



21st ANNUAL REPORT
2011-2012



SARDA PAPERS LIMITED

BOARD OF DIRECTORS

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

SOLICITORS & ADVOCATES

Divya Shah Associates
Mumbai

AUDITORS

Malpani & Associates
Mumbai

REGISTERED OFFICE & WORKS

A-70, M.I.D.C.,
Sinnar, Dist. Nasik, Pin 422 103
Maharashtra Mob.: 9764448077
Email : share@sardagroup.com
Website : www.sardapapers.com

BANKERS

State Bank of India
Citi Bank N.A.

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

STOCK EXCHANGE WHERE COMPANY'S SHARES ARE LISTED

Bombay Stock Exchange Limited

CONTENTS

	Page No.
Notice	1
Director's Report	5
Management Discussion & Analysis	9
Report on Corporate Governance	10
Auditor's Report	19
Balance Sheet	24
Profit and Loss Account	25
Cash Flow Statement	26
Notes	27

NOTICE TO THE MEMBERS

Notice is hereby given that the Twenty-first Annual General Meeting of the Members of SARDA PAPERS LIMITED will be held on Thursday the 27th September, 2012 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 31st March, 2012 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. Divya M. Shah who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 94 of the Companies Act, 1956, and other applicable provisions if any, the Authorised Share Capital of the Company be increased from Rs.3,50,00,000/- (Rupees Three Crore Fifty Lacs Only) divided into 35,00,000 (Thirty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each to Rs.7,75,00,000/- (Rupees Seven Crore Seventy Five Lacs Only) divided into 35,00,000 (Thirty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 4,25,000 (Four Lacs Twenty Five Thousand) 1 % Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each and Clause V of the Memorandum of Association and Article 3 of Articles of Association of the Company be altered accordingly."

5. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Ordinary Resolution**:

"RESOLVED THAT pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956 the existing Clause V of Memorandum of Association of the company relating to the Share Capital be and is hereby substituted by the following paragraph:

V. The Authorised Share Capital of the Company is Rs.7,75,00,000/- (Rupees Seven Crores Seventy Five Lacs Only) divided into 35,00,000 (Thirty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 4,25,000 (Four Lacs Twenty Five Thousand) 1 % Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each with the rights, privileges and conditions attached thereto as per the relevant provisions contained in that behalf in the Articles of Association of the Company and with power to increase or reduce the Capital of the Company and to divide the shares in the capital for the time being into several classes (being those specified in the Companies Act, 1956) and to attach thereto respectively such preferential, qualified or special rights privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company for the time being in force, and to vary, modify, enlarge or abrogate any such rights, privileges, or conditions in such manner as may be permitted by the said Act or provided by the Articles of Association of the Company for the time being in force. The right of the Redeemable Preference Shares shall be determined at the time of issue thereof.

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

"RESOLVED THAT pursuant to Section 31 of the Companies Act, 1956 and other applicable provisions, if any, the Article No. 3 of the Articles of Association of the company be and is hereby substituted by the following Article:

3. The Authorised Share Capital of the Company is Rs.7,75,00,000/- (Rupees Seven Crores Seventy Five Lacs Only) divided into 35,00,000 (Thirty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 4,25,000 (Four Lacs Twenty Five Thousand) 1 % Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary and desirable to give effect to above mentioned resolutions."

7. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution** :

"RESOLVED THAT in supersession of all previous resolutions in this regard and in accordance with the provisions of Section 81(1A) and other applicable provisions, if any of the Companies Act, 1956, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 (SEBI Regulations), Listing Agreements entered into by the Company with the Stock Exchange where the Share of the Company are listed, enabling provisions in the Memorandum and Articles of Association of the Company as also provisions of any other applicable laws, rules and regulations (including any amendments thereto or re-enactments therefore for the time being in force) and subject to such approvals, consents, permissions and sanctions of the SEBI, Government of India and all other appropriate and/or concerned authorities, or bodies and subject to such conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permission and sanctions which may be agreed to by the Board of Directors of the Company (Board) (which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the power conferred on the Board by this resolution), the Board be and is hereby authorized to offer, issue and allot in one or more tranches, to investors whether Indian or Foreign, including Foreign Institutions, Non Resident Indians, Corporate Bodies, Individuals or otherwise, whether Shareholder of the Company or not, through a Public Issue and/or on a Private Placement Basis, Redeemable Preferential Shares so that the total amount raised shall not exceed 425 Lacs as the Board may determine."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby also authorized to determine the form, terms and timing of the Issue(s), including the class of Investors to whom the Redeemable Preference Shares are to be allotted in each tranche, issue price, face value, premium amount in issue/redemption, rate of dividend, redemption period as the Board may in its absolute discretion deems fit and to make and accept any modification in the proposals as may be required by the Authorities involve in such issues(s) in India and/or Abroad, to do all acts, deed, matters and things and to settle any questions or difficulties that may arise in regard to the issue(s)."

"RESOLVED FURTHER THAT the Redeemable Preference Shares to be offered and allotted shall be in dematerialized form."

"RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of Shares the Board, be and is hereby authorized on behalf of the Company to do all such acts, deed, matters and things as it may, in absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the terms thereof, for entering into arrangements for managing, underwriting, marketing, listing and trading, to issue placement documents and to sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such offer(s) of issue(s) or allotment(s) as it may, in its absolute discretion, deem fit."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to a Committee of Directors in such manner as they may deem fit."

8. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Ordinary Resolution** :

"RESOLVED THAT the Rehabilitation Proposal of the Company which has been prepared by the State Bank of India (Operating Agency) ("OA") pursuant to the directions given by the BIFR and agreed by the Board of Directors for revival of the Company and to protect interest of the Members Board have accepted in principle, the Scheme of reverse merger of a healthy Company in the Scheme. The Board of Directors be and are hereby authorized and empowered to make necessary change wherever necessary and to finalize the said Scheme in consultation with SBI and secure the permission of BIFR for implementing the Scheme ."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to vary the terms and conditions for reverse merger as may be required by the BIFR at the time of hearing and accept the said terms and conditions, if not detrimental to the interest of the Members of the Company."

For and on behalf of Board

Place : Mumbai
Date : 30th May, 2012

Pradeep Kumar Sarma
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 20th September, 2012 to Thursday the 27th September, 2012 (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 31st 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.
7. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is attached hereto.

For and on behalf of Board

Place: Mumbai
Date : 30th May, 2012

Pradeep Kumar Sarma
Chairman

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956

THE FOLLOWING EXPLANATORY STATEMENT SETS OUT MATERIAL FACTS RELATING TO THE BUSINESS ITEMS

ITEM NOS. 4,5 and 6

The Company has incurred huge losses and the same have been funded by the Promoters/Directors by bringing in unsecured loans and by way of temporary borrowings from bodies corporate. The rehabilitation proposal for revival of the Company is pending with the BIFR for quite a long time. Considering the delay in getting the sanction at BIFR due to huge backlog of several pending cases, Company is considering to increase its paid up capital thereby making positive net worth for the Company. In this regard Company has discussed with Some Investors and considering their interest in reviving the Company, they have agreed to subscribe Redeemable Preference Shares of the Company. Accordingly this necessitates amendment to Clause V & Article 3 of the Company's Memorandum and Articles of Association respectively as stated in the resolution at item Nos. 4, 5 & 6 so as to permit the Board of Directors to allot Redeemable Preference Shares to the prospective investors.

The Directors recommend these Resolutions for approval of Members.

None of the Directors is interested in these Resolutions except to the extent that they will be subscribing the Share Capital after enhancement of the Capital.

Item No. 7

The Company requires adequate capital on its revival of business, because Company has incurred huge cash losses in earlier years. While it is expected that the internal generation of funds on revival, would partially finance the need for capital and enhanced working capital, but it would be more prudent to increase the share capital before final approval of BIFR comes in for revival of the Company and implementation of the Scheme. By increasing the Share Capital to the extent of 400-425 lacs Company has been advised that it can seek discharge from the purview of the Board since its net worth will become positive by allotment of additional Share Capital to the prospective investors. Considering very long time, being taken by the BIFR, the Company thought it prudent to increase its paid up capital, thereby making positive net worth of the Company and seek discharge from purview of the Board. Thereafter Company will be free to implement the revival Scheme of the Company which has been already apprised by State Bank of India (OA) and pending since 2009. Your Company would be able to start business activities immediately with enhance capital and can produce better results with new product and new machines as visualized in the Scheme of Revival by the OA.

The Directors recommend this Resolutions for approval of Members.

None of the Directors is interested in these Resolutions except to the extent that they will be subscribing the Share Capital after enhancement of the Capital.

Item No. 8

The Company in consultation with the sole lender State Bank of India had prepared a revival scheme of the Company by way of reverse merger of a healthy company which has huge potential to grow in the market and engaged in personnel hygienic products for mass consumption. The healthy company was mainly engaged in the trading activities and were looking for a manufacturing unit which can meet their infrastructure need. Our Company had all the infrastructure in place and therefore they approached the Board and have consented to merged their company with our company so as to avail the benefits of the infrastructure of our company. Our company will also be benefited with the merger of existing company which is having ready market and generating profits out of its business activities.

The Directors recommend this Resolutions for approval of Members.

None of the Directors is interested in this Resolutions except that the benefits of the revival will also accrue to them by virtue of their holding in the existing company.

For and on behalf of Board

Place : Mumbai
Date : 30th May, 2012

Pradeep Kumar Sarda
Chairman

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

Name of the Director	Mr. Divya M Shah
Date of Birth	26.04.1953
Date of Appointment.	16.10.1992
Expertise in any specific functional Area	Mr. Divya M. Shah is a Law Graduate and Senior Partner in Advocate and Solicitors firm Divya Shah Associates. He is also diploma holder in Advocate and Solicitor.
Qualification	Bachelor of Arts, LLB Advocate and Solicitor
Directorships held in other companies. (excluding foreign- Companies.)	1. Crest Communications Ltd.
Committee position held in other Companies.	Nil

**DIRECTOR'S REPORT**

To
The Members,
SARDA PAPERS LIMITED

Your Directors are presenting the 21st Annual Report on the business & operation of your Company together with the Audited Accounts for the year ended 31st March, 2012

