

# 32<sup>nd</sup> **ANNUAL REPORT**

# 2012



**SHREYANS INDUSTRIES LIMITED**

**INSPIRING US**



**LATE SH. D.K. OSWAL**  
**(1940 - 2007)**

**We live by your values.**  
**Honesty, Generosity, Compassion and Selflessness.**

BOARD OF DIRECTORS

SH. RAJNEESH OSWAL, Chairman and Managing Director  
SH. VISHAL OSWAL, Vice Chairman and Managing Director  
SH. KUNAL OSWAL, Whole Time Director  
SH. A.K CHAKRABORTY  
SH. R. C. SINGAL  
SH. M.L. GUPTA  
DR. N. J. RAO  
SH. ANIL KUMAR, Executive Director and C.E.O

COMPANY SECRETARY

MR. VIPIN KUMAR BHATIA

BANKERS

STATE BANK OF PATIALA  
STATE BANK OF HYDERABAD  
IDBI BANK LTD.

STATUTORY AUDITORS

M/s. S.C. VASUDEVA & CO., NEW DELHI

REGISTRAR & TRANSFER AGENTS

M/s. SKYLINE FINANCIAL SERVICES (P) LIMITED  
D-153/A, 1ST FLOOR OKHLA INDUSTRIAL AREA PHASE - I  
NEW DELHI - 110020

REGISTERED & CORPORATE OFFICE

VILLAGE - BHOLAPUR. P.O. SAHABANA  
CHANDIGARH ROAD, LUDHIANA- 141123. (PUNJAB)

WORKS

- 1. SHREYANS PAPERS, AHMEDGARH, DISTT. SANGRUR (PB.)
- 2. SHREE RISHABH PAPERS, VILLAGE BANAH, DISTT. S. B. S. NAGAR (PB.)

BRANCHES

- 1. 4-J & E, GOPALA TOWER,  
25, RAJENDRA PLACE, NEW DELHI-110008
- 2. 302, RAHEJA CHAMBERS,  
NARIMAN POINT, MUMBAI-400021

CONTENTS

NOTICE.....	6
DIRECTOR'S REPORT.....	9
REPORT ON CORPORATE GOVERNANCE .....	13
AUDITOR'S REPORT.....	19
BALANCE SHEET.....	22
PROFIT & LOSS ACCOUNT.....	23
CASH FLOW STATEMENT.....	24
NOTES TO THE FINANCIAL STATEMENTS.....	25
NOTES ON ACCOUNTS AND SIGNIFICANT	.
ACCOUNTING POLICIE.....	35

**NOTICE**

Notice is hereby given that the 32<sup>nd</sup> Annual General Meeting of the members of the Company will be held on Thursday, the 30th day of August, 2012 at 11.00 A.M. at the Registered Office of the Company at Village Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana to transact the following business.

**AS ORDINARY BUSINESS**

- 1.To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and Profit and Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon.
- 2.To appoint a Director in place of Sh. R.C.Singal, who retires by rotation and being eligible offers himself for re-appointment.
- 3.To appoint a Director in place of Sh. Anil Kumar, who retires by rotation and being eligible offers himself for re-appointment.
- 4.To appoint Auditors and to fix their remuneration.

**AS SPECIAL BUSINESS****5.TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION :**

"RESOLVED THAT pursuant to the provisions of Section 198, 269,309,310 and 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and Rules made there under, including any statutory modification or re-enactment thereof, consent of the Company be and is hereby accorded for the appointment of Sh. Kunal Oswal, as the Whole time Director of the Company for a period of five years w.e.f. 1st August, 2012 to 31st July 2017 on the remuneration, terms and conditions as approved by the remuneration committee and set out in the explanatory statement to this notice and agreement, to be entered into between the Company and Sh. Kunal Oswal, draft of which is submitted to this meeting, and the same are hereby specifically approved."

