

**NOTICE**

Notice is hereby given that the 30th Annual General Meeting of the members of the Company will be held on Tuesday the 28<sup>th</sup> day of September, 2010 at 11.00 A.M. at the Registered Office of the Company at Village Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana to transact the following business.

**AS ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sh. Anil Kumar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Dr. (Mrs.) H.K.Bal, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

**NOTES:**

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

1. The Register of Members and Share Transfer books of the Company shall remain closed from Saturday, the 25<sup>th</sup> day of September, 2010 to Tuesday the 28<sup>th</sup> day of September, 2010 (both days inclusive), for the purpose of AGM, for both physical and electronic segments.
2. Members/proxies are requested to bring their copy of Annual Report to the Meeting.
3. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their question in writing to the Company, so as to reach the registered office of the Company at least 10 days before the date of the meeting so that information required may be made available at the time of the Meeting.
4. Members are requested to :
  - (i) Quote their folio number/Client ID & DP-ID in all correspondence with the company or its Registrar.
  - (ii) Notify immediately to the company or its Registrar, any change in their address/ mandate, if any.
5. Shares of the Company are available for De-Materialization under ISIN - INE231C01019. Members who have not opted for De-Materialization are requested to do so in their own interest.
6. Pursuant to the provisions of Section 205 C of the Companies Act, 1956, as amended, unpaid amount of the 11<sup>th</sup> Instalment of 17% Non Convertible Debentures which was due in Financial Year 2002-03, but remained unpaid or unclaimed, has been transferred to the Investors Education and Protection Fund of the Central Government.

7. Shareholders/ Proxy holders are requested to produce at the entrance, the attached admission slip duly completed and signed, for admission to the Meeting Hall.

8. Please note that the meeting is for members or their proxies only. Please avoid being accompanied by non-members and children.

By order of the Board  
For Shreyans Industries Limited  
Sd/-

Place Ludhiana  
Dated : 31<sup>st</sup> July, 2010

Vipin Kumar Bhatia  
(Company Secretary)

**Re-appointment of Directors**

At the ensuing Annual General Meeting, Sh. Anil Kumar and Dr.(Mrs) H.K.Bal, Directors of the Company will retire and being eligible, offer themselves for re-appointment. Information as per clause 49 of the Listing Agreement on Corporate Governance is given below.

Mr. Anil Kumar aged about 60 years is the Executive Director & CEO of the Company. He joined the Company as General Manager and was inducted to the Board as an Executive Director on 30th August 1988. He holds a degree in Engineering from Punjab University, Chandigarh and has done Masters in Business Administration from Punjab University. He has been the Finance Manager of Vardhman Spinning & General Mills Limited and has vast experience in the field of Finance and General Administration. Sh. Anil Kumar do not hold office of director in any company.

Dr. (Mrs.) H.K. Bal aged about 70 years is an Independent Non-Executive of the Company with effect from April 29, 2003. She has done her M.A(Math), M.A(Stat) and Ph.D. She has worked as Professor & Head of Department, Business Management, PAU, Ludhiana. She has also worked at The Institute of Economic Growth, New Delhi. She is holding office of a director in following companies.

Nahar Industrial Enterprises Ltd.  
Nahar Polyfilms Ltd  
Nahar Spinning Mills Limited  
IOL Chemicals & Pharmaceuticals Limited  
Oswal Woolen Mills Ltd.  
Nahar Capital & Financial Services Limited  
Sportking India Ltd.

Dr. (Mrs.) H.K.Bal does not hold any share in the company.

**DIRECTORS' REPORT**

Dear Members,

Your Directors are pleased to present the 30th Annual Report on the business and operations of the Company along with audited statements of accounts for the year ended 31st March 2010.

Financial Results	(Rs. in Lacs)	
	2009-2010	2008-2009
Gross Sales	24504.46	26949.07
Profit before interest & depreciation	2269.26	3930.51
Less: Interest	626.88	647.42
Gross Profit	1642.38	3283.09
Depreciation	848.08	688.10
Net profit before tax	794.30	2594.99
Provision for current tax	119.54	315.64
MAT Credit Entitlement	(42.00)	[463.15]
Provision for deferred tax	175.25	930.57
Net profit after tax	541.51	1811.93

**CORPORATE REVIEW**

During the year under review, as indicated in last year's report, prices of paper remained under pressure, which resulted in almost 9% fall in the gross turnover of the Company. Simultaneously, prices of wheat straw, which is major raw material, used for manufacture of paper by your Company went up by more than 85% during the year. Both the above factors resulted in fall in EBIDTA of the Company from Rs.3930.51 lacs to Rs.2269.26 lacs. Correspondingly, net profits after provision of taxation was at Rs.541.51 lacs as compared to Rs.1811.93 lacs of last year. Prices of writing and printing paper did show some recovery in last quarter of the year under review and your Directors expect that prices during the current year will rule firmer as compared to last year.

**PERFORMANCE REVIEW****SHREYANS PAPERS**

Production of Shreyans Papers at 34729 MTs was marginally higher as compared to 34011 MTs of last year. However, gross turnover was lower at Rs.13712.86 lacs as compared to Rs.14513.52 lacs of last year due to lower sales realization. Operations of this unit remained satisfactory on operational front, though lower prices of finished goods and higher prices of fiber did impact the profitability margins.

**SHREE RISHABH PAPERS**

Production of Shree Rishabh Papers at 27460 MTs was marginally lower as compared to 28743 MTs of last year due to change in product-mix. Gross sales at Rs.10791.60 lacs were lower by almost 14% as compared to Rs.12435.55 lacs of last year due to market conditions. Overall profitability margins in this unit were also impacted due to reasons mentioned above.

**FINANCIAL REVIEW**

During the year under review carryover losses of earlier years were completely wiped out.

2750000 equity warrants @ Rs.32.50 each issued to various entities on 2nd October 2007 were converted into 2750000 equity shares of Rs.10/- each at a premium of Rs.22.50 per equity share on 1st April 2009.

Also during the year under review, our Company pre-paid an amount of Rs.299.07 lacs to ICICI Bank Limited in view of

comfortable liquidity position.

**FUTURE PLANS/PROSPECTS**

Paper industry continues to face pressure of increased cost of production due to continuous increase in prices of various inputs especially fibrous raw materials and fuels. Also significant new addition to production capacity in the country by mills using latest state-of-art technology is putting pressure on the margins of your company's operations.

Your company will keep looking into various options of technical upgradation resulting in better operational efficiency and better quality of its output so that impact of increase in costs and competition can be warded-off or at least minimized.

Your company is also in the discussions with various machinery suppliers for upgradation of its production capacities. Expansion in production capacity is also being planned in due course of time.

**DIVIDEND**

During the year under review, though Company wiped out carryover losses of earlier years, yet your Directors feel that there is a need to conserve resources for future plans and regret their inability to recommend any dividend for the current year.

**DEPOSITS**

At the end of the year, fixed deposits from the public were outstanding to the tune of Rs.454.59 lacs which are well within the limits prescribed under section 58 A of the Companies Act, 1956 read with Rules 3(2)(i) and (ii) of the Companies [Acceptance of Deposits] Rules, 1975. There were no overdue deposits as on 31st March 2010.

**DIRECTORS**

Dr. [Mrs.] H K Bal and Shri Anil Kumar, Directors of the Company, liable to retire by rotation at the forthcoming Annual General Meeting under clause 113 of Article of Association of the Company and being eligible, offer themselves for reappointment. Shri A K Chakraborty has been appointed as additional independent Director on the Board of the Company during current year.

**AUDITORS**

M/s S.C. Vasudeva & Company, New Delhi, Auditors of the Company shall retire at the forthcoming Annual General Meeting and are eligible for reappointment.

**COST AUDITORS**

The Board of Directors have appointed M/s Vipin Maini, Cost Accountants, Delhi as the Cost Auditors of the Company under Section 233B of the Companies Act, 1956, subject to the approval of the Central Government for the year 2009-10. The Cost Auditors' Report will be forwarded to the Central Government as required under Law.

**AUDITORS' REPORT**

The auditors' report on the accounts of the Company for the year under review requires no comments.

**INDUSTRIAL RELATIONS**

The company maintained healthy, cordial and harmonious industrial relations at all levels. Despite severe competition, the enthusiasm and unstinting efforts of the employees enabled the Company to remain at the forefront of its business area.

**PERSONNEL**

Particulars of employees pursuant to the provisions of Section 217[2A] of the Companies Act, 1956, read with the Companies [Particulars of Employees] Rules, 1975 are given below.

Name	Designation / Nature of Duties	Gross Emoluments	Qualification	Experience Years	Date of Employment	Age Years	Last Employment
Sh. Rajneesh Oswal	Chairman & Managing Director (Administration)	6873897	MBA	20	01.08.03	44	Executive Director Adinath Textiles Ltd.
Sh. Vishal Oswal	Vice Chairman & Managing Director (Administration)	7591603	B.Com	16	05.07.94	37	----
Sh. Anil Kumar	Executive Director & CEO (Administration)	5993616	B.Sc. (Engg.) MBA	37	01.04.83	60	Manager Finance, Vardhman Spinning & General Mills Ltd.

*Note : Remuneration includes Salary, Company's Contribution to Provident Fund and other allowance paid in cash and Taxable value of non-cash perquisites.*

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217[2AA] of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

1. In the preparation of the annual accounts, all the applicable accounting standards have been followed along with proper explanations relating to the materials departure.
2. 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 as at the end of the financial year and of the profits of the Company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting / statutory records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing/detecting fraud and other irregularities; and
4. The Directors had prepared the annual account on a going-concern basis.

**CORPORATE GOVERNANCE**

A report on compliance of the conditions of corporate governance has been obtained from the statutory auditors of the company and the same is given as annexure. The Annual Report also contains a separate section on corporate governance as required under clause 49 of the listing agreement with stock exchanges. It has always been company's endeavour to exceed and excel through better corporate governance and fair and transparent practices, many of which have already been in place even before they were mandated by the Law and other regulatory bodies.

**CONSERVATIONS OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

As required under Section 217[1][e] of the Companies Act, 1956 read with Rule 2 of the Companies [Disclosure of particulars in the report of Board of Directors] Rules 1988, the particulars relating to conservation of energy, technology, absorption and foreign exchange earning and outgo forming part of the Report are also annexed.

**ACKNOWLEDGEMENT**

Your Directors take this opportunity to place on record their warm appreciation for the invaluable contribution given and the spirit of dedication shown by the employees at all levels during the financial year 2009-10. The Directors also express their deep gratitude for the business assistance, co-operation and support extended to your Company by its customers, distributors, dealers, suppliers, service providers, bankers, various governmental organizations/agencies, employees and shareholders and look forward to their continued support and co-operation in future also.

