



**ARDA PAPERS LIMITED**



---

---

**12th ANNUAL REPORT  
2002-2003**

---

---



# SARDA PAPERS LIMITED

## BOARD OF DIRECTORS

Mr. Pradeep Kumar Sarda	Chairman
Mr. Divya M. Shah	
Mr. R. A. Gadiyar	Whole Time Director

## SOLICITORS & ADVOCATES

Desai & Diwanji  
Mumbai

## AUDITORS

Malpani & Associates  
Mumbai

## REGISTERED OFFICE & WORKS

A-70, M.I.D.C.,  
Sinnar, Dist. Nasik, Pin 422 103  
Maharashtra  
Tel. No. : 02551-230447, 230449

## SALES & ADMINISTRATIVE OFFICE

18, Vikas Centre, S. V. Road,  
Santacruz (W),  
Mumbai - 400 054.  
Tel. No. : 022-26117326, 56780131  
Fax No. : 022-56780135, 26114087

## BANKERS

State Bank of India  
Citi Bank

## REGISTRAR & TRANSFER AGENTS

M/s. Mondkar Computers Pvt. Ltd.  
21, Shakil Niwas, Mahakali Caves Road,  
Andheri (East),  
Mumbai - 400 093.  
Tel. No. : 022-28257641, 28366620

## CONTENTS

	Page No.
Notice .....	1
Director's Report & Management Discussion & Analysis .....	2
Report on Corporate Governance .....	5
Auditor's Report .....	11
Balance Sheet .....	15
Profit and Loss Account .....	16
Schedules .....	17
Notes .....	24
Cash Flow Statement .....	29



## NOTICE

Notice is hereby given that the **TWELVETH** Annual General Meeting of the Members of **SARDA PAPERS LIMITED** will be held on Saturday 27th September, 2003 at 11.45 A. M. at Panchvati Motels, Nashik Pune Highway Road, Opp. Sinnar Bus Depot, Sinnar to transact the following business.

### ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 and Profit and Loss Account for the year ended on that date together with Reports of the Directors' and the Auditors' thereon.
- 2) To appoint a Director in place of Mr. Pradeep Kumar Sarda who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint Auditors and fix their remuneration.

### Notes:

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective, duly stamped, signed & completed and must be deposited at the Registered office of the Company not less than 48 hours before the commencement of meeting. Corporate Members are requested to send a duly certified copy of the board Resolution/Power of Attorney authorising their representative to attend and vote at the Annual general meeting.
- 2) The Register of Members and share transfer books of the Company will remain closed from Saturday the 20th September, 2003 to Saturday the 27th September, 2003. (Both days inclusive)
- 3) Pursuant to the provisions of Section 205A(5) of the Companies Act 1956 as amended, dividend for the financial year ended 31st March, 1996 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the **Investor Education and Protection Fund (IEPF)** established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividend when is due for transfer to the said Fund is given below :

Financial year ended	Date of declaration of dividend	Last date for making claim	Due date for transfer to IEP FUND
31.03.1996	27.09.1996	26.09.2003	24.10.2003
31.03.1997	26.09.1997	25.09.2004	23.10.2004

Members who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company's Registrar and Transfer Agents, M/s Mondkar Computers Pvt. Ltd. immediately. Shareholders are requested to note that no claim shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

- 4) Member desirous of making a nomination in respect of their shareholding in the company, as permitted under section 109A of the companies act 1956, are requested to forward form 2B, to the Company's Registrar and Share Transfer Agents.

- 5) Dematerialisation of Shares :

The Company's shares are available for dematerialisation on Central Depository Securities Ltd. (CDSL) and National Securities Depository Ltd. (NSDL). Demate ISIN Number at CDSL and NSDL is INE 385D01011.

For and On behalf of Board

Place : Mumbai  
Date : 18th June, 2003

(R. A. Gadiyar)  
Whole Time Director

**DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS**

To  
The Members of  
**SARDA PAPERS LIMITED**

Your Directors have pleasure in presenting the 12th Annual Report on the business & operation of your Company together with the Audited Accounts for the year ended 31st March, 2003.