"RESOLVED FURTHER THAT Board of Directors be and is hereby authorised to alter, increase or vary the terms and conditions of the said remuneration and/ or agreement in such form and manner or with such modifications as the Board may deem fit and as may be acceptable to Sh. Kunal Oswal, without referring the same to the General Meeting again, subject to comments/ approvals, if any, required in this regard."

"RESOLVED FURTHER THAT where in any Financial Year, the Company has no profits or its profits are inadequate during the tenure of office of Sh. Kunal Oswal, as Whole time Director of the company, the remuneration aforesaid shall be paid as the minimum remuneration."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolutions."

**6.TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION.**

" RESOLVED THAT pursuant to Section 314 and other Applicable provisions, if any, of the Companies Act, 1956 , and subject to the approval of Central Government, if so required, consent of the company be and is hereby accorded to the appointment of Mrs. Priti Oswal as Cheif Manager, Welfare w.e.f. 01.06.2012 at Basic Salary Rs. 30000/- P.M. and other perquisites/ benefits as per company's rules.

"RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorised to sanction at their own discretion and with the approval of Central Government, wherever necessary, increments, grade etc, as they may deem fit and proper."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps and to do such acts, deeds, and things as may be necessary to give effect to the forgoing resolution."

**7. TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION.**

" RESOLVED THAT pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956 , and subject to the approval of Central Government, if so required, consent of the company be and is hereby accorded to the appointment of Mrs. Shikha Oswal as Cheif Manager, Welfare w.e.f. 01.06.2012 at Basic Salary Rs. 30000/- P.M. and other perquisites/ benefits as per company's rules.

"RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorised to sanction at their own discretion and with the approval of Central Government, wherever necessary, increments, grade etc, as they may deem fit and proper."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps and to do such acts, deeds, and things as may be necessary to give effect to the forgoing resolution."

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer books of the Company shall remain closed from Saturday, the 25<sup>th</sup> day of August, 2012 to Thursday the 30<sup>th</sup> day of August , 2012 (both days inclusive), for the purpose of AGM , for both physical and electronic segments.
3. Members/proxies are requested to bring their copy of Annual Report to the Meeting.
4. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their question in writing to the Company, so as to reach the registered office of the Company at least 10 days before the date of the meeting so that information required may be made available at the time of the Meeting.
5. Members are requested to :  
(I) Quote their folio number/Client ID & DP-ID in all correspondence with the company.  
(II) Notify immediately to the company any change in their address/ mandate, if any.  
(III) REGISTER THEIR E. MAIL ID WITH THE COMPANY OR ITS REGISTRAR OR THEIR DEPOSITORY PARTICIPANT TO ENABLE THE COMPANY TO SEND THE NOTICES AND OTHER REPORTS THROUGH E.MAIL.
6. Shares of the Company are available for De-Materialization under **ISIN - INE231C01019**. Members who have not opted for De-Materialization are requested to do so in their own interest.
7. Shareholders/ Proxy holders are requested to produce at the entrance, the attached admission slip duly completed and signed, for admission to the Meeting Hall.

**8. Please note that the meeting is for members or their proxies only. Please avoid being accompanied by non-members and children.**

By order of the Board  
For Shreyans Industries Limited  
Sd/-

Place : Ludhiana  
Dated : 28<sup>th</sup> May, 2012

Vipin Kumar Bhatia  
(Company Secretary)

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956, FORMING PART OF THE NOTICE OF ANNUAL GENERAL MEETING FOR ITEM NO. 5**

Company has appointed Sh. Kunal Oswal as Whole time Director w.e.f. 1<sup>st</sup> August 2007 at AGM held on 27<sup>th</sup> September, 2008. The term of his present appointment is expiring on 31st July 2012.

The Board of Directors at its meeting held on 28th May, 2012, has approved the re- appointment of Sh. Kunal Oswal as Whole Time Director for the period of five years i.e. from 1st August, 2012 to 31st July, 2017, on such remuneration as mentioned here under and on such terms and conditions as set out in the draft agreement which is open for inspection at Registered office of the Company on any working day between 10.30 A.M. to 12.30 P.M.

