

31<sup>st</sup>

**ANNUAL REPORT**

2011



**Group**

**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  
 BANK OF INDIA  
 STATE BANK OF MAURITIUS

**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

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**NOTICE**

Notice is hereby given that the 31st Annual General Meeting of the members of the Company will be held on Tuesday the 30<sup>th</sup> day of August, 2011 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, 2011 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. M.L. Gupta, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Dr. N.J. Rao, 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 AN ORDINARY RESOLUTION :**

"RESOLVED THAT pursuant to Section 293(1)(a) of the Companies Act, 1956 and in furtherance to the resolution(s) passed by the company from time to time, consent of the company be and is hereby accorded to the Board of Directors of the company to mortgage and/ or charge the movable and/ or immovable assets, both present & future, of the company, where ever situated and/ or the whole of the undertaking(s) of the company together with power to take over the management of the business and concern of the company, in certain events of default, to secure the repayment of following loans.

1. Rs. 1000 Lacs term loan from State Bank of Patiala
2. Rs. 1500 Lacs term loan from State Bank of Patiala
3. Rs. 100 Lacs term loan from Life Insurance Corporation of India
4. Rs. 2629 Lacs working capital facilities from State Bank of Patiala
5. Rs. 560 Lacs working capital facilities from Bank of India
6. Rs. 240 Lacs working capital facilities from IDBI Bank Ltd.
7. for any further increase in working capital facilities, upto Rs. 5000 lacs, to be sanctioned to the company in one or more tranches, by any consortium of banks led by State Bank of Patiala.
8. for any further amount of term loans up to Rs. 5000 lacs, to be sanctioned to the company in future, in one or more tranches, by any Bank/ Financial Institution.

"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to finalise with the respective lenders, documents or such other agreements for creating mortgage and/ or charge and/ or hypothecation as may be required and to do all other acts, deeds, matters and things as may be necessary or expedient for the purpose of giving effect to the forgoing resolution"

"RESOLVED FURTHER THAT all acts, deeds and things already done by the Board of Directors to give effect to the forgoing resolutions be and are hereby approved and ratified by the company."

**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 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 and subject to the approval of the Central Government and such other approvals as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Sh. Rajneesh Oswal, as the Chairman & Managing Director of the Company for a further period of five

years with effect from 1st August, 2011 on the remuneration, terms and conditions as approved by the remuneration committee and set out in the agreement, to be entered into between the Company and Sh. Rajneesh Oswal, draft of which is submitted to this meeting and the same is hereby specifically approved."

"RESOLVED FURTHER THAT Board of Directors be and is hereby authorised to alter or increase/ 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. Rajneesh Oswal without referring the same to the General Meeting again, subject to consents/ 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. Rajneesh Oswal, 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."

**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 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, including any statutory modification or re-enactment thereof and subject to the approval of the Central Government and such other approvals, as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Sh. Vishal Oswal, as the Vice Chairman & Managing Director of the Company for a further period of four years with effect from 1st August, 2011 on the remuneration, terms and conditions as approved by the remuneration committee and set out in the agreement, to be entered into between the Company and Sh. Vishal Oswal, draft of which is submitted to this meeting and the same is hereby specifically approved."

"RESOLVED FURTHER THAT Board of Directors be and is hereby authorised to alter, or increase and vary the terms and conditions of the said re-appointment 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. Vishal Oswal without referring the same to the General Meeting again, subject to consents/ 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. Vishal Oswal, the remuneration aforesaid shall be 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."

**8. 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, including any statutory modification or re-enactment thereof and subject to the approval of the Central Government and such other approvals, as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Sh. Anil Kumar, as the Executive Director & Chief Executive Officer of the Company for a further period of three years with effect from 30th August, 2011 on

the remuneration, terms and conditions as set out in the agreement, to be entered into between the Company and Sh. Anil Kumar, as submitted to this meeting which is hereby specifically approved."

**"RESOLVED FURTHER THAT** Board of Directors be and is hereby authorised to alter, or increase and vary the terms and conditions of the said re-appointment and/ or agreement in such form and manner or with such modifications as the Board may deem fit or as may be prescribed by the Central Government while granting necessary approvals in this regard and as may be acceptable to Sh. Anil Kumar without referring the same to the General Meeting again, subject to consents/ 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. Anil Kumar, the remuneration aforesaid shall be 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."

#### NOTES:

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.

1. The Register of Members and Share Transfer books of the Company shall remain closed from Thursday, the 25<sup>th</sup> day of August, 2011 to , Tuesday the 30<sup>th</sup> day of August, 2011 (both days inclusive), for the purpose of AGM , for both physical and electronic segments.

2. Members/proxies are requested to bring their copy of Annual Report to the Meeting.

3. 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.

4. 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 notices and other reports through e. mail.

5. 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.

6. Shareholders/ Proxy holders are requested to produce at the entrance, the attached admission slip duly completed and signed, for admission to the Meeting Hall.

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

Place : Ludhiana  
Dated : 28<sup>th</sup> May, 2011

**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 had availed off various loans from time to time. The company is required to create mortgage by deposit of title deeds in respect of the immovable assets / fixed assets of the company. Creation of security on immovable assets by way of equitable mortgage by the Board of Directors requires authority from company in terms of Section 293(1)(a) of the Companies Act, 1956. However, the mortgage by deposit of title deeds does not tantamount to the disposal of property within the meaning of Section 293(1)(a) of the Companies Act, 1956 in terms of the than DCA circular dated 05.09.1969. Hence the compliance of postal ballot rules are not required.

Accordingly an enabling resolution is proposed as an ordinary resolution at the Item No. 5.

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

#### **NOTICE OF INTEREST**

None of the directors, is in anyway interested in the proposed resolution.

#### **FOR ITEM NO. 6**

Sh. Rajneesh Oswal is permanent Director of the Company. Company had re-appointed Sh. Rajneesh Oswal as Chairman & Managing Director w.e.f.1<sup>st</sup> August 2008 at AGM held on 27<sup>th</sup> September,2008.

The Board of Directors at its meeting held on 28th May, 2011, has approved the re- appointment of Sh. Rajneesh Oswal as Chairman & Managing Director for a further period of five years i.e. from 1st August, 2011 to 31st July, 2016, on such remuneration as mentioned hereunder 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 payment of remuneration to Sh. Rajneesh Oswal, Chairman & Managing Director 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 and Rules made there under.

The Principal terms of remuneration of Sh. Rajneesh Oswal, Chairman & Managing Director as approved by the remuneration committee of the Company for a period of five years starting from 1<sup>st</sup> August, 2011 are as follows:

#### **(1) SALARY :**

Sh. Rajneesh Oswal, Chairman & Managing Director shall be paid a salary of Rs. 6,00,000/- only per month.

#### **(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 50000/- 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.

(vii) Provision of Telephone at residence for official-cum-personal use.

(3) In addition to the perquisites as aforesaid, Sh. Rajneesh Oswal, Chairman & Managing 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 Annuation 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. Rajneesh Oswal, Chairman & Managing Director during the course of and in connection with the business of the Company.

(5) No sitting fees shall be paid to Sh. Rajneesh Oswal, Chairman & Managing 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. Rajneesh Oswal, Chairman & Managing Director will be entitled to above remuneration along with the perquisites/ benefits mentioned above by way of minimum remuneration.

**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. 6 of the aforesaid agenda as special resolution. Directors of your company recommend the above resolution for your consideration and approval.

**NOTICE OF INTEREST**

None of the directors, except Sh. Rajneesh Oswal, the appointee himself, Sh. Vishal Oswal and Sh. Kunal Oswal, being relatives of Sh. Rajneesh Oswal, are interested in the proposed resolution.

**FOR ITEM NO. 7**

Company had re-appointed Sh. Vishal Oswal as Vice Chairman & Managing Director w.e.f. 1<sup>st</sup> August 2008 at AGM held on 27<sup>th</sup> September, 2008.

The Board of Directors at its meeting held on 28<sup>th</sup> May, 2011, has approved the re- appointment of Sh. Vishal Oswal as Vice-Chairman & Managing Director for a further period of four years i.e. from 1<sup>st</sup> August, 2011 to 31<sup>st</sup> July, 2015, on such remuneration as mentioned hereunder 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. Vishal 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 and Rules made there under:

The Principal terms of remuneration of Sh. Vishal Oswal as approved by the remuneration committee of the Company for a period of four years starting from 1<sup>st</sup> August, 2011 are as follows

**(1) SALARY**

Sh. Vishal Oswal, Vice Chairman & Managing Director shall be paid a salary of Rs.6,00,000/- only per month.

**(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 four months salary over a period of four years.

(iii) Fee of clubs subject to a maximum of two clubs excluding admission and life membership fees and maximum of Rs. 50000/- 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.

(vii) Provision of Telephone at residence for official-cum-personal use.

(3) In addition to the perquisites as aforesaid, Sh. Vishal Oswal, Vice Chairman & Managing 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 Annuation 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. Vishal Oswal, Vice Chairman & Managing Director during the course of and in connection with the business of the Company.

(5) No sitting fees shall be paid to Sh. Vishal Oswal, Vice Chairman & Managing 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. Vishal Oswal, Vice Chairman & Managing Director will be entitled to above remuneration along with the perquisites/ benefits mentioned above by way of minimum remuneration.

**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. 7 of the aforesaid agenda as special resolution. Director of your company recommend the above resolution for your consideration and approval.

**NOTICE OF INTEREST**

None of the directors, except Sh. Vishal Oswal, the appointee himself, Sh. Rajneesh Oswal and Sh. Kunal Oswal, being relatives of Sh. Vishal Oswal, are interested in the proposed resolution.

**For Item No. 8**

Company had re-appointed Sh. Anil Kumar As Executive Director & CEO for a term of five years at Annual General Meeting held on 30<sup>th</sup> June, 2006. The present term of appointment of Sh Anil Kumar expires on 29<sup>th</sup> August, 2011.

The Board of Directors in its meeting held on 28<sup>th</sup> May, 2011 has approved the re-appointment of Sh. Anil Kumar for the further period of three years i.e. from 30<sup>th</sup> August, 2011 to 29<sup>th</sup> August, 2014 on such remuneration as mentioned hereunder 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. Anil Kumar is subject to the approval of Shareholders as well as the Central Government 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 and rules made there under.

The Principal terms of remuneration of Sh. Anil Kumar as approved by the remuneration committee of the Company for a period of three years starting from 30.08.2011 are as follows:

#### 1. SALARY

The Executive Director & CEO shall be paid a salary in the scale of Rs. 250000/- -- 200000/- -- 290000/- only per month.

PERFORMANCE INCENTIVE: As may be decided by the Board on year to year basis, but not exceeding 12 month salary.

#### 2. PERQUISITES AND ALLOWANCES

Furnished residential accommodation with gas, electricity, water and furnishings.

(i) The expenditure for the company for hiring furnished accommodation for the Executive Director & CEO shall not exceed 60% of salary, over and above 10% is payable by the Executive Director & CEO.

Where ever the company does not provide the accommodation for their managerial personnel, the house rent may be paid by the company to the Executive Director & CEO as per (i) above. Where accommodation is a company's owned house, is provided, the Executive Director shall pay to the company by way of rent, calculated @ 10% of the salary.

(ii) The monetary expenditure incurred by the company on 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. This will however be subject to a ceiling of 10% of the salary of the Executive Director & CEO.

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

(iv) Fee of clubs subject to a maximum of two clubs, excluding admission and life membership fees subject to maximum of Rs. 50000/-.

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

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

(vii) Provision of Car for official -cum-personal use, however, the valuation for personal use of car shall be treated as perquisite in the hands of appointee.

(viii) Provision of Telephone at residence for official-cum-personal use. However, the valuation of personal use of telephone shall be treated as perquisite of the appointee.

3. In addition to the perquisites as aforesaid, the Executive Director & CEO 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 Annuation 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 the Executive Director & CEO during the course of and in connection with the business of the Company.

5. No sitting fees shall be paid to the Executive Director & CEO 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, the Executive Director & CEO will be entitled to above remuneration along with the perquisites/ benefits mentioned above by way of minimum remuneration.

#### 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. 7 of the aforesaid agenda as special resolution. Director of your company recommends the passing of above resolution.

#### NOTICE OF INTEREST

None of the directors, except Sh. Anil Kumar, the appointee himself is interested in the proposed resolution.

#### Re-appointment of Directors

At the ensuing Annual General Meeting, Sh. M.L. Gupta and Dr. N.J. Rao, Directors of the Company will retire and being eligible, offer themselves for re-appointment. Further it is proposed to re-appoint Sh. Rajneesh Oswal as Chairman & Managing Director and Sh. Vishal Oswal as Vice Chairman & Managing Director and Sh. Anil Kumar as Executive Director & CEO of the Company.

Information as per clause 49 of the Listing Agreement on Corporate Governance is given below.

**Mr. Madan Lal Gupta** aged 69 years is an Independent Non-Executive Director of the Company with effect from June 25, 2004. He has worked with IDBI at senior level position for more than two decades. He had also worked as a Deputy Director with BIFR. He has vast experience in the field of finance. Sh. Madan Lal Gupta is holding office of director in Raunaq Automobiles Co. Ltd. and also a member of Audit Committee and Share Transfer cum Investor Grievance Committee of the Board of this company.

Sh. Madan Lal Gupta does not hold any shares of the company.

**Dr. N.J. Rao**, aged 67 years is an Independent Non-Executive Director of the Company with effect from 26.12.2003. Dr. N.J. Rao is a paper technocrat and scholar with Ph.D in Chemical Engineering. He has vast and varied experience in the various technical aspects connected with paper industry. Presently he is working as Vice Chancellor, JAYPEE University of Engineering & Technology, Guna, M.P. Dr. N.J. Rao has traveled to many countries and presented his papers at various international fora. His guidance and advice has contributed in the progress of the company.

