



21st ANNUAL REPORT
2011-2012



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 Mob.: 9764448077
Email : share@sardagroup.com
Website : www.sardapapers.com

BANKERS

State Bank of India
Citi Bank N.A.

REGISTRAR & TRANSFER AGENTS

M/s Universal Capital Securities Pvt. Ltd.
(Formerly Mondkar Computers Private Limited)
21, Shakil Niwas, Mahakali Caves Road,
Andheri (East),
Mumbai - 400 093
Tel: 022-28207201/03/05 Fax : 2820 7207

STOCK EXCHANGE WHERE COMPANY'S SHARES ARE LISTED

Bombay Stock Exchange Limited

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NOTICE TO THE MEMBERS

Notice is hereby given that the Twenty-first Annual General Meeting of the Members of **SARDA PAPERS LIMITED** will be held on Thursday the 27th September, 2012 at 1.00 P. M. at the Registered Office of the Company at A-70 M. I. D. C., Sinnar, Dist. Nasik, Pin 422 103 Maharashtra to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 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 Mr. Divya M. Shah who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 94 of the Companies Act, 1956, and other applicable provisions if any, the Authorised Share Capital of the Company be increased from Rs.3,50,00,000/- (Rupees Three Crore Fifty Lacs Only) divided into 35,00,000 (Thirty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each to Rs.7,75,00,000/- (Rupees Seven Crore Seventy Five Lacs Only) divided into 35,00,000 (Thirty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 4,25,000 (Four Lacs Twenty Five Thousand) 1 % Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each and Clause V of the Memorandum of Association and Article 3 of Articles of Association of the Company be altered accordingly."

5. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Ordinary Resolution**:

"RESOLVED THAT pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956 the existing Clause V of Memorandum of Association of the company relating to the Share Capital be and is hereby substituted by the following paragraph:

V. The Authorised Share Capital of the Company is Rs.7,75,00,000/- (Rupees Seven Crores Seventy Five Lacs Only) divided into 35,00,000 (Thirty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 4,25,000 (Four Lacs Twenty Five Thousand) 1 % Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each with the rights, privileges and conditions attached thereto as per the relevant provisions contained in that behalf in the Articles of Association of the Company and with power to increase or reduce the Capital of the Company and to divide the shares in the capital for the time being into several classes (being those specified in the Companies Act, 1956) and to attach thereto respectively such preferential, qualified or special rights privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company for the time being in force, and to vary, modify, enlarge or abrogate any such rights, privileges, or conditions in such manner as may be permitted by the said Act or provided by the Articles of Association of the Company for the time being in force. The right of the Redeemable Preference Shares shall be determined at the time of issue thereof.

6. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Section 31 of the Companies Act, 1956 and other applicable provisions, if any, the Article No. 3 of the Articles of Association of the company be and is hereby substituted by the following Article:

3. The Authorised Share Capital of the Company is Rs.7,75,00,000/- (Rupees Seven Crores Seventy Five Lacs Only) divided into 35,00,000 (Thirty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 4,25,000 (Four Lacs Twenty Five Thousand) 1 % Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary and desirable to give effect to above mentioned resolutions."

7. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution** :

