



**SARDA PAPERS LIMITED**

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**18th ANNUAL REPORT  
2008-2009**

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# SARDA PAPERS LIMITED

## BOARD OF DIRECTORS

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Mr. Pradeep Kumar Sarda	Chairman
Mr. Divya M. Shah	Director
Mr. Ramesh Anant Gadiyar	Director
Mr. B.S.Rathi	Director

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## SOLICITORS & ADVOCATES

Divya Shah Associates  
Mumbai

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## AUDITORS

Malpani & Associates  
Mumbai

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## REGISTERED OFFICE & WORKS

A-70, M.I.D.C.,  
Sinnar, Dist. Nasik, Pin 422 103  
Maharashtra Tel : 02551-230097/ 230207

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## SALES & ADMINISTRATIVE OFFICE

18, Vikas Centre, S.V. Road,  
Santacruz (W),  
Mumbai - 400 054.  
Tel. : 022-26613026, 66780131-33 Fax : 66780135

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## BANKERS

State Bank of India  
Citi Bank N.A.

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## REGISTRAR & TRANSFER AGENTS

M/s. Mondkar Computers Private Limited  
21, Shakil Niwas, Mahakali Caves Road,  
Andheri (East),  
Mumbai - 400 093  
Tel: 022-28207201/203/04

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## STOCK EXCHANGE WHERE COMPANY'S SHARES ARE LISTED

Bombay Stock Exchange Limited

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**NOTICE TO THE MEMBERS**

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of SARDA PAPERS LIMITED will be held on Wednesday, 30<sup>th</sup> September, 2009 at 12.30 P. M. at the Registered Office of the Company at A-70 M. I. D. C., Sinnar, Dist. Nasik, Pin 422 103 Maharashtra to transact the following business.

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2009 and the Profit and Loss Account for the year ended on that date and the Report of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Pradeep Kumar Sarda who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

**For and on behalf of Board**

Place : Mumbai  
Date : 1st September, 2009

**Pradeep Kumar Sarda**  
**Chairman**

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective, duly stamped, signed and completed and must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting. Corporate members are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorising their representative to attend and vote at the Annual General Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday the 23<sup>rd</sup> September, 2009 to Wednesday 30<sup>th</sup> September, 2009 (both days inclusive).
3. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956 as amended, dividend for the financial year ended 31<sup>st</sup> March, 1997 which remain unclaimed for a period of seven years had already been transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Please note that no claim shall lie against the Company or the said fund in respect of the amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claim.
4. Members are requested to notify immediately any change in address to their respective Depository Participant (DPs) for the shares held in electronic form and if share are held in physical form, to the office of M/s. Mondkar Computers Private Limited, Registrar and Share Transfer Agents of the Company situated at 21, Shakil Niwas, Mahakali Caves Road, Andheri (East) Mumbai – 400 093. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under section 109A of the Companies Act, 1956, are requested to forward form 2B, to the Company's Registrar and Share Transfer Agents.

5. Any query relating to Annual Accounts or otherwise, must be sent to Registered Office of the Company at least 10 days before the Annual General Meeting.

6. Dematerialization of Shares :

The Company's shares are available for dematerialization on Central Depository Securities Ltd. (CDSL) and National Securities Depository Ltd. (NSDL). Demate ISIN Number at CDSL and NSDL is INE 385D01011.

For and on behalf of Board

Place : Mumbai  
Date : 1st September, 2009

Pradeep Kumar Sarda  
Chairman

**Details of the Director seeking re-appointment at the forthcoming Annual General Meeting.**

Name of the Director	Mr. Pradeep Kumar Sarda
Date of Birth	23.08.1955
Date of Appointment	16.10.1992
Expertise in any specific functional Area	He possesses a rich experience across multiple industry verticals, comprising paper, engineering, construction and real estate. He also the Chairman of the Governing Board of Ecole Mondiale World School, Mumbai.
Qualification	Graduate
Directorships held in other companies. (excluding foreign- Companies.)	1. Mercury Trade Links Limited 2. Balaji Telefilms Limited 3. Balaji Motion Pictures Limited
Committee position held in other Companies.	
Balaji Telefilms Limited – Audit Committee and Remuneration Committee - Member	
Balaji Motion Pictures Limited - Audit Committee and Remuneration Committee - Member	

**DIRECTOR'S REPORT**

To  
The Members,  
**SARDA PAPERS LIMITED**

Your Directors have the pleasure in presenting the Eighteenth Annual Report on the business & operation of your Company together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2009.

1. <b><u>FINANCIAL RESULTS</u></b>	<b><u>YEARENDED</u></b>	<b><u>YEARENDED</u></b>
	<b><u>31/03/2009</u></b>	<b><u>31/03/2008</u></b>
	<b><u>(Rs. In Lacs)</u></b>	<b><u>(Rs. In Lacs)</u></b>
Profit/(Loss) before Depreciation	<b><u>(64.44)</u></b>	<b><u>(174.65)</u></b>
Less: Depreciation	<b><u>(45.80)</u></b>	<b><u>47.02</u></b>
Net Profit / (Loss) before Tax	<b><u>(110.24)</u></b>	<b><u>(221.67)</u></b>
Less : Provision for Tax	<b><u>1.06</u></b>	<b><u>1.25</u></b>
Net Profit / (Loss) after Tax	<b><u>(111.30)</u></b>	<b><u>(222.92)</u></b>
Less : Prior period items	<b><u>0.02</u></b>	<b><u>1.34</u></b>
Balance of Profit/(Loss)	<b><u>(111.32)</u></b>	<b><u>(224.26)</u></b>
Less/(Add) : Loss Brought Forward	<b><u>(576.26)</u></b>	<b><u>(352.00)</u></b>
Balance of Loss carried to Balance Sheet	<b><u>(687.58)</u></b>	<b><u>(576.26)</u></b>

**1. DIVIDEND**

In view of the losses, your Directors are unable to recommend any dividend for the year.

**2. PERFORMANCE**

During the year the working of the Company had been affected due to increase in the cost of all inputs and fuel, which could not be passed on in the selling prices due to competition from cheaper imports.

During the year under review, Company has achieved Gross Sales Turnover of Rs. 1535.37 Lacs as against Rs.835.70 Lacs during the previous year and incurred a loss of Rs.110.24 Lacs as compare to loss was Rs.221.67 Lacs in the previous year.

The Company has been declared a Sick Industrial Company in terms of Section 3(1) of Sick Industrial Companies (Special Provision) Act, 1985 on 10.06.2009.

The Company has terminated service of the workman due to reduced production activities, un-cooperative attitude of workman, unreasonable financial demand & militancy tactics adopted by the union & workman.

**3. DIRECTORS**

Mr. Pradeep Kumar Sarda, Director retire by rotation at the forthcoming Annual General Meeting of the company and being eligible offered himself for re-appointment.

**4. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is hereby confirmed :

- i. That in the preparation of annual accounts the applicable mandatory standards except AS 22 have been followed along with proper explanations relating to material departures ;
- ii. That the Directors had selected such accounting policies and applied them consistently in the Financial Statement and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> March 2009 and of the loss of the company for the year ended on that date.
- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors had prepared the accounts for the financial year ended 31<sup>st</sup> March, 2009, on a going concern basis.

**5. FIXED DEPOSIT**

The Company has not accepted any deposits from the public during the year.

**6. INSURANCE**

All the assets of your Company, including Plant and Machinery, Building, Equipments, etc. have been adequately insured.

**7. PARTICULARS OF EMPLOYEES**

Particulars of employees within the meaning of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended have not been furnished as there was no employee in the aforesaid category.

**8. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE**

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

**9. STATEMENT PURSUANT TO LISTING REQUIREMENTS**

The Equity Shares of the company are listed with the Bombay Stock Exchange Limited and company had paid the Annual Listing Fees for the financial year 2009-2010.

**10. CORPORATE GOVERNANCE**

A separate report on corporate governance form part of the Annual Report of the Company along with compliance certificate from the Practising Company Secretary regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the amended listing agreements. Further a separate Management Discussion & Analysis Report is also enclosed with this report.

**11. SECRETARIAL COMPLIANCE REPORT**

Your Directors attach herewith a copy of the Compliance Certificate issued by a Practising Company Secretary for the year ended 31<sup>st</sup> March, 2009 pursuant to Section 383A(1) of the Companies Act, 1956.

**12. HUMAN RESOURCES / INDUSTRIAL RELATIONS**

The Company has terminated service of the workman due to reduced production activities, un-cooperative attitude of workman, unreasonable financial demand & militancy tactics adopted by the union & workman.

**13. INTERNAL CONTROL SYSTEM AND ADEQUACY**

Your Company has been maintaining a well established procedure for internal control system. The finance functions, inter-alia, is well staffed with experienced and qualified experience and qualified personnel at all levels and plays an important role in implementing and monitoring the statutory and internal policy control environment. There has been a review conducted on regular interval by the Internal Auditors about the financing and operating control at various locations of the company and any, significant findings are reviewed by the Audit Committee of the Board of Directors.

The reports of in-house and Internal Audit and External Audit are reviewed by the board of Directors from time to time.

**14. ACCUMULATED LOSSES**

The accumulated losses of the Company are more than the net worth of the Company as at the end of the current financial year. The Company has incurred cash losses of Rs.65.52 Lacs during the current financial year as well as in the immediately preceding financial year amount to Rs.174.65 Lacs. The erosion of the Net Worth has taken place due to dumping of imported quoted paper at heavily discounted price and increased cost of inputs and fuel.

**15. REGISTRATION OF THE COMPANY AS SICK COMPANY WITH BOARD FOR INDUSTRIAL & FINANCIAL RECONSTRUCTION (BIFR)**

Pursuant to the application filed with the Board for Industrial & Financial Reconstruction, the Board for Industrial & Financial Reconstruction has registered the Company u/s 15 (1) of Sick Industrial Companies (Special Provisions) Act, 1985 as a Sick Industrial Company in terms of Section 3(1) of Sick Industrial Companies (Special Provision) Act, 1985 on 10.06.2009.