Dr. N.J. Rao is not holding office of Director in any other Company. However he is member of Governing Council of Thaper Centre for Industrial Research & Development, Patiala. Dr. N.J. Rao does not hold any share in the company.

Introduction and Details of Sh. Rajneesh Oswal, Sh. Vishal Oswal and Sh. Anil Kumar is given hereunder in the statement of details.

#### Statement of the details as required under Schedule XIII of the Companies Act, 1956 (as amended) is as under :

##### **I. General Information**

##### **(1) Nature of Industry:**

The Company is engaged in the manufacturing of writing and Printing paper from Agricultural residues.

##### **2) Date of Commencement of: Company started its Commercial Production Production in May 1982**

##### **(3) Financial Performance :**

Financial Performance of the Company for the years ended 31.03.2010 and 31.03.2011 are as under

(Rs. In Lacs)

	2010-11	2009-10
<b>Gross Sales</b>	<b>26418.44</b>	<b>24562.01</b>
<b>Gross Profit (PBIDT)</b>	<b>1734.71</b>	<b>2220.35</b>
<b>Less. Interest</b>	<b>450.56</b>	<b>577.97</b>
<b>Less. Depreciation</b>	<b>866.89</b>	<b>848.08</b>
<b>Net Profit before Tax</b>	<b>417.26</b>	<b>794.30</b>
<b>Provision for Taxation</b>	<b>(54.78)</b>	<b>252.79</b>
<b>Net Profit after Tax</b>	<b>472.04</b>	<b>541.51</b>

**Export Performance and Net Foreign Exchange Collaboration**

(Rs. In Lacs)

	2010-11	2009-10
<b>Foreign Exchange Earning</b>	<b>652.45</b>	<b>306.34</b>
<b>Less. Foreign Exchange Outgo</b>	<b>1268.03</b>	<b>875.15</b>
<b>Net Foreign Exchange Earning</b>	<b>[615.58]</b>	<b>[568.81]</b>

(5) **Foreign Investments or Collaboration** : The Company has not made any investments in foreign funds / securities and has no foreign collaborations.

**2. INFORMATION ABOUT THE APPOINTEE(S)****A. NAME Sh. Rajneesh Oswal****i) Back Ground Details, Job Profile and suitability:**

**Sh. Rajneesh Oswal** aged about 45 years is the Chairman & Managing Director of the Company. He joined the Company as a Director on 30th June 1989 and was made the Executive Vice Chairman of the Company in year 2003. Thereafter he was appointed as the Vice Chairman & Joint Managing Director of the Company in year 2006. He was appointed as Chairman & Managing Director of the Company on 20<sup>th</sup> March, 2007. He is a Commerce Graduate and has done Masters in Business Management. He has career spanning of over two decades in the field of industry and administration. His vast and rich experience has enabled the company to achieve the good progress.

Sh. Rajneesh Oswal is permanent Director of the Company. He is also holding the Office of Whole Time Director designated as Executive Director in Adinath Textiles Ltd. and Director in the following companies.

1. Adeep Investment Co.
2. Virat Investment & Mercantile Co.
3. Jagvallah Parasnath Capital Investment (P). Ltd.
4. Oasis Share Trading (P) Ltd.

**ii) Past Remuneration**

Sh. Rajneesh Oswal is presently working as Chairman & Managing Director of the Company and his present remuneration is approved at 28<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> September, 2008 and also approved by the Central Government. The remuneration drawn by Sh. Rajneesh Oswal during last three years is as under

Financial Year Ended	Amount (Rs.)
31.03.2009	6356411/-
31.03.2010	6873897/-
31.03.2011	6965335/-

**iii) Remuneration proposed:**

The new remuneration package in the shape of Salary and Perquisites has already been stated above in the Explanatory Statement.

**iv) Pecuniary relationship**

Sh. Rajneesh Oswal, except his appointment as Chairman & Managing Director of the company, has no pecuniary relation with the company.

**B. NAME Sh. Vishal Oswal****i) Back Ground Details, Job Profile and suitability:**

**Mr. Vishal Oswal** aged about 39 years is Vice Chairman & Managing Director of the Company. He joined the Company as

Manager (Commercial & Administration). He was inducted to the Board as a Director of the Company on 31st July 1999 and was made Whole Time Director of the Company. Mr. Vishal Oswal was made Vice Chairman & Managing Director on 20<sup>th</sup> March 2007. He is a Commerce Graduate and has a good experience of a decade in the field of management & administration.

Sh. Vishal Oswal is holding the Office of Director in the following companies.

1. Achin Investment & Mercantile Co.
2. Levina Investment & Mercantile Co.
3. Ojasvi Investment & Mercantile Co.
4. Oasis Share Trading (P) Ltd.

**ii) Past Remuneration**

Sh. Vishal Oswal is presently working as Vice Chairman & Managing Director of the Company and his present remuneration as approved at 28<sup>th</sup> General Meeting held on 27<sup>th</sup> September, 2008 and also approved by the Central Government.

The remuneration drawn by Sh. Vishal Oswal during last three years is as under

Financial Year Ended	Amount (Rs.)
31.03.2009	6570466/-
31.03.2010	7591603/-
31.03.2011	6958113/-

**iii) Remuneration proposed:**

The new remuneration package in the shape of Salary and Perquisites has already been stated above in the Explanatory Statement.

**iv) Pecuniary relationship**

Sh. Vishal Oswal, except his appointment as Vice Chairman & Managing Director of the company, has no pecuniary relation with the company.

**C. Name Sh. Anil Kumar**

Mr. Anil Kumar aged 61 years is the Executive Director & CEO of the Company. He joined the Company as General Manager and was inducted to the Board as a 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 been the Finance Manager of Vardhman Spinning & General Mills Limited and has vast experience in the field of Finance and General Administration. He is associated with the company right from beginning and contributed a lot to the progress of the company.

Sh. Anil Kumar is also holding office of Director in Sohrab Spinning Mills Limited

Company had re- appointed Sh. Anil Kumar As Executive Director & CEO for a term of five years at Annual General Meeting held on 30<sup>th</sup> June 2006. Accordingly the present term of appointment of Sh Anil Kumar expires on 29th August, 2011.

The present remuneration of Sh. Anil Kumar is approved at 26<sup>th</sup> General Meeting held on 30<sup>th</sup> June, 2006 and also approved by the Central Government.

The remuneration drawn by Sh. Anil Kumar during last three years is as under

Financial Year Ended	Amount (Rs.)
31.03.2009	5714569/-
31.03.2010	5993616/-
31.03.2011	6494198/-

**iii) Remuneration proposed:**

The new remuneration package in the shape of Salary and Perquisites has already been stated above in the Explanatory Statement.

**iv) Pecuniary relationship**

Sh. Anil Kumar, except his appointment as Executive Director & CEO of the company, has no pecuniary relation with the company.

**3. Comparative Remuneration**

The Remuneration proposed to be paid to the appointee (s) is in line with the remuneration paid to the Managing / Executive directors of the other companies. Keeping in view of type of industry and the responsibilities and capabilities of the appointee (s), the proposed remuneration is competitive with remuneration paid by other companies to such similar positions. Details with respect to some other Companies are given hereunder:

Sr. No.	Name of the Company	Name of the Managerial Personnel	Annual Turnover * (Rs. In acs)	Remuneration Paid * (Rs. In Lacs)
1.	Star Paper Mills Ltd.	Mr. G.P.Goenka (Chairman & Whole Time Director)	26225.83	98.57
2.	UCAL Fuel Systems Ltd.	Mr. Jayakar Krishnamurthy (Vice Chairman & Managing Director)	42613.48	122.00
3.	Rico Auto Industries Ltd.	Sh. Arun Kapoor (Jt. Managing Director)	84441.00	147.75
4.	Rico Auto Industries Ltd.	Sh. Arvind Kapoor, (Vice Chairman CEO & Managing Director)	84441.00	143.16
5.	G.S.Auto International Ltd.	Mr. Surinder Singh Ryait (Managing Director)	10304.17	47.04
6.	MRO TEK Ltd	S. Narayanan (Chairman & Managing Director)	2839.80	53.34
6.	MRO TEK Ltd	H.Nandi (Managing Director)	2839.80	53.34

\* As reported in the Annual Reports.

**4. OTHER INFORMATION**

The efforts of the management during last few years have resulted in turnaround of the company. The Company did not incur losses during 2010-11.

**DISCLOSURES**

The remuneration package along with the corresponding details payable to Sh. Rajneesh Oswal, Chairman & Managing Director, Sh. Vishal Oswal, Vice Chairman & Managing Director and Sh. Anil Kumar, Executive Director & CEO, have already been mentioned above. Further the remuneration paid to directors has been included in the Board's Report on Corporate Governance.

No performance incentive is proposed to be paid to Sh. Rajneesh Oswal or Sh. Vishal Oswal. However, it is proposed to pay performance incentive to Sh. Anil Kumar as per detail given above.

The tenure of Sh. Rajneesh Oswal as Chairman & Managing Director, Sh. Vishal Oswal as Vice Chairman & Managing Director and Sh. Anil Kumar as Executive Director & CEO shall be governed by a service contract.

The aforesaid statements form part of this notice calling the Annual General Meeting.

**DIRECTORS' REPORT**

Dear Members,

Your Directors are pleased to present the 31st Annual Report on the business and operations of the Company along with audited statements of accounts for the year ended 31st March 2011.

Financial Results	(Rs. in Lacs)	
	2010-11	2009-10
Gross Sales	26418.44	24562.01
Profit before interest & depreciation	1734.71	2220.35
Less: Interest	450.56	577.97
Gross Profit	1284.15	1642.38
Depreciation	866.89	848.08
Net profit before tax	417.26	794.30
Provision for current tax	123.66	119.54
MAT Credit Entitlement	---	[42.00]
Provision for deferred tax	[178.44]	175.25
Net profit after tax	472.04	541.51

**CORPORATE REVIEW**

During the year under review, the prices of paper ruled higher by almost 5% but prices of wheat straw and wood pulp, the major raw materials, and also rice husk, the main fuel for the boiler increased significantly, thus affecting the overall margins of the company. Total turnover was up by almost 7%. However, PBIDT of the Company was lower at Rs.1734.71 lacs against Rs.2220.35 lacs of last year. Due to lower financial cost and also lower incidence of tax, the net profit fell marginally to Rs.472.04 lacs against Rs.541.51 lacs of last year. Your Directors feel that increasing trend in prices of various inputs should moderate in the current year and with better price realization of end product the bottom line of the Company is expected to be much healthier.

**PERFORMANCE REVIEW****SHREYANS PAPERS**

Production of Shreyans Papers at 35702 MTs was marginally higher as compared to 34729 MTs of last year and correspondingly the turnover at Rs. 14887.20 lacs as compared to Rs. 13740.24 lacs was higher by almost 8%.

**SHREE RISHABH PAPERS**

Production of Shree Rishabh Papers at 27660 MTs remained at almost the same level of 27460 MTs of last year. However, the turnover at Rs.11531.24 lacs against Rs.10821.77 lacs of last year was higher keeping in view the better market prices. The operations of this unit were impacted due to less than optimum operations of the power plant including the boiler. However, corrective steps have since been taken and it is expected that operations of this unit in the current year would be better.

**FINANCIAL REVIEW**

During the year under review, Company prepaid an amount of Rs.216.60 lacs to ICICI Bank Limited and Rs.187.60 lacs to Industrial Development Bank of India Limited [IDBI] in view of comfortable liquidity position. This has resulted in considerable reduction in financial cost and also improvement in debt equity profile of the Company.

**FUTURE PLANS/PROSPECTS**

As indicated in the last report, your Company looked into various options for technical upgradation and also increasing the production capacity. A modernization-cum-expansion plan has been taken up at Shreyans Papers, Ahmedgarh Division, which envisages installing of a Shoe Press and a Size Press at the machine, which will result in:

- reduction in specific steam consumption.
- increase in production capacity by almost 20%.
- production of value added surface sized paper.

Other balancing and de-bottlenecking equipments are also planned. The total project cost is estimated at Rs.22.00 crores, which will be met through internal accruals and loans from banks. Significant progress has already been made in the project and it is expected that this project will be implemented by end of current calendar year. Your Directors are very hopeful that this project, when implemented, will significantly add to the overall profitability 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.466.34 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 2011.

**DIRECTORS**

Shri M L Gupta and Dr. N J Rao, 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.

Dr. [Mrs.] H K Bal vacated the office of directors with effect from 28th May 2011.

**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 2010-11 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.

**PERSONNEL**

Particulars of employees pursuant to the provisions of Section 217[2A] of the Companies Act, 1956, read with the Companies [Particulars of Employees] Rules, 1975 are given below.

Name	Designation/(Nature of Duties)	Gross Emoluments	Qualification	Experience Years	Date of Employment	Age Years	Last Employment
Sh. Rajneesh Oswal	Chairman & Managing Director (Administration)	6965335	MBA	21	01.08.03	45	Executive Director Adinath Textiles Ltd.
Sh. Vishal Oswal	Vice Chairman & Managing Director (Administration)	6958113	B.Com	17	05.07.94	38	-----
Sh. Anil Kumar	Executive Director & CEO (Administration)	6494198	B.Sc. (Engg.) MBA	38	01.04.83	61	Manager Finance, Vardhman Spinning & General Mills Ltd.

Note : Remuneration includes Salary, Company's Contribution to Provident Fund and other allowance paid in cash and Taxable value of non-cash perquisites.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- in the preparation of the annual accounts, applicable accounting standards have been followed and there has been no materials departure.
- 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 31,2011 and of the profits of the Company for the year ended on that date.
- 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.
- Annual accounts have been prepared on a going concern basis.

Government Authorities, Customers, Vendors, Shareholders and Investors at large and look forward to their continued support.

