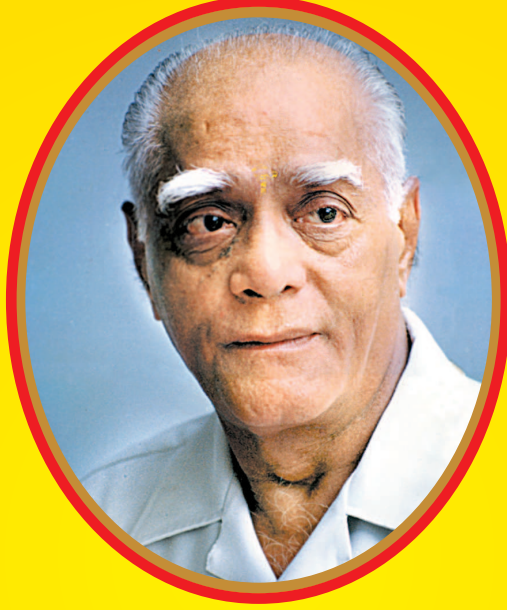


The background of the cover features a series of overlapping, curved bands in shades of blue and a rainbow spectrum (orange, yellow, and white). The text is positioned in the upper right quadrant.

SIXTY EIGHTH  
ANNUAL REPORT  
2 0 1 0 - 1 1

**THE SANDESH LIMITED**

Late Shri Chimanbhai Patel  
(1918 - 1995)



विडाय कामान्यः सर्वान्पुमांश्चरति निस्पृहः।  
निर्भ्रमो निरङ्कारः स शान्तिमधिगच्छति॥

श्रीमद् भगवद्गीता (२-७१)

**He who abandons all desires  
and acts free from longing, without  
any sense of mineness or  
egotism he attains peace.**

Dr. Radhakrishnan



## THE SANDESH LIMITED

REGD. OFFICE:- "SANDESH BHAVAN", LAD SOCIETY ROAD, B/H. VASTRAPUR GAM, P.O. BODAKDEV, AHMEDABAD-380 054 (GUJARAT)

### 68TH ANNUAL REPORT 2010-2011

#### BOARD OF DIRECTORS:-

**Chairman & Managing Director:**  
SHRI FALGUNBHAI PATEL

**Managing Director:**  
SHRI PARTHIV PATEL

#### Non-Executive Directors:

SHRI SUDHIRBHAI NANAVATI

SHRI MUKESHBHAI PATEL

SHRI SHREYASBHAI PANDYA

SHRI RAVINDRA DHARIWAL

SMT. PANNABEN PATEL

HON'BLE DR. JUSTICE JITENDRA N. BHATT

#### COMPANY SECRETARY:

SHRI DHAVAL PANDYA

#### BANKERS:-

UNION BANK OF INDIA

#### AUDITORS:-

**M/s. MANUBHAI & CO.,**

CHARTERED ACCOUNTANTS,

2nd Floor, "B" Wing, Premium House,

Near Gandhigram Railway Station,

Navrangpura, Ahmedabad-380 009

#### PRESS LOCATIONS :-

1. AHMEDABAD
2. VADODARA
3. SURAT
4. RAJKOT
5. BHAVANAGAR

#### SHAREHOLDERS' INFORMATION :-

**68th ANNUAL GENERAL MEETING** on Friday, the 5th day of August, 2011 at 10:00 a.m. at Gujarat Law Society Auditorium, G.L.S. College Campus, Opp. Law Garden, Ellisbridge, Ahmedabad -380006 (Gujarat).

#### DEMAT CODE OF THE COMPANY :-

ISIN - INE583B01015

The Shareholders are requested to notify change in address, if any, immediately to the R & T Agents in respect of shares held on physical form and to their Depository Participants in respect of shares held in electronic form.

#### REGISTRARS & SHARE TRANSFER AGENT :-

#### M/s. MCS LIMITED,

101, Shatdal Complex, 1st Floor, Opp. Bata Show Room,  
Ashram Road, Ahmedabad - 380009

Phone Nos.(079) 26582878, 26584027, Fax No.(079) 26581296

Email : mcsahmd@gmail.com

Any Shareholder/Member of the Company could lodge their complaint(s) on [share@sandesh.com](mailto:share@sandesh.com) or [investorsgrievance@sandesh.com](mailto:investorsgrievance@sandesh.com) website of the Company viz. [www.sandesh.com](http://www.sandesh.com).

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.

#### TABLE OF CONTENTS

PARTICULARS	PAGE No.
NOTICE OF ANNUAL GENERAL MEETING .....	02
DIRECTORS' REPORT .....	09
ANNEXURE TO THE DIRECTORS' REPORT .....	11
MANAGEMENT DISCUSSION AND ANALYSIS .....	12
CORPORATE GOVERNANCE REPORT .....	14
AUDITORS' REPORT .....	21
BALANCE SHEET .....	24
PROFIT & LOSS ACCOUNTS .....	25
CASH FLOW STATEMENT .....	26
SCHEDULES FORMING PART OF THE ACCOUNTS .....	27

#### BRANCH OFFICES AT

MUMBAI	NEW DELHI	CHENNAI	KOLKATA	BANGALORE	PUNE
United India Building, 5th Floor, 263, Sir P. M. Road, Fort, MUMBAI-400001	3/2,INS Building, Rafi Marg, NEW DELHI-110001	No. 3H, 3rd Floor, Continental Plaza, 705, Anna Salai, CHENNAI-600006	Commercial Point, Unit-306, 3rd Floor, 79, Lanin Sarani, KOLKATA-700013	FF-11, City Point, 13, Infantry Road, BANGALORE-560001	Office No.27, Trupti Business Centre, Darekar Heights, Opp. Rly. Booking Office, Karve Road, PUNE-411004

## NOTICE

**NOTICE** is hereby given that the 68th Annual General Meeting of the Members of “**THE SANDESH LIMITED**” will be held on Friday, the 5th day of August, 2011 at 10.00 a.m. at Gujarat Law Society Auditorium, G.L.S. College Campus, Opp. Law Garden, Ellisbridge, Ahmedabad-380006 (Gujarat) to transact the following businesses:

**ORDINARY BUSINESS :-**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 and the Profit and Loss Account for the financial year ended March 31, 2011 together with Directors’ Report and the Auditors’ Report thereon.
2. To declare dividend for the Financial Year ended March 31, 2011.
3. To appoint a Director in place of Shri Sudhir Nanavati who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Ravindra Dhariwal who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and pass the following resolution:

“**RESOLVED THAT** M/s. Manubhai & Co., Chartered Accountants, Ahmedabad (Firm Registration Number 106041W), be and are hereby reappointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors of the Company in consultation with the Statutory Auditors.”

**SPECIAL BUSINESS:-**

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**;

“**RESOLVED THAT** Shri Jitendra N. Bhatt, who was appointed by the Board of Directors of the Company as an Additional Director on 29th day of October, 2010 and who holds office as such up to the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom, the Company has, as required by Section 257 of the Companies Act, 1956 received notices in writing from the member of the Company signifying intention to propose him as a candidate for the office of Director of the Company liable to retire by rotation, be and is hereby appointed as a Director of the Company.”

7. To consider and, if thought fit, to pass with or without modification, the following resolution as a **ORDINARY RESOLUTION**;

“**RESOLVED THAT** Smt. Pannaben Patel, who was appointed by the Board of Directors of the Company as an Additional Director on 29th day of October, 2010 and who holds office as such up to the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom, the Company has, as required by Section 257 of the Companies Act, 1956 received notices in writing from the member of the Company signifying intention to propose her as a candidate for the office of Director of the Company liable to retire by rotation, be and is hereby appointed as a Director of the Company.”

8. To consider and, if thought fit, to pass with or without modification, the following resolution as a **SPECIAL RESOLUTION**;

“**RESOLVED THAT** pursuant to the provisions of Section 198,269,309,310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the Company hereby approve the re-appointment of Shri Falgunbhai Patel, as the Chairman & Managing Director of the Company for a further period of five years with effect from 1st April, 2012 on the following terms as to the remuneration and other conditions as set out in the explanatory statement :-

- 1) Salary of Rs.6,50,000/- (Rupees Six Lacs Fifty Thousand only) per month.
- 2) Perquisites to be allowed in addition to salary and commission as under;
  - (A) i) The Company shall provide equipment, appliances, furniture, fixtures and furnishing at residence of the Managing Director at the cost of the Company. The Company shall reimburse expenses of Gas, Electricity, and Water etc.  
The expenditure of these, valued in accordance with Income Tax Rules shall not exceed 10% of the salary.
  - ii) Medical expenses for self and family including insurance premia under Hospitalization Insurance Scheme shall be reimbursed by the Company, subject to a ceiling of one month’s salary in a year or 3 month’s salary over a period of 3 years.
  - iii) The Company shall reimburse Leave Travel Fare for the Managing Director and his family once in a year.
  - iv) The Company shall pay personal accident insurance premia up to Rs. 4,000/- per annum.

These perquisites shall be subject to a ceiling of an amount equal to the annual salary.

Shri Falgunbhai Patel shall also be given the following perquisites, which shall not be included in the computation of the ceiling on remuneration specified in Schedule XIII.

- (B) i) The Company shall contribute 12% of the salary to the Provident Fund or such percentage as may be specified from time to time.
- ii) The Company shall contribute towards Pension/Superannuation Fund provided that such contribution together with contribution to Provident Fund shall not exceed the limit laid down under the Income-Tax Act or any statutory modification thereof.

The Contribution to the Provident Fund, Pension/Superannuation Fund will not be included in the computation of the ceiling on perquisites to the extent this either singly or put together are not taxable under the Income tax Act, 1961

- iii) The Company shall pay Gratuity at the rate of half months salary for each completed year of service.
- (C) i) The Company shall provide a car with driver at the entire cost of the Company for personal use and office work. Use of car for private purpose shall be billed by the Company.
- ii) The Company shall provide telephone at the residence of Managing Director at the entire cost of the Company. Personal long distance calls shall be billed by the Company.
- iii) The Managing Director shall be entitled to one month's privilege leave for every eleven months service. The Managing Director shall be entitled to en-cash the un-availed leave at the end of his tenure.

### 3) COMMISSION :

The Managing Director shall be paid commission in addition to the salary and perquisites mentioned above in a manner that the total remuneration including commission shall be 5% of the profit of the Company computed in the manner laid down in section 309(5) of the Companies Act, 1956.

The remuneration referred to above is subject to the limit of 5% of the profit of the Company for the Managing Director and subject further to the overall limit of 10% of the net profit of the Company for all the Managing Directors of the Company taken together.

- 4) In case of absence or inadequacy of profits in the financial years during the tenure of Shri Falgunbhai Patel, the Chairman & Managing Director of the Company will be entitled to salary, perquisites and other allowances as the minimum remuneration subject to the limits prescribed in paragraph 1(B) of Section II of Part II of Schedule XIII of the Companies Act, 1956

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to enhance, enlarge, alter or vary the scope and quantum or remuneration, allowances and perquisites and other terms & conditions of the Appointment of Shri Falgunbhai Patel, Managing Director of the Company, as the Board in its absolute discretion deem fit and is acceptable to Shri Falgunbhai Patel, within the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments, modifications, re-enactments made thereof from time to time by the Government in this behalf.

**RESOLVED FURTHER THAT** after obtaining the approval of the Members of the Company at this General Meeting of the Company for the said re-appointment, the Company do execute an Agreement with Shri Falgunbhai Patel for his re-appointment as a Managing Director of the Company on the above terms and that any one of the Directors of the Company do execute the said Agreement on behalf of the Company and that the Common Seal of the Company if required be affixed to the engrossment of the Agreement in presence of the said Director of the Company and be countersigned by the Company Secretary of the Company."

9. To consider and, if thought fit, to pass with or without modification, the following resolution as a **SPECIAL RESOLUTION**;

**"RESOLVED THAT** pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time, being in force), and provisions of all other applicable laws and regulations, provisions in the Memorandum of Association and Articles of Association of the Company and in accordance with the Listing Agreement entered into by the Company with the Stock Exchanges where the Equity Shares of the Company are listed, and such other approvals, consents, permissions and sanctions as may be necessary and subject to the approval of Shareholders of the Company in their ensuring 68th Annual General Meeting, the Articles of Association of the Company shall be amended, by deleting Article 58 in its entirety and inserting the following Article:

Article 58 : Qualification of a Director:

**"A Director needs not hold any shares in the Company to qualify him for the office of a Director of the Company."**

**RESOLVED FURTHER ALSO THAT** Shri Falgunbhai Patel, Managing Director, Shri Parthiv Patel, Managing Director and Shri Dhaval Pandya, Company Secretary, be and are hereby jointly &/or severally authorised to do and perform all such acts, deeds, matters or things as may be necessary, appropriate, expedient or desirable to give effect to these Resolutions."

**By Order of the Board of Directors,  
For, THE SANDESH LIMITED**

**Dhaval Pandya  
COMPANY SECRETARY**

Date : May 19, 2011

Place : Ahmedabad

**Registered Office:**

"Sandesh Bhavan", Lad Society Road,  
B/h. Vastrapur Gam, P. O. Bodakdev,  
Ahmedabad – 380 054

**Notes :-**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE, MUST BE LODGED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. In terms of the provisions of section 256 of the Companies Act, 1956, Shri Sudhir Nanavati and Shri Ravindra Dhariwal, retire by rotation at the ensuing Meeting and being eligible, offer themselves for re-appointment. The Board of Directors of the Company commends their respective re-appointments.
3. The Company has already notified closure of Register of Members and Share Transfer Books of the Company from Wednesday, the 27th day of July, 2011 to Friday, the 5th day of August, 2011 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.  
Dividend as recommended by the Board of Directors of the Company, if declared by the Members at the ensuing 68th Annual General Meeting will be paid from 9th August, 2011 to those Members whose names appears :
  - As beneficial owner as at the close of the business hours Tuesday, 26th day of July, 2011 as per the details furnished by National Stock Exchange (NSDL) and Central Depository Services (I) Limited (CDSL) in respect of shares held in electronic form; and
  - As Member on the Register of Members of the Company as on Friday, 5th day of August, 2011 after giving effect to the valid transfers in respect of transfer request lodged with the Company on or before the close of the business hours Tuesday, 26th July, 2011.
4. The Company has transferred the Unpaid/unclaimed dividend up to the financial year 2002-03 to the "Investor Education & Protection Fund" established by the Central Government.
5. The unpaid/unclaimed dividend for the financial year 2003-04 will be due for transfer to the "Investor Education & Protection Fund" established by the Central Government by September, 2011 and, on the said transfer of unpaid/unclaimed dividend you shall not be able to claim any dividend from the said fund from the Central Government or from the Company. Hence, kindly en-cash your unpaid/unclaimed dividend at the earliest.
6. Members are informed that in the case of joint holders attending the meeting, only such joint holder who is higher in order of the name will be entitled to vote.
7. Corporate members are requested to send a duly certified copy of the board resolution/Power of Attorney authorizing their representative to attend and vote at the meeting.
8. The Members/Proxies should bring the Attendance Slip sent herewith, duly filed in for attending the meeting. Members, desiring any information pertaining to accounts, are requested to write to the Company 10 days before the date of the meeting, so that the information can be made available at the meeting. Further, the Members are requested to bring their copy of the Annual Report at the meeting. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
9. As regard payment of dividend, the Company provides National Electronic Clearing System (NECS) facility to the shareholders of the Company, having their bank account in specified cities. Shareholders holding their shares in physical form, who wish to avail NECS facility, may authorize the Company with their NECS mandate. The request for payment of dividend through NECS for the year 2010-11 should be lodged with Registrar & Share Transfer Agent of the Company M/s. MCS Limited, 101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad - 380009 on or before Wednesday the 20th day of July, 2011. Members must note that NECS essentially operates on the new & unique bank account number, allotted by banks post implementation of Core Banking Solutions (CBS) for centralized processing of inward instructions and efficiency in handling bulk transactions. In this regard Members are requested to furnish the new Bank Account Number allotted by the banks post implementation of CBS, along with a copy of cheque pertaining to the concerned account, to the Registrar and Transfer Agents of the Company in case they hold shares in physical form and to the concerned depository participant in case they hold shares in demat form. In case any Member does not provide his/her new account number allotted after implementation of CBS, please note that ECS to his/her old account may either be rejected or returned.
10. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.
11. To receive faster communication of all shareholder communications, including annual reports, the shareholders are requested to kindly register / update their email address with their respective depository participant, where shares are held in electronic form. If, however, shares are held in physical form, shareholders are advised to register their e-mail address with M/s. MCS Limited, Ahmedabad.

