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**SARDA PAPERS LIMITED**

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**14th ANNUAL REPORT**  
**2004-2005**

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## 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 : 952551-230447-49

### SALES & ADMINISTRATIVE OFFICE

18, Vikas Centre, S.V. Road,  
Santacruz (W),  
Mumbai - 400 054.  
Tel. : 022-26613026,56780131-33 Fax : 56780135

### 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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**SARDA PAPERS LIMITED****NOTICE TO THE MEMBERS**

Notice is hereby given that the **Fourteenth** Annual General Meeting of the members of **SARDA PAPERS LIMITED** will be held on Friday, 23<sup>rd</sup> December, 2005 at 1.00 P.M. at 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 31<sup>st</sup> March, 2005 and the Profit and Loss Account for the year ended on that date and the Report of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Pradeep Kumar Sarda, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

For and on behalf of Board

Place : Mumbai  
Date : 28<sup>th</sup> October, 2005

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 the 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 Friday the 16<sup>th</sup> December, 2005 to Friday the 23<sup>rd</sup> December, 2005 (both days inclusive).
3. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956 amended, dividend for the financial year ended 31<sup>st</sup> 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 claim.
4. Members are requested to notify immediately any change in address to their respective Depository Participant (DPs) for the shares 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. Members 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 from 2B, to the Company's Registrar and Share Transfer Agents.
5. Any query relating to Annual Accounts or otherwise must be sent 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.

For and on behalf of Board

Place : Mumbai  
Date : 28<sup>th</sup> October, 2005

Chairman

**DIRECTOR'S REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS**

To  
The Members,  
**SARDA PAPERS LIMITED**

Your Directors have the pleasure in presenting the fourteenth Annual Report on the business & operation of your Company together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2005.

FINANCIAL RESULTS	YEAR ENDED	YEAR ENDED
	31.03.2005	31.03.2004
	(Rs. In Lacs)	(Rs. In Lacs)
Profit/(Loss) before Depreciation	(76.10)	57.37
Less: Depreciation	48.82	47.81
Net Profit / (Loss) before Tax	(124.92)	09.56
Less : Provision for Tax	0.00	0.00
Net Profit / (Loss) after Tax	(124.92)	9.56
Less : Prior period items	0.16	0.00
Balance of Profit/(Loss)	(125.08)	9.56
Less/(Add) : Loss Brought Forward	(63.88)	(73.44)
Balance of Loss carried to Balance Sheet	<u>(188.96)</u>	<u>(63.88)</u>

1. **DIVIDEND**

In view of the losses, your directors are unable to recommended any dividend for the year.

2. **PERFORMANCE**

During the year under review, Company has achieved Gross Sales Turnover of Rs. 1573.31 Lacs as against Rs. 1293.18 Lacs during the previous year and incurred a loss of Rs. 124.92 Lacs as compare to profit was Rs. 9.56 Lacs in the previous year.

3. **FUTURE PROSPECTS**

During the year the working of the company had been affected due to increase in the cost of all inputs and fuel which could not passed on recorded in the selling prices due to cheaper imports of odd lots of coated paper. Your directors are confident for improve working of the company and also taking necessary steps to further improvement in the overall profit of the company by way of cost reduction and better utilization of capacity and development of new products.

4. **DIRECTORS**

Shri Pradeep Kumar Sardar, Director retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible offered himself for re-appointment.

The terms of Shri R.A. Gadiyar as whole time director has expired on 28<sup>th</sup> July, 2004. Shri R.A. Gadiyar and Shri B.S. Rathi were co-opted as an additional director of the Company on 29.07.2004 and 28.07.2004 respectively and also appointed as Director in the Annual General Meeting held on 27.12.2004.

**5. RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is hereby confirmed :

- i. That in the preparation of Annual Accounts the applicable mandatory standards except AS15 & AS22 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 31<sup>st</sup> March, 2005 and of the loss of the company for the year ended on that date.
- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of 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 31<sup>st</sup> March, 2005 on a going concern basis.

**6. FIXED DEPOSITS**

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

**7. INSURANCE**

All the assets of your Company, including Plant and Machinery, Building, Equipments, etc. have been adequately insured.

**8. PARTICULARS OF EMPLOYEES**

Particulars of employees within the meaning of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended have not been furnished as there was no employee in the aforesaid category.

**9. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE**

A statement giving details of conservation of energy, technology absorption and foreign exchange earnings and outgo in terms of the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, is annexed hereto and form part of this report.

**10. STATEMENT PURSUANT TO LISTING REQUIREMENTS**

The Equity Shares of the company are listed with the Stock Exchange, Mumbai and company had paid the Annual Listing Fees for the financial year 2005-2006.

