of Rs. 30.00 lacs for the investments made by the company in the state.
11. The Company has not received intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, and hence disclosures relating to their outstanding amount and interest have not been made.
12. Balances of sundry debtors, loans and advances and sundry creditors are subject to confirmation and reconciliation thereof.
13. Information pursuant to provision of paragraphs 3 & 4 of part II, schedule VI of the Companies Act, 1956:

[A] Opening and Closing Stock of goods manufactured :-

(Rs. In Lacs)

Sr. No.	Product	Unit	Closing Stock		Opening Stock	
			Qty.	Rs.	Qty.	Rs.
1	CPVC Pipes	Mtrs.	642,755	267.05	559,649	306.07
2	PVC Pipes	Mtrs.	257,107	121.52	138,158	74.94
3	CPVC Fittings	Pcs.	3,407,997	309.10	2,426,541	265.40
4	PVC Fittings	Pcs.	2,234,058	200.39	1,603,316	130.50
5	Others	Mtrs./ Pcs.	960,988	18.32	379,022	41.88

[B] Opening and Closing Stock of goods traded :-

(Rs. In Lacs)

Sr. No.	Product	Unit	Closing Stock		Opening Stock	
			Qty.	Rs.	Qty.	Rs.
1	CPVC Fittings	Pcs.	371,493	304.97	335,828	204.54
2	PVC Fittings	Pcs.	490,229	143.92	443,152	75.02
3	CPVC Adhesive Solution	Tins	87,101	83.35	78,130	69.42
4	PVC Adhesive Solution	Tins	129,368	62.63	43,565	28.32
5	Others	Pcs.	120,709	147.24	33,689	32.08

[C] Consumption of Raw Materials :-

(Rs. In Lacs)

Sr. No.	Product	Unit	2007-2008		2006-2007	
			Qty.	Rs.	Qty.	Rs.
1	Resin	Kgs.	3,422,574	3,525.47	2,587,825	3,045.13
2	Raw Material for PVC	Kgs.	3,440,140	2,432.64	2,494,063	1,779.53
3	Others	Kgs.	32,441	56.55	8,615	16.95
4	Brass Fittings	Pcs.	6,375,798	1,193.44	4,250,643	897.39

[D] Production and Sales of goods manufactured during the year :-

INSTALLED CAPACITY			2007-2008 MT 11800		2006-2007 MT 9074	
Sr. No.	Product	Unit	2007-2008		2006-2007	
			Prod. in Qty	Sales in Qty.	Prod. in Qty	Sales in Qty.
1	CPVC Pipes	Mtrs.	9,775,924	9,692,818	7,518,382	7,043,092
2	PVC Pipes	Mtrs.	6,199,519	6,080,570	4,433,691	4,328,163
3	CPVC Fittings	Pcs.	21,607,366	20,625,910	14,693,485	13,731,714
4	PVC Fittings	Pcs.	2,599,402	1,968,660	7,903,615	7,665,176
5	Others	Mtrs./ Pcs.	2,243,552	1,661,586	-	-

[E] Purchase and Sales of goods traded during the year :-

Sr. No.	Product	Unit	2007-2008		2006-2007	
			Purchase in Qty	Sales in Qty.	Purchase in Qty	Sales in Qty.
1	CPVC Fittings	Pcs.	835,994	800,329	574,288	828,933
2	PVC Fittings	Pcs.	1,399,926	1,352,849	1,098,196	1,120,122
3	CPVC Adhesive Solution	Tins	641,070	632,099	376,643	338,986
4	PVC Adhesive Solution	Tins	584,687	498,884	255,654	230,692
5	Others	Pcs.	124,499	37,478	-	-

14. Earning and Expenses in Foreign Exchange and CIF value of Imports :

a) CIF Value of Imports

(Rs. In Lacs)

Particulars	2007-2008	2006-2007
Capital Goods	123.55	137.74
Resin, Pipes & Fittings	4,410.29	3,577.93

b) Expenditure in foreign currency

(Rs. In Lacs)

Particulars	2007-2008	2006-2007
Travelling	36.19	30.10
Others	0.43	3.08

c) Earnings in foreign currency

(Rs. In Lacs)

Particulars	2007-2008	2006-2007
Value of Export Sales	145.19	121.57

15. Previous years figures have been regrouped, rearranged and reclassified wherever necessary.

As per our report of even date

For, Deloitte Haskins & Sells
Chartered Accountants

(Gaurav J. Shah)
Partner
Membership No.: 35701
Place : Ahmedabad
Date : May 5, 2008

For and on behalf of the Board

(Sandeep P. Engineer) (Jagruti S. Engineer)
Managing Director Director

(Monika H. Pandya)
Company Secretary
Place : Ahmedabad
Date : May 5, 2008

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration details

Registration No.	L25200GJ1996PLC029134	State Code	04
Balance Sheet Date	31st March, 2008		

II. Capital raised during the year (Amount Rs. in thousands)

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

III. Position of mobilisation and deployment of funds (Amount Rs. In thousands)

	Total Liabilities	Total Assets
	1137041	1137041
SOURCES OF FUNDS	Paid-up Capital	Reserves & Surplus
	112381	686208
	Secured Loans	Unsecured Loans
	282337	39215
APPLICATION OF FUNDS	Net fixed assets	Investments
	583014	7
	Net Current assets	Misc. expenditure
	554012	9
	Accumulated losses	
	NIL	

IV. Performance of company (Amount Rs. in thousands)

Turnover & Other Income	Total expenditure
1414782	1220642
Profit before tax	Profit after tax
194140	170691
Earning per share	Dividend rate %
15.19	10 %

V. Generic names of three principal products of the Company (As per monetary terms)

Item code no. (ITC code)	39173990
Product description	Pipes
Item code no. (ITC code)	39174000
Product description	Fittings