The remuneration of Sh. Kunal Oswal is subject to the approval of Shareholders in terms of section 198, 269, 309, 310 and 314, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

The Principal terms of remuneration of Sh. Kunal Oswal as approved by the remuneration committee of the Company for a period of five years starting from 1<sup>st</sup> August, 2012 are as follows

(1) **SALARY:** Sh. Kunal Oswal, Whole time Director shall be paid a salary of Rs. 1,25,000/- only per month, w.e.f. 01.08.2012.

(2) **PERQUISITES AND ALLOWANCES**

(i) The expenditure pertaining to gas, electricity, water, furnishings and other utilities including repairs will be borne/reimbursed by the Company and shall be valued as per the Income Tax Rules, 1962 or in accordance with such other directions/ clarifications as may be issued by the Ministry of Corporate Affairs, subject to maximum of 10% of basic salary.

(ii) Reimbursement of expenses on medical treatment incurred by the appointee and his family subject to ceiling of one month salary in a year or five months salary over a period of five years.

(iii) Fee of clubs subject to a maximum of two clubs, excluding admission and life membership fees and maximum of Rs. 25000/- P.A.

(iv) Premium not to exceed Rs. 10,000/- per annum for personal accident insurance.

(v) Leave travel concession for self and family members as per company's rules.

(vi) Provision of Car for official -cum- personal use.

(3) In addition to the perquisites as aforesaid, Sh. Kunal Oswal, Whole time Director shall also be entitled to the following benefits in accordance with the Rules of the Company, which shall not be included in the computation of ceiling on remuneration:

(i) Contribution to Provident Fund, Super Annuity Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

(ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

(iii) Encashment of leave at the end of the tenure.

(4) Reimbursement of all entertainment, traveling, hotel and other expenses incurred by Sh. Kunal Oswal, Whole Time Director during the course of and in connection with the business of the Company.

(5) No sitting fees shall be paid to Sh. Kunal Oswal, Whole Time Director for attending the meeting of Board of Directors or any Committee thereof.

**(6) MINIMUM REMUNERATION**

In the event of inadequacy or absence of profits in any financial year during his tenure, Sh. Kunal Oswal, Whole Time Director will be entitled to above remuneration along with the perquisites/ benefits mentioned above by way of minimum remuneration.

7. The appointment of Sh. Kunal Oswal as whole time director of the company is for five years w.e.f. 01.08.2012. However, he shall continue to be a director liable to retire by rotation.

**The above shall also be treated as an Abstract and Memorandum of Interest under section 302 of the Companies Act, 1956.**

Necessary resolution is proposed at item no. 5 of the above said agenda as a special resolution.

Directors of your company recommend the above resolution for your consideration and approval.

**NOTICE OF INTEREST**

None of the Directors, except Sh. Kunal Oswal, the appointee himself and Sh. Rajneesh Oswal and Sh. Vishal Oswal being relatives of Sh. Kunal Oswal is in any way interested in the proposed resolution

**FOR ITEM NO. 6**

Mrs. Priti Oswal is working as Manager, Welfare in the company.

Board of Directors of the company on the recommendation of Remuneration Committee, has approved the elevation of Mrs. Priti Oswal to the Post of Chief Manager, Welfare, at its meeting held on 28<sup>th</sup> May, 2012. Mrs. Priti Oswal is wife of Sh. Rajneesh Oswal, Chairman & Managing Director.

Provisions of Section 314(1)(b) of the Companies Act, 1956 require the approval of company at General Meeting by special resolution for holding of office or place of profit by a relative of the Director. The proposed remuneration of Mrs. Priti Oswal is well within the limits prescribed under the Directors Relative (Office or Place of Profit) Rules, 2011. It is also proposed to seek authority in favour of Board of Directors of the company to give increments/ promotions to the appointee without referring to the General Meeting again, subject to Central Govt. approval, if required, irrespective to the tenure and length of employment.

