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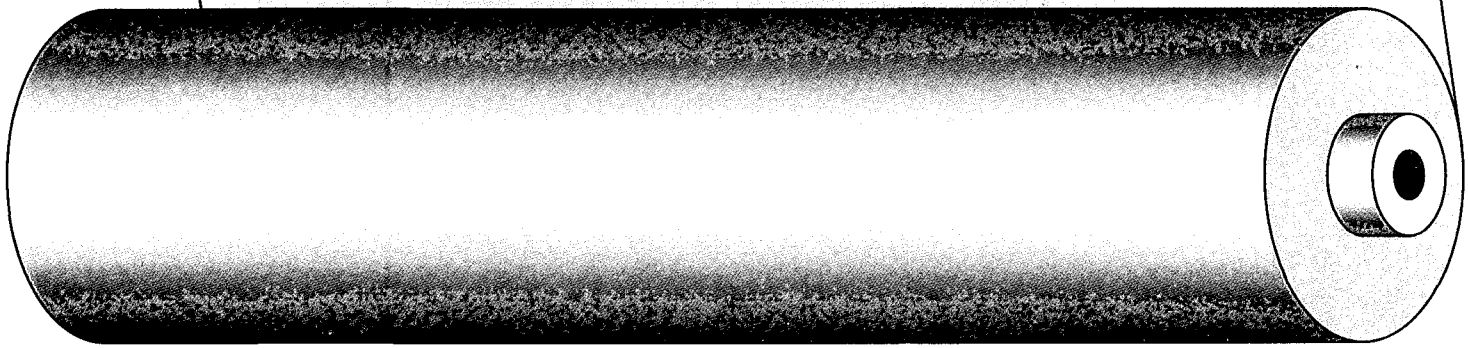
SHREE AJIT PULP AND PAPER LIMITED

# 14th Annual Report

2008-2009

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# SHREE AJIT PULP AND PAPER LIMITED



## BOARD OF DIRECTORS

Shri Gautam D. Shah	Managing Director
Shri Dhansukhlal G. Shah	Director
Shri P. M. Kanyadi	Director - Technical
Shri Piyush R. Shah	Director - Marketing
Shri Nilesh N. Shah	Director
Shri Dhansukh H. Shah	Director
Shri Mitesh M. Mehta	Director
Shri Hemant M. Shah	Director

## REGISTERED OFFICE

Survey No. 239, Near Morai Rly. Crossing, Village Salvav, Via - Vapi-396 191. Gujarat.

### BANKERS

Indian Overseas Bank  
State Bank of India  
HDFC Bank Ltd.  
Bank of Baroda

### SHARE TRANSFER AGENT

LINK INTIME INDIA PVT. LTD.  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W),  
Mumbai - 400 078.

### AUDITORS

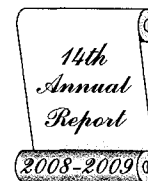
H. P. SHAH ASSOCIATES, Vapi.

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# SHREE AJIT PULP AND PAPER LIMITED



## NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the Members of Shree Ajit Pulp And Paper Limited will be held at the Registered office of the Company at Survey No. 239, Near Morai Railway Crossing, Village Salvav, Via- Vapi – 396 191 on Tuesday, 29<sup>th</sup> September 2009 at 11:00 A.M., to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account of the Company for the year ended 31<sup>st</sup> March 2009, the Auditors' Report thereon and the Directors' Report.
2. To declare a dividend for the year 2008-2009.
3. To appoint a Director in place of Shri Dhansukh H. Shah who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Mitesh M. Mehta who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of the 14th Annual General Meeting till the conclusion of the 15th Annual General Meeting and to fix their remuneration.

M/s. H.P. Shah Associates, Chartered Accountants, Vapi, the retiring Auditors being eligible, have offered themselves for re-appointment.

### SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution: -

"RESOLVED THAT subject to the provisions of Section 198, 309 Schedule XIII and other applicable provisions of the Companies Act, 1956 and subject to such sanctions as may be necessary, the approval of the Company be and is hereby given to the appointment of Shri P. M. Kanyadi as Director Technical of the Company for a period of five years from 1<sup>st</sup> April 2009 made by the Board on 29th June 2009, on the remuneration of Rs. 88500/- per month inclusive of all allowances and perquisites, if any.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to revise the remuneration of Shri P. M. Kanyadi from time to time within the ceiling of Rs. 125000/- per month inclusive of all allowances and perquisites, if any, and subject to the limit prescribed under Schedule XIII.

7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution: -

"RESOLVED THAT subject to the provisions of Section 198, 309 Schedule XIII and other applicable provisions of the Companies Act, 1956 and subject to such sanctions as may be necessary, the approval of the Company be and is hereby given to the appointment of Shri Piyush R. Shah as Director Marketing of the Company for a period of five years from 1<sup>st</sup> April 2009 made by the Board on 29th June 2009, on the remuneration of Rs. 80000/- per month inclusive of all allowances and perquisites, if any.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to revise the remuneration of Shri Piyush R. Shah from time to time within the ceiling of Rs. 25000/- per month inclusive of all allowances and perquisites, if any, and subject to the limit prescribed under Schedule XIII.

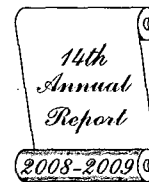
Registered Office:  
Survey No. 239, Near Morai Railway Crossing,  
Village Salvav, Via-Vapi- 396 191.

For and on behalf of the Board of Directors

Date: 29<sup>th</sup> June 2009

Sd/-  
Gautam D. Shah  
Managing Director

# SHREE AJIT PULP AND PAPER LIMITED



## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING MAY APPOINT A PROXY TO ATTEND AND, ON POLL, TO VOTE IN HIS STEAD. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Printed copy of the Balance Sheet, the Directors' Report and the Auditors' Report is sent herewith.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 15/09/2009 to 29/09/2009 (both days inclusive), for the purpose of payment of dividend to those members whose names stand on the Register of Members as on 29-09-2009. The dividend in respect of ordinary shares held in electronic form will be payable to the beneficial owners of the shares as at the end of business hours on 14-09-2009 as per the details furnished by the Depositories for this purpose.
4. The dividend, if any, declared at the Annual General Meeting will be payable on or after 15-10-2009.
5. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, change of address etc to their Depository Participant only and not to the Company's Registrars and Transfer Agents. Changes intimated to the Depository Participant will be automatically reflected in the Company's records, which will help the Company and its Registrars and Transfer Agents to provide efficient and better service to the members.
6. The shares of the Company are included in the list for trading in compulsory demat segment w.e.f. 27<sup>th</sup> February 2001. The Company has entered into agreements with National Securities Depository Limited (NSDL) and with Central Depository Services (India) Limited (CDSL) so as to provide facility to the shareholders for transactions under demat segment.
7. Members, who are holding shares in identical order of names in more than one folio, are requested to write to the Company/Share transfer agent enclosing their certificates to enable the Company to consolidate their holdings in one folio.
8. It will be appreciated if queries if any on Accounts of the Company are sent to the Company ten days in advance of the meeting so that the answers may be made available at the meeting.
9. Members are requested to bring their copies of Annual Report at the meeting.
10. Members are requested to produce the enclosed Admission Slip duly signed, in accordance with specimen signatures registered with the Company for admission to the meeting.

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

### Item 6:

At the meeting held on 29th June, 2009, the Board of Directors of the Company have reappointed Shri Parmeshwar M. Kanyadi as Director-Technical for a period of five years with effect from 01-04-2009 upon the terms and conditions set out in the resolution at item no. 6 of the notice. The appointment and payment of remuneration are approved by the Remuneration committee of the Board and are in accordance with Schedule XIII of the Companies Act, 1956.

Shri Parmeshwar M. Kanyadi has wide experience in running and maintenance of Paper mills. The Directors believe that the appointment will be in the interest of the Company and accordingly, recommend the resolution for approval of members.

No other Director of the Company except Shri P. M. Kanyadi is concerned or interested in this resolution.

### Item 7:

At the meeting held on 29th June, 2009, the Board of Directors of the Company have reappointed Shri Piyush R. Shah as Director- Marketing for a period of five years with effect from 01-04-2009 upon the terms and conditions set out in the resolution at item no. 7 of the notice. The appointment and payment of remuneration are approved by the Remuneration committee of the Board and are in accordance with Schedule XIII of the Companies Act, 1956.

Shri Piyush R. Shah has wide experience in marketing. The Directors believe that the appointment will be in the interest of the Company and accordingly, recommend the resolution for approval of members.

No other Director of the Company except Shri Piyush R. Shah is concerned or interested in this resolution.

Registered Office:  
Survey No. 239, Near Morai Railway Crossing,  
Village Salvav, Via-Vapi- 396 191.

For and on behalf of the Board of Directors

Sd/-  
Gautam D. Shah  
Managing Director

Date: 29<sup>th</sup> June 2009

# SHREE AJIT PULP AND PAPER LIMITED



## DIRECTORS' REPORT

### TO THE MEMBERS:

Your Directors have pleasure in presenting their Fourteenth Annual Report and the Audited Statement of the Accounts, for the year ended on 31<sup>st</sup> March 2009, together with the Auditors' Report thereon.

### Financial Results

	Rs. In Lacs	
	Current Year Ended 31-03-2009	Previous Year Ended 31-03-2008
Gross Sales/ Income from operations (Including Excise Duty and Sales Tax)	6627.35	6554.19
Other Income	22.39	9.83
Total Expenditure	(6085.46)	(5989.20)
Interest	(100.20)	(28.56)
Gross Profit after interest but before depreciation and taxation	464.08	546.26
Depreciation	(112.82)	(88.76)
Provision for Taxation	(1.74)	(107.06)
Deferred Tax Provision	(145.24)	(49.88)
Prior year adjustment	(1.26)	0
Net Profit	203.02	300.56
Balance brought forward from previous year	1232.11	947.51
Amount Available for Appropriation	1435.13	1248.07
Appropriations:		
Proposed Dividend (Including Tax)	15.97	15.96
Balance carried to Balance Sheet	1419.17	1232.11

### Dividend:

Your Directors have pleasure in recommending a modest dividend of 2.5%, i.e. Re. 0.25 per Equity Share on 5459287 Equity Shares of Rs. 10/- each for the year 2008-2009.