1. <u>FINANCIAL RESULTS</u>	<u>YEARENDED</u>	<u>YEARENDED</u>
	<u>31/03/2012</u>	<u>31/03/2011</u>
	<u>(Rs. In Lacs)</u>	<u>(Rs. In Lacs)</u>
Profit/(Loss) before Depreciation	2.85	(23.86)
Less: Depreciation	<u>(6.47)</u>	<u>(7.05)</u>
Net Profit / (Loss) before Tax	(3.62)*	(30.91)
Less : Provision for Tax	0.00	0.00
Deferred Tax	<u>0.00</u>	<u>47.86</u>
Net Profit / (Loss) after Tax	(3.62)	16.95
Less : Prior period items	<u>0.00</u>	<u>32.00</u>
Balance of Profit/(Loss)	(3.62)	(15.05)
Less/(Add) : Loss Brought Forward	<u>(676.87)</u>	<u>(661.82)</u>
Balance of Loss carried to Balance Sheet	<u><u>(680.49)</u></u>	<u><u>(676.87)</u></u>

1. **DIVIDEND**

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

2. **PERFORMANCE AND OPERATIONS**

As you are aware that your Company had suspended the manufacturing operation from June 2009 due to unfavorable market condition and continuous losses.

You are 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 last year Company had taken short term loans from a Company and discharged its total term loan liability of State Bank of India. Now with a view to re-pay the said loan liability, Company is proposing the issue Redeemable Preference Shares to the said lender and therefore intend to raise its Authorized Share Capital by Rs. 425 Lacs. Accordingly Company is seeking permission from the Members to raise the Share Capital of the Company and proposing a Ordinary Resolution as special business in the accompanying notice of the meeting.

4. DIRECTORS

Shri Divya M. Shah, 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 certificates 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 and AS 28 have been followed along with proper explanations relating to material departures ;
- ii. That the Directors had selected such accounting policies and applied them consistently in the Financial Statement and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2012 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 31st March, 2012, on a going concern basis.

8. FIXED DEPOSIT

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



9. **STATEMENT PURSUANT TO LISTING REQUIREMENTS**

The Equity Shares of the Company are listed with the Bombay Stock Exchange Limited and Company had paid the Annual Listing Fees for the financial year 2012-2013.

10. **CORPORATE GOVERNANCE**

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

11. **SECRETARIAL COMPLIANCE REPORT**

Your Directors attach herewith a copy of the Compliance Certificate issued by a Practising Company Secretary for the year ended 31st March, 2012 pursuant to Section 383A(1) of the Companies Act, 1956.

12. **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.

13. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS 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.

14. **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 : 30th May, 2012

Pradeep Kumar Sarda
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, 2012.

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

	2011-2012	2010-2011
A. Power & Fuel consumption		
1) Electricity Purchased Units (Lacs)	0.00	0.00
2) Total Cost (Rs./Lacs)	0.00	0.00
Rate/Unit (Rs.)	0.00	0.00
3) Furnace Oil Quantity (K. Litres)	0.00	0.00
4) Total Cost (Rs./Lacs)	0.00	0.00
5) Average Rate (Rs.)	0.00	0.00
B. Consumption per unit of production (Products – Coated Paper)		
Electricity (Unit/MT)	0.00	0.00
Furnace Oil (Litre/MT)	0.00	0.00
2) TECHNOLOGY ABSORBPTION		
a. Research & Development	Nil	Nil
b. Absorption of Technology	Nil	Nil
3) FOREIGN EXCHANGE EARNINGS AND OUTGO		
	(Rs. in Lacs)	(Rs. in Lacs)
	2011-2012	2010-2011
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 : 30th May, 2012

Pradeep Kumar Sarma
Chairman

Management Discussion and Analysis Report

Your Directors present the Management Discussion and Analysis Report for the year ended 31st March, 2012.

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.

INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian economy has witnessed flat growth in year ended 31st March, 2012. The paper industry has posted a reasonable growth in the year.

OPPORTUNITIES AND THREATS:

At present operation of the Company are suspended and proposal is pending before BIFR for its rehabilitation and revival of the Company.

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 activity.

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 reviewed by the Audit Committee of the Board of Directors.

HUMAN RESOURCES / INDUSTRY RELATIONS

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

FINANCIALS

The internal fund availability has suffered a setback at the year end with continues losses in the Company. The Company has repaid entire secured loans. With a view to strengthen the working capital which may be required by the Company for restarting of its operation, Company proposes to raise additional capital by way of Redeemable Preference Share Capital to a Company, with whom Company is proposing for revival of the Company.

CAUTIONARY STATEMENT

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

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY

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

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

2. BOARD OF DIRECTORS

The Board of Directors consist 4 Directors as on 31st March, 2012. 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	5	No	3	—	2

b. Independent Non-Executive Director

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

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

No. of Board Meeting Held : 5

Date on which held : 30th April, 2011, 29th July, 2011, 27th August, 2011, 31st October, 2011, 31st January, 2012.

c. Sitting fees paid to Directors

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

3. AUDIT COMMITTEE

As per requirement of Clause 49 of the listing agreement, the board of Directors have Constituted Audit Committee in its meeting held on 28th 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 2011-2012. The attendance of each member of the Audit Committee in the committee meeting is given below.