Necessary resolution is proposed at item no. 6 of the above said agenda as special resolution.

Directors of your company recommend the passing of above resolution.

**NOTICE OF INTEREST**

None of the directors, except Sh. Rajneesh Oswal, Sh. Vishal Oswal, and Sh. Kunal Oswal, being relatives of Mrs. Priti Oswal, is in anyway deemed to be interested in the proposed resolution.

**FOR ITEM NO. 7**

Mrs. Shikha Oswal is working as Manager, Welfare in the company.

Board of Directors of the company on the recommendation of Remuneration Committee, has approved the elevation of Mrs. Shikha Oswal to the Post of Chief Manager, Welfare, at its meeting held on 28<sup>th</sup> May, 2012. Mrs. Shikha Oswal is wife of Sh. Vishal Oswal, Vice-Chairman & Managing Director.

Provisions of Section 314(1)(b) of the Companies Act, 1956 require the approval of company at General Meeting by special resolution for holding of office or place of profit by a relative of the Director. The proposed remuneration of Mrs. Shikha Oswal is well within the limits prescribed under the Directors Relative (Office or Place of Profit) Rule, 2011. It is also proposed to seek authority in favour of Board of Directors of the company to give increments/ promotions to the appointee without referring to the General Meeting again, subject to Central Govt. approval, if required.

Necessary resolution is proposed at item no. 7 of the above said agenda as special resolution.

Directors of your company recommend the passing of above resolution.

**NOTICE OF INTEREST**

None of the directors, except Sh. Rajneesh Oswal, Sh. Vishal Oswal, and Sh. Kunal Oswal, being relatives of Mrs. Shikha Oswal, is in anyway deemed to be interested in the proposed resolution.

**Re-appointment/Appointment of Directors**

At the ensuing Annual General Meeting, Sh. R.C. Singal and Sh. Anil Kumar, Directors of the Company will retire and being eligible, offer themselves for re-appointment. Further it is proposed to re-appoint Sh. Kunal Oswal as Whole time Director of the Company. Information as per clause 49 of the Listing Agreement on Corporate Governance is given below.

Sh.R.C.Singal aged about 58 years is an Independent Non-Executive Director of the Company with effect from July 28, 2000. He is a Fellow Member of The Institute of Company Secretaries of India and an Associate Member of The Institute of Cost and Works Accountants of India. He is also a member of All India Management Association and Certified Associate of Indian Institute of Bankers. He is a past President of the Ludhiana Stock Exchange Association Limited and a former Chairman of Northern India Regional Council of The Institute of Company Secretaries of India. He has to his credit a vast experience of more than thirty years in the field of Corporate Planning and Capital Market. Sh. R.C. Singal is Chairman of Audit Committee and Share transfer cum Investor Grievances committee and member of Remuneration Committee of the Board of Directors the company. Sh. R.C.Singal is Director in following companies:

RCS Financial Technology Ltd. ,  
Bhandari Hosiery Exports Ltd.  
RCS Consultants Pvt. Ltd.  
RCS Securities Pvt. Ltd.  
RCS Share Brokers Ltd.  
Nishant Global Limited  
Supreme Texmart Limited.  
Raj Agro Mills Ltd.  
Malwa Industries Ltd.  
Ludhiana Commodities Trading Services Limited  
Oswal Spinning & Weaving mills Limited  
RCS Investments  
SPS Investments  
Sh. R.C.Singal is holding 250 equity shares in the company, directly or through family members.

**Sh. Anil Kumar** aged 62 years is the Executive Director & CEO of the Company. He joined the Company as General Manager and was inducted to the Board as an Executive Director on 30th August 1988. He holds a degree in Engineering from Punjab University, Chandigarh and has done Masters in Business Administration from Punjab University. He has vast experience in the field of Finance and General Administration. Sh. Anil Kumar is also holding office of director in M/s Sohrab Spinning Mills Limited.