**By Order of the Board of Directors,  
For, THE SANDESH LIMITED**

**Dhaval Pandya  
COMPANY SECRETARY**

Date : May 19, 2011

Place : Ahmedabad

**Registered Office:**

"Sandesh Bhavan", Lad Society Road,  
B/h. Vastrapur Gam, P. O. Bodakdev,  
Ahmedabad – 380 054

## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

#### In respect of Item No.6

Shri Jitendra N. Bhatt was appointed as an Additional Director of the Company on 29th day of October, 2010 by the Board of Directors of the Company. In accordance with the provisions of Section 260 of the Companies Act, 1956, he holds office as Director of the Company only up to the date of ensuing Annual General Meeting. As required by Section 257 of the Companies Act, 1956, a notice has been received from the member of the Company signifying intention to propose appointment of Shri Jitendra N. Bhatt as a Director of the Company liable to retire by rotation, alongwith a deposit of Rs.500/- (Rupees Five Hundred Only). The Board recommends his appointment in the interest of the Company.

None of the Directors except Shri Jitendra N. Bhatt is concerned or interested in the resolution mentioned in Item No.6.

#### In respect of Item No.7

Smt. Pannaben Patel was appointed as an Additional Director of the Company on 29th day of October, 2010 by the Board of Directors of the Company. In accordance with provisions of Section 260 of the Companies Act, 1956, she holds office as Director of the Company only up to the date of ensuing Annual General Meeting. As required by Section 257 of the Companies Act, 1956, a notice has been received from the member of the Company signifying intention to propose appointment of Smt. Pannaben Patel as a Director of the Company liable to retire by rotation, alongwith a deposit of Rs.500/- (Rupees Five Hundred Only). The Board recommends her appointment in the interest of the Company.

Shri Falgunbhai Patel, Shri Parthiv Patel and Smt. Pannaben Patel are concerned or interested in the resolution mentioned in Item No.7 as her relative or herself. Except the said Directors no other Director is concerned or interested in the said resolution.

#### In respect of Item No.8

Shri Falgunbhai Patel is a Managing Director of the Company. He is also the Chairman of the Board of the Company. He has been associated with the Company for the more than 36 years. He has a vast experience in the field of journalism, editorial, and management of newspapers, journals, Magazines besides investments, Finance, Treasury and general administrative functions of the Company. He was appointed as a Director of the Company in the year 1974. Then after considering his performance, he was appointed as Managing Director of the Company from the year 1978. He has been handling the management and control of the organization, remarkably since 1978.

The shareholders of the Company at 63rd Annual General Meeting of the members of Company held on 30th day of September, 2006 approved the re-appointment of Shri Falgunbhai Patel as Managing Director of the Company for a period from 1st April, 2007 to 31st March, 2012.

The Board of Directors of the Company, at their meeting held on 19th May, 2011 has, while considering his expertise, long lasting experience and exposure in the field of Print Media and the responsibilities being shouldered by him as well as his association with the Company and also the recommendation of the Remuneration Committee, subject to the approval of the members of the Company in the Annual General Meeting, re-appointed Shri Falgunbhai Patel as the Managing Director of the Company for the period of five years from 1st April, 2012 to 31st March, 2017 on the following terms and conditions :-

- 1) Salary of Rs.6,50,000/- per month.
  - 2) Perquisites to be allowed in addition to salary and commission as under;
    - (A) i) The Company shall provide equipment, appliances, furniture, fixtures and furnishing at residence of the Managing Director at the cost of the Company. The Company shall reimburse expenses of Gas, Electricity, and Water etc.  
The expenditure of these, valued in accordance with Income Tax Rules shall not exceed 10% of the salary.
    - ii) Medical expenses for self and family including insurance premia under Hospitalization Insurance Scheme shall be reimbursed by the Company, subject to a ceiling of one month's salary in a year or 3 month's salary over a period of 3 years.
    - iii) The Company shall reimburse Leave Travel Fare for the Managing Director and his family once in a year.
    - iv) The Company shall pay personal accident insurance premia up to Rs. 4,000/- per annum.  
These perquisites shall be subject to a ceiling of an amount equal to the annual salary.
- Shri Falgunbhai Patel shall also be given the following perquisites, which shall not be included in the computation of the ceiling on remuneration specified in Schedule XIII.
- (B) i) The Company shall contribute 12% of the salary to the Provident Fund or such percentage as may be specified from time to time.
  - ii) The Company shall contribute towards Pension/Superannuation Fund provided that such contribution together with contribution to Provident Fund shall not exceed the limit laid down under the Income-Tax Act or any statutory modification thereof.  
The Contribution to the Provident Fund, Pension/Superannuation Fund will not be included in the computation of the ceiling on perquisites to the extent this either singly or put together are not taxable under the Income tax Act, 1961
  - iii) The Company shall pay Gratuity at the rate of half months salary for each completed year of service.

- (C) i) The Company shall provide a car with driver at the entire cost of the Company for personal use and office work. Use of car for private purpose shall be billed by the Company.
- ii) The Company shall provide telephone at the residence of Managing Director at the entire cost of the Company. Personal long distance calls shall be billed by the Company.
- iii) The Managing Director shall be entitled to one month's privilege leave for every eleven months service. The Managing Director shall be entitled to en-cash the un-availed leave at the end of his tenure.

3) **COMMISSION :-**

The Managing Director shall be paid commission in addition to the salary and perquisites mentioned above in a manner that the total remuneration including commission shall be 5% of the profit of the Company computed in the manner laid down in section 309(5) of the Companies Act, 1956.

The remuneration referred to above is subject to the limit of 5% of the profit of the Company for the Managing Director and subject further to the overall limit of 10% of the net profit of the Company for all the Managing Directors of the Company taken together.

- 4) In case of absence or inadequacy of profits in the financial years during the tenure of Shri Falgunbhai Patel, the Managing Director of the Company will be entitled to salary, perquisites and other allowances as the minimum remuneration subject to the limits prescribed in paragraph 1(B) of Section II of Part II of Schedule XIII of the Companies Act, 1956.

The copies of relevant resolutions and the Agreement referred to herein above, containing, interalia, the principal terms & conditions of the re-appointment is available for inspection by the members of the Company between 11.00 a.m. to 1.00 p.m. on any working day at the Registered Office of the Company

The terms of appointment of Shri Falgunbhai Patel, as stated in this notice, may be treated as the abstract u/s 302 of the Companies Act, 1956.

Shri Falgunbhai Patel is concerned or interested in the Resolution, Shri Parthiv Patel and Smt. Pannaben Patel, being relatives of are concerned or interested in the resolution mentioned in Item No.8. Except the said Directors no other Director is concerned or interested in the said resolution.

**In respect of Item No.9**

As per the various amendments made in the Listing Agreement with the Stock Exchanges pursuant to the directions issued from time to time by Securities and Exchange Board of India (SEBI), the Companies are required to appoint Independent Directors. The Company will have to appoint professionals and others as independent Directors. Hence, it is desirable that the Articles of Association of the Company should not provide for the Share Qualification for a Director. Furthermore, there are no statutory provisions which make it compulsory for a Director to hold Qualification Shares unless the Articles of Association of the Company provides for the same.

In view of the above, the Members are requested to alter existing Articles of Association by deleting Article 58 in its entirety and inserting the new Article with respect to the provisions of 'Qualification of a Director'.

A copy of the Memorandum & Articles of Association of the Company together with the proposed alterations is available for inspection by the members of the Company at its Registered Office between 11 A.M. to 1 P.M. on any working day of the Company before the Meeting.

The Resolution is proposed for approval of members of the Company.

None of the directors of the Company are in any way interested or concerned in the resolution.

**By Order of the Board of Directors,  
For, THE SANDESH LIMITED**

**Dhaval Pandya  
COMPANY SECRETARY**

Date : May 19, 2011

Place : Ahmedabad

**Registered Office:**

"Sandesh Bhavan", Lad Society Road,  
B/h. Vastrapur Gam, P. O. Bodakdev,  
Ahmedabad – 380 054



**Particulars of the Director/s seeking Re-appointment at the ensuing Annual General Meeting pursuant to Clause-49 of the Listing Agreement : -**

NAME	Shri Sudhirbhai Nanavati	Shri Ravindra Dhariwal	Shri Falgunbhai Patel
DIN Number	50236	3922	50174
Date of Birth	29-Sep-1947	11-Sep-1952	11-Jan-1956
Date of Appointment	31.01.2001	30.07.2007	27.11.1974
Brief resume and Expertise in functional areas	B.Com, LLB. He is a Senior Advocate practising since 1971 in Supreme Court of India, Gujarat High Court, City Civil Court - Ahmedabad, Labour Court & Tribunals at Ahmedabad and other places i.e. Rajkot, Baroda, Surat etc., Bombay High Court, Tribunals at Bombay and Delhi, etc. Practising in Civil, Constitutional Law, Labour Laws and Industrial Laws, Customs & Excise Laws, Conveyancing, etc. He is Hon'ble Secretary of GUJARAT LAW SOCIETY, Member of International Law Association and Executive Members of Gujarat University Senate (Court), The Gujarat Research and Medical Insititute Shahibaug.	B.Tech (Chemical Engineering) from the Indian Institute of Technology, Kanpur, Post Graduate Diploma in Management (Marketing and Finance) from the Indian Institute of Management, Calcutta. Shri Dhariwal is also the Executive Director of BCCL. Prior to this ShriDhariwal was the Vice President, Franchise, South East Asia., PepsiCo International. During his illustrious career ShriDhariwal has held various positions at Hindustan Lever Limited, Rexona Prop. Limited, Pepsi Foods Industries and PepsiCo International	B.Com & Advance Management Management Studies from USA. He is Chairman & Managing Director of The Sandesh Limited with more than 36 years of experience in Print Media Administration and Management. Under his stewardship "Sandesh" a leading Gujarati Newspaper charted out a dynamic trail of achievements by having independent editions from Ahmedabad, Baroda, Surat, Rajkot and Bhavnagar. It also comes out with a weekly edition from Chicago (USA).
Name of the other Companies in which he holds Directorship/ Committee Membership	<b>Directorship</b> 1. Sterling Abrasives Limited	<b>Directorship</b> 1. Bennett Coleman & Company Limited 2. Entertainment Network (I) Limited 3. Times Infotainment Media Limited 4. Vardhman Publishers Limited 5. Banhem Estates & IT Parks Limited 6. Vijayanand Printers Limited 7. Times Global Broadcasting Company Limited 8. Times Internet Limited 9. Times Innovative Media Limited 10. Zoom Entertainment Network Limited 11. Zoom Movies (TV) Limited <b>Audit Committee</b> 1. Bennett Coleman & Company Limited – Member 2. Entertainment Network (I) Limited - Member 3. Times Infotainment Media Limited - Member <b>Shareholders/Investor Grievance Committee</b> 1. Entertainment Network (I) Limited - Chairman	<b>Directorship</b> 1. Chimanbhai Patel Stock Holdings Private Limited 2. Sandesh Patel Agencies Private Limited 3. Corona Trading & Exports Private Limited 4. Dhanali Stock Holdings Private Limited 5. Autumnleaf Estates Private Limited

**Particulars of the Director/s seeking Appointment at the ensuing Annual General Meeting pursuant to Clause-49 of the Listing Agreement : -**

<b>NAME</b>	<b>Smt. Pannaben Patel</b>	<b>Hon'ble Dr. Justice Jitendra Bhatt</b>
DIN Number	50222	3304298
Date of Birth	17-Oct-1952	16-Oct-1945
Date of Appointment	29.10.2010	29.10.2010
Brief resume and Expertise in functional areas	B.A. with Economics, an Investor by Profession and Social Worker by deed, she is actively associated with many social groups and work towards the interest of the society.	M.Com. L.L.M. (Gold Medalist) First in D.T.L.P. & D.L.L.P. functional areas & Ph.D. (Law). He had joined the Judicial service in 1977 and was the youngest District Judge at age of 31. He was also the youngest Registrar of Gujarat High Court. He was Judicial Member of National Copyright Board and the youngest Law Secretary & was also Chief Justice of NAURU an independent small Country near Fiji Island. He has conceived & started novel idea of Mobile Free & Competent Legal Aid & Mobile "Lok-Adalat". He won the 'National Law Award 2000' for exemplary role in Legal Aid & Administration of Justice. He had worked as the President of Gujarat State Judicial Academy. He was the Hon'ble Chief Justice of Patna High Court. He was the first Chancellor of Chanakya Law University. He was also awarded for the "Excellent & Outstanding Service", in Law & Justice & Award of Exemplary work. At present, he is working as the Chairman of the Law Commission of Gujarat.
Name of the other Companies in which he holds Directorship/ Committee Membership	<b>Directorship</b> 1. Sandesh Patel Agencies Private Limited	Nil

## DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 68th Annual Report and the Audited Accounts for the financial year ended March 31, 2011.

## 1. FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	2010-11	2009-10
Gross Profit of the Company before providing for	7,625.23	6,714.84
<b>Less :</b>		
Depreciation	692.76	542.26
Taxation	1,866.16	1,863.58
Managing Director Remuneration	675.87	605.77
	3,234.79	3,011.61
<b>Net Profit</b>	4,390.44	3,703.23
<b>Add:</b> Last year's carried forward balance	1,133.92	1,230.06
	5,524.36	4933.29
<b>APPROPRIATIONS:-</b>		
Proposed Dividend	341.18	255.88
Tax on Dividend	56.66	43.49
Transfer to General Reserve	4000	3500
Balance carried to Balance Sheet	1,126.52	1,133.92
	5,524.36	4,933.29
<b>DIVIDEND :</b>		
@ 40 % on 8529421 equity shares of Rs.10/- each	341.18	—
@ 30 % on 8529421 equity shares of RS.10/- each	—	255.88

Note: Previous year's figures are recast/rearranged, wherever necessary.

