



31st
Annual Report
— 2011-2012 —



SATIA
INDUSTRIES LTD.

BOARD OF DIRECTORS

DR. AJAY SATIA
SH. R.K.BHANDARI
SH. AVINASH CHANDER AHUJA
SH. A.KRISHNA
SH. S.K. ARORA
SH. DINESH SHARMA
SH. J.R. SHARMA

CHAIRMAN CUM MANAGING DIRECTOR
WHOLE TIME DIRECTOR

DIRECTOR (LEGAL)

Company Secretary

Mr Rakesh Kumar Dhuria

Statutory Auditors

M/s.Rakesh Bansal & Co.
Chartered Accountants
Muktsar-152026

Cost Auditors

M/s R.J Goel & Co.
Cost Accountants
New Delhi

Registered Office & Works

Malout - Muktsar Road,
Village Rupana
Distt. Muktsar - 152032
(Punjab)

Branch Offices

613-615, Naurang House,
21 K.G. Marg, New Delhi-110001

SCO 90-92, Sector 8 C,
Madhya Marg,
Chandigarh - 160018

304, Navjeevan Complex,
29 Station Road,
Jaipur - 302006

BANKERS

Punjab National Bank, Muktsar

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Registrar and Transfer Agent

M/s Beetal Financial & Computer Services (P) Ltd
Regd & Admn. Office: Beetal House, 3rd Floor, 99
Madangir, Behind Local Shopping Centre, Dada
Harsukhdas Mandir, New Delhi-110062
Phone : 011-29961281-83, Fax:011-29961284
Email: beetal@rediffmail.com

NOTICE

Notice is hereby given that the 31st Annual General Meeting of the Members of Satia Industries Ltd. will be held on Saturday, 29th September, 2012 at 10:00 A.M. at the Registered Office of the Company at Malout - Muktsar Road, Village Rupana, District Muktsar (Punjab) - 152 032 to transact the following businesses:-

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2012 and Profit and Loss Account for the year ended on that date along with the Report of the Auditors and Directors thereon.
2. To appoint a Director in place of Sh. A. C. Ahuja, who retires by rotation being eligible offers himself for re-appointment.
3. Sh. D.R. Behl, Director who retires by rotation and does not seek his re-appointment, to retire him from the office of Directorship of the Company.
4. To Consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED that pursuant to provisions of Section 224 and other applicable provisions, if any of the Companies Act, 1956 M/s Rakesh Bansal & Co., Chartered Accountants, Muktsar be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Managing Director of the Company".

Special Business

- 5 **Re-appointment of Dr Ajay Satia, Chairman cum Managing Director and fixation of his remuneration**

To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:-

"RESOLVED that subject to the provisions of Sections 198, 269, 309, 310, 314, 316, 317 and Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) of the Companies Act, 1956 and provisions of Article 115, 116, 117 & 118 and other applicable provisions of Articles of Association and subject to the approval of the Central Government and/or any other authority, if required, Dr Ajay Satia, be and is hereby re- appointed as Chairman Cum Managing Director of the Company for period of three years w.e.f 01.10.2012 on the terms and conditions including remuneration as are set out in the agreement entered into by the Company with Dr Ajay Satia and as given below:"

I. Terms:

- (a) Salary: Rs. 400000/- per month.

(b) Perquisites/ benefits

- i) Reimbursement of medical and hospitalization expenses including dental and optical treatment for self and family and mediclaim insurance premium.
- ii) First class air fare or first class air conditioned railway fare and other actual expenses borne for self and family anywhere in India or abroad once a year while on leave including boarding lodging and surface travel expenses. The necessary foreign exchange for the purpose, if required will be provided by the company but subject to any regulation prescribed by Reserve Bank of India and in force for the time being.
- iii) Personal Accidental Insurance.
- iv) Dr Ajay Satia will be entitled to one months leave in a year and also to the benefit of provident Fund, Gratuity and superannuation Fund as per the applicable rules and the Company's policy.

"**RESOLVED FURTHER** that notwithstanding anything to the contrary herein contained, where in any financial year, the Company has no profits or its profits are inadequate, the Company will pay aforesaid remuneration as minimum remuneration to the Chairman and Managing Director."

"**RESOLVED FURTHER** that the Board of Directors of the Company be and is hereby authorized to do all the acts, deeds, matters and things as may be required in this regard"

6 Re-appointment of Sh R.K.Bhndari as Whole Time Director and fixation of his remuneration

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

"**RESOLVED** that subject to the provisions of Sections 198, 269, 309, 310, 314, 316, 317 and Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) of the Companies Act, 1956 and provisions of Article 115, 116, 117 & 118 and other applicable provisions of Articles of Association and subject to the approval of the shareholders of the Company and Central Government and/or any other authority, if required, Sh R.K.Bhandari, be and is hereby re- appointed as Whole Time Director of the Company for period of three years w.e.f 27.10.2012 on the terms and conditions including remuneration as are set out in the agreement entered into by the Company with Sh R.K.Bhandari and as given below:"

I. Terms:

- (a) Salary: Rs. 2,00,000/- per month with annual increment of Rs 20,000/- PM.
- (b) Perquisites/ benefits
 - i) Company owned/ leased accommodation or reasonable house rent allowance while posted in any place other than Muktsar.

- ii) Reimbursement of medical and hospitalization expenses including dental and optical treatment for self and family and mediclaim insurance premium.
- iii) First class air fare or first class air conditioned railway fare and other actual expenses borne for self and family anywhere in India or abroad once a year while on leave including boarding lodging and surface travel expenses. The necessary foreign exchange for the purpose, if required will be provided by the company but subject to any regulation prescribed by Reserve Bank of India and in force for the time being.
- iv) Personal Accidental Insurance.
- v) In addition to above Sh R.K. Bhandari shall be entitled to all such perquisites/ benefits which he was enjoying as Whole Time Director of Company the total value of which shall not exceed Rs 150000/- in a year.
- vi) Sh R.K. Bhandari will be entitled to one months leave in a year and also to the benefit of provident Fund, Gratuity and superannuation Fund as per the applicable rules and the Company's policy.

"RESOLVED FURTHER that notwithstanding anything to the contrary herein contained, where in any financial year, the Company has no profits or its profits are inadequate, the Company will pay aforesaid remuneration as minimum remuneration to the Chairman and Managing Director."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all the acts, deeds, matters and things as may be required in this regard"

7 Increase in Salary of Sh J. R. Sharma, Director (Legal)

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

"RESOLVED that subject to provisions of Sections 198, 269, 309, 310, 314, 317 and Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to approval of the Central Govt. if required the salary of Sh J. R. Sharma, Director (Legal) of the Company be and is hereby increased from Rs 38750/- PM to Rs 50000/- PM plus medical reimbursement of Rs 15000/- p. a w. e. f 01.10.2012 with such annual increment as may be approved from time to time as per rules of the Company and within the limit of Schedule X111 of the Companies Act, 1956 ."

"RESOLVED FURTHER that notwithstanding anything to the contrary herein contained, where in any financial year, the Company has no profit or its profits are inadequate, the Company will pay the aforesaid remuneration as minimum remuneration to the Director (Legal)"

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all the acts, deeds, matters and things as may be required in this regard"

8 Sale of Wind Mill of the Company

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

"RESOLVED that pursuant to the provisions of Section 293(1) (a) and Section 192A read with the companies(passing of the resolution by postal Ballot) Rules, 2001, as amended from time to time and other applicable provisions, if any, of the Companies Act,1956 (including any amendment thereto or re-enactment thereof for the time being in force) the Memorandum and Articles of Association of the Company and subject to other applicable statutory provisions, rules, regulation, guidelines and also subject to necessary approvals, consents, permissions and sanction from the concerned authorities and such terms and conditions as may be imposed by them, consent of the shareholders of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the Board, which shall be deemed to include any Committee of Directors or Directors (s) or official (s) of the Company for time being authorized by the Board to exercise the power conferred on the Board by this resolution) to transfer, sell, assign, deliver or otherwise dispose of the Wind Mill of Company"

9) Holding of Office of Profit by Mrs Kiran Bhandari, Deputy Manager (HR)

To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:-

"RESOLVED that pursuant to Section 314(1B) of the Companies Act, 1956 and all other applicable provisions, rules and regulations the consent of the Company be and is hereby accorded for holding of office of profit by Mrs Kiran Bhandari under the Company as Deputy Manager (HR) at a monthly remuneration of Rs 40,000/- pm (Rupees forty thousand only) plus contribution to PF and payment of bonus as per provisions of Bonus Act and inclusive of all other allowances and perquisites on terms and condition and in pursuance of the service rules as applicable to the employees of the Company."

"RESOLVED FURTHER that Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary and expedient for giving effect to the above resolution"

**Place : Rupana
Dated : 13.08.2012**

**By Order of the Board
For Satia Industries Ltd.**

**(Rakesh Kumar Dhuria)
Company Secretary**

NOTES :

1. A Member entitled to attend and vote at the Meeting is entitled to appoint proxy to attend and vote on poll instead of himself and the proxy need not be a Member of the Company. The proxies should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.
2. Members are requested to bring their copies of Annual Report at the Meeting.
3. Members are requested to notify immediately any change in their address, to the Registered Office of the Company.
4. All documents as referred in the above notice and explanatory statement are open for inspection at the Registered Office of the Company during office hours on all working days between 11:00 A.M. to 1:00 P.M. up to the date of Annual General Meeting.
5. Members seeking any information with regards to Annual Accounts at the time of Meeting, are requested to send their queries to the company so as to reach at least ten days before the date of Meeting, to enable the management to keep the relevant information ready at the time of Meeting.
6. The Register of Members and Share Transfer Books of the Company will remain closed from 26th September, 2012 to 29th September, 2012 both days inclusive.
7. In pursuance to the provisions of Section 192(A) of the Companies Act, 1956 Ordinary Resolution proposed at item no 8 are required to be passed by shareholders by way of postal ballot only and therefore, the proposed resolution is being separately circulated to the Members and the Members are requested to exercise their voting power on the postal ballot.
8. Explanatory statement pursuant to section 173 of the Companies Act, 1956 in respect of item No. 5 to 9 of the notice is annexed herewith.

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

Item No 5

Keeping in view the performance of the Company under the leadership of Dr .Ajay Satia in the past and ongoing projects and up gradation of projects of the Company, the remuneration Committee and Board of Directors in their respective meetings held on 13th August, 2012 have approved the re-appointment of Dr .Ajay Satia, as Chairman Cum Managing Director of the Company for a period of three years with effect from 01.10.2012 and payment of remuneration thereof on the terms and conditions as are set out in the resolution. As per the provisions of the Companies Act, 1956, read with the schedule X111, thereof, approval of shareholders is required for the purpose. Hence, the Board recommends the resolution for your approval by way of a special resolution.

SATIA INDUSTRIES LIMITED

The information as required under Schedule X111 of the Companies Act, 1956 is given hereunder:

1. General Information

Nature of Industry

Satia Industries limited is manufacturing writing and printing paper

Commercial Production

As on March. 31st, 2012 the Company is having capacities for manufacture as hereunder:

Sr No	Particular of Manufacturing	Capacity
1	Writing and Printing Paper	40000 tpa
2	Co-generation of power	10 MW

Financial Performance

During the financial year 2011-12, net revenue from operation was Rs 23925.39 lacs and the net profit after tax of the Company is Rs 399.04 lacs

11 Information about the appointee

Background details

Dr Ajay Satia, aged 58 years is a founder of Satia Industries Ltd and has been serving the Company as Managing Director since incorporation. The Company has performed well under the able leadership of Dr Ajay Satia, Chairman Cum Managing Director of the Company. He is person behind the growth of the Company

Job Profile and his suitability

Dr Ajay Satia shall be responsible for the overall affairs of the Company

Remuneration proposed

Keeping in view the responsibilities assigned to Dr Ajay Satia and his role in the development of the Company, it is proposed to re-appoint Dr .Satia as Chairman Cum Managing Director of the Company on the monthly salary of Rs.400000/-only) plus other allowance and perquisites as specified in resolution.