**Sh. Kunal Oswal** aged about 38 years has joined the Board of Directors in January 2007. Thereafter he was appointed as Whole time Director of the company at Board meeting held on 29.07.2007. He is a Commerce Graduate. Sh. Kunal Oswal is brother of Sh. Rajneesh Oswal, Chairman & Managing Director and Sh. Vishal Oswal Vice Chairman & Managing Director. Sh. Kunal Oswal is holding the Office of Director in the following companies.

- 1.Adeep Investment Co.
- 2.Virat Investment & Mercantile Co.
- 3.Jagvallah Parasnath Capital Investment (P). Ltd.
- 4.Achin Investment & Mercantile Co.
- 5.Levina Investment & Mercantile Co.
- 6.Ojasvi Investment & Mercantile Co.
- 7.Lime Lite consultants (P) Ltd.

- 8.Noble Share Trading (P) Ltd.
- 9.Sulzer Investments (P) Ltd



DIRECTORS' REPORT

Dear Members,  
Your Directors are pleased to present the 32nd Annual Report on the business and operations of the Company along with audited statements of accounts for the year ended 31st March 2012.

Financial Results	(Rs. in Lacs)	
	2011-12	2010-11
Total Revenues	27684.90	25984.20
Profit before interest & depreciation	1902.19	1778.97
Less: Financial Cost	612.07	498.32
Gross Profit	1290.12	1280.65
Less: depreciation	914.44	866.88
Net profit before tax	375.68	413.77
Provision for current taxes	82.90	119.00
Deferred taxes	14.38	[178.44]
Taxes relating to prior year	50.48	1.16
Net profit after tax	227.92	472.05

CORPORATE REVIEW

During the year under review, paper market remained stable. However, prices of caustic soda, one of the main chemicals consumed in paper making, rose sharply, which was partly off-set by lower prices of wheat straw, the major fibrous raw material for manufacturing of paper. Total revenues increased by little more than 6% due to marginally higher production and prices of finished goods. During the year under review your Company was able to earn higher PBIDT of Rs.1902.19 lacs, against Rs.1778.97 lacs of last year, however because of higher incidence of financial charges, depreciation and incidence of income tax, the net profit was lower at Rs.227.92 lacs as compared to Rs.472.05 lacs. Your Directors are pleased to inform that the initial results after completion of modernization-cum-expansion project at Ahmedgarh paper division have been very encouraging which will be reflected in working for years to come.

PERFORMANCE REVIEW

SHREYANS PAPERS

As mentioned above, a modernization-cum-expansion project costing approx. Rs.2300.00 lacs was undertaken at this unit to augment the production capacity and also to build-up capability to produce surface sized papers. Total production in this division was 36578 MTs as compared to 35702 MTs of last year despite closure of three weeks. Total revenues of this unit were Rs.15654.01 lacs as compared to Rs.14746.83 lacs of last year were higher by 6%..

SHREE RISHABH PAPERS

Production of Shree Rishabh Papers at 28702 MTs was marginally higher as compared to 27660 MTs of last year and also total revenues were Rs.12030.89 lacs as compared to Rs.11237.37 lacs, thus showing an increase of approx. 7%. The operations of the unit remained satisfactory during the year under review

FINANCIAL REVIEW

Your Company undertook a modernization-cum-expansion project at Shreyans Papers with a capital outlay of Rs.2300.00 lacs which was partly financed by raising an additional term loan of Rs.1400.00 lacs from State Bank of Patiala. The balance expenditure was met through internal accruals. Your Company also raised additional working capital funds to

meet the increased requirements during the year under review. All debts of the Company were serviced as per schedule

FUTURE PLANS/PROSPECTS

Full impact of modernization-cum-expansion project done at Shreyans Papers would come during the current financial year and as per indications available this should result in significant improvement in terms of total production, revenues and profitability of the Company Your Company also plans to undertake a de-bottlenecking CAPEX plan in both the units during the current year to further improve the working of the Company.