**FOR AND ON BEHALF OF THE BOARD**

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

**Place: Ludhiana**  
**Date: 28th May 2011**

**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,

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

Energy conservation is on-going process in the company. The minor increase in specific power consumption is due to less than optimum level operations of Shree Rishabh Papers. Corrective steps have since been taken further streamline the process of this plant 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	173.37	191.59
Total Amount	Rs. in lac	1093.35	1031.70
Rate/KWH	Rs.	6.31	5.38
(b) Own Generation			
Through Turbo Generator	KWH in lac	658.47	610.25
Through Diesel Generator	KWH in lac	2.05	1.00
KWH/Ltr. of Diesel	KWH	2.62	3.01
Fuel Cost/KWH	Rs.	13.81	10.44
(For D.G. Set Only)			
<b>2. RICE HUSK &amp; OTHER AGRO FUELS</b>			
Quantity	MT	145008	137231
Total Amount	Rs. in lac	5127.05	4422.33
Avg. Rate/ M.T.	Rs.	3536	3223
<b>3. COAL</b>			
Quantity	MT	8438	9023
Total Amount	Rs. in lac	375.94	388.69
Avg. Rate/ M.T.	Rs.	4455	4308
<b>(B) CONSUMPTION PER UNIT OF PRODUCTION</b>			
PAPER *			
Electricity (KWH/MT)		1316	1291
Rice Husk & Other Agro Fuels (MT/MT)		2.289	2.207
Coal		0.133	0.145

\* 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.	.....	.....
(b) Recurring	Rs. in lac	93.17	84.22
(c) Total	Rs. in lac	93.17	84.22

**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	652.45	306.34
Less : Foreign Exchange Outgo	Rs. in lac	1268.03	875.15
Net Foreign Exchange earning	Rs. in lac	[615.58]	[568.81]

**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. The predictions and future estimates in any statements given in this report are based on current environment. However, many unforeseen and uncontrollable external factors may alter these predictions.

#### **BUSINESS ORGANISATION CORPORATE PHILOSOPHY**

The company primarily operates in manufacture of writing and printing paper. The company has manufacturing set up base in Ahmedgarh and Banah in the state of Punjab and Corporate Office is located in Ludhiana in Punjab. The company is a recognized player in manufacturing of writing and printing paper and the quality product manufactured by the company is well accepted in the Indian market. The company enjoys excellent rapport with all its stakeholders and business constituents.

#### **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 2011, Company has 1320 employees consisting of 71 managers, 354 staff/officers and 895 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.

**REPORT ON CORPORATE GOVERNANCE****Company's Philosophy**

The company's corporate governance philosophy rests on the pillars of integrity, accountability and transparency that confirm fully with laws, regulations and guidelines. The company's policies and practices are not only in line with statutory requirements but also reflect its commitment to operate in the best interest of its stakeholders. At Shreyans, Corporate Governance aims to maximize long term stake-holders value.

The company is in compliance with the requirements of the guidelines on corporate governance stipulated under clause 49 of the Listing Agreement.

The company has adopted a Code of Conduct for members of the Board and senior management and the same has been posted on the website of the company. All Directors and other officials have affirmed in writing their adherence to the above code.

**Board of Directors**

The company's Board of Directors is balanced mix of Executive & Non Executive Independent Directors. The Board consists of nine directors as on 31.03.2011. The present constitution of the Board fully meets the requirement of Clause 49 of the Listing Agreement which requires at least fifty percent of total number of directors should be Non Executive & Independent. The Chairman of the Board is an Executive Director.

The Board of Directors met four times during the year 2010-11 on 25<sup>th</sup> May, 2010, 31<sup>st</sup> July, 2010, 10<sup>th</sup> November 2010 and 9<sup>th</sup> February, 2011 and the gap between two meetings did not exceed four months.

Particulars of directors of the company, their attendance at Board Meetings and last AGM, number of directorships in other companies, memberships in committees across all companies in which they are directors as on March 31, 2011 are given in the following table:

Name of the Director	Board Meetings attended during the year	Attendance of last AGM (28.09.2010)	No. of Other Directorship	Membership of the other Board Committees
<b>EXECUTIVE DIRECTORS</b>				
Sh. Rajneesh Oswal	4	Present	5	2
Sh. Vishal Oswal	4	Present	4	--
Sh. Kunal Oswal	4	Present	6	--
Sh. Anil Kumar	4	Present	1	--
<b>NON EXECUTIVE INDEPENDENT DIRECTORS</b>				
Sh. A. K. Chakraborty	4	Not Present	2	5 (2)
Dr. Mrs. H.K. Bal*	2	Not Present	7	11 (3)
Sh. R. C. Singal	4	Present	12	10 (4)
Sh. M. L. Gupta	4	Not Present	1	3
Dr. N.J.Rao	3	Not Present	--	--

\*Dr.(Mrs.) H.K.Bal ceased to be director of the company w.e.f. 28.05.2011.

The figure given in bracket is for the number of chairmanship held. No. of committees also include the non mandatory committees.

The important decisions taken at the Board Meeting are promptly communicated to the concerned Unit(s)/ Department(s). Actions taken on the decisions on the previous meeting are reported at the succeeding meeting of the Board.

**Audit Committee**

As on the closing of last Financial Year the Audit Committee consisted of four independent non executive directors. Audit Committee of the company is headed by Sh. R.C.Singal. The Company Secretary functions as Secretary to the committee. Reference and authorities of the Audit Committee are in line with the provisions Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. Dr.(Mrs.) H.K.Bal ceased to be a member of the Audit Committee w.e.f. 28.05.2011.

All the financial statements of the company are first reviewed by the Audit Committee before presentation to the Board of Directors. Audit committee discusses the reports of Statutory Auditors, Internal Auditors as well as Cost Auditors of the company. The appointment of Statutory and Cost Auditors are recommended by the Audit Committee. Audit Committee also reviews the company's financial and risk management policies, management discussion and analysis of financial condition, results of operations and statement of significant related party transactions at periodic basis.

The Audit committee has met four times during the Financial Year 2010-11. The meetings were held on 25<sup>th</sup> May, 2010, 31<sup>st</sup> July, 2010, 10<sup>th</sup> November 2010 and 9<sup>th</sup> February, 2011. The Chairman of the Audit committee attended the 30<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> September, 2010.

The details of attendance at Audit Committee meetings are given in the following table:

Name of Member	Meetings Held	Meetings Attended
Sh. R. C. Singal (Chairman)	4	4
Sh. A. K. Chakraborty	4	4
Dr. (Mrs.) H. K. Bal	4	2
Sh. M. L. Gupta	4	4



**Remuneration Committee:**

The company has constituted a Remuneration Committee to evaluate compensation and benefits for Executive Directors, their relatives and to frame policies related thereto. The present committee comprises three independent non executive directors. No meeting of the Remuneration Committee was held during the Financial Year 2010-11.

**DETAILS OF MANAGERIAL REMUNERATION FOR THE YEAR 2010-11****A. Executive Directors****(Amount In Rupees)**

Name	Designation	Remuneration (in Rs.)				
		Basic Salary	Provident Fund	Other Benefits	Performance Incentive	Total
Sh. Rajneesh Oswal	Chairman and Managing Director	6000000	720000	245335	---	6965335
Sh. Vishal Oswal	Vice- Chairman and Managing Director	6000000	720000	238113	---	6958113
Sh. Kunal Oswal	Whole time Director	1200000	144000	3251	---	1347251
Sh. Anil Kumar	Executive Director and CEO	2326154	279138	1562752	2326154	6494198

Company has entered into separate agreements for appointment and payment of remuneration to the Managing Directors and Executive Director & CEO. Notice period from either party has been fixed at six months. Company shall be liable to pay severance fee as per the individual contract.

Executive Director & CEO Sh. Anil Kumar is entitled to the performance incentive, as may be decided by the Board, along with fixed salary in terms of resolution passed at the Annual General Meeting held on 30<sup>th</sup> June, 2006.

Managing Directors and Wholetime Director are entitled for the fixed salary as per respective approval of shareholders obtained at Annual General Meeting held on 27.09.2008.

Managing Directors and Executive Director & CEO have been reappointed at the Board meeting held on 28.05.2011. Necessary resolutions seeking shareholders approval for such reappointment(s) are being presented at the 31<sup>st</sup> Annual General Meeting scheduled to be held on 30<sup>th</sup> August 2011.

**B. Non- Executive Directors****(Amount In Rupees)**

Name	Category	Sitting Fees for Board Meeting	Sitting Fees for Committee Meeting	Total
Sh. A.K. Chakraborty	Director	24000	12000	36000
Sh. R. C. Singal	Director	24000	48000	72000
Dr.(Mrs) H. K. Bal	Director	12000	6000	18000
Sh. M. L. Gupta	Director	24000	12000	36000
Dr. N. J. Rao	Director	18000	Nil	18000

Company does not make any payment to non Executive Directors except the sitting fee or reimbursement of out of pocket expenses incurred by directors for attending the meeting of Board or any committee thereof. The sitting fees paid/ payable to non executive directors is within the limits prescribed under the Companies Act, 1956 and rules made thereunder. No Non Executive Director has any pecuniary relation with the company. During the year under consideration company has not entered into any transaction with any company or firm where any non executive director has any interest.

No stock option has been given to any of the Directors, including Executive Directors.

**Share Transfer-cum-Investor Grievance Committee**

The Board has formed an investors' Grievance Committee named as Share Transfer-cum-Investor Grievance Committee to specifically look into the redressal of investors' complaint like transfer of shares, non receipt of balance sheet or non receipt of credit of shares into the De mat account etc. The committee also approves issue of duplicate share certificate(s) and oversees and reviews all matters connected with the share transfer.

The Share Transfer cum Investor Grievance Committee is headed by a Non-Executive Director and met twelve times during the year 2010-11. The detail of members and their attendance are given in the table

Name of Member	Meetings Held	Meetings Attended
Sh. R. C. Singal (Chairman)	12	12
Sh. Rajneesh Oswal	12	10
Sh. Anil Kumar	12	10
Sh. Kunal Oswal	12	12

Sh. V.K.Bhatia, Secretary of the company is Compliance Officer.  
The company has designated the e.mail id "[cs@shreyansgroup.com](mailto:cs@shreyansgroup.com)" for the purpose of registering complaints by investors electronically. This e.mail id is displayed on the company's website.  
The details regarding the investor's complaints are as under

Particulars	No. of Complaints
Pending as on 01-04-2010	2
Received during the year	42
Resolved during the year	43
Pending as on 31-03-2011	1

#### General Body Meetings

The last three Annual General Meetings were held as under :

Financial Year	Date of A.G.M.	Time	Venue
2009-10	28th September, 2010	11.00 A.M.	Regd. Office of the Company at Vill. Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana-141 123
2008-09	30th September, 2009	11.00 A.M.	Regd. Office of the Company at Vill. Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana-141 123
2007-08	27th September, 2008	12.00 Noon	Regd. Office of the Company at Vill. Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana-141 123

The Details of special resolutions passed at the above meetings are as under

Date of A. G. M.	Subject matter of Special Resolution
27th September, 2008	1.Re- Appointment of Sh. Rajneesh Oswal as Chairman & Managing Director 2. Re- Appointment of Sh. Vishal Oswal as Vice Chairman & Managing Director 3. Appointment of Sh. Kunal Oswal as Whole time Director.

During the last three years no resolution was passed through Postal Ballot.

Further no such resolution is proposed to be placed for the shareholders approval in the forthcoming Annual General Meeting, which requires the passing of resolution through Postal Ballot.

#### Disclosures

- The related party transactions are placed before Audit Committee. For the year 2010-11, there were no transactions of material nature with related parties which are not in the normal course of business. The related party transactions are disclosed in the Notes on Account to the Balance Sheet. There are no pecuniary relationships or transactions of non executive directors vis-à-vis company that have a potential conflict with the interests of the company.
- The company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to the capital market during the last three years. There were no penalties or strictures imposed on the company by Stock exchanges or SEBI, any statutory authority on any matter related to the above.
- The company has complied with all mandatory requirements of clause 49 of listing agreement on corporate governance and the non mandatory requirement relating to the remuneration committee to the extent detailed above.
- As on 31<sup>st</sup> March, 2011 Sh. R.C.Singal is holding 250 equity shares, directly or through family members. No other non executive director is holding any equity shares of the company.
- The company has a Whistle Blower Policy in place for employees to report concerns about unethical behavior. No personnel have been denied to approach the Management or the Audit Committee on any issue.

f) Sh. Rajneesh Oswal, Chairman & Managing Director, Sh. Vishal Oswal Chairman & Managing Director and Sh. Kunal Oswal, Wholetime Directors are real brothers. No other director is having any relationship with each other.

g) Company has filed cost audit reports for the year 2009-10 on 06.09.2010.

h) As on date of this report the Company has 1800 equity shares, in physical form, issued in the year 1982, which are unclaimed by 35 shareholders. Company has sent notices to these holders at their address registered with the company. Unclaimed shares, if any, shall be kept in suspense account in compliance to the provision of amended clause 5A of the Listing Agreement.

#### Means of Communication

The quarterly, half yearly and Annual financial results were published in leading newspapers which included The Economic Times, Deshsevak. The same were sent to the Stock Exchanges and also placed at website of the Company, [www.shreyansgroup.com](http://www.shreyansgroup.com).

#### Management Discussion and Analysis Report

The Management Discussion & Analysis Report as reviewed by the Audit Committee is set out in annexure forming part of Director's Report.

#### Nomination

Shareholders who hold shares in the physical form and wish to make/ change nomination in respect of their shares in the company, as permitted under Section 109A of the Companies Act, 1956 may submit the Registrars of the company the prescribed Form 2B.

#### General Shareholders Information

##### (i) Annual General Meeting

Date & Time: Tuesday, the 30<sup>th</sup> day of August, 2011 at 11.00 A.M.

Place: Regd. office of the Company at Vill. Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana - 141 123.

##### (ii) Financial Year

The company's Financial Year starts from 1st April every year and conclude on 31st March, next year.

(iii) **Book Closure:** From Thursday, the 25<sup>th</sup> day of August 2011 to Tuesday, the 30<sup>th</sup> day of August, 2011 (both days inclusive)

(iv) Company has not declared/paid any dividend during the year 2010-11.