**FOR AND ON BEHALF OF THE BOARD**

**(RAJNEESH OSWAL)**  
**CHAIRMAN AND MANAGING DIRECTOR**

Place: Ludhiana  
Date: 31th July 2010

**DISCLOSURE OF PARTICULARS UNDER SECTION 217 [1][E] OF THE COMPANIES ACT, 1956 UNDER THE COMPANIES [DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS], RULE 1988****CONSERVATION OF ENERGY**

Energy conservation is on-going process in the company. The increase in specific power consumption is on account of setting up of new captive-cum-cogeneration plant at Shree Rishabh Papers. The internal power consumption of this plant is also distributed on paper production. Efforts are being taken to further streamline the process of this plant from energy conservation point of view.

**FORM A**  
**FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

PARTICULARS	Unit	Current Year	Previous Year
<b>(A) POWER AND FUEL CONSUMPTION</b>			
<b>1. ELECTRICITY</b>			
(a) Purchased	KWH in lac	191.59	336.67
Total Amount	Rs. in lac	1031.70	1569.06
Rate/KWH	Rs.	5.38	4.66
(b) Own Generation			
Through Turbo Generator	KWH in lac	610.25	413.55
Through Diesel Generator	KWH in lac	1.00	0.06
KWH/Ltr. of Diesel	KWH	3.01	2.34
Fuel Cost/KWH (For D.G. Set Only)	Rs.	10.44	13.69
<b>2. RICE HUSK &amp; OTHER AGRO FUELS</b>			
Quantity	MT	137231	132712
Total Amount	Rs. in lac	4422.33	4410.54
Avg. Rate/ M.T.	Rs.	3223	3323
<b>3. COAL</b>			
Quantity	MT	9023	5575
Total Amount	Rs. in lac	388.69	258.29
Avg. Rate/ M.T.	Rs.	4308	4633
<b>(B) CONSUMPTION PER UNIT OF PRODUCTION</b>			
<b>PAPER *</b>			
Electricity (KWH/MT)		1291	1195
Rice Husk & Other Agro Fuels (MT/MT)		2.207	2.114
Coal		0.145	0.089
* Includes consumption of Power & Fuel in Chemical Recovery Plant			

**FORM B****RESEARCH AND DEVELOPMENT (R&D)****EXPENDITURE ON R & D**

(a) Capital	Rs. in lac.	0.00	24.08
(b) Recurring	Rs. in lac	84.22	70.76
(c) Total	Rs. in lac	84.22	94.84

**C. TECHNOLOGY ABSORPTION**

Your company is keeping a close eye on the new product development in paper and upgradation of technology in existing products. Upgradation and automation in various areas of plant and machinery is continuously carried out.

**D. FOREIGN EXCHANGE EARNING AND OUTGO**

Foreign Exchange earning	Rs. in lac	306.34	161.05
Less : Foreign Exchange Outgo	Rs. in lac	875.15	866.44
Net Foreign Exchange earning	Rs. in lac	[568.81]	[705.39]

**MANAGEMENT DISCUSSIONS AND ANALYSIS  
OVERVIEW**

Financial statements of the company have been prepared in compliance with the requirements of the Companies Act, 1956 and generally accepted accounting principles in India. There are no material departures from the prescribed accounting standards in the adoption of accounting standards. The management of the Company accepts responsibility for the integrity and objectivity of these financial statements, as well as various estimates and

judgements used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis so that financial statements reflect in a true and fair manner, the form and substance of transactions and reasonably present the company's state of affairs and profits for the year. The predictions and future estimates in any statements given in this report are based on current environment. However, many unforeseen and uncontrollable external factors may alter these predictions.

**REPORT ON CORPORATE GOVERNANCE****Company's Philosophy**

At Shreyans we believe that the corporate governance is nothing but transparency, high level of disclosures and fairness. The company adheres to good corporate practices in the efficient and ethical conduct of its business. Corporate governance is an integral part of management and in its pursuit of excellence, growth and value creation, it continuously endeavors to leverage resources to translate opportunity into reality.

The company is in compliance with the requirements of the guidelines on corporate governance stipulated under clause 49 of the Listing Agreement.

The company has adopted a Code of Conduct for members of the Board and senior management. The same has been posted on the website of the company. All directors have affirmed in writing their adherence to the above code.

**Board of Directors**

The Board of Directors of the company is an optimum combination of promoters, executive and independent directors in order to maintain the independence of the Board. The Board comprises-

Three Promoter, Executive Directors, including Chairman & Managing Director.

Five Independent Non Executive Directors

One non promoter, Executive Director

All the Non executive directors are independent directors with professional expertise and experience in their respective field.

The Board of Directors met four times during the year 2009-10 on 18<sup>th</sup> May, 2009, 27<sup>th</sup> July, 2009, 24<sup>th</sup> October 2009 and 28<sup>th</sup> January, 2010.

The name of Board members, their attendance at Board Meetings and the number of other Directorships and Board Committee memberships held by them as on March 31, 2010 are given in the following table:

Name of the Director	Board Meetings attended during the year	Attendance of last AGM 30.09.2009	No. of Other Directorship held	Membership of the other Board Committees
<b>EXECUTIVE DIRECTORS</b>				
Sh. Rajneesh Oswal	3	Present	5	2
Sh. Vishal Oswal	4	Present	4	--
Sh. Kunal Oswal	2	Present	6	--
Sh. Anil Kumar	4	Present	--	--
<b>NON EXECUTIVE INDEPENDENT DIRECTORS</b>				
Sh. A. K. Chakraborty	3	Not Present	3	5 (2)
Dr. Mrs. H.K. Bal	4	Present	7	11 (3)
Sh. R. C. Singal	4	Present	15	9 (4)
Sh. M. L. Gupta	4	Not Present	1	3
Dr. N.J.Rao	1	Not Present	--	--

\*Mr.A.K.Chakraborty was appointed as an additional Director at the Board meeting held on 18.05.2009 and subsequently appointed as director at the last Annual General Meeting held on 30.09.2009.

The figure given in bracket is for the number of chairmanship held. No. of committees also include the non mandatory committees.

**Audit Committee**

The audit Committee presently consist of Sh. R.C.Singal, Sh. A.K.Chakraborty, Sh. M.L.Gupta and Dr. Mrs. H.K.Bal, all non executive independent directors and is headed by Sh. R.C.Singal. Statutory Auditors, Cost Auditors, Internal Auditors and Sr. Officials are also invited to the meetings. The Company Secretary functions as Secretary to the committee.

During the financial year 2009-10 the Audit committee has met four times i.e on 18<sup>th</sup> May, 2009, 27<sup>th</sup> July, 2009, 24<sup>th</sup> October 2009 and 28<sup>th</sup> January, 2010. During these meetings the Audit committee, inter alias, reviewed the financial statements including changes in accounting policies and practices before submission to the board, recommended the appointment of Statutory and Cost Auditors, discussed the internal auditors findings and reviewed the company's financial and risk management policies.

The references made to the Audit committee are in confirmation with the requirement of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The Chairman of the Audit committee attended the Annual General Meeting held on 30th September, 2009.

The details of attendance at Audit Committee meetings are given in the following table:

Name of Member	Meetings Held	Meetings Attended
Sh. R. C. Singal (Chairman)	4	4
Sh. A. K. Chakraborty	4	2
Dr. (Mrs.) H. K. Bal	4	4
Sh. M. L. Gupta	4	4

**Remuneration Committee:**

The company has constituted a Remuneration Committee to evaluate compensation and benefits for Executive Directors, their relatives and to frame policies related thereto. The present committee is comprising of Sh. M.L.Gupta, Dr. (Mrs.) H.K.Bal and Sh. R.C. Singal, all independent non executive directors.

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

**DETAILS OF MANAGERIAL REMUNERATION FOR THE YEAR 2009-10****A. Executive Directors**

(Amount In Rupees)

Name	Designation	Remuneration (in Rs.)				
		Basic Salary	Provident Fund	Other Benefits	Performance Incentive	Total
Sh. Rajneesh Oswal	Chairman and Managing Director	6000000	720000	153897	---	6873897
Sh. Vishal Oswal	Vice-Chairman and Managing Director	6000000	720000	871603	---	7591603
Sh. Kunal Oswal	Whole time Director	1200000	144000	2962	---	1346962
Sh. Anil Kumar	Executive Director and CEO	2145577	257469	1444993	2145577	5993616

Company has entered into separate agreements for appointment and payment of remuneration to the Executive Directors. Notice period from either party has been fixed at six months. Company shall be liable to pay severance fee as per the individual contract. Executive Director & CEO Sh. Anil Kumar is entitled to the performance incentive, as may be decided by the Board, along with fixed salary in terms of resolution passed at the Annual General Meeting held on 30<sup>th</sup> June, 2006. All other executive directors are entitled for the fixed salary as per respective approval of shareholders obtained at Annual General Meeting held on 27.09.2008.

**B. Non-Executive Directors**

(Amount In Rupees)

Name	Category	Sitting Fees for Board Meeting	Sitting Fees for Committee Meeting	Total
Sh. A.K. Chakraborty	Director	18000	6000	24000
Sh. R. C. Singal	Director	24000	48000	72000
Dr.(Mrs) H. K. Bal	Director	24000	12000	36000
Sh. M. L. Gupta	Director	24000	12000	36000
Dr. N. J. Rao	Director	6000	Nil	6000

No stock option has been given to any of the Director, including Executive Directors.

**Share Transfer-cum-Investor Grievance Committee**

The Board has formed an investors' Grievance Committee named as Share Transfer-cum-Investor Grievance Committee to specifically look into the redressal of investors' complaint like transfer of shares, non receipt of balance sheet or non receipt of credit of shares into the De mat account etc. The committee also approves issue of duplicate share certificate(s) and overseas and reviews all matters connected with the share transfer.

The Share Transfer cum Investor Grievance Committee is headed by a Non-Executive Director and met twelve times during the year 2009-10. The detail of members and their attendance are given in the table

Name of Member	Meetings Held	Meetings Attended
Sh. R. C. Singal (Chairman)	12	12
Sh. Rajneesh Oswal	12	10
Sh. Anil Kumar	12	10
Sh. Kunal Oswal	12	12

Sh. V.K.Bhatia, Secretary of the company is Compliance Officer.

The company has designated the e.mail id [cs@shreyansgroup.com](mailto:cs@shreyansgroup.com) "for the purpose of registering complaints by investors electronically. This e.mail id is displayed on the company's website.

The details regarding the investor's complaints are as under

Particulars	No. of Complaints
Pending as on 01-04-2009	2
Received during the year	46
Resolved during the year	46
Pending as on 31-03-2010	2

#### Preferential Issue Management Committee

The company has constituted a Preferential Issue Management Committee to look into the matters with regard to issue of Fully Convertible Warrants issued/ to be issued on preferential basis and their subsequent conversion into equity shares. The committee consists of Sh. Rajneesh Oswal, Sh. Vishal Oswal, Sh. Anil Kumar and Sh. R.C.Singal. One meeting of the committee was held during the year on 1<sup>st</sup> April, 2009.