Comparative remuneration profile with respect to the Industry size of the Company profile of position and person

The salary structure of the managerial personnel has undergone a major change in the Industry in the recent past. Keeping in view the type of the Industry, size of the Company, responsibilities and capabilities of Dr Ajay Satia, Chairman Cum Managing Director, the proposed remuneration is competitive with remuneration paid by other Companies to such similar positions.

Pecuniary relationship with the Company or relationship with managerial personnel.

Dr .Ajay Satia is the Promoter Director of the Company.

111 Other information

Keeping in view the overall scenario of the industry, the Company is performing reasonably well. The Company is strengthening its focus on quality control, strategic market alliances and expansions.

The above may also be treated as an abstract of the terms of Contract/Agreement entered into between the Company and Dr .Ajay Satia, Managing Director pursuant to Section 302 of the Companies Act, 1956

None of he Directors is interested in the above resolution except Dr. Ajay Satia himself.

Item No 6

Keeping in view the performance of the Company under the management and control of Sh R.K.Bhandari, Whole Time Director the remuneration Committee and Board of Directors in their respective meetings held on 13th August, 2012 have approved the re-appointment of Sh R.K.Bhandari, as Whole Time Director of the Company for a period of three years with effect from 01.10. 2012 and payment of remuneration thereof on the terms and conditions as are set out in the resolution. As per the provisions of the Companies Act, 1956, read with the schedule X111, thereof, approval of shareholders is required for the purpose. Hence, the Board recommends the resolution for your approval by way of a special resolution.

The information as required under Schedule X111 of the Companies Act, 1956 is given hereunder:

1. General Information

Nature of Industry

Satia Industries limited is manufacturing writing and printing paper

Commercial Production

Sr No	Particular of Manufacturing	Capacity
1	Writing and Printing Paper	40000 tpa
2	Co-generation of power	10 MW

As on March. 31st, 2012 the Company is having capacities for manufacture as hereunder:

Financial Performance

During the financial year 2011-12, net revenue from operation was Rs 23925.39 lacs and the net profit after tax of the Company is Rs 399.04 lacs

11 Information about the appointee

Background details

Mr. R. K. Bhandari, is a MBA and associated with the Company since 1st December 1986 and is looking after the day to day affairs of the Company and he is completely aware with all aspects of the Company's business.

Job Profile and suitability

Sh R.K Bhandari shall be responsible for the management and control of day to day affairs of the Company. He has been serving the company since 1986. The Company has performed well under the able guidance of Sh R.K.Bhandari, Whole Time Director of the Company

Remuneration proposed

Keeping in view the responsibilities assigned to Sh R.K.Bhandari, Whole Time Director and his role in the day to day management and control of the Company. It is proposed to re-appoint Sh R.K.Bhandari, Whole Time Director of the Company on the monthly salary of Rs 2,00,000/- plus other allowance and perquisites as specified in resolution .

Comparative remuneration profile with respect to industry size of the Company, profile of the position and person

The salary structure of the managerial personnel has undergone a major change in the industry in the recent past. Keeping in view the type of the industry, size of the Company, the responsibilities and capabilities of Sh R.K. Bhandari, the proposed remuneration is competitive with remuneration paid by other companies to such similar positions

Pecuniary relationship with the Company or relationship with managerial personnel.

Sh R.K. Bhandari is not having any pecuniary relation with the Company.

111 Other information

Keeping the overall scenario of the industry, the Company is performing reasonably well and has been expanding its capacities to gain the competitive edge. The Company is strengthening its focus quality control, captive production, strategic market alliances and expansions.

None of he Directors is interested in the above resolution except Sh R.K Bhandari, himself.

The above may also be treated as an abstract of the terms of Contract/Agreement entered into between the Company and Sh R.K Bhandari, Whole Time Director pursuant to Section 302 of the Companies Act, 1956

Item No. 7

Sh J.R.Sharma aged 70 years is bachelor of Law. He has rich and varied experience in administration, personnel, legal and liasioning. The remuneration Committee and Board of Directors in their respective meetings held on 13.08.2012 have approved the increase in remuneration from Rs 38750/PM to Rs 50,000/ PM and other terms as set out in the resolution. As per the provisions of the Companies Act, 1956 read with Schedule XIII thereof, approval of shareholders is required for the

SATIA INDUSTRIES LIMITED

purpose. Hence, the Board recommends the resolution for your approval by way of special resolution.

Your Directors recommend the resolution as set out above for your approval.

None of the Director is interested in the resolution

Item No. 8

The Company is mainly engaged in the business of manufacture of writing and printing papers and situated in the State of Punjab and also set up a wind mill for generation of power in the State of Tamilnadu . In order to enable the Company to further strengthen and develop its core business of manufacture and sale of writing and printing papers. It is proposed to dispose of the Wind Mill, This will enable the Company to focus its attention on growing its core business. It is proposed to sell the Wind Mill with all essential assets such as land equipments, machinery etc.

Accordingly, your Directors proposes to sell the Wind Mill of the Company along with all the land, machinery, equipment etc and on such terms and conditions as may be agreed by the Board (which shall be deemed to include any Directors(s) or officials(s) of the Company for the time being authorized by the Board to exercise the power conferred on the Board by this resolution).

The sale of the wind mill required approvals of the shareholders of the Company pursuant to the provisions of section 293(1) (a) and Section 192A of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof for the time being in force) read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, as amended from time to time and shall be subject to such other approvals as may be necessary in this regard.

Your Directors recommended the above resolution, as an Ordinary Resolution for your approval.

None of the Director is interested in the resolution

Item No 9

As per provisions of Section 314 (1B) of the Companies Act, 1956, it is necessary to obtain the prior approval of the shareholders by way of special resolution for holding or continuing to hold place of profit in the Company that carrying a total monthly remuneration of Rs 10,000 or more

Mrs Kiran Bhandari, W/o Sh R.K.Bhandari, Whole Time Director of the Company is already holding the office of profit in the Company. Now, her salary is increased to Rs 40,000 PM including all the perks. The Company is paying the similar perks at the same rate to the other employees in equivalent grade.

The Board recommends the resolution for approval of shareholders.

None of the Director except Sh R.K.Bhandari, Whole Time Director of the Company is interested in the above resolution.

Place : Rupana
Dated : 13.08.2012

By Order of the Board
For Satia Industries Ltd.

(Rakesh Kumar Dhuria)
Company Secretary

SATIA INDUSTRIES LIMITED

DIRECTORS' REPORT

Dear Members,

The Directors have the pleasure of presenting the 31st Annual Report of your Company for the Financial Year 2011-12.

1. Financial Result:

The financial performance of your Company for the year ended March 31, 2012 is summarized below:-

(Rs in Lacs)

	Current Year	Previous Year
Revenue and other income	24258.54	32520.73
Gross Profit before interest and depreciation	2850.08	2884.48
Interest and Financial charges	1428.49	1255.77
Depreciation	910.21	880.90
Profit from operations (before extra-ordinary item and tax)	511.38	747.81
Extraordinary Items	13.68	0
Profit before Tax	497.70	747.81
Provision for taxation -Current Tax	100.29	90.23
Deferred Tax	-1.63	134.41
Net Profit/ (Loss) after tax	399.04	523.17

2. OPERATIONS

During the financial year 2011-12, net revenue from operation was Rs 23925.39 lacs as compared to Rs 32040.06 lacs during the corresponding period of the previous year 2010-11 which include revenue of Rs 9421.93 lacs from the yarn trading business and during the current year, the Company had to discontinue the yarn trading business due to heavy fluctuation in cotton prices, consequently, the net profit after tax of the Company decreased to Rs 399.04 lacs from Rs 523.17 lacs recorded for the previous year.

Your Directors have decided to plough back the profits and do not recommend any dividend.

3. FUTURE PROSPECTS

The Indian Paper Industry is a booming industry and is expected to grow and reach to 20 million tone over the next eight years. It is known that demand for paper grow and match with GDP growth. The rapid change in the life style of both rural and urban indian, specially in the strong middle class segment, having high disposal amount will fuel higher growth.

4. CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars as prescribed under section 217(1) (e) of the Companies Act, 1956 are given in Annexure-A which forms part of the Director's Report.

5. DIRECTORS:

In terms of Article 113 of the Articles of Association of the Company, Sh. D.R.Behl will retire by rotation at the AGM and has not offered himself for reappointment. Sh. A.C. Ahuja will retire by rotation at the AGM and being eligible, offered himself for reappointment.

Sh S.L.Malhotra and Sh Ram Sarup Directors have vacated the office of Directors w.e.f- 15.11.2011 and 13.02.2012 respectively.

6. AUDITORS:

M/s Rakesh Bansal & Co., Chartered Accountants, Muktsar, the Statutory Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

The Company has received letter from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such reappointment within the meaning of Section 226 of the said Act.

7. AUDITORS REPORT

The Auditors' Report on the Accounts is self explanatory and requires no comments.

8. Cost Audit

Pursuant to the provisions of Section 233B of the Companies Act, 1956 and subject to the approval of Central Government, the Board of Directors of your Company has re-appointed M/s R.J. Goel & Co., Cost Accountants, New Delhi as Cost Auditor for the accounting year 2012-13 to carry out an audit of cost account of the Company.

9. SAFETY AND ENVIRONMENT

The Company continues to maintain a good safety record. The manufacturing units of the Company are environment friendly and maintain all safety standards and measures.

10. PARTICULARS OF EMPLOYEES

Information as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are given in Annexure forming part of this report.

11. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to requirement of Section 217(2AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement the Board of Directors hereby report that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 at the end of the financial year and of the profit or loss of the company for the period.
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- the Directors had prepared the annual accounts on a going concern basis.

12. INDUSTRIAL RELATIONS

The Industrial Relations throughout the year remained cordial as has been the case for the last many years.

13. CORPORATE GOVERNANCE

Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges in India forms part of the Annual Report. Certificate from the Auditors of the Company, M/s. Rakesh Bansal & Co., and confirming compliance of conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is annexed to this Report.

14. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is presented in a separate section forming part of the Annual Report.

15. ACKNOWLEDGMENTS:

The Directors wish to place on record their sincere gratitude and appreciation for the assistance and co-operation received from the Government of India, Government of Punjab, the Financial

SATIA INDUSTRIES LIMITED

Institutions, Punjab National Bank, Members, Customers and Business Constituents for their continued support and co - operation.

We also place on record our sincere appreciation for the contribution made by the employees at all levels. Our consistent growth is made possible by their devout, sincere and unstinted services.

for and on behalf of the Board of Directors

PLACE : Rupana
DATE : 13.08.2012

(Dr AJAY SATIA)
Chairman-Cum- Managing Director

(R. K. BHANDARI)
Whole Time Director

ANNEXURE 'A' TO THE DIRECTORS REPORT

THE COMPANIES (DISCLOSURE OF PARTICULARS IN RESPECT OF BOARD OF DIRECTORS) RULES, 1988

A. Conservation of Energy

(a) Regular preventive maintenance of all capital goods, equipments are being carried out.