**FINANCIAL RESULTS**

	YEAR ENDED 31.03.2003 (Rs. in Lacs)	YEAR ENDED 31.03.2002 (Rs. in Lacs)
Profit/(Loss) before Depreciation	<b>153.13</b>	(72.11)
Less Depreciation	<u>(140.51)</u>	<u>0.00</u>
Net Profit/(Loss) for the year	<b>12.62</b>	(72.11)
Less : a) Prior Period Items	0.00	0.60
b) Provision for Tax	<u>1.00</u>	<u>0.00</u>
Balance of Profit/(Loss)	<b>11.62</b>	(71.51)
Less/(Add) : Loss Brought Forward	<u>(85.06)</u>	<u>(13.55)</u>
Balance of Loss carried to Balance Sheet	<u><b>(73.44)</b></u>	<u><b>(85.06)</b></u>

**PERFORMANCE**

The Company has achieved Gross Sales Turnover of Rs.1737.79 Lacs (Previous year Rs.716.55 Lacs) and has earned a Net Profit of Rs.11.62 Lacs (previous year loss of Rs.71.51 Lacs). Your Director's are taking all required steps for further improve the profitability of the company by way of cost reduction measure & better utilisation of working capital finance.

**FUTURE PROSPECTS**

The Current year working has started with a positive note but working of First Quarter ended 30th June, 2003 have effected due to Transporter's strike. Your Director's are confident for improved working of the company in the remaining part of the year in view of the improvement in overall economic conditions and rise in International prices of the coated paper.

**DIVIDEND**

In view of the marginal Profit and with a view to retain funds for the growing requirements of the Working Capital needs, your Director do not propose any dividend for the year.

**FIXED DEPOSITS**

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

**INSURANCE**

The assets of the Company are fully and adequately insured for all risks.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association Shri Pradeep Kumar Sarda Director of the Company retire by rotation at the 12th Annual General Meeting of the Company and being eligible, has offered himself for re-appointment.

**AUDITORS**

M/s Malpani and Associates, Chartered Accountants statutory auditor of the Company will hold their office until the conclusion of the ensuing Annual General Meeting and are recommended for reappointment. The Company has received a letter from them stating that their reappointment, if made would be within the prescribed limits under section 224 (1-B) of the Companies Act, 1956.



### AUDITORS REPORT

The notes on the account referred to in the Auditors report are self explanatory and therefore do not call for any further comments.

With reference to the Auditors qualification in their report as per Note No. II.10 in respect of no provision of Deferred Tax Liability of Rs.18.67 Lacs.(previous year 182.89 Lacs.) during the year, your Directors say that the Company shall make necessary provisions in future as and when sufficient profits are available.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (1AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed :

- i) That in preparation of the annual accounts the applicable mandatory accounting standards except AS 15 & AS 22 have been followed along with proper explanations relating to material departures ;
- ii) That the Directors had selected such accounting policies and applied them consistently except Accounting for Retirement benefits, Bonus, liability of employees in the Financial Statement and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2003 and of Profit of the Company for the year ended on that date;
- iii) The Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- iv) The Directors had prepared the accounts for the financial year ended 31st March, 2003 on a going concern basis.

### REPORT ON CORPORATE GOVERNANCE

A separate report on Corporate Governance form part of the Annual Report of the Company. A certificate from the Statutory Auditor of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

### LISTING OF SHARES

The Equity Shares of the Company are listed on The Stock Exchange, Mumbai and the Company has paid the Annual Listing Fees for the financial year 2003-2004.

### PARTICULARS OF EMPLOYEES

None of the Employee falls under the provision of Section 217(2A) of the Companies Act, 1956, read with The Companies (Particulars of Employees) Rules, 1975 as amended from time to time.

### INTERNAL CONTROL SYSTEM AND ADEQUANCY

The company has a proper and adequate system of internal control to ensure that all the assets and properties are adequately safeguarded and protected against unauthorized use or disposition and all the transactions are properly recorded and reported.

