



SARDA PAPERS LIMITED

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**13th ANNUAL REPORT
2003-2004**



SARDA PAPERS LIMITED

BOARD OF DIRECTORS

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

SOLICITORS & ADVOCATES

Divya Shah Associates
Mumbai

AUDITORS

Malpani & Associates
Mumbai

REGISTERED OFFICE & WORKS

A-70, M.I.D.C.,
Sinnar, Dist. Nasik, Pin 422 103
Maharashtra Tel: 02551-230824, 230856

SALES & ADMINISTRATIVE OFFICE

18, Vikas Centre, S.V. Road,
Santacruz (W),
Mumbai - 400 054.
Tel: 022 26613026, 56780131 Fax No. 56780135, 26614087

BANKERS

State Bank of India
Citi Bank N.A.

REGISTRAR & TRANSFER AGENTS

M/s. Mondkar Computers Private Limited
21, Shakil Niwas, Mahakali Caves Road,
Andheri (East),
Mumbai - 400 093
Tel: 022-28257641, 28366620

STOCK EXCHANGE WHERE COMPANY'S SHARES ARE LISTED

The Stock Exchange, Mumbai

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**NOTICE**

Notice is hereby given that the **Thirteenth Annual General Meeting** of the Members of **SARDA PAPERS LIMITED** will be held on Monday, 27th December, 2004 at 11.45 A.M. Panchvati Motels, Nasik 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, 2004 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. Divya M. Shah who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint Auditors to hold the office from the conclusion of this meeting, until the conclusion of next Annual General Meeting of the company and fix their remuneration.

SPECIAL BUSINESS :

- 4) To appoint a Director in place of Mr. R.A.Gadiyar who was appointed by the Board of Directors as an Additional Director of the company with effect from 29th July, 2004 and holds office up to the date of forthcoming Annual General Meeting of the Company under section 260 of the companies Act 1956, and is eligible for the re-appointment and in respect of whom the company has received a notice in writing under section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the Director of the Company.
- 5) To appoint a Director in place of Mr. B.S.Rathi who was appointed by the Board of Directors as an Additional Director of the company with effect from 28th July, 2004 and holds office up to the date of forthcoming Annual General Meeting of the Company under section 260 of the Companies Act, 1956, and is eligible for the re-appointment and in respect of whom the company has received a notice in writing under section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the Director of the Company.

For and On behalf of Board

Place : Mumbai

Date : 29th October, 2004

Chairman

Notes:

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective, duly stamped, signed and completed and must be deposited at the Registered office of the Company not less than 48 hours before the commencement of meeting. Corporate members are requested to send a duly certified copy of the Board Resolution/ Power of Attorney authorizing 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 Monday the 20th December, 2004 to Monday the 27th December, 2004. (Both days inclusive)
- 3) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 as amended, dividend for the financial year ended 31st March, 1997 which remain unclaimed for a period of seven years had already been transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Please note that no claim shall lie against the Company or the said fund in respect of the amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.
- 4) Members are requested to notify immediately any change in address to their respective Depository Participant(DPs) for the share held in electronic form and if share are held in physical form, to the office of M/s. Mondkar Computers Private Limited, Registrar and Share Transfer Agents of the Company situated at 21, Shakil Niwas, Mahakali Caves Road Andheri (East), Mumbai - 400 093. 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) Any query relating to Annual Accounts or otherwise must be sent to Registered Office of the Company at least 10 days before the Annual General Meeting.
- 6) Dematerialization of Shares:
The Company's shares are available for dematerialization on Central Depository Securities Ltd. (CDSL) and National Securities Depository Ltd. (NSDL). Demate ISIN Number at CDSL and NSDL is INE 385D01011.

**EXPLANATORY STATEMENT**

(As required Under section 173(2) of the Companies Act, 1956)

The following explanatory statements as required by section 173 of the Companies Act, 1956 set out all material facts relating to the business under item No. 4 & 5 mentioned in the accompanying Notice dated 29th October, 2004

Item No. 4 & 5 : The Board of directors has appointed Mr. R.A.Gadiyar as Additional Directors on the Board with effect from 29TH JULY, 2004 and Mr. B.S.Rathi as Additional Directors on the Board with effect from 28TH JULY, 2004.

- 1) Mr. R. A. Gadiyar was Whole time Director of the company up to 28th July, 2004. Company has benefited from his valuable services during his tenure as Whole time director of the Company. He is also associated with other companies as Director & having vast experience in the field of Labour Management & Office Administration. Company will be immensely benefited if he is re-appointed as director of the Company.

The board recommends that the resolution be passed.

No Director other than Mr. R. A. Gadiyar are concerned or interested in the resolution.