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

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 inter alia 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 Sardar	Non Executive
2.	Mr. Divya M. Shah	Non Executive, Independent

The Remuneration Committee shall meet as and when need arises.
No meeting of the Remuneration Committee was convened during the year.

5. SHARE HOLDERS COMMITTEE

The composition of the Shareholders committee are as follow :-

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

Compliance officer

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

Scope

The Shareholders Committee deals with matters relating to :

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

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

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

7. GENERAL BOARD MEETING

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

FINANCIAL YEAR	DATE	TIME	VENUE
31/03/2009	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
31/03/2011	29/09/2011	01.00 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
27.09.2012	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 1st April to 31st March.

- First Quarter results : Last week of July, 2012
- Second Quarter results : Last week of October, 2012
- Third Quarter results : Last week of January, 2013
- Fourth Quarter results : Last week of April, 2013



- 3) **Book Closure :** 20/09/2012 to 27/09/2012 (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 : P. J. Tower, Dalal Street,
Mumbai – 400 001
Stock code : 516032
Status of Listing Fees : The Company has paid Annual Listing Fees for the year 2012-2013 to the above stock Exchange.

- 6) **Market Price Date**

MONTH	HIGH	LOW
April 2011	6.00	5.71
May 2011	5.70	5.00
June 2011	5.00	5.00
July 2011	7.53	4.76
August 2011	10.05	7.55
September 2011	8.34	5.41
October 2011	5.14	4.42
November 2011	4.63	3.95
December 2011	4.41	4.00
January 2012	3.81	3.27
February 2012	3.59	3.11
March 2012	4.33	3.59

- 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 31st March, 2012

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	32940	1.056
6.	Indian Public	774360	24.828
	GRAND TOTAL	3118900	100.00%

Distribution schedule as on 31st March, 2012

Category (No of Shares)	No of Shareholders	Percentage	No of Shares	Percentage
Upto – 500	2250	90.434	345260	11.070
501-1000	142	5.707	121626	3.900
1001-2000	53	2.130	80180	2.571
2001-3000	12	0.482	29674	0.951
3001-4000	5	0.201	17988	0.577
4001-5000	5	0.201	23652	0.758
5001-10000	9	0.362	74819	2.399
10001 & Above	12	0.482	2425701	77.774

- 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 : 9764448077
- 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 : 9764448077
- 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 30th May, 2012 and the same was approved.

For and on behalf of Board

Place : Mumbai
Date : 30th May, 2012PRADEEP 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, 2012 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. 5985**

Place : Mumbai
Date : 30th May, 2012

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, 2012. 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 30th April, 2011, 29th July, 2011, 27th August, 2011, 31st October, 2011 and 31st January, 2012 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 22nd September, 2011 to 29th September, 2011 and has complied with the provisions of the Act.
06. the Annual General Meeting for the financial year ended on 31st March, 2011 was held on 29th September, 2011 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 was not required to make any 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, Registrar of Companies and/or such other authorities prescribed under the various provisions of the Act.
 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 : 30th May, 2012

Reg. : SARDA PAPERS LIMITED

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

Annexure A

Registers as maintained by the Company

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

Annexure B

Forms and Returns as filed by the company with the Ministry of Corporate Affairs during the financial year ended on 31st March, 2012.

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.	27 th April, 2011	—	—
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.	25 th July, 2011	—	—
03.	Form 66	383A	Compliance Certificate for the year ended 31 st March, 2011	20 th October, 2011	Yes	—
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.	29 th October, 2011	—	—
05.	Form No. 20B	159	Annual Return the year ended 31 st March, 2011	26 th November, 2011	Yes	—
06.	Form No. 23AC and 23ACA	220	Balance Sheet and Profit & Loss Account. for the year ended 31 st March, 2011	26 th December, 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.	20 th January, 2012	—	—

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 : 30th May, 2012



Auditor's Report

The Members,

Sarda Papers Limited

1. We have audited the attached Balance Sheet of **Sarda Papers Limited** as on 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies Auditor's Report (Amendment) Order, 2004 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 and based on the information and explanations given to us in this regard, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company during the year.
4. Further to our comments in the Annexure referred to in para 3 above, we report as follows:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit;
 - ii. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books;
 - iii. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement referred to in this report are in agreement with the books of accounts;
 - iv. In our opinion, the Balance Sheet, the Statement of Profit and Loss 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 in respect of what is stated in para vi (a) and (c) below.*
 - v. On the basis of written representations received from the concerned directors as on 31st March, 2012 and taken on record by the Board, we report that none of the directors is disqualified as on the said date from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956, as on 31st March 2012;
 - vi. Attention is invited to the following Notes:
 - (a) ***Note No. 25 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. 8 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 loss for the year by Rs.35.10 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 would be available against which such deferred tax assets can be realized. However, as referred to in Note No.9, the Company has in the earlier years, recognized Deferred Tax Assets on such losses amounting to Rs. 268.66 Lacs, net after considering the Deferred Tax Liability of Rs. 59.55 Lacs, in violation of the recommendations of the above Accounting Standard, thus having consequential effect on the balance of Net Deferred Tax Assets, which was unmoved during the year, with Nil impact on the Loss for the year.**
- vii. **Except to the extent to what was stated in 4 vi (c) above, where we expressed our disclaimer of opinion as regards the Company's continued preparation of financial statements on recognition of Deferred Tax Assets on brought forward business losses and subject to what is stated in para 4. vi. (a) and (b) 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 which give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;**
- (a) **In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;**
- (b) **In the case of the Statement of 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: 30th May, 2012

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

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

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

(ix) **Statutory Dues**

(a) As per the records verified by us, the Company is generally regular in depositing the statutory dues including Provident Fund, Sales Tax, Service Tax, Excise Duty, Customs Duty and Investor Education and Protection Fund with the appropriate authorities during the year 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. The Company has not incurred any cash losses during the current financial year.