**16. AUDITORS**

M/s. Malpani and Associates, Chartered Accountants statutory auditors of the Company retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. The Company has received a certificates from them under Section 224(1-B) of the Companies Act, 1956.

**17. AUDITOR'S REMARK**

Observation made in the Auditors Report are self explanatory and therefore do not call for any comment.

**18. ACKNOWLEDGEMENTS**

Your Directors wish to place on record their appreciation of the continued support and valuable co-operation received from the Company's Bankers, Institutions, Customers, Suppliers and Shareholders.

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

For and on behalf of Board

Place : Mumbai  
Date : 1st September, 2009

Pradeep Kumar Sarada  
Chairman

**ANNEXURE TO DIRECTORS REPORT**

Information as per Section 217(1)(e) read with Companies ( disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended 31<sup>st</sup> March, 2009.

**1) CONSERVATION OF ENERGY**

a) Energy consumption in total and per unit of production in form "A".

**FORM - A**

Form for disclosure of particulars with respect to conservation of energy

	2008-2009	2007-2008
<b>A. Power &amp; Fuel consumption</b>		
1) Electricity Purchased Units (Lacs)	11.02	8.37
2) Total Cost (Rs./Lacs)	50.13	33.76
Rate/Unit (Rs.)	4.55	4.03
3) Furnace Oil Quantity (K. Litres)	340.552	218.347
Total Cost (Rs./Lacs)	78.72	42.06
4) Average Rate (Rs.)	23.12	19.26
<b>B. Consumption per unit of production</b> (Products – Coated Paper)		
Electricity (Unit/MT)	380.26	492.79
Furnace Oil (Litre/MT)	117.51	128.55
<b>2) TECHNOLOGY ABSORBPTION</b>		
a. Research & Development	Nil	Nil
b. Absorption of Technology	Nil	Nil
<b>3) FOREIGN EXCHANGE EARNINGS AND OUTGO</b>		
	(Rs. in Lacs)	(Rs. in Lacs)
	2008-2009	2007-2008
a) Foreign Exchange Earning	Nil	Nil
b) Foreign Exchange Outgo		
i) Remittance in foreign currency (FCNR corporate loan & demand loan principal repaid)	Nil	61.75
ii) Expenditure in foreign currency (Interest in foreign currency paid on the above loan)	Nil	3.95

For and on behalf of Board

Place : Mumbai  
Date : 1<sup>st</sup> September, 2009

Pradeep Kumar Sarda  
Chairman



## Management Discussion and Analysis Report

Your Directors are pleased to present the Management Discussion and Analysis Report for the year ended 31<sup>st</sup> March, 2009.

The management discussion and analysis have been included in consonance with the code of corporate governance as approved by The Securities and Exchange Board of India (SEBI). Investors are cautioned that these discussions contain certain forward looking statements that involve risk and uncertainties including those risks which are inherent in the Company's growth and strategy. The company undertakes no obligation to publicly update or revise any of the opinions or forward looking statements expressed in this report consequent to new information or developments events or otherwise.

The management of the Company is presenting herein the Business overview, opportunities and threats by the Company and overall strategy of the Company and its outlook for the future. This outlook is based on management's own assessment and it may vary due to future economic and other future developments in the country.

### BUSINESS OVERVIEW

The Company is engaged in processing and manufacturing of Coated Paper.

During the year under review, the working of the company had been affected due to increase in the cost of all inputs and fuel which could not be passed on to the customers due to availability of imported coated paper at cheaper price.

All these products are manufactured with due attention given not only to the environmental aspects but also by ensuring employee safety and their welfare.

### INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian economy has witnessed flat growth in year ended 31<sup>st</sup> March, 2009. The paper industry has posted a reasonable growth in the year.

### OPPORTUNITIES AND THREATS:

The Company is expecting a 2-5% growth in demand, but profit are likely to remain under pressure due to volatile input cost. Some of the key changes in the industry unfavorable to the company i.e. heightened competition, Increasing cost of the inputs.

### OUTLOOK

Though the long temporarily business outlook remains progressive, realization and margins may come under pressure in the near future due to Cheaper Imports.

The Company is mainly engaged in processing and manufacturing of various Coated Paper. The Company became Sick Industrial Company within of Section 3(1) of Sick Industrial Companies (Special Provision) Act, 1985.

The Company has temporarily suspended its manufacturing activities w.e.f. 14.06.2009 and awaiting for approval of a Rehabilitation Package from BIFR.

#### **RISKS AND CONCERNS**

The company is exposed to risks from market fluctuation of its major raw material and imports Coated Paper. The Company is also exposed to national price fluctuation for its products.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

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

#### **HUMAN RESOURCES / INDUSTRY RELATIONS**

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

#### **CAUTIONARY STATEMENT**

Statement in the Management Discussion and analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed in the statement. Several factors could make significant difference to the company's operation. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities etc. over which the company does not have any control.



## REPORT ON CORPORATE GOVERNANCE

## 1. COMPANY'S PHILOSOPHY

The primary objective of the Corporate Governance is to create and adhere to a Corporate culture of conscience and consciousness, transparency and openness and to develop capabilities and identify opportunities that best serves the goal of value creation.

A Company to succeed on sustained basis must maintain global standards of Corporate conduct towards its employees, shareholders and society. The Company believes in attainment of highest levels of transparency in all facts of its operations and has always focus on good corporate governance.

## 2. BOARD OF DIRECTORS

The Board of Directors consist 4 Directors as on 31<sup>st</sup> March, 2009. The Non Executive Directors bring Independent judgment in the Board's deliberations and decisions.

The Board comprises following members

## a. Promotor Non-Executive Director

Sr. No.	Name	Category	No. of board Meetings attended	Attendance at last AGM	No. of other Directorship @	Committee Membership	
						Chairman	Member
1.	Shri Pradeep Kumar Sarda	Chairman	4	No	3	—	2

## b. Independent Non-Executive Director

2.	Shri Ramesh Anant Gadiyar	Director	5	No	—	—	—
3.	Shri Divya M Shah	Director	4	No	1	—	—
4.	Shri B. S. Rathi	Director	5	Yes	2	—	—

@ Does not include directorship in Companies excluded as per section 278 of the Companies Act, 1956, As per SEBI Guideline only membership in Audit Committee / Shareholder Grievances Committee / Remuneration Committee are taken into consideration.

No. of Board Meeting Held : 5  
Date on which held : 30<sup>th</sup> April, 2008, 30<sup>th</sup> July, 2008, 29<sup>th</sup> September, 2008,  
31<sup>st</sup> October, 2008, 30<sup>th</sup> January, 2009.

## e. Sitting fees paid to Non Whole Time Directors

	Name	Sitting Fees	
		Board Meetings	Committee Meetings
1	Shri Pradeep Kumar Sarda	Rs. 4000/-	—
2.	Shri Ramesh Anant Gadiyar	Rs. 5000/-	Rs. 5000/-
3.	Shri Divya M Shah	Rs. 4000/-	Rs. 4000/-
4.	Shri B. S. Rathi	Rs. 5000/-	Rs. 5000/-

## 3. AUDIT COMMITTEE

As per requirement of Clause 49 of the listing agreement, the board of Directors have Constituted Audit Committee in its meeting held on 28<sup>th</sup> July, 2004. Mr. B. S. Rathi is the Chairman of the Audit Committee. Other members of the committee are Mr. R. A. Gadiyar & Mr. Divya M. Shah.

Terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreements with the Stock Exchanges. It interalia also include the overview of the Company's financial reporting process, review of the annual financial statements, the adequacy of internal control system etc.

There were 5 meetings of the Audit Committee during the Financial Year 2008-2009. The attendance of each member of the Audit Committee in the committee meeting is given below.

Director's Name	Category	No. of meetings attended
Mr. B.S.Rathi	Independent, Non Executive	5
Mr. R.A.Gadiyar	Independent, Non Executive	5
Mr. Divya M. Shah	Independent, Non Executive	4

#### 4. REMUNERATION COMMITTEE

The Remuneration Committee of the Board of directors was formed in the year of 2003. The terms of reference to the committee interalia consists of reviewing the overall compensation policy, service agreement and other employment condition of the Executive Director and senior Manager level, with a view to retaining and motivating the best managerial talents.

The composition of the remuneration committee are as follow :-

SR. NO	NAME OF THE DIRECTORS	STATUS
1.	Mr. Pradeep Kumar Sarda	Non Executive
2.	Mr. Divya M. Shah	Non Executive, Independent

The Remuneration Committee shall meet as and when need arises.

No meeting of the Remuneration Committee was convened during the year.

#### 5. SHARE HOLDERS COMMITTEE

The composition of the shareholders committee are as follow :-

SR. NO	NAME OF THE DIRECTORS	STATUS
1.	Mr. Divya M. shah	Non Executive, Independent
2.	Mr. R.A. Gadiyar	Non Executive, Independent

#### Compliance officer

Mr. B.L. Sharma (Chief Account Officer) has been appointed as the Compliance officer of the Company.

#### Scope

The Shareholders Committee deals with matters relating to :

1. Transfer / Transmission of Shares.
2. Issue of Duplicate Share Certificates
3. Consolidation / split of share certificates
4. Review of Shares decartelized.
5. All other matter related to shares.

#### 6. Detailed status of the complaints resolved during the period :

No. of complaint received	No. of complaint solved	No. of complaint pending
2	2	Nil

#### 7. GENERAL BOARD MEETING

The last 3 Annual General Meeting of the Company were held as under:

FINANCIAL YEAR	DATE	TIME	VENUE
31/03/2006	23/12/2006	12.30 P. M.	Panchvati Motels, Nasik Pune Highway Road, Opp. Sinnar Bus Depot, Sinnar
31/03/2007	29/12/2007	12.30 P. M.	Panchvati Motels, Nasik Pune Highway Road, Opp. Sinnar Bus Depot, Sinnar
31/03/2008	20/12/2008	12.30 P. M.	Panchvati Motels, Nasik Pune Highway Road, Opp. Sinnar Bus Depot, Sinnar

No. special resolution were required to be put through postal ballot during the last year.