- 2) Mr. B. S. Rathi is a Qualified Chartered Accountant & Director of several other companies. He is having vast experience in the field of Accounts & Finance. He is a Whole Time Director of M/s Sumedha Fiscal Service Limited which is rendering financial services to various clients. Company will be immensely benefited if he is re-appointed as director of the Company.

The board recommends that the resolution be passed.

No Director other than Mr B.S. Rathi are concerned or interested in the resolution.

For and On behalf of Board

Place : Mumbai

Date : 29th October, 2004

Chairman

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

To
The Members,
SARDA PAPERS LIMITED

Your Directors have the pleasure in presenting the thirteenth Annual Report on the business & operation of your Company together with the Audited Accounts for the year ended 31st March, 2004

FINANCIAL RESULTS	YEAR ENDED	YEAR ENDED
	31.03.2004	31.03.2003
	(Rs. in Lacs)	(Rs. in Lacs)
Profit before Depreciation	57.37	153.13
Less : Depreciation	47.81	140.51
Net Profit for the year	09.56	12.62
Less : Provision for Tax	0.00	1.00
Balance of Profit/(Loss)	09.56	11.62
Less/(Add) : Loss Brought Forward	(73.44)	(85.06)
Balance of Loss carried to Balance Sheet	<u>(63.88)</u>	<u>(73.44)</u>

PERFORMANCE

During the year under report your Company has achieved Gross Sales Turnover of Rs. 1293.18 Lacs (Previous year Rs. 1737.79 Lacs) and has earned Net Profit of Rs.9.56 Lacs (Previous year Rs. 11.62 Lacs).

FUTURE PROSPECTS

The working of the half year ended 30th September,2004 had been effected due to mainly on account of competition and incremental material prices which could not recovered in the selling prices. The market is stabilizing and due to improve economy the company has started getting good orders from the market. Present order book position is comfortable. Your Director's are confident for improve working of the company. Your Director's are taking all required steps to further improve the profitability of the company by way of cost reduction measure and better utilization of working capital finance.

DIVIDEND

With a view to strengthen the working capital, your directors do not recommend 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 Mr. Divya M. Shah Director of the Company retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offered himself for re-appointment.

During the year Mr. Ramesh Anant Gadiyar, completed his term as whole time director of the company and ceases to be whole time director w.e.f 28th July, 2004. The board place on record its warm appreciation of the valuable service rendered by Mr.R.A.Gadiyar during his tenure as whole time director. Considering his past experience and association with the company he was co-opted as an additional director of the Company on 29th July, 2004. Accordingly item No. 4 with regards to his appointment is recommended to the members.

Mr. B.S. Rathi who is a Chartered Accountant by profession having a vast experience in the field of Accounts & Finance was appointed as additional director on the Board on 28th of July, 2004 and was also elected the chairman of the Audit Committee. Accordingly item No. 5 with regards to his appointment is recommended to the members.

AUDITORS

M/s. Malpani and Associates, Chartered Accountants statutory auditors of the Company will hold their office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. The Company has received a letter from them stating that their re-appointment, 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 non provision of Deferred Tax Liability of Rs.21.99 Lacs. (Previous year 18.67 Lacs.) 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 (2AA) 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 and Bonus 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, 2004 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, 2004 on a going concern basis.

REPORT ON CORPORATE GOVERNANCE

A separate report on Corporate Governance form part of the Annual Report of the company along with Compliance Certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the amended Listing Agreement.

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 2004-2005.

PARTICULARS OF EMPLOYEES

None of the Employee are in receipt of the remuneration in aggregate which is covered 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 In-house Internal Audit and External Audit are reviewed by the board of directors from time to time.

HUMAN RESOURCES/INDUSTRIAL RELATIONS

Employee of the company are highly motivated and have been contributing to the growth of the company. Human Resource Department of the company has taken require step to maintain the high morale and job satisfaction among the employees.

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.

For and on behalf of the Board

Place : Mumbai

Date : 29th October, 2004

Chairman

**ANNEXURE TO DIRECTORS REPORT**

Information as per Section 217 (1) (e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended 31st March, 2004.