DIVIDEND

Your Directors feel that there is a need to conserve resources for future plans and regret their inability to recommend any dividend for the current year.

DEPOSITS

At the end of the year, fixed deposits from the public were outstanding to the tune of Rs.532.62 lacs which are well within the limits prescribed under section 58 A of the Companies Act, 1956 read with Rules 3[2][I] and [II] of the Companies [Acceptance of Deposits] Rules, 1975. There were no overdue deposits as on 31st March 2012.

DIRECTORS

Shri Anil Kumar and Shri R C Singal, Directors of the Company, liable to retire by rotation at the forthcoming Annual General Meeting under clause 113 of Article of Association of the Company and being eligible, offer themselves for reappointment.

AUDITORS

M/s S.C. Vasudeva & Company, New Delhi, Auditors of the Company shall retire at the forthcoming Annual General Meeting and are eligible for reappointment.

COST AUDITORS

The Board of Directors have appointed M/s Vipin Maini, as Cost Auditors of your Company for auditing the cost accounts records for the financial year 2011-12 under provisions of Section 224[1B] and 233B of the Companies Act, 1956.

AUDITORS' REPORT

The auditors' report on the accounts of the Company for the year under review requires no comments.

INDUSTRIAL RELATIONS

The company maintained healthy, cordial and harmonious industrial relations at all levels.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217[2AA] of the Companies Act, 1956, your Directors confirm that:

A) in the preparation of the annual accounts, applicable accounting standards have been followed and there has been no materials departure.

B) The selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profits of the Company for the year ended on that date.

C] Proper and sufficient care has been taken for the 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

D] Annual accounts have been prepared on a going concern basis.

**CORPORATE GOVERNANCE**

As per Clause 49 of the Listing Agreement with the Stock Exchange, a separate Chapter on Corporate Governance practices followed by the Company together with a Certificate from the Company's Auditors confirming compliance forms part of this report.

**CONSERVATIONS OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

As required under Section 217[1][e] of the Companies Act, 1956 read with Rule 2 of the Companies [Disclosure of particulars in the report of Board of Directors] Rules 1988, the particulars relating to conservation of energy, technology, absorption and foreign exchange earning and outgo forming part of the Report are also annexed.

**ACKNOWLEDGEMENT**

Your Directors place on record their sincere appreciation for the contributions made by the employees through their dedication, hard work and commitment in achieving your Company's performance. In an increasingly competitive environment, the collective dedication of employees is delivering superior and sustainable shareholder value. Your Directors also acknowledge the support and co-operation extended by the Financial Institutions, Analysts, Banks, Government Authorities, Customers, Vendors, Shareholders and Investors at large and look forwards to their continued support.

**FOR AND ON BEHALF OF THE BOARD**

**(RAJNEESH OSWAL)**  
**CHAIRMAN AND MANAGING DIRECTOR**

**Place: Ludhiana**

**Date: 28th May 2012**



DISCLOSURE OF PARTICULARS UNDER SECTION 217 [1][E] OF THE COMPANIES ACT, 1956 UNDER THE COMPANIES [DISCLOUSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS], RULE 1988

CONSERVATION OF ENERGY

Energy conservation is on-going process in the company. Lower consumption of power and fuel during the year proves the efforts made by the Company in conservation of energy. Further corrective steps have been taken from energy conservation point of view.

