

SHAKTI PRESS LIMITED

20th ANNUAL REPORT

2012-13

BOARD OF DIRECTORS

SHRI RAGHAV K. SHARMA	-	MANAGING DIRECTOR
SHRI DEEPAK S. DHOTE	-	JOINT MANAGING DIRECTOR
SHRI NITIN S. DHOTE	-	WHOLE TIME DIRECTOR
SHRI KAILASHCHANDRA SHARMA	-	INDEPENDENT DIRECTOR
SHRI SUNDER VENKATRAMAN	-	INDEPENDENT DIRECTOR
SHRI SHREEDHAR PARANDE	-	INDEPENDENT DIRECTOR
SHRI ASHUTOSH POTNIS	-	INDEPENDENT DIRECTOR
SMT SHAILJA SHARMA	-	ADDITIONAL DIRECTOR (WEF 03/12/2013)

AUDITORS

M/s L. B. HAJARE & Co
CHARTERED ACCOUNTANTS
NAGPUR

BANKERS

STATE BANK OF INDIA, NAGPUR
ARVIND SAHAKARI BANK LIMITED, NAGPUR

REGD OFFICE

"SHAKTI HOUSE",
WARDHA ROAD,
NAGPUR – 440 012.
Shakti_offset@dataone.in
shaktipresslimited@gmail.com
Shaktipresslimited.com

WORKS

U – 116, MIDC Industrial Area, Hingana Road,
Nagpur – 440 016
shakti_press@dataone.in

Kh. No. 49, Tah. Hingna, Vill. Mondha
Kanoli Bara Road, Nagpur (M. S.)

Kh. No. 69, Village - Mondha, Tah. Hingna,
Kanoli Bara Road, Nagpur (M. S.)

**REGISTRAR &
TRANSFER AGENT**

LINK INTIME INDIA PRIVATE LTD
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai – 400 078 Ph 022 25963838
Email: mumbai@linkintime.co.in
sujata.poojary@linkintime.co.in

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN THAT, the 20th Annual General Meeting of the members of the Company will be held on Monday, 30th December, 2013 at 02.00 PM at U - 116, Hingana M.I.D.C. Industrial Area, Nagpur – 440 016 (Maharashtra) to transact, with or without modification as may be permissible, the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 30th June, 2013 and Profit & Loss Account for the year ended 30th June 2013, along with the Auditor's Report and Director's Report thereon.
2. To appoint the Director in place of Shri Kailashchandra Sharma retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint the Director in place of Shri Ashutosh Potnis retires by rotation, and being eligible offers himself for re-appointment.
4. To consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT, M/s. L. B. Hajare & Co., Chartered Accountants, the retiring Statutory Auditors be and are hereby re-appointed as Statutory Auditors of the Company for financial year 2013-14; to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting on such remuneration and reimbursement of expenses as the Board of Directors may fix on the basis of recommendation made by Audit Committee in that behalf in consultation with the said Auditors, in connection with the Company's Audit."

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification(s), the following resolutions as a Special Resolution:

"RESOLVED THAT, pursuant to Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, the applicable provisions of the Companies Act, 1956 and such other laws, rules, regulations, guidelines or notifications as may be applicable, if any, and subject to approval of audited annual accounts for the financial year 2012-13 by the members of the Company in this Annual General Meeting, the report of the board of directors explaining the reasons of erosion of more than 50% of the peak net worth of the Company as per the audited financial results of the Company for the year ended 30th June 2013 be and is hereby considered and approved.

RESOLVED FURTHER THAT, consent of the members, be and is hereby accorded to the Board and approve the reference to the Board for Industrial and Financial Reconstruction (BIFR), information and report as potentially sick industrial Company and such other state and central government authorities as may be required and made under the laws, rules, regulations, guidelines and directives for the time being in force in India in the prescribed form and to intimation such other authorities, entities, financial institutions, stock exchanges, body corporates, associations and persons as may be necessary in terms of the agreements, security documents, undertakings, declarations and memorandum of understanding entered into by the Company.

RESOLVED FURTHER THAT, the Board be and is hereby authorised, to submit propose rehabilitation scheme to Hon'ble BIFR, New Delhi and to do all such acts, things and deeds as may be necessary in this regard and to file/ submit all the required forms/ returns/documents with the respective authorities to give effect to above resolution."

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

"RESOLVED THAT in accordance with terms of Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any amendment to or enactment thereof) and also subject to the approval of statutory authorities/ Central Government, if applicable if any, as may be required and subject to such alterations and modifications, if any, that may be effected by the above authorities in this behalf, consent of the members, be and is hereby accorded for change in designation of Shri Raghav Sharma, Managing Director of the Company as a Chairman Cum Managing Director of the Company for the period of three years with the effect from 1st January 2014 upon the same terms and conditions as to remuneration and otherwise as existing at the time of his appointment as Managing Director of the Company .