FORM- A

(Form for Disclosure of particulars with respect to Conservation of Energy)

A	Power and Fuel Consumption	Current Year ended 31.03.2012	Previous Year ended 31.03.2011
1	ELECTRICITY		
	Purchased Units (Lacs KWH)	377.31	328.21
	Total amount (Rs in Lacs)	1997.15	1424.07
	Rate/unit (Rs)	5.29	4.34
2	T.G.Set		
	Own Generation (net) (lacs Kwh)	471.12	512.76
	Total cost (Rs in Lacs)	998.99	1076.60
	Cost/Unit (Rs)	2.12	2.10
3	Rice Husk (Used in Boiler)		
	Quantity (Tonnes)	122688	128415
	Total Cost (Rs in Lacs)	4487.42	4151.93
	Average Rate (Rs per tones)	3658	3233
4	Furnace Oil		
	Quantity (Tonnes)	617.510	611.660
	Total Cost (RS in Lacs)	244.26	177.67
	Average Rate (Rs in tones)	39555	29048
5	Others		
	Quantity (Tonnes)	31.330	1267.97
	Total Cost (Rs in Lacs)	1460304	67.94
	Average Rate (Rs in tones)	46610	5358
6	Consumption Per Unit of Production		
	Electricity (KWH)	1342	1378
	Rice Husk (MT)	1.941	2.104
	Others (MT)	0.010	0.031

FORM - (B)

(Form for Disclosure of particulars with respect to Technology Absorption)

1 Research & Development

Specific area in which R & D carried out by the company

1. Pulping and Chemical Recovery Area

- a. Continuous digester operations were stabilized. Pulp parameters were standardized to meet chemical recovery requirements.

To make uniform feeding to the digester, VFD's were provided for belt conveyors. Wet washing dilution was increased by increasing the VAT height in Turbo Washers to give more retention time for better washing of raw materials.

- b. Black Liquor solids / concentration was increased to accommodate more liquor in chemical recovery.

Black liquor concentration was increased by washing with hot water at last stage and cooling the black liquor in black liquor cooler in a systematic way.

- c. Twin roll presses were commissioned, soda losses, chemical consumption reduced in bleaching section 2-3 %.

Twin roll press was commissioned with which the outlet pulp consistency was increased to 25 to 30%, thereby the unbleached pulp soda loss came down by 25%. Earlier the soda losses were around 15 to 18 kg/ton. Now after commissioning of Twin roll presses, the soda losses came down to 10 to 12 kg/ ton, thereby in the subsequent bleaching stages chemical consumptions was gone down by 2 to 3%.

- d. Twin turbo washer / wet washing clarifier efficiencies improved by providing VFD is for twin washers and increasing the well diameter in clarifier helped in separating the silica / chlorides from wet washing water.

Wet washing clarifier well diameter was increased to reduce the turbulences for better settling of silica and chlorides and also twin turbo washer was provided with VFD's to run as per the requirement of feed and dilution for improving the washing efficiency.

2. Oxygen Bleaching

- a. Pre-mixer was commissioned, VFD was provided for MC pump helped in better mixing of oxygen gas with pulp, increased the pulp strength by 10%.

Pre-mixer was commissioned and this has helped in mixing the oxygen gas with pulp before going into the oxygen reactor. Earlier due to non availability of premixing operation the mixing of oxygen and pulp were not uniform, due to which uniform quality of pulp not produced.

3. Paper Machine Back Water

- a. Paper Machine back water was started using at bleach washers helped in reducing the fresh water consumption, increased the pulp whiteness by 3-4o. Paper quality improved and whitening agent consumption has come down by 2-3 kg/ton of paper.

All the 3 paper machines back water was collected in a tank and from which the total requirement of stock preparation and pulp mill bleach plant final 2-stage water requirement was fulfilled with machine back water as machine water contains lot of optical properties improve chemicals, but has helped in improving pulp whiteness, thereby reduction in whitening agent reduction in Paper machine.

4. Chemical Recovery

- a. Second ESP was commissioned:- Helped in increasing the chemical recovery efficiency by 0.5 to 0.8%.

After renovation of recovery boiler from 150 to 200 T solids per day, the existing ESP capacity was not sufficient to handle the flue gases of increased capacity solids. After commissioning of 2nd ESP we are able to handle the increase in flue gas and meeting the environmental norms.

- b. Cooling tower extension commissioned:-

Helped in maintaining required temperature difference in surface condenser inlet and outlet. After recirculate all vacuum pump water in cooling tower. One more bottle of cooling tower cell was commissioned to maintain the required in between the evaporators bodies by increasing the vacuum level. Cooling tower inlet and outlet temperature before commissioning the new bottle was around 5 to 7 deg C, after commissioning the new bottle of cooling tower was increased to 9 to 10 deg C.

5. Paper Machine 1&2

- a. Both the paper machines speeds were increased by 10 mts - Helped in increasing the production.

Machine no. 1& 2 speeds were increased by 10 mtr. To increase the machine speed by wet end wire part, drainage elements were changed. High gsm felts usage was introduced in press part, thereby overall machine speed was able to increase by 10 mts., that has helped in increasing the production by 2 to 3 TPD.

- b. 90 % brightness paper manufacturing was started in No. 1 and No.3 paper machines able to stand in private market for better quality papers.

As pulp quality was improved because of better washing of pulp by Twin roll presses and improved bleaching of pulp because of proper mixing of oxygen along with pulp in the oxygen mixer and final washing of bleached pulp with paper machine back water has helped to increase the brightness and whiteness of pulp by 3 to 4 o and this has helped to make high bright papers of 90%.

- c. VFD's were provided for all the three paper machines. Machine chest - Helped in reducing the power by 20%.

VFD's were provided to feed the pulp to paper machines as per the speeds and gsm, thereby the power consumption has reduced by 20%.

- d. Steam and condensate system was strengthened in No.3 PM/c. Helped in reducing the protection loss due to over loading of drying cylinders.

Steam and condensate system was strengthened along with press part modifications. The press part modification has helped in increasing the dryness of the sheet from 38-39 to 41-42 %. and steam and condensate system was modified for better removal of condensate. This has helped in reducing the steam consumption from 3 TPT to 2.7 TPT.

6. Benefits derived as a result of R&D

- a. Pulp yield was increased to 45% due to better control at CD.
- b. High qualities were started making (90% and above).
- c. Pulp production was increased.
- d. Complaints from private market were reduced.

7. Future plans of action

- a. Hard wood pulping street

Eliminate waste paper pulping and reduce the cost of production as waste paper pulp cost is higher. LTI can run with wood black liquor.

Hard wood pulping street will help in eliminating the waste paper pulp in furnish. By separate cooking of hardwood pulp with purchased caustic, the black liquor generated can be ignited in LTI as the black liquor contains less chlorides and potassium.

Hardwood pulp along with wheat straw pulp will help in producing high quality papers such as copier / Maplitho varieties.

8. ODL

Oxygen delignification plant is being installed. This will help in reducing the consumption of chlorine there by reduction in AOX presence in bleach effluent. ODL will help in reducing the caustic consumption in extraction and strength of final pulp will be improved there by paper strength will be improved, this will help in better stand the private market net saving per year.

9. Wet washing effluent:

The effluent generated from wet washing is being treated in biomethanation process and it produces methane gas of about 3000 m³/day and reduces the COD load in effluent. Due to generation of biomethane gas in plant it helped to reduce about 7 ton rice husk consumption in boiler

SATIA INDUSTRIES LIMITED

10. Chlorine dioxide bleaching

Chlorine free bleaching helps in drastic change in quality of pulp copier paper can be produced AOX presence in effluent can be minimized. Bleach effluent can comfortably be used for irrigation.

FOREIGN EXCHANGE EARNINGS AND OUT GO:

Expenditure for the year ended 31st March, 2012 is as under :- (Rs .in Lacs)

(i) Earning in foreign exchange.	15.43
(ii) Expenditure in foreign currency.	
(CIF Value of imports	(a) Capital Goods 81.53
	(b) Store & Spares 76.44
	(C) Raw Material) 1666.35
For Travel	Nil
Interest	10.50
Bank Charges	0.94
Fees and subscription	10.61

For and on behalf of the Board of Directors

Place : Rupana

Date : 13.08.2012

(Dr. AJAY SATIA)

Chairman-Cum-Managing Director

(R.K.BHANDARI)

Whole Time Director

Annexure to Directors' Report

Information as per Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2012.

Sr. No.	Name	Age (years)	Designation	Gross Remuneration (Rs.)	Net Remuneration (Rs.)	Qualification	Experience (years)	Date of Joining
1	Dr. Ajay Satia	58	Chairman cum Managing Director	6082000	6082000	MBBS	31	Since Incorporation

Corporate Governance Report 2011-12

A. Company's Philosophy

Good governance generates goodwill among business partners, customers and investors, earns respect from society, brings about a consistent sustainable growth for the Company and generates competitive returns for the investors. Your Company is committed to the principles of good governance. The Company continues to focus on good Corporate Governance and its objective is to create and adhere to integrity, transparency and accountability for efficient and ethical conduct of business for meeting its obligation towards shareholders and other Stakeholders.

The Board applies integrity, principles of good governance and accountability throughout its activities and each Director brings independence of character and judgment to the role. All of the members of the Board are individually and collectively aware of their responsibilities to the company's stakeholders.

B. Board of Directors

Composition of Board

The Board of Directors comprised of an Executive Chairman-Cum-Managing Director, two whole time Directors, five independent non-executive Directors. The Composition of the Board is in conformity with clause 49, which requires at least 50 percent of the Board consist of non-executive Directors and in case the Chairman is a non executive Director at least one third of the Board should comprise of independent Directors and in case he is an executive Director at least half of the Board should comprise of independent Director..

Number of Board Meetings

The Board monitors compliance of objectives by holding management accountable for its activities through quarterly performance reporting. Board and committee meetings are held in an atmosphere of intellectual honesty, requiring reporting of the highest standard by management and constructive debate among Board and Committee Members.

During the financial year 2011-12, four Board Meetings were held on the following dates

- 1) 17-05-2011
- 2) 11-08-2011
- 3) 15-11-2011
- 4) 13-02-2012

The Maximum time gap between any two consecutive meetings was less than four months.

SATIA INDUSTRIES LIMITED

The Composition of Board of Directors and their attendance at the Board meetings during the year and at last Annual General Meeting of the Company as also the number of other Directorship and committee Membership/ Chairmanship as on 31.03.2012 are as follows:-

Sr. No.	Name of Director	Category of Directorship	No. of Board Meetings attended	Attended Last AGM	No. of other Directorship (See note)	No. of Committee Membership	
						Member	Chairman
1.	Dr. Ajay Satia	CMD	3	Yes	-	-	-
2.	Sh. R. K. Bhandari	WTD	3	Yes	-	-	-
3.	Sh. A. Krishna	INED	3	No	-	-	-
4.	Sh. D. R. Behl	INED	2	No	-	-	-
5.	Sh. A. C. Ahuja	INED	4	Yes	2	-	2
6.	Sh. J. R. Sharma	WTD	1	No	-	-	-
7.	Sh. S. L. Malhotra	INED	3	No	-	-	-
8.	Sh. Ram Sarup	INED	1	No	-	-	-
9.	Sh. S. K. Arora	INED	1	No	-	-	-
10.	Sh. Dinesh Sharma	INED	1	No	-	-	-

Sh S.L. Malhotra and Sh Ram Sarup ceased to Director w.e.f 15.11.2011 and 13.02.2012 respectively.

- 1) Sh S.K. Arora and Sh Dinesh Chand Sharma were appointed Directors of the Company w.e.f 11.08.2011 and 30.09.2011 respectively.

CMD - Chairman-Cum-Managing Director
WTD - Whole Time Director
NED - Independent Non-Executive Director

Note: 1. Includes directorship in public limited companies only

The Independent Directors on Satia Industries Ltd.

- Apart from receiving Directors remuneration i.e sitting fees, do not have any material pecuniary relationship or transactions with the Company, its promoters, its Directors, its senior management or its associates which may affect independence of the Directors.
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- Have not been executive of the Company in the immediately preceding three financial years.
- Are not partner or executives or were not partner or an executives during the preceding three years
- Statutory Audit firm or the internal Audit Firm that is associated with the Company.

