



**SARDA PAPERS LIMITED**

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**20th ANNUAL REPORT**  
**2010-2011**

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# SARDA PAPERS LIMITED

## BOARD OF DIRECTORS

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Mr. Pradeep Kumar Sarada	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 Mob.: 9371136384

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## BANKERS

State Bank of India  
Citi Bank N.A.

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## REGISTRAR & TRANSFER AGENTS

M/s Universal Capital Securities Pvt. Ltd.  
(Formerly Mondkar Computers Private Limited)  
21, Shakil Niwas, Mahakali Caves Road,  
Andheri (East),  
Mumbai - 400 093  
Tel: 022-28207201/03/05 Fax: 2820 7207

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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 Twentieth Annual General Meeting of the Members of SARDA PAPERS LIMITED will be held on Thursday the 29<sup>th</sup> September, 2011 at 1.00 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, 2011 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. Ramesh Anant Gadlyar 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 : 27<sup>th</sup> August, 2011

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 Thursday the 22<sup>nd</sup> September 2011 to Thursday the 29<sup>th</sup> September, 2011 (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 Universal Capital Securities Pvt. Ltd. (Formerly 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 : 27<sup>th</sup> August, 2011

Pradeep Kumar Sarda  
Chairman

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

Name of the Director	Mr. Ramesh Anant Gadiyar
Date of Birth	08.02.1928
Date of Appointment.	29.07.2004
Expertise in any specific functional Area	Mr. Ramesh Anant Gadiyar is a holder of Diploma in Textile (LTM) and has worked in Textile for more than 40 years. Further he has retired as Chief Executive officer of a textiles mill of National Textiles Corporation Ltd., presently he is working as an Executive in a Private Limited Company.
Qualification	Diploma in Textile (LTM)
Directorships held in other companies. (excluding foreign- Companies.)	<ol style="list-style-type: none"> <li>1. Bandra Diagnostic Centre Pvt. Ltd.</li> <li>2. Macaroni Finance &amp; Trading Pvt. Ltd.</li> <li>3. Madhu Construction Pvt. Ltd.</li> <li>4. National Tiles &amp; Industries Pvt. Ltd.</li> <li>5. Soham Knitting Pvt. Ltd.</li> </ol>
Committee position held in other Companies	Nil

**DIRECTOR'S REPORT**

To  
The Members,  
**SARDA PAPERS LIMITED**

Your Directors are presenting the Twentieth Annual Report on the business & operation of your Company together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2011

1. <b><u>FINANCIAL RESULTS</u></b>	<b><u>YEARENDED</u></b>	<b><u>YEARENDED</u></b>
	<b><u>31/03/2011</u></b>	<b><u>31/03/2010</u></b>
	<b><u>(Rs. In Lacs)</u></b>	<b><u>(Rs. In Lacs)</u></b>
Profit/(Loss) before Depreciation	(23.86)	(148.43)
Less: Depreciation	<u>(7.05)</u>	<u>(44.61)</u>
Net Profit / (Loss) before Tax	(30.91)	(193.04)
Less : Provision for Tax	0.00	0.00
Deferred Tax	<u>47.86</u>	<u>220.80</u>
Net Profit / (Loss) after Tax	16.95	27.76
Less : Prior period items	<u>32.00</u>	<u>2.00</u>
Balance of Profit/(Loss)	(15.05)	25.76
Less/(Add) : Loss Brought Forward	<u>(661.82)</u>	<u>(687.58)</u>
Balance of Loss carried to Balance Sheet	<u><u>(676.87)</u></u>	<u><u>(661.82)</u></u>

**1. DIVIDEND**

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

**2. PERFORMANCE & OPERATION**

As you are aware that your Company had suspended the manufacturing operation from June 2009 due to unfavorable market condition and continuous losses. Therefore Company is not executing any manufacturing operations.

You are fully aware that 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 and your Directors have submitted rehabilitation proposal of the Company, in consultation with State Bank of India (Operating Agency) as per the direction given by the BIFR and have submitted a proposal for reverse merger of a healthy Company, which is under consideration with BIFR. Preliminary hearing has taken place and on approval of the scheme, your company shall resume the manufacturing Operations.

**3. PAYMENT OF SECURED LOANS**

During the year Company has received unsecured loans from a Company and discharged its total term loan liability of State Bank of India.

**4. DIRECTORS**

Shri Ramesh Anant Gadiyar, Director retire by rotation at the forthcoming Annual General Meeting of the company and being eligible offered himself for re-appointment.

**5. 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 certificate from them under Section 224(1-B) of the Companies Act, 1956.

**6. AUDITOR'S REMARK**

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

**7. 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. The Company has initiated process to ascertain the assets which are required to be dealt in, in accordance with the provision of AS 28 and required provision if any will be made in the current year.
- 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 2011 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, 2011, on a going concern basis.

**8. FIXED DEPOSIT**

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

**9. INSURANCE**

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

**10. 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 2011-2012.

**11. CORPORATE GOVERNANCE**

A separate report on corporate governance forms 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.

**12. 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, 2011 pursuant to Section 383A(1) of the Companies Act, 1956.

13. **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.

14. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO**

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.

15. **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 : 27<sup>th</sup> August, 2011

Pradeep Kumar Sarva  
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 31st March, 2011.

**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

	2010-2011	2009-2010
<b>A. Power &amp; Fuel consumption</b>		
1) Electricity Purchased Units (Lacs)	0.00	0.93
2) Total Cost (Rs./Lacs)	0.00	4.77
Rate/Unit (Rs.)	0.00	5.16
3) Furnace Oil Quantity (K. Litres)	0.00	7.219
4) Total Cost (Rs./Lacs)	0.00	1.27
5) Average Rate (Rs.)	0.00	17.59
<b>B. Consumption per unit of production (Products – Coated Paper)</b>		
Electricity (Unit/MT)	0.00	838.19
Furnace Oil (Litre/MT)	0.00	65.41
<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)
	<b>2010-2011</b>	<b>2009-2010</b>
a) Foreign Exchange Earning	Nil	Nil
b) Foreign Exchange Outgo		
i) Remittance in foreign currency (FCNR corporate loan & demand loan principal repaid)	Nil	Nil
ii) Expenditure in foreign currency (Interest in foreign currency paid on the above loan)	Nil	Nil

For and on behalf of Board

Place : Mumbai  
Date : 27th August, 2011

Pradeep Kumar Sarma  
Chairman



## **Management Discussion and Analysis Report**

Your Directors present the Management Discussion and Analysis Report for the year ended 31<sup>st</sup> March, 2011.

