



**SATIA**  
INDUSTRIES LTD.

33<sup>rd</sup>  
**Annual Report**  
2013-14

## BOARD OF DIRECTORS

DR. AJAY SATIA  
SH. R.K.BHANDARI  
SH. AVINASH CHANDER AHUJA  
SH. A.KRISHNA  
SH. S.K. ARORA  
SH. DINESH SHARMA  
SH. I.D. SINGH  
SH. J.R. SHARMA

CHAIRMAN CUM MANAGING DIRECTOR  
WHOLE TIME DIRECTOR  
INDEPENDENT DIRECTOR  
INDEPENDENT DIRECTOR  
INDEPENDENT DIRECTOR  
INDEPENDENT DIRECTOR  
INDEPENDENT DIRECTOR  
DIRECTOR (LEGAL)

**Chief Financial Officer**  
Sh. Ashok Kumar Khurana

**Company Secretary**  
Mr Rakesh Kumar Dhuria

**Statutory Auditors**  
M/s.Rakesh Bansal & Co.  
Chartered Accountants  
Muktsar-152026

**Registered Office & Works**  
Malout - Muktsar Road,  
Village Rupana  
Distt. Muktsar - 152032  
(Punjab)

**Branch Offices**  
613-615, Naurang House,  
21 K.G. Marg, New Delhi-110001

SCO 90-92, Sector 80 C,  
Madhya Marg,  
Chandigarh - 160018

304, Navjeevan Complex,  
29 Station Road,  
Jaipur - 302006

**BANKERS**  
Punjab National Bank  
Central Bank of India

| CONTENTS                       | PAGE NO. |
|--------------------------------|----------|
| 1. NOTICE                      | 1        |
| 2. DIRECTOR'S REPORT           | 8        |
| 3. CORPORATE GOVERNANCE REPORT | 15       |
| 4. AUDITOR'S REPORT            | 26       |
| 5. BALANCE SHEET               | 33       |
| 6. PROFIT AND LOSS ACCOUNT     | 34       |
| 7. NOTES ON ACCOUNT            | 35       |
| 9. CASH FLOW STATEMENT         | 62       |

**Registrar and Transfer Agent**  
Beetal Financial & Computer Services (P) Ltd  
Beetal House, 3<sup>rd</sup> Floor, 99, Madangir,  
Behind Local Shopping Complex,  
Near Dada Harsukhdas Mandir, New Delhi-110062  
Phone : 011-29961281-83, Fax:011-29961284  
Email: beetal@rediffmail.com

## **SATIA INDUSTRIES LIMITED**

---

### **NOTICE**

Notice is hereby given that the 33<sup>rd</sup> Annual General Meeting of the Members of Satia Industries Limited will be held on Tuesday, 30<sup>th</sup> September, 2014 At 10:00 A.M. at the Registered Office of the Company at VPO Rupana, Malout Muktsar Road, District Muktsar (Punjab)- 152 032 to transact the following businesses:-

#### **Ordinary Business**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2014 and Profit and Loss Account for the year ended on that date along with the Report of the Auditors and Directors thereon.
2. To appoint a Director in place of Sh. J.R.Sharma, who retires by rotation being eligible offers himself for re-appointment.
3. To Consider and if thought fit, to pass the following resolution with or without modification(s) as an Ordinary Resolution:-

**"RESOLVED** that pursuant to provisions of Section 139 and other applicable provisions, if any of the Companies Act, 2013 M/s Rakesh Bansal & Co., Chartered Accountants, Muktsar (ICAI Registration No.090278), be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Managing Director of the Company".

#### **Special Business**

- 4 **To appoint Sh A.C. Ahuja (DIN: 00327032) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

**"RESOLVED** that pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sh A.C.Ahuja (DIN: 00327032), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 38th Annual General Meeting of the Company in the calendar year, 2019"

## **SATIA INDUSTRIES LIMITED**

---

- 5 To appoint Sh Dinesh Sharma (DIN: 02460345) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

"**RESOLVED** that pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sh Dinesh Sharma (DIN: 02460345), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 38th Annual General Meeting of the Company in the calendar year 2019"

- 6 To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

"**RESOLVED** that pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

"**RESOLVED FURTHER** that the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution

**Place : Rupana**  
**Dated : 05.08.2014**

**By Order of the Board**  
**For Satia Industries Ltd.**

**(Rakesh Kumar Dhuria)**  
**DGM & Company Secretary**

**NOTES:**

1. A Member entitled to attend and vote at the Meeting is entitled to appoint proxy to attend and vote on poll instead of himself and the proxy need not be a Member of the Company. The proxies should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder
3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting
4. Brief resume of Directors including those proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report
5. Members are requested to bring their copies of Annual Report at the Meeting.
6. Members are requested to notify immediately any change in their address, to the Registered Office of the Company.
7. All documents as referred in the above notice and explanatory statement are open for inspection at the Registered Office of the Company during office hours on all working days between 11:00 A.M. to 1:00 P.M. up to the date of Annual General Meeting.
8. Members seeking any information with regards to Annual Accounts at the time of Meeting, are requested to send their queries to the company so as to reach at least ten days before the date of Meeting, to enable the management to keep the relevant information ready at the time of Meeting.
9. The Register of Members and Share Transfer Books of the Company will remain closed from 25th September, 2014 to 30th September, 2014 both days inclusive.
10. Explanatory statement pursuant to section 173 of the Companies Act, 1956 in respect of item No. 4 to 6 of the notice is annexed herewith.

**FOR KIND ATTENTION OF THE MEMBERS OF THE COMPANY**

1. Members of the Company holding shares in physical form, are requested to surrender their share certificates, in original, to your Depository Participants (DPs) for dematerialization.
2. The company to send the communications including Notices for AGM and EGM, Explanatory Statements thereto, Balance Sheets, Directors' Reports, Auditor's Reports, and Financial Results etc. through email to shareholders whose emails are registered with the Company. While going through the Register of Members, we have noticed that there are members who have not registered their email IDs with the Company. Consequently, we are unable to send communications to them electronically. In compliance with provisions of Rule 18 of the Companies (Management and Administration) Rules, 2014 and applicable provisions of the Companies Act, 2013 and Rules made there under, we request the members to register their email IDs with the Company or their Depository Participants if they are holding shares in electronic form by adhering to the following procedure: 1. Shareholders holding shares in physical form may kindly register / send their email IDs at the RTA of the Company at the following address either by post or by e-mail :

Beetal Financial & Computer Services (P) Limited

Unit : Satia Industries Limited

Beetal House, 3rd Floor, 99, Madangir, Behind Local Shopping Centre,

Near Dada Harsukhdas Mandir, New Delhi- 110062

Email: beetalrta@gmail.com Telephone: 011-29961281

1. Shareholders holding shares in electronic/demat mode may kindly register their email IDs with their respective DPs.
2. Shareholders whose email IDs have undergone any change or whose IDs require any correction, may kindly follow the procedure detailed in 2, above

**STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act")**

**Item No 4 and 5**

Shri A.C.Ahuja and Sh Dinesh Sharma are Independent Directors of the Company and have held the positions of Independent Directors. The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of independent directors by a listed company.

## **SATIA INDUSTRIES LIMITED**

---

It is proposed to appoint Sh A.C.Ahuja and Sh Dinesh Sharma as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 38th Annual General Meeting of the Company in the calendar year 2019.

Shri A.C.Ahuja and Sh Dinesh Sharma are not disqualified from being appointed as Directors in terms of Section 164 of the Act and they have given their consent to act as Directors.

The Company has received notices in writing from members along with the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Shri A.C.Ahuja and Sh Dinesh Sharma for the office of Directors of the Company.

The Company has also received declarations from Shri A.C.Ahuja and Sh Dinesh Sharma that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Shri A.C.Ahuja and Sh Dinesh Sharma fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. Shri A.C.Ahuja and Sh Dinesh Sharma are independent of the management.

Brief resume of Shri A.C. Ahuja and Sh Dinesh Sharma. nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Copy of the draft letters for respective appointments of Shri A.C. Ahuja and Sh Dinesh Sharma as Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

The Board recommends the Ordinary Resolutions set out at Item Nos. 4 and 5 of the Notice for approval by the shareholders

### **Item No 6**

The existing AoA are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013.

With the coming into force of the Companies Act, 2013 several regulations of the existing

## **SATIA INDUSTRIES LIMITED**

---

AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares.

**Place : Rupana**  
**Dated : 05.08.2014**

**By Order of the Board**  
**For Satia Industries Ltd.**

**(Rakesh Kumar Dhuria)**  
**DGM & Company Secretary**



**SATIA INDUSTRIES LIMITED****Brief Profile of Directors Seeking appointment and re-appointment  
(In Pursuance of Clause 49 of Listing Agreement)**

| <b>Name</b>   | <b>Sh. A. C. Ahuja</b>  | <b>Sh.Dinesh Chand Sharma</b>  | <b>Sh. J. R. Sharma</b>  |
|---|---|--|--|
| <b>Date of Birth</b>  | 20.01.1943  | 18.10.1954   | 20.06.1939   |
| <b>Qualification</b>  | B.E. (Mech.)<br>From BITS<br>Pilani                                 | Master of<br>Engineering in<br>Chemical<br>Engineering   | BA, LL.B   |
| <b>Experienc in<br/>specific functional<br/>Area</b>  | Finance<br>(Experience<br>in 43 years,<br>Retired as ED<br>of IFCI) | Worked as CEO<br>of Technology<br>Development<br>Board (TDB) -<br>Govt. of India, and<br>IFCI-Venture<br>Capital Funds Ltd | 20 Years<br>experience in<br>Legal Practice<br>and 23 years<br>in the Industry |
| <b>Directorship in<br/>other Companies</b>  | 2   | Nil  | Nil  |
| <b>Chairman/member<br/>of Committee of<br/>Board of Directors<br/>of other<br/>Companies in<br/>which he has a<br/>Director</b> | 2   | Nil  | Nil  |
| <b>Share held in<br/>Satia Industries<br/>Ltd</b>   | Nil   | Nil  | Nil  |

## SATIA INDUSTRIES LIMITED

### DIRECTORS' REPORT

Dear Members,

The Directors have the pleasure of presenting the 33rd Annual Report of your Company for the Financial Year 2013-14.

#### 1. Financial Result:

The financial performance of your Company for the year ended March 31, 2014 is summarized below:-

(Rs in Lacs)

|   | Current Year | Previous Year |
|---|--------------|---------------|
| Revenue and other income                                    | 38691.80     | 28184.07      |
| Gross Profit before interest and depreciation               | 5318.49      | 4447.50       |
| Interest and Financial charges                              | 1557.85      | 1479.05       |
| Depreciation  | 2670.53      | 1005.19       |
| Profit from operations (before extra-ordinary item and tax) | 1090.11      | 1963.25       |
| Extraordinary Items   | 38.01        | 68.81         |
| Profit before Tax   | 1052.10      | 1894.44       |
| Current Tax   | 710.00       | 0             |
| Deferred Tax  | -1007.57     | 506.26        |
| Net Profit/ (Loss) after tax                                | 1349.67      | 1388.18       |
| Less: Appropriation:  |              |               |
| Transfer to Profit and Loss Account                         | 1349.67      | 1388.18       |

#### 2. OPERATIONS

During the financial year 2013-14, net revenue from operation was Rs 38343.37 lacs as compared to Rs 27845.18 lacs during the corresponding period of previous year 2012-13. The net profit after tax of the Company is Rs 1349.67 lacs as compared to Rs 1388.18 lacs for the previous year.

Your Director has decided to plough back the profits and do not recommend any dividend.

**3. FUTURE PROSPECTS**

The low per capita consumption of paper leaves a head room for growth. The policy emphasis on education through private sector and public-private partnership will drive growth, business and communication are on the increase driving demand for a range of paper varieties - office or copier paper, printing and writing paper, bills, invoices, telephone bills, tickets, Printers are on the increase not just in commercial application but also in homes and shops. These will contribute to increasing the demand. But the concerns need to be addressed. "Input costs squeeze is a greater concern" than demand slow down which is a short term issue. Raw material availability, primarily pulp wood supply is a matter of concern. A policy on industrial plantations is needed to support industry, which is now trying to push farm forestry and social forestry schemes. "Raw material is clearly an area of concern" as costs and imports increase. "Clearly value addition has to happen domestically and will generate jobs and conserve environment.

**4. CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Particulars as prescribed under section 217(1) (e) of the Companies Act, 1956 are given in Annexure-A which forms part of the Director's Report.

**5. DIRECTORS:**

In terms of the Articles of Association of the Company, Shri A.C.Ahuja and Shri Dinesh Sharma, Directors retire at the ensuing Annual General Meeting. The Company has received requisite notices in writing from members proposing Shri A.C.Ahuja and Shri Dinesh Sharma, Directors for appointment as Independent Directors.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

In term of Article 113 of the Articles of Association of the Company, Sh. J. R. Sharma Director will retire by rotation at the AGM and being eligible, offered himself for re-appointment.

**6. AUDITORS:**

M/s Rakesh Bansal & Co., Chartered Accountants, Muktsar, the Statutory Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

The Company has received letters from the Auditor to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that he is not disqualified for re-appointment.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

**7. AUDITORS REPORT**

The Auditors' Report on the Accounts is self explanatory and requires no comments.

**8. COST AUDITORS**

Pursuant to the provisions of Section 233B the Companies Act, 1956 and subject to the approval of Central Government, the Board of Directors of your Company has re-appointed M/s R.J.Goel & Co., Cost Accountants, New Delhi as Cost Auditor for the accounting year 2013- 14 to carry out an audit of cost account of the Company.

**9. SAFETY AND ENVIRONMENT**

The Company continues to maintain a good safety record. The manufacturing units of the Company are environment friendly and maintain all safety standards and measures.

**10. PARTICULARS OF EMPLOYEES**

Information as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended are given in Annexure - forming part of this report.

**11. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to requirement of Section 217(2AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement the Board of Directors hereby report that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for the period.
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- the Directors had prepared the annual accounts on a going concern basis.

**12. INDUSTRIAL RELATIONS**

The Industrial Relations throughout the year remained cordial as has been the case for the last many years.

**13. CORPORATE GOVERNANCE**

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. The Company has also implemented several best corporate governance practices.