**8. DISCLOSURES**

i) Transaction with related parties

a) Names of companies with whom transactions have taken place during the year.

01.	Holding companies	-	None
02.	Fellow subsidiary companies	-	None
03.	Associated Companies	(i)	Sumadhu Traders Pvt. Ltd.
		(ii)	Sumadhu Estate Developers Pvt. Ltd.
		(iii)	Suvimal Properties Pvt. Ltd.
		(iv)	India Food Company Pvt. Ltd.
		(v)	National Tiles & Industries Pvt. Ltd.

b) Nature of transaction with Associated companies during the year:

(a) Purchase of Raw Materials Rs.512.22 Lacs

c) Balances as at the end of the year:

(i)	Sumadhu Traders Pvt. Ltd.	Rs.418.70 Lacs
(ii)	Sumadhu Estate Developers Pvt. Ltd.	Rs. Nil
(iii)	Suvimal Properties Pvt. Ltd.	Rs.6.77 Lacs
(iv)	India Food Company Pvt. Ltd.	Rs.10.95 Lac.
(v)	National Tiles & Industries Pvt. Ltd.	Rs. Nil.

ii) Detail of non compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any Authority on any matter related to capital markets during the last 3 years: Nil

**9. MEANS OF COMMUNICATION :**

1. The Quarterly and Half-yearly results are published in newspapers. Information released to the press at the time of declaration of result is also sent to Stock Exchange where the shares of the Company are listed for the benefit of investors.

Newspapers in which quarterly results were normally published : -

- Business Standard (English), Mumbai and
  - Punya Nagari (Marathi), Nasik
- Stock code : 516032

2. Whether the management Discussion and Analysis report is a part of the Annual Report or Not : Yes

**10. GENERAL SHAREHOLDER INFORMATION**

1) Annual General Meeting:

Date	Time	Venue
30.09.2009	12.30 P. M.	A-70 M.I.D.C., Sinnar, Dist. Nasik, Pin 422 103 Maharashtra.

2) Financial Calendar :

The Financial Year of the Company is for a period of 12 months from 1<sup>st</sup> April to 31<sup>st</sup> March.

First Quarter results : Last week of July, 2009

Second Quarter results : Last week of October, 2009

Third Quarter results : Last week of January, 2010  
 Fourth Quarter results : Last week of April, 2010

- 3) **Book Closure** : 23/09/2009 to 30/09/2009 (both days inclusive)
- 4) **Dividend Payment Date** : Not applicable, as the Board has not recommended any dividend for the financial year.

5) **Listing on Stock Exchanges :**

Share of the Company are listed on the following Stock Exchanges

Name of the Stock Exchange : Bombay Stock Exchange Limited  
 Address : Phiroze Jjeejeebhoy Tower, Dalal Street, Mumbai – 400 001  
 Stock code : 516032  
 Status of Listing Fees : The Company has paid Annual Listing Fees for the year 2009-2010 to the above stock Exchange.

6) **Market Price Date**

MONTH	HIGH	LOW
April 2008	6.90	5.93
May 2008	6.09	5.64
June 2008	5.70	5.60
July 2008	-	-
August 2008	6.00	5.70
September 2008	5.80	5.75
October 2008	5.85	5.75
November 2008	5.50	5.50
December 2008	5.24	5.24
January 2009	4.98	4.98
February 2009	5.00	5.00
March 2009	-	-

7) **Share Transfer System :**

The Company has made arrangement with M/s. Mondkar Computers Private. Limited in respect of transfer of share. All requests received for transfer are processed by Registrar and Transfer Agents.

8) **Distribution of Shareholding**

Share holding Pattern as on 31<sup>st</sup> March, 2009

SR. NO.	CATEGORY	NO. OF SHARES HELD	PERCENTAGE OF SHAREHOLDING
1.	Holding of Promoter group	2320500	74.40
2.	Mutual Funds & UTI	—	—
3.	Banks, Financial Institution, Insurance Companies	—	—
4.	Foreign Institutional Investors, NRIs/OCBs	236	0.01
5.	Private Corporate Bodies	54787	1.75
6.	Indian Public	743377	23.84
	<b>GRAND TOTAL</b>	<b>3118900</b>	<b>100.00%</b>

Distribution schedule as on 31<sup>st</sup> March, 2009

Category (No of Shares)	No of Shareholders	Percentage	No of Shares	Percentage
Upto – 500	2325	90.186	369127	11.835
501-1000	148	5.741	127031	4.073
1001-2000	55	2.133	86018	2.758
2001-3000	17	0.659	43526	1.396
3001-4000	6	0.233	20799	0.667
4001-5000	3	0.116	14136	0.453
5001-10000	12	0.465	94161	3.019
10001 & Above	12	0.465	2364102	75.799

## 9) Dematerialization of Shares and Liquidity :

The Company's shares are available for dematerialization on Central Depository Securities Ltd. (CDSL) and National Securities Depository Ltd. (NSDL). Demate ISIN Number at CDSL and NSDL is INE 385D01011.

## 10) GDR/ADR

There has been no GDR/ADR/Warrants or any convertible instruments issued by the Company, hence not applicable.

## 11) Plant location

Plant of the company has been located at following address:

A-70 M.I.D.C., Sinnar,  
Dist. Nasik, Pin 422 103 Maharashtra.  
Tel : 02551-230097 / 230207

## 12) Address for correspondence :

Shareholders may correspond with the Company at the Administrative office or Registered office of the Company or at the office of Registrar and Transfer Agent of the Company:

**Sarda Papers Limited**  
18, Vikas Centre,  
S.V. Road Santacruz (W)  
Mumbai – 400 054  
Tel. : 022-26613026,66780131

OR

**Sarda Papers Limited**  
A-70 M.I.D.C., Sinnar,  
Dist. Nasik, Pin 422 103  
Maharashtra.  
Tel : 02551-230097 / 230207

OR

**M/s Mondkar Computers Pvt. Ltd.**  
21, Shakil Niwas,  
Mahakali Caves Road, Andheri (East)  
Mumbai – 400 093

## 13) Corporate Governance Certificate &amp; Compliance Certificate :

The Practicing Company Secretary certificate on compliance of clause 49 of Listing agreement relating to corporate governance and Compliance Certificate pursuant to Section 383A (1) of the Companies Act, 1956 is published as an annexure to the Director's Report & Auditor Qualification are self explanatory, hence not required any explanation the Above report has been placed before the Board at its meeting held on 1st September, 2009 and the same was approved.

For and on behalf of Board

Place : Mumbai  
Date : 1st September, 2009

Pradeep Kumar Sarda  
Chairman

**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

To  
The Members,  
**SARDA PAPERS LIMITED.**

I have examined the compliance of conditions of Corporate Governance of **SARDA PAPERS LIMITED** for the year ended 31<sup>st</sup> March, 2009 as stipulated in Clause 49 of the Listing Agreement of the company with Bombay Stock Exchange Limited.

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

In my opinion and to the best of my information and according to the explanations given to me, I certify that the company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the Listing Agreement.

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

For **PRAVEEN JAIN & ASSOCIATES**  
**COMPANY SECRETARIES**

(**PRAVEEN KUMAR JAIN**)  
**PROPRIETOR**  
**C.P. NO. 5986**

**PLACE: MUMBAI**  
**DATE : 1st SEPTEMBER, 2009**



**COMPLIANCE CERTIFICATE**

(Under Proviso to Sub-Section (1) of Section 383 A)

Registration No. : 11 – 061164  
Nominal Capital : Rs. 35,000,000/-  
Paid-up Capital : Rs. 31,189,000/-

To  
The Members,  
**SARDA PAPERS LIMITED**

I have examined the registers, records, books and papers of **SARDA PAPERS LIMITED** having its registered office at A/ 70, M.I.D.C., Sinnar, Nasik – 422 103 as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended on 31<sup>st</sup> March, 2009. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

01. the company has kept and maintained all registers as stated in Annexure "A" to this certificate as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
02. the company has filed the forms and returns as stated in Annexure "B" to this certificate with the Ministry of Corporate Affairs within the time prescribed under the Act and the rules made thereunder except as specified in the said Annexure.
03. the company is a public limited company and hence comments are not required
04. the Board of Directors duly met 5 times on 30<sup>th</sup> April, 2008, 30<sup>th</sup> July, 2008, 29<sup>th</sup> September, 2008, 31<sup>st</sup> October, 2008 and 30<sup>th</sup> January, 2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Books maintained for the purpose.
05. the company has closed its Register of Members from 13<sup>th</sup> December, 2008 to 20<sup>th</sup> December, 2008 and has complied with the provisions of the Act.
06. the Annual General Meeting for the financial year ended on 31<sup>st</sup> March, 2008 was held on 20<sup>th</sup> December, 2008 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
07. no extra ordinary general meeting was held during the financial year under scrutiny.
08. the company has not advanced any loan to its Directors and/or persons or firms or companies referred to in the Section 295 of the Act.
09. the company has entered into contract as mentioned under Section 297 of the Act.
10. the company has made necessary entries in the register maintained under Section 301 of the Act.
11. as there were no instances falling within the purview of Section 314 of the Act, the company has not obtained any approvals from the Board of Directors, members or Central Government.
12. the company has not issued any duplicate share certificates during the financial year under scrutiny.
13. the company has :

- i. delivered all the certificates on lodgment thereof for transfer in accordance with the provisions of the Act.
  - ii. not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - iii. not posted warrants to any member of the company as no dividend was declared during the financial year.
  - iv. no amounts unpaid in dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a year or seven years and hence transferring of the same to the Investor Education and Protection Fund does not arise.
  - v. duly complied with the requirements of Section 217 of the Act.
14. the Board of Directors of the company is duly constituted and there were no appointments of directors, additional directors, alternate directors and directors to fill casual vacancy during the financial year under scrutiny.
  15. the company has not appointed any Managing Director or Whole-time Director during the financial year under scrutiny.
  16. the company has not appointed any sole-selling agents during the financial year under scrutiny.
  17. the company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director and/or such other authorities prescribed under the various provisions of the Act except that the company has obtained the approval of the Registrar of Companies, Maharashtra, Mumbai for approval of extension of Annual General Meeting of the Company.
  18. the Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
  19. the company has not issued any shares/debentures/other securities during the financial year under scrutiny.
  20. the company has not bought back any shares during the financial year under scrutiny .
  21. the company has not redeemed any preference shares during the financial year under scrutiny.
  22. during the year there was no need for the company to keep in abeyance rights to dividend, rights shares and bonus shares.
  23. the company has not invited/accepted any deposits falling within the purview of Section 58A during the financial year under scrutiny.
  24. the amounts borrowed by the company from director and others are within the borrowing limits of the company and that necessary resolution as per Section 293(1)(d) of the Act has been passed in earlier years.
  25. the company has not made any loans or investments, or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
  26. the company has not altered the provisions of the Memorandum of Association with respect to situation of the company's registered office from one state to another during the year under scrutiny.
  27. the company has not altered the provisions of the Memorandum of Association with respect to the objects of the company during the year under scrutiny.
  28. the company has not altered the provisions of the Memorandum of Association with respect to name of the company during the year under scrutiny.