### Management Discussion and Analysis:

Attached report on Management Discussion and Analysis, which is forming part of this report, adequately deals with the operations as also current and future outlook of the Company.

### Corporate Governance:

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, a separate report titled Corporate Governance is attached to this Annual Report.

A certificate from the Auditors of the Company concerning Company's compliance of Corporate Governance is annexed to this report.

### Finance:

The Company has drawn from a nationalized bank term loan of Rs. 16.12 crores during the year against sanctioned term loan limit of Rs. 29.60 crores for renovation, modernization and expansion of existing plant and setting up of new plant. The repayment of loan installments due has been regularly done.

### Deposits:

The Company has not accepted deposits under Section 58A of the Companies Act, 1956 during the year under report.

### Statutory Information

i Information under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988: -

Conservation of energy, technology absorption and foreign exchange earning and outgo:

The relevant data in respect of energy consumption etc. are given in the prescribed format as an annexure to this report.

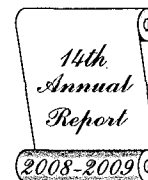
ii Information under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended upto date is NIL.

ii Information under section 217 (2AA) of the Companies Act, 1956 – Directors' Responsibility Statement

The Directors confirm that:

- In the preparation of the Annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures,
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2009 and of the profit of the Company for the year ended on that date,
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities,
- The Directors have prepared the Annual Accounts on a Going Concern basis.

# SHREE AJIT PULP AND PAPER LIMITED



## Directors:

Shri Dhansukh H Shah and Shri Mitesh M Mehta retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Shri. Hemant M. Shah was appointed on the Board of the Company as an additional and Independent Director, at the Board meeting held on 30<sup>th</sup> March 2009. He holds office only upto the next Annual General Meeting. He is not seeking reelection at the ensuing Annual General Meeting and will therefore cease to be a Director at the conclusion of the Annual General Meeting.

Your Directors have reappointed Shri Parmeshwar M. Kanyadi as Director Technical and Shri Piyush R. Shah as Director Marketing for a period of five years with effect from 1<sup>st</sup> April, 2009 and necessary resolutions for approval of appointment and payment of remuneration to them are being placed before the Annual General Meeting for your consideration.

## Auditors:

The notes referred to in the Auditors Report are self-explanatory and do not require further explanation.

M/s. H. P. Shah Associates, Chartered Accountants, Vapi, the Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment for the year 2009-2010. You are requested to appoint them as Auditors of the Company for the year 2009-2010 and to fix their remuneration.

The Company has received Certificate required under the Proviso to Sub-Section (1) of Section 224 of the Companies Act, 1956 from M/s. H.P. Shah Associates certifying that their re-appointment, if made, will be within the limit prescribed under Sub-Section (1-B) of the said Section.

## Cost Auditors:

The Central Government had directed an audit of the Cost Accounts maintained by the Company. M/s Kirit Mehta & Associates, Cost Accountants have been appointed for conducting the Cost Audit of the Company for the financial year ended 31<sup>st</sup> March 2009. The Necessary application has been filed with the Central Government for approval of the same.

## Acknowledgement:

The Board wishes to express its appreciation to the Bankers, Shareholders, Customers, Suppliers and Employees of the Company for their support during the year.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Vapi, 29<sup>th</sup> June 2009

Sd/-  
Gautam D. Shah  
Managing Director

Sd/-  
P. M. Kanyadi  
Director

## ANNEXURE TO DIRECTORS' REPORT

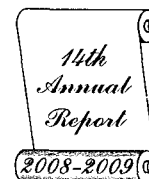
### Form A

#### A. Conservation of Energy

Form for disclosure of particulars with respect to Conversation of energy

	Current Year 2008-09	Previous Year 2007-08
i) Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
Unit (KWH)	8729110	8943860
Total Amount ( Rs.in Lacs)	528.26	467.94
Rate/ Unit (Rs.)	6.05	5.23
(b) Own Generation		
(i) Through diesel generator		
Units (KWH)	NIL	60000
Unit per lit. of diesel oil	NIL	0.98
Total Amount ( Rs.in Lacs)	NIL	9.46
Rate/ Unit (Rs.)	NIL	15.78
(c) TOTAL [ a + b ]		
Unit (KWH)	8729110	9003860
Total Amount ( Rs.in Lacs)	528.26	477.40
Rate/ Unit (Rs.)	6.05	5.30
2. Coal & Lignite (Use in Boiler)		
(a) Quantity (Kgs)	9206256	8789742
Total Amount (Rs. in Lacs)	367.96	323.72
Rate/Unit (Rs.)	4.00	3.68
3. Diesel		
(a) Quantity (Litrs.)	NIL	3362
Total Amount (Rs. in Lacs)	NIL	1.06
Rate/Unit (Rs.)	NIL	31.76
4. Furnace Oil		
(a) Quantity (Litrs.)	NIL	55197
Total Amount (Rs. in Lacs)	NIL	8.40
Rate/Unit (Rs.)	NIL	15.21
5. Other/Internal Generation	NIL	NIL

# SHREE AJIT PULP AND PAPER LIMITED



## II. Consumption per Unit of Production

Product - M. G. Kraft Paper / Unit of Production - MT

1. Electricity KWH	292	271
2. Steam Coal - Kgs	308	264

## B. Technology Absorption

Form 'B'

Form of disclosure of particulars with respect to absorption.

### I. Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company > None at present.
2. Benefits derived as a result of the above R & D > Does not arise.
3. Future plan of action. > None under consideration at present.
4. Expenditure on R & D. > NIL.

### II. Technology absorption, adaptation and innovation:

1. Efforts in brief made towards technology absorption, adaptation and innovation > None.
2. Benefits derived as a result of the above efforts. eg. Product improvement, cost reduction, product development, import substitution etc. > Does not arise.
3. In the case of imported technology (imported during last 5 years reckoned from the beginning of the financial year) following information may be furnished:
  - (a) Technology Imported
  - (b) Year of import
  - (c) Has technology been fully absorbed
  - (d) If not fully absorbed, areas where this has not taken place, reasons thereof and further plans of action > Not applicable as technology has not been imported.

### C. Foreign Exchange earning and outgo:

1. During the year the Company has not done any export business. As and when opportunity for export arises, the Company shall seize the same.
2. Foreign Exchange earned:- (Rs. In Lacs) > Rs. 11.20. Amount received against export business done in the previous year.
3. Foreign Exchange used:
  - a) C.I.F. Value of import of Raw material and components, Capital Goods and Advance against capital goods (Rs. In Lacs) > Rs. 749.64
  - b) Others - For expenses (Rs. In Lacs) > Rs. 3.79

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Vapi, 29<sup>th</sup> June 2009

Sd/-  
Gautam D. Shah  
Managing Director

Sd/-  
P. M. Kanyadi  
Director

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. INDUSTRY STRUCTURE AND DEVELOPMENTS:

The Company manufactures M. G. Kraft Paper from 120 to 220 GSM and 16 to 35 BF. This product is mainly used for making Corrugated Boxes, Duplex Cartons, Corrugated small e-fluet etc. as packaging material.

### 2. AN OVERVIEW:

The overall performance of the Company during the year under report remained depressed in line with general economic conditions which prevailed in the country. The total income of the Company has increased by 1.12 % to Rs. 6627.35 Lacs during the year from Rs. 6554.19 Lacs in the previous year. The Profit before Tax has decreased to Rs.351.26 Lacs from Rs. 457.50 Lacs and the Profit after Tax at Rs. 203.02 Lacs as compared to Rs. 300.56 Lacs of the previous year. The profit before tax has decreased by 23.22% and profit after tax has decreased by 32.45%.

### 3. OVERALL PRODUCTION AND SALES PERFORMANCE:

NAME OF PRODUCT	PRODUCTION (MT)			SALES (MT)		
	2008-09	2007-08	DECREASE %	2008-09	2007-08	DECREASE %
M. G. KRAFT PAPER	29878	33275	10.21	29880	33263	10.18

### 4. CURRENT AND FUTURE OUTLOOK:

The company has been constantly upgrading manufacturing facilities for improving production, quality of products and yields. The Directors expect that there will be reasonable improvement in production, sales turnover and profitability of the Company in the current year.

# SHREE AJIT PULP AND PAPER LIMITED



**5. PLANS FOR EXPANSION AND DIVERSIFICATION:**

The work on second phase of modernization and expansion of the existing unit has been completed and successfully commissioned during the month of March 09. The same has now become fully operational. The construction work on setting up new unit is continuing.

**6. OPPORTUNITIES AND THREATS / RISKS AND CONCERNS:**

The future of the Paper industry in general and M. G. Kraft Paper in particular is linked with the future of world economy. When the economy in general is on the down turn, the demand for Company's products is also likely to fall. On the other hand, when the economy in general is on the up-turn, the demand for the Company's products is likely to increase. The Company is having advantage over most of the other manufacturers as it is professionally managed and its operations are efficient, cost effective and highly competitive.

**7. FINANCIAL ANALYSIS:**

**a) REVENUE:**

During the year under review, the revenue has slightly increased to Rs. 6627.35 Lacs from Rs. 6554.19 lacs in the previous year. The sales in terms of volume decreased by over 10% compare to previous year. The increase in cost of raw materials, services and other expenses could not be fully recovered due to depressed market demand, hence fall in the margin.

**b) DEBT:**

As at 31<sup>st</sup> March, 2009, the Company's total debt including Term Loans and Working Capital Facilities was Rs. 2470.20 lacs as compared to Rs. 957.83 lacs in the previous year. The interest cost has increased to Rs.100.20 lacs during the year under report from Rs. 28.56 lacs during the previous year. The repayment of Term Loan is being done regularly.

**c) NET PROFIT:**

The Net Profit for the year under review was Rs. 203.02 Lacs as compared to Rs. 300.56 Lacs in the previous year. The EPS has decreased to Rs. 3.72 against Rs. 5.51 in the previous year.

**d) INTERNAL CONTROL SYSTEMS:**

The Company has adequate Internal Control System in place. The Internal Audit is conducted by a reputed Firm of Chartered Accountants specializing in Internal Audits, whose report is placed before the Audit Committee periodically. The Audit Committee closely reviews the progress made on the observations which helps strengthen overall financial control. The details of the Audit Committee Meetings are given under the Corporate Governance Section of this report.