#### General Body Meetings

The last three Annual General Meetings were held as under :

Financial Year	Date of A.G.M.	Time	Venue
2008-09	30th September, 2009	11.00 A.M.	Regd. Office of the Company at Vill. Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana-141 123
2007-08	27th September, 2008	12.00 Noon	Regd. Office of the Company at Vill. Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana-141 123
2006-07	4th July, 2007	4.00 P.M	Regd. Office of the Company at Vill. Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana-141 123

The Details of special resolutions passed at the above meetings are as under

Date of A. G. M.	Subject matter of Special Resolution
27th September, 2008	1. Re- Appointment of Sh. Rajneesh Oswal as Chairman & Managing Director 2. Re- Appointment of Sh. Vishal Oswal as Vice Chairman & Managing Director 3. Appointment of Sh. Kunal Oswal as Whole time Director.
4th July, 2007	1. Re- Appointment of Sh. Rajneesh Oswal as Chairman & Managing Director 2. Re- Appointment of Sh. Vishal Oswal as Vice Chairman & Managing Director 3. Issue of 2750000 Fully convertible warrants on preferential basis.

During the last three years no Special Resolutions was passed through Postal Ballot.

Further no such resolution is proposed to be placed for the shareholders approval in the forthcoming Annual General Meeting, which require the passing of resolution through Postal Ballot.

#### Disclosures

a) The related party transactions are placed before Audit Committee. For the year 2009-10, there were no transactions of material nature with related parties which are not in the normal course of business. The related party transactions are disclosed in the Notes on Account to the Balance Sheet. There are no pecuniary relationships or transactions of non executive directors vis-à-vis company that have a potential conflict with the interests of the company.

b) The company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to the capital market during the last three years. 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.

c) The company has complied with all mandatory requirements of clause 49 of listing agreement on corporate governance and the non mandatory requirement relating to the remuneration committee to the extent detailed above.

d) As on 31<sup>st</sup> March, 2010 Sh. R.C.Singal is holding 250 equity shares, directly or through family members. No other non executive director is holding any equity shares of the company.

e) The company has a Whistle Blower Policy in place for employees to report concerns about unethical behavior. No personnel has been denied to approach the Management or the Audit Committee on any issue.

f) Sh. Rajneesh Oswal, Chairman & Managing Director, Sh. Vishal Oswal Chairman & Managing Director and Sh. Kunal Oswal, Wholtime Directors are real brothers. No other director is having any relationship with each other.

#### Means of Communication

The quarterly , half yearly and Annual financial results were published in leading newspapers which included The Economic Times, Deshsevak. The same were sent to the Stock Exchanges and also placed at website of the Company, [www.shreyansgroup.com](http://www.shreyansgroup.com).

#### Management Discussion and Analysis Report

The Management Discussion & Analysis Report as reviewed by the Audit Committee is set out in annexure forming part of Director's Report.

#### Nomination

Shareholders who hold shares in the physical form and wish to make/ change nomination in respect of their shares in the company, as permitted under Section 109A of the Companies Act, 1956, may submit the Registrars of the company the prescribed Form 2B.

#### General Shareholders Information

##### (i) Annual General Meeting

Date & Time: Tuesday, the 28<sup>th</sup> day of September, 2010 at 11.00 A.M.

Place: Regd. office of the Company at Vill. Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana - 141 123.

##### (ii) Financial Year

The company's Financial Year starts from 1st April every year and conclude on 31st March, next year.

(iii) **Book Closure:** From Saturday, the 25<sup>th</sup> day of September, 2010 to Tuesday, the 28<sup>th</sup> day of September, 2010 (both days inclusive)

(iv) Company has not declared any dividend during the year 2009-10.

##### (v) Listing Details:

The Equity shares of the Company are listed at the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited

Stock Code is as under :

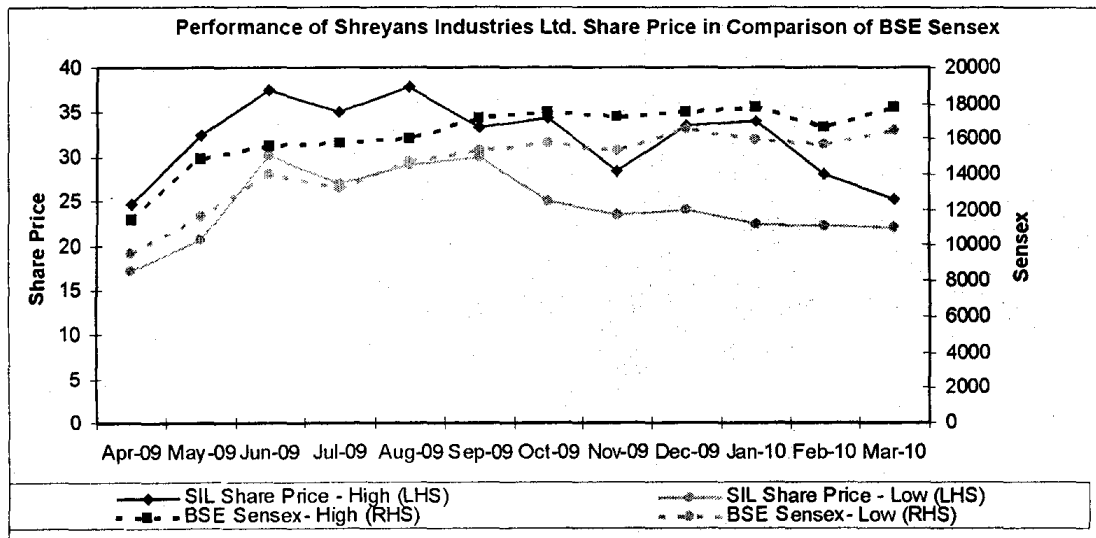
Bombay Stock Exchange Limited	516016
National Stock Exchange of India Limited	SHREYANSIND
ISIN Number	INE231C01019

Company has paid listing fee to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited up to the year 2010-11.

(vi) **Market Price data :** The monthly high and low stock quotations during the last financial year at BSE and NSE are given below along with comparison to Broad Based BSE Sensex

Month & Year	Share price at Bombay Stock Exchange		Share Price at National Stock Exchange	
	High	Low	High	Low
Apr - 09	24.65	17.15	22.05	19.05
May - 09	32.40	20.65	32.70	21.00
Jun - 09	37.50	30.15	37.45	31.00
Jul - 09	35.15	27.00	35.00	26.15
Aug - 09	37.95	29.00	36.50	29.25
Sep - 09	33.25	30.00	33.00	30.00
Oct - 09	34.40	25.00	32.50	25.00
Nov - 09	28.40	23.35	29.85	23.05
Dec - 09	33.45	24.05	32.95	23.30
Jan - 10	34.00	22.30	34.00	22.20
Feb - 10	28.00	22.20	27.90	22.15
Mar - 10	25.25	22.05	26.00	20.25





## (vii) Registrar and Share Transfer Agent.

The details of Registrar & Transfer Agents are as under

Name : Skyline Financial Services Pvt Ltd.  
 Address : D-153/A, 1st Floor Okhla Industrial Area Phase - I  
 New Delhi - 110020.  
 Phone No. : 011-26292682, 26292683  
 Fax No. : 011-26292681  
 Contact Person : Mr. Subhash Aggarwal, Director.

## (viii) Share Transfer System:

The Board has delegated the power of approving re-materialisation of shares, transfer and transmission cases, splitting- consolidation of share certificates and issue of duplicate share certificates etc. to the Share Transfer cum Investor Grievances Committee. A list of valid transfers prepared by Transfer Agent in respect of transfers received by them and objections, if any, are placed before the committee for approval/ confirmation.

The shares are accepted for registration of transfer at the Registered Office of the Company in addition to the office of Registrar & Transfer Agent, M/s Skyline Financial Services Private Ltd., New Delhi.

(ix) The distribution of Company's shareholding is as follows :

		PHYSICAL FORM			D-MAT FORM		
NO OF SHARES		NO OF SHARE HOLDERS	NO. OF SHARES HELD	PERCENTAGE OF SHARE CAPITAL HELD	NO OF SHARE HOLDERS	NO. OF SHARES HELD	PERCENTAGE OF SHARE CAPITAL HELD
From	To						
1	500	14159	946336	6.85	4176	426100	3.08
501	1000	51	33520	0.24	208	170952	1.24
1001	2000	10	13535	0.10	88	134232	0.97
2001	3000	2	4100	0.03	33	83317	0.60
3001	4000	---	---	---	21	72678	0.53
4001	5000	1	4450	0.03	15	72062	0.52
5001	10000	2	12900	0.09	34	251124	1.82
10001	Above 10001	10	3029500	21.91	75	8569744	61.99
<b>TOTAL</b>		<b>14235</b>	<b>4044341</b>	<b>29.25</b>	<b>4650</b>	<b>9780209</b>	<b>70.75</b>

## 30th Annual Report

# SHREYANS INDUSTRIES LIMITED

(x) As on 31.03.2010, 70.75% of total paid up capital of the company is held with depositories in de materialized form. The Equity shares of the company are regularly traded at the BSE and NSE

(xi) The Company has not issued any GDR's / ADR's. The company has allotted 27,50,000 equity share upon conversion 27,50,000 Fully Convertible Warrants during the financial year 2009-10. The Details of utilization of proceeds raised through issue of Fully Convertible warrants were disclosed to the Audit Committee.

(xii) Location of Plant:

- (i) Shreyans Papers, Ahmedgarh, Distt. Sangrur(Pb).
- (ii) Shree Rishabh Papers, Vill. Banah, Distt. Nawanshahar(Pb).

(xiii) Address for Correspondence:

Registered Office:

Shreyans Industries Limited  
Vill. Bholapur, P.O.Sahabana,  
Chandigarh Road, Ludhiana (India) - 141 123  
Ph. (0161) 2685271, 272, 3292155  
Fax. 91-161-2685270

Email : [atl@shreyansgroup.com](mailto:atl@shreyansgroup.com)  
[cs@shreyansgroup.com](mailto:cs@shreyansgroup.com)

Website : [www.shreyansgroup.com](http://www.shreyansgroup.com)

To,

The Members,  
Shreyans Industries Ltd.  
Ludhiana

### 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, 2010 in terms of clause 49 (1)(D)(ii) of the Listing Agreement entered with the Stock Exchanges.

Place : Ludhiana  
Date : 31st July 2010

(Rajneesh Oswal)  
Chairman and Managing Director

**Auditors' Certificate on Compliance with the condition of Corporate Governance  
under clause 49 of the Listing Agreement**

To  
The Members  
Shreyans Industries Limited

We have examined the compliance of conditions of corporate governance by Shreyans Industries Limited ("the Company") for the year ended on 31<sup>st</sup> March, 2010 as stipulated in clause 49 of the listing agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to review the procedures and implementation thereof, adopted by the company, for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and management, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

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

**For S.C.Vasudeva & Co.  
Chartered Accountants.**

**(SANJIV MOHAN)  
Partner  
M.No. 86066**

Place : Ludhiana  
Dated : 31st July 2010

**AUDITOR'S REPORT**

To  
The Shareholders,  
Shreyans Industries Limited

1. We have audited the attached balance sheet of Shreyans Industries Limited as at 31<sup>st</sup> March, 2010 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:

a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes 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, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.

e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and other notes thereon give the information

required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2010;

(ii) in the case of profit and loss account, of the profit for the year ended on that date; and

(iii) in the case of cash flow statement, of the cash flows for the year ended on that date.