29. the company has not altered the provisions of the Memorandum of Association with respect to share capital of the company during the year under scrutiny.
30. the company has not altered its Articles of Association during the year under scrutiny.
31. there was no prosecution initiated against or show cause notice received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year for the offences under the Act.
32. the company has not received any sum as security from its employees during the year under scrutiny.
33. the company has deposited both employees' and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

For PRAVEEN JAIN & ASSOCIATES  
COMPANY SECRETARIES

(PRAVEEN KUMAR JAIN)  
PROPRIETOR  
C.P. NO. 5986

PLACE: MUMBAI

DATE : 1st SEPTEMBER, 2009



## Reg. : SARDA PAPERS LIMITED

Registration No. : 11 - 061164  
Nominal Capital : Rs. 35,000,000/-  
Paid-up Capital : Rs. 31,189,000/-

**Annexure A****Registers as maintained by the Company**

1. Register of Charges U/S. 143
2. Register of Members U/S. 150.
3. Minutes Books of General Meetings and Board Meetings U/S. 193.
4. Attendance Register for Board Meetings U/S. 287.
5. Register of Contracts U/S. 301.
6. Register of Directors U/S. 303.
7. Register of Directors Shareholding U/S. 307.
8. Books of Accounts U/S. 209.
9. Register of Share Transfer.

**Annexure B****Forms and Returns as filed by the company with the Ministry of Corporate Affairs during the financial year ended on 31<sup>st</sup> March, 2009.**

Sr. No.	Form No. / Return	Filed under Section	For	Date of filing	Whether filed within prescribed time yes/no	If delay in filing whether requisite additional fee paid Yes/No.
01.	Form No. 61	205(c)	quarterly Chartered Accountant Certificate under section 205 (c) for investor Education & Protection Fund Certificate of amount due and credited to the fund.	30 <sup>th</sup> April, 2008	—	—
02.	Form No. 61	205(c)	quarterly Chartered Accountant Certificate under section 205 (c) for investor Education & Protection Fund Certificate of amount due and credited to the fund.	30 <sup>th</sup> July, 2008	—	—
03.	Form No. 61	166(1)	extension of period of AGM by 3 months	1 <sup>st</sup> September, 2008	—	—
04.	Form 8	125 & 135	for modification of charges	4 <sup>th</sup> October, 2008	No	Yes
05.	Form No. 61	205(c)	quarterly Chartered Accountant Certificate under section 205 (c) for investor Education & Protection Fund Certificate of amount due and credited to the fund.	31 <sup>st</sup> October, 2008	—	—
06.	Form No. 23AC and 23ACA	220	Balance Sheet and Profit & Loss Account for the year ended 31 <sup>st</sup> March, 2008	8 <sup>th</sup> January, 2009	Yes	—
07.	Form No. 20B	159	Annual Return the year ended 31 <sup>st</sup> March, 2008	28 <sup>th</sup> January, 2009	Yes	—
08.	Form No. 61	205(c)	Quarterly Chartered Accountant Certificate under section 205 (c) for investor Education & Protection Fund Certificate of amount due and credited to the fund.	30 <sup>th</sup> January, 2009	—	—

**Note :** The company has been declared a Sick Industrial Company in terms of Section 3(1) of Sick Industrial Companies (Special Provision) Act, 1985 on 10<sup>th</sup> June, 2009.

For PRAVEEN JAIN & ASSOCIATES  
COMPANY SECRETARIES

PLACE: MUMBAI  
DATE : 1st SEPTEMBER, 2009

(PRAVEEN KUMAR JAIN)  
PROPRIETOR  
C.P. NO. 5986

**Auditor's Report**

The Members,

**Sarda Papers Limited**

1. We have audited the attached Balance Sheet of Sarda Papers Limited as on 31st March, 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies Auditor's Report (Amendment) Order, 2004 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 and based on the information and explanations given to us in this regard, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company during the year.
4. Further to our comments in the Annexure referred to in para 3 above, we report as follows:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit;
  - ii. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books;
  - iii. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement referred to in this report are in agreement with the books of accounts;
  - iv. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable, *except with the recommendations of Accounting Standard – 28 and Accounting Standard - 22 in respect of impairment of assets & deferred tax provisions (Refer Note No. 4 (vi) (b) & (c) below)*
  - v. On the basis of written representations received from the concerned directors as on 31<sup>st</sup> March, 2009 and taken on record by the Board, we report that none of the directors is disqualified as on the said date from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956, as on 31st March 2009;

vi. Attention is invited to the following Notes in Schedule - P:

- (a) Note No. II. 2 regarding non-provision in the accounts in respect of doubtful Sundry Debtors and Loans and Advances of Rs. 6.59 Lacs and Rs.1.96 Lacs respectively since the management is hopeful of their full recovery, having consequential effect on Current Assets, Loans and Advances and the Loss for the year to the above extent;
- (b) Note No. II. 5 regarding non provision in the Company's books in respect of any impairment in the Company's fixed assets, in non – compliance with the recommendations of Accounting Standard – 28, Impairment of Assets. The amount of non – provision on the carrying value of the fixed assets as well as on the loss for the year is unascertainable; and
- (c) Note No. II. 12 regarding Deferred Tax position indicating Net Deferred Tax Assets as at the close of the year amounting to Rs. 174.60 Lacs comprising of the Deferred Tax Liability of Rs. 66.56 Lacs which was not provided in the Accounts and adjusted with the Deferred Tax Assets on carried forward losses as per Income Tax Act, 1961 amounting to Rs. 241.16 Lacs in non – compliance with the recommendations of Accounting Standard – 22; thus having consequential effect on the Deferred Taxation provision and the Loss for the year.

vii. Subject to the notes as given in para 4 (vi) (a), (b) and (c), in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies and other Notes on Accounts appearing in Schedule – P give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
- (b) In the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Malpani & Associates  
Chartered Accountants

Shyam Malpani  
Proprietor

Membership No. F - 34171

Place: Mumbai

Date: 1<sup>st</sup> September, 2009

**Annexure to the Auditor's Report**  
**(Referred to Paragraph 3 of the Auditor's Report of even date)**

In terms of the information and explanations given to us and the books and records examined by us and on the basis of such checks, as we considered appropriate, we further report as under:

(i) **Fixed Assets**

- (a) The Company has maintained fixed assets register showing full particulars including quantitative details and situation of the fixed assets. However the said register is pending updation in order to incorporate full details regarding the situation and description of fixed assets.
- (b) As explained to us, the management at regular intervals has physically verified these assets in a phased manner, the periodicity of which in our opinion is reasonable. We cannot comment about the discrepancies, if any on such verification in view of (i) (a) above.
- (c) The Company has not disposed off any significant part of the fixed assets during the year under review.

(ii) **Inventory**

We were explained that the management has conducted physical verification of inventory at regular intervals during the year under review, the periodicity of which, in our opinion and the procedures of such verification followed by the management are both reasonable and adequate in relation to the size of the Company and the nature of its business. In our opinion, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification of the said inventory upon comparison with the said records.

(iii) **Loans & Advances granted and / or taken**

- (a) During the year under review, the Company has not granted any loans, secured or unsecured, to the parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) (i) During the year, the Company has taken interest-free unsecured loans from a body corporate representing a party covered in the register maintained under Section 301 of the Companies Act, 1956. The details of the same are as follows:

Nature and number of the Parties	Maximum outstanding during the year (Rs. in Lacs)	Closing balance (Rs. in Lacs)
Body corporate (1)	6.77	6.77

The other terms and conditions in respect of the above loans are, in our opinion, not prima-facie prejudicial to the interest of the Company.

- (ii) In respect of the existing interest-free unsecured loan of Rs.190.00 Lacs taken by the Company from a director being a party covered in the register maintained under Section 301 of the Companies Act, 1956 in earlier years and remaining outstanding throughout the year under review, we are of the opinion that the other terms and conditions of the said loan are not prima facie prejudicial to the interests of the Company.

We are not able to comment on (i) overdue principal; (ii) the regularity of the Company in repayment of principal; and (iii) reasonability of the steps taken by the Company towards repayment of the said loan in the absence of a formal loan agreement in respect of the said loans.

(iv) **Internal Controls**

In our opinion, the Company has adequate internal control procedures commensurate with the size and the nature of its business, for the purchase of inventory, fixed assets, for the sale of goods and provision of services. We have not come across any significant weakness in the present internal control system.