The Report on corporate governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite certificate from the Auditors of the Company confirming compliance with the conditions of corporate governance as stipulated under the aforesaid Clause 49, is attached to the Report on corporate governance

**14. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is presented in a separate section forming part of the Annual Report.

**15. ACKNOWLEDGMENTS:**

The Directors wish to place on record their sincere gratitude and appreciation for the assistance and co-operation received from the Government of India, Government of Punjab, the Financial Institutions, Punjab National Bank, Central Bank of India, Members, Customers and Business Constituents for their continued support and co - operation.

We also place on record our sincere appreciation for the contribution made by the employees at all levels. Our consistent growth is made possible by their devout, sincere and unstinted services.

**for and on behalf of the Board of Directors**

**PLACE : Rupana**  
**DATE : 05.08.2014**

**( Dr AJAY SATIA)**  
**Chairman-Cum- Managing Director**

**(R. K. BHANDARI)**  
**Whole Time Director**

**SATIA INDUSTRIES LIMITED****ANNEXURE 'A' TO THE DIRECTORS REPORT**

THE COMPANIES (DISCLOSURE OF PARTICULARS IN RESPECT OF BOARD OF DIRECTORS) RULES, 1988

**A. Conservation of Energy**

(a) Regular preventive maintenance of all capital goods, equipments are being carried out.

**FORM- A**

(Form for Disclosure of particulars with respect to Conservation of Energy)

| <b>A</b> | <b>Power and Fuel Consumption</b>         | <b>Current Year<br/>ended 31.03.2014</b> | <b>Previous Year<br/>ended 31.03.2013</b> |
|----------|---|--|---|
| <b>1</b> | <b>ELECTRICITY</b>                        |  |   |
|          | Purchased Units (Lacs KWH)                | 111.28                                   | 256.44                                    |
|          | Total amount (Rs in Lacs)                 | 902.76                                   | 1762.54                                   |
|          | Rate/unit (Rs)                            | 8.11                                     | 6.87                                      |
| <b>2</b> | <b>T.G.Set</b>                            |  |   |
|          | Own Generation (net) (lacs Kwh)           | 815.76                                   | 633.23                                    |
|          | Total cost (Rs in Lacs)                   | 0  | 0   |
|          | Cost/Unit (Rs)                            | 0  | 0   |
| <b>3</b> | <b>Rice Husk (Used in Boiler)</b>         |  |   |
|          | Quantity (Tonnes)                         | 148573                                   | 128718                                    |
|          | Total Cost (Rs in Lacs)                   | 6110.75                                  | 5119.44                                   |
|          | Average Rate (Rs per tones)               | 4113                                     | 3977                                      |
| <b>4</b> | <b>Furnace Oil</b>                        |  |   |
|          | Quantity (Tonnes)                         | 788.860                                  | 508.23                                    |
|          | Total Cost (RS in Lacs)                   | 342.91                                   | 209.83                                    |
|          | Average Rate (Rs in tones)                | 43469                                    | 41286                                     |
| <b>5</b> | <b>Others</b>                             |  |   |
|          | Quantity (Tonnes)                         | 1796.005                                 | 290.79                                    |
|          | Total Cost (Rs in Lacs)                   | 172.57                                   | 20.32                                     |
|          | Average Rate (Rs in tones)                | 9609                                     | 6987                                      |
| <b>6</b> | <b>Consumption Per Unit of Production</b> | 81736.273                                | 68868.830                                 |
|          | Electricity (KWH)                         | 1134                                     | 1292                                      |
|          | Rice Husk (MT)                            | 1.818                                    | 1.869                                     |
|          | Others (MT)                               | 0.032                                    | 0.012                                     |

**FORM - (B)**

**(Form for Disclosure of particulars with respect to Technology Absorption)**

**1 Research & Development**

Specific area in which R & D carried out by the company

**1. Paper Machines**

**a. Machine no.1**

- a) New latest model pope real installed on machine resulted 1.3%reduction in finishing losses.
- b) New Ultra modern reminder installed on machine for better reel building as per market requirement.

**2. Machine No.2**

- a) New approach flow and double dilution installed on machine resulted better formation of paper & better machine efficiency.
- b) New latest model pope real installed on machine resulted 1.3% reduction in finishing losses.
- c) New DAF system installed on machine back water. This resulted better fibre recovery and clean back water.

**3. Pulp Mill**

- 1) New Heat exchange installed in black liquir circuit. This resulted enhancement in fresh water temp which require for washing and 100kg/Ton of pulp saving of steam.
- 2) Modified head assemblies installed in BSW washers which improves the drainage and increase in black liquir solids to CRP.

**4. Machine No. 3**

New ceramic roll put in BINIP press replacing the Granite roll which require grinding after each 60 days. Resulted saving in down time.

**5. Effluent Treatment Plant**

New USAB reactor installed in wet washing effluent enhanced the Methine gas production resulted saving in husk.

## **SATIA INDUSTRIES LIMITED**

### **FOREIGN EXCHANGE EARNINGS AND OUT GO:**

|  |                    |               |
|--|--------------------|---------------|
| Expenditure for the year ended 31st March, 2014 is as under :- |                    | (Rs. in Lacs) |
| (i) Earning in foreign exchange.                               |                    | 00.00         |
| (ii) Expenditure in foreign currency.                          |                    |               |
| (CIF Value of imports  | (a) Capital Goods  | 457.78        |
|  | (b) Store & Spares | 151.20        |
|  | (c) Raw Material)  | 1716.73       |
| Interest   |                    | 5.18          |
| Bank Charges   |                    | 0.74          |
| Legal, Fees and subscription                                   |                    | 0.67          |

for and on behalf of the Board of Directors

**Place : Rupana**  
**Date : 05.08.2014**

**( Dr. AJAY SATIA )**  
**Chairman-Cum- Managing Director**

**(R. K. BHANDARI)**  
**Whole Time Director**

### **ANNEXURE TO DIRECTORS' REPORT**

Information as per section 217 (2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 and forming of the Directors' Report for the year ended March 31, 2014

| Sr. No. | Name           | Age | Designation | Gross Remuneration | Net Remuneration | Qualification | Experience | Date of Joining     | Previous Employee Went |
|---------|----------------|-----|-------------|--------------------|------------------|---------------|------------|---------------------|------------------------|
| 1.      | Dr. Ajay Satia | 60  | CMD         | 1,45,33,683        | 1,44,00,000      | MBBS          | 33         | Since Incorporation | First Employee Went    |



## **Corporate Governance Report 2013-14**

In accordance with Clause 49 of the Listing Agreement, the report containing the details of corporate governance systems at Satia Industries Limited is as follows

### **A. Company's Philosophy**

Board of Directors of Satia Industries Ltd view corporate governance in its widest sense, almost like trusteeship, integrity, transparency, accountability and compliance with laws which are the columns of good governance are cemented in the Company's business practices to ensure ethical and responsible leadership both at the Board and at the Management Level. The Company's philosophy on Corporate Governance is to enhance the long-term economic value of the Company, sustainable return to its stakeholders i.e. the society at large by adopting best corporate practices in fair and transparent manner by aligning interest of the Company with that of its shareholders/other key stakeholders. Corporate Governance is not merely compliance and not simply creating checks and balances, it is an ongoing measure of superior delivery of Company's objects

### **Composition of Board**

The Board of Directors comprised of an Executive Chairman-Cum-Managing Director, two whole time Directors, five independent non-executive Directors. The Independent Directors on the Board are experienced, competent and highly reputed persons from their respective fields. The Independent Directors take active part at the Board and Committee Meetings, which adds vision, strategic direction and value in the decision making process of the Board of Directors. As on 31st March, 2014 the composition of the Board of Directors is given herein below:

The Composition of the Board is in conformity with clause 49, which requires that at least 50 percent of the Board consist of non-executive Directors and in case the Chairman is a non executive Director at least one third of the Board should comprise of independent Directors.

### **Number of Board Meetings**

The Board monitors compliance of objectives by holding management accountable for its activities through quarterly performance reporting. Board and committee meetings are held in an atmosphere of intellectual honesty, requiring reporting of the highest standard by management and constructive debate among Board and Committee Members.

During the financial year 2013-14, five Board Meetings were held on the following dates

- 1) 14-05-2013,
- 2) 13-08-2013
- 3) 11-11-2013
- 4) 11-02-2014
- 5) 31-03-2014

The Maximum time gap between any two consecutive meetings was less than four months.

## SATIA INDUSTRIES LIMITED

The Composition of Board of Directors and their attendance at the Board meetings during the year and at last Annual General Meeting of the Company as also the number of other Directorship and committee Membership/ Chairmanship as on 31.03.2014 are as follows:-

| Sr. No. | Name of Director   | Category of Directorship | Board Meetings attended | Attended AGM | No. of other Directorship (See note) | No. of Committee Membership |          |
|---------|--------------------|--------------------------|-------------------------|--------------|--------------------------------------|-----------------------------|----------|
|         |                    |                          |                         |              |                                      | Member                      | Chairman |
| 1.      | Dr. Ajay Satia     | CMD                      | 4                       | Yes          | -                                    | -                           | -        |
| 2.      | Sh. R. K. Bhandari | WTD                      | 4                       | Yes          | -                                    | -                           | -        |
| 3.      | Sh. A. Krishna     | INED                     | 3                       | No           | -                                    | -                           | -        |
| 4.      | Sh. A. C. Ahuja    | INED                     | 4                       | Yes          | 2                                    | 1                           | 1        |
| 5.      | Sh. J. R. Sharma   | WTD                      | 3                       | Yes          | -                                    | -                           | -        |
| 6.      | Sh. S. K. Arora    | INED                     | 2                       | No           | -                                    | -                           | -        |
| 7.      | Sh. Dinesh Sharma  | INED                     | 4                       | No           | -                                    | -                           | -        |
| 8.      | Sh. I. D. Singh    | INED                     | 3                       | No           | -                                    | -                           | -        |

CMD - Chairman-Cum-Managing Director

WTD - Whole Time Director

INED - Independent Non-Executive Director

Note: 1. Includes directorship in public limited companies only

### The Independent Directors of Satia Industries Ltd

- apart from receiving Directors remuneration i.e sitting fees, do not have any material pecuniary relationship or transactions with the Company, its promoters, its Directors, its senior management or its associates which may affect independence of the Directors.
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- have not been executive of the Company in the immediately preceding three financial years.
- Are not partner or executives or were not partner or an executives during the preceding three years
- Statutory Audit firm or the internal Audit Firm that is associated with the Company.
- Legal firm and consulting firm that is associated with the Company
- Are not material suppliers, service providers or customers or lessees of the Company which may affect independence of the Directors.

As provided in Clause 49 of the Listing Agreement, none of the Directors is member of more than 10 Board level committees or a Chairman of more than 5 such committees.

## **SATIA INDUSTRIES LIMITED**

### **A. Audit Committee and Attendance at its meeting is given hereunder:-**

The Audit Committee as on March 31, 2014 comprised of three Directors, Two being non-executive and independent Directors viz. Sh. A.C.Ahuja, Sh. A.Krishna & One Whole Time Director viz. Sh. R. K.Bhandari. The terms of reference of Audit Committee are as contained in the Section 292A of the Companies Act, 1956 and also as contained in the clause 49 of the Listing Agreement. The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures, transparency, integrity and quality of financial reporting.

During the year under review, four (4) Meetings of Audit Committee were held on 14.05.2013, 13.08.2013, 11.11.2013. 11.02.2014. The composition of Audit Committee & attendance of the members at the Committee Meetings during the year are as under:-

| Sr. No. | Name of Member     | Status in Committee | Directorship         | No. of Meetings attended |
|---------|--------------------|---------------------|----------------------|--------------------------|
| 1.      | Sh.A.C.Ahuja       | Chairman            | Independent Director | 4                        |
| 2.      | Sh. R. K. Bhandari | Member              | Whole Time Director  | 4                        |
| 3.      | Sh A.Krshna        | Member              | Independent Director | 3                        |

### **CEO/CFO Certification**

The Company is fully cognizant of, committed to and adhering to the statutory requirements for internal controls as set out by the Securities and Exchange Board of India. Accordingly, the Chairman and the Chief Financial Officer have duly verified and certified to the Board for Company's procedure and internal controls of the reporting as being fully compliant with SEBI guidelines.

The Chairman and the CFO have certified to the Board by placing a certificate thereof on the Financials of the Company that:

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:-
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief; no transactions entered into by the company during the year, which are fraudulent, illegal or Violative of the company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

## SATIA INDUSTRIES LIMITED

- (d) They have indicated to the auditors and the Audit Committee that:
- there have been no significant changes in internal control over financial reporting during the year.
  - there has been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - there are no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**Ashok Kumar Khurana**  
**Chief Financial Officer**

**(Dr. Ajay Satia)**  
**Chairman-Cum-Managing Director**

**Place : Rupana**  
**Date : 05.08.2014**

### **Remuneration to Directors**

#### **Remuneration Committee**

The Remuneration Committee of the Company (reconstituted on 14.05.2012) reviews recommends and approves the matters connected with fixation and periodic revision of the remuneration package relating to the Managing Director and Whole Time Directors including compensation and payments.

The Composition of the Remuneration Committee & attendance of the members at the Committee Meetings during the year ended 31.03.2014 are as follows:-

| Name of Directors | Position | Category             | No of Meeting attended |
|-------------------|----------|----------------------|------------------------|
| Sh A.C.Ahuja      | Chairman | Independent Director | Two                    |
| Sh A.Krishna      | Member   | —do—                 | Two                    |
| Sh S.K.Arora      | Member   | —do—                 | One                    |

Managing Director and Whole Time Directors are appointed as per agreement and are being paid remuneration as approved by the Board and the shareholders. Sitting fees are paid to the Directors for attending the meetings of the Board of Directors/ Committees thereof. The detail of remuneration paid to directors during the period ended March 31, 2014 is as under:-

| Sr. No. | Name of Director | Sitting Fee (Rs.) | Salary (Rs.) | P.F. | Others | Total (Rs.) |
|---------|------------------|-------------------|--------------|------|--------|-------------|
| 1.      | Dr.Ajay Satia    | -                 | 14400000     | 9360 | 124323 | 14533683    |
| 2.      | Sh.R.K.Bhandari  | -                 | 2503226      | 9360 | 66280  | 2578866     |
| 3.      | Sh.A.Krishna     | 47000             | -            | -    | -      | 47000       |
| 4.      | Sh.A.C. Ahuja    | 57000             | -            | -    | -      | 57000       |
| 5.      | Sh J.R Sharma    |                   | 626613       | -    | 24520  | 651133      |
| 6.      | Sh S.K.Arora     | 17000             | -            | -    | -      | 17000       |
| 7.      | Sh Dinesh Sharma | 27000             | -            | -    | -      | 27000       |
| 8.      | Sh. I. D. Singh  | 17000             | -            | -    | -      | 17000       |

## SATIA INDUSTRIES LIMITED

### Share Transfer System

In order to expedite the process of transfer of securities, the Board of Directors has constituted a Share Transfer Committee comprising of Dr Ajay Satia and Sh R.K.Bhandari, One share Transfer Committee Meeting was held on 14.06.2013 during the year ended 31.03.2014 and there is no pending transfer of shares.