FOR S. C. VASUDEVA & CO.  
Chartered Accountants  
Reg. No. 00235N

Place : Ludhiana  
Dated: 25th May, 2010

(Sanjiv Mohan)  
Partner  
M. No. 86066

**Annexure to the Auditor's Report**  
(Referred to in paragraph 3)

(i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) According to information and explanations given to us, the company has adopted a policy of physical verification of fixed assets once in every three years. The last verification of entire block of fixed assets was done in the year ended 31<sup>st</sup> March, 2009. In our opinion, the frequency of physical verification of the fixed assets is reasonable having regard to size of the company and nature of its business.

c) According to the information and explanations given to us the company has not disposed off substantial part of its fixed assets during the year.

(ii) (a) According to the information and explanations given to us, the inventories have been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.

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 as evidenced by the written procedures and instructions are reasonable and adequate in relation to the size of the company and nature of its business.

c) On the basis of our examination of the records of the inventories, in our opinion the company is maintaining proper records of inventories. The discrepancies noticed on physical verification as compared to book records were not material and have been properly dealt with in the books of account.

(iii) (a) According to the information and explanations given to us, the company has not granted loans secured or unsecured to companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clause 4 (iii) (b) (c) and (d) of the above said order are not applicable to the company.

(b) The company has taken unsecured loans from one party covered in the register maintained under section 301 of the Companies Act, 1956. The amount involved in the transactions is Rs. 47.46 lacs. The amount payable as at the close of the year is Rs. 36.63 lacs.

(c) According to the information and explanations given to us, the rate of interest and other terms and conditions in respect of unsecured loans taken by the company, are not prima-facie prejudicial to the interest of the company.

(d) In our opinion and according to the information and explanations given to us, the payment of principal amount and interest in respect of the aforesaid loans is regular.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business, for the purchase of inventory and fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

(v) In our opinion and according to the information and explanations given to us, there are no contract or arrangement, the particulars of which need to be entered into register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(v) of the above said order are not applicable to the company

(vi) According to the information and explanations given to us the company has complied with the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975 with regard to deposits accepted from the public. According to the information given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(vii) In our opinion, the company has an internal audit

system commensurate with its size and nature of its business.

(viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the records with a view to determine whether they are accurate or complete.

(ix) (a) According to the records of the company, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to the company, if any, have been regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2010, for a period of more than six months from the date they became payable.

(b) According to the records of the company, the disputed statutory dues aggregating to Rs 92711790 that have not been deposited on account of matters pending before the appellate authorities in respect of sales tax and excise duty are as follow:

S. No.	Statute	Nature of Dues	Disputed Amount (Rs.)	Forum where Dispute is pending.
1.	Central Excise Act, 1944	Excise Duty	79,708,605	Custom, Excise & Service Tax Appellate Tribunal, New Delhi
2.	Central Excise Act, 1944	Excise Duty	12,851,141	Commissioner (Appeals) Chandigarh
3.	Central Excise Act, 1944	Excise Duty	1,52,044	Deputy Commissioner, Ropar

According to the information and explanations given to us there are no dispute in respect of income tax, service tax, custom duty, wealth tax and cess.

(x) The company does not have accumulated losses as at 31<sup>st</sup> March 2010. The latter part of the question relating to net worth is thus not applicable to the company. Further, the company has not incurred cash losses during the financial year covered under audit and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks, financial institutions or debenture holders.

(xii) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the above said order are not applicable to the company.

(xiii) The company is not a chit fund or a nidhi mutual benefit fund/society. Accordingly, the provisions of clause 4 (xiii) of the above said order are not applicable to the company.

(xiv) According to the information and explanations given to us, the company has not dealt or traded in share, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the above said order are not applicable to the company.

(xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly, the provisions of clause 4(xv) of the order are not applicable to the company.

(xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.

(xvii) According to information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long term investment.

(xviii) Pursuant to the terms of convertible equity warrants issued in previous year the company has allotted 27,50,000 equity shares on a preferential basis to the companies covered in the register maintained under section 301 of Companies Act, 1956. In our opinion and according to information given to us the price at which equity shares have been issued are not prima-facie prejudicial to the interest of the company.

(xix) According to the information and explanations given to us the company has not issued debentures during the year. Accordingly the provisions of clause 4 (xix) of the above said order are not applicable to the company.

(xx) According to the information and explanations given to us, the company has not raised any money by way of public issue during the year. Accordingly the provisions of clause 4 (xx) of the above said order are not applicable to the company.

(xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

FOR S.C. VASUDEVA & CO.  
Chartered Accountants  
Reg. No. 00235N

(SANJIV MOHAN)  
Partner  
M.NO. 86066

PLACE : LUDHIANA  
DATED : 25th May, 2010

**BALANCE SHEET AS AT 31ST MARCH 2010**

S.No.	PARTICULARS	Schedule No.	As at 31.03.2010 (Rs. in lacs.)	As at 31.03.2009 (Rs. in lacs.)
I	<b>SOURCES OF FUNDS</b>			
(1)	<b>SHAREHOLDERS' FUNDS :</b>			
a)	Capital	1	1382.47	1107.47
b)	Equity Warrants	2	0.00	893.75
c)	Reserves & Surplus	3	4755.78	3595.52
			<u>6138.25</u>	<u>5596.74</u>
(2)	<b>LOAN FUNDS :</b>			
a)	Secured Loans	4	4129.19	6177.04
b)	Unsecured Loans	5	454.59	300.85
			<u>4583.78</u>	<u>6477.89</u>
(3)	<b>Deferred Tax Liability</b>		<u>2167.82</u>	<u>1992.57</u>
			<u>12889.85</u>	<u>14067.20</u>
II	<b>APPLICATION OF FUNDS</b>			
(1)	<b>FIXED ASSETS :</b>			
a)	Gross Block	6	17527.97	16981.56
b)	Less : Depreciation		<u>7485.13</u>	<u>6720.85</u>
c)	Net Block		10042.84	10260.71
d)	Capital work-in-Progress		437.74	426.44
			<u>10480.58</u>	<u>10687.15</u>
(2)	<b>INVESTMENTS</b>	7	12.02	297.14
(3)	<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>	8		
a)	Inventories		2001.63	2116.16
b)	Sundry debtors		1731.93	2041.22
c)	Cash & Bank Balances		414.84	238.93
d)	Loans & advances		2193.81	2223.76
	(A)		<u>6342.21</u>	<u>6620.07</u>
	<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>	9		
a)	Liabilities		3272.46	2904.08
b)	Provisions		<u>672.50</u>	<u>633.08</u>
	(B)		<u>3944.96</u>	<u>3537.16</u>
	<b>Net current assets (A) - (B)</b>		2397.25	3082.91
4	<b>Profit &amp; Loss Account</b>	10	0.00	0.00
	<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>	18	<u>12889.85</u>	<u>14067.20</u>

The Schedules referred to above form an integral part of the Balance Sheet

(R.P. GUPTA) (VIPIN KUMAR BHATIA) (ANIL KUMAR) (VISHAL OSWAL) (RAJNEESH OSWAL) As per our report attached  
 Sr.Gen. Manager Company Secretary Executive Vice Chairman and Chairman and  
 Finance Director Managing Director Managing Director For S.C. VASUDEVA & CO.  
 & Accounts & CEO

(SANJIV MOHAN)  
 Partner  
 M.No. 86066

PLACE : LUDHIANA  
 DATE : 25th May, 2010

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010**

<b>PARTICULARS</b>	<b>Schedule No.</b>	<b>Current Year (Rs. in lacs.)</b>	<b>Previous Year (Rs. in lacs.)</b>
<b>INCOME</b>			
Gross Turnover		24504.46	26949.07
Less Excise Duty (Related to turnover)		682.55	1111.08
Turnover		23821.91	25837.99
Other Income	11	275.20	104.02
<b>TOTAL</b>		<b>24097.11</b>	<b>25942.01</b>
<b>EXPENDITURE</b>			
Material Consumed	12	11363.17	10915.07
Manufacturing Expenses	13	7630.80	7767.17
Personnel Expenses	14	1920.04	1729.63
Administrative & Other Outgoings	15	683.00	1103.48
Financial Expenses	16	626.88	647.42
Selling & Distribution Expenses	17	230.84	495.35
Provision for doubtful debts		0.00	0.70
Provision for fall in value of investment		0.00	0.10
Depreciation/Amortisation		848.08	688.10
<b>TOTAL</b>		<b>23302.81</b>	<b>23347.02</b>
Profit for the year		794.30	2594.99
Less : Provision for taxation			
- Current tax		133.00	291.64
- Fringe benefit tax		0.00	21.00
- Deferred tax		175.25	918.77
- Deferred tax adjustment		0.00	11.80
- MAT credit entitlement		(42.00)	(463.15)
- Wealth tax		3.00	3.00
- Taxes of earlier year		(16.46)	0.00
Profit after Tax		541.51	1811.93
Add.: Debenture redemption reserve written back		100.00	0.00
Balance brought forward		(96.08)	(1908.01)
Balance carried to Balance Sheet		545.43	(96.08)
Earning per share of Rs. 10/- each			
- Basic/Diluted		Rs. 3.92	Rs. 16.36

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

18

The Schedules referred to above form an integral part of the Profit &amp; Loss Account.

(R.P. GUPTA) (VIPIN KUMAR BHATIA) (ANIL KUMAR) (VISHAL OSWAL) (RAJNEESH OSWAL) As per our report attached  
 Sr.Gen. Manager Company Secretary Executive Vice Chairman and Chairman and  
 Finance Director Managing Director Managing Director For S.C. VASUDEVA & CO.  
 & Accounts & CEO

(SANJIV MOHAN)  
 Partner  
 M.No. 86066

PLACE : LUDHIANA  
 DATE : 25th May, 2010



**SCHEDULES TO ACCOUNTS****SHARE CAPITAL** **SCHEDULE - 1**

<b>PARTICULARS</b>	<b>As at 31.03.2010 (Rs. In lacs.)</b>	<b>As at 31.03.2009 (Rs. in lacs.)</b>
<b>(A) AUTHORISED</b>		
1900000 (Previous year 1900000) Equity Shares of Rs. 10 each	1900.00	1900.00
100000 (Previous year 100000) Redeemable Cumulative Preference Shares of Rs. 100 each	100.00	100.00
	<u>2000.00</u>	<u>2000.00</u>
<b>(B) ISSUED AND SUBSCRIBED</b>		
13825000 (Previous year 11075000) Equity Shares of Rs. 10/- each	1382.50	1107.50
	<u>1382.50</u>	<u>1107.50</u>
<b>(C) PAID UP</b>		
13824550 (Previous year 11074550) Equity Shares of Rs. 10/- each	1382.46	1107.46
Add : Forfeited Shares (Amount Originally Paid Up)	0.01	0.01
	<u>1382.47</u>	<u>1107.47</u>

**NOTE :**

- i) The rate of dividend on preference shares shall be decided by the Board of directors as and when issued.