## 2. REVIEW OF OPERATION

There is an increase in net advertisement revenue by 27% and net revenue of the circulation has also increase by 4.50% compared to the previous Financial Year. The income for the operations was Rs. 23,333.79 Lacs compared to the income for the operations of Rs. 22,541.58 Lacs of the previous year.

## 3. MODERNIZATION SCHEME

The Company has invested Rs. 837.74 Lacs in modernization of plant & machineries & buildings.

## 4. DIVIDEND

Your Directors are pleased to recommend dividend of 40% (Rs. 4.00 per equity share of Rs. 10/- each), for the Financial Year ended March 31, 2011 (In previous Financial Year, dividend was declared @ 30% i.e. Rs. 3.00 per equity share). The proposed Dividend payment would entail an outflow of Rs. 397.84 Lacs including Dividend Tax.

## 5. AUDIT COMMITTEE

The audit Committee constituted in accordance with Clause-49 of the Listing Agreement, reviewed the internal control system, scope of internal audit and compliance of related regulations. The Audit Committee also reviewed at length and approved the Financial Statements before the same were considered by the Board of Directors of the Company.

## 6. INVESTMENTS

The aggregate investments including the investments made in the securities of Applewoods Estate Pvt. Ltd. amounting to Rs.8211.25 Lacs, total investments Rs. 8482.68 Lacs as on March 31, 2011 as compared to investments of Rs. 765.04 Lacs in the previous year.

## 7. BORROWING

The Company has been using its internal cash generations to invest in the businesses of the Company. The Company has availed the cash credit facilities to meet its day-to-day working capital requirements from its Banker during the Financial Year under review and its outstanding balance is Rs. 783.44 Lacs as on March 31, 2011. In addition to this Company has an outstandings short term loan of Rs. 1,146.36 lacs against fixed deposits as on March 31, 2011.

**8. HUMAN RESOURCE INITIATIVES AND INDUSTRIAL RELATIONS**

The Company has implemented a new Performance Management system for all the employees. The new system enables a holistic approach to the issue of managing performance and does not limit to only an appraisal. It starts from defining the complete job profile, performance planning and Goal-setting and takes it forward into performance review discussions, feedback and development. The new system is business-linked, highly objective and fully transparent. During the Financial year, the industrial relations between the employees and management were calm and composed.

**9. REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS**

As required under the Listing Agreement with the Stock Exchanges, the reports on "Corporate Governance" as well as "Management Discussion and Analysis" are attached and forms part of the Directors' Report. A Certificate from the Statutory Auditors of the Company regarding compliance of conditions of the Corporate Governance as stipulated under Clause-49 of the Listing Agreement is annexed to the report on Corporate Governance.

**10. PARTICULARS OF EMPLOYEES**

In terms of provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, having regard to the provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

**11. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto as Annexure A and forms part of this Report.

**12. PUBLIC DEPOSITS:**

Your Company has not accepted or invited any deposits from public within the meaning of Section 58-A of the Companies Act, 1956, during the year under review.

**13. INSURANCE**

All the properties and insurable interest of the Company, including building, plant and machinery and stocks are adequately insured.

**14. DIRECTORS**

The Board inducted Shri Jitendra N. Bhatt and Smt. Pannaben Patel to the Board. We seek your support in confirming their appointment as Director liable to retire by rotation.

During the year under review, Shri Sudhir Nanavati & Shri Ravindra Dhariwal, Directors of the Company retire by rotation, and being eligible offer themselves for re-appointment.

During the current financial year 2011-12, the term of Shri Falgunbhai Patel, as the Managing Director of the company will expire on March 31, 2012 and he will be re-appointed for a further period of 5 years from April 01, 2012 to March 31, 2017, subject to approval of the shareholders in the ensuing Annual General Meeting of the Company.

**15. DIRECTORS' RESPONSIBILITY STATEMENT**

As required under the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors Report that:

- a) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures;
- b) The Directors had selected such accounting policies and applied them consistently and 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 the end of the Financial Year and of the profit of the Company for the year under review;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; &
- d) The Directors have prepared the Annual Accounts on a going concern basis.

**16. AUDITORS**

The Statutory Auditors, M/s. Manubhai & Co., Chartered Accountants, Ahmedabad, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed. The Notes on accounts and observations of the

Auditors in their report on the Accounts of the Company are self-explanatory and therefore, in the opinion of Directors, do not call for any further explanation.

**17. APPRECIATION**

The Directors wish to place on record their appreciation of the devoted services of the workers, staff and the officers who have largely contributed to the efficient management of the Company.

**18. DONATION**

During the year under review, the Company has made donation of Rs. 33.02 Lacs for charitable and other purpose.

**19. ACKNOWLEDGEMENTS**

Your Company continues to occupy a place of respect amongst stakeholders, most of all our valuable readers. Your Directors would like to express their sincere appreciation for assistance and co-operation received from advertising agents, selling agents, vendors and stakeholders including banks, Central & State Government authorities, other business associates, who have extended their valuable sustained support and encouragement during the year under review. Your Directors take this opportunity to place on record their gratitude and appreciation for the committed services of the employees at all levels of the Company.

**By Order of the Board of Directors,**

Date : May 19, 2011  
Place : Ahmedabad

**FALGUNBHAI PATEL**  
**Chairman & Managing Director**

**ANNEXURE TO THE DIRECTORS' REPORT**

**ANNEXURE : "A"**

**(A) CONSERVATION OF ENERGY:**

**(a) ENERGY CONSERVATION AND MEASURES TAKEN :-**

Though the operations of the Company are not energy intensive, efforts are made for conservation of energy on an on-going basis. The Company is not using DG set but uses alternate power lines if Mains failure. The Company has installed capacitor banks and filters for improvement in power factor. It has also installed UPS CTP machines/Computers/Image Setters on state power. The energy conservation initiatives have resulted in improvement of power factor.

**(b) ADDITIONAL INVESTMENTS AND PROPOSALS, IF ANY, BEING IMPLEMENTED FOR REDUCTION IN CONSUMPTION OF ENERGY :-**

The Company has installed high efficiency lighting fixtures and old high power consumption light fittings have been replaced by low power consumption light fittings.

**(c) IMPACT OF MEASURES AT (A) & (B) ABOVE FOR REDUCTION OF THE ENERGY CONSUMPTION AND CONSEQUENT IMPACT ON COST OF PRODUCTION :-**

The cost of the energy consumption constitutes very small part of the cost of production and hence impact of measures is very insignificant.

**(d) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION :-** Not Applicable.

**(B) TECHNOLOGY ABSORPTION :-** Not Applicable

**(e) (i) Research & Development (R&D) :** Not applicable

**(ii) Technology Absorption :** Not applicable

**(C) FOREIGN EXCHANGE EARNINGS AND OUT GO :-**

**(f) ACTIVITIES RELATING TO EXPORT INITIATIVES TAKEN TO INCREASE EXPORTS, DEVELOPMENTS OF NEW EXPORT MARKETS FOR PRODUCTS AND SERVICES AND EXPORT PLANS:**

The Company publishes Newspaper and other Publications in vernacular language, which have rare possibility of export.

**(g) TOTAL FOREIGN EXCHANGE USED AND EARNED:** (Rs. Lacs)

Sr. No.	Particulars	2010-11
1.	Total Foreign Exchange used	2,297.18
2.	Total Foreign Exchange earned	4.65

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1) INDUSTRY STRUCTURE AND DEVELOPMENTS

India, with a population of over 1 billion and a national literacy rate of 65%, offers one of the world's biggest markets for the print media. In spite of the 1990's revolution in cable and satellite television and spurt of news channels, there has been a prolific growth in the number and readership of newspapers in India. Liberalization of regulations in the news and current affairs segment has given this market further flip. The print business has witnessed steady growth with new editions being launched and new players entering the field.

Close to 60,000 publications of various kinds in various languages (123 languages and dialects) are currently registered with the Registrar of Newspapers of India (RNI), which functions under the Indian government's Ministry of Information & Broadcasting. An estimated 1900 'large' daily newspapers are published in the country – over 40 per cent of them in Hindi, less than 10 per cent in English and the other half in dozens of other languages and dialects.

Your Company belongs to the Regional Print Media Industry and which is a publisher of "SANDESH" a premier Gujarati daily newspaper in Gujarat Region, incorporated on March 11, 1943 to carry on the business of editing, printing and publishing newspapers and periodicals. The Company started its first printing facilities at Ahmedabad.

Late Shri Chimanbhai S. Patel acquired the entire business from the original promoter in the year 1958, and had put his efforts to strengthen the activities carried out by "SANDESH". The editorial policy of the Company has always been based on basic journalist values of objectivity and has not been influenced by any external forces. Presently, Shri Falgunbhai Patel, Chairman & Managing Director is running the entire business affairs of the Company along with Shri Parthiv Patel, Managing Director and a professional team of the Executives of the Company.

The Company had started its printing facilities at Baroda during 1985-86, at Surat during 1989-90, at Rajkot during 1990-91, and at Bhavnagar during 1998-99 to cater to the semi urban and rural areas. The Company has its regional offices at Mumbai, Delhi, Kolkata, Bangalore, Chennai and Pune, which have experienced staff and well equipped communication facilities. Besides the Company also publishes "STREE", a weekly magazine and also the periodical "SANDESH PRATYAKSHA PANCHANG" which remained popular among the public. Your Company has a strong regional franchise, where it enjoys strong readership loyalty.

The Company has also diversified in to out-of-home, real estate and finance businesses. An integrated township and other landmark mega-commercial projects are underway. Also the Company is all set to launch Bhuj Edition in the month of July 2011, taking its total editions to six from the current five. A weekly newspaper under the name & style 'AGRO SANDESH', specific to the rural community of Gujarat covering the farming, dairy and co-operative sector shall also be launched in July 2011.

### 2) OPPORTUNITIES AND THREATS

Macro factors such as rising literacy, increasing penetration in semi-urban and rural areas and stable newsprint prices are likely to ensure profitable growth for the print media sector. Future growth is largely driven by semi-urban and rural areas on account of increasing commercial activity, higher spending power and rising literacy. With the language print medium dominating in these areas, language newspapers are preferred over English newspapers. Language newspapers will emerge stronger from the recent slowdown owing to the strong business model, which as a healthy revenue mix.

Increase in advertisement expenditure by consumer-oriented companies and emergence of newer advertisement-spending industries such as telecom, retail and financial services are likely to ensure healthy advertising revenues.

As the Company is in the Regional Print Media Industry, the opportunities lie in Rural and semi-Urban areas of Gujarat. The Company is planning to improve the circulation of newspaper in those areas and will target higher readership amongst the young, educated and elite mass of the public. The Company is also planning to improve the readership in smaller town and villages of Gujarat.

With the rapid growth of Industries, there is a paradigm shift in the advertising policies of the Corporate at large. Earlier, Advertisers invested heavy share of their advertisement budget in Print Media but after arrival of the Satellite Channels, FM Radio, Outdoor, Internet etc., the share of advertisement in the Print Media is decreasing. Phenomenal increase in the prices of Indigenous and Imported News Print (which is the basic raw material for newspapers) calls for greater caution for the Industry Players.

The Company has diversified in outdoor advertising aggressively and "Sandesh Spotlight" is the OOH wing of the Company. The Company with its strong media presence has ventured into the outdoor media with a vision 'To make an impact in the OOH market by combining Marketing Strength and Futuristic Approach'. The Company's foray in the outdoor media was marked by the procurement of 3 very prestigious tenders; viz. BRTS Bus Shelters, AUDA & AMC, within an operational span of less than a year which is a formidable feat for any outdoor player. Spotlight now has about 100 properties in the prime locations of Ahmedabad, covering the most prominent junctions & some of the busiest cross roads, and aims at strategically adding more so as to be able to provide its clients with best visibility for their brands; in line with its mission - 'To work as a team with our clients to ensure better mileage and visibility for their brands'.

However, with better Planning, focused approach for the implementation of strategy, professionalisation of Management, will help the Company to have a sustained development of its business. Further, looking to the popularity of Newspaper amongst its readers, there seems to be no close threat from its competitors.

**3) SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE****I) PUBLICATION : -**

This is the core business of the Company since its inception. Despite competition in the Regional Print Media Industry, the Company was capable to maintain its business volumes. The revenue from the publication division was Rs. 20,881.55 Lacs during the Financial Year under review as against Rs. 17,008.36 Lacs in previous Financial Year. Hence, there is a marginal rise in the revenue of the Publication division of the Company. Consequently, the profitability of the publication division also increased.

**II) FINANCE DIVISION:-**

The Company has been in the Financing business since long; however, during the year under review, looking to the present market scenario the Company has not increased its financing exposures. The segment revenue from Finance Division was Rs. 2,839.20 Lacs during the Financial Year under review as against Rs. 2,374.74 Lacs in the previous year.

**4) OUTLOOK, RISKS AND CONCERNS**

The Business outlook for the Print Media Industry and the Company looks good. Contrary to global trends, both readership and circulation of newspapers is growing in India. The raw material scenario, especially with regard to newsprint prices both in domestic and foreign markets, continues to be challenging but the impact is generic to all players within the sector. However, the Company keeps close watch on the development on the Newsprint front. The Company uses Imported as well as domestic Newsprint and by judicious mix of them, tries to mitigate the high cost impact on the operations. The newsprint price is cyclical and is dependent on various factors.

The Company is strengthening its market positions, reinforcing its relationships with Agents, Advertisers and providing high quality contents to the readers. Your Company's website i.e. "www.sandesh.com" is a very popular website for the Gujarati community.

**5) INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY**

The Company's internal control systems are adequate considering size and nature of operations of the Company, to meet regulatory/statutory requirements, assure recording of all transactions and report reliable and timely financial information. Additionally, it also provides protection against misuse or loss of any of the Company's assets.

**6) DEVELOPMENTS ON HUMAN RESOURCE/INDUSTRIAL RELATIONS FRONT**

The Company continuously monitors its manpower requirement to ensure that it has adequate human skills commensurate with its needs. Industrial relations of the Company continue to be cordial. People with specific domain areas have been appointed at senior positions. Changes have been initiated in the organization hierarchy with focus on delegation of authority, which has resulted in smoother functioning of the operational activities. Two-way communication system has been initiated aimed at increasing sharing of business information amongst employees and their participation in the planning and execution. Concrete initiatives have been taken to establish performance management and development system, succession planning etc. Besides Management support is being exercised through series of review meetings on major business parameters, divisional/departmental performances on a regular basis.

The Company has implemented a new Performance Management system for all the employees. The new system enables a holistic approach to the issue of managing performance and does not limit to only an appraisal. It starts from defining the complete job profile, performance planning and Goal-setting and takes it forward into performance review discussions, feedback and development. The new system is business-linked, highly objective and fully transparent. During the Financial year, the industrial relations between the employees and management were calm and composed.