##### (v) Listing Details:

The Equity shares of the Company are listed at the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited

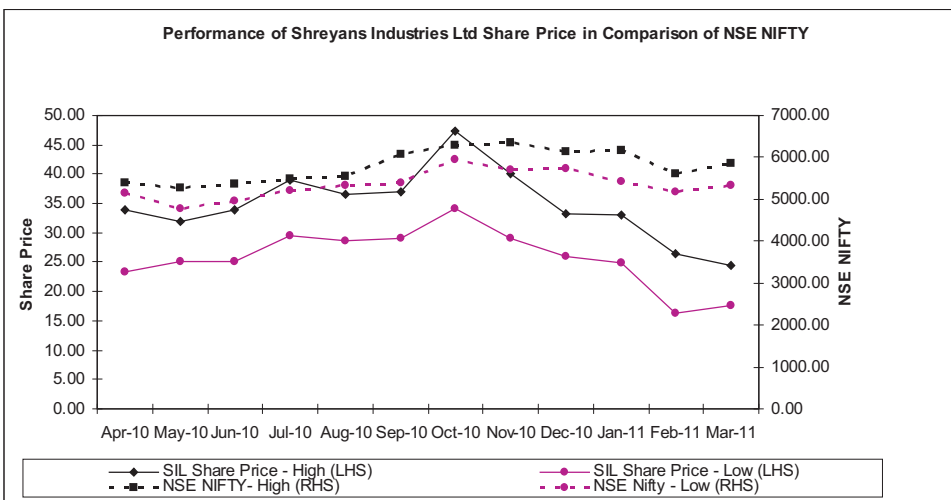
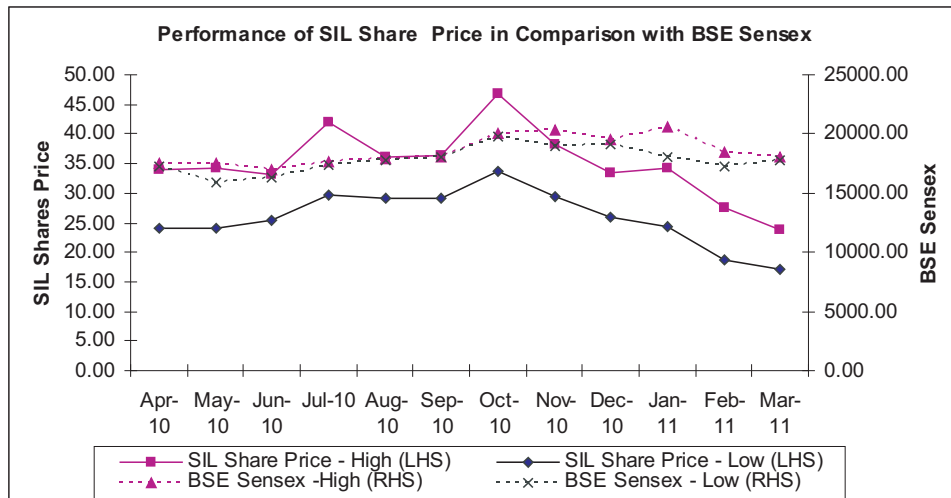
Stock Code is as under :

<b>Bombay Stock Exchange Limited</b>	<b>516016</b>
<b>National Stock Exchange of India Limited</b>	<b>SHREYANSIND</b>
<b>ISIN Number</b>	<b>INE231C01019</b>
<b>Corporate Identification Number</b>	<b>L17115PB1979PLC003994</b>

Company has paid listing fee to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited up to year 2011-12.

(vii) **Market Price data :** The monthly high and low stock quotations during the last financial year at BSE and NSE are given below along with comparison to Broad Based BSE Sensex

Month & Year	Share price at Bombay Stock Exchange		Share Price at National Stock Exchange	
	High	Low	High	Low
Apr - 10	34.00	24.10	34.00	23.45
May - 10	34.25	24.00	32.00	25.20
Jun - 10	33.20	25.30	34.00	25.10
Jul - 10	41.95	29.55	39.00	29.45
Aug - 10	36.00	29.25	36.50	28.55
Sep - 10	36.40	29.15	37.00	29.05
Oct - 10	46.85	33.65	47.40	34.10
Nov - 10	38.15	29.50	40.00	29.00
Dec - 10	33.55	26.05	33.35	26.00
Jan - 11	34.20	24.40	32.95	25.00
Feb - 11	27.65	18.75	26.50	16.25
Mar - 11	23.90	17.20	24.50	17.60



(viii) Registrar and Share Transfer Agent.  
The details of Registrar & Transfer Agents are as under

Name : Skyline Financial Services (P) Ltd.  
Address : D-153/A 1<sup>st</sup> Floor, Okhla Industrial Area, Phase -1  
New Delhi-110020  
Phone No. : 011-30857575 ( ten lines)  
Fax No. : 011-30857562  
Contact Person : Mr. Subhash Aggarwal, Director.

(ix) Share Transfer System:  
The Board has delegated the power of approving re-materisation of shares, transfer and transmission cases, splitting- consolidation of share certificates and issue of duplicate share certificates etc. to the Share Transfer cum Investor Grievances Committee. A list of valid transfers prepared by Transfer Agent in respect of transfers received by them and objections, if any, are placed before the committee for approval/ confirmation.  
The shares are accepted for registration of transfer at the Registered Office of the Company in addition to the office of Registrar & Transfer Agent, M/s Skyline Financial Services Private Ltd., New Delhi.

(X) The distribution of company's share holding is as follows :

NO OF SHARES		PHYSICAL FORM			D-MAT FORM		
		NO OF SHARE HOLDERS	NO. OF SHARES HELD	PERCENTAGE OF SHARE CAPITAL HELD	NO OF SHARE HOLDERS	NO. OF SHARES HELD	PERCENTAGE OF SHARE CAPITAL HELD
From	To						
1	500	13884	924256	6.69	3940	377142	2.73
501	1000	52	34470	0.25	157	128198	0.93
1001	2000	9	12385	0.09	80	120054	0.87
2001	3000	2	4100	0.03	28	71421	0.51
3001	4000	.....	.....	.....	12	42470	0.31
4001	5000	1	4450	0.03	14	67381	0.49
5001	10000	2	12900	0.09	26	186272	1.35
10001	Above 10001	10	3029500	21.91	70	8809651	63.72
TOTAL							
		13960	4022061	29.09	4327	9802489	70.91

(xi) As on 31.03.2011, 70.91% of total paid up capital of the company is held with depositories in dematerialized form. The Equity shares of the company are regularly traded at the BSE and NSE

(xii) The Company has not issued any GDR's /ADR's. The company has not allotted any equity share during the financial year 2010-2011

(xiii) Location of Plants:

- (i) Shreyans Papers, Ahmedgarh, Distt. Sangrur(Pb).
- (ii) Shree Rishabh Papers, Vill. Banah, Distt. Nawanshahar(Pb).

(xv) Address for Correspondence:

Registered Office:  
Shreyans Industries Limited  
Vill. Bholapur, P.O.Sahabana,  
Chandigarh Road, Ludhiana (India) - 141 123  
Ph. (0161) 2685271, 272  
Fax. 91-161-2685270  
Email : atl@shreyansgroup.com  
cs@shreyansgroup.com  
Website : www.shreyansgroup.com

To,  
The Members,  
Shreyans Industries Ltd.  
Ludhiana

**DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49(1D) OF THE LISTING AGREEMENT**

I hereby confirm that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the Directors and Senior Management Personnel as approved by the Board, for the Financial Year ended 31st March, 2011 in terms

Place : Ludhiana  
Date : 28th May 2011

FOR AND ON BEHALF OF THE BOARD  
  
(RAJNEESH OSWAL)  
CHAIRMAN AND MANAGING DIRECTOR

**Auditors' Certificate on Compliance with the condition of Corporate Governance  
under clause 49 of the Listing Agreement**

To  
The Members  
Shreyans Industries Limited

We have examined the compliance of conditions of corporate governance by Shreyans Industries Limited ("the Company") for the year ended on 31<sup>st</sup> March, 2011 as stipulated in clause 49 of the listing agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to review of procedures and implementation thereof, adopted by the company, for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the presentation made by the Directors and Management, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For S.C. Vasudeva & Co.  
Chartered Accountants  
(Firm Reg. No. 000235N)**

**(SANJIV MOHAN)  
Partner  
M. No. 86066**

**Place : Ludhiana  
Dated : 28th May, 2011**

**AUDITOR'S REPORT**

**To**  
**The Shareholders,**  
**Shreyans Industries Limited**

1. We have audited the attached balance sheet of Shreyans Industries Limited as at 31<sup>st</sup> March, 2011 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 as issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 of the said order.

4. Further to our comments in the annexure referred to in paragraph 3 above, we report that :

a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;

c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act; 1956.

e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and other notes thereon give the information

required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2011;

(ii) in the case of profit and loss account, of the profit for the year ended on that date; and

in the case of cash flow statement, of the cash flows for the year ended on that date.

**FOR S. C. VASUDEVA & CO.**  
**Chartered Accountants**  
**(Firm Reg. No. 000235N)**

**Place : Ludhiana**  
**Dated: 28th May 2011**

**(Sanjiv Mohan)**  
**Partner**  
**M. No. 86066**

**Annexure to the Auditor's Report**

(Referred to in paragraph 3)

(i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) According to information and explanations given to us, the company has adopted a policy of physical verification of fixed assets once in every three years. The last verification of entire block of fixed assets was done in the year ended 31<sup>st</sup> March, 2009. In our opinion, the frequency of physical verification of the fixed assets is reasonable having regard to size of the company and nature of its business.

c) According to the information and explanations given to us the company has not disposed off substantial part of its fixed assets during the year.

(ii)(a) According to the information and explanations given to us, the inventories have been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.

b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management as evidenced by the written procedures and instructions are reasonable and adequate in relation to the size of the company and nature of its business.

c) On the basis of our examination of the records of the inventories, In our opinion the company is maintaining proper records of inventories. The discrepancies noticed on physical verification as compared to book records were not material and have been properly dealt with in the books of account.

(iii)(a) According to the information and explanations given to us, the company has not granted loans secured or unsecured to companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clause 4 (iii) (b) (c) and (d) of the above said order are not applicable to the company.

(b) The company has taken unsecured loans from four parties covered in the register maintained under section 301 of the Companies Act, 1956. The amount involved in the transactions is Rs. 125.26 lacs. The amount payable as at the close of the year is Rs. 100.60 lacs.

(c) According to the information and explanations given to us, the rate of interest and other terms and conditions in respect of unsecured loans taken by the company, are not prima-facie prejudicial to the interest of the company.

(d) In our opinion and according to the information and explanations given to us, the payment of principal amount and interest in respect of the aforesaid loans is regular.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business, for the purchase of inventory and fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

(v) In our opinion and according to the information and explanations given to us, there are no contract or arrangement, the particulars of which need to be entered into register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(v) of the above said order are not applicable to the company

(vi) According to the information and explanations given to us the company has complied with the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975 with regard to deposits accepted from the public. According to the information given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.

(viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the records with a view to determine whether they are accurate or complete.

(ix) (a) According to the records of the company, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to the company, if any, have been regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2011, for a period of more than six months from the date they became payable.

(b) According to the records of the company, the disputed statutory dues aggregating to Rs 97211635 that have not been deposited on account of matters pending before the appellate authorities in respect of income tax and excise duty are as follow :

S. No.	Statute	Nature of Dues	Disputed Amount (Rs.)	Forum where Dispute is pending.
1.	Central Excise Act, 1944	Excise Duty	92501079	Custom, Excise & Service Tax Appellate Tribunal, New Delhi
2.	Central Excise Act, 1944	Excise Duty	1170370	Commissioner (Appeals) Chandigarh
3.	Income Tax Act, 1961	Income Tax	3540186	Commissioner of Income Tax (Appeal), Ludhiana

According to the information and explanations given to us there are no dispute in respect of sales tax, service tax, custom duty, wealth tax and cess.



(x) The company does not have accumulated losses as at 31<sup>st</sup> March 2011. The latter part of the question relating to net worth is thus not applicable to the company. Further, the company has not incurred cash losses during the financial year covered under audit and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks, financial institutions or debenture holders.

(xii) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the above said order are not applicable to the company.

(xiii) The company is not a chit fund or a nidhi mutual benefit fund/society. Accordingly, the provisions of clause 4 (xiii) of the above said order are not applicable to the company.

(xiv) According to the information and explanations given to us, the company has not dealt or traded in share, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the above said order are not applicable to the company.

(xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly, the provisions of clause 4(xv) of the order are not applicable to the company.

(xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.

(xvii) According to information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long term investment.

(xviii) According to the information and explanations given to us, the company has not made any preferential allotment to the parties and companies covered in the register maintained under section 301 of Companies Act, 1956.

(xix) According to the information and explanations given to us the company has not issued debentures during the year. Accordingly the provisions of clause 4 (xix) of the above said order are not applicable to the company.

(xx) According to the information and explanations given to us, the company has not raised any money by way of public issue during the year. Accordingly the provisions of clause 4 (xx) of the above said order are not applicable to the company.

(xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

**FOR S.C. VASUDEVA & CO.**  
**Chartered Accountants**  
**( Firm Reg. No. 000235N)**

**(SANJIV MOHAN)**  
**Partner**  
**M.NO. 86066**

**PLACE : LUDHIANA**  
**DATED : 28th May, 2011**

**BALANCE SHEET AS AT 31ST MARCH 2011**

S.No.	PARTICULARS	Schedule No.	As at 31.03.2011 (Rs. in lacs.)	As at 31.03.2010 (Rs. in lacs.)
<b>I</b>	<b>SOURCES OF FUNDS</b>			
(1)	<b>SHAREHOLDERS' FUNDS :</b>			
a)	Capital	1	1382.47	1382.47
b)	Reserves & Surplus	2	5227.82	4755.78
			<u>6610.29</u>	<u>6138.25</u>
(2)	<b>LOAN FUNDS :</b>			
a)	Secured Loans	3	3070.26	4129.16
b)	Unsecured Loans	4	466.34	454.59
			<u>3536.60</u>	<u>4583.75</u>
(3)	<b>Deferred Tax Liability</b>		<u>1989.38</u>	<u>2167.82</u>
			<u>12136.27</u>	<u>12889.82</u>
<b>II</b>	<b>APPLICATION OF FUNDS</b>			
(1)	<b>FIXED ASSETS :</b>			
a)	Gross Block	5	18211.52	17527.97
b)	Less : Depreciation		<u>8346.66</u>	<u>7485.13</u>
c)	Net Block		<u>9864.86</u>	<u>10042.84</u>
d)	Capital work-in-Progress		267.56	437.74
			<u>10132.42</u>	<u>10480.58</u>
(2)	<b>INVESTMENTS</b>	6	21.86	12.02
(3)	<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>	7		
a)	Inventories		2409.86	2001.63
b)	Sundry debtors		2125.65	1731.93
c)	Cash & Bank Balances		243.49	414.84
d)	Loans & advances		<u>2288.25</u>	<u>2193.81</u>
	(A)		<u>7067.25</u>	<u>6342.21</u>
	<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>	8		
a)	Liabilities		4266.23	3272.49
b)	Provisions		<u>819.03</u>	<u>672.50</u>
	(B)		<u>5085.26</u>	<u>3944.99</u>
	<b>Net current assets (A) - (B)</b>		<u>1981.99</u>	<u>2397.22</u>
			<u>12136.27</u>	<u>12889.82</u>
	<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>	16		

The Schedules referred to above form an integral part of the Balance Sheet

(R.P. GUPTA) (VIPIN KUMAR BHATIA) (ANIL KUMAR) (VISHAL OSWAL) (RAJNEESH OSWAL) As per our report attached  
Sr.Gen. Manager Company Secretary Executive Vice Chairman and Chairman and For S.C. VASUDEVA & CO.  
Finance Director & CEO Managing Director Managing Director (Firm Reg. No. 000235N)  
& Accounts

PLACE : LUDHIANA  
DATE : 28th May, 2011

(SANJIV MOHAN)  
Partner  
M.No. 86066

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

<b>PARTICULARS</b>	<b>Schedule No.</b>	<b>Current Year (Rs. in lacs.)</b>	<b>Previous Year (Rs. in lacs.)</b>
<b>INCOME</b>			
Gross Turnover		26418.44	24562.01
Less Excise Duty (Related to turnover)		837.58	682.55
Turnover		25580.86	23879.46
Other Income	9	367.01	181.64
<b>TOTAL</b>		<b>25947.87</b>	<b>24061.10</b>
<b>EXPENDITURE</b>			
Material Consumed	10	12529.50	11363.17
Manufacturing Expenses	11	8358.78	7630.80
Personnel Expenses	12	2277.01	1920.04
Administrative & Other Outgoings	13	643.50	695.90
Financial Expenses	14	450.56	577.97
Selling & Distribution Expenses	15	404.37	230.84
Depreciation and Amortisation		866.89	848.08
<b>TOTAL</b>		<b>25530.61</b>	<b>23266.80</b>
Profit for the year		417.26	794.30
Less : Provision for taxation			
- Current tax		119.00	133.00
- Deferred tax		0.00	175.25
- Deferred tax adjustment		(178.44)	0.00
- MAT credit entitlement		---	(42.00)
- Wealth tax		3.50	3.00
- Taxes of earlier year		1.16	(16.46)
Profit after Tax		472.04	541.51
Add.: Debenture redemption reserve written back		208.50	100.00
Balance brought forward		545.43	(96.08)
Balance carried to Balance Sheet		1225.97	545.43
Earning per share of Rs. 10/- each			
- Basic		Rs. 3.41	Rs. 3.92
- Diluted		Rs. 3.41	Rs. 3.92
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>	16		

The Schedules referred to above form an integral part of the Profit & Loss Account.

(R.P. GUPTA) (VIPIN KUMAR BHATIA) (ANIL KUMAR) (VISHAL OSWAL) (RAJNEESH OSWAL) As per our report attached  
 Sr.Gen. Manager Finance & Accounts Company Secretary Executive Director & CEO Vice Chairman and Managing Director Chairman and Managing Director For S.C. VASUDEVA & CO. (Firm Reg. No. 000235N)

PLACE : LUDHIANA  
 DATE : 28th May, 2011

(SANJIV MOHAN)  
 Partner  
 M.No. 86066

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011**

PARTICULARS	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	417.26	794.30
Adjustment for :		
Depreciation	866.89	848.08
Interest Income	(71.24)	(55.05)
Investment Income	(20.61)	(44.09)
Interest Expenses	468.90	598.22
Loss / (Profit) on Sale/Discard of fixed assets (Net)	1.33	4.33
Excess Provision Written Back	(312.29)	(60.32)
Provision for doubtful debts and advances	1.43	20.39
Sundry Balances Written off	5.95	35.54
Provision for fall in value of Investment	0.16	----
Difference in exchange rate	----	(37.10)
<b>Operating Profit before Working Capital changes</b>	<b>940.52</b>	<b>1310.00</b>
Adjustment for		
(Increase)/ Decrease in trade & other receivables	(289.93)	369.71
(Increase)/ Decrease in Inventories	(408.23)	114.53
Increase/(Decrease) in trade & other payables	1198.75	422.66
<b>Cash generated from operations</b>	<b>1858.37</b>	<b>3011.20</b>
Direct Taxes paid (Net of Refund)	(72.74)	(118.43)
<b>Net Cash from operating activities</b>	<b>1785.63</b>	<b>2892.77</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(544.04)	(748.85)
Proceeds from sale of investment	10.59	329.19
Proceeds from sale of fixed assets	0.68	7.01
Subsidy received	23.30	96.00
Dividend received	0.02	0.02
Interest received	62.44	39.22
Net cash used in investing activities	(447.01)	(277.41)
	<b>1338.62</b>	<b>2615.36</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from the long term borrowings (Net)	(1412.76)	(1746.02)
Proceeds from the Short term borrowings (Net)	365.61	(110.87)
Interest paid	(462.82)	(582.56)
<b>Net cash from financing activities</b>	<b>(1509.97)</b>	<b>(2439.45)</b>
<b>Net increase in cash &amp; cash equivalents</b>	<b>(171.35)</b>	<b>175.91</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>414.84</b>	<b>238.93</b>
<b>Cash and cash equivalents at the end of year</b>	<b>243.49</b>	<b>414.84</b>

(R.P. GUPTA) (VIPIN KUMAR BHATIA) (ANIL KUMAR) (VISHAL OSWAL) (RAJNEESH OSWAL) As per our report attached  
 Sr.Gen. Manager Company Secretary Executive Vice Chairman and Chairman and For S.C. VASUDEVA & CO.  
 Finance Director & CEO Managing Director Managing Director (Firm Reg. No. 000235N)  
 & Accounts

PLACE : LUDHIANA

(SANJIV MOHAN)  
Partner M.No. 86066

DATE : 28th May, 2011

**AUDITORS' CERTIFICATE**

We have examined the attached cash flow statement of shreyans industries limited for the year ended 31st March,2011. The statement has been prepared by the Company in accordance with the requirements of listing agreement Clause 32 with the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss account and balance sheet of the Company covered by our report of 28th May 2011 to the members of the Company.

For S.C. VASUDEVA & CO.  
(Firm Reg. No. 000235N)

PLACE : LUDHIANA

(SANJIV MOHAN)  
Partner M.No. 86066

DATE : 28th May, 2011

**SCHEDULES TO ACCOUNTS****SHARE CAPITAL** **SCHEDULE - 1**

PARTICULARS	As at 31.03.2011 (Rs. in lacs.)	As at 31.03.2010 (Rs. in lacs.)
<b>(A) AUTHORISED</b>		
19000000 (Previous year 19000000) Equity Shares of Rs. 10 each	1900.00	1900.00
100000 (Previous year 100000) Redeemable Cumulative Preference Shares of Rs. 100 each	100.00	100.00
	<u>2000.00</u>	<u>2000.00</u>
<b>(B) ISSUED AND SUBSCRIBED</b>		
13825000 (Previous year 13825000) Equity Shares of Rs. 10/- each	1382.50	1382.50
	<u>1382.50</u>	<u>1382.50</u>
<b>(C) PAID UP</b>		
13824550 (Previous year 13824550) Equity Shares of Rs. 10/- each	1382.46	1382.46
Add : Forfeited Shares (Amount Originally Paid Up)	0.01	0.01
	<u>1382.47</u>	<u>1382.47</u>

**NOTE :**

- i) The rate of dividend on preference shares shall be decided by the Board of directors as and when issued.

**RESERVES AND SURPLUS** **SCHEDULE - 2**

PARTICULARS	As at 31.03.2011 (Rs. in lacs.)	As at 31.03.2010 (Rs. in lacs.)
<b>CAPITAL RESERVE</b>		
Capital subsidies	64.50	64.50
Capital Profit on Re-issue of Forfeited shares	2.09	2.09
	<u>66.59</u>	<u>66.59</u>
<b>CAPITAL REDEMPTION RESERVE</b>		
	0.01	0.01
<b>SHARE PREMIUM ACCOUNT</b>		
As per Last Account	1923.75	1305.00
Add : Amount received during the year	0.00	618.75
	<u>1923.75</u>	<u>1923.75</u>
<b>DEBENTURE REDEMPTION RESERVE</b>		
As per Last Account	208.50	308.50
Less : Transferred to Profit and loss Account	208.50	100.00
	<u>0.00</u>	<u>208.50</u>
<b>GENERAL RESERVE</b>		
	2011.50	2011.50
<b>SURPLUS</b>		
i.e. Balance as per profit and loss account	1225.97	545.43
	<u>5227.82</u>	<u>4755.78</u>

**SECURED LOANS****SCHEDULE - 3**

<b>PARTICULARS</b>	<b>As at 31.03.2011 (Rs. in lacs.)</b>	<b>As at 31.03.2010 (Rs. in lacs.)</b>
<b>1. DEBENTURES</b>		
(i) 12.25% (11% upto 31st Dec., 2007) Nil (Previous year 450000) Debentures of Rs. 100/-each privately placed with IDBI Bank Ltd. Redeemed in 48 quarterly instalments, The earliest date of redemption was 1st April, 2005.	<b>0.00</b>	<b>208.44</b>
<b>2. LOAN AND ADVANCES FROM BANKS</b>		
i) Term loans	<b>1878.26</b>	<b>2933.80</b>
ii) External commercial Borrowing	<b>66.89</b>	<b>202.05</b>
iii) Cash Credit Facilities	<b>1064.28</b>	<b>710.42</b>
<b>3. OTHER LOANS &amp; ADVANCES</b>		
a) Term Loans from financial Institutions	<b>41.86</b>	<b>65.78</b>
b) Vehicle Loan- From Others	<b>18.97</b>	<b>8.67</b>
	<b>3070.26</b>	<b>4129.16</b>

## 1. Note :-

1. Term Loans from banks and financial institutions are secured by a joint equitable mortgage created or to be created on immovable properties both present and future, situated at Ahmedgarh and Banah in the State of Punjab and hypothecation of whole of the moveable plant and machinery, machinery spares, tools and accessories and other moveable, both present and future (save and except book debts) subject to the charge created or to be created by the company in favour of its bankers for its working capital loans. Term loans are also personally Guaranteed by the promoter Directors of the Company.
2. External Commercial Borrowing (ECB) is secured by a pari-passu charge by way of equitable mortgage created in respect of the fixed assets both present and future situated at Ahmedgarh and Banah in the State of Punjab and also by equitable mortgage of company's office premises at Mumbai and hypothecation of whole of the movable plant and machinery, machinery spares, tools and accessories and other movable assets present and future situated at Ahmedgarh and Banah subject to the charges created or to be created by the company in favour of its bankers for its working capital loans. Further External Commercial Borrowing is also personally guaranteed by a director of the Company and legal heirs and executors of Late Sh. D.K. Oswal promoter and ex-director of the company.
3. Cash credit facilities are secured by hypothecation of stocks of raw materials, finished goods, bills receivables, book debts and all other movable assets of the company and further secured by way of second charge on the immovable assets situated at village Banah and third charge on the immovable assets situated at Ahmedgarh and also personally guaranteed by the two Directors of the Company
4. Loan against vehicles is secured by hypothecation of Vehicles purchased out of such loans.
5. Amount due for repayment out of above loans within one year Rs. 1011.19 lac (Previous year Rs. 1254.84 lac)

**UNSECURED LOANS****SCHEDULE - 4**

<b>PARTICULARS</b>	<b>As at 31.03.2011 (Rs. in lacs.)</b>	<b>As at 31.03.2010 (Rs. in lacs.)</b>
<b>FIXED DEPOSITS</b>		
From Directors	28.88	36.63
From Others	437.46	417.96
	<b>466.34</b>	<b>454.59</b>

Amount due for repayment out of above with in one year Rs. 263.30 Lac ( Previous year Rs. 281.02 Lac)