**EQUITY WARRANTS****SCHEDULE - 2**

<b>PARTICULARS</b>	<b>As at 31.03.2010 (Rs. in lacs.)</b>	<b>As at 31.03.2009 (Rs. in lacs.)</b>
Nil (Previous year 27,50,000) Equity Warrants allotted on Preferential basis, carrying an option to the holder of such warrants to subscribe to one equity share of Rs.10/- each at premium of Rs. 22.50 per share for every warrant within a period of 18 months from the date of allotment i.e. 2nd October, 2007.	----	893.75
	----	<u>893.75</u>

**RESERVES AND SURPLUS****SCHEDULE - 3**

<b>PARTICULARS</b>	<b>As at 31.03.2010 (Rs. in lacs.)</b>	<b>As at 31.03.2009 (Rs. in lacs.)</b>
<b>CAPITAL RESERVE</b>		
Capital subsidies	64.50	64.50
Capital Profit on Re-issue of Forfeited shares	2.09	2.09
	<u>66.59</u>	<u>66.59</u>
<b>CAPITAL REDEMPTION RESERVE</b>	0.01	0.01
<b>SHARE PREMIUM ACCOUNT</b>		
As per Last Account	1305.00	1305.00
Add : Amount received during the year	618.75	0.00
	<u>1923.75</u>	<u>1305.00</u>
<b>DEBENTURE REDEMPTION RESERVE</b>		
As per Last Account	308.50	308.50
Less : Transferred to Profit and loss Account	100.00	0.00
	<u>208.50</u>	<u>308.50</u>
<b>GENERAL RESERVE</b>		
As per Last Account	2011.50	2011.50
Less : Debit Balance in Profit & Loss Account (Shown as per contra)	0.00	96.08
	<u>2011.50</u>	<u>1915.42</u>
<b>SURPLUS</b> (i.e. Balance as per profit and loss account)	545.43	0.00
	<u>4755.78</u>	<u>3595.52</u>

**SECURED LOANS****SCHEDULE - 4**

PARTICULARS	As at 31.03.2010 (Rs. in lacs.)	As at 31.03.2009 (Rs. in lacs.)
<b>1. DEBENTURES</b>		
(i) 12.25% (11% upto 31st Dec., 2007) 450000 (Previous year 450000) Debentures of Rs. 100/-each privately placed with IDBI Bank Ltd. Redeemable in 48 quarterly instalments, The earliest date of redemption was 1st April, 2005.	208.44	291.80
(ii) Nil (Previous year 167000) Redeemable Non Convertible Debentures of Rs.100/- each held by State Bank of Mauritius Ltd. redeemable in 12 equal quarterly Installments. The earliest date of redemption was 30th June, 2007	0.00	55.67
<b>2. LOAN AND ADVANCES FROM BANKS</b>		
i) Term loans	2933.80	4379.63
ii) External commercial Borrowing	202.05	380.63
iii) Cash Credit Facilities	710.43	975.04
<b>3. OTHER LOANS &amp; ADVANCES</b>		
a) Term Loans from financial Institutions	65.78	89.69
b) Vehicle Loan- From others	8.67	4.36
<b>4. DUE TO DEBENTURE HOLDERS</b>	0.00	0.08
Interest accrued and due to debenture holders	0.02	0.14
	<b>4129.19</b>	<b>6177.04</b>

**NOTE :**

- Term Loans / debentures from banks and financial institutions are secured by a joint equitable mortgage created or to be created on immovable properties both present and future, situated at Ahmedgarh and Banah in the State of Punjab and hypothecation of whole of the moveable plant and machinery, machinery spares, tools and accessories and other moveable, both present and future (save and except book debts) subject to the charge created or to be created by the company in favour of its bankers for its working capital loans. Term loans are also personally Guaranteed by the promoter Directors of the Company.
- External Commercial Borrowing (ECB) is secured by a pari-passu charge by way of equitable mortgage created in respect of the fixed assets both present and future situated at Ahmedgarh and Banah in the State of Punjab and also by equitable mortgage of company's office premises at Mumbai and hypothecation of whole of the movable plant and machinery, machinery spares, tools and accessories and other movable assets present and future situated at Ahmedgarh and Banah subject to the charges created or to be created by the company in favour of its bankers for its working capital loans. Further External Commercial Borrowing is also personally guaranteed by a director of the Company and legal heirs and executors of Late Sh. D.K. Oswal promoter and ex-director of the company.
- Cash credit facilities are secured by hypothecation of stocks of raw materials, finished goods, bills receivables, book debts and all other movable assets of the company and further secured by way of second charge on the immovable assets situated at village Banah and third charge on the immovable assets situated at Ahmedgarh and also personally guaranteed by the promoter Directors of the Company.
- Loan against vehicles is secured by hypothecation of Vehicles purchased out of such loans.
- Amount due for repayment out of term loans and debentures within one year Rs. 1254.84 lac (Previous year Rs. 1442.86 lac)

**UNSECURED LOANS****SCHEDULE - 5**

PARTICULARS	As at 31.03.2010 (Rs. in lacs.)	As at 31.03.2009 (Rs. in lacs.)
<b>1. FIXED DEPOSITS</b>		
From Directors	36.63	39.21
From Others	417.96	261.64
	<u>454.59</u>	<u>300.85</u>

Amount due for repayment out of above within one year Rs. 281.02 lac (Previous year Rs. 179.84 lac)

**FIXED ASSETS****SCHEDULE - 6**

A) TANGIBLE ASSETS	GROSS BLOCK			DEPRECIATION AMORTISATION				NET BLOCK (Rs. in Lacs.)		
	As at 01.04.2009	Addi- tions	Sale/ Adjustment	As at 31.03.2010	As at 01.04.2009	For the Year	Adjust- ment	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
Land *	308.20	----	----	308.20	----	----	----	----	308.20	308.20
Lease Hold Land	0.70	----	----	0.70	0.14	0.01**	----	0.15	0.55	0.56
Roads	66.40	----	----	66.40	10.19	1.08	----	11.27	55.13	56.21
Buildings	1750.42	84.19	6.73	1827.88	550.68	51.04	----	601.72	1226.16	1199.75
Plants & Machinery	14438.70	545.70	163.49	14820.91	6006.40	749.71	72.11	6684.00	8136.91	8432.30
Furniture & Fixtures	71.63	6.36	----	77.99	48.21	4.40	----	52.61	25.38	23.42
Vehicles	322.76	94.50	18.81	398.45	94.81	34.62	11.69	117.74	280.71	227.94
<b>Total (A)</b>	<b>16958.81</b>	<b>730.75</b>	<b>189.03</b>	<b>17500.53</b>	<b>6710.43</b>	<b>840.86</b>	<b>83.80</b>	<b>7467.49</b>	<b>10033.04</b>	<b>10248.38</b>
<b>B) INTANGIBLE ASSETS</b>	GROSS BLOCK			DEPRECIATION AMORTISATION				NET BLOCK (Rs. in Lacs.)		
PARTICULARS	As at 01.04.2009	Addi- tions	Sale/ Adjustment	As at 31.03.2010	As at 01.04.2009	For the Year	Adjust- ment	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
Computer Softwrae	22.75	4.69	----	27.44	10.42	7.22	----	17.64	9.80	12.33
<b>Total (B)</b>	<b>22.75</b>	<b>4.69</b>	<b>----</b>	<b>27.44</b>	<b>10.42</b>	<b>7.22</b>	<b>----</b>	<b>17.64</b>	<b>9.80</b>	<b>12.33</b>
<b>GRAND TOTAL (A+B)</b>	<b>16981.56</b>	<b>735.44</b>	<b>189.03</b>	<b>17527.97</b>	<b>6720.85</b>	<b>848.08</b>	<b>83.80</b>	<b>7485.13</b>	<b>10042.84</b>	<b>10260.71</b>
Previous year	12430.82	4808.35	257.61	16981.56	6243.45	688.10	210.70	6720.85	10260.71	

**NOTES:-**

- \* Includes Rs 35.09 lacs being the cost of Land exchanged with the forest department land for providing an open drain for carrying effluent
- \*\* Represents proportionate premium for acquisition of lease hold land being amortised over the period of lease.
- Depreciation for the year include Rs. 0.03 lacs (previous year (0.03)) pertaining to earlier year
- Subsidy amounting to Rs. 96.00 lacs (previous year Rs. 70.00 lacs) related to captive power plant is deducted from the gross value of the assets concerned
- Intangible assets are not internally generated.

**INVESTMENT****SCHEDULE - 7****PARTICULARS**As at 31.03.2010  
(Rs. in lacs.)As at 31.03.2009  
(Rs. in lacs.)**A) Long Term Investments (at Cost)**

Shares, debentures or Bonds :

## i) Trade (Quoted)

1980000 (Previous year 1980000) equity Shares of M/s  
Adinath Textiles Limited of Rs. 10 each fully paid up

314.80

314.80

Less : Provision for fall in value of Investment.