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.

As you are aware that your Company had suspended the manufacturing operation from June 2009 due to unfavourable market condition and continuous losses. Therefore Company is not executing any manufacturing operations.

### **INDUSTRY STRUCTURE AND DEVELOPMENT**

The Indian economy has witnessed flat growth in year ended 31<sup>st</sup> March, 2011. The paper industry has posted a reasonable growth in the year.

### **OPPORTUNITIES AND THREATS**

At present Companies operation are suspended and proposal is pending before BIFR for its rehabilitation.

### **OUTLOOK**

The Company has temporarily suspended its manufacturing activities w.e.f. 14.06.2009 and awaiting for approval of a Rehabilitation Package from BIFR which is in advance stage and on its approval Company shall re-start manufacturing activities.

### **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. 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 revied 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 clamities 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, 2011. 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 Director-ship @	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	4	No	—	—	—
3.	Shri Divya M Shah	Director	4	No	1	—	—
4.	Shri B. S. Rathi	Director	4	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 : 14<sup>th</sup> May, 2010, 31<sup>st</sup> July, 2010, 21<sup>st</sup> September, 2010, 29<sup>th</sup> October, 2010, 31<sup>st</sup> January, 2011.

**c. 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. 4000/-	Rs. 4000/-
3.	Shri Divya M Shah	Rs. 4000/-	Rs. 4000/-
4.	Shri B. S. Rathi	Rs. 4000/-	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 2010-2011. 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	4
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. Consoldation / 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
1	1	Nil

**7. GENERAL BOARD MEETING**

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

FINANCIAL YEAR	DATE	TIME	VENUE
31/03/2008	20/12/2008	12.30 P. M.	Panchvati Motels, Nasik Pune Highway Road, Opp. Sinnar Bus Depot, Sinnar
31/03/2009	30/09/2009	12.30 P.M.	A-70 M. I. D. C. Sinnar, Dist. Nasik, 422103 Maharashtra
31/03/2010	18/12/2010	12.30 P.M.	A-70 M. I. D. C. Sinnar, Dist. Nasik, 422103 Maharashtra

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. |
|     |                             |   | (vi) Madhu Construction Pvt. Ltd.         |

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

(a) Purchase of Raw Materials Rs. Nil

c) Balances as at the end of the year:

- |       |                                       |         |
|-------|---------------------------------------|---------|
| (i)   | Sumadhu Traders Pvt. Ltd.             | Rs. Nil |
| (ii)  | Sumadhu Estate Developers Pvt. Ltd.   | Rs. Nil |
| (iii) | Suvimal Properties Pvt. Ltd.          | Rs. Nil |
| (iv)  | India Food Company Pvt. Ltd.          | Rs. Nil |
| (v)   | National Tiles & Industries Pvt. Ltd. | Rs. Nil |
| (vi)  | Madhu Construction 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
29.09.2011	1.00 P.M.	A-70 M. I. D. C. Sinnar, Dist. Nasik, 422103 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, 2011    |
| Second Quarter results | : | Last week of October, 2011 |
| Third Quarter results  | : | Last week of January, 2012 |

Fourth Quarter results : Last week of April, 2012

- 3) **Book Closure** : 22/09/2011 to 29/09/2011 (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, Dalai Street, Mumbai – 400 001  
 Stock code : 516032  
 Status of Listing Fees : The Company has paid Annual Listing Fees for the year 2011-2012 to the above stock Exchange.

6) **Market Price Date**

MONTH	HIGH	LOW
April 2010	4.80	3.58
May 2010	7.14	3.63
June 2010	8.25	5.11
July 2010	7.64	5.36
August 2010	7.70	6.24
September 2010	6.50	5.15
October 2010	5.15	4.47
November 2010	5.14	4.44
December 2010	5.74	5.14
January 2011	5.41	4.90
February 2011	5.50	5.00
March 2011	6.00	5.40

7) **Share Transfer System:**

The Company has made arrangement with Universal Capital Securities Pvt. Ltd. (Formerly 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, 2011

SR. NO.	CATEGORY	NO. OF SHARES HELD	PERCENTAGE OF SHAREHOLDING
1.	Holding of Promoter group	2311500	74.113
2.	Mutual Funds & UTI	—	—
3.	Banks, Financial Institution, Insurance Companies	—	—
4.	Foreign Institutional Investors, NRIs/OCBs	100	0.003
5.	Private Corporate Bodies	40415	1.296
6.	Indian Public	766885	24.588
	<b>GRAND TOTAL</b>	<b>3118900</b>	<b>100.00%</b>

**Distribution schedule as on 31<sup>st</sup> March, 2011**

Category (No of Shares)	No of Shareholders	Percentage	No of Shares	Percentage
Upto – 500	2263	90.088	350148	11.227
501-1000	146	5.812	125110	4.011
1001-2000	54	2.150	82027	2.630
2001-3000	15	0.597	36818	1.180
3001-4000	6	0.239	22150	0.710
4001-5000	5	0.199	23561	0.755
5001-10000	10	0.398	80051	2.567
10001 & Above	13	0.518	2399035	76.919

**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.  
Mob.: 9371136384

**12) Address for correspondence :**

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

Sarda Papers Limited  
A-70 M.I.D.C., Sinnar,  
Dist. Nasik, Pin 422 103 Maharashtra.  
Mob.: 9371136384

OR

M/s Universal Capital Securities Pvt. Ltd.  
(Formerly Mondkar Computers Private Limited)  
21, Shakil Niwas,  
Mahakali Caves Road, Andheri (East)  
Mumbai – 400 093  
Tel : 022 -28207201/03/05 Fax :022-28207207

**13) Corporate Governance Certificate & 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 27<sup>th</sup> August, 2011 and the same was approved.