**11. 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 agreements.



12. **HUMAN RESOURCES / INDUSTRIAL RELATIONS**

The Company valued, human resources as its most valuable assets, among all other assets of the Company. It has been the policy of the Company to actuate the talent by providing opportunities to develop themselves within the organisation. The company continued to have a very cordial and harmonious relations with its employees.

13. **INTERNAL CONTROL SYSTEM AND ADEQUACY**

Your Company has been maintaining a well established procedure for internal control system. The finance functions, inter-alia, is well staffed with experienced and qualified experience and qualified personnel at all levels and plays an important role in implementing and monitoring the statutory and internal policy control environment. There has been a review conducted on regular interval by the internal auditors about the financing and operating control at various locations of the company and any, significant findings are reviewed by the Audit Committee of the Board of Directors.

The reports of in-house and Internal Audit and External Audit are reviewed by the board of Directors from time to time.

14. **AUDITORS**

M/s. Malpani and Associates, Chartered Accountants statutory auditors of the Company retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. The Company has received a certificates from them under Section 224(1-B) & 226(3) of the Companies Act, 1956.

15. **ACKNOWLEDGEMENT**

Your Directors wish to place on record their appreciation of the continued support and valuable co-operation received from the Company's Bankers, Institutions, Customers, Suppliers and Shareholders.

Your Directors also wish to place on record their appreciation of the devoted services of the company's employee for better functioning of the Company.

For and on behalf of Board

Place : Mumbai  
Date : 28<sup>th</sup> October, 2005

Chairman

**SARDA PAPERS LIMITED****ANNEXURE TO DIRECTOR'S 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 31<sup>st</sup> March, 2005.

**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

	2004-2005	2003-2004
<b>A. Power &amp; Fuel consumption</b>		
1) Electricity Purchased Units (Lacs)	12.94	10.18
Total Cost (Rs./Lacs)	51.75	42.40
Rate/Unit (Rs.)	4.00	4.16
2) Furnace Oil Quantity (K. Litres)	399.38	302.48
Total Cost (Rs./Lacs)	45.52	34.18
Average Rate (Rs.)	11.40	11.51
<b>B. Consumption per unit of production</b> (Products – Coated Paper)		
Electricity (Unit/MT)	326.03	315.89
Furnace Oil (Litre/MT)	100.63	93.84
<b>2) TECHNOLOGY ABSORPTION</b>		
a. Research & Development	Nil	Nil
b. Absorption of Technology	Nil	Nil
<b>3) FOREIGN EXCHANGE EARNINGS AND OUTGO</b>		
	(Rs. in Lacs)	(Rs. in Lacs)
	2004-2005	2003-2004
a) Foreign Exchange Earnings	Nil	Nil
b) Foreign Exchange Outgo	Nil	2.88

For and on behalf of Board

Place : Mumbai  
Date : 28<sup>th</sup> October, 2005

Chairman



## REPORT ON CORPORATE GOVERNANCE

## 1. COMPANY'S PHILOSOPHY

The primary objective of the Corporate Governance is to create and adhere to a Corporate culture of conscience and consciousness, transparency and openness and to develop capabilities and identify opportunities that best serves the goal of value creation.

A Company to succeed on sustained basis must maintain global standards of Corporate conduct towards its employees, shareholders and society. The Company believes in attainment of highest levels of transparency in all facets of its operations and has always focus on good corporate governance.

## 2. BOARD OF DIRECTORS

The Board of Directors consist 4 Directors as on 31<sup>st</sup> March, 2005. During the financial year the strength of the board was increased to four and Audit Committee was constituted in compliance with the listing requirement. The Non Executive Directors bring independent judgment in the Board's deliberations and decisions.

The Board comprises following members

## a. Promotor Non-Executive Director

Sr. No.	Name	Category	No. of board Meetings attended	Attendance at last AGM	No. of other Director-ship @	Committee Membership	
						Chairman	Member
1.	Shri Pradeep Kumar Sarda	Chairman	5	No	3	—	1

## b. Independent Non-Executive Director

1.	Shri Ramesh Anant Gadiyar *	Director	5	Yes	—	—	2
2.	Shri Divya M Shah	Director	1	No	1	—	2
3.	Shri B. S. Rath	Director	4	Yes	2	—	1

\* The terms of Shri R.A. Gadiyar as whole time director has expired on 28<sup>th</sup> July, 2004. Presently, he is the only director of the company.

@ Does not include directorship in companies excluded as per section 278 of the Companies Act, 1956, As per SEBI Guideline only membership in Audit Committee / Shareholder Grievances Committee / Remuneration Committee are taken into consideration.