**FIXED ASSETS****SCHEDULE - 5**

<b>A) TANGIBLE ASSETS</b>	<b>GROSS BLOCK</b>				<b>DEPRECIATION / AMORTISATION</b>				<b>NET BLOCK</b>	
	<b>As at 01.04.2010</b>	<b>Additions</b>	<b>Sale/ Adjustment</b>	<b>As at 31.03.2011</b>	<b>As at 01.04.2010</b>	<b>For the Year</b>	<b>Adjustment</b>	<b>Up to 31.03.2011</b>	<b>As at 31.03.2011</b>	<b>As at 31.03.2010</b>
<b>Land *</b>	308.20	----	----	308.20	----	----	----	----	308.20	308.20
<b>Lease Hold Land</b>	0.70	----	----	0.70	0.15	0.01 **	----	0.16	0.54	0.55
<b>Roads</b>	66.40	1.18	----	67.58	11.27	1.09	----	12.36	55.22	55.13
<b>Buildings</b>	1827.88	97.50	----	1925.38	601.72	52.21	----	653.93	1271.45	1226.15
<b>Plants &amp; Machinery</b>	14820.91	575.20	2.79	15393.32	6684.00	767.11	1.82	7449.29	7944.03	8136.92
<b>Furniture &amp; Fixtures</b>	77.98	1.95	0.26	79.67	52.61	3.52	0.23	55.90	23.77	25.38
<b>Vehicles</b>	398.46	15.09	4.32	409.23	117.74	38.01	3.31	152.44	256.79	280.71
<b>Total (A)</b>	17500.53	690.92	7.37	18184.08	7467.49	861.95	5.36	8324.08	9860.00	10033.04

<b>B) INTANGIBLE ASSETS</b>	<b>GROSS BLOCK</b>				<b>DEPRECIATION / AMORTISATION</b>				<b>NET BLOCK</b>	
	<b>As at 01.04.2010</b>	<b>Additions</b>	<b>Sale/ Adjustment</b>	<b>As at 31.03.2011</b>	<b>As at 01.04.2010</b>	<b>For the Year</b>	<b>Adjustment</b>	<b>Up to 31.03.2011</b>	<b>As at 31.03.2011</b>	<b>As at 31.03.2010</b>
<b>Computer Software</b>	27.44	----	----	27.44	17.64	4.94	----	22.58	4.86	9.80
<b>Total (B)</b>	27.44	----	----	27.44	17.64	4.94	----	22.58	4.86	9.80

<b>GRAND TOTAL (A+B)</b>	17527.97	690.92	7.37	18211.52	7485.13	866.89	5.36	8346.66	9864.86	10042.84
Previous year	16981.56	735.44	189.03	17527.97	6720.85	848.08	83.80	7485.13	10042.84	

**NOTES:-**

- \* Includes Rs 35.09 lacs being the cost of Land exchanged with the forest department land for providing an open drain for carrying effluent
- \*\* Represents proportionate premium for acquisition of lease hold land being amortised over the period of lease.
- Depreciation for the year include Nil (previous year 0.03 Lacs) pertaining to earlier year
- Subsidy amounting to Rs. 23.30 lacs (previous year Rs. 96.00 lacs) related to fixed assets is deducted from the gross value of the assets concerned
- Intangible assets are not internally generated.

**INVESTMENT****SCHEDULE - 6**

<b>PARTICULARS</b>	<b>As at 31.03.2011 (Rs. in lacs.)</b>		<b>As at 31.03.2010 (Rs. in lacs.)</b>	
<b>A) Long Term Investments (at Cost)</b>				
Shares, debentures or Bonds :				
i) Trade (Quoted)				
1980000 (Previous year 1980000) equity Shares of M/s Adinath Textiles Limited of Rs. 10 each fully paid up	<b>314.80</b>		<b>314.80</b>	
Less : Allowance for fall in value of Investment.	<b>314.80</b>	<b>0.00</b>	<b>314.80</b>	<b>0.00</b>
ii) Others than Trade (Quoted)				
180 (Previous year 180) equity Shares of ICICI Bank Ltd. of Rs. 10/- each fully paid-up		<b>0.13</b>		<b>0.13</b>
50 (Previous year 50) equity Shares of Himachal Fibres Ltd. of Rs. 10/- each fully paid-up	<b>0.02</b>		<b>0.02</b>	
50 (Previous year 50) equity Shares of Shiva Papers Ltd. of Rs. 10/- each fully paid-up	<b>0.01</b>		<b>0.01</b>	
50 (Previous year 50) equity Shares of Priyadarshani Spg & Weaving Mills of Rs. 10/- each fully paid-up	<b>0.01</b>		<b>0.01</b>	
50 (Previous year 50) equity Shares of Aurangabad Paper Mill Ltd. of Rs. 10/- each fully paid-up	<b>0.02</b>		<b>0.02</b>	
50 (Previous year 50) equity Shares of Pashupati Spng. & Weaving Ltd. of Rs. 10/- each fully paid-up	<b>0.03</b>		<b>0.03</b>	
01 (Previous year 01) equity Share of The Karnal Co-operative Sugar Ltd. of Rs. - 100/- each fully paid-up	<b>0.01</b>		<b>0.01</b>	
	<b>0.10</b>		<b>0.10</b>	
Less : Allowance for fall in value of Investment	<b>0.10</b>	<b>0.00</b>	<b>0.10</b>	<b>0.00</b>
iii) Others (Unquoted)				
5 (Previous year 5) equity Shares of Raheja Chamber Premises Society Ltd. of Rs. 50/- each		<b>0.01</b>		<b>0.01</b>
23500 (Previous year 23500) equity shares of M/s Fountain Tie Up (P) Ltd. of Rs. 10/- each fully paid-up		<b>1.88</b>		<b>1.88</b>
<b>B) Current investment (At lower of cost and fair value)(Unquoted) Other than Trade</b>				
43,516.101 (Previous year 43,516.101) unit of Rs. 10/- each fully paid-up of SBI - Magnum Comma Fund-Growth scheme of SBI Mutual fund		<b>10.00</b>		<b>10.00</b>
1,00,000 units (Previous year Nil) of Rs. 10/- each fully paid-up of SBI PSU Fund Growth scheme of SBI Mutual fund	<b>10.00</b>			
Less : Allowance for fall in value of Investment	<b>0.16</b>	<b>9.84</b>		
		<b>21.86</b>		<b>12.02</b>
<b>NOTE :</b>	<b>(Rs. in lacs)</b>		<b>(Rs. in lacs)</b>	
1. Market Value of quoted Investments.	<b>1.99</b>		<b>1.73</b>	
2. Aggregate Value of quoted Investments.	<b>315.03</b>		<b>315.03</b>	
3. Aggregate Value of Unquoted Investments.	<b>21.89</b>		<b>11.89</b>	
4. Detail of investments made during the year but not existing on the date of balance sheet.				
Name of Mutual Fund	<b>No. of Units</b>		<b>No. of Units</b>	
SBI Magnum Insta Cash Fund Liquid Floater Plan	<b>1453868.74</b>			
HDFC Top 200 Fund Growth	<b>25685.28</b>			
HDFC Equity Fund Growth	<b>19755.43</b>			
DSP Black Rock Top 100 Equity Fund	<b>53052.09</b>			
ICICI Prudential Target Returns Fund Retail			<b>2100000.00</b>	



**CURRENT ASSETS, LOANS AND ADVANCES****SCHEDULE - 7**

PARTICULARS	As at 31.03.2011 (Rs. in lacs.)		As at 31.03.2010 (Rs. in lacs.)	
<b>(A) CURRENT ASSETS</b>				
<b>1. INVENTORIES</b>				
Raw Materials	884.61		689.65	
Store Spares & Consumables	1104.74		951.80	
Finished Goods	152.32		115.69	
Work-in-Process	222.94		132.72	
Goods in Transit	45.25	2409.86	111.77	2001.63
<b>2. SUNDRY DEBTORS</b> (considered good unless otherwise stated)				
a) Secured				
i) Debts outstanding for a period exceeding six months				
	9.01		----	
ii) Other debts				
	12.67		24.39	
	21.68		24.39	
b) Unsecured				
i) Over Six months				
Considered good	351.94		472.97	
Considered doubtful	198.01		488.21	
Less : Allowances for doubtful debts	198.01		488.21	
	351.94		472.97	
ii) Other debts (considered good)				
	1752.03	2125.65	1234.57	1731.93
<b>3. CASH AND BANK BALANCES</b>				
a) Imprest & Cash in hand				
		30.42		43.70
b) Cheques in Hand				
		0.09		173.91
c) Bank Balances				
With Scheduled Banks				
-----In Current Accounts		50.58		49.28
-----In Fixed Deposits		162.40		147.95
<b>4. INTER CORPORATE LOAN</b>				
		300.00		300.00
<b>(B) LOANS AND ADVANCES</b> (Unsecured Considered Good, Unless other wise Stated)				
a) Advances recoverable in cash or in kind or for value to be received.				
-----Considered Goods	1576.86		1388.66	
-----Considered Doubtful	1.43		0.37	
Less : Allowances for doubtful Advances	1.43	1576.86	0.37	1388.66
b) Mat credit entitlement				
		411.39		505.15
		7067.25		6342.21

**CURRENT LIABILITIES AND PROVISIONS****SCHEDULE - 8**

S. No	PARTICULARS	As at 31.03.2011 (Rs. in lacs.)	As at 31.03.2010 (Rs. in lacs.)
<b>A</b>	<b>CURRENT LIABILITIES</b>		
(1)	Acceptances	738.60	149.66
(2)	Sundry Creditors :		
a)	Total outstanding dues of micro enterprises and small Enterprises and	23.68	55.31
b)	Total outstanding dues of creditors other than micro enterprises and small Enterprises	2271.00	1949.63
(3)	Trade Deposits & Advances	443.52	345.82
(4)	Other Liabilities	750.51	739.23
(5)	Interest accrued but not due on Loans	38.92	32.84
<b>B</b>	<b>PROVISIONS</b>		
	For Taxation		
a)	Current tax	752.10	631.65
	Less : Prepaid taxes	696.25	626.72
	: Mat credit entitlement	93.76	---
		(37.91)	4.93
b)	Fringe benefit tax	21.00	35.00
	Less : Prepaid taxes	19.95	33.95
c)	Employees Benefits (Refer Note 15(a) Schedule 16)	855.89	666.52
		5085.26	3944.99

**OTHER INCOME****SCHEDULE - 9**

PARTICULARS	Current Year (Rs. in lacs.)	Previous Year (Rs. in lacs.)
Miscellaneous Receipts	10.92	15.06
Insurance claims received	9.80	11.47
Income from long term investments (others)	0.02	0.02
Sundry balances written back	5.56	17.92
Allowances for doubtful debts no longer required written back	290.57	36.06
Allowances no longer required written back	16.16	6.35
Rent received	0.32	0.33
Profit on sale of fixed assets	0.01	0.86
Difference in exchange rate	5.52	37.10
Profit on sale of current investment	20.59	44.07
Prior period income	7.54	12.40
	367.01	181.64

**MATERIAL CONSUMED****SCHEDULE - 10**

<b>PARTICULARS</b>	<b>Current Year (Rs. in lacs.)</b>		<b>Previous Year (Rs. in lacs.)</b>	
<b>(A) RAW MATERIAL CONSUMED</b>				
Opening Stock		689.65		632.50
Add : Purchases		<u>12817.59</u>	<u>13507.24</u>	<u>11459.62</u>
Less : Closing stock		884.61		689.65
		<u>12622.63</u>		<u>11402.47</u>
<b>(B) Purchases of finished goods</b>		33.72		0.00
<b>(C) (INCREASE) / DECREASE IN STOCK</b>				
Opening stock				
Finished goods		115.69		98.76
Work-in-process		<u>132.72</u>	<u>248.41</u>	<u>110.35</u>
				209.11
Closing stock				
Finished goods		152.32		115.69
Work-in-process		<u>222.94</u>	<u>375.26</u>	<u>132.72</u>
				248.41
(Increase) /Decrease		<u>(126.85)</u>		<u>(39.30)</u>
		<u>12529.50</u>		<u>11363.17</u>

**MANUFACTURING EXPENSES****SCHEDULE - 11**

<b>PARTICULARS</b>	<b>Current Year (Rs. in lacs.)</b>		<b>Previous Year (Rs. in lacs.)</b>	
Power & fuel		6687.47		5922.92
Packing material		512.02		452.51
Machine clothing		174.30		143.73
Machinery repairs		640.84		757.21
Electric repairs		122.87		141.00
Stores consumed		27.17		26.88
Difference of excise duty between opening & closing stock		7.00		5.23
Others		<u>187.11</u>		<u>181.32</u>
		<u>8358.78</u>		<u>7630.80</u>

**PERSONNEL EXPENSES****SCHEDULE - 12**

<b>PARTICULARS</b>	<b>Current Year (Rs. in lacs.)</b>		<b>Previous Year (Rs. in lacs.)</b>	
Salaries, Wages & other allowances		2020.57		1701.18
Contribution to provident and other funds		193.17		165.23
Workmen & staff welfare		63.04		52.86
Recruitment		<u>0.23</u>		<u>0.77</u>
		<u>2277.01</u>		<u>1920.04</u>

**ADMINISTRATIVE AND OTHER OUTGOINGS****SCHEDULE - 13**

<b>PARTICULARS</b>	<b>Current Year (Rs. in lacs.)</b>	<b>Previous Year (Rs. in lacs.)</b>
Managerial remuneration	217.65	218.06
Rent	6.86	4.79
Rates and taxes	34.44	31.78
Directors' sitting fee	1.80	1.74
Insurance	36.96	32.73
Auditors' remuneration	3.70	3.73
Building repairs	53.02	64.86
Other repairs	8.96	8.90
Directors' travelling	59.44	31.91
Travelling	43.49	33.53
Legal and professional	31.71	37.97
Vehicle maintenance	38.52	36.93
Printing and stationery	7.84	8.92
Postage telegrams and telephones	29.02	27.26
Loss on sale of fixed assets	1.34	1.40
Loss on Discard of Fixed Assets	0.00	3.79
Allowances for Doubtful Debts & advances	1.43	20.39
Allowances for Fall in Value of investment	0.16	0.00
Prior period expenses	2.52	25.92
Sundry balance written off	5.95	35.54
Miscellaneous	58.69	65.75
	<u>643.50</u>	<u>695.90</u>

