

Chadha Papers Limited  
Standalone Balance Sheet for period 01/04/2010 to 31/03/2011

**[610000] General information about financial statements**

Unless otherwise specified, all monetary values are in INR

	<b>01/04/2010 to 31/03/2011</b>	<b>01/04/2009 to 31/03/2010</b>
Disclosure of general information about company [abstract]		
Disclosure of company information [abstract]		
Name of company	Chadha Papers Limited	
Corporate identity number	L21012UP1990PLC011878	
Permanent account number of entity	AABCC3799C	
Address of registered office of company	Chadha Estate Nanital Roadbilaspur , Rampur , Uttar Pradesh , UTTAR PRADESH , INDIA - 244921	
Type of industry	Commercial and Industrial	
Disclosure of document information [abstract]		
Date of board meeting when final accounts were approved	02/09/2011	
Date of start of reporting period	01/04/2010	01/04/2009
Date of end of reporting period	31/03/2011	31/03/2010
Nature of report standalone consolidated	Standalone	
Content of report	Balance Sheet	
Description of presentation currency	INR	
Level of rounding used in financial statements	Actual	
Type of balance sheet	Sources and Application of Funds [Vertical Format]	
Type of cash flow statement	Indirect Method	
Disclosure of other general information [abstract]		
Date from which register of members remained closed	26/09/2011	
Date till which register of members remained closed	28/09/2011	

**[630000] Disclosures - Directors report**

Unless otherwise specified, all monetary values are in INR

	<b>01/04/2010 to 31/03/2011</b>
Disclosure in board of directors report [text block]	Textual information (1) [See below]

## Textual information (1)

### Disclosure in board of directors report [text block]

#### CHADHA PAPERS LIMITED

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#### BOARD OF DIRECTORS :

S. HARDEEP SINGH CHADHA     MANAGING DIRECTOR

S. RAJENDER SINGH CHADHA     DIRECTOR

S.H.P.S.BHATIA                     DIRECTOR

BANKERS :                     A) ORIENTAL BANK OF COMMERCE,  
  
   CIVIL LINES,  
  
   RAMPUR-244 901 (U.P.)

B) PUNJAB & SIND BANK

INDUSTRIAL FINANCE BRANCH

CONNAUGHT CIRCUS

NEW DELHI 110001

AUDITORS:

M/S. SNMG & CO.

F- 378, SARITA VIHAR

NEW DELHI-110076.

COST AUDITORS

M/S R.M.BANSAL & CO.

A-201, TWIN TOWERS

LAKHANPUR ,

KANPUR - 208024

REGISTERED OFFICE :

CHADHA PAPERS LTD. ,

& WORKS

CHADHA ESTATE, NAINITAL ROAD,

BILASPUR- 244 921

DISTT. RAMPUR , U.P.

CORPORATE OFFICE

L-1, BASEMENT,

CENTRESTAGE MALL,

NOIDA-201301

( U.P.)

## DIRECTORS REPORT

TO,

THE MEMBERS,

Your Directors have pleasure in presenting the 21 ST Annual Report together with the Audited Statement of Accounts of the company for the year ended 31-03-2011 with the Auditors Report thereon:

### 1. FINANCIAL RESULTS:

	2010-2011	2009-2010
<b>P.M.-I</b>		
Installed Capacity	19800.000 MT	19800.000 MT
Production	0	0
Capacity utilization	0	0

**P.M.-II**

Installed Capacity	21750.000 MT	21750.000 MT
Production	2104.535 MT	5912.366 MT
Capacity utilisation	9.67%	27.18%

**P.M. III**

Installed Capacity	36000.0000 MT	36000.0000 MT
Production	11975.12 MT	15835.388 MT
Capacity Utilisation	33.26%	43.99%

	<b>Rs. In lacs)</b>	<b>(Rs. In lacs)</b>
Sales (Net of Returns)	3596.10	5204.06
Profit before Depreciation	220.01	140.95
Depreciation for the year	601.06	449.09
Expenses/Income related to earlier year	(-) 13.22	(-) 27.49
Excess/Short provision of Income Tax	0	0
Profit after Depreciation	(-)381.06	(-)308.14
Provision for Income Tax	(-) 1.01	(-)0.98
Deffered Income Tax Liability/Assets	(+)167.43	(+) 104.57
Profit after Tax	(-)227.86	(-)232.04

## 2. PERFORMANCE

:

### A) NEWS PRINT/ WRITING-PRINTING PAPER :

News print and Writing-Printing paper having installed capacity of 36000 MT per annum has achieved capacity utilization to the tune of 33.26%. The production of the News print and Writing-Printing plant has gone down by 10.73% in terms of capacity utilization during this year due to power plant shut and frequent technical snags in this machine.

### B) KRAFT PAPER :

During the year under review, the company has not been able to increase capacity utilization in both kraft paper machines, as productivity remained low since both the machines are outdated, as far as process is concerned. PM-I was under shut for full of the year.

The sales targets in Kraft paper also could not be achieved due the liberal policy of our adjoining state of Uttarakhand in regard to full excise duty exemption. Because of basic reason of excise exemption, maximum number of medium and small units, which are not able to avail Cenvat, have diverted to duty free paper from Uttarakhand and Himachal States.

The overall performance during the year is satisfactory since, your company has achieved the targeted profitability as PBD stood at Rs 220.01 Lacs as against Rs. 1

**40.95**

Lacs in immediate preceding year.

## 3. FUTURE OUTLOOK

In order to further improve company's turnover, management has been taking various steps and concentrating more on markets where demand of our product is more and favourable business conditions exist. The company has also taken steps for modernization/renovation of both kraft Paper Machine by making it compatible for use of total waste paper based pulp.