- Legal firm and consulting firm that is associated with the Company
- Are not material suppliers, service providers or customers or lessees of the Company which may affect independence of the Directors.

As provided in Clause 49 of the Listing Agreement, none of the Directors is member of more than 10 Board level committees or a Chairman of more than 5 such committees.

A. Audit Committee and Attendance at its meeting is given hereunder:-

The Audit Committee as at March 31, 2012 comprised of three Directors, Two being non-executive and independent Directors viz. Sh. A.C.Ahuja, Sh. A.Krishna & One Whole Time Director viz. Sh. R. K. Bhandari. The terms of reference of Audit Committee are as contained in the Section 292A of the Companies Act, 1956 and also as contained in the clause 49 of the Listing Agreement. The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures, transparency, integrity and quality of financial reporting.

During the year under review four (4) Meetings of Audit Committee were held on 17.05.2011, 11.08.2011, 15.11.2011. 13.02.2012. The composition of Audit Committee & attendance of the members at the Committee Meetings during the year are as under:-

Sr. No.	Name of Member	Status in Committee	Directorship	No. of Meetings attended
1.	Sh.A.C.Ahuja	Chairman	Independent Director	4
2.	Sh. R. K. Bhandari	Member	Whole Time Director	3
3.	Sh. S.L.Malhotra	Member	Independent Director	3
4.	Sh. Ram Sarup	Member	Nominee of PNB	1
5.	Sh A.Krshna	Member	Independent Director	1

- 1) Sh S. L. Malhotra and Sh Ram Sarup ceased to Director w.e.f 15.11.2011 and 13.02.2012 respectively.

CEO/CFO Certification

The Company is fully cognizant of, committed to and adhering to the statutory requirements for internal controls as set out by the Securities and Exchange Board of India. Accordingly, the Chairman and the Chief Financial Officer have duly verified and certified to the Board for Company's procedure and internal controls of the reporting as being fully compliant with SEBI guidelines.

SATIA INDUSTRIES LIMITED

The Chairman and the CFO have certified to the Board by placing a certificate thereof on the Financials of the Company that:

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:-
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief; no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the auditors and the Audit Committee that:

There have been no significant changes in internal control over financial reporting during the year.

 - i) there has been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - ii) there are no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Remuneration to Directors

Remuneration Committee

The Remuneration Committee of the Company reviews recommends and approves the matters connected with fixation and periodic revision of the remuneration package relating to the Managing Director and Whole Time Directors including compensation and payments.

The Composition of the Remuneration Committee & attendance of the members at the Committee Meetings during the year ended 31.03.2012 are as follows:-

Name of the Directors	Position	Category	No of Meeting attended No
Sh A .C Ahuja	Chairman	Independent Director	Nil
Sh S.L Malhotra	Member	Independent Director	Nil
Sh D.R.Behl	Member	Independent Director	Nil

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Managing Director and Whole Time Directors are appointed as per agreement and are being paid remuneration as approved by the Board and the shareholders. Sitting fees are paid to the Directors for attending the meetings of the Board of Directors/ Committees thereof. The detail of remuneration paid to directors during the period ended March 31, 2012 is as under:-

Sr. No.	Name of Director	Sitting Fee (Rs.)	Salary (Rs.)	P.F.	Others	Total
1.	Dr.Ajay Satia *	-	6000000	9360	72640	6082000
2.	Sh.R.K.Bhandari **	-	1714516	9360	61060	1784936
3.	Sh.A.Krishna	17500	-	-	-	17500
4.	Sh.D.R. Behl	10000	-	-	-	10000
5.	Sh.A.C. Ahuja	30000	-	-	-	30000
6.	Sh. S. L. Malhotra	15000	-	-	-	15000
7.	Sh Ram Sarup	-	7500	-	-	7500
8.	Sh J.R Sharma ***	-	465000	-	-	465000
9.	Sh S.K.Arora	5000	-	-	-	5000
10	Sh Dinesh Sharma	5000	-	-	-	5000

1. Directors mentioned at Sr. No. 1, 2 & 8 are also eligible for one months' leave in a year.
 2. No commission has been paid to the Directors.
 3. No severance fee is payable on termination of appointment.
 4. The company also does not have a stock option plan or performance linked incentive for its Directors.
- * Appointed w.e.f. 01.10.2009 for a period of 3 years.
** Appointed w.e.f. 27.10.2009 for a period of 3 years.
*** Appointed w.e.f 01.10.2009 for a period of 5 years

Share Transfer System

In order to expedite the process of transfer of securities, the Board of Directors has constituted a Share Transfer Committee comprising of Dr. Ajay Satia & Sh. R. K. Bhandari. During the year under review, No Share Transfer Committee meeting was held during the year ended 31.03.2012 and there is no pending transfer of shares.

Investor Grievance Committee:

The Investor Grievance Committee of the Company for the year ended 31.03,2012 under the Chairmanship of Sh. S. L. Malhotra, a non executive Director looks after the work of redressal of

SATIA INDUSTRIES LIMITED

investors/ shareholders complaints. The other members of the Committee are Dr. Ajay Satia & Sh. R. K. Bhandari. No meeting of Investor Grievance Committee was held during the year under review, as the company has not received a single grievance/complaint from the investors/ shareholders.

General Body Meetings

The last three Annual General Meetings were held as under:-

S. No.	Financial year	Date	Time	Location
1	2010-11	30.09.2011	10.00AM	At Regd. Office; Muktsar-Malout Road, Vill.Rupana Distt. Muktsar
2	2009-10	26-07-2010	10-00AM	At Regd. Office; Muktsar-Malout Road, Vill.Rupana Distt. Muktsar
3	2008-09	20.07.2009	10.00 AM	At Regd. Office; Muktsar-Malout Road, Vill.Rupana Distt. Muktsar

Six (6) special resolution were passed at the last three (3) Annual General Meetings of the Company.

Disclosures

There was no materially significant related party transaction, pecuniary transactions or relationships between the Company and its Directors, Promoters, or the management that may have potential conflict with the interest of the company.

Compliance made by the Company

The Company has made the compliance of the stock exchanges, SEBI and other statutory authorities on all matters related to capital market.

Means of Communication

- i) The management discussion and Analysis Report forms part of the Annual Report as an addition to the Directors' Report.
- ii) Any website : No

General Shareholders information

(a) Annual General Meeting :

Date and time : 29th September, 2012, 10.00 AM
Venue : At Regd. Office Muktsar-Malout Road
VPO Rupana, Distt. Muktsar - 152032

SATIA INDUSTRIES LIMITED

Financial Calendar:

For the Financial Year 2011-12, the results were announced on the following dates:-

Results	Announced on
For 1st Quarter ended on 30-06-2011	11.08.2011
For 2nd Quarter ended on 30-09-2011	15.11.2011
For 3rd Quarter ended on 31-12-2011	13.02.2012
For the year ended on 31.03.2012	14.05.2012

Board meetings to take on record	Schedule
Financial Results for the quarter ending June 30, 2011	11th August, 2011
Financial Results for the quarter/half year ending September 30, 2011	15th Nov, 2011
Financial Results for the quarter ending December 31, 2011	13th Feb, 2012
Financial Results for the quarter/year ending March 31, 2012	14th May, 2012

- (c) **Date of Book closure** : 26th September, 2012 to 29th September, 2012 (Both days inclusive)
- (d) **Dividend payment date** : N. A.
- (e) **Listing on Stock Exchanges** :

Equity shares of the company are listed on Ludhiana Stock Exchange and Delhi Stock Exchange. Annual Listing Fee as prescribed has been paid to these stock exchanges for the year 2011-12.

- (f) **Stock Code** :
- Delhi Stock Exchange (19035)
- Ludhiana Stock Exchange (SETI)

- (g) **Market Price Data**

There was no trading of shares on the stock exchange during the F.Y.2011-12

SATIA INDUSTRIES LIMITED**(h) Distribution of shareholding as on March 31, 2012**

No. of equity shares held	No of Shareholders	%age	Shares	%age total
UPTO 500	196	67.82	37900	0.3790
501 - 1000	34	11.76	24550	0.2455
1001- 2000	17	5.88	22550	0.2255
2001 - 3000	4	1.38	9625	0.0963
3001 - 4000	4	1.38	12500	0.1250
4000 - 5000	2	0.69	9600	0.0960
5001 - 10000	1	0.35	6500	0.0650
10001 AND ABOVE	31	10.72	9876775	98.767
TOTAL	289	100.00	10,00,00,000	100.0000

(i) Categories of shares as on 31.03.2012

Sr.No.	Particulars	No. of shares	Amount (Rs. in lacs)	%age
1	Promoter	4087156	408.72	40.87
	(a) Core Promoter			
	(b) Friends/Relatives	1572800	157.28	15.73
2	Financial Institutions	0	0	0.00
3.	Public	4340044	434.00	43.40
4.	Banks	0	0	0.00
5.	Others	0	0	0.00
	Total	10000000	1000.00	100.00

(j) Dematerialization of shares & liquidity

The shares of the Company are in demat and available in depository system of both NSDL and CDSL.

SATIA INDUSTRIES LIMITED

(k) Registrar & Transfer Agents :

The details of Registrar & Transfer Agent appointed by the Company are as under:-

Beetal Financial & Computer Services (P) Ltd
Beetal House, 3rd Floor, 99 Madangir,
Behind Local Shopping Centre,
New Delhi

(l) Plant location : Muktsar-Malout Road,
Vill. Rupana
Distt. Muktsar (Punjab)

(m) Investors correspondence : Muktsar-Malout Road,
Vill Rupana,
Distt. Muktsar-152026(Punjab)

For and on behalf of the Board of Director

PLACE : Rupana
DATED : 13.08.2012

(AJAY SATIA)
Chairman-Cum- Managing Director

(R.K.BHANDARI)
Whole Time Director

MANAGEMENT DISCUSSION & ANALYSIS

Indian Economy

India economy, the third largest economy in the world, in terms of purchasing power, is going to touch new heights in coming years. As predicted by Goldman Sachs, the Global Investment Bank, by 2035 India would be the third largest economy of the world just after US and China. It will grow to 60% of size of the US economy.

Industry Structure and Development

The Rs. 25,000-crore Indian paper industry accounts for about 1.6% of the world's paper and paperboard production even though the country accounts for nearly 16% of the global population. The Indian paper industry's market size has been estimated at Rs.321 billion, growing at a CAGR of 10.5% from around Rs. 195 billion in 2003-04 to Rs. 321 billion in 2008-09. In 2009-10, the country produced 9.18 million tons of paper, growing at an average 6-7% compared with 2% growth in developed countries. The paper industry growth is forecast at 8.4% annually, touching 11.5 million tons in 2011-12 and 15 million tons by 2015

Opportunities and threats

Your company has a very strong pulping base having capacity to make sufficient agro waste pulp besides significant capacity to make deinked pulp. Strong marketing network and loyal customer base to fulfill increasing market demand with increase in production and productivity. Three different machines that give your company flexibility to cater to a wider range of market are major strengths. At the same time, the major threat being faced by your company is the stringent environmental regulation being imposed by the government. Increasing competition with globalization and emergence of new units with latest technology, threat of Zero import duty on paper inputs, raw material shortage and economy of scale may prove a major challenge.

Segmentation or product wise performance

Your company has introduced a premium quality paper excelling in all qualities like brightness, formation, bulk and strength properties and its share in total production is increasing. This product has made a place for itself in the market. Plans to introduce photocopier paper under a brand name in near future are underway. There has been good demand for colored and azure laid paper made by your company. There has been more than full capacity utilization of manufacturing capacity of your company.