### Investor Grievance Committee

The Investor Grievance Committee of the Company for the year ended 31.03,2014 under the Chairmanship of Sh. A.Krishna, a non executive Director looks after the work of redressal of investors/ shareholders complaints. The other members of the Committee are Dr. Ajay Satia & Sh. R. K. Bhandari. No meeting of Investor Grievance Committee was held during the year under review, as the company has not received a single grievance/complaint from the investors/ shareholders.

### General Body Meetings

The last three Annual General Meetings were held as under:-

| S. No. | Financial year | Date       | Time     | Location   |
|--------|----------------|------------|----------|--|
| 1      | 2012-13        | 30.09.2013 | 10.00AM  | At Regd. Office; Muktsar-Malout Road, Vill.Rupana Distt. Muktsar |
| 2      | 2011-12        | 29.09.2012 | 10.00AM  | At Regd. Office; Muktsar-Malout Road, Vill.Rupana Distt. Muktsar |
| 3      | 2010-11        | 30.09.2011 | 10.00 AM | At Regd. Office; Muktsar-Malout Road, Vill.Rupana Distt. Muktsar |

Six (6) special resolution were passed at the last three ( 3) Annual General Meetings of the Company.

### Disclosures

There was no materially significant related party transaction, pecuniary transactions or relationships between the Company and its Directors, Promoters, or the management that may have potential conflict with the interest of the company.

### Compliance made by the Company

- The Company has made the compliance of the stock exchanges, SEBI and other statutory authorities on all matters related to capital market.
- There were no penalties or strictures imposed on the company by Stock Exchanges or SEBI, any Statutory authority on any matter related to the above.
- The company has a Whistle Blower Policy in place for employees to report concerns about

## SATIA INDUSTRIES LIMITED

unethical behavior. No personnel have been denied to approach the Management or the Audit Committee on any issue.

- d) The management discussion and Analysis Report forms part of the Annual Report as an addition to the Directors' Report.

### Means of Communication

The quarterly, half yearly and Annual Financial results were published in The Financial Express and also sent to the Stock Exchanges.

SCORES (Sebi Complaints Redressal System): The Investor Complaints are processed in a centralized web based complaints redressal system on [www.scores.gov.in](http://www.scores.gov.in), a website maintained by SEBI (Securities and Exchange Board of India). The main feature of this system is central database of all complaints, online upload of action taken reports (ATR's) by the concerned companies and online view by investors of action taken on complaints and its current status. The Company has no pending complaints filed through scores.

### General Shareholders information

#### Annual General Meeting

- Date and time : 30<sup>th</sup> September, 2014 (10 AM)  
Venue : At Regd. Office Muktsar-Malout Road  
VPO Rupana, Distt. Muktsar - 152032

#### Financial Calendar

Next Financial Year April 1, 2014 to March 31, 2015

The financial results will be adopted as per the following tentative schedule

| Results   | Announced on   |
|---|----------------|
| For 1 <sup>st</sup> Quarter ended on 30.06.2014 | August, 2014   |
| For 2 <sup>nd</sup> Quarter ended on 30.09.2014 | November. 2014 |
| For 3 <sup>rd</sup> Quarter ended on 31.12.2014 | February, 2015 |
| For the year ended on 31.03.2015                | May, 2015      |

(c) **Date of Book closure** : 25th September, 2014 to 30th September,2014(Both days inclusive)

(d) **Dividend payment date** : N. A.

(c) **Listing on Stock Exchanges** :

Equity shares of the company are listed on Ludhiana Stock Exchange and Delhi Stock Exchange.

## SATIA INDUSTRIES LIMITED

**(d) Stock Code :**

|                                 |                       |
|---------------------------------|-----------------------|
| Delhi Stock Exchange            | (19035)               |
| Ludhiana Stock Exchange         | (SETI)                |
| ISIN Number                     | INE 170E01015         |
| Corporate Identification Number | L21012PB1980PLC004329 |

**(e) Market Price Data**

There was no trading of shares on the stock exchange during the F.Y.2013-14

**Distribution of shareholding as on March 31, 2014**

| No. of equity shares held | No of Shareholders | %age   | Shares      | %age total |
|---------------------------|--------------------|--------|-------------|------------|
| UPTO 500                  | 197                | 67.93  | 38150       | 0.3813     |
| 501 - 1000                | 35                 | 12.07  | 25550       | 0.2555     |
| 1001- 2000                | 16                 | 5.52   | 21300       | 0.2130     |
| 2001 - 3000               | 4                  | 1.38   | 9625        | 0.0963     |
| 3001 - 4000               | 4                  | 1.38   | 12500       | 0.1250     |
| 4000 - 5000               | 2                  | 0.69   | 9600        | 0.0960     |
| 5001 - 10000              | 1                  | 0.34   | 6500        | 0.0650     |
| 10001 AND ABOVE           | 31                 | 10.69  | 9876775     | 98.7677    |
| TOTAL                     | 289                | 100.00 | 10,00,00,00 | 100.0000   |

**(l) Categories of shares as on 31.03.2014**

| Sr.No. | Particulars            | No. of shares | Amount (Rs. in lacs) | %age   |
|--------|------------------------|---------------|----------------------|--------|
| 1      | Promoter               |               |                      |        |
|        | (a) Core Promoter      | 4088156       | 408.82               | 40.88  |
|        | (b) Friends/Relatives  | 1572800       | 157.28               | 15.73  |
| 2      | Financial Institutions | 0             | 0                    | 0.00   |
| 3.     | Public                 | 4339044       | 433.90               | 43.39  |
| 4.     | Banks                  | 0             | 0                    | 0.00   |
| 5.     | Others                 | 0             | 0                    | 0.00   |
|        | Total                  | 10000000      | 1000.00              | 100.00 |

## **SATIA INDUSTRIES LIMITED**

---

### **(c) Dematerialization of shares & liquidity**

The shares of the Company are in demat and available in depository system of both NSDL and CDSL.

### **(h) Registrar & Transfer Agents :**

The details of Registrar & Transfer Agent appointed by the Company are as under:-

Beetal Financial & Computer Services (P) Ltd  
Beetal House, 3<sup>rd</sup> Floor, 99 Madangir,  
Behind Local Shopping Centre,  
New Delhi

**(k) Plant location** : Muktsar-Malout Road,  
Vill. Rupana  
Distt. Muktsar (Punjab)

**(l) Investors correspondence:** Muktsar-Malout Road,  
Vill Rupana,  
Distt. Muktsar-152026(Punjab)

**for and on behalf of the Board of Directors**

**PLACE : Rupana**  
**DATE : 05.08.2014**

**( Dr AJAY SATIA )**  
**Chairman-Cum- Managing Director**

**(R. K. BHANDARI)**  
**Whole Time Director**



### **Management Discussion & Analysis**

Satia Industries Ltd has a system of presentation system on quarterly basis to review the operation and performance of the Company. The Company Audit Committee and Board of Directors also meet regularly and advise for strengthening the corporate governances, the maximization of returns and minimization of risk. The Company is having writing and Printing Paper, Chemical Recovery and Co-generation plants at VPO Rupana, Malout -Muktsar Road, distt Muktsar and also engaged in the trading activities of the cotton and yarn. The Company has prepared the Balance sheet, profit and Loss account and other statement of accounts in compliance with the requirement of the Companies Act, 1956 and as per mandatory accounting standard issued by the Institute of Chartered Accountants of India

### **Industry Structure and Development**

The Indian Paper Industry accounts for about 1.6% of the world's production of paper and paperboard. The estimated turnover of the industry is Rs 35,000 crore (USD 7 billion) approximately and its contribution to the exchequer is around Rs. 3000 crore (USD 0.6 billion). The industry provides employment to more than 0.37 million people directly and 1.3 million people indirectly. The industry was delicensed effective from July, 1997 by the Government of India; foreign participation is permissible. Most of the paper mills are in existence for a long time and hence present technologies fall in a wide spectrum ranging from oldest to the most modern. The mills use a variety of raw material viz. wood, bamboo, recycled fibre, bagasse, wheat straw, rice husk, etc.; approximately 35% are based on chemical pulp, 44% on recycled fibre and 21% on agro-residues. The geographical spread of the industry as well as market is mainly responsible for regional balance of production and consumption. The operating capacity of the industry currently stands at 12.75 million tons. During this fiscal year, domestic production of paper and paperboard is estimated to be 10.11 million tons. As per industry guesstimates, over all paper consumption (including newsprint) has now touched 11.15 million tons and per capita consumption is pegged at 9.3 kg. Demand of paper has been hovering around 8% for some time. So far, the growth in paper industry has mirrored the growth in GDP. India is the fastest growing market for paper globally and it presents an exciting scenario; paper consumption is poised for a big leap forward in sync with the economic growth and is estimated to touch 13.95 million tons by 2015-16. The futuristic view is that growth in paper consumption would be in multiples of GDP and hence an increase in consumption by one kg per capita would lead to an increase in demand of 1 million tons.

### **Opportunities and threats**

Your company has a very strong pulping base having capacity to make sufficient agro waste pulp besides significant capacity to make deinked pulp. along with a Strong marketing network and loyal customer base to fulfill increasing market demand with increase in production and productivity. Three different machines that give your company flexibility to cater to a wider range of market are major strengths. At the same time, the major threat being faced by your company is the stringent environmental regulation being imposed by the government. Increasing competition with globalization and emergence of new units with latest technology, threat of Zero import duty on paper inputs, raw material shortage and economy of scale.

**Segmentation or product wise performance**

Your company has introduced a premium quality paper 'super snow white paper' excelling in all qualities like brightness, formation, bulk and strength properties and its share in total production is increasing. This product has made a place for itself in the market. Plans to introduce photocopier paper under a brand name in near future are underway. There has been good demand for colored and azure laid paper made by your company. There has been more than full capacity utilization of manufacturing capacity of your company.

**Internal Control Systems and their adequacy**

There is adequate internal control system in the company through Internal Audit and regular operations review and efforts are being made to strengthen it.

**Operating & Financial Performance**

The net revenue from operation of the Company was Rs 38343.37 lacs as compared to Rs 27845.17 lacs during the corresponding period of the previous year 2012-13 and the net profit after tax of the Company was Rs 1349.67 lacs from Rs 1388.18 lacs recorded for the previous year.

**Development in Human Resources/Industrial Relations**

The human capital of the company has been motivated and committed to bring good operating performance. The industrial relations are cordial. strives to provide the best work environment with ample

**The Members,  
Satia Industries Ltd.  
VPO: Rupana**

**DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 (1D) OF THE LISTING AGREEMENT**

I hereby confirm that all Board Members and Senior Management Personnel have affirmed compliance with the code of conduct for the Directors and Senior Management Personnel as approved by the Board, for the Financial Year ended 31st March, 2014 in terms of Clause 49(ID) (ii) of the Listing Agreement entered with Stock Exchanges.

**(Dr. Ajay Satia)  
Chairman-Cum-Managing Director**

**Place : Rupana  
Date : 05.08.2014**

**AUDITORS` CERTIFICATE**

**TO**  
**The Members of Satia Industries Ltd.**

We have examined the compliance of conditions of corporate governance by Satia industries limited formerly known as Satia Paper Mills Ltd., for the year ended on 31st March 2014 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examinations were 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 statement of the Company.

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

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Share Transfer Committee and Shareholders/ Investor Grievance Committee.

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

**For RAKESH BANSAL & CO.**  
**Chartered Accountants**

**Place : Muktsar**  
**Date : 05.08.2014**

**Proprietor**  
**Membership No. 090278**

**INDEPENDENT AUDITORS' REPORT**

**To**

**The Members of Satia Industries Ltd.**

We have audited the accompanying financial statements of Satia Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2014;
- b) in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date;  
and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## **SATIA INDUSTRIES LIMITED**

---

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the balance sheet, statement of profit and loss and cash flow statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
  - e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For RAKESH BANSAL & CO.  
CHARTERED ACCOUNTANTS**

**Place : Muktsar  
Date : 05.08.2014**

**(RAKESH BANSAL)  
PROPRIETOR  
MembershipNo. 090278  
FRN 011474N**

## **SATIA INDUSTRIES LIMITED**

---

**The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Satia Industries Limited, Rupana on the accounts of the company for the year ended 31st March, 2014.**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets with effect from 01-04-1993. The assets record for the period prior to 01.04.1993 has reportedly been destroyed in fire.  
(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.  
(c) During the year the Company has sold its Wind Power Project located in the state of Tamilnadu by way of Slump Sale. In our opinion and according to the information and explanations given to us, the sale of this independent power unit will not affect the going concern assumption for the other segments.
2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. The amount outstanding has been reported to be trade debt. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.  
(b) (iii) (e) According to the information and explanations given to us, the Company has taken loan from ten parties listed in the Register maintained under section 301 of the Companies Act 1956. The maximum amount involved during the year was Rs 208.04 lacs and the year end balance of loans taken from such parties was Rs34.45 lacs. We have been informed that the loans have been taken from the parties which are exempt under the Companies (Acceptance of Deposits) Rules, 1975. These loans have not been verified by us and we have relied on the management certificate.

## **SATIA INDUSTRIES LIMITED**

---

- iii (f) In our opinion the terms and conditions of unsecured interest free loans taken from the parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
  - iii (g) No stipulation with regard to the repayment has been made hence no comments are offered whether the company is regular in repayment of principal and if there is any over due balance.
- 4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
- 5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.  
  