**8. INCREASE IN SHAREHOLDER VALUE:**

Your Company makes all efforts to adopt the best systems and methods of doing the business, reduce overheads, improve productivity and establish better customer relations with improved quality and effective distribution network. The Company periodically, evaluates the overall business and tries to shift towards value added products. The Company is making sincere efforts to devise better strategy for growth and improving profitability, thereby enhancing shareholder value in the changing market situation.

**9. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT INCLUDING NO. OF PEOPLE EMPLOYED:**

The Company has a team of 18 competent and highly motivated technical and management staff. It has 42 clerical, computer operating and other staff and 82 workmen handling factory operations. There is continuous communication between all levels of employees. The Employer-Employee relations are harmonious and cordial.

**CORPORATE GOVERNANCE**

**1. BRIEF STATEMENT OF COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

The Company believes in adoption of best Corporate Governance practices. It constantly reviews Corporate Governance practices followed to ensure that they reflect new developments from time to time. It takes feedback into account in its periodic reviews to ensure relevance, effectiveness and responsiveness to the needs of investors and other stakeholders.

**2. COMPOSITION AND CATEGORY OF DIRECTORS, E.G.; EXECUTIVE, NON-EXECUTIVE, INDEPENDENT, AND NOMINEE DIRECTOR ETC.:**

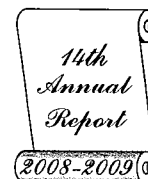
The Board of Directors consists of Eight Directors. The composition and category of Directors is as follows:

SR. NO.	NAME OF THE DIRECTORS	CATEGORY
1	SHRI GAUTAM D. SHAH	MANAGING DIRECTOR / PROMOTER
2	SHRI PIYUSH R. SHAH	MARKETING DIRECTOR / PROMOTER
3	SHRI P. M. KANYADI	TECHNICAL DIRECTOR / PROFESSIONAL
4	SHRI DHANSUKHLAL G. SHAH	NON-EXECUTIVE / PROMOTER
5	SHRI NILESH N. SHAH	NON-EXECUTIVE / INDEPENDENT
6	SHRI DHANSUKH H. SHAH	NON-EXECUTIVE / INDEPENDENT
7	SHRI MITESH M. MEHTA	NON-EXECUTIVE / INDEPENDENT
8	SHRI HEMANT M. SHAH	NON-EXECUTIVE / INDEPENDENT

Shri Dhanshuklal G. Shah Non Executive Promoter Director and Shri Gautam D. Shah, Managing Director are related as Father and Son. No other Director is related inter se.



# SHREE AJIT PULP AND PAPER LIMITED



## Details of Directors seeking reappointment at the Annual General Meeting:

Particulars	Shri Dhansukh H Shah	Shri Mitesh M Mehta
Date of Birth	07-07-1941	06-03-1966
Date of Appointment	01-03-2003	01-03-2003
Qualifications	Advocate	Chartered Accountant
Expertise in specific functional area	Specializing in Excise and Custom Matters	Expertise in the field of finance, accounts and auditing
Directorship held in other Public Companies	Nil	Nil
Membership / Chairmanships of committees of other public Companies (Includes only Audit and Shareholders / Investors Grievance Committee)	Nil	Nil
Number of Shares held in the Company	Nil	Nil

## ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS HELD DURING THE YEAR AND THE LAST AGM:

SR. NO.	NAME OF DIRECTOR	ATTENDANCE PARTICULARS	
		NO. OF BOARD MEETINGS	LAST A.G.M
1	SHRI GAUTAM D. SHAH	7	YES
2	SHRI DHANSUKHLAL G. SHAH	5	YES
3	SHRI PIYUSH R. SHAH	5	NO
4	SHRI P. M. KANYADI	5	YES
5	SHRI NILESH NAVINCHANDRA SHAH	5	NO
6	SHRI DHANSUKH HIRALAL SHAH	6	YES
7	SHRI MITESH MANOHARLAL MEHTA	5	NO
8	SHRI HEMANT M SHAH	1	NO

## NO. OF OTHER BOARD OF DIRECTORS / OTHER COMMITTEES HE IS A MEMBER OR CHAIR PERSON

SR. NO.	NAME OF DIRECTOR	NAME OF COMPANIES IN WHICH DIRECTOR IS A DIRECTOR	NAME OF COMPANIES IN WHICH DIRECTOR IS A COMMITTEE MEMBER
1	SHRI GAUTAM D. SHAH	Ajeet Buildsteel Pvt. Ltd.	— N. A. —
2	SHRI DHANSUKHLAL G. SHAH	Ajeet Buildsteel Pvt. Ltd.	— N. A. —
3	SHRI PIYUSH R. SHAH	— N. A. —	— N. A. —
4	SHRI P. M. KANYADI	— N. A. —	— N. A. —
5	SHRI NILESH N. SHAH	— N. A. —	— N. A. —
6	SHRI DHANSUKH H. SHAH	— N. A. —	— N. A. —
7	SHRI MITESH M. MEHTA	Nincro Inv. & Fin. (P). Ltd. Pristine Financial Consultants (P). Ltd.	— N. A. —
8	SHRI HEMANT M SHAH	Vapi Products Ind. Pvt Ltd Fine Intermediate Pvt Ltd	— N. A. —

## NO. OF BOARD OF DIRECTORS MEETING HELD, DATES ON WHICH HELD

Seven Board Meetings were held during the year as against the minimum requirement of 4 meetings. The dates on which the meetings were held are as follows:

(1)15th April 2008, (2)28th June 2008, (3)26th July 2008, (4)6th October 2008, (5)21st October 2008, (6)31st January 2009, (7)30th March 2009

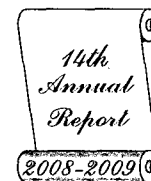
The maximum time gap between any two meetings was not more than 4 calendar months. None of the Directors of the Company was a member of more than 10 committees nor was the Chairman of more than 5 committees across all companies in which he was a Director.

## INFORMATION PLACED BEFORE THE BOARD:

All the relevant and necessary information and details are placed before the Board at its meetings, such as productions, sales, capital expenditure, budgets, actual performance statistics, review of business, any legal proceedings by or against the Company, quarterly financial results, minutes of meetings of audit committee and shareholders grievance committee, staff matters, significant labour and human relation matters and such other information.

The Board also reviews from time to time the legal compliance report presented by the Managing Director.

# SHREE AJIT PULP AND PAPER LIMITED



## CODE OF CONDUCT:

The Board has laid down a code of conduct for all Board members and senior management of the Company. All Board members and senior management personnel have affirmed compliance with the code as on 31<sup>st</sup> March 2009. This report contains a declaration to this effect signed by the Managing Director.

## 3. BOARD COMMITTEES:

The Company has the following Standing Committees of the Board:

### 1. AUDIT COMMITTEE:

The Audit Committee of the company comprises of Three Directors, of which Two are independent directors, namely, Shri Dhansukh H. Shah - Chairman, and Shri Mitesh M. Mehta, member. Shri Gautam D. Shah, Managing Director is the third member of the committee.

The Audit Committee also meets with the requirements of section 292A of the Companies Act, 1956.

The terms of reference stipulated by the Board of Directors to the Audit Committee are as contained in clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956, briefly as follows:

- Oversight of the Company's financial reporting process and the disclosure of its financial information.
- Recommending the appointment of External Auditors and Internal Auditors, fixation of their Fees and approval for payment for any other services.
- Reviewing with management the Quarterly, Half Yearly and Annual Financial Statements before submission to the Board, focusing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on exercise of judgment by management, (iii) qualifications in draft audit report, (iv) significant adjustments arising out of audit, (v) the going concern assumption, (vi) compliance with accounting standards, (vii) compliance with stock exchanges and legal requirements concerning financial statements and (viii) any related party transactions i.e., transactions of the Company of material nature, with promoters or the management, or relatives etc. that may have potential conflict with the interest of the Company.
- Reviewing with the management and external and internal auditors, the adequacy and compliance of internal control systems.
- Reviewing the adequacy of internal audit functions.
- Discussion with internal auditors on any significant findings and follow-up there of.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.

During the year the Audit Committee has met 4 times as against the minimum requirement of 3 meetings. The Statutory Auditors and Internal Auditors were also invited to attend the Audit Committee meetings.

Attendance of each member of Audit Committee meetings held during the year:

SR. NO.	NAME OF MEMBER OF AUDIT COMMITTEE	ATTENDANCE PARTICULARS
1	Shri Dhansukh H. Shah	4
2	Shri Mitesh M. Mehta	4
3	Shri Gautam D. Shah	4

### 2. SHARE HOLDERS' GRIEVANCE COMMITTEE:

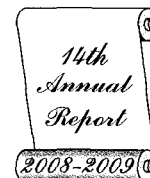
The Shareholders' Grievance Committee comprises of Shri Gautam D. Shah - Chairman, Shri Nilesh N. Shah and Shri Dhansukh H. Shah, Independent Directors.

The Committee looks into redressal of Shareholders' complaints like transfer of shares, non-receipt of annual report etc. The Committee oversees the performance of the Registrar and Share Transfer Agent and recommends measures for overall improvement in the quality of services.

The Board has designated Mr. Mahesh M Mandowara, Finance Manager as the Compliance officer of the Company.