No. of Board Meetings Held : 5

Date on which held : 30<sup>th</sup> April, 2004, 28<sup>th</sup> July, 2004, 28<sup>th</sup> October, 2004, 31<sup>st</sup> January, 2005, 3<sup>rd</sup> March, 2005

## c. Sitting fees paid to Non Whole Time Directors

	Name	Sitting Fees	
		Board Meetings	Committee Meetings
1	Shri Pradeep Kumar Sarda	Rs. 5000/-	—
2.	Shri Ramesh Anant Gadiyar	Rs. 4000/-	Rs. 3000/-
3.	Shri Divya M Shah	Rs. 1000/-	Rs. 1000/-
4.	Shri B. S. Rath	Rs. 4000/-	Rs. 3000/-

## 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 28<sup>th</sup> 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.

Terms of reference of the Audit Committee are as per the guidelines set out in the listing agreements with the Stock Exchanges. It interalia also include the overview of the Company's financial reporting process, review of the annual financial statements, the adequacy of internal control system etc.

There were 3 meetings of the Audit Committee during the Financial Year 2004-2005. The attendance of each member of the Audit Committee in the committee meeting is given below.



**SARDA PAPERS LIMITED**

Director's Name	Category	No. of meetings attended
Mr. B.S.Rathi	Independent, Non Executive	3
Mr. R.A.Gadiyar	Independent, Non Executive	3
Mr. Divya M. Shah	Independent, Non Executive	1

**4. REMUNERATION COMMITTEE**

The Remuneration Committee of the Board of directors was formed in the year of 2003 . The terms of reference to the committee interalia consists of reviewing the overall compensation policy, service agreement and other employment condition of the Executive Director and Senior Manager level, with a view to retaining and motivating the best managerial talents.

The composition of the remuneration committee are as follow :-

SR. NO	NAME OF THE DIRECTORS	STATUS
1.	Mr. Pradeep Kumar Sarda	Non Executive
2.	Mr. Divya M. Shah	Non Executive, Independent

The Remuneration Committee shall meet as and when need arises.

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

The details of payment to the Whole Time Directors during the financial year 2004-2005 are given below :

Whole-time Director	Salary (Rs.)	Commission (Rs.)
Mr. Ramesh Anant Gadiyar	Rs. 40,000/- *	Nil
Fixed Components	Rs. 40,000/-	Nil
Performance linked incentive	Nil	Nil

\* The terms of Shri R.A. Gadiyar as whole time director has expired on 28<sup>th</sup> July, 2004 and remuneration to whole time director paid only for 4 Months (April, 2004 to July, 2004).

**5. SHAREHOLDERS COMMITTEE**

The composition of the shareholders committee are as follow :-

SR. NO	NAME OF THE DIRECTORS	STATUS
1.	Mr. Divya M. shah	Independent, Non Executive
2.	Mr. R.A. Gadiyar	Independent, Non Executive

**Compliance officer**

Mr. B.L. Sharma (Chief Account Officer).

**Scope**

The Shareholders Committee deals with matters relating to :

1. Transfer / Transmission of Shares.
2. Issue of Duplicate Share Certificates
3. Consolidation / split of share certificates
4. Review of Shares decartelized.
5. All other matter related to shares.

Detail status of the complaints resolved during the period :

No. of complaint received	No. of complaint solved	No. of complaint pending
1	1	Nil

**6. GENERAL BOARD MEETINGS**

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



Financial Year	Date	Time	Venue
31.03.2002	28.09.2002	12.30 P.M.	Panchvati Motels, Nasik Pune Highway Road, Opp. Sinnar Bus Depot, Sinnar
31.03.2003	27.09.2003	11.45 A.M.	Panchvati Motels, Nasik Pune Highway Road, Opp. Sinnar Bus Depot, Sinnar
31.03.2004	27.12.2004	11.45 A.M.	Panchvati Motels, Nasik Pune Highway Road, Opp. Sinnar Bus Depot, Sinnar

No special resolution were required to be put through postal ballot during the last year.

## 7. DISCLOSURES

### i) Transaction with related parties

#### a) Names of companies with whom transactions have taken place during the year.

01. Holding companies - None
02. Fellow subsidiary companies - None
03. 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. 250.39
- (b) Assignment of Deferred Sales Tax Liability Rs. Nil

#### c) Balances as at the end of the year:

- (i) Sumadhu Traders Pvt. Ltd. Rs. Nil
- (ii) Sumadhu Estate Developers Pvt. Ltd. Rs. Nil
- (iii) Suvimal Properties Pvt. Ltd. Rs. Nil

### 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

1. 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

2. Whether the management Discussion and Analysis report is a part of the Annual Report or Not : Yes

## 9. GENERAL SHAREHOLDERS INFORMATION

### 1) Annual General Meeting :

Date	Time	Venue
23.12.2005	1.00 P.M.	Panchvati Motels, Nasik Pune Highway Road, Opp. Sinnar Bus Depot, Sinnar.