(v) **Transactions covered by Section 301 of the Companies Act, 1956**

The Company has entered the transactions that are to be entered with the parties listed in the register maintained under Section 301 of the Companies Act, 1956.

In our opinion, the transactions involving provision of services (each exceeding Rs.5 Lacs) entered into with the parties listed in the register maintained under Section 301 of the Companies Act, 1956 during the year under review were made at prices which are reasonable considering the prevailing market prices at the relevant time, wherever such market prices are available.

(vi) **Public Deposits**

The Company has not accepted any deposits from the public within the purview of the Reserve Bank of India and the provisions of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.

(vii) **Internal Audit**

In our opinion, the Company has an adequate internal audit system at the manufacturing unit, which is commensurate with the size and the nature of its business.

(viii) **Cost Records**

As explained to us, the present Coated Paper products manufactured by the Company do not fall in the category prescribed by the Central Government for maintenance of cost accounts and records under Section 209 (1) (d) of the Companies Act, 1956 during the year under review.

(ix) **Statutory Dues**

(a) As per the records verified by us, the Company is generally regular in depositing the statutory dues including Provident Fund, Sales Tax, Service Tax, Excise Duty, Customs Duty and Investor Education and Protection Fund with the appropriate authorities during the year except the dues outstanding for a period exceeding six months as at March 31, 2009 amounting to Rs. 119/- in respect of TDS on commission. Keeping in view the present circumstances, statutes pertaining to Employee's State Insurance Corporation, Wealth Tax, and Cess are not applicable to the Company during the year under review.

(b) The disputed statutory dues aggregating to Rs. 30.83 Lacs, that have not been deposited on account of disputed matters pending before appropriate authorities are as under :

Sr. No.	Name of the statute	Nature of the Dues	Amount (Rs. in Lacs)	Order In Appeal No./dt.	Forum where dispute is pending
1	Central Excise Act, 1944	Excise Duty and Penalties	19.77*	2004-05	Central Excise and Service tax Appellate Tribunal, Mumbai
2	Central Excise Act, 1944	Excise Duty and Penalties	5.70	2005-06	Central Excise and Service tax Appellate Tribunal, Mumbai
3	Central Excise Act, 1944	Excise Duty and Penalties	5.36	2005-06	Central Excise and Service tax Appellate Tribunal, Mumbai

Note: \* includes Rs. 2.00 Lacs deposited by the Company under protest but charged to revenue.

(x) **Accumulated Losses**

As per the records of the Company, the accumulated losses of the Company have exceeded the entire Net Worth of the Company as at the end of the current financial year. Also, the Company has incurred cash losses of Rs. 62.90 Lacs during the current financial year as well as in the immediately preceding financial year amounting to Rs. 156.06 Lacs.





(xi) **Dues to Financial Institutions / Banks**

From the books of accounts verified by us, the Company is regular in making the payments towards the interest charged by the bank on Cash Credit facility availed by the Company and also in the repayment of the Term Loan as per the terms of such Loans. The Company has not borrowed any amount through Debentures.

(xii) **Loans against pledge of securities**

During the year, the Company has not granted any loans and /or advances on the basis of security by way of pledge of shares, debentures and other securities to any party.

(xiii) **Application of Special Statutes**

The provisions of special statutes applicable to Chit Fund / Nidhi / Mutual Benefit Fund / Societies are not applicable to the Company during the year under review.

(xiv) **Dealing Shares, Securities etc.**

The Company has not dealt with Shares, Securities, etc. during the year under review. In respect of Investments, proper records have been maintained by the Company for the transactions and timely entries have been made therein. The Company holds the investments in its own name.

(xv) **Guarantees given**

The Company has not given any guarantee in respect of loans taken by others from Banks / Financial Institutions the terms of which, in our opinion, are prejudicial to the interest of the Company.

(xvi) **Application of funds raised**

Based on the information and explanations given to us in this regard, the Term Loan taken by the Company during the year from Banks, in our opinion has been applied for the purpose for which it has been obtained.

(xvii) **Short term funds**

Based on our verification of the books of accounts during the year and the overall Cash flows of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.

(xviii) **Preferential allotment of shares**

As per the records verified by us, the Company has not made any preferential allotment of shares to parties and /or to concerns listed in the Register maintained under Section 301 of the Companies Act, 1956.

(xix) **Debentures**

The Company has not issued any debentures since its inception and hence no securities are required to be created in respect thereof.

(xx) **Public Issue**

No money has been raised by the Company by way of public issue during the year under review.

(xxi) **Frauds**

On our verification of the books of accounts and other relevant records and based on the information and explanations given to us, we have not noticed or reported any fraud on or by the Company during the year under review.

For Malpani & Associates  
Chartered Accountants

Shyam Malpani  
Proprietor

Membership No. F - 34171

Place: Mumbai

Date: 1<sup>st</sup> September, 2009

**BALANCE SHEET AS AT 31ST MARCH, 2009**

PARTICULARS	SCHE DULE	AMOUNT (Rs.)	AS AT	AMOUNT (Rs.)	AS AT
			31.03.2009 AMOUNT (Rs.)		31.03.2008 AMOUNT (Rs.)
<b><u>SOURCES OF FUNDS :</u></b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share Capital	A		31,189,000		31,189,000
<b>LOAN FUNDS</b>					
Secured Loans	B		21,327,691		24,437,851
Unsecured Loans	C		44,844,610		44,167,373
			<u>97,361,301</u>		<u>99,794,224</u>
<b><u>APPLICATION OF FUNDS :</u></b>					
<b>FIXED ASSETS</b>					
Gross Block	D	97,433,436		97,425,412	
Less : Depreciation		<u>66,187,952</u>		<u>61,607,953</u>	
Net Block			31,245,484		35,817,459
<b>INVESTMENTS</b>	E		1,000		1,000
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>	F	49,133,104		55,617,537	
<b>Less : Current Liabilities &amp; Provisions</b>	G	<u>51,776,858</u>		<u>49,267,853</u>	
<b>NET CURRENT ASSETS</b>			(2,643,754)		6,349,684
Profit and Loss Account			68,758,572		57,626,081
			<u>97,361,301</u>		<u>99,794,224</u>
Significant Accounting Policies & Notes on Accounts P					
Schedules referred above form an integral part of the Balance Sheet.					

As per our attached report of even date.

For Malpani & Associates  
Chartered Accountants

For and on behalf of the Board

Shyam Malpani  
Proprietor

Pradeep Kumar Sarda  
R.A. Gadiyar  
B.S. Rathi

Chairman  
Director  
Director

Place : Mumbai  
Dated : 1<sup>st</sup> September 2009

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

<b>PARTICULARS</b>	<b>SCHE DULE</b>	<b>FOR THE YEAR ENDED 31.03.2009 AMOUNT (Rs.)</b>	<b>FOR THE YEAR ENDED 31.03.2008 AMOUNT (Rs.)</b>
<b><u>INCOME</u></b>			
Sales & Conversion Charges (Net)	H	143,494,366	74,673,472
Other Income	I	1,114,958	681,203
Increase/(Decrease) in inventories	J	<u>(3,000,596)</u>	<u>(2,082,236)</u>
		<u>141,608,728</u>	<u>73,272,439</u>
<b><u>EXPENDITURE</u></b>			
Raw Materials Consumed	K	115,905,340	63,173,378
Manufacturing Expenses	L	17,420,328	9,912,259
Payments to & Provisions for Employees	M	7,962,157	7,530,113
Operational & Other Expenses	N	4,205,133	4,450,900
Interest & Finance Charges (Net)	O	2,559,667	5,670,882
Depreciation		<u>4,580,000</u>	<u>4,701,705</u>
		<u>152,632,625</u>	<u>95,439,237</u>
<b>NET PROFIT/(LOSS) BEFORE TAX</b>		<b>(11,023,897)</b>	<b>(22,166,798)</b>
Provision for Tax- Fringe Benefit Tax		106,356	125,618
- Current Taxation		<u>0</u>	<u>0</u>
<b>NET PROFIT/(LOSS) AFTER TAX</b>		<b>(11,130,253)</b>	<b>(22,292,416)</b>
Less: Prior period Adjustments (Net)		<u>2,237</u>	<u>133,757</u>
Balance of Profit/(Loss) available for appropriation		<b>(11,132,490)</b>	<b>(22,426,173)</b>
<b>BALANCE BROUGHT FORWARD</b>		<b><u>(57,626,082)</u></b>	<b><u>(35,199,909)</u></b>
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b><u>(68,758,572)</u></b>	<b><u>(57,626,082)</u></b>
Earnings/(Loss) per share (Basic & Diluted) (Refer Note No.II.13 of Schedule P)		<b>(3.57)</b>	<b>(7.20)</b>

Significant Accounting Policies & Notes on Accounts P  
Schedules referred above form an integral part of the Profit and Loss Account.

As per our attached report of even date.