314.80314.80

## ii) Others (Quoted)

180 (Previous year 180) equity Shares of ICICI Bank Ltd.  
of Rs. 10/- each fully paid-up

0.13

0.13

50 (Previous year 50) equity Shares of Himachal Fibres Ltd.  
of Rs. 10/- each fully paid-up

0.02

0.02

50 (Previous year 50) equity Shares of Shiva Papers Ltd.  
of Rs. 10/- each fully paid-up

0.01

0.01

50 (Previous year 50) equity Shares of Priyadarshani Spg  
& Weaving Mills of Rs. 10/- each fully paid-up

0.01

0.01

50 (Previous year 50) equity Shares of Aurangabad Paper  
Mill Ltd. of Rs. 10/- each fully paid-up

0.02

0.02

50 (Previous year 50) equity Shares of Pashupati Spng. &  
Weaving Ltd. of Rs. 10/- each fully paid-up

0.03

0.03

01 (Previous year 01) equity Share of The Karnal Co-  
operative Sugar Ltd. of Rs. - 100/- each fully paid-up0.010.010.100.10

Less : Provision for fall in value of Investment

0.100.10

## iii) Others (Unquoted)

5 (Previous year 5) equity Shares of Raheja Chamber Premises  
Society Ltd. of Rs. 50/- each

0.01

0.01

23500 (Previous year Nil) equity shares of M/s Fountain  
Tie Up (P) Ltd. of Rs. 10/- each fully paid-up

1.88

**B) Current investment (At lower of cost and fair value)(Unquoted)(others)**Nil (Previous year 5,49,176,236) unit of Rs. 10/- each fully  
paid-up GSTG IDFC-SSIF-Short Term-Growth Scheme of  
IDFC Mutual Fund

0.00

99.00

Nil (Previous year 557507.771) unit of Rs. 10/- each  
fully paid-up ICICI Prudential Short Term Plan-Cummulative  
Option Scheme of ICICI Prudential Mutual Fund

0.00

99.00

Nil (Previous year 658257.811) unit of Rs. 10/- each  
fully paid-up DSP BlackRock Short Term fund-Growth  
Scheme of DSP BlackRock Mutual Fund

0.00

99.00

43516.101 (Previous year Nil) unit of Rs. 10/- each fully  
paid-up of SBI - Magnum Comma Fund-Growth scheme of  
SBI Mutual fund

10.00

0.00

12.02297.14**NOTE :**

1. Market Value of quoted Investments.

(Rs. in lacs)

1.73

(Rs. in lacs)

0.62

2. Aggregate Value of quoted Investments.

315.03

315.03

3. Aggregate Value of Unquoted Investments.

11.89

297.01

4. Detail of investments made during the year but not existing on the date of balance sheet.

21,00,000 units of Rs. 10/- fully paid-up of ICICI prudential Target Returns Fund Retail

**CURRENT ASSETS, LOANS AND ADVANCES****SCHEDULE - 8**

PARTICULARS	As at 31.03.2010 (Rs. in lacs.)		As at 31.03.2009 (Rs. in lacs.)	
<b>(A) CURRENT ASSETS</b>				
<b>1. INVENTORIES</b>				
Raw Materials	689.65		632.50	
Store Spares & Consumables	951.80		1274.55	
Finished Goods	115.69		98.76	
Work-in-Process	132.72		110.35	
Goods in Transit	<u>111.77</u>	2001.63	<u>----</u>	2116.16
<b>2. SUNDRY DEBTORS</b> (considered good unless otherwise stated)				
a) Secured				
i) Debts outstanding for a period exceeding six months				
	----		6.00	
ii) Other debts				
	<u>24.39</u>		<u>24.25</u>	
	24.39		30.25	
b) Unsecured				
i) Over Six months				
Considered good				
	472.97		435.28	
Considered doubtful				
	488.21		504.25	
Less : Provision for doubtful debts				
	<u>488.21</u>		<u>504.25</u>	
	472.97		435.28	
ii) Other debts (considered good)				
	<u>1234.57</u>	1731.93	<u>1575.69</u>	2041.22
<b>3. CASH AND BANK BALANCES</b>				
a) Imprest & Cash in hand				
		43.70		25.98
b) Cheques in Hand				
		173.91		0.15
c) Bank Balances				
With Scheduled Banks				
-----In Current Accounts				
		49.28		132.96
-----In Fixed Deposits				
		147.95		79.84
<b>(B) LOANS AND ADVANCES</b> (Unsecured Considered Good, Unless other wise Stated)				
a) Advances recoverable in cash or in kind or for value to be received.				
-----Considered Goods				
	1388.66		1460.61	
-----Considered Doubtful				
	0.37		----	
Less : Provision for doubtful advances				
	<u>0.37</u>	1388.66	<u>----</u>	1460.61
b) Inter corporate deposit				
		300.00		300.00
c) Mat credit entitlement				
		<u>505.15</u>		<u>463.15</u>
		<u>6342.21</u>		<u>6620.07</u>

**CURRENT LIABILITIES AND PROVISIONS****SCHEDULE - 9**

S. No	PARTICULARS	As at 31.03.2010 (Rs. in lacs.)	As at 31.03.2009 (Rs. in lacs.)
<b>A</b>	<b>CURRENT LIABILITIES</b>		
(1)	Acceptances	149.66	0.00
(2)	Sundry Creditors :		
i)	Dues of Micro, Small and Medium enterprises	55.31	75.17
ii)	Others	1949.63	1791.57
(3)	Trade Deposits & Advances	345.82	359.95
(4)	Other Liabilities	739.20	660.33
(5)	Interest accrued but not due on Loans	32.84	17.06
<b>B</b>	<b>PROVISIONS</b>		
	For Taxation		
a)	Current tax	631.65	586.91
	Less : Prepaid taxes	626.72	582.91
		4.93	4.00
b)	Fringe benefit tax	35.00	52.88
	Less : Prepaid taxes	33.95	52.01
		1.05	0.87
c)	Employees Benefits (Refer note 15 (d) Schedule 18)	666.52	628.21
		3944.96	3537.16

**PROFIT AND LOSS ACCOUNT****SCHEDULE - 10**

PARTICULARS	As at 31.03.2010 (Rs. in lacs.)	As at 31.03.2009 (Rs. in lacs.)
Balance as per Profit and Loss Account	0.00	96.08
Less : Balance in General Reserves (shown as per contra)	0.00	96.08
	0.00	0.00

**OTHER INCOME****SCHEDULE - 11**

PARTICULARS	Current Year (Rs. in lacs.)	Previous Year (Rs. in lacs.)
Miscellaneous Receipts	49.87	36.90
Export Incentives	22.75	12.13
Insurance claims received	11.47	0.76
Income from other long term investments	0.02	0.13
Interest received (Gross) (TDS Rs.1.88 lacs) (Previous year Rs. 1.74 lacs)	48.91	15.87
Sundry balances written back	25.41	14.69
Provisions no longer required written back	22.01	10.41
Rent received	0.33	0.72
Profit on sale of fixed assets	0.86	9.34
Difference in exchange rate	37.10	0.00
Profit on sale of current investment	44.07	0.00
Prior period income	12.40	3.07
	275.20	104.02

**MATERIAL CONSUMED****SCHEDULE - 12**

<b>PARTICULARS</b>	<b>Current Year (Rs. in lacs.)</b>		<b>Previous Year (Rs. in lacs.)</b>	
<b>(A) RAW MATERIAL CONSUMED</b>				
Opening Stock	632.50		745.97	
Add : Purchases	<u>11459.62</u>	12092.12	<u>10594.88</u>	11340.85
Less : Consumed as fuel	0.00		0.06	
: Closing stock	<u>689.65</u>	689.65	<u>632.50</u>	632.56
		<u>11402.47</u>		<u>10708.29</u>
<b>(B) Purchases of finished goods</b>		0.00		119.87
<b>(C) (INCREASE) / DECREASE IN STOCK</b>				
Opening stock				
Finished goods	98.76		114.32	
Work-in-process	<u>110.35</u>	209.11	<u>181.70</u>	296.02
Closing stock				
Finished goods	115.69		98.76	
Work-in-process	<u>132.72</u>	248.41	<u>110.35</u>	209.11
(Increase) /Decrease		<u>(39.30)</u>		<u>86.91</u>
		<u>11363.17</u>		<u>10915.07</u>

**MANUFACTURING EXPENSES****SCHEDULE - 13**

<b>PARTICULARS</b>	<b>Current Year (Rs. in lacs.)</b>		<b>Previous Year (Rs. in lacs.)</b>	
Power & fuel	5922.92		6304.95	
Packing material	452.51		413.79	
Machine clothing	143.73		135.21	
Machinery repairs	757.21		652.41	
Electric repairs	141.00		91.86	
Stores consumed	26.88		29.91	
Difference of excise duty between- -opening & closing stock	5.23		0.65	
Others	<u>181.32</u>		<u>138.39</u>	
		<u>7630.80</u>		<u>7767.17</u>

**PERSONNEL EXPENSES****SCHEDULE - 14**

<b>PARTICULARS</b>	<b>Current Year (Rs. in lacs.)</b>		<b>Previous Year (Rs. in lacs.)</b>	
Salaries, Wages & other allowances	1701.18		1535.36	
Contribution to provident and other funds	165.23		147.14	
Workmen & staff welfare	52.86		46.90	
Recruitment	<u>0.77</u>		<u>0.23</u>	
		<u>1920.04</u>		<u>1729.63</u>

**ADMINISTRATIVE AND OTHER OUTGOINGS****SCHEDULE - 15**

<b>PARTICULARS</b>	<b>Current Year (Rs. in lacs.)</b>	<b>Previous Year (Rs. in lacs.)</b>
Managerial remuneration	218.06	197.20
Rent	5.53	4.95
Rates and taxes	31.78	29.17
Directors' sitting fee	1.74	1.48
Insurance	32.73	27.06
Auditors' remuneration	3.73	5.15
Building repairs	64.86	56.56
Other repairs	8.90	9.68
Directors' travelling	31.91	50.39
Travelling	33.53	41.57
Legal and professional	37.97	37.42
Vehicle maintenance	36.93	36.31
Printing and stationery	8.92	9.53
Postage telegrams and telephones	27.26	28.17
Difference in Exchange Rate	0.00	106.09
Loss on sale of fixed assets	1.40	1.57
Loss of Discard Assets	3.79	40.49
Prior period expenses	25.92	7.62
Sundry balance written off	43.03	347.07
Miscellaneous	65.01	66.00
	<b>683.00</b>	<b>1103.48</b>

**FINANCIAL EXPENSES****SCHEDULE - 16**

<b>PARTICULARS</b>	<b>Current Year (Rs. in lacs.)</b>	<b>Previous Year (Rs. in lacs.)</b>
<b>INTEREST</b>		
On Working capital	76.03	97.74
On Term loans	442.60	448.93
On Debentures	33.33	45.75
Others	46.26	36.68
	<b>598.22</b>	<b>629.10</b>
Less : Interest received from customers (TDS Rs.0.72 Lacs (Previous Year Rs. 1.32 lacs)	6.14	19.38
	<b>592.08</b>	<b>609.72</b>
<b>BANK &amp; OTHER CHARGES</b>	<b>34.80</b>	<b>37.70</b>
	<b>626.88</b>	<b>647.42</b>

**SELLING & DISTRIBUTION EXPENSES****SCHEDULE - 17**

<b>PARTICULARS</b>	<b>Current Year (Rs. in lacs.)</b>	<b>Previous Year (Rs. in lacs.)</b>
Advertisement and publicity	6.64	7.34
Commission to selling agents	75.78	184.06
Rebates and discounts	59.78	82.04
Freight and forwarding	75.91	173.75
Sales promotion	7.79	47.07
Others	4.94	1.09
	<b>230.84</b>	<b>495.35</b>



**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****1. Significant Accounting Policies****SCHEDULE - 18****(a) Accounting Conventions**

The accounts are prepared on accrual basis under the historical cost convention in accordance with the accounting standards referred to in sub-section(3C) of section 211 and other relevant provisions of the Companies Act, 1956.

**(b) Revenue Recognition**

(i) Revenue from sale of goods is recognised;

(a) When all the significant risks and rewards of ownership transferred to the buyer and the company retains no effective control of the goods transferred to a degree usually associated with ownership; and

(b) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

(ii) The revenue in respect of Export incentives i.e. Duty Entitlement Pass Book Scheme benefit is recognised on post export basis.