NO. OF COMPLAINTS RECEIVED DURING THE YEAR	NO. OF COMPLAINTS RESOLVED DURING THE YEAR	NO. OF COMPLAINTS OUTSTANDING AT THE END OF THE YEAR
7	7	NIL
NO. OF TRANSFERS RECEIVED DURING THE YEAR (IN PHYSICAL FORM)	NO. OF TRANSFERS ATTENDED DURING THE YEAR	NO. OF TRANSFERS OUTSTANDING AT THE END OF THE YEAR
18	18	NIL
NO. OF DEMAT / REMAT REQUESTS RECEIVED DURING THE YEAR	NO. OF DEMAT / REMAT REQUESTS ATTENDED DURING THE YEAR	NO. OF DEMAT / REMAT REQUESTS OUTSTANDING AT THE END OF THE YEAR
37	37	NIL

# SHREE AJIT PULP AND PAPER LIMITED



#### 4. REMUNERATION COMMITTEE:

The Board has constituted the Remuneration Committee, comprising of three Directors, (1) Chairman Shri Mitesh M. Mehta, Independent Director, (2) Shri Dhansukh H. Shah, member, Independent Director, and (3) Shri Dhansukhlal G. Shah, member, Non Executive Director. The committee recommends remuneration payable to Executive Director, in terms of requirements of schedule XIII of the Companies Act. No remuneration is paid to Non Executive Directors. A statement of remuneration paid to the Executive Directors is given below:

SR.NO.	NAME OF DIRECTOR	SALARY AND PERQUISITES (RS. IN LACS)
1	SHRI GAUTAM D. SHAH -Managing Director	17.21 #
2	SHRI PIYUSH R. SHAH- Director Marketing	0.96
3	SHRI P. M. KANYADI – Technical Director	8.57

# includes provision for gratuity amount

#### 5. ANNUAL GENERAL MEETING:

Location and time for last three Annual General Meetings were as follows:

YEAR	LOCATION	DATE	TIME
2005-2006	At Regd. Office at Survey No. 239, Near Morai Railway Crossing, Village Salvav, Via-Vapi- 396191	29-09-2006	11 A.M.
2006-2007	-do-	29-09-2007	11 A.M.
2007-2008	-do-	29-09-2008	11 A.M.

During the year ended 31<sup>st</sup> March 2009, no resolutions have been passed by the Company's Shareholders through Postal Ballot.

#### 6. DISCLOSURE:

a) DISCLOSURES ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS, I.E.; TRANSACTIONS OF THE COMPANY OF MATERIAL NATURE, WITH ITS PROMOTERS, THE DIRECTORS OR THE MANAGEMENT, THEIR SUBSIDIARIES OR RELATIVES ETC. THAT MAY HAVE POTENTIAL CONFLICT WITH THE INTEREST OF THE COMPANY AT LARGE: - None of the transactions with any of the Related Parties were in conflict with the interest of the company.

b) DETAILS OF NON-COMPLIANCE BY THE COMPANY, PENALTIES, AND STRICTURES IMPOSED ON THE COMPANY BY STOCK EXCHANGES OR SEBI OR ANY STATUTORY AUTHORITY, ON ANY MATTER RELATED TO CAPITAL MARKETS DURING THE LAST THREE YEARS: - None

#### 7. CEO/CFO CERTIFICATION:

The Managing Director who has been designated by the Board as CEO and CFO has certified to the Board Compliance in respect of all matters specified in sub clause V of Clause 49 of the Listing Agreement.

#### 8. MEANS OF COMMUNICATION:

The unaudited quarterly and half yearly results for the periods ended 30<sup>th</sup> June 2008, 30<sup>th</sup> September 2008 and 31<sup>st</sup> December 2008 and audited results for the year ended 31<sup>st</sup> March 2009 were published in Indian Express (English) Baroda Edition, Financial Express (Gujarati) Ahmedabad Edition and Free Press Journal (English) Mumbai Edition.

#### 9. GENERAL SHARE HOLDERS' INFORMATION:

##### a) ANNUAL GENERAL MEETING:

Date and Time - Tuesday, 29<sup>th</sup> September, 2009 at 11.00 A. M.

Venue - At Regd. Office of the Company at: Survey No. 239, Near Morai Railway Crossing, Village Salvav, Via-Vapi-396 191, Dist. Valsad, (Gujarat).

##### b) Financial Calendar (tentative)

Results for the quarter ending June 30, 2009 - Last week of July 2009  
 Results for the quarter / half year ending Sept. 30, 2009 - Last week of October 2009  
 Results for the quarter ending December 31, 2009 - Last week of January 2010  
 Results for the year ending March 31, 2010 - Last week of June 2010  
 Annual General Meeting - Last week of September 2010.

##### c) Book Closure Date:

Tuesday, 15<sup>th</sup> September 2009 to Tuesday, 29<sup>th</sup> September 2009 (Both days inclusive) for Annual General Meeting and payment of dividend.

##### d) Dividend Payment Date - 15-10-2009

##### e) Listing of Equity Shares on Stock Exchanges:

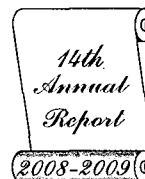
(i) Regional Stock Exchange - Vadodara Stock Exchange Ltd - Vadodara.

(ii) Ahmedabad Stock Exchange Ltd. - Ahmedabad.

(iii) Bombay Stock Exchange Ltd. (BSE Indonext Segment)-Mumbai

Annual Listing Fees for the year 2009-10 have been paid to the concerned Stock Exchanges.

# SHREE AJIT PULP AND PAPER LIMITED



- f) (a) Stock Code - Vadodara Stock Exchange Ltd. - 600252  
 - Ahmedabad Stock Exchange Ltd. - 52657/SHREEAJITP  
 - Bombay Stock Exchange Ltd.(Indonext Segment) - 590058  
 (b) Demat ISIN Nos. - In NSDL and CDSL - INE185C01017

- g) Market Price Data: (in Rupees per share):

**High and Low prices of the Company's Shares on BSE Indonext Segment with corresponding BSE Sensex.**

Months	High		Low	
	Shree Ajit Pulp and Paper Ltd. Price (Rs.)	BSE Sensex	Shree Ajit Pulp and Paper Ltd. Price (Rs.)	BSE Sensex
April 2008	31.15	17480.74	23.90	15297.96
May 2008	30.65	17735.70	23.85	16196.02
June 2008	27.75	16632.72	22.00	13405.54
July 2008	30.05	15130.09	22.35	12514.02
August 2008	27.00	15579.78	22.20	14002.43
Sept. 2008	25.70	15107.01	20.50	12153.55
October 2008	20.00	13203.86	14.30	7697.39
Nov. 2008	15.98	10945.41	14.96	8316.39
Dec. 2008	17.60	10188.54	15.80	8467.43
January 2009	17.45	10469.72	15.15	8631.60
February 2009	20.40	9724.87	17.95	8619.22
March 2009	21.20	10127.09	19.20	8047.17

- h) Registrar and Transfer Agents:

Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W) Mumbai - 400 078

- i) SHARE TRANSFER SYSTEM:

Presently share transfers which are received in physical form are processed and the Share Certificates returned within a period of 21 days from the date of receipt, subject to the documents being valid and complete in all respects.

- j) DISTRIBUTION OF SHARE HOLDING AS ON 31.03.2009:

NO. OF EQUITY SHARES	NO. OF SHARES HELD	% TO TOTAL SHARES	NO. OF SHAREHOLDERS	% TO TOTAL SHAREHOLDERS
1 TO 500	538880	9.3692	1227	74.8171
501 TO 1000	222110	3.8617	259	15.7927
1001 TO 5000	257954	4.4849	110	6.7073
5001 TO 10000	80031	1.3915	11	0.6707
10001 AND ABOVE	4652625	80.8927	33	2.0122
TOTAL	5751600	100.00	1640	100.00

SR. NO.	CATEGORY	NO. OF SHARE HOLDERS	NO. OF SHARES HELD	% TO TOTAL SHARES
1	PROMOTERS	16	3164100	55.0125
2	PUBLIC FINANCIAL INSTITUTIONS	0	0	0.0000
3	BODIES CORPORATE	24	30280	0.5264
4	CLEARING MEMBER/MARKET MAKER	1	300	0.0052
5	NRI	2	4500	0.0782
6	RESIDENT INDIVIDUALS	1597	2552420	44.3776
	TOTAL	1640	5751600	100.0000

- k) Dematerialization of Shares:

As on 31<sup>st</sup> March, 2009, 455 Shareholders were holding 1369200 Equity Shares in Demat form, which constitutes 23.81% of the total share capital of the Company.

Liquidity: The Company's shares are now regularly traded on the Indonext Segment of the Bombay Stock Exchange Ltd.

- l) Plant Location: Survey No. 239, Village Salvav, Survey No. 105P, 106, 107 & 108P, Village Morai, Near Morai Rly. Crossing, Via-Vapi - 396191

- m) Address for correspondence:

For transfer / dematerialization of shares:

For shares held in physical form:

Link Intime India Pvt. Ltd. C-13 Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai -400 078.

For shares held in demat form

To the Depository Participants

For any query on Annual Report/ Payment of Dividend etc.

To the Secretarial Dept.

Shree Ajit Pulp And Paper Limited, Survey No. 239, Near Morai Railway Crossing, Village Salvav, Via- Vapi -396191.

- n) Buy-back of shares: The Company has not proposed buy-back of shares during the year.

# SHREE AJIT PULP AND PAPER LIMITED



## DECLARATION ON CODE OF CONDUCT

As required by clause 49 (1) (D) of the Listing Agreement, it is hereby affirmed that all the Board Members and Senior Management Personnel have complied with Code of Conduct as on 31<sup>st</sup> March 2009.

Sd/-  
Gautam D. Shah  
Managing Director

Place : Vapi  
Date : 29<sup>th</sup> June, 2009

## Auditors' Certificate on Corporate Governance

To,  
The Members,  
Shree Ajit Pulp And Paper Limited.

We have examined the compliance of conditions of Corporate Governance by Shree Ajit Pulp And Paper Limited; for the year ended on 31<sup>st</sup> March 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the 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, and based on the representations made by the Directors and the Management, 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 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 H. P. Shah Associates

Sd/-  
H.P. Shah  
Proprietor  
Chartered Accountants  
Membership No. 39093

Place : Vapi  
Date : 29<sup>th</sup> June, 2009

# SHREE AJIT PULP AND PAPER LIMITED



## AUDITOR'S REPORT

To,  
The Members of  
Shree Ajit Pulp And Paper Limited.

We have audited the attached Balance Sheet of **Shree Ajit Pulp And Paper Limited** as at **31<sup>st</sup> March 2009** and the Profit and Loss Account for the year ended on that date annexed thereto and also the cash flow statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to 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 purpose of our audit.
- b) In our opinion, proper books of accounts as required by law, have been kept by the company, so far as it appears from examination of such books.
- c) The Balance Sheet and the Profit & Loss Account referred to in this report are in agreement with the books of accounts.
- d) In our opinion the Balance sheet and Profit & Loss Account, and cash flow statement dealt with by this report comply with the mandatory Accounting Standards as referred to in sub section (3C) of section 211 of the Companies Act, 1956, to the extent applicable.
- e) On the basis of written representations received from the directors, as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 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 explanation given to us, the said Balance Sheet and the Profit & Loss Account read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
  - i. In so far as it relates to the Balance sheet, of the state of affairs of the Company as at 31st March, 2009,
  - ii. In so far as it relates to the Profit and Loss Account, the Profit of the Company for the year ended on that date, and
  - iii. In the case of Cash Flow Statement of the cash flow of the company for the year ended on that date.