**7) DISCUSSIONS ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE AND OUTLOOK**

There is an increase in net advertisement revenue by 27% and net revenue of the circulation has also increase by 4.50% compared to the previous Financial Year. The income for the operations was Rs. 23,333.79 Lacs compared to the income for the operations of Rs. 22,541.58 Lacs of the previous year.

The Company has generated cash profit of Rs.5,083.20 Lacs as compared to Rs. 4,245.49 Lacs in the previous year. The Company, as planned is gradually moving upwards in its core business and also as explained earlier looks for opportunities available in new sector.

**8) CAUTIONARY STATEMENT**

Readers are cautioned that this discussion and analysis contains forward-looking statements that involve risks and uncertainties. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their date. The above discussion and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto.

**CORPORATE GOVERNANCE REPORT**
**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Your Company firmly believes that Good Corporate Governance in any organization needs to be principle-based as well as simple, moral, accountable, responsive and transparent (SMART). The philosophy of the Company is to attain the highest standards of Corporate Governance by ensuring transparency in all its actions & operations and to maximize values of its stakeholders. The Company fully complies with all the provisions and stipulations laid down in the guidelines on the corporate governance as provided in Clause 49 of the Listing Agreements with the Stock Exchanges. This philosophy of the Company would ensure that it follows highest standards of professionalism, integrity, accountability, fairness, transparency, social responsiveness and best business practices.

**2. BOARD OF DIRECTORS**

The Board of Directors of the Company consists of Directors having varied experience in different areas & acknowledged as leading professionals in their respective fields. The composition of the Board is in conformity with the provisions of Clause-49 of the Listing Agreement. Shri Falgunbhai Patel, Managing Director, is the Chairman of the Board. The Board of Directors of the Company consists of two Promoter-Executive Directors, one Promoter-Non-Executive, one Nominee Director of Equity Investor and Four Independent Non-Executive Directors.

The details of composition of Board, category of Directors as well as their directorship/membership in other companies/committees are given below:

Name of Director	Promoter/Executive/Non-Executive/ Independent/Non-Independent/ Nominee	No. of Board Meeting attended	Whether Last AGM held on 30.07.2010 attended	Other Directorships held (including Pvt. Ltd. Companies) at the year ended	\$ No. of Committee Chairmanships/ Memberships in other Domestic Companies at the year ended
Shri Falgunbhai Patel	Promoter, Executive	4 (All)	Yes	5*	Nil
Shri Parthiv Patel	Promoter, Executive	4 (All)	Yes	6*	Nil
Shri Sudhir Nanavati	Independent, Non-Executive	4 (All)	Yes	1	Nil
Shri Mukesh Patel	Independent, Non-Executive	4 (All)	Yes	8	7
Shri Shreyas Pandya	Independent, Non-Executive	3	Yes	5*	Nil
Shri Ravindra Dhariwal	Nominee of Equity Investor	—	No	11	4
Smt. Pannaben Patel	Additional Director Promoter, Non-Executive	1	N.A.	1*	Nil
Shri Jitendra N. Bhatt	Additional Director Independent, Non-Executive	1	N.A.	Nil	Nil

Yes – Attended, No – Not Attended, \* All Private Limited Company, \$ Under this column, membership/chairmanship of Audit Committees and Shareholders'/Investors' Grievance Committees only are considered in terms of Clause-49 of the Listing Agreement.

All the relevant information about Production, Sales, Financial Results, Loan & Investments, Capital Expenditure Proposals, Share Transfers, Demat/ Remat compliance, Status of Statutory Dues Payment etc., are regularly placed before the Board for their Review/ Approval. The Board, on quarterly basis, reviews the Compliance Report of all applicable laws submitted by the Heads of the respective Departments/ Divisions.

During the year under review, total 4 (four) meetings of the Board of Directors were held on 20.04.2010, 27.07.2010, 29.10.2010 and 28.01.2011. The Company has observed the Corporate Governance provisions of the Listing Agreement for conducting the Board Meetings. The details of these meetings are shown as under:

Sr.No.	Name of Directors	Date of Board Meeting			
		20.04.2010	27.07.2010	29.10.2010	28.01.2011
1.	Shri Falgunbhai Patel	Yes	Yes	Yes	Yes
2.	Shri Parthiv Patel	Yes	Yes	Yes	Yes
3.	Shri Sudhir Nanavati	Yes	Yes	Yes	Yes
4.	Shri Mukesh Patel	Yes	Yes	Yes	Yes
5.	Shri Shreyas Pandya	Yes	Yes	Yes	No
6.	Shri Ravindra Dhariwal	No	No	No	No
7.	Smt. Pannaben Patel	N.A.	N.A.	Yes	No
8.	Shri Jitendra N. Bhatt	N.A.	N.A.	Yes	No

Yes – Attended, No – Not Attended, N.A. – Not Applicable



Personal shareholding of Non-Executive Directors is as follows;

Sr. No.	Name of the Director	No. of Equity shares as on 31/03/2011
1.	Shri Sudhir Nanavati	250
2.	Shri Mukesh Patel	250
3.	Shri Shreyas Pandya	51600
4.	Shri Ravindra Dhariwal	250
5.	Smt. Pannaben Patel	6300
6.	Shri Jitendra N. Bhatt	250

### 3. AUDIT COMMITTEE

The constitution of the Audit Committee of the Board of Directors of the Company is in conformity with the provisions of section 292A of the Companies Act, 1956 read with the provisions of Clause-49 of the Listing Agreement with the Stock Exchanges, which consists of Shri Mukesh Patel, who is the Chairman of the Committee, Shri Sudhir Nanavati, Shri Shreyas Pandya & Shri Ravindra Dhariwal, as the members.

The Audit Committee of the Company has been mandated with the same terms of reference specified in Clause 49 II of the Listing Agreement, as revised from time to time. These terms also fully conform to the requirements of section 292A of the Companies Act, 1956.

During the year under review total 4 (four) meetings of Audit Committee were held on 20.04.2010, 27.07.2010, 29.10.2010, and 28.01.2011. The attendance of the Members of the Audit Committee is as under:

Sr.No.	Attendance of Directors	Date of Audit Committee Meeting			
		20.04.2010	27.07.2010	29.10.2010	28.01.2011
1.	Shri Mukesh Patel	Yes	Yes	Yes	Yes
2.	Shri Sudhir Nanavati	Yes	Yes	Yes	Yes
3.	Shri Shreyas Pandya	Yes	Yes	Yes	No
4.	Shri Ravindra Dhariwal	No	No	No	No

Yes – Attended, No – Not Attended

The Statutory Auditors, the Internal Auditors, the Finance & Accounts Head and the Managing Directors usually attend the meetings of the Audit Committee. The Company Secretary of the Company acts as the Secretary to the Committee.

### 4. REMUNERATION COMMITTEE

The Remuneration Committee of the Board presently consists of three Independent Non-Executive Directors viz. Shri Sudhir Nanavati, Chairman, Shri Mukesh Patel, Member and Shri Shreyas Pandya, Member. The decisions regarding the remuneration of Executive Directors are taken by the Remuneration Committee and placed before the Board of Directors subject to such approvals from shareholders and Central Government, as and when necessary. During the year under review no Meeting of the Remuneration Committee was held. The Company Secretary of the Company acts as the Secretary to the Committee.

### 5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

Shri Sudhir Nanavati is the Chairman of Shareholders'/Investors' Grievance Committee of the Company. Shri Mukesh Patel and Shri Ravindra Dhariwal are the other Members of the Committee. The Company Secretary of the Company acts as the Secretary to the Committee.

The Committee looks into redressing the Investors grievances/complaints viz. non-receipt of dividend or Annual Report, delay in share transfer etc., considers & approves share transfer, transmission, transposition, dematerialization, Rematerialization, deletion of names, splitting and consolidation & issuance of duplicate shares etc. During the year under review, 4 (Four) meetings of the Shareholders'/ Investors' Grievance Committee were held on 20.04.2010, 27.07.2010, 29.10.2010 and 28.01.2011. The attendance of the Members of the Shareholders'/Investors' Grievance Committee is as follows:

Sr.No.	Attendance of Directors	Date of Investors' Grievance Committee Meeting			
		20.04.2010	27.07.2010	29.10.2010	28.01.2011
1.	Shri Mukesh Patel	Yes	Yes	Yes	Yes
2.	Shri Sudhir Nanavati	Yes	Yes	Yes	Yes
3.	Shri Ravindra Dhariwal	No	No	No	No

Yes – Attended, No – Not Attended

Sr.No.	Particulars	Status of Complaints
1.	No. of complaints received form shareholders during the period from 01.04.2010 to 31.03.2011	19
2.	No. of complaints resolved during the year	19
3.	No. of complaints pending at the end of the year	NIL
4.	No. of pending transfer as on 31.03.2011 due to certain defects	217

**COMPLIANCE OFFICER :-** Shri Dhaval Pandya, Company Secretary, is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges in India.

## 6. REMUNERATION OF DIRECTORS

A statement on the remuneration paid to the Executive & Non-Executive Directors is given below:

(Amount Rs. in Lacs)

Name of the Directors	Salary	Commission*	Perquisites & Allowances	Sitting Fee	Total Remuneration
Shri Falgunbhai Patel	64.42	273.43	1.05	—	338.90
Shri Parthiv Patel	41.19	297.71	—	—	338.90
Shri Sudhir Nanavati	—	—	—	0.10	0.10
Shri Mukesh Patel	—	—	—	—	—
Shri Shreyas Pandya	—	—	—	—	—
Shri Ravindra Dhariwal	—	—	—	—	—
Smt. Pannaben Patel	—	—	—	—	—
Shri Jitendra N. Bhatt	—	—	—	0.03	0.03

\* Payable in Financial Year 2011-2012

## 7. DISCLOSURES

A) Disclosures on materially significant related party transactions i.e. transactions by the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflicts with the interest of the Company at large:

During the year under review, there is no transaction by the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflicts with the interest of the Company at large. All the Transactions with the related parties are disclosed in Note No. 12 of Schedule-17 "Notes on Accounts" annexed to the Financial Statements for the year.

B) Details of non-compliance by the Company, penalties imposed on /strictures passed against, the Company by Stock Exchange or SEBI or other authority on any matter related to Capital Markets, during last three years: None.

C) Though there is no formal Whistle Blower Policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. No employee of the Company has been denied access to the Audit Committee of the Board of Directors of the Company.

D) The Company has a system of periodic review and reporting of risk assessment by senior executives to the Board of Directors with a view to minimize risks. The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement. It has also complied with non-mandatory requirements of Clause 49 like constitution of Remuneration Committee.

**Secretarial Audit:** A qualified practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with the Depositories and the total issued & listed capital. The total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with the Depositories.

## 8. CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT

The Board of Directors has at its Meeting held on December 30, 2005, laid down the Code of Conduct for all Board Members and Members of Senior Management of the Company. The said Code is also placed on the website of the Company viz. "www.sandesh.com". Certificate from the Managing Director affirming compliance of the said Code by all the Board Members and Members of Senior Management of the Company, to whom the Code is applicable, is separately attached to this Report.

**9. GENERAL BODY MEETING**

The details of last three Annual General Meetings of the Company are as under:

No. of AGM	Financial Year	Date	Time	Venue	Special Resolution passed
67th	2009-10	30.07.2010	10.00 a.m.	Gujarat Law Society Auditorium, G.L.S. College Campus, Opp. Law Garden, Ellisbridge, Ahmedabad – 380 006.	N.A.
66th	2008-09	07.08.2009	10.00 a.m.	Gujarat Law Society Auditorium, G.L.S. College Campus, Opp. Law Garden, Ellisbridge, Ahmedabad – 380 006.	N.A.
65th	2007-08	26.09.2008	10.00 a.m.	Gujarat Law Society Auditorium, G.L.S. College Campus, Opp. Law Garden, Ellisbridge, Ahmedabad – 380 006.	Re-appointment of Managing Director of the Company

No Extra Ordinary General Meeting was held during the financial year 2010-11.

**Postal Ballot:** During the year under review, no Resolution was passed through postal ballot under the provisions of Section 192A of the Companies Act, 1956 and the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001 nor any resolution is proposed to be conducted through postal ballot.

**10. MEANS OF COMMUNICATION**

The Financial Results of the Company will be reported as mentioned below:

Half yearly report sent to shareholders	:	No but the results of the Company are published in the newspapers
Quarterly Results normally published in	:	In English daily – The Economic Times, The Financial Express & in Regional Daily (Gujarati) “Sandesh”
Any website	:	National Stock Exchange of India Ltd. (www.nse-india.com) Bombay Stock Exchange Limited (www.bseindia.com)
Whether it also displays official news release and the presentation made to institutional investors or to the analysis	:	Not Applicable
Whether Management Discussion & Analysis Report is a part of Annual Report	:	Yes

**11. SHAREHOLDERS’ GENERAL INFORMATION**

- (A) 68th Annual General Meeting : Date : Friday, the 05th day of August, 2011  
Time : 10:00 a.m.  
Venue : Gujarat Law Society Auditorium, G.L.S. Collage Campus, Opp. Law Garden, Ellisbridge, Ahmedabad-380006 (Gujarat)
- (B) Financial Year : Financial Year of the Company is for a period of 12 months from 1st April to 31st March.
- (C) Book Closure : 27/07/2011 to 05/08/2011 (both days inclusive)
- (D) Dividend Payment date : On or after 09/08/2011, if declared at the 68th Annual General Meeting
- (E) Listing of Stock Exchanges : **Bombay Stock Exchange Limited**  
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 (Script No. : 526725)  
**National Stock Exchange of India Limited**  
“Exchange Plaza”, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051 (Symbol : SANDESH)  
The Company has paid Annual Listing Fees for the financial year 2011-12 to the above Stock Exchanges and also paid Annual Custody/Custodial Fees to the Depositories i.e. National Securities Depository Limited (‘NSDL’), Mumbai & Central Depository Services (India) Limited (‘CDSL’), Mumbai for the financial year 2011-2012.
- (F) ISIN Number : INE583B01015

**(G) Monthly High & Low :**

Month	Share price, trades of The Sandesh Limited at						BSE Sensex			
	BSE			NSE			Open	High	Low	Close
	Highest (Rs.)	Lowest (Rs.)	No. of Shares traded	Highest (Rs.)	Lowest (Rs.)	No. of Shares traded				
April, 2010	245.00	206.90	34792	248.00	212.00	37089	17555.04	18047.86	17276.80	17558.71
May, 2010	259.60	209.00	49954	260.00	209.15	60312	17536.86	17536.86	15960.15	16944.63
June, 2010	258.00	209.05	19090	228.00	205.30	20777	16942.82	17919.62	16318.39	17700.90
July, 2010	283.30	217.75	26365	244.45	217.10	35325	17679.34	18237.56	17395.58	17868.29
August, 2010	257.70	230.30	20360	255.00	226.10	38523	17911.31	18475.27	17819.99	17971.12
September, 2010	252.95	232.00	26273	253.00	227.40	41340	18027.12	20267.98	18027.12	20069.12
October, 2010	257.90	234.55	17087	259.00	230.00	33539	20094.10	20854.55	19768.96	20032.34
November, 2010	300.00	233.00	43237	290.00	233.10	85532	20272.49	21108.64	18954.82	19521.25
December, 2010	307.90	177.00	94461	308.40	202.05	142622	19529.99	20552.03	19074.57	20509.09
January, 2011	329.90	245.00	443164	332.70	241.25	491211	20621.61	20664.80	18038.48	18327.76
February, 2011	330.00	230.00	49440	309.00	252.15	51137	18425.18	18690.97	17295.62	17823.40
March, 2011	296.00	252.00	246202	287.50	255.10	17066	17982.28	19575.16	17792.17	19445.22

**(H) Registrar & Share Transfer Agent :**

**MCS Limited**, having its regional office at 101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad – 380009. Telephone Nos. (079) 26582878, 26584027, Fax No. (079) 26581296, Email Address: mcsahmd@yahoo.com.