(b) As per information & explanations given to us and in our opinion, the transactions by the company with parties covered u/s 301 of the Act exceeding five lacs rupees are entered at the price prevailing into the market price and are reasonable in a financial year.
- 6. We have been informed that security deposits as appearing in Schedule-4 of the balance sheet have been taken/accepted from the suppliers, customers and others only for the purpose of business of the Company and unsecured loan have been taken from relatives of promoter in Pursuance of the Stipulation of the bank for granting loans, Director which are exempt under the Companies (Acceptance of Deposits) Rules, 1975. These deposits have not been verified by us and we have relied on the management certificate.
- 7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
- 8. As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- 9. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2014 for a period of more than six months from the date they became payable.(b) According to the record of the Company & information and explanation given



## **SATIA INDUSTRIES LIMITED**

to us, there are no dues of Sales Tax, Income Tax, Custom duty, Wealth tax, Excise duty, Service Tax & Cess which have not been deposited on account of any dispute, other than the following:

| <b>Sr. No.</b> | <b>Name of Statute</b> | <b>Nature of dues</b>                                      | <b>Amount (Rs. in Lacs)</b> | <b>Forum where dispute is pending</b>  |
|----------------|------------------------|--|-----------------------------|--|
| 1.             | Central Excise         | Classification of credit whether as Input or capital goods | 3.83                        | Punjab & Haryana High Court Chandigarh |
| 2.             | Delhi Sale Tax Act     | Sales Tax Form ST-I  | 3.86                        | Asstt. Commissioner Zone-1 Delhi       |

10. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has given a guarantee of Rs.1210 lacs (outstanding balance Rs.838.65 lacs) on behalf of T.C. Spinners Pvt. Ltd., Lalru in favour of Uco Bank. In our opinion the terms of guarantee given are not prejudicial in the interest of the company.
16. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.

## **SATIA INDUSTRIES LIMITED**

---

18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

**For RAKESH BANSAL & CO.  
CHARTERED ACCOUNTANTS**

**Place : Muktsar  
Date : 05.08.2014**

**(RAKESH BANSAL)  
PROPRIETOR  
MembershipNo. 090278  
FRN 011474N**

## SATIA INDUSTRIES LIMITED

**BALANCE SHEET AS AT 31.03.2014**

In Rs Lacs, Except as Other wise Stated

| Particulars                         | Note  | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|-------------------------------------|-------|-------------------------------------|-------------------------------------|
| <b>EQUITY AND LIABILITIES</b>       |       |                                     |                                     |
| <b>SHAREHOLDERS' FUNDS</b>          |       |                                     |                                     |
| Share Capital                       | 2.1   | 1000.00                             | 1000.00                             |
| Reserves and Surplus                | 2.2   | 7474.35                             | 6124.68                             |
| <b>Sub Total</b>                    |       | <b>8474.35</b>                      | <b>7124.68</b>                      |
| <b>SHARE APPLICATION MONEY</b>      |       |                                     |                                     |
| Pending Allotment                   | 2.3   | 100.00                              | 100.00                              |
| <b>NON CURRENT LIABILITIES</b>      |       |                                     |                                     |
| Long Term Borrowings                | 2.4.1 | 5515.06                             | 4366.06                             |
| Deferred tax Liabilities            | 2.4.2 | 1410.22                             | 2417.79                             |
| Other Long Term Liabilities         | 2.4.3 | 7423.67                             | 6119.25                             |
| Long term Provision                 | 2.4.4 | 550.29                              | 334.26                              |
| <b>Sub Total</b>                    |       | <b>14899.24</b>                     | <b>13237.36</b>                     |
| <b>CURRENT LIABILITIES</b>          |       |                                     |                                     |
| Short Term Borrowings               | 2.5.1 | 4618.03                             | 3852.16                             |
| Trade Payables                      | 2.5.2 | 2621.28                             | 2110.81                             |
| Other Current Liabilities           | 2.5.3 | 937.62                              | 843.09                              |
| Short Term Provisions               | 2.5.4 | 116.19                              | 281.95                              |
| <b>Sub Total</b>                    |       | <b>8293.12</b>                      | <b>7088.01</b>                      |
| <b>TOTAL</b>                        |       | <b>31766.71</b>                     | <b>27550.05</b>                     |
| <b>ASSETS</b>                       |       |                                     |                                     |
| <b>NON CURRENT ASSETS</b>           |       |                                     |                                     |
| <b>FIXED ASSETS :</b>               |       |                                     |                                     |
| Tangible Assets                     | 2.6   | 15626.21                            | 16257.47                            |
| Intangible Assets                   | 2.6   | 0.00                                | 0.00                                |
| Capital Work-in-Progress            | 2.6   | 3317.19                             | 624.35                              |
| Intangible Assets under Development | 2.6   | 0.00                                | 0.00                                |
| <b>Sub Total</b>                    |       | <b>18943.40</b>                     | <b>16881.82</b>                     |
| <b>NON-CURRENT INVESTMENT</b>       |       |                                     |                                     |
|                                     | 2.6.2 | 1127.00                             | 1127.00                             |
| <b>CURRENT ASSETS</b>               |       |                                     |                                     |
| Current Investment                  | 2.7.1 | 0.00                                | 0.00                                |
| Inventories                         | 2.7.2 | 2707.76                             | 2431.83                             |
| Trade Receivables                   | 2.7.3 | 7390.87                             | 4606.48                             |
| Cash and Cash Equivalents           | 2.7.4 | 475.58                              | 330.52                              |
| Short-term Loans and Advances       | 2.7.5 | 663.98                              | 1221.05                             |
| Other Current Assets                | 2.7.6 | 458.12                              | 951.35                              |
| <b>Sub Total</b>                    |       | <b>11696.31</b>                     | <b>9541.23</b>                      |
| <b>TOTAL</b>                        |       | <b>31766.71</b>                     | <b>27550.05</b>                     |

Document Annexed;

1. Significant Accounting Policies
2. Notes to Accounts

for RAKESH BANSAL & CO.  
Chartered Accountants

(Rakesh Bansal)  
Proprietor  
M.No 090278  
FRN 011474N

Place : Rupana, (Muktsar)  
Date : 05.08.2014

(Dr Ajay Satia)  
Chairman-Cum Manging Director

(A.K.Khurana)  
Vice President(Finance)

For and On behalf of Board of Directors

(R.K.Bhandari)  
Whole Time Director

(Rakesh Kumar Dhuria)  
Company Secretary

## SATIA INDUSTRIES LIMITED

### PROFIT AND LOSS ACCOUNT AS ON 31.03.2014

In Rs Lacs, Except as Other wise Stated

| Particulars  | Note | Year Ended            | Year Ended            |
|--|------|-----------------------|-----------------------|
|  |      | As At<br>31March,2014 | As At<br>31March,2013 |
| I) Revenue from Operations (Net of Excise)                                   | 2.8  | 38343.37              | 27845.18              |
| II) Other Income   | 2.9  | 348.43                | 338.89                |
| <b>III) Total Revenue (I+II)</b>   |      | <b>38691.80</b>       | <b>28184.07</b>       |
| <b>IV) Expenses :</b>  |      |                       |                       |
| Cost of Material Consumed  | 2.1  | 15350.34              | 10231.62              |
| Cost of Purchases of Traded Goods  | 2.11 | 672.59                | 303.54                |
| Change in inventories of Finished Goods, Work in progress and Stock in trade | 2.12 | 648.06                | 226.55                |
| Employees Benefit Expenses   | 2.13 | 2222.32               | 1779.50               |
| Finance Cost   | 2.14 | 1557.85               | 1479.06               |
| Depreciation and Amortization Expenses                                       | 2.15 | 2670.53               | 1005.19               |
| Other Expenses   | 2.16 | 14480.00              | 11195.36              |
| <b>Total Expenses</b>  |      | <b>37601.69</b>       | <b>26220.82</b>       |
| <b>V) Profit before exceptional and extraordinary items and tax (III-IV)</b> |      | <b>1090.11</b>        | <b>1963.25</b>        |
| VI) Exceptional Items  | 2.17 | 0.00                  | 0.00                  |
| <b>VII) Profit before extraordinary items and tax (V-VI)</b>                 |      | <b>1090.11</b>        | <b>1963.25</b>        |
| VIII) Extraordinary Items  | 2.18 | 38.01                 | 68.81                 |
| <b>IX) PROFIT BEFORE TAX</b>   |      | <b>1052.10</b>        | <b>1894.44</b>        |
| X) Tax Expense:  | 2.19 |                       |                       |
| (1) Current Tax  |      | 710.00                | 0.00                  |
| (2) Deferred Tax   |      | -1007.57              | 506.26                |
| XI) Profit (Loss) for the period from Continuing Operations (VII-VIII)       |      | 1349.67               | 1388.18               |
| XII) Profit/ (Loss) from Discontinuing Operations                            |      | 0.00                  | 0.00                  |
| XIII) Tax expenses of Discontinuing Operations                               |      | 0.00                  | 0.00                  |
| XIV) Profit/ (loss) from discontinuing operations (After tax) (XII-XIII)     |      | 0.00                  | 0.00                  |
| XV) Profit (Loss) for the Period (XI+XIV)                                    |      | 1349.67               | 1388.18               |
| XVI) Earnings per Equity Share   |      |                       |                       |
| Basic (Face Value Rs10)  |      | 13.50                 | 13.88                 |
| Diluted  |      | 13.34                 | 13.69                 |

for RAKESH BANSAL & CO.  
Chartered Accountants

For and On behalf of Board of Directors

(Rakesh Bansal)  
Proprietor  
Membership No 090278  
FRN 011474N

(Dr Ajay Satia)  
Chairman-Cum Managing Director

(R.K.Bhandari)  
Whole Time Director

Place : Rupana, (Muktsar)  
Date : 05.08.2014

(A.K.Khurana)  
Vice President (Finance)

(Rakesh Kumar Dhuria)  
Company Secretary

## **Notes forming part of financial statements**

### **Corporate Information:-**

Satia Industries Limited formerly known as Satia Paper Mills Limited (herein after referred to as 'The Company') is a manufacturer of Writing and Printing Paper. The company is also engaged in generation of power and trading activities in Cotton & Yarn.

### **1. Significant Accounting Policies:-**

#### **1.1 Basis of Preparation:**

The financial statements have been prepared to comply in all material respects with the mandatory accounting standards issued by the The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention, except where otherwise stated, and on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

#### **1.2 Fixed Assets:**

Fixed Assets are shown at Historical Cost. Cost of the fixed assets comprises purchase price, duties, levies and direct indirect attributable cost of bringing the assets to its working condition for intended use. Borrowing cost related to acquisition or construction of the qualifying fixed assets for the period up to the completion of their acquisition and installation are included in the cost of the assets. Expenditure for addition, improvement and renewals are capitalized and expenditure for repair and maintenance are charged to Profit & Loss Account.

#### **1.3 Depreciation:-**

1.3.1 Depreciation on Fixed Assets is provided on Straight Line Method on prorata basis from the date of acquisition over the useful life & in the manner prescribed in Schedule XIV of the Companies Act, 1956.

1.3.2 Lease hold land is amortized over the remaining period of lease.

1.3.3 Depreciation on the amount of addition made to Fixed Assets due to exchange fluctuation is provided over the remaining useful life of the asset to which the fluctuation relates.

1.3.4 Depreciation on the amount of addition made to Fixed Asset due to up gradation/ improvement is provided at the rate applied to the existing assets. Patents and trademarks, software etc are accounted at their cost of acquisition and amortized over their estimated economic life not exceeding 10 years. Leasehold improvements are charged to the profit and loss account over the primary period of lease.

#### **1.4 Investments**

Investments are stated at cost less provision for permanent diminution in the value of long term Investment.

**1.5 Impairment of Fixed Assets:**

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's Fixed Assets. If any indication exists, an assets recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of assets exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use the estimated future cash flows are discounted to their present value based on an appropriate discount factor. Impairment loss is recognized in the Profit & Loss Account.

**1.6 Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**1.6.1 Sale of Goods**

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are net of return, volume discount and sales tax but including excise duty.

**1.6.2 Income from CER/VER**

Income from Carbon Emission Reductions (CER)/ Voluntary Emission Reductions (VER) is recognized when the project is registered with the United Nations Framework Convention on Climate Change (UNFCCC).

**1.6.3 Income from REC/Dividend/Interest**

Income from Renewable Energy Certificate/Dividend on shares/ Interest on investment is recognised on receipt basis.

**1.7** Insurance claims are shown separately under the head other income and corresponding expenses are shown under respective expense head in the Profit and Loss A/C.

**1.8 Valuation of Inventories:-****Raw Materials, Stores & Spares:**

Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products, in which they will be incorporated, are expected to be sold at or above cost. Cost of Raw materials is determined on a monthly moving weighted average basis and cost of chemicals, stores and spares is determined on transaction moving weighted average.

**Work-in-Progress and Finished Goods:**

Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods except lying in the factory premises includes excise duty.

**By Products and Waste:**

Net realizable value

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

**Agriculture Operations**

The amount spent on agriculture activities has been valued at cost and has been treated as the advance expenses against the future crop.

**1.9 Foreign Currency Transactions****Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction;

**Exchange Differences**

Exchange differences arising on the settlement of monetary items or on restatement of reporting Company's monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**Forward Exchange Contracts**

In respect of forward exchange contracts entered into by the Company, the difference between the contracted rate and the rate at the date of transaction is recognized as gain or loss over the period of contract except for difference in respect of liabilities incurred for acquiring fixed assets from a country outside India, in which case such difference is adjusted in the carrying amount of the respective fixed assets. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

**1.10 Borrowing Cost**

Interest & other costs incurred by the company in connection with the borrowing of funds are recognized as expenses in the period in which they are incurred unless activities that are necessary to prepare the qualifying assets for its intended use are in progress.

**1.11 Government Grants**

Government grants received as capital incentives are credited to capital reserve. Government grants in other forms are credited to Profit & Loss Account. Government grants relating to specific assets are disclosed as deduction from the gross value of the assets concerned.

**1.12 Retirement Benefits**

1.12.1 Retirement benefits in the form of Provident Fund and Pension Schemes are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.

1.12.2 Gratuity liability under the payment of Gratuity Act and provision for leave encashment is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.

1.12.3 The Company's gratuity benefit scheme is a defined plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on government securities as at the balance sheet date.

When the calculation results in a benefit to the company, the recognized assets is limited to the net total of any unrecognized actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses are recognized immediately in the profit & loss account.

### **1.13 Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the Profit & Loss Account on a Straight-Line basis over the lease term.