The reports of External Auditor is reviewed by the board of directors from time to time.

### HUMAN RESOURCES/INDUSTRIAL RELATIONS

Employees of the Company are highly motivated and have been contributing to the growth of the company. Human Resource Department of the company have been taken step to improve employee morale and job satisfaction. Your company is glad to announce that the industrial relations continue to be very cordial indicating the prevalence of high degree of excellent relationship between Employees and Employer.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The details as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 relating to Conservation of Energy, Technology absorption and foreign exchange earnings and outgo are annexed to the report.

### ACKNOWLEDGEMENT

The Directors sincerely thanks the Bankers, Institutions, Employees, Customers, Suppliers and Shareholders for their unstinted support and co-operation.

Place : Mumbai  
Dated : 18th June, 2003

for and on behalf of the Board  
**R. A. Gadiyar**  
Whole-Time-Director



## ANNEXURE TO DIRECTORS REPORT

Information as per Section 217 (1) (e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended 31st March, 2003.

## 1) CONSERVATION OF ENERGY

- a) Energy consumption in total and per unit of production in form "A".

## FORM - A

Form for disclosure of particulars with respect to conservation of energy

	2002-2003	2001-2002
<b>A. Power &amp; Fuel consumption</b>		
1) Electricity Purchased Units (Lacs)	12.09	5.11
Total Cost (Rs/Lacs)	51.54	27.49
Rate/Unit (Rs.)	4.26	5.38
2) Furnace Oil Quantity (K. Litre)	435.39	161.24
Total Cost (Rs/Lacs)	48.84	14.74
Average Rate (Rs)	11.22	9.14
<b>B Consumption per unit of production</b> (Products - Coated Paper)		
Electricity (Unit/MT)	322.90	369.33
Furnace Oil (Litre/MT)	116.33	116.58
<b>2 TECHNOLOGY ABSORPTION</b>		
a. Research & Development (R & D)	Nil	Nil
b. Absorption of Technology	Nil	Nil
<b>3. FOREIGN EXCHANGE EARNINGS AND OUTGO</b>		
	(Rs. in Lacs)	(Rs. in Lacs)
	2002-2003	2001-2002
a) Foreign Exchange Earnings	Nil	Nil
b) Foreign Exchange Outgo	Nil	0.04

for and on behalf of the Board

Place : Mumbai

Dated : 18th June, 2003

R. A. Gadiyar

Whole-Time-Director



## REPORT ON CORPORATE GOVERNANCE (2002-03)

### 1. COMPANY'S PHILOSOPHY

The Company believes that sound corporate based on openness, credibility and accountability is essential to its long term success. These practices will ensure the Company, having regard to competitive exigencies, conduct its affairs in such a way that would build the confidence of its various stakeholders in it, and its Board's integrity.

### 2. BOARD OF DIRECTORS

The Board of Directors consist 3 Directors as on March 31, 2003.

#### a. Promotor Non-Executive Director

Sr. No.	Name	Category	No of board Mettings attended	Attendance at last AGM	No. of other Director-ship @	Committee Membership	
						Chairman	Member
1	Shri Pradeep Kumar Sarda	Chairman	4	No	2	—	1

#### b. Executive Director

2	Shri Ramesh Anant Gadiyar	Whole Time Director	5	Yes	—	—	1
---	---------------------------	---------------------	---	-----	---	---	---

#### c. Independent Non-Executive Director

3	Shri Divya M.Shah	Director	4	No	1	—	2
---	-------------------	----------	---	----	---	---	---

@ Does not include directorships in companies excluded as per section 278 of the companies Act 1956.

As per SEBI guideline only the membership in Audit Committee/ Shareholders Grievances Committee/Remuneration Committee are taken into consideration.

#### d. Person who ceased to be Director

1	Shri Pradeep Kumar Sarda	Chairman	4	No	2	—	1
---	--------------------------	----------	---	----	---	---	---

Shri Pradeep kumar sarda Director of the company is due for retirement by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for reappointment.