**(I) Share Transfer System :**

M/s. MCS Limited is the Share Transfer Agent for entire functions of share registry, both for physical transfers as well as dematerialization/ Rematerialization of shares, issue of duplicate shares, split/consolidation, transmission, name deletion etc

**(J) Distribution of Shareholding as on March 31, 2011**

No. of Shares (Range)		Total Nos. of Shares		Total Nos. of Holders	
From	To	Shares	(%)	Holders	(%)
1	500	412440	4.84	3778	93.84
501	1000	81721	0.96	108	2.68
1001	2000	74990	0.88	52	1.29
2001	3000	44258	0.52	18	0.45
3001	4000	53576	0.63	15	0.37
4001	5000	40786	0.48	9	0.22
5001	10000	132072	1.55	18	0.45
10001	50000	241305	2.83	11	0.27
50001	Above	7448273	87.32	17	0.42
<b>T O T A L</b>		<b>8529421</b>	<b>100</b>	<b>4026</b>	<b>100</b>

## (K) Categories of Shareholding as on March 31, 2011 :

Sr. No.	Category	No. of shares in Demat form	No. of shares in Physical form	Total No. of Shares held	% of Total share holding
1.	Promoters	4329665	1341350	5671015	66.49
2.	Mutual Fund and UTI	—	500	500	0.01
3.	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institution, Non-Government Institutions)	—	—	—	—
4.	Foreign Institutional Investors	—	—	—	—
5.	Private Corporate Bodies	1767093	156400	1923493	22.55
6.	Indian Public (Individual/ HUF)	705188	188063	893251	10.47
7.	NRIs/ OCBs	38062	3100	41162	0.48
8.	GDR	—	—	—	—
<b>GRAND TOTAL</b>		<b>6840008</b>	<b>1689413</b>	<b>8529421</b>	<b>100.00</b>

## (L) Dematerialization Details :

As on 31st March, 2011, total 2867 shareholders were holding 6840008 equity shares in Demat Form, which constitute 80.19% of the total Share Capital of the Company. Shares of your company are regularly traded in BSE and NSE and are included in Group "B" category of shares of BSE.

## (M) Outstanding GDR/ADR : Not Applicable

## (N) Plants/ Factories :

- 1) "SANDESH BHAVAN", Lad Society Road, B/h. Vastrapur Gam, P.O. Bodakdev, AHMEDABAD
- 2) "SATYESH BHAVAN", B/h. Jalaram Temple, Bahucharaji Road, Karelibaug, VADODARA
- 3) "SATYESH BHAVAN", Dakoriya Mill Compound, Near Gurudev Petrol Pump, Khatodara GIDC, Bamroli Road, SURAT
- 4) "SATYESH BHAVAN", Sadar, RAJKOT
- 5) "SATYESH BHAVAN", Ruvapari Road, BHAVANAGAR

## (O) Address for correspondence :

Shareholders are requested to correspond with the company at the following address:

- 1) **THE SANDESH LIMITED**  
"Sandesh Bhavan", Lad Society Road, B/h. Vastrapur Gam, P.O. Bodakdev, Ahmedabad-380054.  
**Phone Nos.:** (079)40004000, 40004175 (Direct) **Fax No.:** (079)40004174  
**Email Address:** share@sandesh.com & investorsgrievance@sandesh.com
- 2) **MCS LIMITED**  
101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad-380009  
**Phone Nos. :** (079) 26582878, 26584027 **Fax No. :** (079) 26581296 **Email :** mcsahmd@gmail.com

**12. C.E.O./C.F.O. CERTIFICATION**

The Chairman and Managing Director and the Chief Financial Officer of the Company give annual certification on the financial reporting and the internal controls to the Board in terms of Clause 49-V of the Listing Agreement.

**ANNEXURE TO CORPORATE GOVERNANCE REPORT  
DECLARATION REGARDING AFFIRMATION OF THE CODE OF CONDUCT**

In terms of the requirements of Clause-49 of the Listing Agreement, this is to confirm that all the Members of the Board and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2011.

For, **THE SANDESH LIMITED**

Place : Ahmedabad  
Date : May 19, 2011

**Falgunbhai Patel**  
Chairman & Managing Director

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

The Company has obtained a Certificate from the Auditors of the Company regarding compliance of the conditions of 'Corporate Governance' as stipulated in the Listing Agreement with the Stock Exchanges. The said Corporate Governance Certificate is as under:

**CERTIFICATE****TO THE MEMBERS, OF THE SANDESH LIMITED**

We have examined the compliance of conditions of Corporate Governance by **THE SANDESH LIMITED** for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. 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 representations made by the Directors & the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause-49 of the above mentioned Listing Agreement.

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

For, **MANUBHAI & COMPANY,**  
Chartered Accountants  
Firm registration no: 106041W

Date : May 19, 2011  
Place : Ahmedabad

**K. B. SOLANKI**  
Partner  
Membership No. 110299

## AUDITOR'S REPORT

To,  
The Members of  
**THE SANDESH LIMITED**

1. We have audited the attached Balance Sheet of **THE SANDESH LIMITED** ('the Company') as at 31st March, 2011, the profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the 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 ('the Order') 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 paragraphs 4 and 5 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 accounts as required by law, have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with books of account of the Company;
  - 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 written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, we report that none of directors is disqualified as on March 31, 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 the Balance Sheet, of the state of affairs of the company as at March 31, 2011;
    - ii. in the case of the Profit and Loss Account, of the profit of the company for the year ended on that date: and
    - iii. in case of the Cash Flow Statement, of cash flows for the year ended on that date.

For, **MANUBHAI & Co.**  
*Chartered Accountants*  
Firm registration no: 106041W

**(K. B. Solanki)**  
*Partner*

Membership No. 110299

Place : Ahmedabad  
Date : May 19, 2011

**ANNEXURE TO AUDITOR'S REPORT**

[Referred to paragraph 3 of our report of even date]

**1. In respect of its fixed assets.**

- a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. As explained us, the fixed assets have been physically verified by the management once in a year which we consider reasonable having regard to the size of the company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year.

**2. In respect of its inventories.**

- a. As explained to us, the inventories have been physically verified by management at reasonable intervals.
- 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 were reasonable and adequate in relation to the size of the company and the nature of its business.
- c. In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.

**3. a. In respect of loans granted to parties covered in the register maintained u/s 301 of the Companies Act, 1956.**

According to the information and the explanations given to us, the company has not granted any loans or advances in the nature of loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, requirement of clauses {iii (a) to (d)} of the paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable.

**b. In respect of loans taken from parties covered in the register maintained u/s 301 of the Companies Act, 1956.**

- a. The Company has taken loans from eighteen parties listed in the register maintained under section 301 of the Companies Act, 1956. The aggregate maximum amount involved was Rs. 11920.95 Lacs and year end balance was aggregating to Rs. 10 Lacs.
- b. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans obtained are not prima facie prejudicial to the interest of the Company.
- c. In respect of the loan taken by the Company, interest payments are regular and principal amount is repayable on demand.

**4. In respect of internal control.**

In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to 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.

**5. In respect of transactions need to be entered into a register maintained under section 301 of the Companies Act, 1956.**

- a. According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5 Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

**6. In respect of deposits from public.**

In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public during the year within the meaning of sections 58A, 58AA or any other relevant provisions of The Companies Act, 1956 and the Companies (Acceptance of deposits) Rules, 1975. We are informed that, 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.

**7. In respect of internal audit system.**

In our opinion, the Company has an internal audit system commensurate with the size and nature of business.

**8. In respect of maintenance of cost records.**

As informed to us, the maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub section (1) of section 209 of the Companies Act, 1956, in respect of the activities carried by the Company.

**9. In respect of statutory dues.**

- a. According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty and other material statutory dues applicable to it.



Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in position to comment upon the regularity or otherwise of the Company in depositing the same.

- b. According to the information and explanations given to us, no disputed amounts payable in respect of income tax, sales tax, wealth tax, service tax and customs duty were in arrears, as at March 31, 2011 for a period of more than six months from the date they became payable.
- c. According to the information and explanation given to us, there are no dues of income tax, wealth tax, service tax and customs duty which have not been deposited on account of any dispute. In respect of sales tax, details of disputed dues which have not been deposited are given hereunder:

Name of the Statute	Nature of the dues	Amount (Rs. In Lacs)	Period to which the amount relates	Forum where dispute is pending
Sales Tax Act	Sales Tax	4.09	F.Y. 1995 – 96	VAT – Tribunal

**10. In respect of accumulated losses and cash losses.**

The company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by audit and in the immediately preceding financial year.

**11. In respect of dues to financial institution / banks / debentures.**

Based on our audit procedure and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to bank.

**12. In respect of loans and advances granted on the basis of security.**

In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.

**13. In respect of provisions applicable to Chit fund / nidhi / mutual benefit funds / societies.**

The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the reporting requirement of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.

**14. In respect of dealing or trading in shares, securities, debentures and other investments.**

In our opinion and according to the information and explanation given to us, the Company has maintained proper records of transactions and contracts in respect of trading in shares / units of mutual funds and timely entries have been made therein. All shares / units of mutual fund have been made by the Company in its own name.

**15. In respect of guarantee given for loans taken by others.**

According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

**16. In respect of application of term loans.**

The Company has not obtained term loan during the year.

**17. In respect of fund used**

According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that funds raised on short – term basis prima facie not been used for long term investment.

**18. In respect of preferential allotment of shares**

During the year, the Company has not made preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.

**19. In respect of securities created for debentures**

The Company has not issued any debentures during the year.

**20. In respect of end use of money raised by public issues**

The Company has not raised any money by way of public issue during the year.

**21. In respect of fraud**

According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For, **MANUBHAI & Co.**  
Chartered Accountants  
Firm registration no: 106041W

**(K. B. Solanki)**

Partner

Membership No. 110299

Place : Ahmedabad  
Date : May 19, 2011

**BALANCE SHEET AS AT MARCH 31<sup>ST</sup>, 2011**

SCHEDULE	As at March 31, 2011 Rs.in lacs	As at March 31, 2010 Rs.in lacs
<b>I. SOURCES OF FUNDS :-</b>		
<b>(1) Shareholders' Funds :-</b>		
(a) Capital	1	853.38
(b) Reserves and Surplus	2	24,988.48
		29,829.00
<b>(2) Loan Funds :-</b>		
(a) Secured Loans	3	1,929.80
(b) Unsecured Loans	4	10.00
		1,939.80
<b>(3) Deferred Tax Liabilities :-</b>		
		605.58
<b>TOTAL</b>		
		32,374.38
<b>II. APPLICATION OF FUNDS :-</b>		
<b>(1) Fixed Assets :-</b>		
(a) Gross Block	5	13,577.07
(b) Less : Depreciation		5,941.79
(c) Net Block		7,635.28
(d) Capital work in Progress		122.61
		7,757.89
<b>(2) Investments</b>		
	6	8,482.68
<b>(3) Current Assets, Loans &amp; Advances :-</b>		
(a) Inventories	7	2,292.58
(b) Sundry Debtors		4,713.35
(c) Cash & Bank Balances		8,283.42
(d) Other Current Assets		62.93
(e) Loans and Advances		16,209.20
		31,561.48
<b>Less: Current Liabilities &amp; Provisions :-</b>		
(a) Liabilities	8	12,597.56
(b) Provisions		2,830.11
		15,427.67
<b>Net Current Assets</b>		
		16,133.81
<b>TOTAL</b>		
		32,374.38
<b>Significant Accounting Policies</b>	16	
<b>Notes forming part of Accounts</b>	17	

As per our report of even date attached

**For, Manubhai & Co.,**  
Chartered Accountants  
Firm registration no: 106041W

**K B Solanki**  
Partner  
Membership No. 110299

Ahmedabad  
Dated: May 19, 2011

**Dhaval M Pandya**  
Company Secretary

For and on behalf of the Board,

**Falgunbhai Patel**  
Chairman & Managing Director

**Parthiv Patel**  
Managing Director

**Sudhirbhai Nanavati**  
Director

**Mukeshbhai Patel**  
Director

**Shreyasbhai Pandya**  
Director

**Pannaben Patel**  
Director

**Jitendra Bhatt**  
Director

Ahmedabad  
Dated: May 19, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31<sup>ST</sup>, 2011.