### **1.14 Accounting for taxes on income**

Provision for tax on income is made after taking into consideration benefit admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from 'Timing difference' between book & taxable profit is accounted for using the tax rates & laws that have enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future.

**1.15** Export incentive scrips in case of export are valued on the specific rates allowed on the relevant item of export.

### **1.16 Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.



## SATIA INDUSTRIES LIMITED

### 2. NOTES ON ACCOUNT OF THE YEAR ENDED 31<sup>st</sup> MARCH, 2014

#### 2.1 SHARE CAPITAL

In Rs Lacs, except as otherwise stated

| Particulars   | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|---|-------------------------------------|-------------------------------------|
| Authorized:<br>Equity Shares of Rs. 10/- each<br>120,00,000 (120,00,000) equity shares                                  | 1200.00                             | 1200.00                             |
| Issued Subscribed and Paid-Up:<br>Equity Shares of Rs. 10/- each<br>100,00,000 (100,00,000) equity shares fully paid-up | 1000.00                             | 1000.00                             |
| <b>Total</b>  | <b>1000.00</b>                      | <b>1000.00</b>                      |

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share.

20,00,000 Shares out of the issued, subscribed and paid up share capital were allotted as bonus shares in the last five years by capitalization of reserves.

In the event of Liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### Reconciliation of number of share outstanding :

No. of Shares

| Particulars                       | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|-----------------------------------|-------------------------------------|-------------------------------------|
| Number of shares at the Beginning | 10,00,000                           | 10,00,000                           |
| Add : Shares Issued               | 0                                   | 0                                   |
| Number of Shares at the End       | <b>10,00,000</b>                    | <b>10,00,000</b>                    |

#### Details of Shareholders holding more than 5% shares in the company

| Particulars                            | Year Ended<br>As At<br>31March,2014 | % Holding<br>in the<br>SHARES | Year Ended<br>As At<br>31March,2013 | % Holding<br>in the<br>SHARES |
|--|-------------------------------------|-------------------------------|-------------------------------------|-------------------------------|
| Equity Shares of Rs 10 each fully paid |                                     |                               |                                     |                               |
| Sh. Ajay Satia                         | 1475861                             | 14.76                         | 1474861                             | 14.75                         |
| Smt. Bindu Satia                       | 751094                              | 7.50                          | 751094                              | 7.50                          |
| Sh. Anil Satia                         | 567719                              | 5.67                          | 567719                              | 5.67                          |
| Mr. Ankit Satia                        | 793344                              | 7.93                          | 793344                              | 7.93                          |
| Mr. Dhruv Satia                        | 543169                              | 5.43                          | 543169                              | 5.43                          |
| S.D.S Cotton (P) Ltd                   | 1518285                             | 15.18                         | 1518285                             | 15.18                         |
| Muksar Fincap Pvt.Ltd                  | 1572800                             | 15.72                         | 1572800                             | 15.72                         |

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

## SATIA INDUSTRIES LIMITED

### 2.2 RESERVE AND SURPLUS

| Particulars   | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|---|-------------------------------------|-------------------------------------|
| <b>Capital Reserve-State Subsidy</b>                                |                                     |                                     |
| Opening Balance   | 65.00                               | 65.00                               |
| Add: Transferred from Profit and Loss account                       | -                                   | -                                   |
| Closing Balance   | <b>65.00</b>                        | <b>65.00</b>                        |
| <b>Investment Utilisation Reserve</b>                               |                                     |                                     |
| Opening Balance   | 78.43                               | 78.43                               |
| Add: Transferred from Profit and Loss account                       | -                                   | -                                   |
| Closing Balance   | <b>78.43</b>                        | <b>78.43</b>                        |
| <b>Profit and Loss Account</b>                                      |                                     |                                     |
| Surplus - Opening Balance   | 5981.25                             | 4593.07                             |
| Add: Profit after tax transferred from Statement of Profit and Loss | 1349.67                             | 1388.18                             |
| <b>Balance In Profit and Loss account</b>                           | <b>7330.92</b>                      | <b>5981.25</b>                      |
| <b>Total</b>  | <b>7474.35</b>                      | <b>6124.68</b>                      |

### 2.3 Share Application Money

The Company has received Share Application money of Rs.300.00 Lacs ( Rs.175.12 Lacs in financial year 2003-04, Rs.92.33 Lacs in the financial year 2004-2005 and 32.55 Lacs in financial year 2005-2006) from promoters and associates to partly finance the project cost approved and stipulated by Financial Institution and Bank.

During the year ended 31.03.06 the company allotted 20,00,000 Equity shares @ Rs. 10 per share amounting to Rs.200 .00 lacs to the promoters and their associates on preferential basis as per approval received from SEBI and remaining share application money of Rs.100.00 lacs against which shares will be allotted in future as permitted under the statute. These funds were utilized in the year of receipt for purpose of capital expenditure as per scheme approved by the financial institutions and the terms of allotment are as below:-

**No. of Balance Shares May be issued: 118003**

**The amount of premium: Rs. 74.74**

**The company has sufficient authorised share capital amount for allotment of shares against the share application.**

### 2.4 Non Current Liabilities

#### 2.4.1 Long Term Borrowings : Term Loans from Banks

| Particulars                                 | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|---|-------------------------------------|-------------------------------------|
| Punjab National Bank (see note 1 & 2 below) | 3263.33                             | 1675.19                             |
| Central Bank of India (see note 1 below)    | 1961.06                             | 2490.39                             |
| Vehicle Loans (see note 3 below)            | 290.67                              | 200.48                              |
| <b>Total</b>                                | <b>5515.06</b>                      | <b>4366.06</b>                      |

**Note 1** The loans due to PNB & CBI are secured by the first charge by way of equitable mortgage of company's immovable properties, present and future, hypothecation of company's

## SATIA INDUSTRIES LIMITED

movable assets, present and future in their favour on parripassu basis and further personally guaranteed by the Managing Director and a director of the company.

**Note 2** The loans are further secured by pledge of 24 lacs equity shares held by the promoters

**Note 3** Vehicle loans are secured by hypothecation of specific assets only.

**Note 4** Instalments for repayment of term loans due to be paid in the next year amounting to Rs. 1397.59 lacs ( PY Rs.1538.34 lacs) has been treated as long term liability.

### 2.4.2 DEFERRED TAXES

| Particulars   | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|---|-------------------------------------|-------------------------------------|
| Deferred tax Liabilities<br>Related to the Fixed Assets   | 1612.57                             | 2518.70                             |
| Deferred Tax Assets<br>Related to the disallowances under section 43B of the<br>Income Tax Act,1961 | 202.35                              | 100.91                              |
| <b>Total</b>  | <b>1410.22</b>                      | <b>2417.79</b>                      |

### 2.4.3 OTHER LONG -TERM LIABILITIES

| Particulars                    | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|--------------------------------|-------------------------------------|-------------------------------------|
| <b>UNSECURED LOAN :</b>        |                                     |                                     |
| Security Deposits              | 6253.79                             | 5059.51                             |
| From Banks                     | 1138.23                             | 932.94                              |
| From Body Corporate            | 0.00                                | 0.00                                |
| From Other than Body Corporate | 31.65                               | 126.80                              |
| From Directors                 | 0.00                                | 0.00                                |
| <b>Total</b>                   | <b>7423.67</b>                      | <b>6119.25</b>                      |

### 2.4.4 LONG-TERM PROVISIONS

| Particulars                            | Year Ended<br>As At<br>31March,2014 | Particulars<br>As At<br>31March,2013 |
|--|-------------------------------------|--------------------------------------|
| <b>Provision for Employee Benefits</b> |                                     |                                      |
| Provision for Employee benefits        | 298.72                              | 111.83                               |
| Gratuity Obligation                    | 251.57                              | 222.43                               |
| <b>Total</b>                           | <b>550.29</b>                       | <b>334.26</b>                        |

The estimates of future salary increases, considered in a actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## SATIA INDUSTRIES LIMITED

### 2.5 Current Liabilities

#### 2.5.1 Short Term Borrowings

| Particulars                                       | Year Ended As At<br>31March,2014 | Year Ended As At<br>31March,2013 |
|---|----------------------------------|----------------------------------|
| <b>Working Capital Loans: Banks (Rupees Loan)</b> |                                  |                                  |
| Punjab National Bank                              | 3776.61                          | 2849.25                          |
| Central Bank of India                             | 841.42                           | 847.37                           |
| Bill Discounting                                  | 0.00                             | 155.54                           |
| <b>Total</b>                                      | <b>4618.03</b>                   | <b>3852.16</b>                   |

**Note 1** Working capital Borrowings are secured by hypothecation of all stocks of raw material stores, work in progress finished stock and book debts, personal guarantee by M.D & a Director of the company. In addition to this the working capital limits are further secured by way of second parri passu charge on all the fixed assets of the company.

**Note 2** The loan due to PNB is further secured by pledge of 24 lacs equity shares held by the promoters

#### 2.5.2 Trade Payables

| Particulars                       | Year Ended As At<br>31March,2014 | Year End As At<br>31March,2013 |
|-----------------------------------|----------------------------------|--------------------------------|
| <b>Sundry Creditors:</b>          |                                  |                                |
| Micro, Small & Medium Enterprises | 35.73                            | 24.88                          |
| Others                            | 904.22                           | 123.40                         |
| LC (DA) not due for Payments      | 1681.33                          | 1962.53                        |
| <b>Total</b>                      | <b>2621.28</b>                   | <b>2110.81</b>                 |

#### 2.5.3 OTHER CURRENT LIABILITIES

| Particulars                  | Year Ended As At<br>31March,2014 | Year Ended As At<br>31March,2013 |
|------------------------------|----------------------------------|----------------------------------|
| Statutory Liabilities        | 119.91                           | 76.85                            |
| Advance from Customers       | 393.89                           | 341.15                           |
| Interest Accrued But not Due | 15.48                            | 27.45                            |
| Other Liabilities            | 408.34                           | 397.64                           |
| <b>Total</b>                 | <b>937.62</b>                    | <b>843.09</b>                    |

#### 2.5.4 SHORT-TERM PROVISIONS

| Particulars      | Year Ended As At<br>31March,2014 | Year Ended As At<br>31March,2013 |
|------------------|----------------------------------|----------------------------------|
| Income-Tax (Net) | 116.19                           | 281.95                           |
| <b>Total</b>     | <b>116.19</b>                    | <b>281.95</b>                    |

### 2.6 NON CURRENT ASSETS

#### 2.6.1 FIXED ASSETS

| Particulars              | Year Ended As At<br>31March,2014 | Year Ended As At<br>31March,2013 |
|--------------------------|----------------------------------|----------------------------------|
| <b>Gross Block</b>       | 25765.85                         | 23945.44                         |
| <b>Less Depreciation</b> | 10139.64                         | 7687.97                          |
| <b>Net Block</b>         | <b>15626.21</b>                  | <b>16257.47</b>                  |

(A detail chart depicting of fixed assets of the company and depreciation thereof has been attached as Annexure-A)

**SATIA INDUSTRIES LIMITED**

Annexure-A

**FIXED ASSETS**

| S. NO. | PARTICULARS                                  | GROSS BLOCK                 |                                 |                         |                             | DEPRECIATION                 |                                       |                    |                           | NET BLOCK            |                      |
|--------|--|-----------------------------|---------------------------------|-------------------------|-----------------------------|------------------------------|---------------------------------------|--------------------|---------------------------|----------------------|----------------------|
|        |  | COST AS ON 01.04.2013 (Rs.) | ADDITIONS DURING THE YEAR (Rs.) | SALES/ ADJUSTMENT (Rs.) | COST AS ON 31.03.2014 (Rs.) | PROVIDED UPTO 31.03.13 (Rs.) | FOR THE CURRENT YEAR 31.03.2014 (Rs.) | WRITTEN BACK (Rs.) | TOTAL UPTO 31.03.14 (Rs.) | AS ON 31.03.14 (Rs.) | AS ON 31.03.13 (Rs.) |
| 1      | Land   | 13704719                    | 0                               | 1911000                 | 11793719                    | 0                            | 0                                     | 0                  | 0                         | 11793719             | 13704719             |
| 2      | Building                                     | 240143105                   | 28457005                        | 0                       | 268600110                   | 69511724                     | 21929736                              | 0                  | 91441460                  | 177158650            | 170631381            |
| 3      | Plant & Machinery                            | 2014297982                  | 230639169                       | 86703987                | 2158233164                  | 618825615                    | 222910339                             | 16503581           | 825232373                 | 1333000790           | 1395472367           |
| 4      | Electrical installation fitting & equipments | 58089304                    | 304421                          | 0                       | 58393725                    | 46682716                     | 7408223                               | 0                  | 54090939                  | 4302786              | 11406588             |
| 5      | Office Equipment                             | 5109320                     | 560831                          | 0                       | 5670151                     | 2331199                      | 794865                                | 0                  | 3126064                   | 2544087              | 2778121              |
| 6      | Furniture & fittings                         | 5279943                     | 495976                          | 0                       | 5775919                     | 4095817                      | 439910                                | 0                  | 4535727                   | 1240192              | 1184126              |
| 7      | Vehicles                                     | 42531836                    | 21846685                        | 13464269                | 50914252                    | 15184707                     | 10290020                              | 5381670            | 20093057                  | 30821195             | 27347129             |
| 8      | Computers                                    | 11643107                    | 1121309                         | 0                       | 12764416                    | 10000840                     | 2130902                               | 0                  | 12131742                  | 632674               | 1642267              |
| 9      | A.C.Fan & Cooler                             | 3744556                     | 694839                          | 0                       | 4439395                     | 2164017                      | 1148661                               | 0                  | 3312678                   | 1126717              | 1580539              |
| 10     | Total  | 2394543872                  | 284120235                       | 102079256               | 2576584851                  | 768796635                    | 267052656                             | 21885251           | 1013964040                | 1562620810           | 1625747237           |
| 11     | Previous Year                                | 1898854781                  | 504126010                       | 8436919                 | 2394543872                  | 673633326                    | 100519497                             | 5356189            | 768796634                 | 1625747237           | 1225221455           |

## SATIA INDUSTRIES LIMITED

### Intangible Assets

There are no intangible assets.