For H. P. Shah Associates

Sd/-

H.P. Shah

Proprietor

Chartered Accountants

Membership No. 39093

Place: Vapi

Date: 29<sup>th</sup> June, 2009

# SHREE AJIT PULP AND PAPER LIMITED



## ANNEXURE

(i) **FIXED ASSETS:**

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased manner, which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed of any substantial/major part of fixed assets, and going concern status of the company is not affected.

(ii) **INVENTORIES:**

- (a) As explained to us inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company has maintained proper records of inventory. As explained to us there were no material discrepancies noticed on physical verification of inventory as compared to the book records and the same have been properly dealt with in the books of account.

(iii) **LOANS:**

- (a) The Company has not granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956.
- (b) As the company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956 the Clause (iii)(b), (iii)(c) and (iii)(d) are not applicable.

(iv) **INTERNAL CONTROL PROCEDURES:**

In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.

(v) **TRANSACTION WITH RELATED PARTY:**

- (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the Register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 and exceeding the value of five lakh rupees in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) **PUBLIC DEPOSITS:**

The company has not accepted any deposits from the public.

(vii) **INTERNAL AUDIT SYSTEM:**

In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of the business. Internal Audit is being conducted by a firm of Chartered Accountants.

(viii) **COST RECORDS:**

The Central Government had prescribed maintenance of the cost records under Section 209(1)(d) of the Companies Act, 1956 in respect to the company's product. We have broadly reviewed the books of account and records maintained by the company in this connection and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

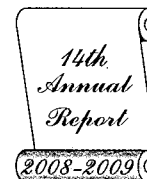
(ix) **STATUTORY DUES:**

- (a) According to the information and explanations given to us and the records examined by us, 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, customs duty, excise-duty, cess and other material statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31<sup>st</sup> March 2009 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, no dues of sales tax, income-tax, customs, wealth-tax, excise duty, cess Service tax which have not been deposited on account of disputes.

(x) **ACCUMULATED LOSSES:**

The company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

# SHREE AJIT PULP AND PAPER LIMITED



(xi) **REPAYMENT OF DUES OF FINANCIAL INSTITUTIONS:**

Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to the financial institution or bank.

(xii) **LOANS & ADVANCES AGAINST SHARES, DEBENTURES AND OTHER SECURITIES:**

Based on our examination of the records and according to the information and explanations given to us, 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.

(xiii) **CHIT FUND COMPANY OR NIDHI/MUTUAL BENEFIT FUND/SOCIETY:**

In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/society; therefore clause (xiii) of the Order is not applicable to the Company.

(xiv) **MAINTENANCE OF RECORDS FOR DEALING/TRADING IN SHARES, SECURITIES, DEBENTURES & OTHER INVESTMENTS:**

The Company is not dealing or trading in shares, securities, debenture or other investments hence the Clause (xiv) of the Order is not applicable to the Company.

(xv) **GUARANTEE:**

According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.

(xvi) **UTILIZATION OF TERM LOAN FUND:**

The company has raised new term loan during the year which has been utilised for the purpose for which it is raised, the term loan outstanding at the beginning of the year were applied / utilized for the purpose for which they were raised.

(xvii) **MISMATCH BETWEEN SHORT TERM/LONG TERM FUNDS:**

According to the information and explanation given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment by the Company.

(xviii) **PREFERENTIAL ALLOTMENT OF SHARES:**

The Company has not made any preferential allotment of shares during the year.

(xix) **CREATION OF SECURITIES FOR ISSUE OF DEBENTURE:**

During the year covered by our audit report, the company has not issued any debentures.

(xx) **END USE OF MONEY RAISED BY PUBLIC ISSUE:**

The Company has not raised any money by way of public issues during the year.

(xxi) **FRAUD ON OR BY THE COMPANY:**

In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during this year, that causes the financial statement to be materially misstated.

For H. P. Shah Associates

Sd/  
H.P. Shah  
Proprietor

Chartered Accountants  
Membership No. 39093

Place: Vapi  
Date: 29<sup>th</sup> June, 2009



# SHREE AJIT PULP AND PAPER LIMITED



## BALANCE SHEET AS AT 31ST MARCH, 2009

	SCHEDULE	As At 31st March, 2009		As At
		Rs.	Rs.	31st March, 2008 Rs.
<b>SOURCES OF FUNDS</b>				
<b>I Share Holders' Funds</b>				
Share Capital	1	54,592,871		54,561,655
Reserves and Surplus	2	141,916,712		123,211,320
			<b>196,509,583</b>	<b>177,772,975</b>
<b>II Loan Funds</b>				
Secured Loans	3	247,019,848	247,019,848	95,783,346
<b>III Deferred Tax Liability ( See Note No. 7 )</b>			<b>38,347,579</b>	<b>23,823,510</b>
<b>TOTAL</b>			<b>481,877,010</b>	<b>297,379,831</b>
<b>APPLICATION OF FUNDS</b>				
<b>IV Fixed Assets</b>				
Gross Block	4	446,237,262		220,753,707
Less : Depreciation		68,399,167		57,265,548
Net Block		377,838,095		163,488,159
Add: Capital Work in Progress		14,449,821		35,142,876
			<b>392,287,916</b>	<b>198,631,035</b>
<b>V Investments</b>	5		<b>124,479</b>	<b>122,886</b>
<b>VI Current Assets Loans and Advances</b>				
Inventories	6	82,163,879		88,912,701
Sundry Debtors	7	17,055,291		32,821,824
Cash and Bank Balances	8	2,499,485		14,549,697
Loans and Advances	9	68,406,933		53,559,778
		170,125,587		189,843,999
Less: Current Liabilities and Provisions	10	80,660,972		91,218,089
<b>Net Current Assets</b>			<b>89,464,615</b>	<b>98,625,910</b>
<b>TOTAL</b>			<b>481,877,010</b>	<b>297,379,831</b>
<b>VII Significant Accounting Policies</b>	16			
<b>VIII Notes on Accounts</b>	17			

AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

FOR H.P.SHAH ASSOCIATES

H. P. SHAH  
PROPRIETOR  
CHARTERED ACCOUNTANTS  
Membership No. 39093

MANAGING DIRECTOR  
DIRECTOR

G. D. SHAH  
P. M. KANYADI

VAPI, 29TH JUNE 2009

VAPI, 29TH JUNE 2009

# SHREE AJIT PULP AND PAPER LIMITED



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

	SCHEDULE	2008-2009 Rs.	2007-2008 Rs.
<b>I Income</b>			
Gross Sales		662,735,373	655,418,553
Less : Excise Duty		46,679,353	69,528,642
Discount		5,887,140	2,646,286
Net Sales		610,168,880	583,243,625
Other Income	11	2,239,228	983,247
<b>TOTAL</b>		<b>612,408,108</b>	<b>584,226,872</b>
<b>II Expenditure</b>			
Raw Materials Consumed & Inventory Adjustment	12	389,274,058	359,042,965
Expenditure on Employees	13	18,365,880	15,966,166
Manufacturing and Other Expenses	14	148,339,789	151,734,837
Interest	15	10,020,346	2,856,452
Depreciation		11,282,058	8,876,149
<b>TOTAL</b>		<b>577,282,131</b>	<b>538,476,569</b>
<b>III Profit For The Year Before Tax</b>		<b>35,125,977</b>	<b>45,750,303</b>
Less : Provision for Taxation - Current Year		3,985,982	11,000,000
Mat Credit Entitlement		-3,979,773	0
Prior year adjustment		125,500	-458,973
Deferred Tax		14,524,069	4,987,779
Provision for FBT		168,034	165,322
<b>IV Profit For The Year After Tax</b>		<b>20,302,165</b>	<b>30,056,175</b>
Balance Brought Forward		123,211,323	94,751,009
<b>V Amount Available For Appropriation</b>		<b>143,513,488</b>	<b>124,807,183</b>
<b>VI Appropriations:</b>			
Proposed Dividend		1,364,822	1,364,041
Tax on Proposed Dividend		231,951	231,819
Balance Carried to Balance Sheet		141,916,715	123,211,323
		143,513,488	124,807,183
<b>VII Significant Accounting Policies</b>	16		
<b>VIII Notes on Accounts</b>	17		

AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

FOR H.P.SHAH ASSOCIATES

H. P. SHAH  
PROPRIETOR  
CHARTERED ACCOUNTANTS  
Membership No. 39093

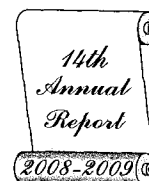
MANAGING DIRECTOR  
DIRECTOR

G. D. SHAH  
P. M. KANYADI

VAPI, 29TH JUNE 2009

VAPI, 29TH JUNE 2009

# SHREE AJIT PULP AND PAPER LIMITED



## SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS	As At 31-03-2009 Rs.	As At 31-03-2008 Rs.
-------------	----------------------------	----------------------------

### SHARE CAPITAL

### SCHEDULE - 1

<b>AUTHORISED</b> 65,00,000 (65,00,000) Equity Shares of Rs. 10/-each.	65000000	65000000
	65000000	65000000
<b>ISSUED SUBSCRIBED &amp; PAID UP</b> 57,51,600 (57,51,600) Equity Shares of Rs. 10/- each fully Paid up Less : Calls - In - Arrears	57516000 2923129	57516000 2954345
<b>TOTAL</b>	<b>54592871</b>	<b>54561655</b>

### RESERVES AND SURPLUS

### SCHEDULE - 2

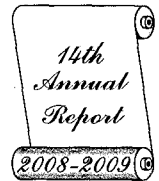
Profit and Loss Account	141916712	123211320
<b>TOTAL</b>	<b>141916712</b>	<b>123211320</b>