"RESOLVED THAT in supersession of all previous resolutions in this regard and in accordance with the provisions of Section 81(1A) and other applicable provisions, if any of the Companies Act, 1956, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 (SEBI Regulations), Listing Agreements entered into by the Company with the Stock Exchange where the Share of the Company are listed, enabling provisions in the Memorandum and Articles of Association of the Company as also provisions of any other applicable laws, rules and regulations (including any amendments thereto or re-enactments therefore for the time being in force) and subject to such approvals, consents, permissions and sanctions of the SEBI, Government of India and all other appropriate and/or concerned authorities, or bodies and subject to such conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permission and sanctions which may be agreed to by the Board of Directors of the Company (Board) (which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the power conferred on the Board by this resolution), the Board be and is hereby authorized to offer, issue and allot in one or more tranches, to investors whether Indian or Foreign, including Foreign Institutions, Non Resident Indians, Corporate Bodies, Individuals or otherwise, whether Shareholder of the Company or not, through a Public Issue and/or on a Private Placement Basis, Redeemable Preferential Shares so that the total amount raised shall not exceed 425 Lacs as the Board may determine."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby also authorized to determine the form, terms and timing of the Issue(s), including the class of Investors to whom the Redeemable Preference Shares are to be allotted in each tranche, issue price, face value, premium amount in issue/redemption, rate of dividend, redemption period as the Board may in its absolute discretion deems fit and to make and accept any modification in the proposals as may be required by the Authorities involve in such issues(s) in India and/or Abroad, to do all acts, deed, matters and things and to settle any questions or difficulties that may arise in regard to the issue(s)."

"RESOLVED FURTHER THAT the Redeemable Preference Shares to be offered and allotted shall be in dematerialized form."

"RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of Shares the Board, be and is hereby authorized on behalf of the Company to do all such acts, deed, matters and things as it may, in absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the terms thereof, for entering into arrangements for managing, underwriting, marketing, listing and trading, to issue placement documents and to sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such offer(s) of issue(s) or allotment(s) as it may, in its absolute discretion, deem fit."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to a Committee of Directors in such manner as they may deem fit."

8. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Ordinary Resolution** :

"RESOLVED THAT the Rehabilitation Proposal of the Company which has been prepared by the State Bank of India (Operating Agency) ("OA") pursuant to the directions given by the BIFR and agreed by the Board of Directors for revival of the Company and to protect interest of the Members Board have accepted in principle, the Scheme of reverse merger of a healthy Company in the Scheme. The Board of Directors be and are hereby authorized and empowered to make necessary change wherever necessary and to finalize the said Scheme in consultation with SBI and secure the permission of BIFR for implementing the Scheme."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to vary the terms and conditions for reverse merger as may be required by the BIFR at the time of hearing and accept the said terms and conditions, if not detrimental to the interest of the Members of the Company."

For and on behalf of Board

Place : Mumbai
Date : 30th May, 2012

Pradeep Kumar Sarda
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 Thursday the 20th September, 2012 to Thursday the 27th September, 2012 (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 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 Universal Capital Securities Pvt. Ltd. (Formerly 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 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.
7. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is attached hereto.

For and on behalf of Board

Place: Mumbai
Date : 30th May, 2012

Pradeep Kumar Sarda
Chairman

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956**THE FOLLOWING EXPLANATORY STATEMENT SETS OUT MATERIAL FACTS RELATING TO THE BUSINESS ITEMS****ITEM NOS. 4, 5 and 6**

The Company has incurred huge losses and the same have been funded by the Promoters/Directors by bringing in unsecured loans and by way of temporary borrowings from bodies corporate. The rehabilitation proposal for revival of the Company is pending with the BIFR for quite a long time. Considering the delay in getting the sanction at BIFR due to huge backlog of several pending cases, Company is considering to increase its paid up capital thereby making positive net worth for the Company. In this regard Company has discussed with Some Investors and considering their interest in reviving the Company, they have agreed to subscribe Redeemable Preference Shares of the Company. Accordingly this necessitates amendment to Clause V & Article 3 of the Company's Memorandum and Articles of Association respectively as stated in the resolution at item Nos. 4, 5 & 6 so as to permit the Board of Directors to allot Redeemable Preference Shares to the prospective investors.

The Directors recommend these Resolutions for approval of Members.

None of the Directors is interested in these Resolutions except to the extent that they will be subscribing the Share Capital after enhancement of the Capital.