(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 and /or advances on the basis of security by way of pledge of shares, debentures and other securities to any party.
- (xiii) **Application of Special Statutes**
The provisions of special statutes applicable to Chit Fund / Nidhi / Mutual Benefit Fund / Societies are not applicable to the Company during the year under review.
- (xiv) **Dealing Shares, Securities etc.**
The Company has not dealt with Shares, Securities, etc. during the year under review. 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 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: 30th May, 2012



Balance Sheet as at 31st March, 2012

Particulars	Notes	As at 31st March 2012 Amount (Rs)	As at 31st March 2011 Amount (Rs)
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2	31,189,000	31,189,000
Reserves and Surplus	3	(68,049,477)	(67,686,973)
Non-Current Liabilities			
Long-term borrowings	4	42,190,690	43,450,484
Long term provisions	5	59,899	55,441
Current Liabilities			
Short-term provisions	6	49,245,807	49,245,807
Trade payables	7	665,906	649,658
TOTAL		<u>55,301,825</u>	<u>56,903,417</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	24,580,932	25,279,723
Intangible assets		-	988
Deferred tax assets (net)	9	26,866,303	26,866,303
Long term loans and advances	10	888,031	891,196
Current assets			
Inventories	11	945,856	988,064
Trade receivables	12	1,008,375	1,554,154
Cash and cash equivalents	13	356,321	336,144
Short-term loans and advances	14	79,120	58,920
Other current assets	15	576,885	927,924
Total		<u>55,301,825</u>	<u>56,903,417</u>

Notes 1-31 form an integral part of the Financial Statements

As per our report of even date attached.

For Malpani & Associates
Chartered Accountants

Shyam Malpani
Proprietor

Place : Mumbai
DATE : 30th May 2012

For and on behalf of the Board

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

Chairman
Director
Director

**Statement of Profit and Loss for the year ended 31st March, 2012**

Particulars	Notes	Year ended 31st March 2012	Year ended 31st March 2011
I. Revenue from operations		-	51,717
II. Other Income	16	1,311,334	1,698,212
III. Total Revenue (I +II)		<u>1,311,334</u>	<u>1,749,929</u>
IV. Expenses:			
Changes in inventories	17	-	42,194
Employee benefit expense	18	256,648	321,404
Financial costs	19	-	2,997,724
Depreciation and amortization expense	20	647,026	704,715
Other expenses	21	770,164	775,035
Total Expenses		<u>1,673,838</u>	<u>4,841,072</u>
V. Profit before exceptional and extraordinary items and tax (III - IV)		<u>(362,504)</u>	<u>(3,091,143)</u>
VI. Exceptional & Extraordinary Items		-	-
VII. Profit before tax (V - VI)		<u>(362,504)</u>	<u>(3,091,143)</u>
VIII. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	(4,786,312)
IX. Prior Period Expenses		-	3,199,744
X. Profit/(Loss) for the year (VII - VIII)		<u>(362,504)</u>	<u>(1,504,575)</u>
XI. Earning per equity share:			
(1) Basic	22	(0.12)	(0.48)
(2) Diluted	22	(0.12)	(0.48)

Notes 1-31 form an integral part of the Financial Statements

As per our report of even date attached.

For Malpani & Associates
Chartered Accountants

Shyam Malpani
Proprietor
Place : Mumbai
DATE : 30th May 2012

For and on behalf of the Board

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



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	For the Year Ended 31.03.12		For the Year Ended 31.03.11	
	AMOUNT (Rs.)	AMOUNT (Rs.)	AMOUNT (Rs.)	AMOUNT (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) After Tax		(362,504)		1,695,169
Adjusted for:				
a) Depreciation	647,026		704,715	
b) Interest and Finance Charges	-		2,999,096	
c) Profit on sale of Fixed Assets	(378,247)	268,779	(853,306)	2,850,505
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(93,725)		4,545,674
a) Trade Receivables	545,779		(194,336)	
b) Inventories	42,208		267,663	
c) Trade Payable	20,704	608,691	(5,787,969)	(5,714,642)
CASH GENERATED FROM OPERATIONS		514,966		(1,168,968)
Less:				
a) Interest Paid	-		2,999,096	
b) Direct Taxes Paid/Adjustments	351,039	351,039	4,897,742	7,896,838
Cash inflow before prior period adjustment		866,005		(9,065,806)
Less: Prior Period Adjustment		-		3,199,744
		866,005		(12,265,550)
NET CASH GENERATED FROM OPERATING ACTIVITIES: (A)		866,005		(12,265,550)
B. CASH FLOW FROM INVESTING ACTIVITIES				
a) Loans & Advances & Deposits	(17,035)		44,076	
b) Sale of Fixed Assets	431,000	413,965	1,069,308	1,113,384
NET CASH USED IN INVESTING ACTIVITIES: (B)		413,965		1,113,384
C. CASH FLOW FROM FINANCING ACTIVITIES				
a) Proceeds from Short Term Borrowings(Secured)	-		(21,815,314)	
b) Proceeds from Long Term Borrowings(Unsecured)	(1,259,794)	(1,259,794)	32,662,781	10,847,467
NET CASH USED IN FINANCING ACTIVITIES: (C)		(1,259,794)		10,847,467
Net Increase/(Decrease) in Cash & Cash Equivalents	(A)+(B)+(C)	20,177	(A)+(B)+(C)	(304,699)
Opening Balance of Cash & Cash Equivalents	336,144		640,843	
Closing Balance of Cash & Cash Equivalents	356,321	20,177	336,144	(304,699)