### SECURED LOANS

### SCHEDULE - 3

<b>TERM LOANS</b>		
From Nationalised Banks	209315540	53426934
Secured by Hypothecation of stocks, book debts, furniture, fixture & fitting, office equipment and Plant and Machinery and equitable mortgage of immovable properties and personal guarantee of Shri G. D. Shah, Director of the Company. Instalments repayable before 31-03-10 Rs. 35200000/-, previous year Rs. 5200000/-		
<b>WORKING CAPITAL FACILITY</b>		
From Nationalised Bank	37704308	42356412
Secured by Hypothecation of stocks, book debts, furniture, fixture & fitting, office equipment and Plant and Machinery and equitable mortgage of immovable properties and personal guarantee of Shri G. D. Shah, Director of the Company.		
<b>TOTAL</b>	<b>247019848</b>	<b>95783346</b>

# SHREE AJIT PULP AND PAPER LIMITED



## SCHEDULES FORMING PART OF BALANCE SHEET

### FIXED ASSETS

### SCHEDULE - 4

Description	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As At 01-04-08	Addition	Deduction	As At 31-03-09	As On 01-04-08	For the Year	Deduction	up to 31-03-09	As At 31-03-09	As At 31-03-08
Land - Free hold	5916072	2585562	0	8501634	0	0	0	0	8501634	5916072
Building	35133499	24094653	0	59228152	7251637	1190291	0	8441928	50786224	27881862
Plant & Machinery	152576689	187066320	123079	339519930	42954150	8459855	123079	51290925	288229005	109622539
Furniture & Fixtures	1197063	114353	0	1311416	607940	76931	0	684871	626545	589123
Vehicles	4559285	0	0	4559285	1398005	439414	0	1837419	2721866	3161280
Electrical Installations	17555786	11347397	0	28903183	2743654	858926	0	3602579	25300604	14812132
Office Equipment	3815313	398349	0	4213662	2161724	379721	0	2541445	1672217	1653589
<b>TOTAL</b>	<b>220753707</b>	<b>225606634</b>	<b>123079</b>	<b>446237262</b>	<b>57117109</b>	<b>11405137</b>	<b>123079</b>	<b>68399167</b>	<b>377838095</b>	<b>163636598</b>
PREVIOUS YEAR	161285536	66540981	7072807	220753707	50979081	8876149	2589682	57265548	163488159	110306455
Add: Capital Work in Progress									14449821	

PARTICULARS	As At 31-03-2009	As At 31-03-2008
	Rs.	Rs.

### INVESTMENTS (LONG TERM) - OTHER THAN TRADE

### SCHEDULE - 5

<b>Quoted - Fully Paid-up</b>		
2300 ( 2300 ) Equity Shares of Gujarat State Financial Corporation of Rs. 10/- each at a premium of Rs. 10/- per share, fully paid up. ( Market Value - Rs. 6624/- )	<b>52386</b>	52386
400 (400) Equity Shares of Punjab National Bank of Rs. 10 each, at a premium of Rs. 21 per share, fully paid up (Market Value Rs: 164360/-)	<b>12400</b>	12400
<b>Unquoted - Fully Paid-up</b>		
501 (501) Shares of Sardar Bhiladwala Pardi Peoples; Co.Op.Bank Ltd. of Rs. 100/- (Rs.100/-) each fully paid up .	<b>50100</b>	50100
1 (One) Share of Shri Damanganga Sahakari Khand Udyog Mandal Limited of Rs. 2000/-, fully paid up	<b>2000</b>	2000
National Saving Certificate (Given to District Collector for Solvent Licence)	<b>7593</b>	6000
<b>TOTAL</b>	<b>124479</b>	122886

# SHREE AJIT PULP AND PAPER LIMITED



## SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS	As At	As At
	31-03-2009	31-03-2008
	Rs.	Rs.

### INVENTORIES

### SCHEDULE - 6

(As Certified and valued by Management)		
Raw Material	66363662	74806903
Finished Goods	4067568	4807924
Work in Progress	108660	80075
Fuel	472032	733327
Stock in Transit (Imported Waste)	4687312	2632284
Consumable Stores	6355897	5739389
Packing Material Stock	108748	112799
<b>TOTAL</b>	<b>82163879</b>	<b>88912701</b>

### SUNDRY DEBTORS

### SCHEDULE - 7

#### (UNSECURED, CONSIDERED GOOD)

Debts Outstanding for a period exceeding six months	600244	575049
Other Debts	16455047	32246775
<b>TOTAL</b>	<b>17055291</b>	<b>32821824</b>

### CASH AND BANK BALANCES

### SCHEDULE - 8

a) Cash on Hand	77461	44046
b) Bank Balances In Current Account with Schedule Banks	2422024	14505651
<b>TOTAL</b>	<b>2499485</b>	<b>14549697</b>

### LOANS AND ADVANCES

### SCHEDULE - 9

#### (UNSECURED, CONSIDERED GOOD)

a) Advances recoverable in Cash or in Kind or for the value to be received	20893321	14022455
b) Deposits	29695281	34609016
c) Balance with Central Excise	17818331	4928306
<b>TOTAL</b>	<b>68406933</b>	<b>53559778</b>

# SHREE AJIT PULP AND PAPER LIMITED



## SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS	As At 31-03-2009 Rs.	As At 31-03-2008 Rs.
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>SCHEDULE - 10</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors {See note No. 5 of Schedule 17 (Note on Accounts)}	<b>72498718</b>	81199365
Other Liabilities	<b>6347928</b>	5297723
<b>TOTAL (a)</b>	<b>78846646</b>	86497089
<b>PROVISIONS</b>		
Provision for Gratuity	<b>2379296</b>	1828218
Provision for Leave-Encashment	<b>1676159</b>	1271490
Provision for Bonus A/c	<b>364483</b>	334571
Provision for Taxation - Net of payment of Advance Tax and TDS	<b>(110945)</b>	(189438)
Mat Credit Entitlement-Tax	<b>(3979773)</b>	0
Proposed Dividend	<b>1364822</b>	1364041
Provision for tax on Proposed Dividend	<b>231951</b>	231819
Provision for FBT - Net of Advance payment	<b>(111667)</b>	(119701)
<b>TOTAL (b)</b>	<b>1814326</b>	4721000
<b>TOTAL (a + b)</b>	<b>80660972</b>	91218089

# SHREE AJIT PULP AND PAPER LIMITED



## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

PARTICULARS	2008-2009 Rs.	2007-2008 Rs.
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### OTHER INCOME AND RECEIPTS

### SCHEDULE - 11

Interest from Bank and Others	2152878	967857
Miscellaneous Income	86350	15390
<b>TOTAL</b>	<b>2239228</b>	<b>983247</b>

### RAW MATERIALS CONSUMED AND INVENTORY ADJUSTMENT

### SCHEDULE - 12

<b>RAW MATERIALS CONSUMED</b>		
Opening Stock	77439187	50786200
Add : Purchases	382379434	386379687
Less : Closing Stock	71050974	77439187
<b>TOTAL</b>	<b>388767647</b>	<b>359726700</b>
<b>INCREASE/(DECREASE) IN STOCK</b>		
Stock In Trade -Opening		
Finished Goods	4807924	4076898
Work In Progress	80075	70936
<b>TOTAL</b>	<b>4887999</b>	<b>4147834</b>
Less : Stock In Trade -Closing		
Finished Goods	(4067568)	(4807924)
Work In Progress	(108660)	(80075)
<b>TOTAL</b>	<b>711771</b>	<b>(740165)</b>
<b>RAW MATERIALS CONSUMED</b>	<b>389479418</b>	<b>358986535</b>
<b>EXCISE DUTY ON FINISHED STOCK</b>		
Opening Stock	371137	314707
Closing Stock	165777	371137
<b>TOTAL</b>	<b>(205360)</b>	<b>56430</b>
<b>TOTAL</b>	<b>389274058</b>	<b>359042965</b>

### EXPENDITURE ON EMPLOYEES

### SCHEDULE - 13

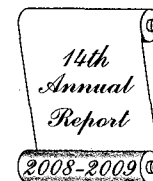
Salaries & Wages	16712451	14424474
Staff Welfare	718651	548293
Provident Fund and E.S.I.C.	934778	993399
<b>TOTAL</b>	<b>18365880</b>	<b>15966166</b>

### MANUFACTURING AND OTHER EXPENSES

### SCHEDULE - 14

<b>MANUFACTURING EXPENSES</b>		
Fuel Consumed	88134340	80112502
Packing Material Consumed	4625402	5286799
Other Manufacturing Expenses	4891628	4155166
Unloading Charges	5729150	5386404
Insurance Charges	1705404	1658635
Consumables Stores & Spare Parts Consumed		
Indigenous	6131837	7215941
Imported	929551	501335
Repairs and Maintenance		
Plant & Machinery	904959	1389478
Building	665555	168350
<b>TOTAL</b>	<b>113717826</b>	<b>105874610</b>

# SHREE AJIT PULP AND PAPER LIMITED



## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

PARTICULARS	2008-2009 Rs.	2007-2008 Rs.
<b>ADMINISTRATIVE EXPENSES</b>		
Advertisement Expenses	158631	253072
Bank Charges	606158	741699
Conveyance Expenses	3036	22912
Consultancy Fees	569500	1095000
Directors' Remuneration	2379711	2519153
House Rent Expenses	522400	224700
Rates and Taxes	143882	223918
Miscellaneous Expenses	1351948	5809163
Loss on Sale of Vehicle	0	233769
Printing & Stationery	324979	347768
Internal Audit Fees	225000	225000
Audit Fees	82500	75000
Legal Expenses	0	216000
Professional Charges	486417	521669
Repairs and Maintenance (Others)	1856233	1589077
Security Charges	1506198	1137308
Vehicle Expenses	833643	826105
Telephone Charges	554323	680789
Loss on Disposed of Machinery	0	2300731
Excise Duty Expenses	0	118948
Travelling Expenses	387759	454583
	<b>11992318</b>	<b>19616363</b>
<b>SELLING AND DISTRIBUTION EXPENSES</b>		
Selling Expenses	2358658	1788424
Sales Tax	17409356	20184770
Commission on Sale	2861631	4270670
	<b>22629645</b>	<b>26243864</b>
<b>TOTAL</b>	<b>148339789</b>	<b>151734837</b>

### FINANCIAL EXPENSES

### SCHEDULE - 15

Interest on Working Capital	5161395	2028845
Interest on Term loans	4858951	823143
Interest on Car Loan	0	4464
<b>TOTAL</b>	<b>10020346</b>	<b>2856452</b>



# SHREE AJIT PULP AND PAPER LIMITED



## SCHEDULE - 16 : SIGNIFICANT ACCOUNTING POLICIES

### SIGNIFICANT ACCOUNTING POLICIES :

**(a) Basis of Accounting**

The Financial Statements have been prepared under historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956, as adopted consistently by the Company. The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

**(b) Fixed Assets**

Fixed Assets are stated at cost, net off CENVAT, less accumulated depreciation. All costs, including financing costs till commencement of commercial production are capitalized.