#### 2.6.1A CAPITAL WORK IN PROGRESS

| Particulars                            | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|--|-------------------------------------|-------------------------------------|
| Building under Construction            | 272.60                              | 106.42                              |
| Plant and Machinery under Erection     | 962.46                              | 283.24                              |
| Advance to Suppliers for Capital Goods | 2065.96                             | 218.52                              |
| Others                                 | 16.17                               | 16.17                               |
| <b>Total</b>                           | <b>3317.19</b>                      | <b>624.35</b>                       |

### Intangible Assets under development

There are no intangible assets under development.

#### 2.6.2 NON CURRENT INVESTMENTS

| Particulars  | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|--|-------------------------------------|-------------------------------------|
| <b>Non-current Investment - at cost</b>  |                                     |                                     |
| Trade Investment (Unquoted)  |                                     |                                     |
| 5450000 Equity Shares of Bhandari Export Industries Ltd (5450000) of Rs.10 Each at par | 545.00                              | 545.00                              |
| 5820000 Equity Shares of T.C Spinners(P) Ltd of Rs.10 each at par (5820000)            | 582.00                              | 582.00                              |
| <b>Total</b>   | <b>1127.00</b>                      | <b>1127.00</b>                      |

### 2.7 CURRENT ASSETS

#### 2.7.1 CURRENT INVESTMENTS

There are no current investments.

#### 2.7.2 Inventories

| Particulars                                   | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|---|-------------------------------------|-------------------------------------|
| Raw Materials,Chemicals & Fuels               | 1248.52                             | 521.43                              |
| Stock in Process                              | 94.10                               | 134.49                              |
| Semi Finished Stock                           | 23.22                               | 548.65                              |
| Finished Stocks                               | 438.40                              | 519.07                              |
| Consumable Stores,Spares and Packing Material | 848.20                              | 670.10                              |
| Scrap   | 9.31                                | 10.88                               |
| Agriculture Development Expenses              | 46.01                               | 27.21                               |
| <b>Total</b>                                  | <b>2707.76</b>                      | <b>2431.83</b>                      |

## SATIA INDUSTRIES LIMITED

### 2.7.3 TRADE RECEIVABLES

| Particulars                                 | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|---|-------------------------------------|-------------------------------------|
| Over Six Months from the date these are due | 13.93                               | 28.82                               |
| Other Debts                                 | 7376.94                             | 4577.66                             |
|   | 7390.87                             | 4606.48                             |
| Less: Provision for Doubtful Debts          | 0.00                                | 0.00                                |
| <b>Total</b>                                | <b>7390.87</b>                      | <b>4606.48</b>                      |

(Unsecured, considered good unless otherwise stated)

### 2.7.4 CASH AND CASH EQUIVALENTS

| Particulars                                   | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|---|-------------------------------------|-------------------------------------|
| Cash in hand                                  | 8.28                                | 2.77                                |
| Balance with Banks                            | 12.66                               | 3.23                                |
| Draft/Cheque in transit                       | 0.00                                | 1.03                                |
| Fixed Deposit with Banks against Margin Money | 454.64                              | 226.49                              |
| Fixed Deposit with Banks (Others)             | 0.00                                | 97.00                               |
| <b>Total</b>                                  | <b>475.58</b>                       | <b>330.52</b>                       |

### 2.7.5 SHORT TERM LOANS AND ADVANCES

| Particulars   | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|---|-------------------------------------|-------------------------------------|
| Loans & Advances  | 161.23                              | 996.28                              |
| Excise Duty & Service Tax Deposit (including balance under cenvat against inputs & capital goods) | 415.06                              | 117.21                              |
| DEPB Pending For Utilisation  | 2.77                                | 0.42                                |
| Insurance Claims Recoverable  | 0.00                                | 0.00                                |
| Sales Tax Deposited Agt. Appeal   | 2.55                                | 1.96                                |
| Insurance Prepaid   | 16.55                               | 28.01                               |
| Prepaid Expenses  | 8.65                                | 4.70                                |
| Rent Advance  | 0.17                                | 0.17                                |
| Misc.Recoverable  | 26.11                               | 26.11                               |
| VAT & Entry Tax   | 0.00                                | 0.00                                |
| Advance Lease Rent A/C  | 29.67                               | 44.97                               |
| Punjab State Power Corporation Ltd  | 1.22                                | 1.22                                |
| <b>Total</b>  | <b>663.98</b>                       | <b>1221.05</b>                      |

(Unsecured, considered good unless otherwise stated)

## SATIA INDUSTRIES LIMITED

### 2.7.6 OTHER CURRENT ASSETS

| Particulars              | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|--------------------------|-------------------------------------|-------------------------------------|
| Security/Tender Deposits | 143.11                              | 130.14                              |
| MAT Credit Entitlement   | 315.01                              | 804.35                              |
| Interest Receivable      | 0.00                                | 16.86                               |
| <b>Total</b>             | <b>458.12</b>                       | <b>951.35</b>                       |

### 2.8 REVENUE FROM OPERATION

| Particulars                                  | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|--|-------------------------------------|-------------------------------------|
| Gross Sales                                  | 47686.09                            | 30392.43                            |
| Less: Excise Duty                            | 1434.92                             | 1163.07                             |
| Less Inter Divisional Sale of Power of Steam | 7907.80                             | 1384.18                             |
| <b>Net Sales</b>                             | <b>38343.37</b>                     | <b>27845.18</b>                     |

### 2.8.1 PARTICULARS OF SALE OF PRODUCTS

| Particulars                                      | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|--|-------------------------------------|-------------------------------------|
| <b>PAPER DIVISION</b>                            |                                     |                                     |
| <b>MANUFACTURED GOODS</b>                        |                                     |                                     |
| Writing & Printing Paper (Including Excise Duty) | 39059.39                            | 28572.00                            |
| Sale of Soda Ash                                 | 16.33                               | 0.00                                |
| Sale Of Scrap                                    | 30.22                               | 21.53                               |
| <b>SUB TOTAL</b>                                 | <b>39105.94</b>                     | <b>28593.52</b>                     |
| <b>TRADED GOODS</b>                              |                                     |                                     |
| Sale Of Wood Pulp                                | 0.00                                | 0.00                                |
| Sale Of Waste Paper                              | 28.80                               | 138.82                              |
| <b>SUB TOTAL</b>                                 | <b>28.80</b>                        | <b>138.82</b>                       |
| <b>GROSS SALES</b>                               | <b>39134.74</b>                     | <b>28732.34</b>                     |
| LESS:Goods Return                                | 0.00                                | 1.07                                |
| <b>Sales Less Returns</b>                        | <b>39134.74</b>                     | <b>28731.27</b>                     |
| <b>COTTON &amp; YARN DIVISION (TRADED)</b>       |                                     |                                     |
| Sale (Yarn)                                      | 0.00                                | 0.00                                |



## SATIA INDUSTRIES LIMITED

|                                      |                 |                 |
|--------------------------------------|-----------------|-----------------|
| Sale (Cotton)                        | 639.67          | 153.47          |
| Sale (Polyster)                      | 0.00            | 0.00            |
| <b>SUB TOTAL</b>                     | <b>639.67</b>   | <b>153.47</b>   |
| COGEN DIVISION                       |                 |                 |
| Sale of Electricity (Cogen Division) | 3709.41         | 723.98          |
| Sale of Steam                        | 4198.40         | 660.19          |
| <b>SUB TOTAL</b>                     | <b>7907.81</b>  | <b>1384.18</b>  |
| POWER DIVISION                       |                 |                 |
| Sale of Wind Powder                  | 3.87            | 123.51          |
| <b>TOTAL</b>                         | <b>47686.09</b> | <b>30392.43</b> |

### 2.9 OTHER INCOME

| Particulars                                | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|--|-------------------------------------|-------------------------------------|
| Interest Income                            | 29.17                               | 38.42                               |
| Insurance Claims                           | 66.90                               | 48.85                               |
| Misc Income                                | 5.15                                | 53.91                               |
| Exchange Rate Variation                    | 0.00                                | 0.00                                |
| Export Incentive                           | 0.00                                | 3.82                                |
| Discounting Earned on DEPB & SHIS Purchase | 36.86                               | 2.59                                |
| Gain on Sale of Assets                     | 0.00                                | 0.00                                |
| Income from CER/VER                        | 0.00                                | 50.12                               |
| Income from REC                            | 210.35                              | 141.18                              |
| <b>TOTAL</b>                               | <b>348.43</b>                       | <b>338.89</b>                       |

### 2.10 COST OF MATERIAL CONSUMED

| Particulars  | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|--------------|-------------------------------------|-------------------------------------|
| Raw Material | 9216.47                             | 5091.22                             |
| Chemicals    | 6133.87                             | 5140.40                             |
| <b>TOTAL</b> | <b>15350.34</b>                     | <b>10231.62</b>                     |

## SATIA INDUSTRIES LIMITED

### 2.11 COST OF PURCHASE OF STOCK IN TRADE

| Particulars        | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|--------------------|-------------------------------------|-------------------------------------|
| Cotton             | 639.21                              | 153.08                              |
| Yarn               | 0.00                                | 0.00                                |
| Polyster Fibre     | 0.00                                | 0.00                                |
| Cotton Waste       | 0.00                                | 0.00                                |
| Waste Paper Indian | 33.38                               | 150.46                              |
| <b>Total</b>       | <b>672.59</b>                       | <b>303.54</b>                       |

### 2.12 CHANGE IN INVENTORIES

| Particulars                              | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|--|-------------------------------------|-------------------------------------|
| <b>Opening Stock :</b>                   |                                     |                                     |
| Finished Goods                           | 519.07                              | 656.27                              |
| Stock in process                         | 134.49                              | 133.50                              |
| Semi Finished                            | 548.65                              | 639.94                              |
| Scrap                                    | 10.88                               | 9.93                                |
|  | <b>1213.09</b>                      | <b>1439.64</b>                      |
| <b>Closing Stock :</b>                   |                                     |                                     |
| Finished goods                           | 438.40                              | 519.07                              |
| Stock in process                         | 94.10                               | 134.49                              |
| Semi Finished                            | 23.22                               | 548.65                              |
| Scrap                                    | 9.31                                | 10.88                               |
|  | <b>565.03</b>                       | <b>1213.09</b>                      |
| <b>INCREASE(+)/DECREASE(-) IN STOCKS</b> | <b>-648.06</b>                      | <b>-226.55</b>                      |

### 2.13 EMPLOYEE BENEFITS EXPENSE

| Particulars                                  | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|--|-------------------------------------|-------------------------------------|
| a) Salaries,Wages and Bonus                  | 1331.55                             | 1055.59                             |
| b) Welfare Expenses                          | 786.43                              | 630.34                              |
| c) Contribution to Provident and Other Funds | 104.34                              | 93.57                               |
| <b>Total</b>                                 | <b>2222.32</b>                      | <b>1779.50</b>                      |

## SATIA INDUSTRIES LIMITED

### 2.14 FINANCE COST

| Particulars                    | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|--------------------------------|-------------------------------------|-------------------------------------|
| a) Interest on Term Loan       | 482.49                              | 459.59                              |
| b) Interest on Working Capital | 956.01                              | 974.47                              |
| c) Bank & Other Charges        | 119.35                              | 45.00                               |
| <b>Total</b>                   | <b>1557.85</b>                      | <b>1479.06</b>                      |

### 2.15 DEPRECIATION AND AMORTISATION CHARGE

| Particulars  | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|--------------|-------------------------------------|-------------------------------------|
| Depreciation | 2670.53                             | 1005.19                             |
| <b>Total</b> | <b>2670.53</b>                      | <b>1005.19</b>                      |

### 2.16 EXPENSES

| Particulars                               | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|---|-------------------------------------|-------------------------------------|
| <b>a) UTILITIES:</b>                      |                                     |                                     |
| i) Power Consumed                         | 4723.58                             |                                     |
| Less Inter Divisional Purchase            | 3709.41                             | 1762.55                             |
| i) Steam Consumed                         | 4198.39                             |                                     |
| Less Inter Divisional Purchase            | 4198.39                             | 0.00                                |
| ii) Fuel                                  | 6626.23                             | 5349.59                             |
| iii) Water Supply Charges                 | 62.54                               | 59.25                               |
| iv) Effluent Treatment Expenses           | 0.00                                | 0.00                                |
| <b>b) Stores and Spare Parts Consumed</b> | <b>2298.59</b>                      | <b>1520.61</b>                      |
| <b>c) Repair &amp; Maintenance :</b>      |                                     |                                     |
| i) Building                               | 94.41                               | 77.83                               |
| ii) Machinery                             | 144.63                              | 160.52                              |
| iii) Others                               | 77.65                               | 65.70                               |
| <b>d) Packing Material &amp; Exp.</b>     | <b>773.29</b>                       | <b>635.08</b>                       |
| <b>e) Handling and Shifting :</b>         |                                     |                                     |
| i) Raw Material and Chemicals             | 201.40                              | 164.28                              |
| ii) Fuel                                  | 27.55                               | 42.26                               |

## SATIA INDUSTRIES LIMITED

|   |                 |                 |
|---|-----------------|-----------------|
| <b>f) Reversal of Cenvet Credit of ED</b>             | 399.23          | 275.67          |
| <b>g) Job Work Charges</b>                            | 0.00            | 0.00            |
| <b>h) SELLING,ADMINISTRATIVE AND OTHER EXPENSES :</b> |                 |                 |
| i) Printing and Stationary                            | 24.57           | 18.97           |
| ii) Postage,Telegram & Telephone                      | 16.74           | 14.29           |
| iii) Sales Tax  | 17.30           | 9.80            |
| iv) Travelling & Conveyance                           | 95.90           | 64.94           |
| v) Disposal and Cartage                               | 174.26          | 141.69          |
| vi) Vehicle Running and Maintenance                   | 32.80           | 24.34           |
| vii) Rent   | 35.46           | 60.22           |
| viii) Loss of Assets                                  | 852.73          | 0.00            |
| ix) Legal & Professional Charges                      | 21.12           | 55.91           |
| x) Fee & Subscription                                 | 79.82           | 23.06           |
| xi) Director Sitting Fee                              | 1.65            | 1.00            |
| xii) Loss on Sale of Assets                           | 308.22          | 11.46           |
| xiii) General Expenses                                | 39.55           | 133.46          |
| xiv) Auditors Remuneration and Expenses               | 3.03            | 2.98            |
| xv) Electricity and Water Charges                     | 8.62            | 6.92            |
| xvi) Charity and Donation                             | 4.20            | 6.13            |
| xvii) Freight & Handling outward/Export Exp.          | 102.66          | 107.59          |
| xviii) Commission                                     | 744.70          | 324.08          |
| xix) Discounts & Rebate                               | 190.45          | 50.59           |
| xx) Exchange Rate Variation                           | 3.81            | 20.31           |
| xi) Advertisement                                     | 2.72            | 2.17            |
| xii) Corporate Social Responsibility Expenses         | 0.00            | 2.11            |
| <b>Total Expenses</b>                                 | <b>14480.00</b> | <b>11195.36</b> |

### 2.17 Exceptional Items

There were no exceptional Items during the year.