Outlook, Risks and Concern

With demand of 7.2 Million Ton and supply of 6.7 Million Ton the future seems bright for the paper industry. GDP growth rate of 9% and increasing focus of Government on improving literacy in the country under Sarv Shiksha Abhiyan, demand of paper is likely to grow at 8-9% per annum. With in house power generation of 8-9 MW per day and Soda Recovery Plant,

stable price outlook and effective steps to reduce chemical consumption; your company has good outlook for future. Scarcity of raw material, increasing chemical cost, non availability of cheap funding schemes like TUF, increasing interest rates and environmental considerations are the major causes of concern.

Internal Control Systems and their adequacy

There is adequate internal control system in the company through Internal Audit and regular operations review and efforts are being made to strengthen it.

Operating & Financial Performance

The net revenue from operation of the Company was Rs 23925.39 lacs as compared to Rs 32040.06 lacs during the corresponding period of the previous year 2010-11 which include revenue of Rs 9421.93 lacs from the yarn trading business and during the current year, the Company had to discontinue the yarn trading business due to heavy fluctuation in cotton prices, consequently, the net profit after tax of the Company decreased to Rs 399.04 lacs from Rs 523.17 lacs recorded for the previous year.

Development in Human Resources/Industrial Relations

Considering that the company has been passing through difficult times, the human capital of the company has been motivated and committed to bring good operating performance. The industrial relations are cordial.

AUDITORS' CERTIFICATE

To
The Members of Satia Industries Ltd.

We have examined the compliance of conditions of corporate governance by Satia industries limited formerly known as Satia Paper Mills Ltd., for the year ended on 31st March, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Share Transfer Committee and Shareholders/ Investors Grievance Committee.

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

For RAKESH BANSAL & CO.
Chartered Accountants

Place : Muktsar
Date : 13.08.2012

(RAKESH BANSAL)
Proprietor
Membership No. 090278

REPORT OF THE AUDITOR'S TO THE SHAREHOLDERS

1. We have audited the attached Balance Sheet of M/s SATIA INDUSTRIES LIMITED FORMERLY KNOWN AS SATIA PAPER MILLS LIMITED, MUKTSAR as on 31st March, 2012 and also the Profit & Loss Account and the Cash Flow Statement of the Company 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 (hereinafter referred to as CARO, 2003) 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 above, we report that:-
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit ;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
 - (iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
 - (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash flow Statement dealt with by this report comply with the accounting standards referred to in Sub Section 3(C) of Section 211 of the Companies Act, 1956.
 - (v) On the basis of written representations received from the directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of section 274(1) (g) of the Companies Act, 1956.
 - (vi) In our opinion and to the best of information and according to the explanations given to us, the said accounts read together with notes thereon in schedule 18, give the information required by the Companies Act, 1956, in the manner so required and

SATIA INDUSTRIES LIMITED

give a true and fair view in conformity with the accounting principles generally accepted in India ;

- (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.
- (b) in the case of Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For RAKESH BANSAL & CO.
Chartered Accountants**

**Place : Muktsar
Date : 13.08.2012**

**(RAKESH BANSAL)
PROPRIETOR
Membership No. 090278
FRN 011474N**

Annexure

Re : Satia Industries Ltd.

Referred to in paragraph (3) of our report of even date.

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The assets record for the period prior to 01.04.1993 has reportedly been destroyed in fire.
- (b) All fixed assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the programme, plant and machinery have been physically verified during the year. As informed, no material discrepancies were noticed on such verification.
- (c) During the year, Company has not disposed off any substantial part of fixed assets.
- (ii) (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company & the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory except for material lying on floor & work in progress, which has been determined during the physical verification at the year end. The discrepancies noticed on verification between the physical stocks and the book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of accounts.
- (iii) (a) According to the information and explanation given to us, the company has not granted any loan, secured or unsecured, to the parties covered in the register maintained under section 301 of the Companies Act, 1956. The amount outstanding has been reported to be trade debt.
- (b) In view of comments in para iii (a) above, para iii (b), (c), and (d) of CARO, 2003 are not applicable.
- (c) According to the information and explanations given to us, the Company has taken loan from twelve parties listed in the Register maintained under section 301 of the Companies Act 1956. The maximum amount involved during the year was Rs. 327.46 lacs and the year end balance of loans taken from such parties were Rs. 305.46 lacs. We have been informed that the loans have been taken from the parties

which are exempt under the Companies (Acceptance of Deposits) Rules, 1975. These loans have not been verified by us and we have relied on the management certificate.

- (d) In our opinion the terms and conditions of unsecured interest free loans taken from the parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (e) No stipulation with regard to the payment has been made hence no comments are offered whether the company is regular in repayment of principal and if there is any over due balance.
- (iv) 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 nature of its business with regard to the purchase of inventory and fixed assets, and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions 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 Company has not made any transaction in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year.
- (vi) We have been informed that security deposits as appearing in Schedule-4 of the balance sheet have been taken/accepted from the suppliers, customers and others only for the purpose of business of the Company and unsecured loan have been taken from relatives of directors which are exempt under the Companies (Acceptance of Deposits) Rules, 1975. These deposits have not been verified by us and we have relied on the management certificate.
- (vii) In our opinion, Company's internal audit system is commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Funds, Employee's State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Custom duty, Cess and other statutory dues as applicable to the company with the appropriate authorities during the year.

SATIA INDUSTRIES LIMITED

- (b) According to the information & explanation given to us, no undisputed amounts payable in respect of Income-Tax, Wealth-Tax, Sales-Tax, Customs Duty, Service Tax and Cess were in arrears, as at 31st March, 2012 for a period of more than six months from the date they become payable.
- (c) According to the record of the Company & information and explanation given to us, there are no dues of Sales Tax, Income Tax, Custom duty, Wealth tax, Excise duty, Service Tax & Cess which have not been deposited on account of any dispute, other than the following:

Sr. No.	Name of Statute	Nature of dues	Amount (Rs. in Lacs)	Forum where dispute is pending
1.	Central Excise	Classification of credit whether as Input or capital goods	4.40	Punjab & Haryana High Court Chandigarh
2.	Delhi Sale Tax Act	Sales Tax Form ST-I	3.86	Asstt. Commissioner Zone-1 Delhi

- (x) The Company does not have accumulated losses as at the end of the year and the Company has not incurred cash losses during current and the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institution or bank.
- (xii) In our opinion and according to the information given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and others.
- (xiii) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given a guarantee of Rs.490 lacs (outstanding balance Rs. 287.92 lacs) on behalf of T.C. Spinners Pvt. Ltd., Lalru in favour of Uco Bank. In our opinion the terms of guarantee given are not prejudicial in the interest of the company.

SATIA INDUSTRIES LIMITED

- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no fund raised on short term basis have been used for long term investment.
- (xviii) According to the information and explanations given to us and based on the documents and records produced to us, 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.
- (xix) According to the information and explanation given to us and the records examined by us, the Company has not issued debentures.
- (xx) The Company has not raised money by any public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

**For RAKESH BANSAL & CO.
Chartered Accountants**

**Place : Muktsar
Date : 13.08.2012**

**(RAKESH BANSAL)
PROPRIETOR
Membership No. 090278
FRN 011474N**

SATIA INDUSTRIES LIMITED

BALANCE SHEET AS ON 31.03.2012

In Rs Lacs, Except as Other wise Stated

Particulars	Note	Year Ended As On 31March,2012	Year Ended As On 31March,2011
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2.1	1,000.00	1,000.00
Reserves and surplus	2.2	4,736.50	4,337.46
Sub Total		5,736.50	5,337.46
SHARE APPLICATION MONEY			
PENDING ALLOTMENT	2.3	100.00	100.00
NON CURRENT LIABILITIES			
Long term borrowings	2.4.1	6,060.87	5,268.68
Deferred tax Liabilities	2.4.2	1,911.53	1,913.16
Other Long Term Liabilities	2.4.3	4,921.58	4,498.83
Long term Provision	2.4.4	289.51	266.16
Sub Total		13,183.49	11,946.83
CURRENT LIABILITIES			
Short term borrowings	2.5.1	3,409.62	3,206.32
Trade payables	2.5.2	3,666.48	4,068.98
Other Current Liabilities	2.5.3	622.12	649.79
Short term provisions	2.5.4	0.00	56.48
Sub Total		7,698.22	7,981.57
TOTAL		26,718.21	25,365.86
ASSETS			
NON CURRENT ASSETS			
FIXED ASSETS :			
Tangible assets	2.6	12,252.21	12,553.89
Intangible assets	2.6	0.00	0.00
Capital work-in-progress	2.6	3,780.93	1,708.16
Intangible assets under development	2.6	0.00	0.00
Sub Total		16,033.14	14,262.05
Non-current Investment	2.6.2	727.00	647.00
CURRENT ASSETS			
Current investment	2.7.1	0.00	0.00
Inventories	2.7.2	3,593.23	2,976.87
Trade receivables	2.7.3	4,145.77	3,950.66
Cash and cash equivalents	2.7.4	235.44	223.30
Short-term loans and advances	2.7.5	1,356.04	2,264.12
Other Current Assets	2.7.6	627.59	1,041.86
Sub Total		9,958.07	10,456.81
TOTAL		26,718.21	25,365.86

Document Annexed;

1. Significant Accounting Policies
2. Notes to Accounts

As per report of even date attached
for RAKESH BANSAL & CO.
Chartered Accountants

(Rakesh Bansal)
Proprietor
M.No 090278

(Dr Ajay Satia)
Chairman-Cum Manging Director

(R.K.Bhandari)
Whole Time Director

Place : Rupana, (Muktsar)
Date : 13.08.2012

(A.K.Khurana)
V.P.(Finance)

(Rakesh Kumar Dhuria)
Company Secretary

SATIA INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT AS ON 31.03.2012

In Rs Lacs, Except as Other wise Stated

Particulars	Note	Year Ended	Year Ended
		As On 31 March, 2012	As On 31 March, 2011
I) Revenue from operations (Net of Excise)	2.8	23,925.39	32,040.06
II) Other Income	2.9	333.15	480.67
III) Total Revenue (I+II)		24,258.54	32,520.73
IV) Expenses :			
Cost of material consumed	2.10	9,300.18	10,078.70
Cost of Purchases of Yarn Division	2.11	34.61	9,452.35
Change in inventories of finished goods, work in progress and stock in trade	2.12	(215.63)	(388.06)
Employees benefit expenses	2.13	1,478.86	1,428.28
Finance cost	2.14	1,428.49	1,255.77
Depreciation and amortization expenses	2.15	910.21	880.90
Other expenses	2.16	10,810.45	9,043.96
Total expenses		23,747.16	31,751.91
V) Profit before exceptional and extraordinary items and tax (III-IV)		511.38	768.81
VI) Exceptional items	2.17	0.00	0.00
VII) Profit before extraordinary items and tax (V-VI)		511.38	768.81
VIII) Extraordinary items	2.18	13.68	21.00
IX) PROFIT BEFORE TAX		497.70	747.81
X) Tax Expense:	2.19		
(1) Current Tax		100.29	90.23
(2) Deferred Tax		(1.63)	134.41
XI) Profit (Loss) for the period from continuing operations (VII-VIII)		399.04	523.17
XII) Profit/ (Loss) from discontinuing operations		-	-
XIII) Tax expenses of discontinuing operations		-	-
XIV) Profit/ (loss) from discontinuing operations (After tax) (XII-XIII)		-	-
XV) Profit (Loss) for the period (XI+XIV)		399.04	523.17
XVI) Earnings per equity share			
Basic		3.99	5.23
Diluted		3.92	5.14

As per report of even date attached for RAKESH BANSAL & CO. Chartered Accountants

(Rakesh Bansal)
Proprietor
M.No 090278

(Dr Ajay Satia)
Chairman-Cum Managing Director

(R.K.Bhandari)
Whole Time Director

Place : Rupana, (Muktsar)
Date : 13.08.2012

(A.K.Khurana)
V.P.(Finance)

(Rakesh Kumar Dhuria)
Company Secretary

SATIA INDUSTRIES LIMITED

Notes to Accounts forming part of Accounts for the year ended on 31.03.2012

Nature of Operations:-

Satia Industries Limited formerly known as Satia Paper Mills Limited (herein after referred to as 'The Company') is a manufacturer of Writing and Printing Paper. The company is also engaged in generation of power and trading activities in Cotton & Yarn.