**FINANCIAL EXPENSES****SCHEDULE - 14**

<b>PARTICULARS</b>	<b>Current Year (Rs. in lacs.)</b>	<b>Previous Year (Rs. in lacs.)</b>
<b>INTEREST</b>		
On Working capital	105.21	76.03
On Term loans	297.57	442.60
On Debentures	8.00	33.33
Others	58.12	46.26
	<u>468.90</u>	<u>598.22</u>
Less ; Interest received from customers (TDS Rs.2.76 Lacs (Previous Year Rs. 2.60 lacs)	<u>71.24</u>	<u>55.05</u>
	<u>397.66</u>	<u>543.17</u>
<b>BANK &amp; OTHER CHARGES</b>	<u>52.90</u>	<u>34.80</u>
	<u>450.56</u>	<u>577.97</u>

**SELLING & DISTRIBUTION EXPENSES****SCHEDULE - 15**

<b>PARTICULARS</b>	<b>Current Year (Rs. in lacs.)</b>	<b>Previous Year (Rs. in lacs.)</b>
Advertisement and publicity	6.50	6.64
Commission to selling agents	83.59	75.78
Rebates and discounts	110.45	59.78
Freight and forwarding	190.23	75.91
Sales promotion	4.94	7.79
Others	8.66	4.94
	<u>404.37</u>	<u>230.84</u>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****1. Significant Accounting Policies****SCHEDULE - 16**

- (a) **Basis of Preparation of Financial Statements**  
The accounts are prepared on accrual basis under the historical cost convention in accordance with the accounting standards referred to in sub-section(3C) of section 211 and other relevant provisions of the Companies Act, 1956.
- (b) **Use of Estimates**  
The preparation of financial statements, in conformity with the generally accepted accounting principles, require estimates and assumptions to be made that affect the reported amount of assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results materialize.
- (c) **Revenue Recognition**
- (i) Sales comprise sale of goods and export incentives. Revenue from sale of goods is recognised;
    - (a) When all the significant risks and rewards of ownership transferred to the buyer and the company retains no effective control of the goods transferred to a degree usually associated with ownership; and
    - (b) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.
  - (ii) The revenue in respect of export incentives i.e. duty entitlement pass book scheme benefit is recognised on post export basis.
  - (iii) Revenue from interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
  - (iv) Dividend from investment is recognized when the right to receive payment is established.
- (d) **Employees Benefits**
- (i) **Short Term Employees Benefits**  
Short Term Employees Benefits are recognized as an expense on an undiscounted basis in the profit and loss account of the year in which the related service is rendered.
  - (ii) **Post Employment Benefits**  
Defined Contribution Plan: Contribution to provident fund is made in accordance with the provisions of the Employee's Provident Fund and Miscellaneous Provisions Act, 1952 and is recognized as an expense in the profit and loss account.  
Defined Benefit Plans
    - a) **Gratuity:**  
Provision for gratuity liability to employees is made on the basis of actuarial valuation as at close of the year.
    - b) **Leave Encashment**  
Provision for leave encashment is made on the basis of actuarial valuation as at the close of the year.
  - (iii) The actuarial gain/loss is recognized in the statement of profit and loss account.
- (e) **FIXED ASSETS**
- (i) Fixed assets are stated at historical cost less accumulated depreciation.
  - (ii) Cost of fixed assets comprises its purchase price and any attributable expenditure (direct and indirect) for bringing an assets to its working condition for its intended use.
  - (iii) Expenditure incurred on renovation/modernisation on the existing fixed assets is added to the book value of these assets where such renovation/modernisation increases the future benefit from them beyond their previously assessed standard of performance.
- (f) **INTANGIBLE ASSETS**  
Intangible assets are stated at cost less accumulated amount of amortisation.
- (g) **DEPRECIATION**
- (i) Depreciation is provided on straight line method in accordance with and in the manner specified in Schedule XIV to the Companies Act, 1956.
  - (ii) Assets costing Rs. 5000/- or less acquired during the year are depreciated at 100%.
- (h) **AMORTISATION**  
Intangible asset are amortised on straight line method. These assets are amortised over their estimated useful life.
- (I) **CENVAT**  
Cenvat credit on excise duty paid inputs, capital assets and input services is taken in accordance with the Cenvat Credit Rules, 2004.
- (j) **INVENTORIES**  
Inventories are valued at cost or net realisable value, whichever is lower. The cost in respect of items of inventory is computed as under:
- In case of raw materials at FIFO basis plus direct expenses.
  - In case of stores and spares at weighted average cost plus direct expenses.
  - In case of work-in-process at raw material cost plus conversion cost depending upon the stage of completion.
  - In case of finished goods at raw material cost plus conversion cost, packing cost, excise duty and other overheads incurred to bring the goods to their present condition and location.
- (k) **INVESTMENTS**  
Long term Investments are stated at cost less provision, if any, for decline in the value of such investments, which is other than temporary. Current investments are stated at lower of cost and fair value.

**(l) FOREIGN CURRENCY TRANSACTIONS**

(a) Transactions in foreign currency are recorded on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency at the date of transaction except in case of export invoices which are recorded at a rate notified by the custom department for invoice purpose which approximates the actual rate as at the date of transaction. Exchange difference arising on realization of export sale is recognized as income or expense in the period in which they arise.

(b) At each balance sheet date foreign currency monetary items are reported at closing rates. Exchange differences arising on settlement of monetary items or on reporting the same at closing rate as at balance sheet date are recognized as income or expense.

**(m) BORROWING COSTS**

Borrowing costs that are directly attributable to acquisition or construction of a qualifying asset are capitalised as a part of cost of such asset. Qualifying asset is one that takes substantial period of time to get ready for its intended use. All other borrowing costs are recognised as expenditure in the period in which these are incurred.

**(n) SUBSIDY**

Government grants available to the company are recognized when there is a reasonable assurance of compliance with the conditions attached to such grants and when benefits in respect thereof have been earned and it is reasonably certain that the ultimate collection will be made. Government subsidy in the nature of promoter's contribution is credited to capital reserve. Government subsidy related to specific fixed assets is deducted from the gross value of the assets concerned.

**(o) IMPAIRMENT OF ASSETS**

At each balance sheet date an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of account.

**(p) ACCOUNTING FOR TAXES ON INCOME**

Provision for taxation for the year comprises of current tax and deferred tax. Current tax is amount of Income-tax determined to be payable in accordance with the provisions of Income tax Act 1961. Deferred tax is the tax effect of timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**(q) PROVISIONS AND CONTINGENT LIABILITIES**

(i) Provision is recognised (for liabilities that can be measured by using a substantial degree of estimation) when:

- (a) the company has a present obligation as a result of a past event;
- (b) a probable outflow of resources embodying economic benefits is expected to settle the obligation ; and
- (c) the amount of the obligation can be reliably estimated

(ii) Contingent liability is disclosed in case there is:

- a) Possible obligation that arises from past events and existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise ; or
- b) a present obligation arising from past events but is not recognised

(i) when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (ii) a reliable estimate of the amount of the obligation cannot be made.

**(r) EARNING PER SHARE:**

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**(s) LEASE**

The assets acquired on lease wherein a significant portion of risks and rewards of ownership of an asset is retained by the lessor are classified as operating leases. Lease rentals paid for such leases are recognised as an expense on systematic basis over the terms of lease.

**II. Notes on Accounts**

1. The company has contested the additional demand in respect of excise duty amounting to Rs. 998.61 lacs (Previous years Rs. 1049.05 lacs). As against this, a sum of Rs. 61.90 lacs (Previous year Rs. 121.93 lacs) is deposited under protest and has been included under the head 'Advances recoverable in cash or in kind'. The company has filed an appeal/petition with the appellate authorities and is advised that the demands are not in accordance with the law. Pending decision thereof, no provision has been made in books of account.
2. Fixed deposits of Rs. 162.40 Lacs (Previous Year Rs. 97.95 lacs) are pledged with various departments as securities against the performance of contracts, letter of credits and bank guarantees issued by Bank.
3. The company is a single segment company engaged in manufacture of Writing and Printing Paper. Accordingly the disclosure requirement as contained in the Accounting Standard AS (17) on "Segment Reporting" prescribed by the Companies (Accounting Standards) Rules 2006 are not applicable.
4. The company has contested the additional demand in respect of Income Tax amounting to Rs. 46.90 lacs (Previous year Nil). Pending appeal with appellate authorities, no provision has been made in the books of account as the company is hopeful to get the desired relief in appeal.
5. The company has executed bonds for an aggregate amount of Rs. 14.00 lac (Previous Year Rs. Nil lac) in favour of President of India under section 56(2) and 67 of the Customs Act, 1962 and Central Excise and Salt Act, 1944, for fulfillment of the obligation under the said Acts.
6. The amount of Rs. 837.58 lacs (Previous year Rs. 682.55 lacs) being the excise duty deducted from the turnover is relatable to the turnover made during the year. Difference of excise duty amounting to Rs. 7.00 lacs ( Previous year Rs. 5.23 lacs) recognised in profit and loss account and shown under the schedule of manufacturing expenses is relatable to difference between closing stock and opening stock.

**7. Earning Per Share**

Particulars	As at 31.03.2011	As at 31.03.2010
Net profit attributable to equity share holders(Rs. In lacs)	<b>472.04</b>	<b>541.51</b>
No. of weighted average equity shares outstanding during the period.	<b>13824550</b>	<b>13824550</b>
The aggregate of the weighted average no. of equity shares and weighted average no. of dilutive potential equity shares.	----	----
Normal value of equity shares	<b>Rs. 10/-</b>	<b>Rs. 10/-</b>
Earning per share - Basic	<b>Rs. 3.41</b>	<b>Rs. 3.92</b>
Diluted	<b>Rs. 3.41</b>	<b>Rs. 3.92</b>

8. In accordance with the Accounting Standard 28 "on Impairment of Assets" the company has assessed on the balance sheet date whether there are any indications (as listed in paragraph 8 to 10 of the Standard ) with regard to the impairment of any of the assets. Based on such assessment, it has been ascertained that no potential loss is present and therefore formal estimate of recoverable amount has not been made. Accordingly no impairment loss has been provided in the books of account.

9. The detail of deferred tax liability as on 31<sup>st</sup> March, 2011.

(Rs. In Lacs)

	As at 31.03.2011	As at 31.03.2010
Deferred tax liability due to timing difference on account of depreciation	<b>2165.88</b>	<b>2285.82</b>
Less : deferred tax assets recognised on account of provision of gratuity	<b>176.50</b>	<b>118.00</b>
	<b>1989.38</b>	<b>2167.82</b>

10. (a) The Company has identified Micro, Small and Medium Enterprises on the basis of information made available. There are no dues to Micro, Small and Medium Enterprises, that are reportable under the Micro, Small and Medium Enterprises Development Act 2006.

(b) The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under :

		(Rs in lac)	
Sr. No.	Particulars	As at 31st March, 2011	As at 31st March, 2010
1	Principal amount due and remaining unpaid	<b>23.68</b>	55.31
2	Interest due on (1) above and the unpaid interest	---	---
3	Interest paid on all delayed payments under the MSMED Act	---	---
4	Payments made beyond the appointed day during the year	---	---
5	Interest due and payable for the period of delay other than (3) above	---	---
6	Interest accrued and remaining unpaid	---	---
7	Amount of further interest remaining due and payable in succeeding years	---	---

11. Intangible assets comprises of software have been amortized @20% on straight line basis as the useful life thereof has been estimated to be not more than five years.

12. The exchange difference included in the net profit for the year amounts to **Rs. 12.01 lac**. The details of such exchange difference are as under:-

(a) Amount on restatement of difference of monetary items credited to other income	<b>Rs. 0.47 lac</b>
(b) Amount of difference on account of payment In respect of import of raw materials credited to raw material account	<b>Rs. 11.27 lac</b>
(c) Amount of difference on realization from debtors relating to export sales credited to sales account	<b>Rs. 0.27 lac</b>

13. Detail of foreign currency exposure that has not been hedged by a derivative instrument or otherwise is given below.

	As at 31.03.2011	As at 31.03.2010
Against Debtors (US Dollars)	77,136.00	1,29,603.54
Against Loan (US Dollars)	1,50,000.00	4,50,000.00
Against Creditors (US Dollars)	1,14,203.04	Nil

14. The company has leased facilities under non cancellable operating lease arrangements with a lease term of three years which are subject to renewal at mutual consent thereafter. The lease rent expenses recognised during the year amounts Rs. 6.55 lac (previous year 4.10 lac.)