No of Board Metting Held

5

Date on which held

30 th April,2002, 30th July,2002, 27th August,2002

28 th October 2002, 29th January 2003

#### e. Sitting Fees Paid to Non Whole Time Director

	Name	Sitting Fees	
		Board Meetings	Committee Meetings
1	Shri Pradeep Kumar Sarda	4000	—
2	Shri Divya M.Shah	4000	—

#### f. Distribution of Shareholding as on 31 st March 2003

Category (No of Shares)	No of Shareholders	Percentage	No of Shares	Percentage
Upto 500	2776	93.784	422503	13.547
501-1000	116	3.919	100400	3.219
1001-2000	23	0.777	33500	1.074
2001-3000	16	0.541	42100	1.35
3001-4000	5	0.169	17800	0.571
4001-5000	4	0.135	18400	0.59
5001-10000	9	0.304	70399	2.257
10001 & Above	11	0.372	2413798	77.393
<b>TOTAL</b>	<b>2960</b>	<b>100</b>	<b>3118900</b>	<b>100</b>



### 3. AUDIT COMMITTEE

As per Section 292A of Companies Act 1956, every company having paid up capital of Rs. 5 crore & more shall constitute a committee of the board known as Audit Committee which shall consist of not less than three Director and such number of the other directors as the board may determine of which two third of total number of members shall be directors other than Managing & whole time director. The paid up capital of the company is Rs.311.89 Lacs only and according the provision of section 292A of companies Act it is not required to have a Audit Committee hence the same is not formed considering the small composition of board. But as per clause 49 of listing agreement every entities which are presently listed with paid up capital of Rs.3 crore should have an audit committee within the financial year 2002-2003, but not later than March 31,2003. The company could not comply with this requirement during the year reason being company has only three director on its board out of them one is whole time director and one is Promoter director. They met five times during the year to discuss the matter related to company and its accounts. The board is considering to broadband the Board and hope to meet the listing agreement requirement for Audit committee during the current year.

### 4. REMUNERATION COMMITTEE

Company has constituted a Remuneration Committee in the Board Meeting held on 29.01.2003 to decide the matter related to selection of directors, Compensation policy for the Directors, their duties, role, code of conduct and ethics and other matter related to director and employee including the remuneration policy. Mr. Divya M. Shah and Mr. Pradeep kumar Sarda are the member of the committee. Committee met on 29.01.2003 to considering the related matters. Both the members attended the meeting. Chairman of the meeting has been decided by the members at the meeting. The remuneration of whole time director are recommended by the Board of Directors and approved by the shareholders in the Annual General Meeting.

The Details of payment to the Whole time Director for the financial year 2002-2003 is given below :

Wholetime Director	Salary (Rs.)	Commission (Rs.)
Mr. R. A. Gadiyar	1,02,000/-	Nil
Fixed Components	1,02,000/-	Nil
Performance linked Incentive	Nil	Nil

### 5. SHARE HOLDER COMMITTEE

- Name of non executive director heading the committee : Mr. Divya M. Shah and Mr. R. A. Gadiyar
- Name and designation of Compliance Officer : Mr. B.L. Sharma Chief Account Officer.
- No. of Shareholders complaint received so far : Nil
- No. of Complaints not solved to the satisfaction of the shareholder : Nil
- No. of pending share transfer : Nil

### 6. GENERAL BODY MEETING

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

Date	Time	Venue
29.09.2000	1.00 P.M.	Panchvati Motels, Nashik Pune Highway Road, Opp. Sinnar Bus Depot, Sinnar.
28.09.2001	12.30 P.M.	Panchvati Motels, Nashik Pune Highway, Road, Opp. Sinnar Bus Depot, Sinnar.
28.09.2002	12.30 P.M.	Panchvati Motels, Nashik Pune Highway, Road, Opp. Sinnar Bus Depot, Sinnar.