1. Significant Accounting Policies:-

1.1 Basis of Preparation:

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention, except where otherwise stated, and on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

1.2 Fixed Assets:

Fixed Assets are shown at Historical Cost. Cost of the fixed assets comprises purchase price, duties, levies and direct/indirect attributable cost of bringing the assets to its working condition for intended use. Borrowing cost related to acquisition or construction of the qualifying fixed assets for the period up to the completion of their acquisition and installation are included in the cost of the assets. Expenditure for addition, improvement and renewals are capitalized and expenditure for repair and maintenance are charged to Profit & Loss Account.

1.3 Depreciation:-

1.3.1 Depreciation on Fixed Assets is provided on Straight Line Method on prorata basis from the date of acquisition over the useful life & in the manner prescribed in Schedule XIV of the Companies Act, 1956.

1.3.2 Lease hold land is amortized over the remaining period of lease.

1.3.3 Depreciation on the amount of addition made to Fixed Assets due to exchange fluctuation is provided over the remaining useful life of the asset to which the fluctuation relates.

1.3.4 Depreciation on the amount of addition made to Fixed Asset due to up gradation/ improvement is provided at the rate applied to the existing assets. Patents and trademarks, software etc are accounted at their cost of acquisition and amortized over their estimated economic life not exceeding 10 years. Leasehold improvements are charged to the profit and loss account over the primary period of lease.

1.4 Investments

Investments are stated at cost less provision for permanent diminution in the value of long term investment

1.5 Impairment of Fixed Assets:

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's Fixed Assets. If any

indication exists, an assets recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of assets exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. Impairment loss is recognized in the Profit & Loss Account.

1.6 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

1.6.1 Sale of Goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are net of return, volume discount and sales tax but including excise duty.

1.6.2 Income from CER/VER

Income from Carbon Emission Reductions (CER)/ Voluntary Emission Reductions (VER) is recognized when the project is registered with the United Nations Framework Convention on Climate Change (UNFCCC).

1.7 Insurance claims are shown separately under the head other income and corresponding expenses are shown under respective expense head in the Profit and Loss A/C.

1.8 Valuation of Inventories:-

Raw Materials, Stores & Spares:

Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products, in which they will be incorporated, are expected to be sold at or above cost. Cost of Raw materials is determined on a monthly moving weighted average basis and cost of chemicals, stores and spares is determined on transaction moving weighted average.

Work-in-Progress and Finished Goods:

Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods except lying in the factory premises includes excise duty.

By Products and Waste:

Net realizable value

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

1.9 Foreign Currency Transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction;

Exchange Differences

Exchange differences arising on the settlement of monetary items or on restatement of reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Forward Exchange Contracts

In respect of forward exchange contracts entered into by the Company, the difference between the contracted rate and the rate at the date of transaction is recognized as gain or loss over the period of contract except for difference in respect of liabilities incurred for acquiring fixed assets from a country outside India, in which case such difference is adjusted in the carrying amount of the respective fixed assets. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

1.10 Borrowing Cost

Interest & other costs incurred by the company in connection with the borrowing of funds are recognized as expenses in the period in which they are incurred unless activities that are necessary to prepare the qualifying assets for its intended use are in progress.

1.11 Government Grants

Government grants received as capital incentives are credited to capital reserve. Government grants in other forms are credited to Profit & Loss Account.

Government grants relating to specific assets are disclosed as deduction from the gross value of the assets concerned.

1.12 Retirement Benefits

1.12.1 Retirement benefits in the form of Provident Fund and Pension Schemes are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.

1.12.2 Gratuity liability under the payment of Gratuity Act and provision for leave encashment is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.

1.12.3 The Company's gratuity benefit scheme is a defined plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on government securities as at the balance sheet date.

When the calculation results in a benefit to the company, the recognized assets are limited to the net total of any unrecognized actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses are recognized immediately in the profit & loss account.

1.13 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the Profit & Loss Account on a Straight-Line basis over the lease term.

1.14 Accounting for taxes on income

Provision for tax on income is made after taking into consideration benefit admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from 'Timing difference' between book & taxable profit is accounted for using the tax rates & laws that have been enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future.

1.15 Export incentives in case of export under DEPB entitlement, incentive has been valued on the specific rates allowed on the relevant item of export.

1.16 Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

SATIA INDUSTRIES LIMITED

2. NOTES ON ACCOUNT OF THE YEAR ENDED 31 MARCH, 2012

2.1 SHARE CAPITAL

In Rs Lacs, except as otherwise stated

Particulars	Year Ended As On 31 March, 2012	Year Ended As On 31 March, 2011
Authorized: Equity Shares of Rs. 10/- each 120,00,000 (120,00,000) equity shares	1200	1200
Issued Subscribed and Paid-Up: Equity Shares of Rs. 10/- each 100,00,000 (100,00,000) equity shares fully paid-up	1000	1000
Total	1000	1000

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share.

20,00,000 Shares out of the issued, subscribed and paid up share capital were allotted as bonus (20,00,000) shares in the last five years by capitalization of Reserves.

In the event of Liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

Reconciliation of number of share outstanding :

No. of Shares

Particulars	Year Ended As On 31 March, 2012	Year Ended As On 31 March, 2011
Number of shares at the beginning	10,00,000	10,00,000
Add : Share issued	0	0
NUMBER OF Share at the end	10,00,000	10,00,000

Details of shareholders holding more than 5% shares in the company

Particulars	Year Ended As On 31 March, 2011	% Holding in the SHARES	Year Ended As On 31 March, 2012	% Holding in the SHARES
Equity Shares of Rs 10 each fully paid				
Sh. Ajay Satia	1474861	14.75%	1474861	14.75%
Smt. Bindu Satia	751094	7.50%	751094	7.50%
Sh. Anil Satia	567719	5.67%	567719	5.67%
Mr. Ankit Satia	793344	7.93%	793344	7.93%
Mr. Dhruv Satia	543169	5.43%	543169	5.43%
S.D.S Cotton (P) Ltd	1518285	15.18%	1518285	15.18%
Muktsar Fincap Pvt.Ltd	1572800	15.72%	1572800	15.72%

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

2.2 RESERVE AND SURPLUS

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Capital Reserve-State Subsidy		
Opening Balance	65.00	65.00
Add: Transferred from Profit and Loss account	0	-
Closing Balance	65.00	65.00
Investment Utilisation Reserve		
Opening Balance	78.43	78.43
Add: Transferred from Profit and Loss account	0	-
Closing Balance	78.43	78.43
Profit and Loss account		
Surplus - Opening Balance	4194.03	3670.86
Add: Net profit after tax transferred from Statement of Profit and Loss	399.04	523.17
Balance In Profit and Loss account	4593.07	4194.03
Total	4736.50	4337.46

2.3 Share Application Money

The Company has received Share Application money of Rs.300.00 Lacs (Rs.175.12 Lacs in financial year 2003-04, Rs.92.33 Lacs in the financial year 2004-2005 and 32.55 Lacs in financial year 2005-2006) from promoters and associates to partly finance the project cost approved and stipulated by Financial Institution and Bank. During the year ended 31.03.06 the company has allotted 20,00,000 Equity shares @ 10 per shares amounting to Rs.200 .00 lacs to the and associates on preferential basis as per approval received from SEBI and remaining share application money of Rs.100.00 lacs against which shares will be allotted in future as permitted under the statute. These funds were utilized in the year of receipt for purpose of capital expenditure as per scheme approved by the financial institutions and the terms of allotment are as below:-

No. of Balance Shares Proposed to be issued: 174322

The amount of premium: Rs. 47.36

The company have sufficient authorised share capital amount for allotment of shares against the share application.

2.4 Non Current Liabilities

2.4.1 Long Term Borrowings : Term Loans from Banks

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Punjab National Bank	3365.13	5021.19
Central Bank of India	2480.19	0
Vehicle Loan	215.55	247.49
	6060.87	5268.68

The above loans are secured by equitable mortgage of company's Immoveable properties, present and future and hypothecation of company's moveable assets present and future in Favour of PNB

SATIA INDUSTRIES LIMITED

& CBI on the first charge basis and further personally guaranteed by the M.D and a Director of the company and pledge of 24,00,000 equity shares held by promoters, except vehicle loans which are secured by hypothecation of the specific assets only. Instalments due in next year amounting to Rs 1789.20 Lacs are not considered as current.

2.4.2 DEFERRED TAXES

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Deferred tax Liabilities Related to the Fixed Assets	2005.46	2013.76
Deferred Tax Assets Related to the disallowances under the Income Tax Act,1961	93.93	100.6
	1911.53	1913.16

2.4.3 OTHER LONG -TERM LIABILITIES

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
UNSECURED LOAN :		
Security Deposits	3639.76	3260.10
From Banks	1009.10	1094.31
From Body Corporate	4.14	0
From Other than Body Corporate	78.41	98.41
From Directors	190.17	46
	4921.58	4498.83

2.4.4 LONG-TERM PROVISIONS

Year Ended	Year Ended As On 31March,2012	Particulars As On 31March,2011
Provision for Employee benefits		
Provision for Employee benefits	94.23	89.53
Gratuity Obligation	195.28	176.63
Total	289.51	266.16

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

SATIA INDUSTRIES LIMITED

2.5 Current Liabilities

2.5.1 Short Term Borrowings

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Working Capital Loans: Banks (Rupees Loan)		
Punjab National Bank	2476.10	3186.99
Central Bank of India	850.14	0.00
Bill Discounting	83.38	19.33
Total	3409.62	3206.32

Working capital Borrowings are secured by hypothecation of all stocks of raw material stores, work in progress finished stock and book debts in addition to personal guarantee by M.D & a Director of the company.