The future minimum lease payment in respect of non cancellable operating lease as at 31<sup>st</sup> March, 2011 for each of the following periods,

	(Rs. In lac)
i) Not Later than one year	6.55
ii) Later than one year but not later than five years	5.41
iii) Later than five years	Nil

15. Employee Benefits

The summarized position of post-employment benefits and long term employee benefits recognized in the profit and loss account and Balance Sheet in accordance with AS[15] is as under:-

(a) Changes in the present value of the obligations

	As on 31.03.2011		As on 31.03.2010	
	GRATUITY (Funded)	LEAVE ENCASHMENT (Un funded)	GRATUITY (Funded)	LEAVE ENCASHMENT (Un funded)
Present Value of obligation as at beginning of the year	583.37	83.15	548.52	79.69
Interest Cost	45.19	5.27	42.87	5.43
Current Service Cost	45.34	45.63	39.17	25.51
Benefits Paid	(36.87)	(34.59)	(25.27)	(23.72)
Actuarial loss/(gain) on obligations	114.86	4.54	(21.92)	(3.76)
Present Value of obligation as at close of the year	751.89	104.00	583.37	83.15

(b) Changes in Fair value of Plan Assets

	31.03.2011	31.03.2010
	GRATUITY (Funded)	GRATUITY (Funded)
Fair Value of Plan Assets as at beginning of the year	144.65	131.86
Expected return on Plan Assets	13.06	12.11
Employer's Contributions	33.55	24.78
Benefits Paid	(37.23)	(23.73)
Actuarial (Loss)/gain on obligations	(0.30)	(0.37)
Fair Value of Plan Assets as at close of the year	153.73	144.65

Reconciliation of the change in Fair Value of Plan Assets in respect of unfunded leave encashment is not required

(c) Amount recognized in Balance Sheet

	As on 31.03.2011		As on 31.03.2010	
	GRATUITY (Funded)	LEAVE ENCASHMENT (Un funded)	GRATUITY (Funded)	LEAVE ENCASHMENT (Un funded)
Estimated Present value of obligations as at the end of the year	751.89	104.00	583.37	83.15
Fair value of Plan Assets as at the end of the year	153.73	0.00	144.65	----
Unfunded Net Liability recognized in Balance Sheet	598.16	104.00	438.72	83.15



## (d) Expenses Recognized in Profit and loss account

	As on 31.03.2011		As on 31.03.2010	
	GRATUITY (Funded)	LEAVE ENCASHMENT (Un funded)	GRATUITY (Funded)	LEAVE ENCASHMENT (Un funded)
Current Service Cost	45.34	45.63	39.17	25.51
Interest Cost	45.19	5.27	42.87	5.43
Expected return on Plan Assets	(13.06)	0.00	(12.11)	—
Net Actuarial (Gain)/Loss recognized in the year	115.16	4.54	(21.55)	(3.76)
Total expenses recognized in profit and loss account	192.63	55.44	48.38	27.18

## (e) Principal actuarial assumption at the balance sheet date (expressed as weighted average)

	As on 31.03.2011		As on 31.03.2010	
	GRATUITY (Funded)	LEAVE ENCASHMENT (Un funded)	GRATUITY (Funded)	LEAVE ENCASHMENT (Un funded)
Discount Rate	8.00%	8.00%	8.00%	8.00%
Expected rate of return on Plan Assets	9.15%	N.A.	9.15%	N.A.
Expected Rate of Salary Increase	5.50%	5.50%	5.50%	5.50%
Method used	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit

(f) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

(g) The financial assumptions considered for the calculations are as under:-

Discount Rate: The discount rate has been chosen by reference to market yield on government bonds as on date of valuation.

Expected Rate of Return: In case of gratuity, the actual return has been taken.

Salary Increase: On the basis of past data provided by the company.

(h) Short term employee's benefits:

	(Rs in lacs)	
	Current year	Previous year
Short term leave encashment liability as on 31.03.2011	78.44	69.76
Contribution to Provident Fund	139.20	126.19

## 16. The related party disclosure as per Accounting Standard 18 prescribed by the Companies (Accounting Standards) Rules 2006.

## a) KEY MANAGEMENT PERSONNEL AND RELATIVES OF KEY MANAGEMENT PERSONNEL

Key Management Personnel : Sh Rajneesh Oswal, Sh. Vishal Oswal, Sh Anil Kumar, Sh Kunal Oswal

Relatives of Key Management

Personnel:

Mrs. N.K. Oswal, Mrs. Preeti Oswal, Mrs. Shika Oswal

Mrs. Neera, Ms Namita, Ms Swati

Adinath Textiles Limited

## b) ASSOCIATE

## c) ENTERPRISES OVER WHICH KEY MANAGEMENT PERSONNEL AND RELATIVE OF SUCH PERSONNEL ARE ABLE TO EXERCISE SIGNIFICANT INFLUENCE OR CONTROL

Achin Investment & Mercantile Company  
 Ojasvi Investment & Mercantile Company  
 Shreyans Financial and Capital Services Limited  
 Lime Lite Consultants Private Limited  
 Punctual Dealers (P) Ltd.  
 Levina Investment & Mercantile Company  
 Jagvallah Parasnath Capital Investments Private Limited  
 Adeep Investment Company.  
 Virat Investment & Mercantile Company

No transaction carried out during the year with the enterprises stated above.

d) The following transactions were carried out with the related parties in the ordinary course of business.

Nature of transactions During the year	Associate		Key Management Personnel (KMP)		Relatives of Key Management Personnel (KMP)		Enterprises in which KMP are able to exercise significant influence or Control	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Remuneration	---	---	217.65	218.06	7.02	7.17	---	---
Interest Received	---	---	---	---	---	---	---	---
Interest Paid	---	---	3.31	3.86	8.19	7.71	---	---
Debts Due	3.73	462.73	---	---	---	---	---	---
Loan Given (including Opening Balance)	---	---	---	---	---	---	---	---
Loan Received	---	---	---	---	---	---	---	---
Closing balance of loans given	---	---	---	---	---	---	---	---
Loan Taken (including Opening Balance)	---	---	---	---	---	---	---	---
Loan repaid	---	---	---	---	---	---	---	---
Closing balance of loan taken	---	---	---	---	---	---	---	---
Fixed deposits taken (including Opening Balance)	---	---	65.51	76.34	141.60	149.12	---	---
Fixed deposit repaid	---	---	36.63	39.71	69.88	60.49	---	---
Closing balance of fixed deposit	---	---	28.88	36.63	71.72	88.63	---	---

(i) No provision for doubtful debts is required to be made for the year in respect of debt due from related parties.

(ii) The related party relationship is as identified by the Company and relied upon by the auditors

17. Detail of minimum Managerial Remuneration paid/payable in accordance with the provisions of schedule XIII to the Companies Act, 1956.

	(Rs . in Lacs)	
	Current Year	Previous Year
Salary	155.26	153.46
Performance Incentives	23.26	21.46
Provident & Other Funds	18.63	18.41
Other Perquisites *	20.50	24.73
	<u>217.65</u>	<u>218.06</u>

The company has paid minimum remuneration as approved by the Central Govt. in terms of Section 269 of Companies Act 1956, therefore the profit under Section 349 has not been computed.

18. Remuneration to Auditors :

	Current Year	Previous Year
As Audit Fee	2.00	2.00
As Tax Audit Fee	0.50	0.50
In other Capacity (for verification of statements)	0.71	0.55
Out of Pocket Expenses	0.49	0.68
	<u>3.70</u>	<u>3.73</u>

19. Estimated amount of contracts remaining to be executed on capital account (Net of Advances)

	971.90	15.32
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20. There are contingent liabilities in respect of :-

(a) Claims not acknowledge as debts (Future cash outflows in respect of above are determinable only on receipt of judgments / decisions pending with various forums / authorities)	<b>34.83</b>	<b>34.83</b>
(b) Bank Guarantees and Letter of Credits Outstanding No outflow is expected in view of the past history to above	<b>837.43</b>	<b>472.39</b>

21. Previous year's figures have been recast/regrouped wherever necessary, to make these comparable with current year

22. The figures have been rounded off to the nearest lac rupees

23. The figures in brackets represent deductions.

24. The information required by the para 3 & 4 of part II of Schedule VI to the Companies Act 1956

<b>(A) CAPACITY</b>	<b>UNIT</b>	<b>Current Year</b>		<b>Previous Year</b>	
i) Licenced Paper		<b>N.A.</b>		<b>N.A.</b>	
ii) Installed Paper	MTs	<b>78000</b>		<b>66000</b>	
(Installed capacity as certified by the Management and not verified by Auditors being technical matter.)					
<b>(B) PRODUCTION</b>					
Paper	MTs	<b>63362</b>		<b>62189</b>	
Soda Ash	MTs	<b>20802</b>		<b>19101</b>	
<b>(C) PURCHASES</b>					
Paper	MTs/Rs Lacs	<b>100</b>	<b>33.72</b>	<b>----</b>	
<b>(D) TURNOVER</b>					
Paper	MTs/Rs Lacs	<b>63415</b>	<b>24448.40</b>	<b>62252</b>	<b>22678.36</b>
Soda Ash	MTs/Rs Lacs	<b>20554</b>	<b>1788.03</b>	<b>18497</b>	<b>1717.04</b>
Raw Material	Rs Lacs		<b>13.04</b>		<b>2.21</b>
Others	Rs Lacs		<b>168.97</b>		<b>164.40</b>
<b>(E) RAW MATERIAL CONSUMED</b>					
Waste Paper	MTs/Rs Lacs	<b>570</b>	<b>119.73</b>	<b>612</b>	<b>126.87</b>
Wood Pulp	MTs/Rs Lacs	<b>2791</b>	<b>1091.17</b>	<b>3106</b>	<b>934.41</b>
Jute Caddies/Feswa	MTs/Rs Lacs	<b>----</b>	<b>----</b>	<b>24</b>	<b>1.46</b>
Straws/Grasses (O.D. Basis)	MTs/Rs Lacs	<b>107051</b>	<b>5358.04</b>	<b>102856</b>	<b>4563.19</b>
Caustic Lye	MTs/Rs Lacs	<b>18601</b>	<b>3346.02</b>	<b>17312</b>	<b>3483.83</b>
Chlorine	MTs/Rs Lacs	<b>3755</b>	<b>335.33</b>	<b>4088</b>	<b>206.40</b>
Other Dyes & Chemicals			<b>2359.30</b>		<b>2084.10</b>
<b>(F) FINISHED GOODS</b>					
<b>OPENING STOCK :</b>					
Paper	MTs/Rs Lacs	<b>194</b>	<b>54.54</b>	<b>301</b>	<b>87.12</b>
Soda Ash	MTs/Rs Lacs	<b>712</b>	<b>61.15</b>	<b>123</b>	<b>11.64</b>
<b>CLOSING STOCK :</b>					
Paper	MTs/Rs Lacs	<b>231</b>	<b>78.20</b>	<b>194</b>	<b>54.54</b>
Soda Ash	MTs/Rs Lacs	<b>840</b>	<b>74.12</b>	<b>712</b>	<b>61.15</b>

Closing stocks are after adjustment of own Consumption and Shortages.

**(G) C. I. F. VALUE OF IMPORTS**

Raw Material	Rs Lacs	1176.58	807.98
Components Stores & Spare Parts	Rs Lacs	21.56	27.82
Capital Goods	Rs Lacs	----	----

**(H) EXPENDITURE IN FOREIGN CURRENCY**

Travelling	Rs Lacs	56.07	22.89
Interest	Rs Lacs	7.19	15.27
Others	Rs Lacs	6.63	1.19

<b>(I) F. O. B. VALUE OF EXPORT</b>	Rs Lacs	652.45	306.34
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**(J) VALUE OF RAW MATERIAL COMPONENTS AND SPARE PARTS CONSUMED**

	Amount (Rs. in lacs)	%age	Amount (Rs. in lacs)	%age
Raw Material				
Imported	1206.34	9.57	1038.54	9.11
Indigenous	11403.25	90.43	10361.72	90.89
	<u>12609.59</u>	<u>100.00</u>	<u>11400.26</u>	<u>100.00</u>
Components Spare Parts				
Imported	23.86	2.69	28.43	2.83
Indigenous	863.11	97.31	976.00	97.17
	<u>886.97</u>	<u>100.00</u>	<u>1004.43</u>	<u>100.00</u>

Information pursuant of Part IV of Schedule VI of the Companies Act 1956  
BALANCE SHEET ABSTRACT AND A COMPANY'S GENERAL PROFILE

## 1. REGISTRATION DETAILS :

Registration No.  State Code   
Balance Sheet Date     
Date Month Year

## 2. CAPITAL RAISED DURING THE YEAR (Amount In Rs. Thousands) :

Public Issue  Right Issue   
Promoters  Private Placement

## 3. POSITION OF MOBILISATION DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities  Total Assets

## SOURCES OF FUNDS

Paid-up-Capital  Reserve & Surplus   
Secured Loans  Unsecured Loans

## APPLICATION OF FUNDS

Net Fixed Assets  Investments   
Net Current Assets  Misc. Expenditure

## 4. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Total Turnover  Total Expenditure   
(Including Other Income)  
Profit/Loss Before Tax  Profit/Loss After Tax   
Earning per Share in Rs.  Dividend @ %

## 5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)

Product Description   
Item Code No. (ITC Code)

(R.P. GUPTA) (VIPIN KUMAR BHATIA) (ANIL KUMAR) (VISHAL OSWAL) (RAJNEESH OSWAL) As per our report attached  
Sr. Gen. Manager Finance & Accounts Company Secretary Executive Director & CEO Vice Chairman and Managing Director Chairman and Managing Director For S.C. VASUDEVA & CO. (Firm Reg. No. 000235N)

PLACE : LUDHIANA  
DATE : 28th May, 2011

(SANJIV MOHAN)  
Partner  
M.No. 86066

**NOTE**

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Regd. Office : Village Bholapur, P.O. Sahabana  
Chandigarh Road, Ludhiana - 141 123.

**PROXY FORM  
ANNUAL GENERAL MEETING**

I/We.....of.....  
in the district of..... being a member/members of the above named  
Company, hereby appoint.....of.....in the district of.....or failing  
him.....of.....in the district of..... as my/our proxy to attend and vote for  
me/us on my/our behalf at the **31st ANNUAL GENERAL MEETING** of the Company being held  
on Tuesday the 30th August, 2011 at 11.00 a.m. or at any adjournment there of.  
signed this.....day of.....2011.

AFFIX  
RS. 1/-  
Revenue  
Stamp

Address.....  
.....  
.....

- NOTE :** 1. The Proxy Form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.  
2. A proxy need not be a member.

..... CUT HERE .....

**SHREYANS INDUSTRIES LIMITED  
ATTENDANCE SLIP**

I here by record my presence at the **31st ANNUAL GENERAL MEETING** of the Company being held on Tuesday, the 30th August, 2011 at 11.00 a.m. at the Registered Office of the Company Village Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana - 141 123.

.....  
Full Name of the Shareholder  
(IN BLOCK LETTERS)

Signature

Folio No.....  
Full Name of Proxy.....  
(IN BLOCK LETTERS)

Client ID. ....  
D. P. ID. ....

- NOTE :** 1. The Proxy Form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.  
2. A proxy need not be a member.

# BOOK POST

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Village Bholapur, P.O. Sahabana,  
Chandigarh Road, Ludhiana - 141 123.