	SCHEDULE	Year Ended on	
		March 31, 2011 Rs.in lacs	March 31, 2010 Rs.in lacs
<b>I INCOME :-</b>			
(a) Income from Operations	9	23,333.79	22,541.58
(b) Other Income	10	1,402.94	719.89
		24,736.73	23,261.47
<b>II EXPENDITURE :-</b>			
(a) (Increase) in Stock	11	(636.22)	(227.07)
(b) Raw Material Consumed		9,794.01	7,834.03
(c) Trading Purchases	12	1,451.44	4,007.52
(d) Operating and Other Expenses	13	5,581.81	4,162.38
(e) Salaries and Benefits to Employees	14	1,596.33	1,375.54
(f) Depreciation		698.22	548.44
Less : Transfer from Revaluation Reserve		5.46	6.18
		692.76	542.26
		18,480.13	17,694.66
<b>III Profit before Taxation</b>		6,256.60	5,566.81
<b>IV Taxation</b>	15	1,866.16	1,863.58
<b>V Profit For The Year</b>		4,390.44	3,703.23
<b>VI Balance brought forward from Previous Year</b>		1,133.92	1,230.06
<b>VII Amount available for Appropriations</b>		5,524.36	4,933.29
<b>VIII APPROPRIATIONS:-</b>			
(a) Proposed Dividend		341.18	255.88
(b) Tax on Dividend		56.66	43.49
(c) Transferred to General Reserve		4,000.00	3,500.00
(d) Balance Carried to Balance Sheet		1,126.52	1,133.92
		5,524.36	4,933.29
<b>Earnings per share</b>			
Basic/Diluted earning per shares (Rs.)		51.47	43.27
<b>Significant Accounting Policies</b>	16		
<b>Notes forming part of Accounts</b>	17		

As per our report of even date attached

**For, Manubhai & Co.,**  
Chartered Accountants  
Firm registration no: 106041W

**K B Solanki**  
Partner  
Membership No. 110299

Ahmedabad  
Dated: May 19, 2011

**Dhaval M Pandya**  
Company Secretary

For and on behalf of the Board,

**Falgunbhai Patel**  
Chairman & Managing Director

**Parthiv Patel**  
Managing Director

**Sudhirbhai Nanavati**  
Director

**Mukeshbhai Patel**  
Director

**Shreyasbhai Pandya**  
Director

**Pannaben Patel**  
Director

**Jitendra Bhatt**  
Director

Ahmedabad  
Dated: May 19, 2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31<sup>ST</sup>, 2011.**

(RUPEES IN LACS)

PARTICULARS	2010-11	2009-10
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	6,256.60	5,566.81
<b>Adjustments for:</b>		
Depreciation	692.76	542.26
Non Cash expenses	129.84	372.49
Interest	(288.16)	413.47
(Profit)/loss on sale of Assets	(10.51)	(8.89)
(Profit)/loss on sale of Investment	(157.26)	(116.11)
Dividend Income	(27.99) 338.68	(27.50) 1,175.72
<b>Operating Profit before Working Capital Changes</b>	<b>6,595.28</b>	<b>6,742.53</b>
<b>Adjustments for:</b>		
Decrease/(Increase) in Receivables	(1,231.52)	(475.32)
Decrease/(Increase) in Inventories	(132.20)	(198.37)
Increase/(Decrease) in Payables	4,940.47	(50.20)
Decrease/(Increase) in Other Assets	5.83	3,129.67
Decrease/(Increase) in Loans & Advances	(758.22) 2,824.36	(2,103.28) 302.50
<b>Cash generated from operations</b>	<b>9,419.64</b>	<b>7,045.03</b>
Income Tax paid	(1,913.77) (1,913.77)	(1,472.17) (1,472.17)
<b>Net Cash flow from Operating activities before extra ordinary item</b>	<b>7,505.87</b>	<b>5,572.86</b>
Extra Ordinary Item	—	—
<b>Net Cash flow from Operating activities after extra ordinary item</b>	<b>7,505.87</b>	<b>5,572.86</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(533.62)	(2,830.56)
Sale of Fixed Assets	31.59	18.08
Sale/ (Purchase) of Investments	(7,533.61)	238.79
Dividend Income	27.99	27.50
<b>Net Cash used in Investing activities</b>	<b>(8,007.65)</b>	<b>(2,546.19)</b>
	(501.78)	3,026.67
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/ (Repayment) of Secured Loans	(513.45)	2,443.45
Proceeds/ (Repayment) of Equity Shares	—	(188.26)
Proceeds/Repayment of Unsecured Loans	(10.00)	6.05
Interest Paid	288.16	(413.47)
Dividend Paid	(255.88)	(259.89)
<b>Net Cash used in financing activities</b>	<b>(491.17)</b>	<b>1,587.88</b>
Net increase in Cash & Cash Equivalents	(992.95)	4,614.55
Cash and Cash equivalents at the beginning of the year	9,276.37	4,661.82
Cash and Cash equivalents at the close of the year	8,283.42	9,276.37

**Notes:**

- Cash and Cash Equivalents include: Cash and Bank Balances
- The Cash flow statement has been prepared under the "Indirect Method" set out in Accounting Standard 3 'Cash Flow Statement' notified in the Companies (Accounting Standards) Rules 2006.

8,283.42 9,276.37

As per our report of even date attached

For and on behalf of the Board,

**For, Manubhai & Co.,**  
Chartered Accountants  
Firm registration no: 106041W

**Falgunbhai Patel**  
Chairman & Managing Director

**Shreyasbhai Pandya**  
Director

**K B Solanki**  
Partner  
Membership No. 110299

**Parthiv Patel**  
Managing Director

**Pannaben Patel**  
Director

**Sudhirbhai Nanavati**  
Director

**Jitendra Bhatt**  
Director

Ahmedabad  
Dated: May 19, 2011

**Dhaval M Pandya**  
Company Secretary

**Mukeshbhai Patel**  
Director

Ahmedabad  
Dated: May 19, 2011

## SCHEDULES FORMING PART OF THE ACCOUNTS

	As at March 31, 2011 Rs.in lacs	As at March 31, 2010 Rs.in lacs
<b>SCHEDULE : 1 - SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
15000000 Equity Shares of Rs.10/- each (Previous Year 15000000 Equity Shares of Rs.10/- each)	1,500.00	1,500.00
	1,500.00	1,500.00
<b>ISSUED AND SUBSCRIBED :</b>		
8529421 Equity Shares of Rs.10/- each fully paid up (Previous Year 8647614 Equity Shares)	852.94	864.76
Adjustment for Buy Back of 118193 Equity Shares	—	11.82
	852.94	852.94
Add.:Shares forfeited	0.44	0.44
(Of the above Shares, 10000 Equity Shares have been issued for consideration other than cash, 5337400 Shares have been allotted as Bonus Shares by Capitalisation of Profit - transferred from General Reserves)		
TOTAL	853.38	853.38
<b>SCHEDULE : 2 - RESERVES &amp; SURPLUS</b>		
<b>SECURITY PREMIUM ACCOUNT :-</b>		
Balance as per last Balance Sheet	4,119.82	4,296.26
	4,119.82	4,296.26
Less : Premium on Buy Back of Equity Shares	—	176.44
	4,119.82	4,119.82
<b>GENERAL RESERVE :-</b>		
Balance as per last Balance Sheet	19,584.80	16,084.80
Add : Transferred from Profit & Loss A/c	4,000.00	3,500.00
	23,584.80	19,584.80
<b>REVALUATION RESERVE :-</b>		
Balance as per last Balance Sheet	149.94	157.96
Less : Transferred to Profit & Loss A/c being difference of depreciation on revalued figures & book value of fixed assets	5.46	6.18
Adjustment on account of sale of assets	—	1.84
	5.46	8.02
	144.48	149.94
<b>SURPLUS AS PER PROFIT &amp; LOSS ACCOUNT</b>		
	1,126.52	1,133.92
TOTAL	28,975.62	24,988.48
<b>SCHEDULE : 3 - SECURED LOANS</b>		
<b>From Bank</b>		
Short-term Loan (Secured against Fixed Deposit with the Bank)	1,146.36	—
Working Capital (Secured against Current Assets of the Company)	783.44	2,443.45
TOTAL	1,929.80	2,443.45
<b>SCHEDULE : 4 - UNSECURED LOANS</b>		
From Directors	10.00	20.00
TOTAL	10.00	20.00

**SCHEDULE 5 : FIXED ASSETS**

(RUPEES IN LACS)

PARTICULARS	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As On April 1, 2010	Additions	Deduction	As On March 31, 2011	Up To March 31, 2010	For the Year	Sales / Adjustment	Up To March 31, 2011	As On March 31, 2011	As On March 31, 2010
<b>(A) Intangible Assets</b>										
Tenancy Right	56.00	—	—	56.00	—	—	—	—	56.00	56.00
<b>(B) Tangible Assets</b>										
Land	1,429.94	—	—	1,429.94	—	—	—	—	1,429.94	1,429.94
Buildings	1,658.65	469.02	—	2,127.67	791.86	115.44	—	907.30	1,220.37	866.79
Lifts	11.75	17.05	—	28.80	5.20	0.78	—	5.98	22.82	6.55
Plant & Machineries	8,832.00	219.07	2.99	9,048.08	3,985.87	502.48	0.72	4,487.63	4,560.45	4,846.13
Electric Fittings	192.02	41.16	2.38	230.80	123.60	13.62	0.70	136.52	94.28	68.42
Furniture & Office Equipments	266.03	91.44	19.56	337.91	167.51	29.79	4.93	192.37	145.54	98.52
Motor Vehicles	336.24	12.40	30.77	317.87	204.15	36.11	28.27	211.99	105.88	132.09
<b>Total</b>	<b>12,782.63</b>	<b>850.14</b>	<b>55.70</b>	<b>13,577.07</b>	<b>5,278.19</b>	<b>698.22</b>	<b>34.62</b>	<b>5,941.79</b>	<b>7,635.28</b>	<b>7,504.44</b>
<b>Previous year</b>	<b>10,489.06</b>	<b>2,515.32</b>	<b>221.75</b>	<b>12,782.63</b>	<b>4,940.47</b>	<b>548.44</b>	<b>210.72</b>	<b>5,278.19</b>	<b>7,504.44</b>	
<b>Capital work in progress</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>122.61</b>	<b>439.13</b>

	No. of Shares /Bonds	Face Value (in Rs.)	As at March 31, 2011 Rs.in lacs	As at March 31, 2010 Rs.in lacs
--	----------------------------	---------------------------	---------------------------------------	---------------------------------------

**SCHEDULE : 6 - INVESTMENTS ( LONG TERM - AT COST)**
**I IN EQUITY SHARES**
**(a) TRADE INVESTMENTS**
**FULLY PAID EQUITY SHARES (UNQUOTED)**

Hindustan Samachar Co-Op Society Ltd

10.00

10.00

0.01

0.01

Press Trust of India Ltd

15.00

100.00

0.01

0.01

**(b) OTHER THAN TRADE INVESTMENTS**
**(i) FULLY PAID EQUITY SHARES (UNQUOTED)**

Ahmedabad Stock Exchange

 331,800.00  
(3318000)

 10.00  
1.00

189.60

189.60

Manekchowk Co-Op Bank Ltd

1,624.00

25.00

0.41

0.41

**(ii) FULLY PAID EQUITY SHARES (QUOTED)**

MOIL

1,703.00

10.00

6.39

—

**II IN GOVERNMENT SECURITIES (UN QUOTED)**

 National Savings Certificates  
(Deposited with Sales Tax Authorities)

0.01

0.01

**III TAX FREE BONDS**

Nuclear Power Corporation of India - 5.50%

500.00

100,000.00

—

500.00

**IV IN INVESTMENT PROPERTIES**

75.00

75.00

**V IN FCCD**

15.5% FCCD of Applewoods Estate Private Ltd.

7,604,815.00

100.00

8,211.25

—

**TOTAL**

8,482.68

765.04

Aggregate cost of quoted investments

6.39

—

Aggregate cost of unquoted investments

8,401.29

690.04

Aggregate Market value of quoted investments

6.72

—

Investment in Quoted Equity Shares made & sold during the year	Invested		Sold	
	Quantity	Value Rs. In lacs	Quantity	Value Rs.in Lacs
Coal India Ltd	127,829.00	313.18	127,829.00	402.39
Power Grid Ltd	201,587.00	181.43	201,587.00	196.80
Punjab & Sindh Bank Ltd	48,928.00	58.71	48,928.00	64.60
Lovable Lingerie Ltd	22,897.00	46.94	22,897.00	60.02
TATA Steel Ltd	116,966.00	713.49	116,966.00	729.68

	As at March 31, 2011 Rs.in lacs	As at March 31, 2010 Rs.in lacs
<b>SCHEDULE : 7 - CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>A Current Assets</b>		
<b>1 INVENTORIES</b>		
a Stores	120.69	106.17
b Stock-in-trade		
i) Raw Materials (including in transit Rs.18.42 lacs, Previous Year Rs.165.13 lacs)	659.54	1,122.91
ii) Finished Goods	0.99	0.66
iii) Waste	0.80	1.88
iv) Gift Articles & Vouchers	43.01	95.40
v) Shares & Units of Mutual Funds	1,026.30	335.41
vi) Real Estates	407.05	468.61
vii) Trading Goods	1.55	11.44
c <b>Work in Progress</b>	32.65	15.07
	2,292.58	2,157.55
<b>2 SUNDRY DEBTORS (UNSECURED) :-</b>		
a Debts outstanding for a period exceeding six months:		
Considered Good	565.08	402.34
Considered Doubtful	4.67	9.37
	569.75	411.71
b Other Debts:		
Considered Good	4,148.27	3,260.67
Considered Doubtful	5.04	0.07
	4,153.31	3,260.74
	4,723.06	3,672.45
c Provision for Doubtful Debts	9.71	9.44
	4,713.35	3,663.01
<b>3 CASH AND BANK BALANCES :-</b>		
a <b>Cash on Hand</b>		
(include cheques on hand Rs.651.07 lacs, Previous Year Rs.446.04 lacs)	696.43	491.62
b <b>Balances with Scheduled Bank</b>		
- In Current Accounts	464.39	718.56
- In Fixed Deposit Account	7,122.56	8,065.82
(including interest receivable on FD Rs.202.91 lacs, Previous Year Rs.278.11 lacs)		
c <b>Balance with EFG Bank, Singapore, in current account</b>	0.04	0.37
(Maximum balance during the year Rs.0.37 lacs, Previous Year Rs.0.37 lacs)		
	8,283.42	9,276.37
<b>4 OTHER CURRENT ASSETS :-</b>		
Interest Receivable	62.93	68.76
	62.93	68.76
TOTAL (A)	15,352.28	15,165.69
<b>B LOANS &amp; ADVANCES :- (Unsecured, Considered Good unless otherwise stated)</b>		
i) Loans (includes Rs.4872.80 lacs secured against Equitable Mortgage, Previous Year Rs.2417.13 lacs)	11,505.43	8,426.40
ii) Advances recoverable in cash or in kind or for value to be received	1,813.31	3,107.89
iii) Deposits	235.18	29.00
iv) Advance Income-tax, Fringe Benefit-tax & Tax deducted at source	2,655.28	1,973.92
TOTAL (B)	16,209.20	13,537.21
TOTAL (A+B)	31,561.48	28,702.90

	As at March 31, 2011 Rs.in lacs	As at March 31, 2010 Rs.in lacs
<b>SCHEDULE : 8 - CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A. CURRENT LIABILITIES :</b>		
i) Sundry Creditors		
a) Dues of micro, small & medium enterprises (refer note no:4 Schedule 17)	—	—
b) Dues of other creditors	4,170.02	4,348.25
ii) Advance Payments	1,030.95	895.61
iii) Unclaimed Dividend#	17.77	17.72
iv) Deposits from Agents & Others	1,114.89	876.07
v) Due to Bank in Current Account (Book Overdraft)	6,263.93	—
	12,597.56	6,137.65
<b>B. PROVISIONS :</b>		
i) Taxation	2,060.00	1,710.00
ii) Proposed Dividend	341.18	255.88
iii) Tax on Dividend	56.66	43.49
iv) Fringe Benefit Tax	262.31	262.31
v) Gratuity	109.96	93.68
	2,830.11	2,365.36
<b>TOTAL</b>	<b>15,427.67</b>	<b>8,503.01</b>

# Includes dividend of Rs.1.90 lacs on shares received for transfer but which has not been transferred on the basis of an opinion dt.20.02.2008.