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised for the purpose of giving effect to the above resolution, to take all such actions and give all such directions, or do all such acts, deeds, matters and things as may be necessary in this regard and further to execute all such deeds, documents and writings as may be necessary in this regard."

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

"RESOLVED THAT, in terms of Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any amendment to or enactment thereof) and also subject to the approval of statutory authorities, if any, as may be required and subject to such alterations and modifications, if any, that may be effected by the above authorities in that behalf, Shri Nitin Dhote be and is hereby re-appointed as a Whole Time Director of the Company for a period of three years with the effect from 14th January 2013, upon the terms and conditions as to remuneration appended to explanatory statement and that the Board of Directors / Committee be and are hereby authorised to alter and vary such terms and conditions in accordance with the laws in force from time to time as may be agreed to by the Board of Directors / Committee of the Board.

RESOLVED FURTHER THAT, Shri Nitin Dhote, shall not be liable for the retirement by rotation during his tenure as Executive Director of the company.

RESOLVED FURTHER THAT, where in any financial year during the currency of the term of office, the Company has no profits or its profits are inadequate it may pay to Shri Nitin Dhote remuneration by way of salary and perquisites as specified above except the commission, in accordance with Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT, the Board of Directors of the Company be and are hereby authorised for the purpose of giving effect to the above resolution, to take all such actions and give all such directions, or do all such acts, deeds, matters and things as may be necessary in this regard and further to execute all such deeds, documents and writings as may be necessary in this regard."

8. To consider and if thought fit to pass with or without modification(s) the following resolution as a **Special Resolution**

"RESOLVED THAT, in terms of Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any amendment to or enactment thereof) and also subject to the approval of statutory authorities, if any, as may be required and subject to such alterations and modifications, if any, that may be effected by the above authorities in that behalf, Smt Shailja Sharma be and is hereby appointed as a Whole Time Director of the Company for a period of three years with the effect from 01st January 2014, upon the terms and conditions as to remuneration appended to explanatory statement and that the Board of Directors / Committee be and are hereby authorised to alter and vary such terms and conditions in accordance with the laws in force from time to time as may be agreed to by the Board of Directors / Committee of the Board.

RESOLVED FURTHER THAT, Smt Shailja Sharma, shall not be liable for the retirement by rotation during his tenure as Executive Director of the company.

RESOLVED FURTHER THAT, where in any financial year during the currency of the term of office, the Company has no profits or its profits are inadequate it may pay to Smt Shailja Sharma remuneration by way of salary and perquisites as specified above except the commission, in accordance with Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT, the Board of Directors of the Company be and are hereby authorised for the purpose of giving effect to the above resolution, to take all such actions and give all such directions, or do all such acts, deeds, matters and things as may be necessary in this regard and further to execute all such deeds, documents and writings as may be necessary in this regard."

**By order of the Board
For SHAKTI PRESS LIMITED**

**Place: NAGPUR
Dated: 03rd December 2013**

**Raghav Sharma
MANAGING DIRECTOR**

- 1. A MEMBER ENTITLED TO ATTEND AND TO VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE MEMBER OF THE COMPANY.**
- 2. THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
3. The Register of Members and Share Transfer Books, etc of the Company will remain closed from 26th December 2013 to 30th December 2013 both days are inclusive.
4. Transfers or Transmission requests received during the period of Book Closure shall be considered after reopening of the books.
5. Members are requested to quote Folio Numbers in all correspondences. Members holding shares in identical order of names in more than one folio are requested to write to the Company to consolidate their holding in one folio.
6. Shareholders seeking to require information about accounts to be explained at the meeting are required to furnish the queries to the Company at least 10 (Ten) days in advance of the Annual General Meeting.
7. The shares of the Company are listed with the Bombay Stock Exchange and the Delisting application is pending with the Delhi Stock Exchange Assoc. Ltd and Madras Stock Exchange Ltd.
8. The Ministry of Corporate Affairs, Govt. of India, as a part of its "Green initiative in the Corporate Governance", has issued Circular No. 17/2011 dated 21/04/2011 and Circular No. 18/2011 dated 29/04/2011, permitting service of documents by companies to its shareholders, through electronic mode instead of physical mode. The Company request to its shareholders to registered their Email Id and in case of change in Email Id to update same with Depository and R&TA of the Company.
9. Shareholders are requested to bring their copy of Annual Report at the meeting.
10. At the ensuing Annual General Meeting, Shri Ashutosh Potnis and Shri Kailashchandra Sharma, Directors of the Company, retire by rotation and being eligible, offer themselves for reappointment. Further Shri Raghav Sharma and Shri Nitin Dhote have also been proposed to be re-appointed as stated in the resolution no .6 & 7 respectively. The information or details pertaining to these Directors to be provided in terms of clause 49 of the listing agreement with the Stock Exchanges are annexed herewith.
11. Explanatory statement as required under section 173(2) of the Companies Act 1956 is annexed hereto and forms part of the notice.
12. Report of the Board of Directors on erosion net worth of the Company and causes thereof is annexed with the Explanatory Statement and is forming part of this notice.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No.05:

The Board of Directors in their meeting held on 30th August 2013 considered the audited financial statement of the Company for the financial year 30th June 2013. The Board of Directors form an firm opinion that as per the Audited Balance Sheet and Profit & Loss Account for the year ended 30th June 2013, the Company has become a Sick Industries Company within the meaning of Section 3(1)(o) of the Sick Industries Companies (Special Provisions) Act 1985, as the accumulated losses exceed the net worth.

In terms of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, if the accumulated losses of an industrial Company, as at the end of any financial year have resulted in erosion of fifty percent or more of its peak net worth during the immediately preceding four financial years, that Company falls under the category of potentially sick Industrial Company and therefore the fact is required to be reported to Board of Industrial and Financial Restructuring (BIFR) within sixty days from the date of finalization of the audited accounts which is the date of this Annual General Meeting.

As per the audited accounts of the Company for the year ended 30th June 2013 finalized and approved by the board subject to approval of shareholders, the accumulated losses of the Company as at 30th June 2013 amounting to Rs 15.75 Crores have resulted in erosion of more than fifty percent of its peak net worth of Rs 12.98 Crores during the immediately preceding four financial years. A report on such erosion and its causes is required to be submitted before the shareholders for their consideration and approval.

As the entire Networth of the Company is fully eroded, the reference should be made to the Board of Industries & Financial Reconstruction (BIFR), under section 15(1) of Sick Industries Companies (Special Provisions) Act 1985. In order to expedite the matter the Board of Directors form an firm opinion to made reference with Hon'ble BIFR, New Delhi and to put matter before the members of the Company in ensuing Annual General Meeting for the financial year 2012-13.

The Company vide its application dated 14th September 2013, made application to Hon'ble BIFR, New Delhi for their reference. The Hon'ble BIFR vide their letter letter No 3(S-28)/BC/2013 dated 31st October 2013 inform the Company, regarding of registered of our reference with Hon'ble BIFR New Delhi, as Case No 78/2013 and the proceeding is pending with Hon'ble BIFR, New Delhi.

The aforesaid report of erosion of Networth is annexed herewith and is forming part of this notice and explanatory statement.

In view of above, your directors recommend approval of aforesaid information of the shareholders by a special resolution.

None of the directors are interested in above resolution.

REPORT ON EROSION OF NET WORTH, CAUSES THEREOF AND ACTION TAKEN BY COMPANY IN TERMS OF SECTION 23 OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT 1985.

In terms of requirements of Section 23 of Sick Industrial Companies (Special Provisions) Act, 1985, a report of board of directors on erosion of more than 50 % of peak net worth during the immediately preceding four financial years along with causes and revival plans is being submitted herewith.

Under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985, Net Worth of the Company for present as well as proceeding four financial years is as follows:

Year/ Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
Accumulated Losses / P & L Dr. balance. (A)	157,486,678.75	118,106,487.45	110,698,429.97	100,314,100.58	20,770,175.15
Paid-up Equity Capital	65,202,000.00	65,202,000.00	65,202,000.00	65,202,000.00	65,202,000.00
Add – Reserves & Surplus (Excluding Revaluation Reserves)	64,672,000.00	64,672,000.00	64,672,000.00	64,672,000.00	64,672,000.00
Net Worth (B)	129,874,000.00	129,874,000.00	129,874,000.00	129,874,000.00	129,874,000.00
A Exceed B by	27,612,678.75	(11,767,512.55)	(19,175,570.03)	(29,559,899.42)	(109,103,824.85)

Accumulated losses for the year ended 30th June 2013 (Relevant financial year) are Rs15.75 Crores.

As presented above as per the audited accounts of the Company for the year ended 30th June 2013, the accumulated losses of the Company as at 30th June 2013 amounting to Rs 15.75 Crores have resulted in erosion of more than fifty percent of its peak net worth of during the immediately preceding four financial year. Thus under the provisions of SICA the Company is a potentially sick industrial Company.