**For Malpani & Associates**  
Chartered Accountants

**Shyam Malpani**  
Proprietor

Place : Mumbai  
Dated : 1<sup>st</sup> September 2009

**For and on behalf of the Board**

**Pradeep Kumar Sarda** Chairman  
**R.A. Gadiyar** Director  
**B.S. Rathi** Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	2008 - 2009		2007 - 2008	
	AMOUNT (Rs.)	AMOUNT (Rs.)	AMOUNT (Rs.)	AMOUNT (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit/(Loss) before Tax		(11,130,253)		(22,292,415)
Adjusted for:				
a) Depreciation	4,580,000		4,701,705	
b) Interest and Finance Charges	3,524,040		6,161,122	
c) Profit on sale of Fixed Assets	-	8,104,039	-	10,862,827
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(3,026,214)		(11,429,588)
a) Trade Receivables	(375,350)		352,553	
b) Inventories	5,579,594		3,941,290	
c) Trade Payable	2,509,006	7,713,250	16,108,945	20,402,788
CASH GENERATED FROM OPERATIONS		4,687,036		8,973,200
Less:				
a) Interest Paid	3,524,040		6,161,122	
b) Direct Taxes Paid/Adjustments	(319,635)	3,204,405	(80,208)	6,080,914
Cash inflow before prior period adjustment		1,482,631		2,892,286
Less: Prior Period Adjustment		2,237		133,757
		1,480,394		2,758,529
NET CASH GENERATED FROM OPERATING ACTIVITIES: (A)		1,480,394		2,758,529
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
a) Purchase of Fixed Assets	(8,024)		(53,407)	
b) Loans & Advances & Deposits	670,221		4,463,502	
c) Sale of Fixed Assets	-	662,197	-	4,410,095
NET CASH USED IN INVESTING ACTIVITIES: (B)		662,197		4,410,095
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
a) Proceeds from Long Term Borrowings(Secured)	(120,173)		(6,030,272)	
b) Proceeds from Short Term Borrowings(Secured)	(2,989,988)		(1,060,671)	
c) Proceeds from Long Term Borrowings(Unsecured)	677,237	(2,432,923)	-	(7,090,943)
NET CASH USED IN FINANCING ACTIVITIES: (C)		(2,432,923)		(7,090,943)
Net Increase/(Decrease) in Cash & Cash Equivalents	(A)+(B)+(C)	(290,335)	(A)+(B)+(C)	77,679
Opening Balance of Cash & Cash Equivalents	1,070,032		992,353	
Closing Balance of Cash & Cash Equivalents	779,697	(290,335)	1,070,032	77,679

For Malpani & Associates  
Chartered Accountants

Shyam Malpani  
Proprietor

Place : Mumbai  
Dated : 1<sup>st</sup> September 2009

For and on behalf of the Board

Pradeep Kumar Sarda  
R.A. Gadiyar  
B.S. Rathi

Chairman  
Director  
Director

## SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2009

PARTICULARS	AS AT 31.03.2009 AMOUNT (Rs.)	AS AT 31.03.2008 AMOUNT (Rs.)
<b><u>SCHEDULE - A</u></b>		
<b><u>SHARE CAPITAL</u></b>		
<b><u>AUTHORISED:</u></b>		
3500000 Equity Shares of Rs. 10/- each	<u>35,000,000</u>	<u>35,000,000</u>
<b><u>ISSUED, SUBSCRIBED &amp; PAID UP:</u></b>		
3120000 Equity Shares of Rs. 10/- each fully paid in Cash	31,200,000	31,200,000
Less : 1100 Shares of Rs. 10/- each forfeited	11,000	11,000
	<u>31,189,000</u>	<u>31,189,000</u>

**SCHEDULE - B****SECURED LOANS**

a) From Banks		
i) Working Capital Term Loan	21,327,691	23,613,457
ii) Working Capital Facilities	0	704,222
b) Vehicle Loan from a Bank	0	120,173
	<u>21,327,691</u>	<u>24,437,851</u>

**NOTE:**

- (1) Working Capital Loan and facilities from State Bank of India, are secured against hypothecation of present and Future Stock of Raw Material, Work-In-Progress, Finished Goods, Stores & Spares, Packing Material, Fuel & Oil, Book-debts and Goods in transit and also by way of a charge on entire Fixed Assets. Also personally guaranteed by a Director of the Company.
- (2) Vehicle loan from Bank is secured by Hypothecation of Vehicle in favour of the Bank.

**SCHEDULE - C****UNSECURED LOANS**

Sales Tax Deferral Loan	25,167,373	25,167,373
From a Director (Interest Free)	19,000,000	19,000,000
From Body Corporate in which Directors are interested	677,237	0
	<u>44,844,610</u>	<u>44,167,373</u>

**SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2009**

PARTICULARS	AS AT	AS AT
	31.03.2009	31.03.2008
	AMOUNT (Rs.)	AMOUNT (Rs.)

**SCHEDULE - D**

**FIXED ASSETS :**

Amount (Rs.)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	AS AT 01/04/2008	ADDITIONS DURING THE YEAR	AS AT 31/03/2009	UP TO 31/03/2008	FOR THE YEAR	UP TO 31/03/2009	AS AT 31/03/2009	AS AT 31/03/2008
LEASEHOLD LAND	2351037	0	2351037	395967	24748	420715	1930322	1955070
FACTORY BUILDING	13240687	0	13240687	6001866	442237	6444103	6796584	7238821
OFFICE PREMISES	3066738	0	3066738	696169	49987	746156	2320582	2370569
PLANT & MACHINERY	70539779	0	70539779	48354311	3724501	52078811	18460968	22185468
FURNITURE & FIXTURES	1250992	0	1250992	807091	79298	886389	364603	443901
AIR-CONDITIONERS	958532	0	958532	273616	45530	319146	639386	684916
TELEPHONE INSTALLATION	80632	5139	85771	25082	8970	34052	51719	55650
COMPUTERS	1691320	2885	1694205	1551725	55292*	1607017	87188	139695
VEHICLES	2920276	0	2920276	2610762	44975	2655737	264539	309514
COMPUTERS SOFTWARES	667720	0	667720	572185	73547	645732	21988	96535
OFFICE EQUIPMENTS	657699	0	657699	319179	30915	350094	307605	338520
<b>TOTAL</b>	<b>97425412</b>	<b>8024</b>	<b>97433436</b>	<b>61607953</b>	<b>4580000</b>	<b>66187952</b>	<b>31245484</b>	<b>35817459</b>
PREVIOUS YEAR	97372005	53407	97425412	56906248	4701705	61607953	35817459	—

\* Depreciation includes Rs. 11305/- pertaining to earlier years.

**SCHEDULE - E**

**INVESTMENTS**

At Cost ( Non Trade)

In Equity Shares (Unquoted)

40 Shares of Rs. 25/- each

of Sinnar Vyapari Sahakari Bank Ltd.

1,000

1,000

1,000

1,000

SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2009

PARTICULARS	AMOUNT (Rs.)	AS AT 31.03.2009 AMOUNT (Rs.)	AS AT AMOUNT (Rs.)	AS AT 31.03.2008 AMOUNT (Rs.)
<b><u>SCHEDULE - F</u></b>				
<b><u>CURRENT ASSETS, LOANS AND ADVANCES</u></b>				
<b>(A) <u>CURRENT ASSETS :</u></b>				
<b>(i) <u>INVENTORIES</u></b>				
(As taken, valued and Certified by the Management)				
Finished Goods	4,201,051		7,132,419	
Work-in-Progress	689,356		710,380	
Wastage & Broke Paper	112,248		160,452	
Raw Material	5,340,264		7,211,113	
Goods in Transit	0		214,693	
Packing Material	141,814		271,085	
Fuel & Oil	62,879		321,978	
Stores & Spares	<u>1,020,243</u>		<u>1,125,328</u>	
		11,567,855		17,147,449
<b>(ii) <u>SUNDRY DEBTORS</u></b>				
(Unsecured considered good, unless otherwise stated)				
(a) Outstanding for a period exceeding six months	1,733,920		1,724,902	
(b) Other Debts	<u>5,904,191</u>		<u>5,537,859</u>	
		7,638,111		7,262,761
<b>(iii) <u>CASH &amp; BANK BALANCES</u></b>				
(a) Cash in hand	109,430		72,681	
(b) Balance with Scheduled Banks				
(i) Current Account	413,867		740,951	
(ii) Margin Money Account	<u>256,400</u>		<u>256,400</u>	
		779,697		1,070,032

## SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2009

PARTICULARS	AMOUNT (Rs.)	AS AT 31.03.2009 AMOUNT (Rs.)	AS AT AMOUNT (Rs.)	AS AT 31.03.2008 AMOUNT (Rs.)
<b>(B) <u>LOANS AND ADVANCES</u></b>				
(Unsecured, Considered Good)				
(i) Advances recoverable in cash or in kind or for value to be received	1,913,352		2,189,473	
(ii) Sales Tax Loan Assignment Receivable	24,425,000		24,425,000	
(iii) Advance to Suppliers	812,900		1,186,999	
(iv) Deposits	733,557		753,557	
(v) Advance Tax (Net of Provision for Taxation )	1,262,631		1,582,266	
		<u>29,147,440</u>		<u>30,137,295</u>
		<u>49,133,103</u>		<u>55,617,537</u>

**SCHEDULE - G****CURRENT LIABILITIES AND PROVISIONS****a) CURRENT LIABILITIES :**

(i) Bills Payable		0		4,303,342
(ii) Sundry Creditors				
For Goods	46,781,339		40,488,921	
For Expenses	1,771,760		321,588	
For Others	3,133,713		3,762,298	
		<u>51,686,812</u>		<u>44,572,807</u>
(iii) Advance from Debtors		90,046		391,703
		<u>51,776,858</u>		<u>49,267,853</u>



SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	FOR THE YEAR ENDED 31.03.2009 AMOUNT (Rs)		FOR THE YEAR ENDED 31.03.2008 AMOUNT (Rs.)
<b>SCHEDULE - H</b>			
<b>SALES</b>			
Coated Paper		149,388,793	81,347,130
Wastage & Broke Paper		5,090,533	2,779,981
		<u>154,479,326</u>	<u>84,127,111</u>
Less: Excise Duty Paid	10,237,345		8,896,600
Sales Returns	<u>942,076</u>	11,179,421	<u>9,453,639</u>
		<u>143,299,904</u>	<u>74,673,472</u>
Conversion Charges (TDS Rs.4408)		194,461	-
		<u>143,494,366</u>	<u>74,673,472</u>
<b>SCHEDULE - I</b>			
<b>OTHER INCOME</b>			
Scrap Sales (TCS Rs.381/-), (Previous Year Rs.649/-)		32,794	52,942
Miscellaneous Receipts (TDS Rs. 11509/- ), (Previous Year Rs.13410/-)		528,000	612,261
Insurance Claim Received		1,603	16,000
Sales Tax Refund Received		<u>552,561</u>	<u>0</u>
		<u>1,114,958</u>	<u>681,203</u>
<b>SCHEDULE - J</b>			
<b>INCREASE/(DECREASE) IN INVENTORIES</b>			
<b>Closing Inventory</b>			
Finished Goods	4,201,051	7,132,419	
Work-in-Progress	689,356	710,380	
Wastage & Broke Paper	<u>112,248</u>	<u>160,452</u>	
		5,002,655	8,003,251
<b>Opening Inventory</b>			
Finished Goods	7,132,419	8,472,791	
Work-in-Progress	710,380	1,556,146	
Wastage & Broke Paper	<u>160,452</u>	<u>56,550</u>	
		8,003,251	10,085,487
		<u>(3,000,596)</u>	<u>(2,082,236)</u>

**SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**

PARTICULARS	FOR THE YEAR ENDED 31.03.2009 AMOUNT (Rs)	FOR THE YEAR ENDED 31.03.2008 AMOUNT (Rs.)
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**SCHEDULE - K**
**RAW MATERIALS CONSUMED**

Opening Stock: Base Paper	4,353,430	5,725,367
Chemicals/China Clay	2,857,683	3,379,419
Goods in Transit	<u>214,693</u>	<u>0</u>
	<b>7,425,806</b>	<b>9,104,786</b>
Less : Excise Duty Included	<u>57,670</u>	<u>25,809</u>
	<b>7,368,136</b>	<b>9,078,977</b>
Add : Purchases (Net of Cenvat)		
Base Paper	94,334,110	51,394,601
Chemicals/China Clay	19,612,306	9,910,913
Goods in Transit (includes Cenvat Rs. Nil)	<u>0</u>	<u>214,693</u>
(Previous year Rs. 15391/-)	<b>113,946,416</b>	<b>61,520,207</b>
	<b>121,314,552</b>	<b>70,599,184</b>
Less : Closing Stock		
Base Paper	1,461,509	4,353,430
Chemicals/China Clay	3,947,703	2,857,683
Goods in Transit (includes Cenvat Rs. Nil)	<u>0</u>	<u>214,693</u>
(Previous year Rs. 15391/-)	<b>5,409,212</b>	<b>7,425,806</b>
* Includes Rs.68948/- (Previous year Rs. 57670/-) towards unutilised amount of Cenvat on closing stock.	<u>115,905,340</u>	<u>63,173,378</u>

**SCHEDULE - L**
**MANUFACTURING EXPENSES**

Power & Fuel	12,884,388	7,582,052
Water Charges	183,499	275,131
Stores & Spares Consumed	1,543,816	712,394
Packing Materials Consumed	1,862,503	914,105
Carriage Inward	19,990	22,873
Finishing & Packing Charges	<u>926,132</u>	<u>405,704</u>
	<b>17,420,328</b>	<b>9,912,259</b>

**SCHEDULE - M**
**PAYMENTS TO AND PROVISIONS FOR EMPLOYEES**

Salaries, Wages and Allowances	7,392,289	7,006,851
Staff & Labour Welfare	<u>569,868</u>	<u>523,263</u>
	<b>7,962,157</b>	<b>7,530,113</b>

**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

<b>PARTICULARS</b>	<b>FOR THE YEAR ENDED 31.03.2009 AMOUNT (Rs.)</b>	<b>FOR THE YEAR ENDED 31.03.2008 AMOUNT (Rs.)</b>
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**SCHEDULE - N****OPERATIONAL AND OTHER EXPENSES**

Discount & Commission Allowed	74,113	82,531
Carriage Outward	237,862	92,130
Godown Charges	9,277	37,215
<b>Repairs &amp; Maintenance</b>		
-Building	181,324	0
-Plant & Machinery	207,401	458,262
-Others	323,779	569,406
	712,504	1,027,668
Rates & Taxes	121,071	35,681
Legal & Professional Fees	501,012	701,749
Advertisement & Sales Promotion	53,887	51,603
Travelling & Conveyance	670,199	486,806
Printing & Stationery	111,306	147,083
Insurance	222,186	339,107
Electricity Charges	221,130	171,210
Postage & Telephone Expenses	398,403	570,852
<b>Auditor's Remuneration</b>		
Audit Fee	44,120	44,944
Tax Audit Fee	5,515	5,618
Director's Sitting Fees	32,000	33,000
Listing Fees	23,203	14,870
Security Charges	426,512	451,933
Octroi Expenses	11,539	0
Miscellaneous Expenses	132,793	157,305
Office Maintenance Expenses	17,170	18,313
Sundry Balances W/off	154,336	(43,714)
Share Transfer Expenses	24,996	24,996
	<u>4,205,133</u>	<u>4,450,900</u>

SCHEDULES FORMING PART OF PROFIT AND LOST ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	FOR THE YEAR ENDED 31.03.2009 AMOUNT (Rs.)		FOR THE YEAR ENDED 31.03.2008 AMOUNT (Rs.)	
<b>SCHEDULE - O</b>				
<b>INTEREST &amp; FINANCE CHARGES</b>				
<b>INTEREST</b>				
-On Car Loan	891		14,064	
-On FCNR Loan	0		337,785	
-On Working Capital Loans	3,471,492		3,484,875	
- On Delayed Payments	<u>0</u>	3,472,383	<u>1,302,777</u>	5,139,501
Bank Charges		23,692		466,305
Bill Discounting Charges		27,965		555,316
Foreign Exchange Fluctuation		0		217,642
<b>Less :</b>				
-Received from Bank (TDS Rs. 3484/-) (Previous Year Rs.1042/-)	39,014		26,543	
-On Security Deposit (TDS Rs.7002/-) (Previous Year Rs.7002/-)	30,900		30,900	
-Others (TDS Rs.102623/-) (Previous Year Rs.41356/-)	<u>894,459</u>	964,373	<u>650,439</u>	707,882
		<u>2,559,867</u>		<u>6,670,882</u>

**Schedules forming part of the financial statements for the year ended 31st March, 2009**  
**SCHEDULE - P**

**Significant Accounting Policies and Notes On Accounts**

**I Significant Accounting Policies**

**1. Basis of Accounting**

The Financial Statements have been prepared on accrual basis, except wherever otherwise stated, under the historical cost convention, in accordance with the accounting principles generally accepted in India and comply with the Accounting Standards as referred to in the Companies (Accounting Standards) Rules 2006 issued by the Central Government in exercise of power conferred under sub-section (i) (a) of Section 642 and the relevant provisions of the Companies Act, 1956. Provision for bonus is accounted on payment basis. Interest received is consistently shown at net of interest paid.

**2. Use of Estimates**

The preparation of financial statements in conformity with the generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

**3. Fixed Assets**

Fixed assets are stated at cost including expenses related to acquisition and installation thereof as reduced by accumulated depreciation.

**4. Depreciation**

- (i) The Company provides depreciation on fixed assets on Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on Plant and Machinery is considered by treating the same as a Continuous Process Plant. Depreciation on Computer Software is provided at 25% per annum.
- (ii) Leasehold Land is amortised over the period of Lease.

**5. Investments**

Investments are of long term nature & are carried at cost.

**6. Inventories**

Inventories are valued as follows:

(i) Finished Goods	:	At the lower of Cost or Net Realisable Value
(ii) Work-in-Progress	:	At the lower of Cost or Net estimated Realisable Value
(iii) Raw Material, to be consumed by the company & not meant for resale	:	At the lower of Cost or Net Realisable Value
(iv) Goods in Transit (Raw Material)	:	At Cost
(v) Packing Material, Fuel, Oil, Stores & Spares (not meant for resale)	:	At Cost
(vi) Wastage & Broke Paper	:	At Net Realisable Value

**7. Foreign Currency Transactions:**

Transactions denominated in foreign currency are recorded at the rate of exchange in force at the time the transactions are effected.

All monetary assets and liabilities denominated in foreign currency are restated at the year end exchange rate. All non-monetary assets and liabilities are stated at the rates prevailing on the date of the transaction.

Gains / Losses arising out of fluctuations in the exchange rates are recognized as income / expense in the period in which they arise.

**8. Retirement Benefits:**

Gratuity and Leave encashment are arrived at on the basis of Actuarial Valuation.

**9. Accounting for Taxes on Income**

Provision for Current Taxation is computed in accordance with the relevant Income Tax Law applicable. Deferred Taxation is calculated as stipulated in Accounting Standard-22 issued by the Institute of Chartered Accountants of India. (Refer Note No. II. 13 of this Schedule)

**10. Revenue Recognition**

Sales are recognized on dispatch of goods to customers and are recorded net of trade discount, rebates and Sales Tax but including Excise Duty.

**11. Impairment of Assets**

The carrying amounts of the Company's assets are reviewed at each Balance Sheet date. If any indication of impairment exists, an impairment loss is recognized to the extent of the excess of the carrying amount over the estimated accountable amount.

**12. Contingent Liabilities and Provisions**

Disputed Liabilities and claims against the Company including claims raised by the various revenue authorities (e.g. Income Tax, Excise etc.), pending in appeal /court for which no reliable estimate can be made of the amount of the obligation or which are remotely poised for crystallization are not provided for in accounts but disclosed in the notes to accounts.

However, present obligation as a result of past event with possibility of outflow of resources, when reliably estimable, is recognized in accounts.

**II. Notes on Accounts:****1. Contingent Liabilities**

Demands of Statutory Authorities not acknowledged as debts and appealed against by the Company in respect of Excise Duty : Rs.30.83 Lacs (Previous Year: Rs.30.83 Lacs)

2. No Provision has been made in respect of certain long outstanding Sundry Debtors and Loans and Advances amounting to Rs. 6.59 Lacs (Previous year Rs. 7.52 Lacs) and Rs. 1.96 Lacs (Previous year Rs. 4.46 Lacs) respectively, since the Company is hopeful of their full recovery.

3. Inventory as at the Balance Sheet date is as taken, valued and certified by a Director.

4. Subsequent to the Balance Sheet date, on 14<sup>th</sup> June 2009, the Company has temporarily suspended its manufacturing operations due to continuous financial losses and adverse market conditions prevalent in the Paper Industry. The Company had since settled the legal dues of the employees. However, the Company is pursuing for a rehabilitation plan which is already in process as per the provisions of the Board for Industrial & Financial Reconstruction (BIFR). Monetary impact due to the above event on the current year's financial statements is Nil.