	Year Ended on March 31, 2011 Rs.in lacs	Year Ended on March 31, 2010 Rs.in lacs
<b>SCHEDULE : 9 - INCOME FROM OPERATIONS:</b>		
<b>(A) TURNOVER</b>		
i) Sales of Publications	5,854.76	5,603.31
Less : Trade Discount	17.22	22.36
	5,837.54	5,580.95
ii) Advertisements :-		
Gross Revenue	26,996.10	19,279.30
Less: Outgoing	1,587.88	933.11
	25,408.22	18,346.19
Less : Rebate & Discount	11,608.02	7,480.11
	13,800.20	10,866.08
iii) Advertisement - 00H	531.09	—
iv) Other Income :-		
Printing Income	—	3.46
Misc. Income	227.37	226.03
Misc. Sales	306.21	252.96
Service Charges	4.65	27.82
Royalty	—	2.32
	538.23	512.59
<b>TOTAL (A)</b>	<b>20,707.06</b>	<b>16,959.62</b>
<b>(B) OTHER OPERATIONAL INCOME</b>		
i) Interest (Tax deducted at source Rs.145.50 lacs, Previous Year Rs.278.40 lacs)	1,813.12	2,062.19
ii) Trading Goods		
a) Trading Goods	11.59	15.29
b) Shares	43.36	—
c) Real Estates	144.68	—
d) Units	613.98	3,504.48
	2,626.73	5,581.96
<b>TOTAL (B)</b>	<b>2,626.73</b>	<b>5,581.96</b>
<b>TOTAL (A+B)</b>	<b>23,333.79</b>	<b>22,541.58</b>



	Year Ended on March 31, 2011 Rs.in lacs	Year Ended on March 31, 2010 Rs.in lacs
<b>SCHEDULE : 10 - OTHER INCOME</b>		
i) Interest (Tax Free)	10.17	27.50
ii) Interest from FCCD (include TDS Rs. 119.75 lacs previous year NIL)	984.50	—
iii) Dividend	27.99	20.74
iv) Rent	10.99	12.30
v) Income from Wind Mills	12.67	15.20
vi) Miscellaneous Income	150.83	5.38
vii) Sundry Credit Balances written back / Bad Debt Recoveries	3.70	33.46
viii) Profit on sale of investments (Short-term)	152.53	115.11
ix) Profit on sale of investments (Flat ) (Short-term)	—	1.00
x) Profit on transfer of Option	—	450.00
xi) Profit on Sale of Fixed Assets	10.53	9.16
xii) Insurance Claim	—	1.14
xiii) Profit on conversion of land into stock in trade	29.60	—
xiv) Provision No Longer Required	9.43	28.90
<b>TOTAL</b>	<b>1,402.94</b>	<b>719.89</b>
<b>SCHEDULE : 11 - (INCREASE)/DECREASE IN STOCK</b>		
<b>Closing Stock as on 31st March, 2011</b>		
Finished Goods	0.99	0.66
Work in Process	32.65	15.07
Trading Goods	1,027.80	346.85
Real Estates	407.05	468.61
Waste	0.80	1.88
	<b>1,469.29</b>	<b>833.07</b>
<b>Less : Opening Stock as on 1st April, 2010</b>		
Finished Goods	0.66	0.69
Work in Process	15.07	18.44
Trading Goods	346.85	415.58
Real Estates	468.61	170.30
Waste	1.88	0.99
	<b>833.07</b>	<b>606.00</b>
<b>(INCREASE) / DECREASE IN STOCK TOTAL</b>	<b>(636.22)</b>	<b>(227.07)</b>
<b>SCHEDULE: 12 - TRADING PURCHASES</b>		
Equity Shares	—	480.42
Real Estates	34.52	298.31
Other Items	2.32	24.75
Units of Mutual Fund	1,414.60	3,204.04
	<b>1,451.44</b>	<b>4,007.52</b>
<b>TOTAL</b>	<b>1,451.44</b>	<b>4,007.52</b>

	Year Ended on March 31, 2011 Rs.in lacs	Year Ended on March 31, 2010 Rs.in lacs
<b>SCHEDULE : 13 - OPERATING AND OTHER EXPENSES</b>		
Consumption of Stores	1,149.67	1,074.82
Power & Fuel	261.83	211.17
Feature, Newsgathering & Purashkar Expenses	471.70	428.21
Business Promotion Expenses	590.15	490.90
Telephone Expenses & News Service expenses	79.33	81.17
Travelling Expenses	47.79	19.44
Parcel Expenses	402.41	359.93
Insurance Premium	11.15	12.58
Rent	15.52	21.82
Rates and Taxes	22.43	15.75
REPAIRS TO :-		
Machinery	116.63	89.43
Building	21.47	14.63
Others	65.67	17.38
	203.77	121.44
Audit Fees	3.31	3.31
Expenses for OOH	331.51	—
Miscellaneous Expenses	388.79	249.48
Professional Fees	80.71	81.96
Donations	33.02	28.44
Cash Discount	491.21	500.97
INTEREST :-		
On Fixed Deposit	—	0.09
To Directors	516.67	252.70
To Others	189.84	160.68
	706.51	413.47
Bad Debts written off	162.86	37.81
Irrecoverable Business Advances written off	118.41	—
Provision for Doubtful Debts	9.71	9.44
Loss on Sale/write off of Fixed Assets (net)	0.02	0.27
<b>TOTAL</b>	<b>5,581.81</b>	<b>4,162.38</b>
<b>SCHEDULE : 14 - SALARIES AND BENEFITS TO THE EMPLOYEES</b>		
Salaries, Wages & Bonus	847.60	713.46
Contribution to Provident Fund and other Funds	67.34	54.81
Staff Welfare Expenses	5.52	1.50
Managing Directors' Remuneration	675.87	605.77
<b>TOTAL</b>	<b>1,596.33</b>	<b>1,375.54</b>
<b>SCHEDULE : 15 - TAXATION</b>		
Current Income-tax / Wealth-tax	2,060.00	1,710.00
Adjustment for Income-tax of earlier year	(196.23)	28.45
Deferred Tax Adjustment Debit/(Credit)	2.39	125.13
<b>TOTAL</b>	<b>1,866.16</b>	<b>1,863.58</b>

**SCHEDULE : 16 - SIGNIFICANT ACCOUNTING POLICIES :****1 Basis of Preparation of Financial Statements :**

The Company maintains its accounts on accrual basis following the historical cost convention except for the revaluation of certain fixed assets and in accordance with generally accepted accounting principles [“GAAP”], as well as in compliance with the Accounting Standards referred to in Section 211(3C) and other requirements of the Companies Act, 1956.

**2 USE OF ESTIMATES:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates.

**3 RECOGNITION OF INCOME AND EXPENDITURE :**

- a) Income & expenditure are recognised on accrual basis. However, certain escalation & other claims as well as certain income where there is any uncertainty of its realisation or which are not ascertainable / acknowledged by customers, are recognised as income on its realisation.
- b) Dividend income is recognised when the right to receive the dividend is established.

**4 FIXED ASSETS :**

- a) Land, Buildings and Machineries acquired upto 31-03-1994 are stated at revalued figures less accumulated depreciation.
- b) All Other Fixed Assets are stated at historical cost less accumulated depreciation.
- c) Cost includes all expenditure of incurred to bring the assets to its present location and condition.

**5 DEPRECIATION :**

- (a) Depreciation has been calculated in accordance with and at the rates specified in Schedule XIV to the Companies Act, 1956.
- (b) Depreciation in respect of additions to Machineries from 01-04-1992 is provided on straight line method and in respect of all other fixed assets on written down method.
- (c) Depreciation in respect of addition and deletion of assets during the year is provided based on the actual number of days for which assets remained in use.
- (d) Fixed Assets upto a value of Rs.5000 are fully depreciated in the year of its acquisition.

**6 IMPAIRMENT OF ASSETS :**

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

- (a) the provision for impairment loss required, if any, or
- (b) the reversal required in respect of impairment loss recognised in previous periods, if any

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

**7 INVENTORIES :**

Inventories are valued after providing for obsolescence, as under:-

- (a) Raw Materials, Stores, Gift articles and Finished goods. : At lower of cost or net realisable value.
- (b) Work in progress
  - 1) Publication : At about cost
  - 2) Construction/Real Estate : At cost
- (c) Waste : At net realisable value.
- (d) Trading
  - 1) Shares/Units : At cost or fair value, which ever is lower.
  - 2) Other : At lower of cost or net realisable value.

Cost for this purpose is ascertained on First In First Out (FIFO) basis.

**8 INVESTMENTS :**

Long term investments are stated at cost. Provision is made for diminution in value, other than of temporary nature, of such investment.

Current investments are stated at lower of cost and fair value.

**9 FOREIGN CURRENCY TRANSACTIONS :**

Transactions of foreign currency are recorded at the exchange rate as applicable at the date of transactions. Monetary Assets / Liabilities outstanding at the close of the financial year are stated at the contracted and / or appropriate exchange rate at the close of the year and the gain / loss is credited / charged to Profit & Loss Account.

**10 RETIREMENT BENEFITS :**

(a) Short term employee benefits are charged off in the year in which the related services are rendered.

(b) **Defined Contribution Plan :**

Contribution to Provident Fund and Pension Fund Scheme are paid in accordance with applicable statutes and deposited with the Regional Provident Fund Commissioner.

(c) **Defined Benefit Plan :**

Liabilities in respect of post employment benefit (gratuity) have been determined at present value of the amount payable towards contribution based on actuarial valuation made by an independent actuary as at the balance sheet date. The actuarial gains or losses are recognised immediately in the profit and loss account.

**11 SEGMENT ACCOUNTING :**

Segment accounting policies are in line with the accounting policies of the Company, in addition, the following specific accounting policies have been followed for segment reporting:

- (a) Segment revenue includes sales & other income directly identifiable with/allocable to the segment, including inter segment revenue.
- (b) Expenses that are directly identifiable with/allocable to segments are considered for determining the Segment Result.
- (c) Income/Expense which relate to the Company as a whole and not allocable to segments are included in "Unallocable Corporate Income/Expense".
- (d) Segment assets & liabilities include those directly identifiable with the respective segments.
- (e) Unallocable corporate assets and liabilities represent the assets & liabilities that relate to the Company as a whole and not allocable to any segment.

**12 INCOME TAXES :**

- a) Income tax charge or credit comprises current tax and deferred tax charge or credit.
- b) Current tax is provided at current tax rates based on assessable income.
- c) Deferred tax asset/liability are recognised at the tax rates and tax laws that have been enacted or substantively enacted by Balance Sheet date based on the tax effect of timing differences resulting from the recognition of items in the financial statements and in estimating its current tax provision. Deferred tax assets are recognised, if there is a reasonable certainty of realisation. Deffered tax effects are reviewed at each Balance Sheet Dates.

**13 PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS :**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

**14 BORROWING COST:**

Borrowing costs attributable to the acquisition and construction of assets are capitalized as part of the cost of such assets up to the date when such asset is ready for its intended use. Other borrowing cost are treated as revenue expenditure.

**15 GENERAL:**

Accounting Policies not specifically referred to are consistent with generally accepted accounting practice.

	As at March 31, 2011 Rs.in lacs	As at March 31, 2010 Rs.in lacs
<b>SCHEDULE : 17 - NOTES ON ACCOUNTS:</b>		
1	Previous Year's figures are recast / rearranged, wherever necessary.	
2	Contingent Liabilities not provided for in respect of :-	
	Amount not determined	Amount not determined
(a)	Claims of the employees which are not admitted by the Company. (amount indeterminate)	
(b)	Income-tax demand of Rs.466.44 lacs (Previous year Rs.588.17 lacs) has been raised against the company for various Assessment Years, which are not been acknowledged as debt in view of legal opinion and various judicial pronouncements. Appeal & rectification application filed against the same and appeal effect orders are still pending for these years. Such demand has been paid / adjusted against refunds due.	
3	54.21	37.67
4	As per information available on Company's records there are no due outstanding to micro, small and medium enterprises as per micro, small and medium enterprises development act hence relevant information required under section 16 of said act is not given.	
5	Computation of Net Profit as per Sec.349 read with Sec.309(5) & Sec.198 of the Companies Act, 1956.	
	4,390.44	3,703.23
Profit as per Profit & Loss Account		
Add :		
Provision for Taxation	1,866.16	1,863.58
Managing Director's Remuneration, P.F. & Gratuity	675.87	605.77
Interest paid to Income-tax Department	28.45	10.49
Loss on sale of fixed assets	0.02	0.27
Provision for doubtful debts	9.71	—
	6,970.65	6,183.34
Less :		
Profit on conversion of land into stock in trade	29.60	—
Profit from Sale of Investments	152.53	116.11
Profit from Sale of Fixed Assets	10.53	9.16
	6,777.99	6,058.07
Net Profit u/s 349 of the Companies Act, 1956.		
Maximum Remuneration payable to each Managing Director @ 5% of Rs 6777.99 lacs (Previous Year @ 5% of Rs.6058.07 lacs) :		
a) To Shri Falgunbhai Patel	338.91	302.91
b) To Shri Parthiv Patel	338.90	302.90
Total Managerial Remuneration (including Commission)	677.80	605.81

				As at March 31, 2011 Rs.in lacs	As at March 31, 2010 Rs.in lacs
<b>6</b>	The Profit & Loss Account includes the following :				
	<b>(a) Remuneration to Managing Directors :</b>				
	(i) To Shri Falgunbhai Patel				
	(i)	Remuneration		48.00	48.00
	(ii)	Commission		273.43	241.85
	(iii)	Perquisites		—	—
	(iv)	Contribution to Provident Fund		5.76	5.76
	(v)	Superannuation Fund (Previous Year Rs.6.24 lacs - Rs. 1.00 lac Exempt)		6.24	5.24
	(vi)	Provision for Gratuity		4.42	1.01
				337.85	301.86
	(vii)	Estimated monetary value of perquisites on account of equipments		1.05	1.05
			(i)	338.90	302.91
	(ii) To Shri Parthiv Patel				
	(i)	Remuneration		36.00	36.00
	(ii)	Commission		297.71	261.70
	(iii)	Perquisites		—	—
	(iv)	Contribution to Provident Fund		4.32	4.32
	(v)	Superannuation Fund		—	—
	(vi)	Provision for Gratuity		0.87	0.88
				338.90	302.90
	(vii)	Estimated monetary value of perquisites on account of equipments		—	—
			(ii)	338.90	302.90
	<b>(b) Payment to Auditors :</b>				
	(i)	Audit Fees		3.31	3.31
	(ii)	Other matters		0.90	1.82
				4.21	5.13
<b>7</b>	<b>(a) Licenced Capacity</b>			Not Applicable	Not Applicable
	<b>(b) Installed Capacity</b>			Not Applicable	Not Applicable
<b>8</b>	<b>Finished Stocks :</b>				
	<b>(a) Opening Stock</b>				
		: Weekly	Nos. in lacs	0.13	0.14
			Rs. in lacs	0.66	0.69
	<b>(b) Production</b>				
		: Daily	Nos. in lacs	3,244.17	3,109.53
		: Weekly	Nos. in lacs	7.90	8.10
	<b>(c) Sales</b>				
		: Daily	Nos. in lacs	3,199.81	3,067.93
			Rs. in lacs	5,765.82	5,511.61
		: Weekly	Nos. in lacs	7.41	7.66
			Rs. in lacs	71.72	69.34
	<b>(d) Closing Stock</b>				
		: Weekly	Nos. in lacs	0.14	0.13
			Rs. in lacs	0.99	0.66