CAUSES OF EROSION OF NET WORTH OF THE COMPANY:

1. The Company avail various financial facilities from the State Bank of India. The State Bank of India vide their letter dated, 29th May 2005 informed that the Mid Corporate Credit Committee curtail Cash Credit limit from Rs 5.50 Cr to 2.75 Cr. Due to this unilateral step of the Bank the Company face financial difficulties since year 2008 as the Company was already imported capital equipments (Printing Machines and Automatic Thread Sewing Machine) in the year 2001, against these import, the company had undertaken to Export Goods i.e Printed Books, Stationery, Greeting Cards, Hanging Cards, Cartons, Boxes etc. The total Export Commitment was for Rs.27 Crores; against this the Company had completed commitments worth Rs.15 Crores till 2007-2008. However since our Bank Account turned NPA, the company was not able to enter in to any Major Export, Commitment, in spite of very encouraging and favorable enquiries especially U.S. Middle East and African Countries. Hence the company has applied for extension of time to complete the obligations. The Government Policies are very favorable in these aspects and the extension of time by the DGFT is expected very shortly. The extension sought by the Company is for 4 years.
2. After the Company account transfer to NPA, the Bank has deducted 5% of Turnover without Company consent or confirmation. The Company respected this hasty decision of the Bank and kept unit running with reduced working capital and also promptly keep on depositing 5% amount from each transactions. The Company had deposited Rs. 4,01,84,646.95 (Rs. Four Crores One Lac Eighty Four Thousand Six Hundred Fourty Six and Paise Ninety Five only) till 06th December 2012.
3. After account was transferred to NPA, the Banker stop Bank Guarantee, the Company had accepted various order from the Clients and not accomplished the order as the Bank stop Bank Guarantee, consequences of which the Company suffer and face huge loss.
4. During this period of 2009 -2010, operations of the Company were severely impacted resulting in productivity losses current orders from the customers were cancelled.
5. The SBI through their letter, SAMB:SSS:2012:136:1356, Dated 20.07.2012 informed the Company that the Bank comes out One Time settlement (OTS) scheme of non performing asset and also advice the Company that the Company eligible for One Time settlement (OTS) scheme. As per Company Bank Account detail amount outstanding on date when the Company become NPA is Rs 15, 22,05,828.70 ledger balance. The Company through letter no SPL/HIN/12-13/907 dated 31st July 2012 informed the Bank about acceptance of OTS Scheme also deposited three cheques amounting Rs 76.10 (5% of ledger balance).
6. The SBI once again come with restructuring proposal in year 2012, through letter SAMB/SSS/2086 dated 06th October 2012 in which propose funding aggregating Rs 23.07 offered by Bank in which Bank did not offer Cash Credit and also transfer unemployed interest to Term Loan. As the proposal was not favourable and also not in interest of the Company the management of the Company refuse proposal and informed the Bank as the Company required to pay interest through its own pocket without having any support from Bank.

7. In order to repay SBI outstanding dues through One Time Settlement (OTS) Compromise Scheme, the Company received offer from the Buyer for the purchase of one of the unit of the Company subject to prior permission of the Bank. The Company pursuant to Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 received the shareholder's consent to the Ordinary Resolution, Sale / Disposal of Whole or Substantially the Whole Undertaking / Division of a Company as specified under Sub-Clause (a) of Sub-Section (1) of Section 293 passed by Postal Ballot, result declared by the Chairman based on Scrutinizer Report dated 17th August 2013. However because along delayed from the Bank of taking effective step, the said prospective buyer refuse to deal with the Company.
8. The Bank approach the DRT for recovery of its outstanding amount. The Company filed written statement with Hon'ble Debt Recovery Tribunal(DRT), Nagpur. Proceeding of DRT is pending till date. The Management of the Company hope a favorable order from Hon'ble Debt Recovery Tribunal(DRT), Nagpur.
9. Because of aforesaid reasons the Company unable to fulfill Export commitment and working only capacity of 20 to 25 % of its installed capacity. The Company have requisite infrastructure for carry out business profitably. As the Company Bank account is Non Performing Account(NPA), the Company can not avail financial facilities from other Banks and has to manage with limited resources; result of which EPCG liabilities, sale tax and labour gratuity which accumulated to not less than Rs 10 Crores. The total loss suffer by the Company is of Rs 40 to 50 Crores during these period.
10. The Company face financial difficulties and it is difficult for the Company to meet both end. Due to non cooperation of the bank, the promoter and management of the Company was effected find difficulty to run the working business since year 2008.

STEPS TAKEN/PROPOSED TO BE TAKEN BY THE COMPANY MANAGEMENT:

1. The Company will take various steps for improvement of operations in consultation with various stakeholders including Central or State Governments, Banks, Financial Institutions, etc.
2. In order to strengthen its financial position, the Company propose to get its debts restructured with the Financial Institutions and banks under Corporate Debt Restructuring (CDR) mechanism comprising of repayment reschedule, reduction/adjustment in interest rates.
3. Propose to creation of additional security and pledge of 100% promoters' shareholding in favour of the Lenders.
4. Preferential allotment of shares of the Company under applicable provisions, sections, rules ad regulation.
5. The Company is focusing upon business segments which may give better price realization.
6. The worker and employees strength is being rationalized to control the personnel cost.
7. Besides the aforesaid, the company has also taken several steps for operational restructuring which are expected to lead to higher efficiency/cost savings.