2.5.2 Trade Payables

Particulars	Year Ended As On 31March,2012	Year End As On 31March,2011
Sundry Creditors:		
Micro,Small & Medium Enterprises	20.28	37.84
Others	2394.85	3037.46
Acceptances not due for payments	1251.35	993.68
Total	3666.48	4068.98

2.5.3 OTHER CURRENT LIABILITIES

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Statutory Liabilities	60.75	94.60
Advance from Customers	172.30	241.41
Interest Accrued But not Due	102.59	26.32
Other Liabilities	286.48	287.47
Total	622.12	649.79

25.4 SHORT-TERM PROVISIONS

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Income-Tax Net of advance tax(MAT)	0.00	56.48
Total	0.00	56.48

2.6 NON CURRENT ASSETS

2.6.1 FIXED ASSETS

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Gross Block	18988.55	18421.29
Less Depreciation	6736.34	5867.40
Net Block	12252.21	12553.89

A detail chart depicting of fixed assets of the company and depreciation thereof has been attached as Annexure-A

SATIA INDUSTRIES LIMITED

Annexure-A

FIXED ASSETS

S. NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		COST AS ON 01.04.2011 (Rs.)	ADDITIONS DURING THE YEAR (Rs.)	SALES/ ADJUSTMENT (Rs.)	COST AS ON 31.03.2012 (Rs.)	PROVIDED UPTO 31.03.11 (Rs.)	FOR THE CURRENT YEAR (Rs.)	WRITTEN BACK (Rs.)	TOTAL UPTO 31.03.12 (Rs.)	AS AT 31.03.12 (Rs.)	AS AT 31.03.11 (Rs.)
1	Land	137.05	0.00	0.00	137.05	0	0	0	0	137.05	137.05
2	Building	2005.84	38.39	0.00	2044.22	560.48	65.42	0.00	625.89	1418.33	1445.36
3	Plant & Machinery	15060.13	547.95	38.63	15569.45	4599.69	753.58	6.53	5346.74	10222.71	10460.44
4	Electrical installation fitting & equipments	580.89	0.00	0.00	580.89	408.63	29.10	0.00	437.73	143.17	172.27
5	Office Equipment	47.15	4.54	0.00	51.69	18.47	2.40	0.00	20.87	30.82	28.68
6	Furniture & fittings	51.78	0.52	0.00	52.30	34.50	3.20	0.00	37.70	14.60	17.28
7	Vehicles	406.50	61.88	56.81	411.57	157.09	40.72	34.74	163.07	248.50	249.41
8	Computers	98.58	7.22	0.00	105.80	71.41	13.63	0.00	85.04	20.76	27.16
9	A.C.FAN & COOL	33.38	2.20	0.00	35.58	17.14	2.16	0.00	19.30	16.28	16.24
10	TOTAL	18421.29	662.70	95.44	18988.55	5867.40	910.21	41.27	6736.34	12252.21	12553.89
11	Previous Year	17518.14	984.83	81.68	18421.29	5016.03	880.90	29.54	5867.40	12553.89	12502.11

SATIA INDUSTRIES LIMITED

Intangible Assets

There are no intangible assets.

CAPITAL WORK IN PROGRESS

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Building under Construction	330.15	106.04
Plant and Machinery under Erection	3295.93	1320.95
Advance to suppliers for Capital Goods	138.68	265.00
Others	16.17	16.17
	3780.93	1708.16

Intangible Assets under development

There are no intangible assets under development.

2.6.2 NON CURRENT INVESTMENTS

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Non-current Investment - at cost		
Trade Investment (Unquoted) 5450000 Equity Shares of Bhandari Export Industries Ltd (4650000) of Rs.10 Each at par	545.00	465.00
1820000 Equity Shares of T.C Spinners(P) Ltd of Rs.10 each at par (182000)	182.00	182.00
Total	727.00	647.00

2.7 CURRENT ASSETS

2.7.1 CURRENT INVESTMENTS

There are no current investments.

2.7.2 Inventories

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Raw Materials,Chemicals & Fuels	1348.05	818.01
Stock in Process	133.50	138.86
Semi Finished Stock	639.94	611.61
Finished Stocks	656.27	464.63
Consumable stores,spares and Packing material	805.54	934.85
Scrap	9.93	8.91
Total	3593.23	2976.87

SATIA INDUSTRIES LIMITED

2.7.3 TRADE RECEIVABLES

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Over Six Months	117.55	85.98
Other Debts	4028.22	3864.68
	4145.77	3950.66
Less: Provision for doubtful debts	0.00	0.00
	4145.77	3950.66

(Unsecured, considered good unless otherwise stated)

2.7.4 CASH AND CASH EQUIVALENTS

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Cash in hand	9.25	6.68
Balance with Banks #	34.91	3.65
Draft/Cheque in transit	0.14	0.00
Fixed Deposit with Banks*	191.14	212.97
	235.44	223.30

#The Detail of balances with Banks as at 31st March, 2012

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
In Current Accounts		
PNB C/A 1801	0.17	0.17
PNB LCB, LDH 0454	0.10	0.11
PNB C/A 2199756	0.17	0.25
SBI,MUKTSAR MAIN BRANCH	0.15	0.15
HDFC BANK C/A 04310330000387	0.22	0.06
P.N.B C/A 8427/5 DELHI	0.06	0.06
P.N.B IBB EEFC A/C	0.05	0.00
P.N.B C/A 1152 JAIPUR	4.61	0.10
PNB(LCB)4564/EEFC	0.00	0.04
P.N.B,190057 BOMBAY	0.09	0.09
PNB C/A LALRU	26.11	0.08
ALLAHABAD Bank C/A 50026858037	2.16	2.12

SATIA INDUSTRIES LIMITED

MARGIN MONEY HDFC BANK	0.00	0.11
PNB 54115 (BATHINDA)	0.93	0.31
CENTRAL BANK OF INDIA	0.08	0.00
	34.91	3.65

The Fixed deposits with Banks are under lien of the bank on account of the margin against issuance of ILC/FLC and Bank Guarantee.

2.7.5 SHORT TERM LOANS AND ADVANCES

Particulars	Year Ended As On 31March, 2012	Year Ended As On 31March, 2011
T.C Spinners Pvt Ltd	127.50	475.75
White Gold Fincap Pvt Ltd	112.60	12.60
CER/VER RECEIVABLE	137.05	178.83
Advance to PSIDC For purchase of Equity Shares of Satia Synthetics Ltd.	852.73	816.29
Advance for purchase of Equity Share of Bhandari R.K Malhotra,Jalandhar	12.95	590.30
	0.30	0.00
Sale Receivable	3.67	0.00
Naresh Bhandari	0.00	36.40
DEPB PENDING FOR UTILIZATION	0.96	2.45
RAW MATERIAL ADVANCE	0.00	0.15
STAFF ADVANCE	1.46	1.55
INSURANCE CLAIMS RECOVERABLE	1.64	3.00
SALES TAX DEPOSITED AGT APPEAL	1.96	1.96
INSURANCE PREPAID	21.07	17.00
PREPAID EXPENSES	5.59	1.99
RENT ADVANCE	0.10	0.10
MISC.RECOVERABLE	26.11	27.21
ENTRY TAX RECOVERABLE	1.32	1.06
PUNJAB STATE POWER CORP. LTD	0.00	9.21
VAT A/C	10.03	0.00
EXCISE DUTY EDUCATION CESS RECOVERABLE	2.82	0.00
SERVICE TAX EDUCATION CESS RECOVERABLE	0.33	0.00
SERVICE TAX EDUCATION CESS & H & S RECOVERABLE	0.04	1.67
SERVICE TAX RECOVERABLE	23.15	79.63
ADVANCE LEASE RENT A/C	12.66	6.97
	1356.04	2264.12

(Unsecured,considered good unless otherwise stated)

SATIA INDUSTRIES LIMITED

2.7.6 OTHER CURRENT ASSETS

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Deposit with Excise(including balance under Cenvet against inputs and capital goods)	130.58	412.41
Security/Tender deposits	126.80	175.37
MAT Credit Entitlement	356.18	448.38
Interest Receivable	14.03	5.70
	627.59	1041.86

2.8 REVENUE FROM OPERATION

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Gross Sales	24638.64	32518.66
Less: Excise Duty	713.25	478.60
Net Sales	23925.39	32040.06

2.8.1 PARTICULARS OF SALE OF PRODUCTS

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
WRITING & PRINTING PAPER (Including Excise Duty)	24330.45	22251.38
SALE OF WOOD PULP	72.13	130.45
SALE OF WASTE PAPER	77.82	111.86
SALE OF SCRAP	23.58	35.88
SALE (YARN)	4.05	5978.82
SALE (COTTON)	30.32	2277.28
SALE (POLYSTER)	0.00	1069.76
SALE OF COTTON & YARN WASTE	0.00	96.07
SALE OF PAPER IN TRANSIT	0.00	476.87
LESS:GOODS RETURN	0.00	-20
SALE OF WIND POWER	100.29	110.28
Total	24638.64	32518.65

2.9 OTHER INCOME

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Interest Income	29.12	36.26
Insurance Claims	52.18	23.45
Misc Income	174.98	166.10
Exchange Rate Variation	0.00	14.41
Export Incentive	4.36	136.54
Discounting Earned on DEPB Purchase	8.99	5.60
Gain on Sale of Assets	1.00	9.43
Income from CER/VER	62.51	88.88
	333.15	480.67

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2.10 COST OF MATERIAL CONSUMED

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Raw Material	5280.83	6154.61
Chemicals	4019.35	3924.09
	9300.18	10078.7

2.11 COST OF PURCHASE IF STOCK IN TRADE

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Cotton	30.57	2193.9
Yarn	4.04	5685.27
Polyster Fibre	0.00	1064.98
Waste	0.00	94.72
Paper	0.00	413.48
Total	34.61	9452.35

2.12 CHANGE IN INVENTORIES STOCK

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Opening Stock :		
Finished Goods	464.63	334.32
Stock in process	138.86	112.79
Semi Finished	611.61	379.4265
Scrap	8.91	9.42
	1224.01	835.96
Closing Stock :		
Finished goods	656.27	464.63
Stock in process	133.50	138.86
Semi Finished	639.94	611.61
Scrap	9.93	8.91
	1439.64	1224.01
INCREASE(+)/DECREASE(-) IN STOCKS	-215.63	-388.06

2.13 EMPLOYEE BENEFITS EXPENSE

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
a) Salaries,Wages and Bonus	924.90	912.46
b) Welfare Expenses	495.29	463.19
c) Contribution to Provident and Other Funds	58.67	52.63
	1478.86	1428.28

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2.14 FINANCE COST

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
a) Interest on Term Loan	493.44	584.28
b) Interest on Working Capital	892.62	618.35
c) Bank & Other Charges	42.43	53.14
	1428.49	1255.77

2.15 DEPRECIATION AND AMORTISATION CHARGE

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Depreciation	910.21	880.90
	910.21	880.9

2.16 EXPENSES

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
a) UTILITIES:		
i) Power Consumed	1997.15	1424.07
ii) Fuel	4746.28	4397.54
iii) Water Supply Charges	46.49	29.80
iv) Effluent Treatment Expenses	5.21	5.11
b) Stores and Spare Parts Consumed	1536.52	1103.71
c) Repair & Maintenance :		
i) Building	78.32	94.73
ii) Machinery	96.96	118.01
iii) Others	58.81	59.24
d) Packing Material & Exp.	586.40	532.99
e) Handling and Shifting :		
i) Raw Material and Chemicals	149.94	139.47
ii) Fuel	41.71	40.89
f) Reversal of Cenvet Credit of ED	492.74	219.78
g) Job Work Charges	0	5.67

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h) SELLING,ADMINISTRATIVE AND OTHER EXPENSES :		
a) Printing and Stationery	14.87	13.80
b) Postage,Telegram & Telephone	12.47	17.21
c) Sales Tax	0.00	4.01
d) Travelling & Conveyance	28.49	35.82
e) Disposal and Cartage	131.29	124.63
f) Vehicle Running and Maintenance	24.32	30.08
g) Rent	55.70	59.60
h) Institution and other Building Tax	2.59	0
i) Legal & Professional Charges	32.50	36.74
j) Fee & Subscription	16.38	19.32
k) Director Sitting Fee	0.90	0.65
l) Loss on Sale of Assets	0.00	0.00
m) General Expenses	53.02	29.49
n) Auditors Remuneration and Expenses	2.60	2.71
o) Electricity and Water Charges	6.30	6.62
p) Charity and Donation	3.33	2.88
q) Freight & Handling outward/Export Exp.	104.14	111.70
r) Commission	273.43	319.59
s) Discounts & Rebate	113.91	50.75
t) Exchange Rate Variation	94.30	0.00
u) Advertisement	3.38	7.34
Total Expenses	10810.45	9043.96

2.17 Exceptional Items

There were no exceptional Items during the year.

2.18 Extraordinary Items

In includes Prior period expenses.