Notes 1-31 form an integral part of the Financial Statements

As per our report of even date attached.

For Malpani & Associates
Chartered Accountants

Shyam Malpani
Proprietor
Place : Mumbai
DATE : 30th May 2012

For and on behalf of the Board

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

Significant Accounting Policies and Notes to Accounts : 31.03.2012**Note 1: Significant Accounting Policies****1.1 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, 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. (Refer Note No. 24 in the Notes to Accounts)

1.2 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.

1.3 Fixed Assets

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

1.4 Depreciation

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. 8 in the Notes to Accounts)

1.5 Inventories

Inventories have been valued at lower of Cost or Net Realisable Value

1.6 Retirement Benefits:

Gratuity and Leave encashment are provided in the accounts on accrual basis.

1.7 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. 9 in the Notes to Accounts)

1.8 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.

1.9 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012

PARTICULARS	AS AT 31.03.2012 AMOUNT (Rs.)	AS AT 31.03.2011 AMOUNT (Rs.)
Note 2: Share Capital		
<u>AUTHORIZED CAPITAL</u>		
3500000 of Equity Shares of Rs.10/- each.	35,000,000	35,000,000
	<u>35,000,000</u>	<u>35,000,000</u>
<u>ISSUED, SUBSCRIBED & PAID UP CAPITAL</u>		
3120000 of Equity Shares of Rs.10/- each, Fully Paid up	31,200,000	31,200,000
Less: 1100 Shares of Rs. 10/- each Forfeited	11,000	11,000
Total	<u><u>31,189,000</u></u>	<u><u>31,189,000</u></u>

The company has one class of equity shares having a par value of Rs. 10 per share.

Each holder of equity share is entitled to one vote per share

Reconciliation of Nos. Of Shares

Number of Equity Shares at the beginning	3,118,900	3,118,900
Add:- Number of Shares Issued	-	-
Number of Equity Shares at the end	<u><u>3,118,900</u></u>	<u><u>3,118,900</u></u>

Details of shareholders holding more than 5% of Shares

Name	Class of Share	No. of Share Holding	% of Holding
Sumadhu Traders Pvt. Ltd.	Equity Shares	666000	21.35
Madhu Pradeep Sarda	Equity Shares	504100	16.16
Pradeep Kumar Sarda	Equity Shares	373400	11.97
Madhu Cons. Pvt. Ltd.	Equity Shares	320000	10.26
Parag Pradeep Sarda	Equity Shares	279998	8.98

Note 3: Reserve & Surplus

(Deficit)/Surplus balance as per Statement of Profit & Loss

Balance Brought Forward from earlier year	(67,686,973)	(66,182,398)
Add: Surplus /(Deficit) for the year	(362,504)	(1,504,575)
Total	<u><u>(68,049,477)</u></u>	<u><u>(67,686,973)</u></u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012

PARTICULARS	AS AT 31.03.2012 AMOUNT (Rs.)	AS AT 31.03.2011 AMOUNT (Rs.)
Note 4: Long Term Borrowings		
Loans From Directors (Interest Free)	17,390,206	18,650,000
Sales Tax Deferral Loan	24,800,484	24,800,484
Total	<u>42,190,690</u>	<u>43,450,484</u>
Note 5: Long Term Provisions		
Provision for employee benefits		
Gratuity	42,577	37,846
Leave Encashment	17,322	17,595
Total	<u>59,899</u>	<u>55,441</u>
Note 6: Short Term Borrowings		
Loan Repayable on Demand	32,245,807	32,245,807
Security Deposit against Leave & Licence	17,000,000	17,000,000
Total	<u>49,245,807</u>	<u>49,245,807</u>
Note 7: Trades Payable		
Sundry Creditors For Goods	28,637	28,637
Sundry Creditors For Expenses	393,393	304,242
Sundry Creditors For Others	176,004	111,476
Advance from Debtors	67,868	199,780
Credit balance in Current Account	0	5,523
Total	<u>665,902</u>	<u>649,658</u>

The balances of Trade Payables, 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012

Note 8: Fixed Assets

Amount (Rs.)