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

	2003-2004	2002-2003
A. Power & Fuel consumption		
1) Electricity Purchased Units (Lacs)	10.18	12.09
Total Cost (Rs/Lacs)	42.40	51.54
Rate/Unit (Rs.)	4.16	4.26
2) Furnace Oil Quantity (K. Litres)	302.48	435.39
Total Cost (Rs/Lacs)	34.81	48.84
Average Rate (Rs)	11.51	11.22
B. Consumption per unit of production (Products - Coated Paper)		
Electricity (Unit/MT)	315.89	322.90
Furnace Oil (Litre/MT)	93.84	116.33
2) TECHNOLOGY ABSORBPTION		
a. Research & Development(R & D)	Nil	Nil
b. Absorption of Technology	Nil	Nil
3) FOREIGN EXCHANGE EARNINGS AND OUTGO		
	(Rs.in Lacs)	(Rs.in Lacs)
	2003-2004	2002-2003
a) Foreign Exchange Earnings	Nil	Nil
b) Foreign Exchange Outgo	2.88	Nil

For and on behalf of the Board

Place : Mumbai

Date : 29th October, 2004

Chairman

**REPORT ON CORPORATE GOVERNANCE (2003-04)****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 31st March, 2004. During the current year the strength of the board is increased to four and Audit Committee is constituted in compliance with the listing requirement. The Non Executive Directors bring independent judgement in the Board's deliberations and decisions.

a. Promotor Non-Executive Director

Sr. No.	Name	Category	No. of board Meetings attended	Attendance at last AGM	No. of other Directorship @	Committee Membership	
						Chairman	Member
1	Shri Pradeep Kumar Sarda	Chairman	4	No	3	—	1

b. Executive Director

2	Shri Ramesh Anant Gadiyar	Whole Time Director	5	Yes	—	—	1
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c. Independent Non-Executive Director

3	Shri Divya M.Shah	Director	2	No	1	—	2
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@ Does not include directorship 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 Divya M.Shah	Director	2	No	1	—	2
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Shri Divya M.Shah Director of the company is due for retirement by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re appointment

No. of Board Meetings Held

5

Date on which held

18th June, 2003, 30th Aug, 2003, 30th Oct, 2003

30th January, 2004, 12th March, 2004

e. Sitting Fees Paid to Non-Whole Time Directors

	Name	Sitting Fees	
		Board Meetings	Committee Meetings
1	Shri Pradeep Kumar Sarda	4000	—
2	Shri Divya M.Shah	2000	—



- Person who conducted the postal ballot 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 Estate Developers Pvt. Ltd.
 - (iii) Suvimal Properties Pvt. Ltd.
- b) Nature of transaction with Associated companies during the year:
 - (a) Bill discounting Rs. 532.16 Lacs
 - (b) Assignment of Deferred Sales Tax Liability Rs.174.25 Lacs
- c) Balances as at the end of the year:
 - (a) Sumadhu Traders Pvt. Ltd. Rs.175.05 Lacs
 - (b) Sumadhu Estate Developers Pvt. Ltd. Rs. Nil Lacs
 - (c) Suvimal Properties Pvt. Ltd. Rs. 1.51 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), 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 December, 2004
Time : 11.45 a.m.
Venue : Panchvati Motels, Nasik 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, 2003
Second Quarter results	:	Last week of October, 2003
Third Quarter results	:	Last week of January, 2004
Fourth Quarter results	:	Last week of April, 2004

**3. AUDIT COMMITTEE**

As per requirement of clause 49 of the listing agreement, the board of Directors have constituted Audit Committee in its meeting held on 28th July, 2004. Mr. B.S. Rathi who was appointed as an additional director on the board has been elected the Chairman of the Audit Committee. Other members of the committee are Mr. R.A.Gadiyar & Mr. Divya M. Shah.

4. REMUNERATION COMMITTEE**a) Composition**

Mr. Pradeep Kumar Sarda
Mr. Divya M. Shah

b) Scope

The remuneration committee of the Company recommends the compensation package and other terms & condition of Executive Director and senior Manager level

c) Attendance

The committee has been met two times during the year on 18th June, 2003 & 30th October, 2003

The Details of payment to the Whole time Directors during the financial year 2003-2004 are given below :

Whole-time Director	Salary (Rs.)	Commission (Rs.)
Mr. Ramesh Anant Gadiyar	1,20,000/-	Nil
Fixed Components	1,20,000/-	Nil
Performance linked Incentive	Nil	Nil

5. Share Holder Committee

- | | | |
|---|---|---|
| i) Name of non executive directors heading the committee | : | Mr. Divya M. Shah
Mr. R.A.Gadiyar |
| ii) Name and designation of Compliance Officer | : | Mr. B.L. Sharma
Chief Account Officer. |
| iii) No. of Shareholders complaint received so far | : | one |
| iv) No. of Complaints not solved to the satisfaction of the shareholder | : | Nil |
| v) 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
28.09.2001	12.30 P.M.	Panchvati Motels, Nasik Pune Highway Road, Opp. Sinnar Bus Depot, Sinnar.
28.09.2002	12.30 P.M.	Panchvati Motels, Nasik Pune Highway Road, Opp. Sinnar Bus Depot, Sinnar.
27.09.2003	11.45 A.M.	Panchvati Motels, Nasik 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.