For and on behalf of Board

Place: Mumbai  
Date : 27<sup>th</sup> August, 2011

**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 31st March, 2011 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 : 27<sup>th</sup> August, 2011**



**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 31st March, 2011. 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.
03. the company is a public limited company and hence comments are not required
04. the Board of Directors duly met 5 times on 15th May, 2010, 31st July, 2010, 21st September, 2010, 29th October, 2010 and 31st January, 2011 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 11th December, 2010 to 18th December, 2010 and has complied with the provisions of the Act.
06. the Annual General Meeting for the financial year ended on 31st March, 2010 was held on 18th December, 2010 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. no contracts were entered during the year attracting the provisions of 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 of 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 not deducted any contribution towards provident fund during the financial year under scrutiny.

For SNEHA JAIN  
COMPANY SECRETARY  
(SNEHA JAIN)  
C.P. NO. 7366

PLACE : MUMBAI

DATE : 27th AUGUST, 2011.

## Reg. : SARDA PAPERS LIMITED

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

Annexure ARegisters 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 BForms and Returns as filed by the company with the Ministry of Corporate Affairs during the financial year ended on 31st March, 2011.

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.	29th April, 2010	—	—
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.	23rd July, 2010	—	—
03.	Form No. 61	166	Application for extension of period of AGM by 3 Months	8th September, 2010	—	—
04.	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.	29th October, 2010	—	—
05.	Form 66	383A	Compliance Certificate for the year ended 31st March, 2010	1st January, 2011	Yes	—
06.	Form No. 23AC and 23ACA	220	Balance Sheet and Profit & Loss Account for the year ended 31st March, 2010	1st January, 2011	Yes	—
07.	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.	1st February, 2011	—	—
08.	Form No. 20B	159	Annual Return the year ended 31st March, 2010	7th February, 2011	Yes	—
09.	Form No. 17	138	Satisfaction of charge	11th February, 2011	Yes	—

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 10th June, 2009.

For SNEHA JAIN  
 COMPANY SECRETARY

(SNEHA JAIN)  
 C.P. NO. 7366

PLACE : MUMBAI  
 DATE : 27th AUGUST, 2011.

**Auditor's Report**

The Members,

**Sarda Papers Limited**

1. We have audited the attached Balance Sheet of Sarda Papers Limited as on 31<sup>st</sup> March, 2011, 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. ***The accounts of the Company for the Year ended 31<sup>st</sup> March 2011 continued to be prepared on a going concern basis, keeping in view the ongoing management's efforts to revive the operations of the Company by pursuing rehabilitation scheme of the Board for Industrial and Financial Reconstruction (BIFR). However, the erosion of entire Net Worth of the Company and the continued closure of operations of the Company had adversely affected the Going concern concept, as referred to in Note No. II.2 of Schedule-P.***  
  
***However, the financial statements for the current year have not been adjusted for the recoverability and classification of assets and liabilities as a consequence of the inability of the Company to continue as a going concern. The Company is of the opinion that the extent of the effects of the resultant adjustments to the assets and liabilities of the Company as at the end of the year and on the loss for the year are presently not ascertainable. We disclaim our opinion in the matter.***
  - ii. 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;
  - iii. 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;
  - iv. 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;
  - v. 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 with Accounting Standard – 28, Impairment of Assets and with Accounting Standard – 22 Accounting for Taxes on Income. (Refer notes no II.9 and 15 respectively)*

- vi. On the basis of written representations received from the concerned directors as on 31<sup>st</sup> March, 2011 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 31<sup>st</sup> March 2011;
- vii. Attention is invited to the following Notes in **Schedule - P**:
- (a) **Note No. II. 9 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;**
- (b) **Note No. II 10 regarding non-providing of depreciation for the year on Plant and Machinery due to closure of plant on account of discontinuation of manufacturing operations and consequential overstatement of fixed assets and understatement of losses incurred by Rs.35.38 Lacs. and**
- (c) **As referred in para 17 of Accounting Standard 22, Accounting for taxes on income, Deferred tax assets should be recognized on brought forward business losses as per Income Tax Act, 1961, only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. The Company's future sustainability is in question, in view of the closing down of its operations as explained in Note No.II-2 of Schedule -P and also as per our comments in para 4(i) above. However, as referred to in Note No. II.-17(b), the Company has recognized Deferred Tax Assets on such losses amounting to Rs. 268.66 Lacs, net after considering the Deferred Tax Liability of Rs. 47.86 Lacs. The above accounting treatment is in violation of the recommendations of Accounting Standard -22, having consequential effect on the Deferred Tax Liability of Rs. 47.86 Lacs which was not created and on Deferred Tax Asset which was created to the extent of Rs. 268.66 Lacs, thus resulting in the over statement of Profit (Net) for the year to the above extent. We disclaim our opinion on the accounting treatment adopted by the Company in this regard.**
- viii. **Except to the extent to what was stated in Para 4. i. and 4 vii (b) above, where we expressed our disclaimer of opinion as regards the Company's continued preparation of financial statements on Going Concern Concept and on recognition of Deferred Tax Assets on brought forward business losses and subject to what is stated in para 4. v and vii. (a) above, 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 31<sup>st</sup> March, 2011;
- (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  
Firm Registration No:120438W

Shyam Malpani  
Proprietor

Membership No. F - 34171

Place: Mumbai  
Date: 27<sup>th</sup> August, 2011

**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 has physically verified the fixed 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 not 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.
- (ii) In respect of the existing interest-free unsecured loan of Rs.186.50 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.

(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 maintained register as per the requirements of Section 301 of the Companies Act, 1956. However, there are no transactions involving sale of goods or provision of services (each exceeding Rs.5 Lacs per annum) entered into with the parties listed in the said register maintained, during the year under review.

(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 no formal internal audit system at any time during the current year.

(viii) **Cost Records**

As explained to us, the 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 under review.

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)	Assessment Year	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. 0.21 Lacs during the current financial year as well as in the immediately preceding financial year amounting to Rs. 122.55 Lacs.

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

From the books of accounts verified by us, during the year, the Company has no dues pending to be payable to bank/ Financial Institution. 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 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 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. Also, the Company does not have any investment in the books of accounts during the year under review.