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	Value At The Beginning	Addition During The Year	Deduction During The Year	Value At The End	Value At The Beginning	Provided During The Year	Deduction/ Adjustment during the Year	Value At The End	WDV as on 31/03/2012	WDV as on 31/03/2011
I Tangible Assets										
1 Land	2,351,037	-	-	2,351,037	470,211	24,748	-	494,959	1,856,078	1,880,826
2 Factory Building	13,240,687	-	-	13,240,687	7,328,577	442,237	-	7,770,814	5,469,873	5,912,110
3 Office Premises	3,066,738	-	-	3,066,738	846,130	49,987	-	896,117	2,170,621	2,220,608
4 Plant and Equipment	66,956,477	-	339,906	66,616,571	52,720,286	-	287,153	52,433,133	14,183,438	14,236,191
5 Furnitures & Fixtures	1,145,634	-	-	1,145,634	946,096	51,959	-	998,055	147,579	199,538
6 Vehicles	46,406	-	-	46,406	43,727	3,147	9,414	37,460	8,946	2,679
7 Office Equipment	639,699	-	-	639,699	401,071	30,060	-	431,131	208,568	238,628
8 Air Conditioners	922,512	-	-	922,512	384,262	43,819	-	428,081	494,431	538,250
9 Telephone Installation	85,771	-	-	85,771	41,712	3,830	-	45,542	40,229	44,059
10 Computers	1,673,705	-	-	1,673,705	1,666,871	8,093	2,428	1,672,536	1,169	6,834
SUB TOTAL (A)	90,128,666	-	339,906	89,788,760	64,848,943	657,880	298,995	65,207,828	24,580,932	25,279,723
II Intangible Assets										
Computers Softwares	667,720	-	-	667,720	666,732	4,862	3,874	667,720	-	988
SUB TOTAL (B)	667,720	-	-	667,720	666,732	4,862	3,874	667,720	-	988
Total [A + B]										
(Current Year)	90,796,386	-	339,906	90,456,480	65,515,675	662,742	302,869	65,875,548	24,580,932	25,280,711
(Previous Year)	92,022,811	-	1,226,425	90,796,386	65,821,383	704,715	1,010,423	65,515,675	25,280,711	-

(a) Depreciation of Rs 15,716 is reversed because of charged extra in earlier years

(b) During the year, the Company has disposed off certain portion of Fixed Assets comprising of Plant and machinery for an aggregate consideration of Rs. 4.31 Lacs.

(c) During the current year the Company has not provided depreciation on the Plant & Machinery due to closure of Plant on account of suspension of manufacturing operations, aggregating to Rs. 35.10 Lacs. (Previous year 35.38 lacs)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012

PARTICULARS	AS AT 31.03.2012 AMOUNT (Rs.)	AS AT 31.03.2011 AMOUNT (Rs.)
Note 9 : Deferred Tax Assets (Net)		
Deferred Tax Assets	26,866,303	26,866,303
Total	<u>26,866,303</u>	<u>26,866,303</u>

Following is the Deferred Tax position of the Company:

Deferred Tax Liabilities

- Due to Timing Difference in Depreciation	5,955,147	5,955,147
Less – Deferred Tax Assets under Income Tax Act, 1961		
- On Accumulated Losses	(32,804,319)	(32,804,319)
- On Payments u/s 43B	(17,131)	(17,131)
Net Deferred Tax Assets as at the close of the year	<u>(26,866,303)</u>	<u>(26,866,303)</u>

Tax rate considered for the above purpose is 30.90%

(Previous year: 30.90%)

The Company's brought forward losses under the Income Tax Act, 1961, as on 1st April 2010 is Rs.1061.63 Lacs. On the aforesaid amount, the Company has decided to consider Deferred Tax Asset amounting to Rs. 328.04 Lacs(Gross) and has adjusted the Deferred tax Liability as appearing in the books to the extent of Rs.59.55 lacs.

Keeping in view the future sustainability of the Company, no provision has been made for deferred tax during the year, thereby maintaining the Net Deferred Tax Assets of the previous year amounting to Rs. 268.66 Lacs ,which was provided for in the accounts in earlier years.

Note 10 : Long Term Loans and Advances

Security Deposit	657,845	657,845
Other Loans & Advances	230,186	233,351
Total	<u>888,031</u>	<u>891,196</u>

The balances of Loans and Advances ,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.

Note 11 : Inventories

Raw Material	738,236	744,236
Stores & Spares	972,600	972,600
Packing Material	97,954	97,954
Fuel & Oil	30,104	108,519
	<u>1,838,894</u>	<u>1,923,309</u>
-Less: Provision for Diminution in Value of Inventory	(893,038)	(935,245)
Total	<u>945,856</u>	<u>988,064</u>

The inventory as at the close of the year was taken, valued and certified by the company

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. 0.42 Lacs, by way of adjustment in the book value of Inventories.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012

PARTICULARS	AS AT 31.03.2012 AMOUNT (Rs.)	AS AT 31.03.2011 AMOUNT (Rs.)
Note 12 : Trade Receivables		
<u>Outstanding for more than six months</u>		
Unsecured, Considered Good :	634,359	928,911
Doubtful	1,240,753	1,240,753
<u>Others</u>		
Unsecured, Considered Good :	374,016	625,163
	<u>2,249,128</u>	<u>2,794,908</u>
Less:Provision for Doubtful Debts	(1,240,753)	(1,240,753)
Total	<u><u>1,008,375</u></u>	<u><u>1,554,154</u></u>

The balances of Sundry Debtors, 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.