FROM A  
FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

PARTICULARS	Unit	Current Year	Previous Year
<b>(A) POWER AND FUEL CONSUMPTION</b>			
<b>1. ELECTRICITY</b>			
(a) Purchased	KWH in lac	237.68	173.37
Total Amount	Rs. in lac	1489.53	1093.35
Rate/KWH	Rs.	6.27	6.31
(b) Own Generation			
Through Turbo Generator	KWH in lac	581.59	658.47
Through Diesel Generator	KWH in lac	0.28	2.05
KWH/Ltr. of Diesel	KWH	2.12	2.62
Fuel Cost/KWH	Rs. in lac	18.23	13.81
(For D.G. Set Only)			
<b>2. RICE HUSK &amp; OTHER AGRO FUELS</b>			
Quantity	MT	136923	145008
Total Amount	Rs. in lac	5525.81	5127.05
Avg. Rate/ M.T.	Rs.	4036	3536
<b>3. COAL</b>			
Quantity	MT	2583	8438
Total Amount	Rs. in lac	110.30	375.94
Avg. Rate/ M.T.	Rs.	4270	4455
<b>(B) CONSUMPTION PER UNIT OF PRODUCTION</b>			
PAPER *			
Electricity (KWH/MT)		1255	1316
Rice Husk & Other Agro Fuels (MT/MT)		2.097	2.289
Coal		0.040	0.133

\* Includes consumption of Power & Fuel in Chemical Recovery Plant and Power Generation Plant

FORM B

RESEARCH AND DEVELOPMENT (R&D)

EXPENDITURE ON R & D

(a) Capital	Rs. in lac	0.00	0.00
(b) Recurring	Rs. in lac	102.92	93.17
(c) Total	Rs. in lac	102.92	93.17

C. TECHNOLOGY ABSORPTION

Your company is keeping a close eye on the new product development in paper and upgradation of technology in existing products. Upgradation and automation in various areas of plant and machinery is continuously carried out.

D. FOREIGN EXCHANGE EARNING AND OUTGO

Foreign Exchange earning	Rs. in lac	924.67	652.45
Less : Foreign Exchange Outgo	Rs. in lac	2223.98	1268.03
Net Foreign Exchange earning	Rs. in lac	[1299.31]	[615.58]

MANAGEMENT DISCUSSIONS AND ANALYSIS  
OVERVIEW

Financial statements of the company have been prepared in compliance with the requirements of the Companies Act, 1956 and generally accepted accounting principles in India. There are no material departures from the prescribed accounting standards in the adoption of accounting standards. The management of the Company accepts responsibility for the integrity and objectivity of these financial statements, as well as various estimates and judgements used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis so that financial

statements reflect in a true and fair manner, the form and substance of transactions and reasonably present the company's state of affairs and profits for the year. Indian economy demonstrated its resilience and recovered much faster than other economies. Further rising costs and inflation is a matter of concern and we hope that with normal monsoon predicted for this year and other actions being considered by the Government, at least the food inflation should come down. In any case, the industry has to find ways of compensating inflation led cost increases through better efficiencies and increased productivity.

**BUSINESS ORGANISATION  
CORPORATE PHILOSOPHY**

Company primarily operates as manufacturer of Writing and Printing Paper using agricultural residues as main raw material. Company strives to be considered a market leader in its field of operation and endeavours to keep pace with the latest available technology so that it can achieve operating parameters, which are benchmark for the industry. Besides achieving excellence in its operation, Company believes in maintaining value adding partnership with all the stake holders and responding to the expectations of society at large.

**INDUSTRY OUTLOOK**

The global paper industry is concentrated in North America, Europe and Asia. The US is a leading producer, producing over 100 million tones per annum, nearly a third of the world's paper production. The Asian paper market is growing faster than Europe and America; Asia is expected to account for 38 percent of global paper consumption by 2015. Asia's principal paper producing and consuming markets are Japan, China, India, Malaysia, Singapore and Thailand.

Although the overall industry's demand/capacity ratio remained low in last year, it is expected to increase over five years as economies revive, led by developing countries. Paper and paper board consumption increased in Asia and Africa although the rate of increase was slower as users gradually shifted to online content.