(xv) **Guarantees given**

As explained to us, the Company has not given any guarantee in respect of loans taken by others from Banks / Financial Institutions.

(xvi) **Application of funds raised**

No Term Loans were raised by the Company during the year.

(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 equity 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  
Firm Registration No:120438W

Shyam Malpani  
Proprietor  
Membership No. F - 34171

Place: Mumbai  
Date: 27<sup>th</sup> August, 2011



**BALANCE SHEET AS AT 31ST MARCH, 2011**

PARTICULARS	SCHE DULE	AMOUNT (Rs.)	AS AT	AMOUNT (Rs.)	AS AT
			31.03.2011 AMOUNT (Rs.)		31.03.2010 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		0		21,815,314
Unsecured Loans	C		<u>75,696,291</u>		<u>43,033,510</u>
			<u>106,885,291</u>		<u>96,037,824</u>
<b><u>APPLICATION OF FUNDS :</u></b>					
<b>FIXED ASSETS</b>					
Gross Block	D	90,796,386		92,022,811	
Less : Depreciation		<u>65,515,675</u>		<u>65,821,383</u>	
Net Block			25,280,711		26,201,428
<b>INVESTMENTS</b>					
	E		0		0
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
	F	4,756,403		5,067,075	
<b>Less : Current Liabilities &amp; Provisions</b>	G	<u>17,705,099</u>		<u>23,493,068</u>	
<b>NET CURRENT ASSETS</b>			(12,948,695)		(18,425,993)
<b>Deferred Tax Assets</b>			26,866,303		22,079,991
<b>Profit and Loss Account</b>			<u>67,686,971</u>		<u>66,182,398</u>
			<u>106,885,291</u>		<u>96,037,824</u>
<b>Significant Accounting Policies &amp; Notes on Accounts</b>					
	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

**Shyam Malpani**  
Proprietor  
Place : Mumbai  
Dated : 27th August 2011

**For and on behalf of the Board**

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

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	SCHE DULE	FOR THE YEAR ENDED 31.03.2011 AMOUNT (Rs.)	FOR THE YEAR ENDED 31.03.2010 AMOUNT (Rs.)
<b>INCOME</b>			
Sales & Conversion Charges (Net)	H	51,717	8,781,790
Other Income	I	1,595,291	4,292,275
Increase/(Decrease) in inventories	J	(42,194)	(4,960,461)
		<u>1,604,815</u>	<u>8,113,604</u>
<b>EXPENDITURE</b>			
Raw Materials Consumed	K	0	3,778,749
Manufacturing Expenses	L	0	1,586,861
Payments to & Provisions for Employees	M	321,404	4,533,717
Operational & Other Expenses	N	773,836	11,146,618
Interest & Finance Charges (Net)	O	2,896,002	670,404
Provision for Doubtful Debts		0	1,240,753
Depreciation		704,715	4,460,964
		<u>4,695,957</u>	<u>27,418,067</u>
NET PROFIT/(LOSS) BEFORE TAX		(3,091,143)	(19,304,462)
Provision for Tax-Deferred Tax		<u>-4,786,312</u>	<u>-22,079,991</u>
NET PROFIT/(LOSS) AFTER TAX		1,695,169	2,775,529
Less: Prior period Adjustments (Net)		3,199,744	199,354
Balance of Profit/(Loss) available for appropriation		(1,504,575)	2,576,175
BALANCE BROUGHT FORWARD		<u>(66,182,397)</u>	<u>(68,758,572)</u>
BALANCE CARRIED TO BALANCE SHEET		<u>(67,686,971)</u>	<u>(66,182,397)</u>
Earnings/Loss per share (Basic & Diluted)		(0.48)	0.83
(Refer Note No.II.17 of Schedule P)			

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 : 27th August 2011

For and on behalf of the Board

Pradeep Kumar Sarda Chairman  
R.A. Gadiyar Director  
B. S. Rathil Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

PARTICULARS	2010 - 2011		2009 - 2010	
	AMOUNT (Rs.)	AMOUNT (Rs.)	AMOUNT (Rs.)	AMOUNT (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit/(Loss) After Tax		1,695,169		2,775,527
Adjusted for:				
a) Depreciation	704,715		4,460,964	
b) Interest and Finance Charges	2,999,096		1,101,471	
c) Profit on sale of Fixed Assets	(853,306)	2,850,505	(1,619,469)	3,942,966
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>4,545,674</b>		<b>6,718,493</b>
a) Trade Receivables	(194,336)		6,278,294	
b) Inventories	267,663		10,312,128	
c) Trade Payable	(5,787,969)	(5,714,642)	(28,283,790)	(11,693,368)
<b>CASH GENERATED FROM OPERATIONS</b>		<b>(1,168,968)</b>		<b>(4,974,875)</b>
Less:				
a) Interest Paid	2,999,096		1,101,471	
b) Direct Taxes Paid/Adjustments	4,897,742	7,896,838	21,633,854	22,735,325
Cash inflow before prior period adjustment		(9,065,806)		(27,710,200)
Prior Period Adjustment		3,199,744		199,354
		(12,265,550)		(27,909,554)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES: (A)</b>		<b>(12,265,550)</b>		<b>(27,909,554)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
a) Investment	-		1,000	
b) Purchase of Fixed Assets	-		-	
c) Loans & Advances & Deposits	44,076		26,890,617	
d) Sale of Fixed Assets	1,069,308	1,113,383	2,202,560	29,094,177
<b>NET CASH USED IN INVESTING ACTIVITIES: (B)</b>		<b>1,113,383</b>		<b>29,094,177</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
a) Proceeds from Long Term Borrowings (Secured)	-		-	
b) Proceeds from Short Term Borrowings (Secured)	(21,815,314)		487,623	
c) Proceeds from Long Term Borrowings (Unsecured)	32,662,781	10,847,467	(1,811,100)	(1,323,477)
<b>NET CASH USED IN FINANCING ACTIVITIES: (C)</b>		<b>10,847,467</b>		<b>(1,323,477)</b>
Net Increase/(Decrease) in Cash & Cash Equivalents	(A)+(B)+(C)	(304,699)	(A)+(B)+(C)	(138,854)
Opening Balance of Cash & Cash Equivalents	640,843		779,697	
Closing Balance of Cash & Cash Equivalents	336,144	304,699	640,843	138,854

As per our attached report of even date.