All possible efforts are being made to improve the overall performance of the company and effect of same will be further seen in near future, as good demand of writing printing paper exists in domestic as well as export market.

#### **4. FINANCIAL ASSISTANCE:-**

Term loan of Rs.3587.22 lacs was availed from Punjab & Sind Bank, Industrial Finance Branch, New Delhi for the Writing Printing/Newsprint Paper project and co-generation plant. Further Cash credit limit of Rs.332.39 Lacs & Rs. 1996.67 Lacs were availed from OBC, Rampur and PSB, Delhi, respectively. The interest and installments are being repaid in time as per sanction.

#### **5. DIVIDEND**

In view of requirement of funds for business, the Board of Directors of your company have not recommended any dividend for the year 2010-2011 .

#### **6. INDUSTRIAL RELATIONS**

The employee-employer relationship remained cordial and harmonious throughout the year. The Board of Directors of your Company place on record their satisfaction for the dedicated services rendered by the employees of the Company.

#### **7. CAPITAL EXPENDITURE**

The total capital expenditure incurred during the year amounts to Rs.729.25 Lacs in the plant for its smooth running.

#### **8. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Particulars in respect of conservation of Energy Technology absorption and Foreign Exchange earnings and outgoing as required under section 217(1) (e) of the Companies Act, 1956 read with the companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 are given in the Form 'A' attached hereto and Form 'B' part of this Report.

## 9. SUBSIDIARY COMPANY:

During the year 2006-07 the company has acquired 99.92 % shares of company, Manorama Papers Mills Ltd and during the Year 2010-11 the company has acquired 90% shares of company M/s JKC Portfolio Pvt. Ltd. The above said companies has become subsidiary of your company.

## 10. DIRECTORS:

S.Rajendra Singh Chadha retires by rotation in accordance with the Articles of Association of the Company at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

None of the Directors of your company is disqualified under section 274(1)(g) of the companies Act'1956. As required by law, this position is also reflected in the Auditor Report.

## 11. AUDITORS:-

M/s SNMG, Chartered Accountants , New Delhi , statutory auditors retire at the conclusion of the ensuing Annual General Meeting of the company and being eligible offer themselves for re-appointment. They have confirmed that their appointment, if made, will be in accordance with the limits specified U/s 224(1B) of the Companies Act'1956.

## 12. PARTICULARS OF EMPLOYEES :

None of the employees was in receipt of remuneration in excess of the limit specified U/s 217(2A) of the Companies Act 1956 during the year under report.



### 13. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to section 217 (2AA) of the Companies Act, 1956 your Directors state that :

(i) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure.

(ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of financial year and the profit of the company for the period.

(iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(iv) The Directors have prepared the annual accounts on a going concern basis.

### 14. COMPLIANCE CERTIFICATE

A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

### 15. MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

#### (I) INDUSTRY STRUCTURE AND DEVELOPMENTS:

During the financial year 2010-11, the overall sales target could not be achieved due to power plant shut, due to technical snag in power plant coupled with kraft machine-II under shut, sales target of kraft paper could not be met due to the liberal policy of our adjoining state of Uttaranchal in regard to full excise duty exemption. Maximum medium and small units which are not opting for availment of Cenvat, have diverted to duty free paper from Uttaranchal and Himachal States. The Writing Printing/News Print plant has achieved 33.26% of installed capacity.

#### (ii) OPPORTUNITIES & THREATS :

New opportunities for the company are widely open after the launch of News Print/and export quality Writing & Printing Paper and the Management is making strategies to capture the domestic and export markets. Also further expansion of writing printing & news print paper is under planning.

Threat to our business is the gradual erosion of the market, specially for the Kraft Paper and its substitute which may invade the future market.

(iii) SEGMENTWISE OR PRODUCTWISE PERFORMANCE :

For the financial year 2010-11, following are the performance figures for our main products.

(a) Kraft Paper:

Our share of the market has decreased, as sales are down by Rs. 613.75 lacs from previous year. However further actions are initiated to gain better market share in future.

(b) News Print/Writing & Printing Paper:

During the year, your company could not achieve good market share of writing printing paper, as sales decreased by 6513 MT from previous year in terms of quantitative figures. Further the Management is making efforts to gain better market share in future too.

(c) Services :

The value of services have reduced in comparison to previous year, as manpower being used in modernization/renovation of both kraft paper have been again shifted to services segment.

Further your company has also dealt in relinquishment of rights of Immovable property during the financial year.

(iv) OUTLOOK :

The company had installed News Print/Writing & Printing Paper Plant keeping in view the good market demand of this product and further management has planned for expansion of the same. The demand of Kraft Paper was low in the market due to excessive installed capacity of Kraft Paper plants in the country. However looking into demand of High BF kraft paper, modernization and upgradation of both kraft machine is under taken. In addition, the Management is concentrating more on markets where demand of our products is more and favourable business conditions exists including overseas market.

(v) RISKS & CONCERNS :

The company faces commercial competition from other paper industries. The reduced demand from market combined with threat from over existing capacity of kraft paper plants in country, continue to pose a major threat. The additional concern for the company is the low productivity of P.M. II since the machine is outdated as far as process is concerned. However, with diversified project of News Print/Writing & Printing paper and modernization of both kraft machines, the company is expecting more profitability as good demand of writing printing paper exists in domestic as well as export market. The quality of our product has been well accepted in the market.

(vi) INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY :

The company has a proper and adequate system of internal controls to ensure that all assets are safeguarded, and protected against loss from unauthorized use or disposition, and that transactions are authorized, recorded, and reported correctly.

The internal control systems are supplemented by an extensive reviews by management, and documented policies, guidelines and procedures. The internal control systems are designed to ensure that the financial and other records are reliable, for preparing financial statements and other