-Whether special resolution were put through postal ballot last year, detail of voting pattern:  
No special resolution were put through postal ballot during the last year



-Person who conducted the postal balot Exercise : Not Applicable

-Whether special resolutions are proposed to be conducted through postal ballot & the procedure for the postal Ballot. No

## 7. DISCLOSURES

- i) Transaction with related parties
- a) Names of companies with whom transactions have taken place during the year.
  - 1) Holding companies- None
  - 2) Fellow subsidiary companies- None
  - 3) Associated companies
    - (i) Sumadhu Traders Pvt. Ltd.
    - (ii) Sumadhu Estates Developers Pvt. Ltd.
- b) Nature of transaction with Associated companies during the year:
  - 1) Bill discounting Rs.431.61 lacs
  - 2) Assignment of Deferred Sales Tax Liability Rs.70 Lacs
- c) Balances as at the end of the year:
  - 1) Sumadhu Traders Pvt. Ltd. Rs.80.22 Lacs
  - 2) Sumadhu Estate Developers Pvt. Ltd. Rs.41.72 Lacs
- ii) Detail of non compliance by the company, penalties, strictures imposed on the company by the Stock Exchange or SEBI or any Authority on any matter related to capital markets during the last 3 Years: Nil

## 8. MEANS OF COMMUNICATION :

- i) The quarterly and half-yearly Results are published in newspapers. Information released to the press at the time of declaration of result is also sent to Stock Exchange where the shares of the Company are listed for the benefit of investors.

Newspapers in which quarterly results were normally published  
Business Standard (English) Mumbai and Sakal (Marathi) in Nasik

Stock Code 516032

- ii) Whether the management Discussion And Analysis report is a part of the Annual Report or Not : Yes

## 9. GENERAL SHAREHOLDER INFORMATION

### 1) ANNUAL GENERAL MEETING :

Date : 27th September, 2003  
Time : 11.45 a.m.  
Venue : Panchvati Motels, Nashik Pune Highway Road,  
Opp. Sinnar Bus Depot, Sinnar.



## 2) FINANCIAL CALENDAR :

The Financial Year of the Company is for a period of 12 months from 1st April to 31st March.

First Quarter results	:	Last week of July 2002
Second Quarter results	:	Last week of October 2002
Third Quarter results	:	Last week of January 2003
Fourth Quarter results/		
Year end result	:	Last week of June 2003)

## 3) BOOK CLOSURE : 20.09.2003 to 27.09.2003. (both days inclusive)

## 4) DIVIDEND PAYMENT DATE : Not Applicable, As the Board has not recommended any dividend for the financial year.

## 5) LISTING ON STOCK EXCHANGES :

Shares of the Company are listed on the following Stock Exchanges.

Name of the Stock Exchange	:	The Stock Exchange, Mumbai
Address	:	Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai - 400 001

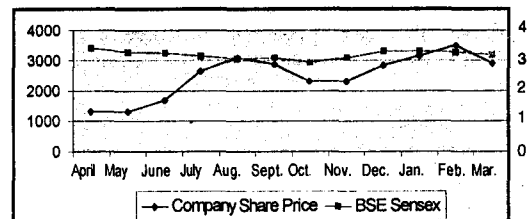
Stock code : 516032

The Company has paid Annual Listing Fees for the year 2003-2004 to the above stock Exchange.

## 6) MARKET PRICE DATA :

Month	High	Low
April 2002	1.30	1.30
May 2002	-	-
June 2002	1.85	1.55
July 2002	3.10	2.20
August 2002	3.65	2.55
September 2002	3.15	2.60
October 2002	2.50	2.10
November 2002	-	-
December 2002	3.10	2.60
January 2003	3.15	3.15
February 2003	3.50	3.50
March 2003	2.90	2.90

## 7) PERFORMANCE IN COMPARISON TO BROAD BASED INDICES BSE SENSEX.



## 8) SHARE TRANSFER SYSTEM

Company has made arrangement with M/s. Mondkar Computers Pvt. Limited in respect of transfer of share. All request for transfer received are processed by Registrar and Transfer Agents.