For Malpani & Associates  
Chartered Accountants

Shyam Malpani  
Proprietor  
Place : Mumbai  
Dated : 27th August 2011

For and on behalf of the Board

Pradeep Kumar Sarma      Chairman  
R.A. Gadiyar              Director  
B. S. Rathi                 Director

**SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2011**

PARTICULARS	AS AT 31.03.2011 AMOUNT (Rs.)	AS AT 31.03.2010 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>
<b><u>SCHEDULE - B</u></b>		
<b><u>SECURED LOANS</u></b>		
a) From Banks		
i) Working Capital Term Loan	0	20,724,824
(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).		
Interest accrued and due on above	0	1,090,490
	<u>0</u>	<u>21,815,314</u>
<b><u>SCHEDULE - C</u></b>		
<b><u>UNSECURED LOANS</u></b>		
Sales Tax Deferral Loan	24,800,484	24,033,510
From a Director (Interest Free )	18,650,000	19,000,000
Others - Nobel Hygiene Pvt Ltd.	32,245,807	0
	<u>75,696,291</u>	<u>43,033,510</u>

**SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2011**

PARTICULARS	AS AT	AS AT
	31.03.2011	31.03.2010
	AMOUNT (Rs.)	AMOUNT (Rs.)

**SCHEDULE - D****FIXED ASSETS :**

Amount (Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01/04/2010	ADDITIONS DURING THE YEAR	SALE DURING THE YEAR	AS AT 31/03/2011	UP TO 31/03/2010	FOR THE YEAR	DEP ON SALE	UP TO 31/03/2011	AS AT 31/03/2011	AS AT 31/03/2010
LEASEHOLD LAND	2351037	0	0	2351037	445463	24748	0	470211	1880826	1905574
FACTORY BUILDING	13240687	0	0	13240687	6886340	442237	0	7328577	5912110	6354347
OFFICE PREMISES	3066738	0	0	3066738	796143	49987	0	846130	2220608	2270595
PLANT & MACHINERY	68081366	0	1124889	66956477	53655256	0	934970	52720286	14236191	14426110
FURNITURE & FIXTURES	1193150	0	47516	1145634	921506	65146	40556	946096	199538	271644
AIR-CONDITIONERS	958532	0	36020	922512	363676	44630	24044	384262	538250	594856
TELEPHONE INSTALLATION	85771	0	0	85771	37882	3830		41712	44059	47889
COMPUTERS	1673705	0	0	1673705	1637296	29575	0	1666871	6834	36409
VEHICLES	46406	0	0	46406	40580	3147	0	43727	2679	5826
COMPUTERS SOFTWARES	667720	0	0	667720	656232	10500	0	666732	988	11488
OFFICE EQUIPMENTS	657699	0	18000	639699	381009	30915	10853	401071	238628	276690
<b>TOTAL</b>	<b>92022811</b>	<b>0</b>	<b>1226425</b>	<b>90796386</b>	<b>65821383</b>	<b>704715</b>	<b>1010423</b>	<b>65515675</b>	<b>25280711</b>	<b>26201428</b>
PREVIOUS YEAR	97433436	0	5410625	92022811	66187952	4460964	4827533	65821383	26201428	—

\* Depreciation on vehicles exclude Rs. 9414/- pertaining to excess depreciation charged in earlier years.

**SCHEDULE - E****INVESTMENTS**

At Cost ( Non Trade) (Long Term)

In Equity Shares (Unquoted)

40 Shares of Rs. 25/- each

of Sinner Vyapari Sahakari Bank Ltd.

Less: Diminution in Book value

0

0

0

0

0

0

**SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2011**

PARTICULARS	AMOUNT (Rs.)	AS AT	AMOUNT (Rs.)	AS AT
		31.03.2011 AMOUNT (Rs.)		31.03.2010 AMOUNT (Rs.)
<b><u>SCHEDULE - F</u></b>				
<b><u>CURRENT ASSETS, LOANS AND ADVANCES</u></b>				
<b><u>(A) CURRENT ASSETS:</u></b>				
<b><u>(i) INVENTORIES</u></b>				
(As taken, valued and Certified by the Management)				
Finished Goods	0		140,410	
Raw Material	744,236		1,052,488	
Packing Material	97,954		97,954	
Fuel & Oil	108,519		108,519	
Stores & Spares	972,600		1,011,821	
	1,923,309		2,411,192	
Less : Provision for Dimunition in Value of Inventory	935,245		1,155,465	
		988,064		1,255,727
<b><u>(ii) SUNDRY DEBTORS</u></b>				
(Unsecured considered good, unless otherwise stated)				
(a) Outstanding for a period exceeding six months	2,164,964		1,989,526	
Less : Provision for Doubtful Debts	1,240,753		1,240,753	
	924,211		748,773	
(b) Other Debts	629,943		611,045	
		1,554,154		1,359,818
<b><u>(iii) CASH &amp; BANK BALANCES</u></b>				
(a) Cash in hand	16,282		36,522	
(b) Balance with Scheduled Banks, in				
(i). Current Account	47,051		331,510	
(ii). Margin Money Account	272,811		272,811	
		336,144		640,843

## SCHEDULES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2011

PARTICULARS	AMOUNT (Rs.)	AS AT	AMOUNT (Rs.)	AS AT
		31.03.2011 AMOUNT (Rs.)		31.03.2010 AMOUNT (Rs.)
<b>(B) LOANS AND ADVANCES</b>				
(Unsecured considered good, unless otherwise stated)				
(i) Advances recoverable in cash or in kind or for value to be received	292,271		328,267	
(ii) Sales Tax Loan Assignment Receivable	0		0	
(iii) Advance to Suppliers	0		0	
(iv) Deposits	657,845		665,925	
(v) Advance Tax (Net of Provision for Taxation )	<u>927,924</u>		<u>816,494</u>	
		<u>1,878,040</u>		<u>1,810,686</u>
		<u>4,756,402</u>		<u>5,067,074</u>