Note 13 : Cash & Cash Equivalent

<u>Cash-in-Hand</u>	9,597	16,282
<u>Balance With Banks</u>		
In Current Account	315,713	47,051
In Margin Money Account	31,011	272,811
Total	<u><u>356,321</u></u>	<u><u>336,144</u></u>

Note 14 : Short Terms Loans and Advances

Loans & Advances from non-related parties	79,120	58,920
Total	<u><u>79,120</u></u>	<u><u>58,920</u></u>

The balances of Loans and Advances ,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.

Note 15 : Other Current Assets

Advance Tax (Net of Provision for Taxation)	576,885	927,924
Total	<u><u>576,885</u></u>	<u><u>927,924</u></u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	YEAR ENDED	YEAR ENDED
	31.03.2012	31.03.2011
Note 16: Other Income		
Interest Income (Net)	16,090	102,921
Other non-operating income (net of expenses directly attributable to such income)	1,295,244	1,595,291
Total	1,311,334	1,698,212
Note 17: Change in Inventories		
Finished Goods	-	42,194
Total	-	42,194
Note 18: Employment Benefit Expenses		
Salaries and incentives	251,727	305,587
Gratuity Fund Contributions	4,731	4,731
Staff welfare expenses	190	11,086
Total	256,648	321,404
Note 19: Financial Cost		
Interest expense	-	2,997,724
Total	-	2,997,724
Note 20: Depreciation & Amortised Cost		
Depreciation	647,026	704,715
Total	647,026	704,715
Note 21: Other Expenses		
Bank Charges	1,357	1,200
Discount & Commission Allowed	-	18,560
Repairs & Maintenance Others	104,633	11,140
Rates & Taxes	3,600	3,870
Legal & professional Fees	182,982	276,648
Advertisement & sales Promotions	115,461	48,096
Travelling & conveyance	97,977	91,870
Printing & Stationery	49,712	33,484
Insurance	5,582	15,495
Electricity Charges	-	30,400
Postage & Telephone Expenses	19,021	81,360
Auditors' Remuneration	44,637	44,120
Directors Sitting Fees	35,000	29,000
Listing Fees	29,780	24,512
Miscellaneous Expenses	37,345	37,586
Office Maintenance Expenses	-	120
Sundry Balances W/off	15,505	-
Share Transfer Expenses	27,572	27,576
Total	770,164	775,037

Note 22: Computation of Earnings /(Loss) Per Share (Basic and Diluted):

Description	Current Year	Previous Year
Amounts used as numerator (Rs.)	(362,504)	(1,504,575)
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.)	(0.12)	(0.48)

Note 23: 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)

Note 24: Going Concern:

The accounts of the Company for the year ended 31st March 2012 continued to be prepared on a going concern basis, keeping in view the fact that the management of the Company is actively pursuing rehabilitation scheme with the Board for Industrial & Financial Reconstruction (BIFR) for the proposed merger of Nobel Hygiene Ltd.

The Company is of the view that the proposed merger would be approved in due course and eventually carry out normal manufacturing operations again at its plant. In view of the above, the Company is of the opinion that the Going Concern concept is restored for the current year.

Note 25: Impairment of Assets:

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.

Note 26: Segment Information:

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.

Note 27: 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

Smt Madhu Sarda

(B) Related Party Transactions:

Nature of Transaction	(Rs. in Lacs)	
	Key Management Personnel	
Interest-free Unsecured Loan taken by the Company	173.90	(186.50)
Closing Balance (Cr.)	173.90	(186.50)

Note 28 : Non-compliance of Clause 41 of the Listing Agreement

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.

Note 29: Taxation

No provision towards Current Taxation has been considered in the accounts, keeping in view the Losses incurred by the Company during the year.

Note 30 : Micro, Small and Medium Enterprises Development Act, 2006

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.(Previous Year – Nil).The same has been relied by the auditors.

Note 31 : The Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

For and on behalf of the BoardPlace: Mumbai
Date: 30th May,2012

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

Date : 30.05.2012

To,
The Members
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 Papers Limited
S002 B, 2nd Floor,
Vikas Centre, S. V. Road,
Santacruz (West),
Mumbai - 400 054

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

Tel : 022 - 28207203-05
Fax : 022 - 28207207
Email : info@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 30.09.2012 or else the email id available with the Company or depository shall be considered as confirm one.

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

Name of Shareholder(s)		
Folio No.		
No of Shares	(a) Physical	(b) D'Mat
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 TWENTY-FIRST ANNUAL GENERAL MEETING of the company to be held on Thursday the 27th September, 2012 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*

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 SARDAPAPERS LIMITED hereby appoint _____ of _____ or falling him _____ of _____

Our proxy to vote for me /us and on my/our behalf at the TWENTY-FIRST ANNUAL GENERAL MEETING of the company to be held on Thursday the 27th September, 2012 at 1.00 P.M. and at any adjournment thereof.

Signed this _____ day of _____ 2012.

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

Book-Post

If undelivered please return to :

SARDA PAPERS LTD.

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

Sinnar, Dist. Nasik, Pin 422 103

Maharashtra

Mob.: 97644 48077