### 2.18 Extraordinary Items

In includes prior period expenses.

## SATIA INDUSTRIES LIMITED

### 2.19 TAX EXPENSES

| Particulars                 | Year Ended<br>As On<br>31March,2014 | Year Ended<br>As On<br>31March,2013 |
|-----------------------------|-------------------------------------|-------------------------------------|
| Current Tax                 |                                     |                                     |
| Provision for Tax (MAT)     | 710.00                              | 386.00                              |
| Less MAT Credit Entitlement | 0.00                                | 386.00                              |
| Net Current Tax             | 710.00                              | 0.00                                |
| Deffered Tax                | -1007.57                            | 506.26                              |
| <b>Total</b>                | <b>-297.57</b>                      | <b>506.26</b>                       |

### 2.20 Contingent Liabilities and Commitments (to the extent not provided for)

| Particulars  | Year Ended<br>As On<br>31March,2014 | Year Ended<br>As On<br>31March,2013 |
|--|-------------------------------------|-------------------------------------|
| Bank Guarantee   | 540.94                              | 81.14                               |
| Unexpired Letter of Credit (Opened by Bank)<br>(Material received against LCs has been accounted<br>for and credited to suppliers account) | 1681.33                             | 1962.53                             |
| Excise & Customs duty demand in dispute  | 3.83                                | 3.83                                |
| Sales Tax demand in dispute  | 3.86                                | 3.86                                |
| Customs Duty in respect of Export Obligation   | 73.72                               | 53.27                               |
| Corporate Guarantee in favour of Uco Bank on<br>Behalf of T.C Spinners Pvt.Ltd(Outstanding balance Rs. 838.65)                             | 1210.00                             | 490.00                              |

### 2.21 DISCLOSURE REQUIREMENT AS PER AS-18, ON RELATED PARTY DISCLOSURE.

| Nature of Relationship   | Name of Related Party  |
|--|--|
| Individual Owing directly or indirectly<br>substantial interest in the voting power<br>of the company.<br>Associates | M/s T.C. Spinners Pvt. Ltd.  |
| Key Management Personnel   | Dr. Ajay Satia<br>Mr. R.K. Bhandari<br>Mr. Janak Raj Sharma                            |
| Relative of key Management(Relevant<br>Personnel)  | Mrs Bindu Satia (Wife of Dr. Ajay Satia)<br>Mr. Anil Satia (Brother of Dr. Ajay Satia) |

## SATIA INDUSTRIES LIMITED

|  |  |
|--|--|
|  | <p>Mrs. Saloni Satia( Wife of Mr Anil Satia)<br/> Smt.Krishna Satia (Mother of Dr. Ajay Satia)<br/> Mrs. Renu Pahwa (Sister of Dr. Ajay Satia)<br/> Mr. Rajat Mehta (son in law of Dr.Ajay Satia)<br/> Ms. Yachna Satia (Daughter of Dr. Ajay Satia)<br/> Mr. Chirag Satia (Son of Dr. Ajay Satia)<br/> Mr. Kulbir Pahwa (Sisters Husband of Dr. Ajay Satia)<br/> Mr. Vinod Saluja (Sisters Husband of Dr. Ajay Satia)<br/> Mrs. Archana Saluja (Sister of Dr. Ajay Satia)<br/> Mrs.Pushpa Bhandari (Mother of Mr. R.K. Bhandari)<br/> Mrs. Kiran Bhandari (Wife of Mr. R.K. Bhandari)<br/> Ms. Vasudha Bhandari (Daughter of Mr. R.K. Bhandari)<br/> Mr. Amit Sharma (Son of Mr. Janak Raj. Sharma)<br/> Mr. Dhruv Satia (Son of Dr Ajay Satia)</p> |
|--|--|

**Transaction with parties as listed above during the period under consideration:**

| Nature of Transaction   | Individual owing directly or indirectly a Substantial interest in the voting power of the company | Key Management Personal | Relatives of Key Management personal | Total              |
|-------------------------|---|-------------------------|--------------------------------------|--------------------|
| Loan Receipt            | -<br>(-)  | 71.93<br>(143.00)       | 45.52<br>(131.00)                    | 117.45<br>(274.00) |
| Loan Repayment          | -<br>(-)  | 75.22<br>(381.67)       | 141.48<br>(77.62)                    | 216.70<br>(459.29) |
| Rent                    | -<br>(-)  | 3.60<br>(3.60)          | 21.08<br>(21.08)                     | 24.68<br>(24.68)   |
| Managerial Remuneration | -<br>(-)  | 177.64<br>(81.66)       | -<br>(-)                             | 177.64<br>(81.66)  |
| Salary                  | -<br>(-)  | -<br>(-)                | 6.81<br>(5.36)                       | 6.81<br>(5.36)     |
| Sales                   | 186.32<br>(153.08)  | -<br>(-)                | -<br>(-)                             | 186.32<br>(153.08) |
| Investment              | -<br>(-)  | -<br>(-)                | -<br>(400.00)                        | -<br>(400.00)      |

(Figure in brackets relates to previous year)

## SATIA INDUSTRIES LIMITED

### Outstanding balance as on 31.03.2014

| Nature of Transaction            | Individual owing directly or indirectly a Substantial interest in the voting power of the company | Key Management Personal | Relatives of Key Management personal | Total              |
|----------------------------------|---|-------------------------|--------------------------------------|--------------------|
| Managerial Remuneration          | -<br>(-)  | 48.14<br>(2.95)         | 0<br>(-)                             | 48.14<br>(2.95)    |
| Loan and Advances Credit         | -<br>(-)  | 0.27<br>(-)             | 33.38<br>(128.17)                    | 33.65<br>(128.17)  |
| Loan and Advances Debit          | -<br>(-)  | -<br>(-)                | -<br>(-)                             | -<br>(-)           |
| Corporate Guarantee              | 838.65<br>(204.83)  | -<br>(-)                | -<br>(-)                             | 838.65<br>(204.83) |
| Share Application Money Received | -<br>(-)  | 4.25<br>(4.25)          | -<br>(-)                             | 4.25<br>(4.25)     |
| Investment in Equity Shares      | 582.00<br>(582.00)  | -<br>(-)                | -<br>(-)                             | 582.00<br>(582.00) |
| Rent                             | -<br>(-)  | -<br>(-)                | 1.20<br>(13.04)                      | 1.20<br>(13.04)    |
| Salary                           | -<br>(-)  | -<br>(-)                | 0.52<br>(0.60)                       | 0.52<br>(0.60)     |

(Figure in brackets relates to previous year)

### 2.22 IMPORT (VALUED ON THE COST, INSURANCE AND FREIGHT BASIS)

| Particulars     | Year Ended As At 31March,2014 | Year Ended As At 31March,2013 |
|-----------------|-------------------------------|-------------------------------|
| Capital Goods   | 457.78                        | 13.72                         |
| Raw Material    | 1716.73                       | 1220.2                        |
| Stores & Spares | 151.2                         | 81.74                         |
| <b>TOTAL</b>    | <b>2325.71</b>                | <b>1315.66</b>                |

## **SATIA INDUSTRIES LIMITED**

### **2.23 ACTIVITY IN FOREIGN CURRENCY**

| <b>Particulars</b>                      | <b>Year Ended<br/>As At<br/>31March,2014</b> | <b>Year Ended<br/>As At<br/>31March,2013</b> |
|---|--|--|
| Travel                                  | 19.35  | 2.49   |
| Interest                                | 7.73   | 2.81   |
| Bank Charges                            | 0.74   | 0.20   |
| Repairs                                 | 0.00   | 7.75   |
| Legal & Technical Fees and Subscription | 0.67   | 16.55  |
| <b>Total</b>                            | <b>28.49</b>                                 | <b>29.80</b>                                 |

### **2.24 FOB VALUE OF EXPORTS OF GOODS**

| <b>Particulars</b>       | <b>Year Ended<br/>As At<br/>31March,2014</b> | <b>Year Ended<br/>As At<br/>31March,2013</b> |
|--------------------------|--|--|
| Writing & Printing Paper | 0.00   | 8.02   |
| <b>Total</b>             | <b>0.00</b>                                  | <b>8.02</b>                                  |

### **2.25 MSMED ACT2006**

The company has been obtaining confirmation from suppliers who have registered themselves under the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED ACT, 2006). Based on the information available with the company, balance due to Micro & Small Enterprises as defined under the MSMED ACT, 2006 is Rs. 35.73 lacs (previous year Rs.24.88 lacs). Further no interest during the year has been paid under the terms of the MSMED Act, 2006.

### **2.26 EMPLOYEE BENEFITS**

Effective from 1st January, 2007 the company adopted Accounting Standard 15 (revised 2005) on Employees Benefits issued by the Institute of Chartered Accountants of India.



## SATIA INDUSTRIES LIMITED

The following table sets out the status of the gratuity scheme plan as at 31.03.2014.

### i) Table Showing Changes in Present, Value of Obligations:

| Period   | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|--|-------------------------------------|-------------------------------------|
| Present value of the obligation at the beginning of the period | 222.43                              | 195.28                              |
| Interest cost  | 20.02                               | 16.07                               |
| Current service cost   | 20.54                               | 20.11                               |
| Benefits paid (if any)   | (13.77)                             | (23.84)                             |
| Actuarial (gain)/loss  | 2.35                                | 14.81                               |
| Present value of the obligation at the end of the period       | 251.57                              | 222.43                              |

### ii) Key results(The amount to be recognized in the Balance Sheet)

| Period   | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|--|-------------------------------------|-------------------------------------|
| Present value of the obligation at the end of the period               | 251.57                              | 222.43                              |
| Fair value of plan assets at the end                                   | 0.00                                | 0.00                                |
| Net Liability/(asset) recognised in Balance sheet and related analysis | 251.57                              | 222.43                              |
| Funded Status  | (251.57)                            | (222.43)                            |

### iii) Expense recognized in the statement of Profit and Loss:

| Period   | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|--|-------------------------------------|-------------------------------------|
| Interest cost  | 20.02                               | 16.07                               |
| Current service cost                                   | 20.54                               | 20.11                               |
| Expected Return on plan                                | 0.00                                | 0.00                                |
| Net Actuarial (gain)/loss recognized in the year       | 2.35                                | 14.81                               |
| Expense recognized in the statement of Profit and Loss | 42.91                               | 50.99                               |

## SATIA INDUSTRIES LIMITED

### iv) Experience Adjustment

| Period  | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|---|-------------------------------------|-------------------------------------|
| Experience Adjustment<br>(Gain)/loss for plan Liabilities | 15.30                               | 7.00                                |
| Experience Adjustment<br>(Gain)/loss for plan Assets      | 0.00                                | 0.00                                |

### v) Summary of membership data of valuation and statistics based thereon:

| Period   | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|--|-------------------------------------|-------------------------------------|
| Number of employees                                    | 1060                                | 1039                                |
| Total monthly salary (In Lakhs)                        | 73.7                                | 58.7                                |
| Average Past Service(Years)                            | 8.5                                 | 8.3                                 |
| Average remaining working<br>lives of employees(years) | 23.0                                | 23.3                                |
| Average Age(Years)                                     | 37.0                                | 36.7                                |

### vi) The assumption employed for the calculations are tabulated:

| Period                         | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|--------------------------------|-------------------------------------|-------------------------------------|
| Discount Rate (Per annum)      | 9.00%                               | 8.25%                               |
| Salary Growth Rate (Per annum) | 4.00%                               | 4.00%                               |
| Mortality                      | IALM 2006-08<br>Ultimate            | LIC 94-96<br>Ultimate               |
| Expected rate of return        | 0                                   | 0                                   |
| Withdrawal rate(Per Annum)     | 5.00%                               | 5.00%                               |

### vii) Benefits valued:

| Normal Retirement Age                                | 60 Years  | 60 Years  |
|--|---|---|
| Salary   | Terminal Basic Salary<br>(excluding) all other<br>allowances and Perquisites) | Terminal Basic Salary<br>(excluding) all other<br>allowances and Perquisites) |
| Vesting Period                                       | 5 Years of Service  | 5 Years of Service  |
| Benefits on Normal Retirement                        | 15/26 *Salary* Number of<br>Completed Years of Service                        | 15/26 *Salary* Number of<br>Completed Years of Service                        |
| Benefit on early exit due to<br>Death and Disability | As above Except that no<br>vesting conditions apply.                          | As above Except that no<br>vesting conditions apply.                          |
| Limit (In Lakhs)                                     | 10.00   | 10.00   |

## SATIA INDUSTRIES LIMITED

### 2.27 Calculation of Deferred Tax Liability

| Particulars  | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|--|-------------------------------------|-------------------------------------|
| Written Down Value of Fixed Assets as per Books      | 11528.99                            | 16302.71                            |
| Written Down Value of Fixed Assets as per Income Tax | 6784.73                             | 8487.31                             |
| (A) Deferred Liability                               | 4744.26                             | 7815.40                             |
| Expenses disallowed u/s 43B                          | 595.34                              | 363.43                              |
| Unabsorbed Depreciation & Losses                     | 0.00                                | 0.00                                |
| (B) Deferred Assets                                  | 595.34                              | 363.43                              |
| Net Deferred (Assets)/Liability (A-B)                | 4148.92                             | 7451.97                             |
| As on date   | 1410.22                             | 2417.79                             |
| Net Deferred Tax (Assets)/Liability for the year     | -1007.57                            | 506.26                              |

Note: The deferred tax in respect of the Co-Gen Segment pertaining to the timing differences which will reverse during the tax holiday period on account of deduction under section 80IA of the Income Tax Act 1961 has not been recognised .