**(c) Provision, Contingent Liabilities and Contingent Assets**

Provisions are recognized for liabilities that can be measured only by using substantial degree of estimation, if

- The company has a present obligation as a result of past event.
- The probable outflow of resources is expected to settle the obligation, and
- The amount of the obligation can be reliably estimated

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of ;

- A present obligation arising from a past event, when it is not probable that an outflow of resource will be required to settle the obligation.
- A possible obligation, unless the probability of outflow of resource is remote.

Contingent Assets are neither recognized nor disclosed.

Provision, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

**(d) Impairment of Assets**

Impairment is recognized to the extent that the recoverable amount of an asset is less than its carrying amount and is charged to the Profit and Loss account as prescribed by The Institute of Chartered Accountants of India in Accounting Standard 28 "Impairment of Assets". The impairment loss recognized in prior accounting period is reversed, if there has been a change in the estimate of recoverable amount.

**(e) Depreciation**

Depreciation on Fixed Assets is provided on the Straight Line Method at the rates and in manner prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on additions to assets during the year is provided on pro-rata basis.

**(f) Investments**

Investments are stated at cost. Provision is made to recognize diminution, other than temporary, in carrying amount of long term investments.

**(g) Inventories**

Finished and Semi-Finished stock is valued at the lower of cost or net realisable value. The cost of finished goods is determined on consistent basis, accepting the average direct and indirect expenses related to the production during the year. Raw materials, goods in transit and stores & spares are valued at landed cost or net realizable value which ever is less. The cost is determined on FIFO basis.

**(h) Sales**

Sales represent the amount receivables for goods sold including the value of Excise Duty, Sales Tax and Transit Insurance Charges wherever applicable.

**(i) Foreign Currency Transactions**

Transaction in Foreign Currency are recorded at the exchange rate prevailing on the date of transaction. At the year-end, monetary items denominated in foreign currency are reported using the rate of exchange prevailing on the last day of year. Exchange difference arising on realization / payment of foreign exchange are accounted to the Profit & Loss Account in the year of realization/ payment.

**(j) Amortization of Miscellaneous Expenditure**

Preliminary and Share Issue Expenses are being written off in the year in which it is incurred as per the Accounting Standard 26 "Intangible Assets" issued by the Institute of Chartered Accountants of India.

**(k) Provision for Gratuity and Leave Encashment**

- Company has created provision for Gratuity as per the provisions of Payment of Gratuity Act on the basis of number of completed years of service as on Balance Sheet date.
- Liability for leave encashment has been determined and accounted for based on the number of days of en-cashable leave to the credit of each employee as on the balance sheet date, treating it as short term employees' benefit.

**(l) Taxation**

Provision for current tax is made in the accounts on the basis of estimated tax liability as per the applicable provisions of the Income Tax Act, 1961.

Deferred tax for timing difference between tax profits and book profits is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the balance sheet date. Deferred tax assets are recognized to the extent there is convincing evidence certainty that these assets can be realised in future.

**(m) Use of Estimates**

The presentation of financial statements requires estimates and assumption to be made that affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the result are known / materialized.

# SHREE AJIT PULP AND PAPER LIMITED



## SCHEDULE - 17 : NOTES ON ACCOUNTS

1. Previous year's figures are re-grouped / re-arranged wherever considered necessary.

### 2. Contingent Liabilities

	2008-2009 Amount (Rs. In '000)	2007-2008 Amount (Rs. In '000)
(1) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances given	11022.22	54214.78
(2) Counter claims by supplier against the company not acknowledged as debt	2836.62	2836.62

### 3. a) Movement in Provisions

Amount in Rs.

Sr.	Particulars of Disclosures	Opening Balance 01/04/08	Additional Provision	Provision Used	Provision Reversed	Closing Balance 31/03/09
1	Gratuity	1828218	551078	0	0	2379296
2	Leave Encashment	1271490	404669	0	0	1676159
3	Bonus	334571	364483	334571	0	364483
4	Income Tax (Net of advance)	-199390	82236	0	0	-117154
5	FBT (Net of advance)	-119701	8034	0	0	-111667
6	Wealth Tax	9952	6209	9952	0	6209

### b) Nature of Provisions

- The Company has made provision for Gratuity as per provision of Payment of Gratuity Act, 1972.
- The Company has made provision for Leave encashment as per the rules and regulation of the Company relating to accumulation of leave and its encashment.
- The Company has made provision for Bonus as per provision of Payment of Bonus Act, 1965.
- The Company has made provision for Income Tax and Fringe Benefit Tax (FBT) as per provision of Income Tax Act, 1961.
- The Company has made provision for Wealth Tax as per provision of Wealth Tax Act, 1957

### 4. Impairment of Assets

The company has carried out an exercise to ascertain the impairment, if any, in the carrying value of its Fixed Assets. The exercise has not revealed any impairment in any Fixed assets of the Company.

### 5. Sundry Creditors includes amount due to Micro, Small and Medium Enterprises

The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

The above disclosure is based on the information / document available with the company.

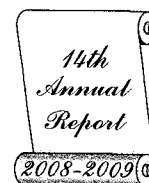
6. The Market value of GSFC Shares is quoting below the cost price. As this Investment is held on long-term basis, the Directors are of the opinion that the current market price does not reflect true value of Investment and hence the diminution in the value has not been accounted.

### 7. Deferred Tax

The break-up of major component of net deferred tax liability is as under.

	2008-2009 (Rs. In '000)	2007-2008 (Rs. In '000)
Difference between book and tax depreciation	39680.82	24831.89
Difference between book and tax allowable exp.	(1333.24)	(1008.39)
Deferred tax liability	<u>38347.58</u>	<u>23823.50</u>

# SHREE AJIT PULP AND PAPER LIMITED



## 8. Managerial Remuneration

i] Remuneration	2601.59	2298.00
ii] Gratuity/Leave encashment	72.11	221.15

## 9. Auditors' Remuneration

i] As Auditors	61.80	61.80
ii] Tax Audit	22.47	22.47
Total	84.27	84.27

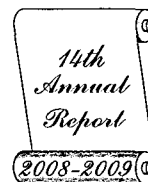
## 10. Capital Work in Progress

i.] Purchase of Machineries & Components	13357.90	11910.78
ii.] Advance against capital expenditure	1091.92	23232.10

## 11. Discloser relating to Employee Benefit – As per Revised AS-15

	2008-2009 Rs. In Lacs		2007-2008 Rs. In Lacs	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Non Funded		Non Funded	
<b>A Expenses recognised in the statement of profit &amp; Loss Account for the period ended 31-03-2009</b>				
1. Current Service Cost	3.77	2.41	1.58	1.88
2. Interest Cost	1.09	0.41	0.7	0.31
3. Expected Return on Planned Assets	0	0	0	0
4. Net Actuarial (Gain) /Loss recognised during the year	(0.32)	13.26	0.79	5.19
5. Settlement costs/others	0.87	-4.06	1.36	0.91
Total Expenses	5.41	12.02	4.43	8.29
<b>B Net Assets / (Liability) recognised in the Balance Sheet</b>				
1. Present value of the obligation	14.07	14.77	10.15	6.66
2. Fair value of Planned Assets	0	0	0	0
3. Funded status (surplus/deficit) Net Assets / (Liability) recognised in the Balance Sheet	14.07	14.77	10.15	6.66
4. add.: Provision for employees/others	9.72	1.99	8.13	6.05
Total provision (refer schedule "10")	23.79	16.76	18.28	12.71
<b>C Change in present value of obligation</b>				
1. Present value of obligation as on 01-04-2008	10.15	6.66	7.26	4.74
2. Current service cost	3.77	2.41	1.58	1.88
3. Interest Cost	1.09	0.41	0.7	0.31
4. Benefit paid	(0.62)	(7.97)	(0.18)	(5.46)
5. Net Actuarial (Gain) /Loss recognised during the year Present value of obligation as per actuarial valuation as at 31-03-2009	(0.32)	13.26	0.79	5.19
	14.07	14.77	10.15	6.66
6. add.: Provision for employees/others	9.72	1.99	8.13	6.05
Total provision (refer schedule "10")	23.79	16.76	18.28	12.71
<b>D Actuarial assumptions:</b>				
i) Discount Rate	7.75%		8.00%	
ii) Salary Escalation over a long term	5.00%		5.00%	
iii) Mortality rate	LIC (1994-96) Ultimate		LIC (1994-96) Ultimate	

# SHREE AJIT PULP AND PAPER LIMITED



## 12. Related Party Disclosure (As Identified by Management)

### (i) Related Party Relationships

#### (a) Enterprises Owned by Directors or Major Shareholders

- |                                   |   |
|-----------------------------------|---|
| (1) M/s Ajit Steel Centre – Vapi  | (2) M/s Ajeet Buildsteel Pvt. Ltd. – Vapi |
| (3) M/s Shah Trading Co. – Vapi   | (4) M/s Twinkle Investment – Mumbai       |
| (5) M/s Paras Industries – Mumbai | (6) M/s Piyush Export – Mumbai            |
| (7) M/s Ratilal Ujamlal – Mumbai  | (8) M/s Kashida – Mumbai                  |

#### (b) Key Management Personnel

Shri Gautam D. Shah, Shri Piyush R. Shah, & Shri P. M. Kanyadi

#### (c) Relatives of Key Management Personnel

Security Product (Brother of the Director is proprietor) Narmada Sales Corporation (Brother of the Director is Partner)

**Note:** In respect of above parties, there is no provision for doubtful debts as on 31<sup>st</sup> March, 2009 and no amount has been written off or written back during the year in respect of debts due from/to them.