**(c) Use of Estimates**

The preparation of financial statements, in conformity with the generally accepted accounting principles, require estimates and assumptions to be made that effect the reported amount of assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results materialise.

**(d) Employees Benefits****(i) Short Term Employees Benefits**

Short Term Employees Benefits are recognized as an expense on an undiscounted basis in the Profit and Loss Account of the year in which the related service is rendered.

**(ii) Post Employment Benefits****Defined Contribution Plan:**

Contribution to provident fund is made in accordance with the provisions of the Employee's Provident Fund and Miscellaneous Provisions Act, 1952 and is recognized as an expense in the profit and loss account.

**Defined Benefit Plans****a) Gratuity:**

Provision for gratuity liability to employees is made on the basis of actuarial valuation as at close of the year.

**b) Leave Encashment**

Provision for leave encashment is made on the basis of actuarial valuation as at the close of the year.

iii) The actuarial gain/loss is recognized in the statement of profit and loss account.

**(e) FIXED ASSETS**

i) Fixed assets are stated at historical cost less accumulated depreciation.

ii) Expenditure incurred on renovation/modernisation on the existing fixed assets is added to the book value of these assets where such renovation/modernisation increases the future benefit from them beyond their previously assessed standard of performance.

**(f) INTANGIBLE ASSETS**

Intangible assets are stated at cost less accumulated amount of amortisation.

**(g) DEPRECIATION**

i) Depreciation is provided on straight line method in accordance with and in the manner specified in Schedule XIV to the Companies Act, 1956.

ii) Assets costing Rs. 5000/- or less acquired during the year are depreciated at 100%.

**(h) AMORTISATION**

Intangible asset are amortised on straight line method. These assets are amortised over their estimated useful life.

**(i) CENVAT**

Cenvat credit on excise duty paid inputs, capital assets and input services is taken in accordance with the Cenvat Credit Rules, 2004.

**(j) INVENTORIES**

Inventories are valued at cost or net realisable value, whichever is lower. The cost in respect of items of inventory is computed as under:

- In case of raw materials at FIFO basis plus direct expenses.
- In case of stores and spares at weighted average cost plus direct expenses.
- In case of work-in-process at raw material cost plus conversion cost depending upon the stage of completion.
- In case of finished goods at raw material cost plus conversion cost, packing cost, excise duty and other overheads incurred to bring the goods to their present condition and location.

**(k) INVESTMENTS**

Long term investments are stated at cost less provision, if any, for decline in the value of such investments, which is other than temporary. Current investments are stated at lower of cost and fair value.

**(l) FOREIGN CURRENCY TRANSACTIONS**

(a) Transactions in foreign currency are recorded on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency at the rate of transaction except in case of export invoices which are recorded at a rate notified by the custom department for invoice purpose which approximates the actual rate as at the date of transaction. Exchange difference arising on realization of export sale is recognized as income or expense in the period in which they arise.

(b) At each balance sheet date foreign currency monetary items are reported at closing rates. Exchange differences arising on restatement of monetary items at closing rates are recognized as income or expense.

**(m) BORROWING COSTS**

Borrowing costs that are directly attributable to acquisition or construction of a qualifying asset are capitalised as a part of cost of such asset. Qualifying asset is one that takes substantial period of time to get ready for its intended use. All other borrowing costs are recognised as expenditure in the period in which these are incurred.

**(n) SUBSIDY**

Government grants available to the company are recognized when there is a reasonable assurance of compliance with the conditions attached to such grants and when benefits in respect thereof have been earned and it is reasonably certain that the ultimate collection will be made. Government subsidy in the nature of promoter's contribution is credited to capital reserve. Government subsidy related to specific fixed assets is deducted from the gross value of the assets concerned.

**(o) EXPENDITURE DURING CONSTRUCTION PERIOD**

Other indirect expenditure incurred during construction period in respect of major expansions / new units are capitalised on various categories of fixed assets on proportionate basis.

**(p) IMPAIRMENT OF ASSETS**

At each balance sheet date an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of account.

**(q) ACCOUNTING FOR TAXES ON INCOME**

Provision for taxation for the year comprises of current tax and deferred tax. Current tax is amount of Income-tax determined to be payable in accordance with the provisions of Income tax Act 1961. Deferred tax is the tax effect of timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**(r) PROVISIONS AND CONTINGENT LIABILITIES**

(i) Provision is recognised (for liabilities that can be measured by using a substantial degree of estimation) when:

- (a) the company has a present obligation as a result of a past event;
- (b) a probable outflow of resources embodying economic benefits is expected to settle the obligation ; and
- (c) the amount of the obligation can be reliably estimated

(ii) Contingent liability is disclosed in case there is:

- a) Possible obligation that arises from past events and existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise ; or
- b) a present obligation arising from past events but is not recognised
  - (i) when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) a reliable estimate of the amount of the obligation cannot be made.

**(s) EARNING PER SHARE:**

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the affects of all dilutive potential equity shares.

**(t) LEASE**

The assets acquired on lease where in a significant portion of risks and rewards of ownership of an asset is retained by the lessor are classified as operating leases.

Lease rentals paid for such leases are recognised as an expense on systematic basis over the terms of lease.

**II. Notes on Accounts**

1. The company has contested the additional demand in respect of sales tax and excise duty amounting to Rs. 1049.05 lacs (Previous years Rs. 1092.89 lacs). As against this, a sum of Rs. 121.93 lacs (Previous year Rs. 162.88 lacs) is deposited under protest and has been included under the head 'Advances recoverable in cash or in kind'. The company has filed an appeal/petition with the appellate authorities and is advised that the demands are not in accordance with the law. Pending decision thereof, no provision has been made in books of account.
2. Fixed deposits of Rs. 97.95 Lacs (Previous Year Rs. 79.84 lacs) are pledged with various departments as securities against the performance of contracts, letter of credits and bank guarantees issued by Bank.
3. The company is a single segment company engaged in manufacture of Writing and Printing Paper. Accordingly the disclosure requirement as contained in the Accounting Standard AS (17) on "Segment Reporting" prescribed by the Companies (Accounting Standards) Rules 2006 are not applicable.
4. The amount of Rs. 682.55 lacs (Previous year Rs. 1111.08 lacs) being the excise duty deducted from the turnover is relatable to the turnover made during the year. Difference of excise duty amounting to Rs. 5.23 lacs ( Previous year Rs. 0.65 lacs) recognised in profit and loss account and shown under the schedule of manufacturing expenses is relatable to difference between closing stock and opening stock.

**5. Earning Per Share**

Particulars	As at 31.03.2010	As at 31.03.2009
Net profit attributable to equity share holders(Rs. In lacs)	541.51	1811.93
No. of weighted average equity shares outstanding during the period.	13824550	11074550
The aggregate of the weighted average no. of equity shares and weighted average no. of dilutive potential equity shares.	----	----
Normal value of equity shares	Rs. 10/-	Rs. 10/-
Earning per share - Basic	Rs. 3.92	Rs.16.36
Diluted	Rs. 3.92	----

6. In accordance with the Accounting Standard 28 "on Impairment of Assets" the company has assessed on the balance sheet date whether there are any indications (as listed in paragraph 8 to 10 of the Standard) with regard to the impairment of any of the assets. Based on such assessment, it has been ascertained that no potential loss is present and therefore formal estimate of recoverable amount has not been made. Accordingly no impairment loss has been provided in the books of account.
7. The detail of deferred tax liability as on 31<sup>st</sup> March, 2010.

(Rs. In Lacs)

	As at 31.03.2010	As at 31.03.2009
Deferred tax liability due to timing difference on account of depreciation	2285.82	2102.56
Less : deferred tax assets recognised on account of provision of gratuity	118.00	109.99
	2167.82	1992.57

8. The tax paid under section 115 JB (MAT) of Income Tax Act, 1961 has been treated as an asset in accordance with the provisions of the guidance note on accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961.
9. The Company has identified Micro, Small and Medium Enterprises on the basis of information made available. There are no dues to Micro, Small and Medium Enterprises, that are reportable under the Micro, Small and Medium Enterprises Development Act 2006.
10. The estimated useful life of the intangible assets [Software] had been estimated to be six years. It has now been decided to amortize such intangible assets over a period of five years so as to conform with the requirements of Accounting Standards [AS] 26 "Intangible Assets". Accordingly, the amount of amortization of intangible assets for the year is higher by Rs. 2.44 lac.
11. The company has allotted 27,50,000/- equity shares of Rs. 10/- each at a premium of Rs. 22.50 per share on conversion of equivalent number of warrants issued on preferential basis. The company had utilized the proceeds received from this issue for the purpose these were raised.
12. Exchange difference arising on realization of export bills amounting to Rs. 4.58 lac (Previous Year Rs. 9.32 lac)
13. Detail of foreign currency exposure that has not been hedged by a derivative instrument or otherwise is given below.

	Current year	Previous year
Against Debtors (US Dollars)	1,29,603.54	Nil
Against Loan (US Dollars)	4,50,000.00	7,50,000.00

14. The company has leased facilities under non cancellable operating lease arrangements with a lease term of three years which are subject to renewal at mutual consent thereafter. The lease rent expenses recognised during the year amounts Rs. 4.10 lac. The future minimum lease payment in respect of non cancellable operating lease as at 31<sup>st</sup> March, 2010 for each of the following periods,

	(Rs. In lac)
i) Not Later than one year	6.55
ii) Later than one year but not later than three year	11.96
iii) Later than three year	Nil

**15. Employee Benefits**

The summarized position of post-employment benefits and long term employee benefits recognized in the profit and loss account and Balance Sheet in accordance with AS[15] is as under:-

## (a) Changes in the present value of the obligations

(Rs. In lacs)

	As on 31.03.2010		As on 31.03.2009	
	GRATUITY (Funded)	LEAVE ENCASHMENT (Un funded)	GRATUITY (Funded)	LEAVE ENCASHMENT (Un funded).
Present Value of obligation as at beginning of the year	548.52	79.69	471.34	77.21
Interest Cost	42.87	5.43	34.62	4.63
Current Service Cost	39.17	25.51	38.75	25.21
Benefits Paid	(25.27)	(23.72)	(19.45)	(30.94)
Actuarial loss/(gain) on obligations	(21.92)	(3.76)	23.26	3.58
Present Value of obligation as at close of the year	583.37	83.15	548.52	79.69

## (b) Changes in Fair value of Plan Assets

	31.03.2010	31.03.2009
	GRATUITY (Funded)	GRATUITY (Funded)
Fair Value of Plan Assets as at beginning of the year	131.86	106.58
Expected return on Plan Assets	12.11	10.45
Employer's Contributions	24.78	34.70
Benefits Paid	(23.73)	(19.36)
Actuarial (Loss)/gain on obligations	(0.37)	(0.51)
Fair Value of Plan Assets as at close of the year	144.65	131.86

Reconciliation of the change in Fair Value of Plan Assets in respect of unfunded leave encashment is not required