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

(i) Sundry Creditors				
For Goods	28,637		6,041,835	
For Expenses	304,242		140,958	
For Others	<u>166,917</u>		<u>173,333</u>	
		<u>499,796</u>		<u>6,356,126</u>
(ii) Advance from Debtors		<u>199,780</u>		<u>136,942</u>
(iii) Security Deposit against Leave & licence		<u>17,000,000</u>		<u>17,000,000</u>
(iv) Credit balance in current a/c		<u>5,523</u>		<u>0</u>
		<u>17,705,099</u>		<u>23,493,068</u>

## SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	FOR THE YEAR ENDED 31.03.2011 AMOUNT (Rs)	FOR THE YEAR ENDED 31.03.2010 AMOUNT (Rs.)
<b>SCHEDULE - H</b>		
<b>SALES</b>		
Coated Paper	51,717	9,019,976
Wastage & Broke Paper	0	336,077
	<u>51,717</u>	<u>9,356,053</u>
Less: Excise Duty Paid	0	374,041
Sales Returns	0	200,222
	<u>51,717</u>	<u>574,263</u>
Conversion Charges (TDS - Previous Year Rs. NIL)	-	-
	<u>51,717</u>	<u>8,781,790</u>
	<u>51,717</u>	<u>8,781,790</u>
<b>SCHEDULE - I</b>		
<b>OTHER INCOME</b>		
Income against Leave & License (TDS Rs. 60,000/- / P.Y. Rs.30,000/-)	600,000	240,000
Sale of Raw Material	0	201,000
Scrap Sales [TCS Rs.372 (P.Y. Rs. 29946-)]	34,835	852,335
Miscellaneous Receipts	1,500	264,540
[TDS Rs. NIL Previous Year Rs. 5384/-]		
Sundry Balances Written Off	1,088	0
Profit on Sale of Fixed Assets	853,306	1,619,469
Sales Tax Refund Received	0	1,114,931
Profit on Sale of Chemicals	84,952	0
Profit on Sale of Stores & Spares	19,611	0
	<u>1,595,291</u>	<u>4,292,275</u>
	<u>1,595,291</u>	<u>4,292,275</u>
<b>SCHEDULE - J</b>		
<b>INCREASE/(DECREASE) IN INVENTORIES</b>		
<u>Closing Inventory (Net of Provision for diminution)</u>		
Finished Goods	0	42,194
Work-in-Progress	0	0
Wastage & Broke Paper	0	0
	<u>0</u>	<u>42,194</u>
<u>Opening Inventory</u>		
Finished Goods	42,194	4,201,051
Work-in-Progress	0	689,356
Wastage & Broke Paper	0	112,248
	<u>42,194</u>	<u>5,002,655</u>
	<u>(42,194)</u>	<u>(4,960,461)</u>



**SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011**

<b>PARTICULARS</b>	<b>FOR THE YEAR ENDED 31.03.2011 AMOUNT (Rs)</b>	<b>FOR THE YEAR ENDED 31.03.2010 AMOUNT (Rs.)</b>
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**SCHEDULE - K****RAW MATERIALS CONSUMED**

Opening Stock: Base Paper	0	1,461,509
Chemicals/China Clay	623,977	3,947,703
Goods in Transit	0	0
	<u>623,977</u>	<u>5,409,212</u>
Less : Excise Duty Included	2,693	68,948
Less : Purchase Return/sales	290,811	2,258,192
	<u>330,473</u>	<u>3,082,072</u>
Add : Purchases (Net of Cenvat)		
Base Paper	0	1,169,406
Chemicals/China Clay	2,693	151,248
Profit on Sale of Chemicals	<u>84,952</u>	<u>0</u>
	<u>87,645</u>	<u>1,320,654</u>
	<u>418,118</u>	<u>4,402,726</u>
Less : Closing Stock		
Base Paper	0	0
Chemicals/China Clay (Net of provision for diminution)	<u>418,118</u>	<u>623,977</u>
	<u>418,118</u>	<u>623,977</u>
* Includes Rs. 2693/- (Previous year Rs. 2693/-) towards unutilised amount of Cenvat on closing stock.	<u>0</u>	<u>3,778,749</u>

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

Power & Fuel (Net of provision for diminution)	0	658,426
Water Charges	0	89,249
Stores & Spares Consumed (Net of provision for diminution)	0	669,054
Packing Materials Consumed (Net of provision for diminution)	0	120,836
Finishing & Packing Charges	0	49,296
	<u>0</u>	<u>1,586,861</u>

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

Salaries, Wages and Allowances	310,318	4,381,247
Staff & Labour Welfare	11,086	152,470
	<u>321,404</u>	<u>4,533,717</u>

## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	FOR THE YEAR ENDED 31.03.2011 AMOUNT (Rs.)	FOR THE YEAR ENDED 31.03.2010 AMOUNT (Rs.)
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**SCHEDULE - N****OPERATIONAL AND OTHER EXPENSES**

Discount & Commission Allowed	18,560	101,698
Carriage Outward	0	91,941
Godown Charges	0	20,119
<b>Repairs &amp; Maintenance</b>		
- Building	0	6,465
- Plant & Machinery	0	2,170
- Others	<u>11,140</u>	<u>279,366</u>
	11,140	288,001
Rates & Taxes	3,870	17,589
Legal & Professional Fees	276,648	547,848
Advertisement & Sales Promotion	48,096	79,040
Travelling & Conveyance	91,870	334,768
Printing & Stationery	33,484	105,208
Insurance	15,495	134,994
Electricity Charges	30,400	130,310
Postage & Telephone Expenses	81,360	286,690
Auditor's Remuneration	44,120	77,210
Director's Sitting Fees	29,000	38,000
Listing Fees	24,512	24,619
Security Charges	0	251,666
Octroi Expenses	0	5,473
Miscellaneous Expenses	37,586	55,152
Office Maintenance Expenses	120	9,551
Sundry Balances W/off	0	80,516
Loss on Buyback of Sales Tax Loan Assignment	0	8,439,296
Share Transfer Expenses	27,576	26,930
	<u>773,836</u>	<u>11,146,618</u>

## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	FOR THE YEAR ENDED 31.03.2011 AMOUNT (Rs.)		FOR THE YEAR ENDED 31.03.2010 AMOUNT (Rs.)	
<b>SCHEDULE - O</b>				
<b>INTEREST &amp; FINANCE CHARGES</b>				
<b>INTEREST</b>				
-On Working Capital Loans (Penal Interest)	223,793		0	
-On Working Capital Loans	<u>2,773,930</u>	2,997,724	<u>1,090,490</u>	1,090,490
Bank Charges		1,200		6,795
Bill Discounting Charges		0		0
Interest others		172		4,186
<b>Less :</b>				
-Received from Bank (TDS Rs.1582 /-) (Previous Year Rs.2846 /-)	15,658		21,166	
Interest from Sales Tax/ Income Tax	0		19,936	
-On Security Deposit(TDS RS.7002/-) (TDS Previous Year Rs.7002/-)	44,124		30,900	
-Others (TDS Rs. NIL) (TDS :Previous Year - Rs. 86901/-)	<u>43,311</u>	103,093	<u>359,065</u>	431,067
		<u><u>2,896,002</u></u>		<u><u>670,404</u></u>

**Schedules forming part of the financial statements for the year ended 31st March, 2011**  
**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, and on the basis of going concern (Refer Note No. II.2 of this Schedule), 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 (1) (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. Interest on the delayed payments of debtors is recognized at the time of receipt of outstanding balance.

**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 Computer Software is provided at 25% per annum. Refer Note no. II 10 of this schedule.

(ii) Leasehold Land is amortised over the period of Lease.

**5. Investments**

Investments are of long term nature and 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 provided in the accounts on accrual basis.

**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. (Refer Note No. II. 15 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. The accounts of the Company for the year ended on 31<sup>st</sup> March 2011 continued to be prepared on a going concern basis keeping in view the fact that the management of the Company is actively pursuing rehabilitation package with the Board for Industrial & Financial Reconstruction (BIFR). The erosion of entire Net Worth has, however, adversely

affected the Going concern concept in respect of the Company. In spite of the above, the financial statements for the current year have not been adjusted for the recoverability and classification of assets and liabilities as a consequence of the inability of the Company to continue as a going concern. The Company is of the opinion that the extent of the effects of the resultant adjustment to the assets and liabilities of the Company as at the year end and on the loss for the year is presently not ascertainable.

3. inventory as at the Balance Sheet date is as taken, valued and certified by a Director.
4. Provision for diminution in the book value of inventory created in the earlier years has been written back, since the same is no longer required amounting to Rs. 2.20 Lacs, by way of adjustment in the book value of inventories.
5. During the year, the Company has continued with the Leave and Licensing agreement with Nobel Hygiene Pvt. Ltd. in respect of Sinner factory premises with the Security Deposit of Rs.1.70 Crores received in the earlier years.
6. During the year, the Company has disposed off certain portion of Fixed Assets comprising of Plant and machinery, Air conditioners and furniture for an aggregate consideration of Rs.10.69 Lacs.
7. For the year ended 31<sup>st</sup> March 2011, the Company has provided for liability on account of gratuity and leave encashment on accrual basis, amounting to Rs.0.38 Lacs and Rs.0.18 Lacs respectively considering the limited number of employees remaining in service as at 31.03.2011.
8. 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. 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 unascertainable).
9. During the current year the Company has not provided depreciation on the Plant and Machinery due to closure of plant on account of discontinuation of manufacturing operations and consequential overstatement of fixed assets and understatement of losses incurred by Rs.35.38 Lacs.
10. The balances of Sundry Debtors, Loans and Advances, and Current Liabilities as appearing in the accounts are subject to the confirmation from the respective parties and consequential reconciliation, if any. However the Company anticipates no significant variations from its book values as on the Balance Sheet date.
11. The Company has received Sales tax refund order for the year 2004-05 amounting to Rs.11.34 Lacs in the accounting year 2009-2010 which has been fully adjusted by the Company against Sales Tax Deferral loan installments due for the year 1997-1998 and 1998-1999 and had been wrongly credited to Profit and Loss Account for the year ended 31<sup>st</sup> March 2010. Based on the Assessment Order received subsequently, the above effect has been regularised during the current year, by way of reinstating the Sales tax deferral loan to its appropriate balance of Rs.248.00 Lacs as at 31<sup>st</sup> March 2011

12. There were no dues to Micro and Small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act, 2006 during the current year.
13. There is no identifiable segment within the meaning of the Accounting Standard-17, Segment Reporting, 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.

14. 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) 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	59.55	59.59
<b>Less – Deferred Tax Assets under Income Tax Act, 1961</b>		
- On Accumulated Losses	(328.04)	(277.84)
- On Payments u/s 40 (a) (ia)	-	-
- On Payments u/s 43B	(0.17)	(2.55)
<b>Net Deferred Tax Assets as at the close of the Period / year</b>	<b>(268.66)</b>	<b>(220.80)</b>

Tax rate considered for the above purpose is 30.90% (Previous year: 33.99%)

The Company's brought forward losses under the Income Tax Act, 1961, as on 1<sup>st</sup> April 2010 and at Rs.1061.63 Lacs (Previous year: Rs. 899.15 Lacs). On the aforesaid amount, the Company has decided to consider Deferred Tax Asset amounting to Rs. 328.04 Lacs (Previous year: Rs. 277.84 Lacs).

The Net Deferred Tax Assets amounting to Rs. 268.66 Lacs (Previous year – 220.80 Lacs) was provided for in the accounts, thereby overstating the profit for the year and creation of Deferred Tax Asset to the extent of Rs. 268.66 Lacs, is material departure from the recommendations of Accounting Standard – 22.

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

Description	Current Year	Previous Year
Amounts used as numerator (Rs.)	(1504575)	*2576173
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.)	(0.48)	0.83

\*The above figure of Profit has been arrived at after considering provision for deferred tax assets on accumulated losses of the earlier years.

16. 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.