**SWOT ANALYSIS**

**Strengths**

1. Excellent operating parameters.
2. Highly qualified, motivated and professionally competent workforce.
3. Easy accessibility and proximity to raw material sources.
4. Both units fully compliant to environmental laws.
5. Adequate marketing network and large presence in institutional and international market.
6. Good acceptability in market place.

**Weaknesses**

1. Paper industry highly cyclic in nature.
2. Limited product range in lower end of paper market.
3. Prices and availability of basic raw materials, highly dependent on vagaries of nature.
4. Lower level of technology vis-à-vis competition in nearby regions.

**Opportunities**

1. Increase in demand of paper on account of increase in per capita consumption due to increase in GDP and literacy levels.
2. Price competitiveness, which can cater to growing educational sector requirements.
3. Opportunities in export market in nearby countries on account of price advantage vis-a-vis distant suppliers.
4. Production of better quality paper will bring in newer segment of market under fold of the Company.

**Threats**

1. Adverse changes in Government policies.
2. Continuous fall in import tariff creating tough competition from international suppliers.
3. Build up of large paper manufacturing capacities with 'State-of-Art' technology in nearby regions, which will lower the pricing of imports into the country

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Your Company has a proper and adequate internal control system to safeguard and protect against loss from unauthorized use or disposition and to ensure that all transactions are authorized, recorded correctly and adequately. The company's internal controls are supplemented by an extensive programme of internal audits, review by

management and documented policies, guidelines and procedures. Internal control is designed to ensure that financial and other records are reliable for preparing financial information and for maintaining accountability of assets.

The internal audit report, plans, significant audit findings and compliance with accounting standards is in turn reviewed by the Company's Audit Committee to ensure proper audit coverage and adequate consideration along with execution of the auditors' recommendations.

**RISKS AND MANAGEMENT PERCEPTION**

Apart from the regular business risks inherent in any business, there are some risks specific to the paper industry. First, in developed countries, with the penetration of the internet for many end usages, paper is getting substituted. While such economic maturities will not be seen in Company's primary markets of India and South East Asia in the near future, such technology based interventions remain a risk.

**HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS**

The human resources development function of the Company is guided by a strong set of values and policies. Your company strives to provide the best work environment with ample opportunities to grow and explore. Your company maintains a work environment that is free from any harassment.

Company enjoys excellent relationship with its personnel and considers them as an essential part of the organization. Development and well being of people working for the Company has been a corner stone of management policy. This is reflected through very low employees' turnover at all levels including workers, staff, officers and managers.

Company lays special emphasis on staff training and retraining through internal workshops and also nominating staff/officers to various training programmes. As on 31st March 2012, Company has 1321 employees consisting of 76 managers, 353 staff/officers and 892 workers.

**CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

Your company, in collaboration with a local NGO in Ahmedgarh, has set up an Eye Hospital. Besides contributing in setting up of this hospital, financial assistance is extended on monthly basis. Eye care is provided to needy persons on subsidized rates/free of cost.

Your company is also involved with various educational institutions for providing scholarship to deserving students on recommendations of the managements of such institutions.

Your company actively participates with number of NGOs for holding medical check-up camps, sports events and other social activities.

Your Company provides fire fighting services, as and when need arises, in nearby areas through its own fire tender and fire fighting staff.

**OUTLOOK**

The Company is excited in its outlook. The various initiatives coupled with process stabilization and capacity expansion are expected to yield handsome results. The Company keeps on exploring various avenues for growth and toward this the management is exploring the possibility of restructuring the existing business. The eco-friendly technology, massive capacities, motivated manpower makes our outlook optimistic.

**CAUTIONARY STATEMENT**

This discussion contains certain forward looking statements based on current expectations, which entail various risk and uncertainties that could cause the actual results to differ materially from those reflected in them. The actual could be materially different from the ones stated in this report. Market data and product information contained in this report is gathered from published and unpublished reports and their accuracy cannot be assured.