		As at March 31, 2011 Rs.in lacs	As at March 31, 2010 Rs.in lacs
<b>9</b>	<b>(a) Raw Material consumption :</b>		
	Newsprint	MT. Rs. in lacs	35,101.00 9,794.01
			32,601.69 7,834.03
	<b>(b) Value of imported and indigenous Raw Materials consumed and percentage thereof to the total consumption. (Including imports through Agents)</b>		
	Imported	Rs. in lacs %	2,264.59 23.12
			809.15 10.33
	Indigenous	Rs. in lacs %	7,529.42 76.88
			7,024.88 89.67
	<b>(c) Value of Imported and Indigenous Spare Parts and Components consumed and percentage thereof to the total consumption.</b>		
	Imported	Rs. in lacs %	— —
			— —
	Indigenous	Rs. in lacs %	1,149.67 100.00
			1,074.82 100.00
	<b>(d) C.I.F. Value of Imports :</b>		
	i) Raw Materials: Newsprint (Including imports through agents)	Rs. in lacs	2,283.91
	ii) Spare Parts & Stores	Rs. in lacs	—
	<b>(e) Expenditure in Foreign Currency :-</b>		
	Travelling	Rs. in lacs	13.19
	Membership Fees	Rs. in lacs	0.08
	<b>(f) Earnings in Foreign Currency :-</b>		
	Subscription	Rs. in lacs	—
	Service Charges	Rs. in lacs	4.65
	Royalty	Rs. in lacs	—
			2.32
	<b>(g) Details of Dividend remitted to Non residents</b>		—

**10 QUANTITATIVE DETAILS OF TRADING ACTIVITY :**

	Shares Nos.	2010-11 Rs.in Lacs	Shares Nos.	2009-10 Rs.in Lacs
<b>(a) Equity Shares</b>				
1 Opening Stock	13,85,961.00	335.41	1,90,561.00	96.82
2 Purchases / Conversion	—	—	12,00,000.00	480.42
3 Sales/Adjustment	10,000.00	43.36	4,600.00	—
4 Closing Stock	4,15,961.00	225.68	13,85,961.00	335.41
	Units	Rs.in Lacs	Units	Rs.in Lacs
<b>(b) Units of Mutual Funds</b>				
1 Opening Stock	—	—	10,20,742.50	300.44
2 Purchases	88,21,018.00	1,414.60	1,45,47,514.33	3,204.04
3 Sales	40,15,364.00	613.98	1,55,68,256.83	3,504.48
4 Closing Stock	48,05,653.00	800.62	—	—
	Square Meter	Rs.in Lacs	Square Meter	Rs.in Lacs
<b>(c) Land and Construction thereon</b>				
1 Opening	1,949.01	468.61	1,949.01	170.30
2 Construction / Acquisition	—	34.52	—	298.31
3 Sales	667.31	144.68	—	—
4 Closing Stock	1,445.20	407.05	1,949.01	468.61

**11 SEGMENT INFORMATION:**
**Information about Primary business segments as at / for the year ended**

Particulars	Publication		Finance		Trading		Other		Unallocable		Eliminations		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1 Segment Revenue														
External Turnover	20,881.55	17,008.36	2,326.16	2,062.19	668.93	3,520.17	174.28	450.00	1,198.85	164.35	—	—	25,249.77	23,205.07
Add : Intersegment Turnover	—	—	513.04	312.55	—	—	—	—	—	—	(513.04)	(312.55)	—	—
Net Turnover	20,881.55	17,008.36	2,839.20	2,374.74	668.93	3,520.17	174.28	450.00	1,198.85	164.35	(513.04)	(312.55)	25,249.77	23,205.07
2 Segment Result before Interest	3,619.60	3,387.90	2,246.34	2,305.74	(146.86)	(326.77)	78.20	450.00	1,155.66	135.91	—	—	6,952.94	5,952.78
Less: Interest Expense	—	—	—	—	—	—	—	—	706.51	413.47	—	—	706.51	413.47
Add: Interest Income	—	—	—	—	—	—	—	—	10.17	27.50	—	—	10.17	27.50
Add: Exceptional Item	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Profit Before Tax	3,619.60	3,387.90	2,246.34	2,305.74	(146.86)	(326.77)	78.20	450.00	459.32	(250.06)	—	—	6,256.60	5,566.81
Current Tax - Income-tax	—	—	—	—	—	—	—	—	1,863.77	1,738.45	—	—	1,863.77	1,738.45
Fringe Benefit Tax	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Deferred Tax	—	—	—	—	—	—	—	—	2.39	125.13	—	—	2.39	125.13
Profit After Tax	3,619.60	3,387.90	2,246.34	2,305.74	(146.86)	(326.77)	78.20	450.00	(1,406.84)	(2,113.64)	—	—	4,390.44	3,703.23
3 Other Information														
Segment Assets	14,489.78	17,296.11	18,690.92	16,560.98	1,027.85	346.85	407.05	—	13,186.45	3,207.57	—	—	47,802.05	37,411.51
Segment Liability	12,689.75	8,657.06	1,939.80	20.00	—	—	—	—	3,244.04	2,892.59	—	—	17,873.59	11,569.65
Capital Expenditure	533.62	2,830.56	—	—	—	—	—	—	—	—	—	—	533.62	2,830.56
Depreciation	692.76	542.26	—	—	—	—	—	—	—	—	—	—	692.76	542.26

**Notes:**

- (1) The Company has identified three business segments namely, Publication, Finance and Trading.
- (2) As the revenue from outside India is less than 10% of total revenue of the Company, disclosure of segments by geographical market is not given.

**12 Related Party Disclosures:**

Related Party Disclosures as required by Accounting Standard 18 on “ Related Party Disclosures” are given below:

**(A) List of Related parties:**
**(i) Key management personnel :**

- 1 Shri Falgunbhai Patel
- 2 Shri Parthiv Patel

**(ii) Associates:**

- |   |  |
|---|--|
| 1 Satlon Investments Private Limited              | 2 Sandesh Patel Agencies Private Limited |
| 3 Chimanbhai Patel Stock Holdings Private Limited | 4 Autumnleaf Estates Private Limited     |
| 5 Applewoods Estate Private Limited               | 6 Dhanali Stock Holdings Private Limited |
| 7 Corona Trading & Exports Private Limited        | 8 Satyesh Prochem LLP                    |
| 9 Sandesh Procon LLP                              |  |

**(iii) Whether Significant influence exits**

- 1 Lilavatiben Chimanbhai Patel Charitable Trust



**(B) The following transactions were carried out with the related parties in the ordinary course of business**

Particulars	2010-11				2009-10			
	Associates	Key Management personnel (Managing Director Wholetime Director Manager & Other Managerial personnel)	Relatives of Key Management personnel (Spouse, Son, daughter, brother, sister, father mother who may influence or be influenced by such personnel or their relatives)	Total	Associates	Key Management personnel (Managing Director Wholetime Director Manager & Other Managerial personnel)	Relatives of Key Management personnel (Spouse, Son, daughter, brother, sister, father mother who may influence or be influenced by such personnel or their relatives)	Total
Loans Given / Repayment	8,718.96	14,322.87	—	23,041.83	3,499.27	6,424.37	—	9,923.64
Loans Taken	8,718.96	14,332.87	—	23,051.83	3,499.27	6,434.37	—	9,933.64
Purchase of Fixed Assets	109.90	—	—	109.90	—	—	—	—
Rent Expenses/(Income)	2.10	1.80	1.20	5.10	2.70	1.20	0.60	4.50
Balance Outstanding as at the year end	—	10.00	—	10.00	—	20.00	—	20.00
Dividend	116.09	53.50	0.19	169.78	116.13	41.45	12.55	170.13
Interest Paid	114.71	504.03	24.13	642.87	115.75	252.70	—	368.45
Interest Received	—	—	—	—	—	—	—	—
Remuneration	—	654.14	—	654.14	—	605.81	4.20	610.01

**13 DEFERRED TAX ASSET / LIABILITY :**

Particulars of Timing Differences	Rupees in lacs	
	March 31, 2011	March 31, 2010
<b>(A) Defferred Tax Liability</b>		
Related to Fixed Assets	657.08	622.99
<b>(B) Deferred Tax Assets</b>		
Disallowance under the Income-tax Act, 1961	51.50	19.80
Net deferred tax liability	605.58	603.19

**14 Earnings Per Share (EPS) as per Accounting Standard - 20**

The numerators and denominators used to calculate Basic and Diluted Earnings Per Share:

		Year Ended 31.03.11	Year Ended 31.03.10
(A) Profit attributable to the Equity Shareholders	Rs.in lacs	4,390.44	3,703.23
(B) Weighted average number of Equity Shares	Nos.	8529421.00	8557757.00
(C) Nominal Value of Equity Shares	Rs.	10.00	10.00
(D) Basic Earnings Per Share [(A) / (B)]	Rs.	51.47	43.27

**15 Disclosure as per Accounting Standard 15 (Revised).**

The following table sets out the status of Gratuity Plan as required under AS 15

Rupees in lacs

	March 31, 2011	March 31, 2010
<b>Statement Showing Changes in Present Value of Obligation as on 31st March, 2011</b>		
Present Value of Obligation at the Beginning of the year	211.60	195.81
Interest Cost	17.46	17.06
Current Service Cost	28.07	24.74
Past Service Cost vested benefit	14.49	0.00
Benefits paid	(18.89)	(14.66)
Actuarial Gain on obligations	(20.42)	(11.35)
Present Value of Obligations as at the end of the year	232.30	211.60
<b>Table Showing Changes in the fair value of Plan assets as on 31st March, 2011</b>		
Fair Value of Plan Assets at the beginning of the year	117.92	87.41
Expected Return on Plan Assets	9.43	8.56
Contributions	18.05	26.96
Benefits paid	(18.89)	(14.66)
Actuarial Gain on Plan Assets	(4.21)	9.64
Fair Value of Plan Assets at the end of the year	122.30	117.92
Funded Status	(110.00)	(93.68)
Excess of Actuarial over estimated return on plan assets		
Total Actuarial Gain to be recognised	16.21	20.99
<b>Actuarial Gain/Loss recognised as on 31st March, 2011</b>		
Actuarial Gain of the Year-Obligation	(20.42)	11.35
Actuarial Gain for the year -plan assets	4.21	9.64
Total Gain for the year	(16.21)	20.99
Actuarial Gain recognised in the year	(16.21)	20.99
<b>Amounts to be recognised in Balance Sheet</b>		
Present Value of Obligations as at the end of the year	232.30	211.60
Fair value of Plan assets at the end of the year	122.30	117.92
Unfunded Assets	110.00	93.68
Unrecognised past service cost	0.00	0.00
Unrecognised Transitional Liability	0.00	0.00
Net Liability Recognised in the Balance Sheet	110.00	93.68
<b>Expenses Recognised in the statement of Profit &amp; Loss Account</b>		
Current Service Cost	28.07	17.06
Interest Cost	17.46	24.74
Past Service Cost vested benefit	14.49	0.00
Expected return on plan assets	(9.43)	(8.56)
Net Actuarial (Gain) / loss recognized in the statement of Profit & Loss	(16.21)	(20.99)
Expenses Recognized in statement of Profit & Loss	34.38	12.24
<b>Actuarial Assumptions</b>		
Discount Rate	8.25%	8.00%
Expected Rate of Return on Planned Assets	8.00%	8.25%
Salary Escalation	4.00%	4.00%
<b>Investment Details</b>		
Government of India Bonds	4.83	4.83
State Govt Securities	3.32	3.32
Bonds/Debentures Etc	6.80	6.80
Other	107.35	102.97
<b>Total</b>	<b>122.30</b>	<b>117.92</b>

**PART-IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956**  
**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I Registration Details**

Registration No.

State Code

Balance Sheet Date

Date                      Month                      Year

**II Capital raised during the year (Amount in Rs. Thousands)**

Public Issue                         Right Issue

Bonus Issue                         Preferential Issue

**III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities             Total Assets

**Sources of Funds:**

Paid-up Capital                           Reserves & Surplus

Secured Loans                            Unsecured Loans

**Application of Funds:**

Net Fixed Assets                            Investments

Net Current Assets                             Miscellaneous Expenditure

Accumulated Losses

**IV Performance of Company (Amount in Rs. Thousands)**

Turnover	Other Income	Total Expenditure
<input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="9"/>	<input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="4"/>	<input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="3"/>
+   -   Profit/Loss before tax		+   -   Profit/Loss after tax
<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="0"/>		<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="4"/>

(Please tick appropriate box + for Profit, - for loss)

Earning Per Share in Rs.

Dividend Rate (%)

 **V Generic Name of Three Principal Products / Services of Company (as per monetary terms)**

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

For and on behalf of the Board,

**Falgunbhai Patel**                      **Shreyasbhai Pandya**  
 Chairman & Managing Director      Director

**Parthiv Patel**                      **Pannaben Patel**  
 Managing Director                      Director

**Sudhirbhai Nanavati**                      **Jitendra Bhatt**  
 Director                      Director

**Mukeshbhai Patel**  
 Director

Ahmedabad  
 Dated: May 19, 2011

**Dhaval M Pandya**  
 Company Secretary



**THE SANDESH LIMITED**

Regd. Office: - "SANDESH BHAVAN", Lad Society Road, B/h. Vastrapur Gam, P.O. Boadakdev, Ahmedabad-380054

**ATTENDANCE SLIP**

PLEASE FILL IN ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. JOINT SHAREHOLDERS MAY OBTAIN ADDITIONAL ATTENDANCE SLIP ON REQUEST.

**NAME OF THE SHAREHOLDER OR PROXY\***

REGD. FOLIO NO. : \_\_\_\_\_

#DP ID & CLIENT ID NO : \_\_\_\_\_

No. of Shares held : \_\_\_\_\_

\_\_\_\_\_  
\*Strike out whichever is not applicable

#Applicable for investors holding shares in electronic form.

I, hereby record my presence at the 68th ANNUAL GENERAL MEETING of the Company held on Friday, the 5th day of August, 2011 at 10:00 a.m. at Gujarat Law Society Auditorium, G.L.S. College Campus, Opp. Law Garden, Ellisbridge, Ahmedabad - 380 006.

\_\_\_\_\_  
**SIGNATURE OF THE SHARE HOLDER/PROXY\***

**THE SANDESH LIMITED**

Regd. Office: - "SANDESH BHAVAN", Lad Society Road, B/h. Vastrapur Gam, P.O. Boadakdev, Ahmedabad-380054

**PROXY FORM**

REGD. FOLIO NO. : \_\_\_\_\_

#DP ID & CLIENT ID NO : \_\_\_\_\_

No. of Shares held : \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ being a member(s) of THE SANDESH LIMITED hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

or falling him \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to vote for me/us and on my/our behalf at the 68th ANNUAL GENERAL MEETING of the Company to be held on Friday, the 5th day of August, 2011 at 10:00 a.m. or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2011

Affix 15  
paisa  
Revenue  
Stamp

**NOTE:**

The Proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be member of the Company. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.





BOOK-POST

GANAPATI, A'bad. (079)26568111

*If undelivered, please return to :*

## **THE SANDESH LIMITED**

Regd. Office : "Sandesh Bhavan", Lad Society Road,  
B/h. Vastrapur Gam, P. O. Bodakdev,  
Ahmedabad-380054 (Gujarat)  
Website : [www.sandesh.com](http://www.sandesh.com)

**સંદેશ**