17. **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.
- Madhu Construction 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	Key Mangerial Personnel
Interest-free Unsecured Loan taken by the Company	186.50 (190.00)
Closing Balance (Cr.)	186.50 (190.00)

18. **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)	NIL 110.37 MT



**(B) Particulars of Sales & Job Work Undertaken:**

Description	Quantity (MT)	Value (Rs. In Lacs)
<b><u>Sales</u></b>		
Coated Paper	2.92	0.52
	200.27	88.20
Wastage & Broke Paper	NIL	NIL
	29.52	3.36

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

Description	Quantity (MT)	Value (Rs. In Lacs)
<b>(a) Opening Stock</b>		
Coated Paper (Finished Goods)	2.92	1.40
	(92.83)	(42.01)
Work in Progress	NIL	NIL
	(NIL)	(NIL)
<b>(b) Closing Stock</b>		
Coated Paper (Finished Goods)	NIL	NIL
	(2.92)	(1.40)
Work in Progress	NIL	NIL
	(NIL)	(NIL)

**(D) Consumption of Raw Material**

Description	Quantity (MT)	Value (Rs. In Lacs)
<b>100% Indigenous</b>		
<b>(i) Base Paper</b>		
	NIL	NIL
	(65.18)	(25.45)
<b>(ii) Chemicals</b>		
	NIL	NIL
	(30.07)	(10.43)

Note: Previous year's 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	NIL
(c) Expenditure in foreign currency	NIL	NIL
(d) CIF Value of Imports	NIL	NIL
(e) FOB Value of Exports	NIL	NIL

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

## 20. Balance Sheet Abstract and Company's General Business Profile:

## I. Registration Details:

Registration No.	L51010MH1991PLCO61164
State Code	11 (Maharashtra)
Balance Sheet Date	31.03.2011

## 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	106885
Total Assets	106885

## (A) Sources of Funds:

Paid-up capital	31189
Reserves & Surplus	Nil
Secured Loans	Nil
Unsecured Loans	75696

## (B) Application of Funds:

Net Fixed Assets	25280
Investments	Nil
Net Current Assets	(12949)
Miscellaneous Expenditure	945553

## IV. Performance of the Company

Turnover	1605
Total Expenditure	4696
Profit Before Tax	(3091)
Profit After Tax	(1505)
Earnings per Share (Rs.)	(0.48)
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

Place: Mumbai

Date: 27th August, 2011

For and on behalf of the Board

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

## For your immediate attention

### SARDA PAPERS LIMITED

Regd. Office & Works : Plot No. A/70, MIDC, Sinnar,  
Dist. Nashik - 422 103 (Maharashtra)

27.08.2011

To,  
The Share Holders  
Sarda Papers Limited

Subject : Regarding Registration of E-mail id with the Company or Share Registrar  
& Transfer Agent or Concerned Depository.

Dear Sir,

In view of the Circular No. 18/2011 dated 29.04.2011 issued by Ministry of Corporate Affairs, the Company proposes to send the Notices (along with explanatory statement) with Balance Sheet, Profit & Loss Account, Auditors Report, Directors Report (along with Annexures ) through email to the Shareholders of the Company. The Shareholder are requested to register their email address, by mentioning their name, no. of shares and folio no. to the under mentioned address or also through e-mail:-

B. L. Sharma  
Compliance Officer  
Sarda Papres Limited  
S002 B, 2nd Floor,  
Vikas Centre, S. V. Road,  
Santacruz (West),  
Mumbai - 400 054

Tel : 022 - 66780131-33  
Fax : 022 - 26614087  
Email : share@sardagroup.com

Universal Capital Securities Pvt. Ltd.  
(Formerly Mondkar Computers Pvt. Ltd.)  
21, Shakil Niwas,  
Opp. Satya Saibaba Temple,  
Mahakali Caves Road,  
Andheri (East),  
Mumbai - 400 093

Tel : 022 -28207203-05  
Fax : 022 - 28207207  
Email : sardapaper@unisec.in

The Shareholders can also register their e-mail with the concern depository.

Kindly confirm/register the e-mail id in the following format by or before 31.10.2011 or else the email id available with the Company by depository shall be considered as confirm one.

For Sarda Papers Limited  
Sd/-  
(Pradeep Kumar Sarda)  
Chariman

Name of Shareholder(s)	
Folio No.	
Email ID	
Telephone No : (Office/Residence/Mobile)	

Date :

Place:

Signature of Shareholder(s)



ATTENDANCE SLIP

**SARDA PAPERS LIMITED**

Regd. Office & Works :  
Plot No.A/70,M.I.D.C.,  
Sinnar, Dist Nasik -422 103  
MAHARASHTRA

D.P Id.*	
----------	--

Client Id*	
------------	--

Please Complete this Attendance Slip and hand it over at the entrance of the Meeting Hall.

L.F. No. \_\_\_\_\_

NAME OF THE SHAREHOLDER/PROXY \_\_\_\_\_

ADDRESS \_\_\_\_\_

No. of share held \_\_\_\_\_

I hereby record my presence at the TWENTIETH ANNUAL GENERAL MEETING of the company to be held on Thursday the 29th September, 2011 at 1.00 P.M. at A-70 M. I. D. C., Sinnar, Dist. Nasik, Pin 422 103 Maharashtra.

SIGNATURE OF SHAREHOLDER/PROXY

\*Applicable for investors holding shares in demat form



PROXY

**SARDA PAPERS LIMITED**

Regd. Office & Works :  
Plot No.A/70,M.I.D.C.,  
Sinnar,Dist Nasik -422 103  
MAHARASHTRA

D.P Id.*	
----------	--

Client Id*	
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Please Complete this Attendance Slip and hand it over at the entrance of the Meeting Hall.

L.F. No. \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member/members of SARDA PAPERS LIMITED hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or falling him \_\_\_\_\_ of \_\_\_\_\_

Our proxy to vote for me /us and on my/our behalf at the TWENTIETH ANNUAL GENERAL MEETING of the company to be held on Thursday the 29th September, 2011 at 1.00 P.M. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

Note : The Proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company

Please Affix Rs. 1/- Revenue Stamp
--

\*Applicable for investors holding shares in demat form

**SARDA PAPERS LTD.**

A-70,M.I.D.C.,

Sinnar, Dist. Nasik, Pin 422 103

Maharashtra

Mob.: 9371136384