### 2.28 Director's Remuneration

| Particulars                         | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|-------------------------------------|-------------------------------------|-------------------------------------|
| (a) Managing Director               |                                     |                                     |
| (i) Salary                          | 144.00                              | 54.00                               |
| (ii) Contribution to Provident Fund | 0.09                                | 0.09                                |
| (iii) Perquisites                   | 1.24                                | 0.89                                |
| (b) Whole Time Director             |                                     |                                     |
| (i) Salary                          | 30.30                               | 25.89                               |
| (ii) Contribution to Provident Fund | 0.09                                | 0.09                                |
| (iii) Perquisites                   | 0.90                                | 0.70                                |
| (c) Directors Sitting Fee           | 1.65                                | 1.00                                |

2.29 In the opinion of Board of Directors and to the best of their knowledge and belief, the value on realization of Current Assets, Loans and Advances in the ordinary course of business would not be less than the amount at which they are stated in Balance Sheet. The provision for all known liabilities is adequate and neither is excess nor short of the amount reasonably necessary.

2.30 The liability of Excise Duty on finished goods remaining uncleared in the factory premises and lying in stock at the end of the year estimated at Rs 26.69 lacs (Previous year Rs.28.48 lacs) are not included in the valuation of inventory of such goods. However the said liability if provided in accounts would have no effect on the profits for the period.

## SATIA INDUSTRIES LIMITED

### 2.31 (a) Statutory Auditor's Remuneration:

| Particulars                              | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|--|-------------------------------------|-------------------------------------|
| For Audit Fee including service-tax      | 2.00                                | 2.00                                |
| For Other Services                       | 0.60                                | 0.40                                |
| For out of pocket Expenses               | 0.00                                | 0.00                                |
|  | 2.60                                | 2.40                                |
| (b) Cost Audit Fee including Service Tax | 1.00                                | 0.85                                |
| For out of pocket Expenses               | 0.03                                | 0.12                                |
|  | 1.03                                | 0.97                                |

### 2.32 Derivative Instruments and Unhedged Foreign Currency Exposure.

Unhedged Foreign Currency Exposure

| Particulars      | Amount in Lacs<br>(Foreign currency)   | Amount in Lacs<br>(Foreign currency) |
|------------------|--|--------------------------------------|
| Import Creditors | USD 9.34(558.73)<br>EURO 3.67 (301.65) | USD 0.36(19.16)<br>EURO 0 (0)        |

### 2.33 Earning Per Share (EPS) computed in accordance with AS-20 'Earning Per Share'

| Particulars   | Year Ended<br>As At<br>31March,2014 | Year Ended<br>As At<br>31March,2013 |
|---|-------------------------------------|-------------------------------------|
| a) Net Profit/ (Loss) after tax & before Extra ordinary Items (Rs. In lacs) | 1387.68                             | 1456.99                             |
| b) Net Profit/ (Loss) after tax & after Extra ordinary Items (Rs. In lacs)  | 1349.67                             | 1388.18                             |
| c) Weighted Average No. of Shares   | 10000000                            | 10000000                            |
| d) Diluted potential equity shares  | 10118003                            | 10140357                            |

#### Earning Per Share (EPS)

|         |       |       |
|---------|-------|-------|
| Basic   | 13.50 | 13.88 |
| Diluted | 13.34 | 13.69 |

Diluted EPS is calculated after taking into consideration of potential equity share capital. The company proposes to issue 118003 nos.of equity shares to promoters and associates (calculated on the basis of book value of equity shares as on 31.03.2014) under obligation to financial institutions and banks as per scheme sanctioned by financial institution and bank.

- 2.34** During the period the company has made provision for Tax amounting to Rs. 710 lacs.
- 2.35** The management of the company has not recognised any loss for impairment of any of the fixed of the company.
- 2.36** The management of the company has recognised the loss of advance of Rs.8.52 crores given to PSIDC being irrecoverable.

**2.37 Depreciation**

The management has decided to account for depreciation during the year on the basis of remaining useful life of the fixed assets as determined by an independent agency. Consequently the depreciation charge for the current year is higher.

**2.38 Segment Reporting**

**A. Business Segments:**

Based on the guiding principles given in AS-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Groups business segment include: Writing & Printing Paper, power generation and yarn division.

**B. Geographical Segments:**

Since the Group activities/operations are primarily within the country and considering the nature of products it deals in, the risks and returns are same and as such there is only one geographical segment

**C. Segment Accounting Policies:**

In addition to the significant accounting policies applicable to the business segments as set out in note no.1 of "Notes to the accounts", the accounting policies in relation to segment reporting are as under:

**a) Segment Revenue and expenses:**

Segment revenue and expenses are directly attributable to the segments.

**b) Segment assets and liabilities**

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities.

**c) Inter segment revenue:**

Inter segment revenue between operating segments are accounted for at market price. These transactions are eliminated in consolidation.

## **SATIA INDUSTRIES LIMITED**

**d)** Information about business segments: The detailed reporting is as per annexure. During the year company has started a new segment for agriculture operations of plantation. The cost incurred in this segment has been treated as prepaid expenses and included in the inventories which will be set off against the future income under the segment.

- 2.39** Current Assets including advances are considered good and in view of the management of the company to be realizable within 12 months from the date of Balance Sheet.
- 2.40** Outstanding balances in sundry debtors, creditors & security deposits are subject to confirmation.
- 2.41** Figures in brackets represent figures of previous year.
- 2.42** Previous Year's figures have been regrouped and/or re-arranged wherever considered necessary.

**For RAKESH BANSAL & CO.  
Chartered Accountants**

**For and On behalf of Board of Directors**

**(Rakesh Bansal)  
Proprietor  
Membership No 090278  
FRN 011474N**

**(Dr. Ajay Satia)  
Chairman-Cum Managing Director**

**(R.K.Bhandari)  
Whole Time Director**

**Place : Rupana, (Muktsar)  
Date : 05.08.2014**

**(A.K.Khurana)  
Vice President (Finance)**

**(Rakesh Kumar Dhuria)  
Company Secretary**

**Annexure to note no. 2.37**

**Disclosure Format of Primary Segments**

|   | Paper          |               | Yarn         |               | Wind Power   |               | Cogeneration |               | Elimination  |               | Total        |               |
|---|----------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|
|   | Current Year   | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
|   | <b>REVENUE</b> |               |              |               |              |               |              |               |              |               |              |               |
| External Sale   | 37699.83       | 27568.19      | 639.67       | 153.47        | 3.87         | 123.51        | 0.00         | 0.00          | 0.00         | 0.00          | 38343.37     | 27845.17      |
| Inter-segment Sale  | 0.00           | 0.00          | 0.00         | 0.00          | 0.00         | 0.00          | 7907.80      | 1384.18       | 7907.80      | 1384.18       | 0.00         | 0.00          |
| Total Revenue   | 37699.83       | 27568.19      | 639.67       | 153.47        | 3.87         | 123.51        | 7907.80      | 1384.18       | 7907.80      | 1384.18       | 38343.37     | 27845.17      |
| <b>RESULT</b>   |                |               |              |               |              |               |              |               |              |               |              |               |
| Segment Result  | 789.96         | 2869.17       | -5.17        | 0.38          | -2.77        | 78.19         | 1865.94      | 494.57        | 0.00         | 0.00          | 2647.96      | 3442.31       |
| Unallocated corporate exp.                                  | 0.00           | 0.00          | 0.00         | 0.00          | 0.00         | 0.00          | 0.00         | 0.00          | 0.00         | 0.00          | 0.00         | 0.00          |
| Operating Profit  | 789.96         | 2869.17       | -5.17        | 0.38          | -2.77        | 78.19         | 1865.94      | 494.57        | 0.00         | 0.00          | 2647.96      | 3442.31       |
| Interest Expense  |                |               |              |               |              |               |              |               |              |               | 1557.85      | 1479.06       |
| Tax Expense   |                |               |              |               |              |               |              |               |              |               | -297.57      | 544.01        |
| Profit from ordinary activities                             |                |               |              |               |              |               |              |               |              |               | 1387.68      | 1419.24       |
| Extraordinary loss : uninsured earthquake damage to factory |                |               |              |               |              |               |              |               |              |               | 38.01        | 31.06         |
| Net Profit  |                |               |              |               |              |               |              |               |              |               | 0.00         | 0.00          |
|   |                |               |              |               |              |               |              |               |              |               | 1349.67      | 1388.18       |

## SATIA INDUSTRIES LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2014

|  | CURRENT YEAR | (Rs. in Lacs)<br>PREVIOUS YEAR |
|--|--------------|--------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>          |              |                                |
| NET PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS     | 1090.11      | 1963.25                        |
| ADJUSTMENT FOR :-                                      |              |                                |
| DEPRECIATION   | 2670.53      | 1005.19                        |
| LOSS ON SALE OF FIXED ASSETS                           | 308.22       | 11.46                          |
| INTEREST & OTHER FINANCIAL CHARGES                     | 1438.50      | 1434.06                        |
| PROVISION FOR GRATUITY & EARNED LEAVE                  | 216.03       | 44.75                          |
| INTEREST RECEIVED ( GROSS)                             | -29.17       | -38.42                         |
| INCOME FROM INVESTMENT                                 | 0            | 0                              |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES        | 5,694.22     | 4,420.29                       |
| ADJUSTMENT FOR   |              |                                |
| TRADE & OTHER RECEIVABLES                              | -2223.44     | -660.83                        |
| INVENTORY INCREASE/DECREASE (-)                        | -275.93      | 1161.40                        |
| TRADE PAYABLE/OTHER LIABILITIES                        | 605.00       | (1894.37)                      |
| CASH GENERATED FROM OPERATIONS                         | 3,799.85     | -1041.40                       |
| PRIOR-PERIOD EXPENSES/(INCOME)                         | -38.01       | (540.83)                       |
| DIRECT TAXES PAID/ADJUSTED                             | -436.70      | 0                              |
| NET CASH FLOW FROM OPERATING ACTIVITIES(A)             | 3,325.14     | (68.81)                        |
|  |              | 3,879.46                       |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>           |              |                                |
| INTEREST RECEIVED                                      | 29.17        | 38.42                          |
| SALE OF FIXED ASSETS                                   | 544.00       | 19.34                          |
| INVESTMENT MADE DURING THE YEAR                        | 0.00         | -400.00                        |
| SALE OF INVESTMENT                                     | 0.00         | 0.00                           |
| INCOME FROM INVESTMENT                                 | 0.00         | 0.00                           |
| PURCHASE OF FIXED ASSETS                               | -5534.03     | -1884.68                       |
| NET CASH USED IN INVESTING ACTIVITIES(B)               | (4,960.86)   | -1884.68                       |
|  |              | (2,226.92)                     |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>           |              |                                |
| SHARE APPLICATION MONEY                                | 0            | 0                              |
| PROCEEDS FROM LONG TERM BORROWINGS                     | 2976.30      | 416.25                         |
| REPAYMENT OF LONG TERM BORROWINGS                      | -1827.31     | -2111.05                       |
| INCREASE IN WORKING CAPITALBORROWINGS                  |              |                                |
| PROCEEDS FROM WORKING CAPITAL BORROWINGS               | 765.87       | 442.54                         |
| REPAYMENT OF OTHER LOANS & SECURITY DEPOSITS           | -3194.05     | -2227.70                       |
| PROCEEDS FROM OTHER LOANS & SECURITY DEPOSITS          | 4498.47      | 3425.37                        |
| INTEREST PAID  | -1438.50     | -1434.06                       |
| NET CASH FLOW FROM FINANCING ACITIVITES(C )            | 1780.78      | -1488.65                       |
| NET CASH INCREASE/(DECREASE)IN CASH & CASH EQUIVALENTS | 145.06       | 95.08                          |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING             | 330.52       | 235.44                         |
| CASH AND CASH EQUIVALENTS AT THE END OF PERIOD         | 475.58       | 330.52                         |

**For RAKESH BANSAL & COMPANY**  
Chartered Accountants

**For and on behalf of Board of Directors**

(Rakesh Bansal)  
Membership No. 090278  
Proprietor

(Dr Ajay Satia)  
Chairman-Cum-Manging Director

(R.K.Bhandari)  
Whole Time Director

Place : Rupana, (Muksar)  
Date : 05.08.2014



**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**SATIA INDUSTRIES LIMITED**

CIN: L21012PB1980PLC004329

Registered Office: VPO: Rupana, Malout-Muktsar Road, MUKTSAR-(PB)

Name of the Member(s) : .....

Registered Address : .....

E-mail ID : .....

Folio No./Client ID : .....

DP ID : .....

I/We, being the Member (s) of.....shares of the above named company, hereby appoint

Name : ..... Address : .....

E-mail Id : ..... Signature .....or failing him.....

Name : ..... Address: .....

E-mail Id : ..... Signature .....or failing him.....

Name : ..... Address: .....

E-mail Id : ..... Signature .....or failing him.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33<sup>rd</sup> Annual General Meeting of the company to be held on Tuesday. 30th September, 2014 at 10.00 AM at the Registered Office of the Company at VPO: Rupana, Malout-Muktsar Road, MUKTSAR-PB and at any adjournment thereof in respect of such resolution as are indicated below:

| Resolution No. | Resolution  | For | Against |
|----------------|---|-----|---------|
| 1              | To receive, consider and adopt the Audited Balance Sheet of the Company as at 31 <sup>st</sup> March, 2014 and Profit and Loss Account for the year ended on that date along with the Report of the Auditors and Directors thereon. |     |         |
| 2              | To appoint a Director in place of Sh. J.R. Sharma, who retires by rotation being eligible offers himself for re-appointment.  |     |         |
| 3              | Appointment of Statutory Auditor and Fixing their remuneration.   |     |         |
| 4              | Appointment of Sh A.C. Ahuja (DIN: 00327032) as an Independent Director   |     |         |
| 5              | Appointment of Sh. Dinesh Sharma (DIN: 02460345) as on Independent Director   |     |         |
| 6              | Adoption of New Articles  |     |         |

Signature of Shareholder.....Signed this.....day of.....2014

Signature of Proxy Holder(s).....

|                           |
|---------------------------|
| Affix<br>revenue<br>Stamp |
|---------------------------|

Note: This form of proxy in order to be effective should be duly completed and deposited at Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



**BOOK - POST**

*If undelivered please return to:*

**SATIA INDUSTRIES LTD.**  
MALOUT - MUKTSAR ROAD  
VILLAGE RUPANA  
DISTT. MUKTSAR  
PUNJAB - 152032