5. The Company is of the opinion that there was no material impairment in its fixed assets during the year under review within the definition of Accounting Standard – 28, Impairment of Assets issued by the Institute of Chartered Accountants of India. However, in the absence of a valuation being carried out in this regard, any impairment in the Company's assets as at the Balance Sheet date is unascertainable. (Previous Year – Amount unascertained).

6. The balances of Sundry Debtors, Loans and Advances, Current Liabilities and Margin Money Accounts as appearing in the accounts are subject to the confirmation from the respective parties/ banks and consequential reconciliation, if any. However the Company anticipates no significant variations from its book values as on the Balance Sheet date.

7. Excise duty in respect of goods manufactured by the Company is accounted at the time of removal of goods from the factory. The excise duty liability as at 31<sup>st</sup> March 2009 on the finished goods lying in the factory is estimated at Rs. 2.08 Lacs (Previous year Rs.6.02 Lacs). This accounting practice, which is consistently followed every year, however, has no impact on the Loss for the year and/ or on the closing value of finished goods.

8. Further to the last Balance Sheet date, the Company has initiated a process of identifying enterprises which have provided goods and services to the Company and which qualify under the definition of Micro and Small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act, 2006 and circularized the letters for this purpose. However, the Company has not received any significant feedback in this regard till the close of the current year. The Company is of the opinion that the impact of interest, if any, that may be payable in accordance with the provisions of the aforesaid Act is not expected to be material. The same has been relied upon by the Auditors.
9. The Company has obtained an Actuary's valuation report as per the recommendations of the Accounting Standard-15, Employees Benefits, towards Gratuity and Leave Encashment payable to its eligible employees as on 31<sup>st</sup> March 2009. Considering the provision in the Company's books of account as at the close of the year amounting to Rs.15.87 Lacs and Rs.3.16 Lacs which is more than the Actuary's valuation as on the said date amounting to Rs.14.68 Lacs and Rs. 2.80 Lacs respectively, no further provision is considered necessary in this regard.

The defined Gratuity benefit obligation of the Company is unfunded and hence there are no planned assets which are maintained exclusively therefor. Accordingly the said disclosure is not given.

Actuarial valuation assumptions as per the requirements of as per Accounting Standard -15 are as under:

Description	Year ended 31 <sup>st</sup> March 2009	Year ended 31 <sup>st</sup> March 2008
Discount Rate	8%	8%
Salary Growth	5%	5%
Withdrawal Rate	2%	2%
Mortality Rates	LIC (1994-96) ultimate Mortality Rates	LIC (1994-96) ultimate Mortality Rates
Retirement Age	58 years	58 years

10. Loans & Advances include the following balances due from certain bodies corporate in which the directors of the Company are interested as members/ directors:

Amount (in Rs.)

Name of the Body Corporate	Maximum Balance during the year	Closing Balance Current Year	Closing Balance Previous Year
India Food Company Pvt. Ltd.	1094842	1094842	578351
National Tiles & Ind. Pvt. Ltd.	308104	Nil	308104

11. There is no identifiable segment within the meaning of the Accounting Standard-17, "Segment Reporting" issued by the Institute of Chartered Accountants of India since the Company is engaged in a single segment of business (i.e. Manufacture and Sale of Coated Paper). Hence no disclosure as per the said Accounting Standard is required to be given by the Company during the year.
12. Taxation:
- a) No provision towards Current Taxation has been considered in the accounts, keeping in view the losses incurred by the Company during the year.

b) (I) Following is the Deferred Tax position of the Company:

(Rs. in Lacs)

Description	Current Year	Previous Year
<b>Deferred Tax Liabilities</b>		
- Due to Timing Difference in Depreciation	66.56	85.05
<b>Less – Deferred Tax Assets</b>		
- On Accumulated Losses	(241.16)	(281.01)
- On Payments u/s 40 (a) (ia)	-	(0.11)
- On Payments u/s 43B	-	(0.01)
<b>Net Deferred Tax Assets as at the close of the year</b>	<b>174.60</b>	<b>196.08</b>

Tax rate considered for the above purpose is 30.9% (Previous year: 33.99%)

The Net Deferred Tax Assets amounting to Rs. 174.60 Lacs (Previous year - Rs.196.08 Lacs) remain unprovided for in the accounts, thereby affecting the Loss for the year and Provisions by the same extent as mentioned above.

ii) The Company's carried forward losses under the Income Tax Act, 1961, as at the end of current year (Assessment Year 2009-2010) stand at Rs.780.45Lacs (Previous year: Rs. 826.75 Lacs). On the aforesaid amount, the Company has decided to consider Deferred Tax Asset amounting to Rs. 241.16 Lacs (Previous year: Rs. 281.01 Lacs).

13. Computation of Earnings /(Loss) Per Share (Basic and Diluted):

Description	Current Year	Previous Year
Amounts used as numerator (Rs.)	(11,132,490)	(22,426,172)
No. of Equity Shares used as denominator (Nos.)	3,118,900	3,118,900
Nominal value per Equity Share (Rs.)	10	10
Earnings/(Loss) per Share (Basic and Diluted) (Rs.)	(3.57)	(7.20)

14. During the year, the Company has continued its non-compliance with the provisions of Clause 41 of the Listing Agreement in respect of quarterly submission of Limited Review Reports to the concerned Stock Exchanges.

15. Related Party Disclosures

(A) Names of the related parties and nature of relationship which exists:

(i) Associates

- Sumadhu Traders Pvt. Ltd.
- Sumadhu Estate Developers Pvt. Ltd.
- Suvimal Properties Pvt. Ltd.
- India Food Company Pvt. Ltd.
- National Tiles & Industries Pvt. Ltd.

(ii) Subsidiaries: None.

(iii) Key Management Personnel

Shri Pradeep Kumar Sarda – Chairman.

(iv) Relatives of Key Management Personnel - None



## (B) Related Party Transactions:

(Rs. in Lacs)

Nature of Transaction	Associates	Key Mangerial Personnel
Purchase of Raw Material	512.22	Nil
	(132.03)	(Nil)
Sundry Creditors	418.70	Nil
	(284.96)	(Nil)
Advances Recoverable	10.95	Nil
	(5.78)	(Nil)
Interest-free Unsecured Loan taken by the Company	Nil	190.00
	(Nil)	(190.00)
Closing Balance (Cr.)	414.53	190.00
	(395.76)	(190.00)

Note: Related Party relationships are derived by the Company and relied upon by the auditors.

16. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956:

(A) Installed Capacity and Actual Production:

(As certified by the Board of Directors and accepted by the auditors, being a technical matter)

Description	Installed Capacity	Actual Production
Coated Paper	9000 MT (9000 MT)	2897.98 MT (1698.48MT)

(B) Particulars of Sales & Job Work Undertaken:

Description	Quantity (MT)	Value (Rs. In Lacs)
<u>Sales</u>		
Coated Paper	2977.37 (1735.55)	1493.89 (813.47)
Wastage & Broke Paper	371.89 (218.90)	50.91 (27.80)
<u>Job Work</u>		
Conversion Charges	NIL (NIL)	NIL (NIL)

(C) Details of Finished Goods and Work in Progress:

Description	Quantity (MT)	Value (Rs. In Lacs)
<u>(a) Opening Stock</u>		
Coated Paper (Finished Goods)	169.74 (206.81)	71.32 (84.73)
Work in Progress	19.20 (45.59)	7.10 (15.56)
<u>(b) Closing Stock</u>		
Coated Paper (Finished Goods)	92.83 (169.74)	42.01 (71.32)
Work in Progress	17.70 (19.20)	6.89 (7.10)

(D) Consumption of Raw Material

Description	Quantity (MT)	Value (Rs. In Lacs)
100% Indigenous		
(i) Base Paper	2412.99 (1400.34)	973.83 (527.40)
(ii) Chemicals	1082.54 (542.53)	185.22 (104.33)

Note: Previous year information is given in brackets.

**(E) Other Information**

	Current Year Amount (in Rs.)	Previous Year Amount (in Rs.)
(a) Earnings in foreign exchange	Nil	Nil
(b) Remittance in foreign currency	Nil	6174930
(c) Expenditure in foreign currency	Nil	395284
(d) CIF Value of Imports	Nil	Nil
(e) FOB Value of Exports	Nil	Nil

17. Previous year's figures are regrouped /rearranged wherever considered necessary.

18. Information 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.	11-61164
State Code	11 (Maharashtra)
Balance Sheet Date	31.03.2009

**II Capital raised during the year**

Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

**III Position of mobilization and deployment of funds**

	Amount (Rs.000s)
Total Liabilities	97361
Total Assets	97361
<b>(A) Sources of Funds:</b>	
Paid-up capital	31,189
Reserves & Surplus	Nil
Secured Loans	21328
Unsecured Loans	44844
<b>(B) Application of Funds:</b>	
Net Fixed Assets	31245
Investments	1
Net Current Assets	(2643)
Miscellaneous Expenditure	68758

**IV Performance of the Company**

Turnover	141609
Total Expenditure	152635
Profit Before Tax	(11026)
Profit After Tax	(11132)
Earnings per Share (Rs.)	(3.57)
Dividend %	Nil

**V. Generic names of the three principle product / services of the Company (as per monetary terms)**

Item Code No. (ITC Code)	48119002
Product Description	Chromo And Art Paper Coated
Item Code No. (ITC Code)	48119019
Product Description	Coated Black Centre Art Card and Coated / Laminated and Coated / Laminated Satin Art Card Paper

For and on behalf of the Board

Place : Mumbai  
Date: 01<sup>st</sup> September, 2009

Pradeep Kumar Sarada	Chairman
R.A. Gadiyar	Director
B.S. Rath	Director