## (c) Amount recognized in Balance Sheet

	As on 31.03.2010		As on 31.03.2009	
	GRATUITY (Funded)	LEAVE ENCASHMENT (Un funded)	GRATUITY (Funded)	LEAVE ENCASHMENT (Un funded)
Estimated Present value of obligations as at the end of the year	583.37	83.15	548.52	79.69
Fair value of Plan Assets as at the end of the year	144.65	----	131.86	----
Unfunded Net Liability recognized in Balance Sheet	438.72	83.15	416.66	79.69

## (d) Expenses Recognized in Profit and loss account

	As on 31.03.2010		As on 31.03.2009	
	GRATUITY (Funded)	LEAVE ENCASHMENT (Un funded)	GRATUITY (Funded)	LEAVE ENCASHMENT (Un funded)
Current Service Cost	39.17	25.51	38.75	25.21
Interest Cost	42.87	5.43	34.62	4.63
Expected return on Plan Assets	(12.11)	----	(10.45)	----
Net Actuarial (Gain)/Loss recognized in the year	(21.55)	(3.76)	23.77	3.58
Total expenses recognized in profit and loss account	48.38	27.18	86.69	33.42

(e) Principal actuarial assumption at the balance sheet date (expressed as weighted average)

	As on 31.03.2010		As on 31.03.2009	
	GRATUITY (Funded)	LEAVE ENCASHMENT (Un funded)	GRATUITY (Funded)	LEAVE ENCASHMENT (Un funded)
Discount Rate	8.00%	8.00%	7.50%	7.50%
Expected rate of return on Plan Assets	9.15%	N.A.	9.15%	N.A.
Expected Rate of Salary Increase	5.50%	5.50%	5.50%	5.50%
Method used	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit

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

(g) The financial assumptions considered for the calculations are as under:-

Discount Rate: The discount rate has been chosen by reference to market yield on government bonds as on date of valuation.

Expected Rate of Return: In case of gratuity, the actual return has been taken.

Salary Increase: On the basis of past data provided by the company.

(h) Short term employee's benefits:

	Current year (Rs in lacs)	Previous year (Rs in lacs)
Short term leave encashment liability as on 31.03.2010	69.76	55.84
Contribution to Provident Fund	126.19	112.15

16. The related party disclosure as per Accounting Standard -18 prescribed by the Companies (Accounting Standards) Rules 2006

**a) KEY MANAGEMENT PERSONNEL AND RELATIVES OF KEY MANAGEMENT PERSONNEL**

Key Management Personnel :	Sh Rajneesh Oswal, Sh. Vishal Oswal, Sh Anil Kumar, Sh Kunal Oswal
Relatives of Key Management Personnel:	Mrs. N.K. Oswal, Mrs. Preeti Oswal, Mrs. Shika Oswal Mrs. Neera, Ms Namita, Ms Swati

**b) ASSOCIATE** Adinath Textiles Limited

**c) ENTERPRISES OVER WHICH KEY MANAGEMENT PERSONNEL AND RELATIVE OF SUCH PERSONNEL ARE ABLE TO EXERCISE SIGNIFICANT INFLUENCE OR CONTROL**

Achin Investment & Mercantile Company  
Ojasvi Investment & Mercantile Company  
Shreyans Financial and Capital Services Limited  
Lime Lite Consultants Private Limited  
Punctual Dealers (P) Ltd.  
Levina Investment & Mercantile Company  
Jagvallah Parasnath Capital Investments Private Limited  
Adeep Investment Company.  
Virat Investment & Mercantile Company

No transaction carried out during the year with the enterprises stated above.

d) The following transactions were carried out with the related parties in the ordinary course of business.

Nature of transactions During the year	Associate		Key Management Personnel (KMP)		Relatives of Key Management Personnel (KMP)		Enterprises in which KMP are able to exercise significant influence or Control	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Remuneration	---	---	218.06	197.20	7.17	6.75	---	---
Interest Received	---	---	---	---	---	---	---	---
Interest Paid	---	---	3.86	3.47	7.71	6.83	---	---
Debts Due	462.73	578.21	---	---	---	---	---	---
Loan Given (including Opening Balance)	---	---	---	---	---	---	---	171.30
Loan Received	---	---	---	---	---	---	---	171.30
Closing balance of loans given	---	---	---	---	---	---	---	---
Loan Taken (including Opening Balance)	---	---	---	10.00	---	---	---	---
Loan repaid	---	---	---	10.00	---	---	---	---
Closing balance of loan taken	---	---	---	---	---	---	---	---
Fixed deposits taken (including Opening Balance)	---	---	76.34	65.69	149.12	146.61	---	---
Fixed deposit repaid	---	---	39.71	26.48	60.49	70.18	---	---
Closing balance of fixed deposit	---	---	36.63	39.21	88.63	76.43	---	---

- (i) No provision for doubtful debts is required to be made for the year in respect of debt due from related parties.  
(ii) The related party relationship is as identified by the Company and relied upon by the auditors

17. Detail of minimum Managerial Remuneration paid/payable in accordance with the provisions of schedule XIII to the Companies Act, 1956.

(Rs. in Lacs)

	Current Year	Previous Year
Salary	153.46	131.26
Performance Incentives	21.46	19.66
Provident & Other Funds	18.41	16.84
Other Perquisites *	24.73	29.44
	<u>218.06</u>	<u>197.20</u>

The above said remuneration has been approved by Central Govt., Includes Rs. Nil (Previous year 1.40 lacs) being the perquisite value calculated as per the Income Tax Rules 1962

18. Remuneration to Auditors :

	Current Year	Previous Year
As Audit Fee	2.00	2.00
As Tax Audit Fee	0.50	0.50
In other Capacity (for verification of statements)	0.55	1.96
Out of Pocket Expenses	0.68	0.69
	<u>3.73</u>	<u>5.15</u>

19. Estimated amount of contracts remaining to be executed on capital account (Net of Advances)

	15.32	63.61
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20. There are contingent liabilities in respect of :-

(a) Claims not acknowledge as debts (Future cash outflows in respect of above are determinable only on receipt of judgments / decisions pending with various forums / authorities)	34.83	46.53
(b) Bank Guarantees and Letter of Credits Outstanding	472.39	638.61

21. Previous year's figures have been recast/regrouped wherever necessary, to make these comparable with current year

22. The figures have been rounded off to the nearest lac rupees

23. The figures in brackets represent deductions.

24. The information required by the para 3 & 4 of part II of Schedule VI to the Companies Act 1956

(A) CAPACITY	UNIT	Current Year		Previous Year	
i) Licenced Paper		N.A.		N.A.	
ii) Installed Paper	MTs	66000		66000	
(Installed capacity as certified by the Management and not verified by Auditors being technical matter.)					
<b>(B) PRODUCTION</b>					
Paper	MTs	62189		62754	
Soda Ash	MTs	19101		19167	
<b>(C) PURCHASES</b>					
a) Paper	MTs/Rs Lacs	----	----	287	102.72
b) Others	Rs Lacs	----		17.15	
<b>(D) TURNOVER</b>					
Paper	MTs/Rs Lacs	62252	22620.81	63166	24566.24
Soda Ash	MTs/Rs Lacs	18497	1717.04	19105	2180.99
Raw Material	Rs Lacs	2.21		3.40	
Others	Rs Lacs	164.40		198.44	
<b>(E) RAW MATERIAL CONSUMED</b>					
Waste Paper	MTs/Rs Lacs	612	126.87	945	195.62
Wood Pulp	MTs/Rs Lacs	3106	934.41	2238	778.43
Jute Caddies/Feswa	MTs/Rs Lacs	24	1.46		9.33
Straws/Grasses (O.D. Basis)	MTs/Rs Lacs	102856	4563.19	113778	2962.10
Caustic Lye	MTs/Rs Lacs	17312	3483.83	17931	4431.00
Chlorine	MTs/Rs Lacs	4088	206.40	4365	239.97
Other Dyes & Chemicals		2084.10		2088.43	
<b>(F) FINISHED GOODS</b>					
<b>OPENING STOCK :</b>					
Paper	MTs/Rs Lacs	301	87.12	429	104.96
Soda Ash	MTs/Rs Lacs	123	11.64	100	9.36
<b>CLOSING STOCK :</b>					
Paper	MTs/Rs Lacs	194.	54.54	301	87.12
Soda Ash	MTs/Rs Lacs	712	61.15	123	11.64

Closing stocks are after adjustment of own Consumption and Shortages.

**(G) C. I. F. VALUE OF IMPORTS**

Raw Material	Rs Lacs	807.98	719.71
Components Stores & Spare Parts	Rs Lacs	27.82	15.06
Capital Goods	Rs Lacs	----	57.04

**(H) EXPENDITURE IN FOREIGN CURRENCY**

Travelling	Rs Lacs	22.89	46.90
Interest	Rs Lacs	15.27	21.76
Others	Rs Lacs	1.19	5.97

**(I) F. O. B. VALUE OF EXPORT** Rs Lacs 306.34 161.05

**(J) VALUE OF RAW MATERIAL COMPONENTS AND SPARE PARTS CONSUMED**

	Amount (Rs. in lacs)	% age	Amount (Rs. in lacs)	% age
Raw Material				
Imported	1038.54	9.11	926.02	8.65
Indigenous	10361.72	90.89	9778.86	91.35
	<u>11400.26</u>	<u>100.00</u>	<u>10704.88</u>	<u>100.00</u>
Components Spare Parts				
Imported	28.43	2.83	15.29	1.97
Indigenous	975.00	97.17	760.03	98.03
	<u>1004.43</u>	<u>100.00</u>	<u>775.32</u>	<u>100.00</u>



Information pursuant of Part IV of Schedule VI of the Companies Act 1956  
BALANCE SHEET ABSTRACT AND A COMPANY'S GENERAL PROFILE

## 1. REGISTRATION DETAILS :

Registration No.  State Code   
Balance Sheet Date     
Date Month Year

## 2. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands) :

Public Issue  Right Issue   
Promoters  Private Placement

## 3. POSITION OF MOBILISATION DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities  Total Assets

## SOURCES OF FUNDS

Paid-up-Capital  Reserve & Surplus   
Secured Loans  Unsecured Loans

## APPLICATION OF FUNDS

Net Fixed Assets  Investments   
Net Current Assets  Misc. Expenditure

## 4. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Total Turnover  Total Expenditure   
(Including Other Income)  
Profit/Loss Before Tax  Profit/Loss After Tax   
Earning per Share in Rs.  Dividend @ %

## 5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)

Product Description   
Item Code No. (ITC Code)

(R.P. GUPTA) (VIPIN KUMAR BHATIA) (ANIL KUMAR) (VISHAL OSWAL) (RAJNEESH OSWAL) As per our report attached  
Sr. Gen. Manager Company Secretary Executive Vice Chairman and Chairman and  
Finance Director Managing Director Managing Director For S.C. VASUDEVA & CO.  
& Accounts & CEO

PLACE : LUDHIANA  
DATE : 25th May, 2010

(SANJIV MOHAN)  
Partner  
M.No. 86066