### (ii) Transactions with related Parties

(Rs./Lacs)

Type of Related Party	Description of the nature of the transactions	Volume of transactions during 2008-09	Amount outstanding as on 31.03.2009	
			Receivable	Payable
Where control exists	Purchase of Materials, etc.	7.79	Nil	Nil
Key Management	Personnel Managerial Remuneration	26.74	Nil	4.54
	Payment for rent	Nil	Nil	1.62

## 13. Earning per Share

	2008-2009	2007-2008
a) Net Profit/Loss after tax available for equity share holder Rs.	20302165	30056175
b) Weighted average number of equity share of Rs. 10/- each outstanding during the year [No. of Shares]	5457705	5454630
c) Basic/Diluted earning per share (Rs.) [a/b]	3.72	5.51

## 14. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part- II of Schedule – VI to the Companies Act, 1956 (as Certified by management)

### I. CONSUMPTION OF RAW MATERIALS

	2008-09		2007-08	
	Qty. M.T.	Amount Rs. In Lacs	Qty. M.T.	Amount Rs. In Lacs
(a) Waste Paper (Indian)	8156.778	765.16	10996.28	880.46
(b) Waste Paper (Imported)	23321.967	2940.31	24029.76	2575.74
(c) Other Raw Materials		182.21		141.07
<b>TOTAL</b>	<b>31478.745</b>	<b>3887.68</b>	<b>35026.04</b>	<b>3597.27</b>

### II. PERCENTAGE OF CONSUMPTION OF INDIGENOUS AND IMPORTED MATERIAL

	2008-09		2007-08	
	%	Amount Rs. In Lacs	%	Amount Rs. In Lacs
a) Raw Material				
i) Imported	75.63	2940.31	71.60	2575.74
ii) Indigenous	24.37	947.37	28.40	1021.53
<b>TOTAL</b>	<b>100.00</b>	<b>3887.68</b>	<b>100.00</b>	<b>3597.27</b>

# SHREE AJIT PULP AND PAPER LIMITED



## b) Components and Spare Parts

i] Imported	13.16	9.29	06.49	5.01
ii] Indigenous	86.84	61.32	93.51	72.16
<b>TOTAL</b>	<b>100.00</b>	<b>70.61</b>	<b>100.00</b>	<b>77.17</b>

	2008-09		2007-08	
	Qty. M.T.	Amount Rs. In Lacs	Qty. M.T.	Amount Rs. In Lacs
<b>III. INSTALLED CAPACITY ETC.</b>				
(a) Installed capacity, Annual	49500	—	16500	—
(b) Actual Production **	29878	—	33275	—
(c) Stock of Goods Produced:				
Opening Stock	272	48.08	260	40.77
Closing Stock	270	40.67	272	48.08
(d) Turnover :				
M.G. Kraft Paper	29880	6627.35	33263	6554.19

\* Licensed capacity per annum is not indicated due to the abolition of Industrial Licensing vide Notification number 447(E) dated July 25, 1991 issued under the Industries (Development And Regulation) Act, 1951:

\* As certified by the management and accepted by the auditor.

\*\* The Company is undergoing substantial expansion by way of step by step up gradation of the existing plant which is at an advance stage.

## IV. C.I.F. Value of Imports

	2008-2009 (Rs. In Lacs)	2007-2008 (Rs. In Lacs)
Waste Paper	105.28	192.07
Components and spare parts	13.24	4.00
Capital Goods	631.12	258.61

## V. Expenditure in Foreign Currency

	2008-2009 (Rs. In Lacs)	2007-2008 (Rs. In Lacs)
Traveling Expenses	3.79	16.65

## VI. Earnings in Foreign Exchange

	2008-2009 (Rs. In Lacs)	2007-2008 (Rs. In Lacs)
Disinvestment in subsidiary Co.	Nil	10.03

# SHREE AJIT PULP AND PAPER LIMITED



## 15 Balance Sheet Abstract and Company's general Business profile.

### I Registration Details :

Registration No.  State Code   
 Balance Sheet Date

### II Capital Raised During The Year : (Rupees in Thousand )

Public Issue  Right Issue   
 Bonus Issue  Private Placement

### III Position of Mobilisation and Deployment of Funds (Rupees in Thousand)

Total Liabilities  Total Assets

#### Sources of Funds

Paid up Capital  Reserve & Surplus   
 Secured Loans  Deferred Tax Liability

#### Application of Funds

Net Fixed Assets  Investments   
 Net Current Assets  Misc. Expenditure   
 Accumulated Losses

### IV Performance of Company (Rupees in Thousand )

Turnover (Net Of Excise duty & Discount) & Other Income  Total expenditure   
 Profit/Loss Before Tax  Profit After Tax   
 Earning Per Share (Rs.)  Dividend Rate %

### V Generic Names of Principal Product of Company (As Per Monetary Terms)

Item code   
 Product Description

AS PER OUR ATTACHED REPORT OF EVEN DATE  
 FOR H.P.SHAH ASSOCIATES

FOR AND ON BEHALF OF THE BOARD

H. P. SHAH  
 PROPRIETOR  
 CHARTERED ACCOUNTANTS  
 Membership No. 39093  
 VAPI, 29TH JUNE 2009

MANAGING DIRECTOR  
 DIRECTOR

G. D. SHAH  
 P. M. KANYADI

VAPI, 29TH JUNE 2009

# SHREE AJIT PULP AND PAPER LIMITED



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

(Pursuant to clause 32 of listing agreement with Stock Exchanges)

	31-Mar-2009 (Rs.)	31-Mar-2008 (Rs.)
<b>I Cash Flow from Operating activities</b>		
Net profit before tax and extra-ordinary items	35125977	45750303
Add : Depreciation	11282058	8876149
Interest	10020346	2856452
Prior Period Adjustment	125500	(458973)
Foreign Exchange Flu Expenses	0	108885
Loss on Assets Disposed off	0	2534500
Less : Interest received	(2152878)	(967857)
Profit on Sale of Fixed Assets	0	0
Dividend received	(12715)	(9915)
Cash Generation from Operation	54388288	58689544
Less : Prior Period Adjustment	(125500)	458973
<b>Operating profit before working capital changes</b>	54262788	59148517
Add/(Less): (Increase)/Decrease in current Assets		
Inventories	6748822	(26147869)
Debtors	15766533	29531561
Loans and Advances	(14847155)	(21331639)
Add/(Less): Increase/(Decrease) in current Liabilities		
Current liabilities	(6668283)	11839154
Cash from operation	55262705	53039723
Direct Taxes Paid (Net of Refund)	(4337928)	(11200717)
<b>Net Cash from Operating Activities (A)</b>	50924777	41839006
<b>II Cash flow from investing activities</b>		
Purchase of Fixed Assets	(204790501)	(96367237)
Proceed of Disinvestment in the Subsidiary Company	0	1003425
Sale of Fixed Assets	0	1948625
Interest received	2152878	967857
Dividend received	12715	9915
Accured interest of Investment in the NSC	(1593)	0
<b>Net Cash used in Investing Activities (B)</b>	(202626501)	(92437415)
<b>III Cash flow from financing activities</b>		
Long term loans	155888606	42589924
Cash Credit (Net)	(4652104)	9322620
Dividend paid (including dividend tax thereon)	(1564644)	(1564514)
Interest paid	(10020346)	(2856452)
<b>Net cash from financing activities (C)</b>	139651512	47491577
<b>Net increase in cash and equivalent (A+B+C)</b>	(12050212)	(3106831)
Cash and cash equivalent		
as at 01/04/2008 & 01/04/2007 (opening balance)	14549697	17656528
as at 31/03/2009 & 31/03/2008 (closing balance)	2499485	14549697

AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR H.P.SHAH ASSOCIATES

H. P. SHAH  
PROPRIETOR  
CHARTERED ACCOUNTANTS  
Membership No. 39093  
VAPI, 29TH JUNE 2009

FOR AND ON BEHALF OF THE BOARD

MANAGING DIRECTOR  
DIRECTOR

G. D. SHAH  
P. M. KANYADI

VAPI, 29TH JUNE 2009



# SHREE AJIT PULP AND PAPER LIMITED

Regd. Off. : Survey No. 239, Near Morai Railway Crossing, Village Salvav,  
Via-Vapi - 396 191. Gujarat.

14TH ANNUAL GENERAL MEETING ON 29TH SEPTEMBER, 2009

## ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Venue)

No. of Shares : .....

FOLIO No. : .....

DP ID No : .....

CLIENT No. : .....

\_\_\_\_\_  
(Name of the attending member (in block letters))

\_\_\_\_\_  
Name of the Proxy (in block letters) (to be filled by the Proxy attending instead of the member)

I hereby record my presence at the 14th Annual General Meeting to be held at Survey No. 239, Near Morai Railway Crossing, Village Salvav, Via-Vapi-396 191. Gujarat on 29th September, 2009 at 11:00 a.m.

\_\_\_\_\_  
Member's / Proxy's Signature

Note : 1) Interested joint members may obtain attendance slips from the Regd. Office of the Company

2) Members/joint members/proxies are requested to bring attendance slip with them. Duplicate slips will not be issued at the entrance of the Auditorium



# SHREE AJIT PULP AND PAPER LIMITED

Regd. Off. : Survey No. 239, Near Morai Railway Crossing, Village Salvav,  
Via-Vapi - 396 191. Gujarat.

14TH ANNUAL GENERAL MEETING ON 29TH SEPTEMBER, 2009

## PROXY FORM

FOLIO No. : .....

DP ID No : .....

CLIENT No. : .....

I/We ..... of .....

I/We ..... being a Member/Members of above named

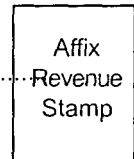
Company, hereby appoint ..... of .....

or failing him I/We ..... of.....

as my / our proxy to vote for me/us on/our behalf at the 14th Annual General Meeting to be held at Survey No. 239, Near Morai Railway Crossing, Village Salvav, Via-Vapi-396 191. Gujarat on 29th September, 2009 at 11:00 a.m. and at any adjournment thereof.

Signed this ..... day of .....2009.

Signature .....



**Note :** The proxy form must be deposited at the Company's Regd. Office not less than 48 hours before the meeting, the Proxy need not be a member of the Company.



**BOOK - POST**

*To,*

*If undelivered please return to :*  
**SHREE AJIT PULP AND PAPER LIMITED**  
*Regd. Office & Works :*  
*Survey No. 239,*  
*Near Morai Railway Crossing, Village Salvav,*  
*Vapi - 396 191. Gujarat.*