Item No. 7

The Company requires adequate capital on its revival of business, because Company has incurred huge cash losses in earlier years. While it is expected that the internal generation of funds on revival, would partially finance the need for capital and enhanced working capital, but it would be more prudent to increase the share capital before final approval of BIFR comes in for revival of the Company and implementation of the Scheme. By increasing the Share Capital to the extent of 400-425 lacs Company has been advised that it can seek discharge from the purview of the Board since its net worth will become positive by allotment of additional Share Capital to the prospective investors. Considering very long time, being taken by the BIFR, the Company thought it prudent to increase its paid up capital, thereby making positive net worth of the Company and seek discharge from purview of the Board. Thereafter Company will be free to implement the revival Scheme of the Company which has been already apprised by State Bank of India (OA) and pending since 2009. Your Company would be able to start business activities immediately with enhance capital and can produce better results with new product and new machines as visualized in the Scheme of Revival by the OA.

The Directors recommend this Resolutions for approval of Members.

None of the Directors is interested in these Resolutions except to the extent that they will be subscribing the Share Capital after enhancement of the Capital.

Item No. 8

The Company in consultation with the sole lender State Bank of India had prepared a revival scheme of the Company by way of reverse merger of a healthy company which has huge potential to grow in the market and engaged in personnel hygienic products for mass consumption. The healthy company was mainly engaged in the trading activities and were looking for a manufacturing unit which can meet their infrastructure need. Our Company had all the infrastructure in place and therefore they approached the Board and have consented to merged their company with our company so as to avail the benefits of the infrastructure of our company. Our company will also be benefited with the merger of existing company which is having ready market and generating profits out of its business activities.

The Directors recommend this Resolutions for approval of Members.

None of the Directors is interested in this Resolutions except that the benefits of the revival will also accrue to them by virtue of their holding in the existing company.

For and on behalf of Board

Place : Mumbai
Date : 30th May, 2012

Pradeep Kumar Sarda
Chairman

Details of the Director seeking re-appointment at the forthcoming Annual General Meeting.

Name of the Director	Mr. Divya M Shah
Date of Birth	26.04.1953
Date of Appointment.	16.10.1992
Expertise in any specific functional Area	Mr. Divya M. Shah is a Law Graduate and Senior Partner in Advocate and Solicitors firm Divya Shah Associates. He is also diploma holder in Advocate and Solicitor.
Qualification	Bachelor of Arts, LLB Advocate and Solicitor
Directorships held in other companies. (excluding foreign- Companies.)	1. Crest Communications Ltd.
Committee position held in other Companies.	Nil

**DIRECTOR'S REPORT**

To
The Members,
SARDA PAPERS LIMITED

Your Directors are presenting the 21st Annual Report on the business & operation of your Company together with the Audited Accounts for the year ended 31st March, 2012

1. <u>FINANCIAL RESULTS</u>	<u>YEARENDED</u> <u>31/03/2012</u> <u>(Rs. In Lacs)</u>	<u>YEARENDED</u> <u>31/03/2011</u> <u>(Rs. In Lacs)</u>
Profit/(Loss) before Depreciation	2.85	(23.86)
Less: Depreciation	<u>(6.47)</u>	<u>(7.05)</u>
Net Profit / (Loss) before Tax	(3.62)*	(30.91)
Less : Provision for Tax	0.00	0.00
Deferred Tax	<u>0.00</u>	<u>47.86</u>
Net Profit / (Loss) after Tax	(3.62)	16.95
Less : Prior period items	<u>0.00</u>	<u>32.00</u>
Balance of Profit/(Loss)	(3.62)	(15.05)
Less/(Add) : Loss Brought Forward	<u>(676.87)</u>	<u>(661.82)</u>
Balance of Loss carried to Balance Sheet	<u><u>(680.49)</u></u>	<u><u>(676.87)</u></u>

1. **DIVIDEND**

In view of the losses, your Directors are unable to recommend any dividend for the year.

2. **PERFORMANCE AND OPERATIONS**

As you are aware that your Company had suspended the manufacturing operation from June 2009 due to unfavorable market condition and continuous losses.

You are aware that the Company has been declared a Sick Industrial Company in terms of Section 3(1) of Sick Industrial Companies (Special Provision) Act, 1985 on 10.06.2009 and your Directors have submitted rehabilitation proposal of the Company in consultation with State Bank of India (Operating Agency) as per the direction given by the BIFR and have submitted a proposal for reverse merger of a healthy Company, which is under consideration with BIFR. Preliminary hearing has taken place and on approval of the scheme, your company shall resume the manufacturing operations.

3. PAYMENT OF SECURED LOANS

During last year Company had taken short term loans from a Company and discharged its total term loan liability of State Bank of India. Now with a view to re-pay the said loan liability, Company is proposing the issue Redeemable Preference Shares to the said lender and therefore intend to raise its Authorized Share Capital by Rs. 425 Lacs. Accordingly Company is seeking permission from the Members to raise the Share Capital of the Company and proposing a Ordinary Resolution as special business in the accompanying notice of the meeting.

4. DIRECTORS

Shri Divya M. Shah, Director retire by rotation at the forthcoming Annual General Meeting of the company and being eligible offered himself for re-appointment.

5. 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) of the Companies Act, 1956.

6. AUDITOR'S REMARK

Observation made in the Auditors Report are self explanatory and therefore do not call for any comment.

7. DIRECTORS' 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 AS 22 and AS 28 have been followed along with proper explanations relating to material departures ;
- ii. That the Directors had selected such accounting policies and applied them consistently 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 2012 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.
- iv. The Directors had prepared the accounts for the financial year ended 31st March, 2012, on a going concern basis.

8. FIXED DEPOSIT

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



9. **STATEMENT PURSUANT TO LISTING REQUIREMENTS**

The Equity Shares of the Company are listed with the Bombay Stock Exchange Limited and Company had paid the Annual Listing Fees for the financial year 2012-2013.

10. **CORPORATE GOVERNANCE**

A separate report on corporate governance form part of the Annual Report of the Company along with compliance certificate from the Practising Company Secretary regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the amended listing agreements. Further a separate Management Discussion & Analysis Report is also enclosed with this report.

11. **SECRETARIAL COMPLIANCE REPORT**

Your Directors attach herewith a copy of the Compliance Certificate issued by a Practicing Company Secretary for the year ended 31st March, 2012 pursuant to Section 383A(1) of the Companies Act, 1956.

12. **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.

13. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

A statement giving details of conservation of energy, technology absorption and foreign exchange earning 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.

14. **ACKNOWLEDGEMENTS**

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, which have in great way contributed to the Company's progress.

For and on behalf of Board

Place : Mumbai

Date : 30th May, 2012

Pradeep Kumar Sarda
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, 2012.

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

	2011-2012	2010-2011
A. Power & Fuel consumption		
1) Electricity Purchased Units (Lacs)	0.00	0.00
2) Total Cost (Rs./Lacs)	0.00	0.00
Rate/Unit (Rs.)	0.00	0.00
3) Furnace Oil Quantity (K. Litres)	0.00	0.00
4) Total Cost (Rs./Lacs)	0.00	0.00
5) Average Rate (Rs.)	0.00	0.00
B. Consumption per unit of production (Products – Coated Paper)		
Electricity (Unit/MT)	0.00	0.00
Furnace Oil (Litre/MT)	0.00	0.00
2) TECHNOLOGY ABSORBPTION		
a. Research & Development	Nil	Nil
b. Absorption of Technology	Nil	Nil
3) FOREIGN EXCHANGE EARNINGS AND OUTGO		
	(Rs. in Lacs)	(Rs. in Lacs)
	2011-2012	2010-2011
a) Foreign Exchange Earning	Nil	Nil
b) Foreign Exchange Outgo		
i) Remittance in foreign currency (FCNR corporate loan & demand loan principal repaid)	Nil	Nil
ii) Expenditure in foreign currency (Interest in foreign currency paid on the above loan)	Nil	Nil

For and on behalf of Board

Place : Mumbai
Date : 30th May, 2012

Pradeep Kumar Sarda
Chairman