2.19 TAX EXPENSES

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Current Tax	100.29	90.23
Deffered Tax	-1.63	134.41
	98.66	224.64

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2.20 Contingent Liabilities and Commitments to the extent not provided for)

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Bank Guarantee	227.98	721.97
Unexpired Letter of Credit (Opened by Bank) (Material received against LCs has been accounted for and credited to suppliers account)	1239.09	1129.02
Excise & Customs duty demand in dispute	4.40	4.40
Sales Tax demand in dispute	3.86	3.86
Customs Duty in respect of Export Obligation	22.78	0.12
Corporate Guarantee in favour of Uco Bank on Behalf of T.C Spinners Pvt.Ltd(Outstanding balance Rs. 287.92)	490.00	490.00

2.21 DISCLOSURE REQUIREMENT AS PER AS-18, ON RELATED PARTY DISCLOSURE.

Nature of Relationship	Name of Related Party
Individual Owing directly or indirectly substantial interest in the voting power of the company.	M/s T.C. Spinners Pvt. Ltd.
Key Management Personnel	Mr.Ajay Satia Mr. R.K. Bhandari Mr. Janak Raj Sharma
Relative of key Management(Relevant Personnel)	Mrs Bindu Satia (Wife of Sh. Ajay Satia) Mr. Anil Satia (Brother of Sh. Ajay Satia) Mrs Saloni Satia(Wife of Sh Anil Satia) Smt.Krishna Satia (Mother of Sh. Ajay Satia) Mrs. Renu Pahwa (Sister of Sh. Ajay Satia) Ms Yachna Satia (Daughter of Sh. Ajay Satia) Mr. Chirag Satia (Son of Sh. Ajay Satia) Mr.Kulbir Pahwa (Sisters Husband of Dr. Ajay Satia) Mr. Vinod Saluja (Sisters Husband of Dr. Ajay Satia) Mrs. Archana Saluja (Sister of Dr. Ajay Satia) Mrs.Pushpa Bhandari (Mother of Sh. R.K. Bhandari) Mrs. Kiran Bhandari (Wife of Sh. R.K. Bhandari) Ms.Vasudha Bhandari (Daughter of Sh. R.K. Bhandari) Mr. Amit Sharma (Son of Sh. Janak Raj. Sharma) Mr. Dhruv Satia (Son of Dr Ajay Satia)

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Transaction with parties as listed above during the period under consideration:

(fig. in Rs.in Lacs)

Nature of Transaction	Individual owing directly or indirectly a Substantial interest in the voting power of the company	Key Management Personal	Relatives of Key Management personal	Total
Loan Receipt	- (-)	156.17 (20.00)	2.00 (21.50)	158.17 (41.50)
Loan Repayment	- (-)	12.00 (10.50)	22.00 0.00	34.00 (10.50)
Rent	- (-)	3.60 (3.60)	21.46 (12.81)	25.06 (16.41)
Managerial Remuneration	- (-)	83.32 (99.91)	- (-)	83.32 (99.91)
Salary	- (-)	- (-)	13.83 (14.30)	13.83 (14.30)
Purchase	- (48.83)	- (-)	- (-)	- (48.83)
Sales	15.5 (712.52)	- (-)	- (-)	15.5 (712.52)

(Figure in brackets relates to previous year)

Outstanding balance as on 31.03.2012

Nature of Transaction	Individual owing directly or indirectly a Substantial interest in the voting power of the company	Key Management Personal	Relatives of Key Management personal	Total
Managerial Remuneration	- (-)	13.07 (13.47)	- (-)	13.07 (13.47)
Loan and Advances Credit	- (-)	207.17 (63.00)	98.29 (119.29)	305.46 (181.29)
Loan and Advances Debit	127.51 (476.75)	- (-)	- (-)	127.51 (476.75)
Corporate Guarantee	287.92 (374.25)	- (-)	- (-)	287.92 (374.25)

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Share Application Money Received	- (-)	4.25 (4.25)	- (-)	4.25 (4.25)
Investment in Share/Application Money Invested*	182.00 (182.00)	- (-)	- (-)	182.00 (182.00)
Rent	- (-)	- (1.12)	7.56 (17.04)	7.56 (18.16)
Salary	- (-)	- (-)	0.19 (0.71)	0.19 (0.71)

* Equity shares have been allotted by M/C T.C. Spinners Pvt Ltd.

2.22 IMPORT (VALUED ON THE COST, INSURANCE AND FREIGHT BASIS)

Particulars	Year Ended As On 31 March, 2012	Year Ended As On 31 March, 2011
Capital Goods	81.53	0.00
Raw Material	1666.35	1340.92
Stores & Spares	76.44	57.08
TOTAL	1824.32	1398.00

2.23 ACTIVITY IN FOREIGN CURRENCY

Particulars	Year Ended As On 31 March, 2012	Year Ended As On 31 March, 2011
Travel	0.00	4.29
Interest	10.50	22.61
Bank Charges	0.94	1.61
Technical Fees and Subscription	10.61	1.49
Total	22.05	30.00

2.24 FOB VALUE OF EXPORTS OF GOODS

Particulars	Year Ended As On 31 March, 2012	Year Ended As On 31 March, 2011
Writing & Printing Paper	15.42	1137.99
Total	15.42	1137.99

2.25 MSMED ACT2006

The company has been obtaining confirmation from suppliers who have registered themselves under the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED ACT, 2006). Based on the information available with the company, balance due to Micro & Small Enterprises as defined under the MSMED ACT, 2006 is Rs. 20.28 lacs (previous year Rs. 37.84lacs). Further no interest during the year has been paid under the terms of the MSMED Act, 2006.

2.26 CER/VER ACCOUNTING

Carbon Emission Reductions (CER) and Voluntary Emission Reductions (VER) have been accounted for on accrual basis against the Clean Development Mechanism (CDM) project registered with the United Nations Framework Convention on Climate Change (UNFCCC).

2.27 EMPLOYEE BENEFITS

Effective from 1st January, 2007 the company adopted Accounting Standard 15 (revised 2005) on Employees Benefits issued by the Institute of Chartered Accountants of India.

The following table sets out the status of the gratuity scheme plan as at 31.03.2012.

i) Table Showing Changes in Present, Value of Obligations:

Period	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Present value of the obligation at the beginning of the period	176.63	169.89
Interest cost	15.46	13.98
Current service cost	17.41	15.98
Benefits paid (if any)	(10.85)	(24.16)
Actuarial (gain)/loss	(3.36)	0.94
Present value of the obligation at the end of the period	195.28	176.63

2.2 Key results(The amount to be recognized in the Balance Sheet)

Period	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Present value of the obligation at the end of the period	195.28	176.63
Fair value of plan assets at the end	0.00	0.00
Net Liability/(asset) recognised in		
Balance sheet and related analysis	195.28	176.63
Funded Status	(195.28)	(176.63)

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2.3 Expense recognized in the statement of Profit and Loss:

Period	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Interest cost	15.46	13.98
Current service cost	17.41	15.98
Expected Return on plan	0.00	0.00
Net Actuarial (gain)/loss recognized in the year	(3.36)	0.94
Expense recognized in the statement of Profit and Loss	29.50	30.90

2.4 Experience Adjustment

Period	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Experience Adjustment (Gain)/loss for plan Liabilities	3.61	-
Experience Adjustment (Gain)/loss for plan Assets	0.00	-

3.1 Summary of membership data of valuation and statistics based thereon:

Period	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Number of employees	994.00	1027.00
Total monthly salary (In Lakhs)	51.67	48.20
Average Past Service(Years)	8.00	8.00
Average remaining working lives of employees(years)	23.00	24.00
Average Age(Years)	37.00	36.00

3.2 The assumption employed for the calculations are tabulated:

Period	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Discount Rate (Per annum)	8.75%	8.25%
Salary Growth Rate (Per annum)	4.00%	4.00%
Mortality	LIC 94-96 Ultimate	LIC 94-96 Ultimate
Expected rate of return	0	0
Withdrawal rate(Per Annum)	5.00%	5.00%

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3.3 Benefits valued:

Normal Retirement Age	60 Years	60 Years
Salary	Terminal Basic Salary (excluding) all other allowances and Perquisites)	Terminal Basic Salary (excluding) all other allowances and Perquisites)
Vesting Period	5 Years of Service	5 Years of Service
Benefits on Normal Retirement	15/26 *Salary* Number of Completed Years of Service	15/26 *Salary* Number of Completed Years of Service
Benefit on early exit due to Death and Disability	As above Except that no vesting conditions apply.	As above Except that no vesting conditions apply.
Limit (In Lakhs)	10.00	10.00

2.28 Calculation of Deferred Tax Liability

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
Written Down Value of Fixed Assets as per Books	12252.21	12553.89
Written Down Value of Fixed Assets as per Income Tax	6071.10	6491.57
(A) Deferred Liability	6181.11	6062.32
Expenses disallowed u/s 43B	289.51	302.84
Unabsorbed Depreciation & Losses	0	0
(B) Deferred Assets	289.51	302.84
Net Deferred (Assets)/Liability	5891.60	5759.48
As on date (A-B)	1911.53	1913.16
Net Deferred Tax (Assets)/Liability for the year	-1.63	134.41

2.29 Director's Remuneration

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
(a) Managing Director		
(i) Salary	60.00	78.00
(ii) Contribution to Provident Fund	0.09	0.09
(iii) Perquisites	0.73	0.91
(b) Whole Time Director		
(i) Salary	21.80	20.30
(ii) Contribution to Provident Fund	0.09	0.09
(iii) Perquisites	0.61	0.52
(c) Directors Sitting Fee	0.90	0.48

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2.30. In the opinion of Board of Directors and to the best of their knowledge and belief, the value on realization of Current Assets, Loans and Advances in the ordinary course of business would not be less than the amount at which they are stated in Balance Sheet. The provision for all known liabilities is adequate and neither is excess nor short of the amount reasonably necessary.

2.31 The liability of Excise Duty on finished goods remaining uncleared in the factory premises and lying in stock at the end of the year estimated at Rs 22.26 lacs (Previous year Rs.28.64 lacs) are not included in the valuation of inventory of such goods. However the said liability if provided in accounts would have no effect on the profits for the period.

2.32 (a) Statutory Auditor's Remuneration:

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
For Audit Fee including service-tax	1.70	1.70
For Other Services	0.40	0.40
For out of pocket Expenses	0.00	0.00
	2.10	2.10
(b) Cost Audit Fee including Service Tax	0.85	0.66
For out of pocket Expenses	0.06	0.20
	0.91	0.86

2.33 Derivative Instruments and unhedged Foreign currency exposure.
Unhedged Foreign currency exposure as at the balance sheet

Particulars	Amount in Lacs (Foreign currency)	Amount in Lacs (Indian currency)
Import Creditors	USD 4.37(9.43)	223.76(430.00)
	EURO 0 (4.90)	0 (292.09)

2.34 Earning Per Share (EPS) computed in accordance with AS-20 'Earning Per Share'

Particulars	Year Ended As On 31March,2012	Year Ended As On 31March,2011
a) Net Profit/ (Loss) after tax & before Extra ordinary Items (Rs. In lacs)	412.72	523.17
b) Net Profit/ (Loss) after tax & after Extra ordinary Items (Rs. In lacs)	399.03	523.17
c) Weighted Average No. of Shares	10000000	10000000
d) Diluted potential equity shares	10174322	10187355

Earning Per Share (EPS)

Basic	3.99	5.23
Diluted	3.92	5.14

Diluted EPS is calculated after taking into consideration of potential equity share capital. The company proposes to issue 174322 nos. of equity shares to promoters and associates (calculated on basis of book value of equity shares as on 31.03.12) under obligation to financial institutions and banks as per scheme sanctioned by financial institution and bank.

2.35 During the period the company has made provision for Tax amounting to Rs 100.29 Lacs.

2.36 Segment Reporting

A. Business Segments:

Based on the guiding principles given in AS-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Groups business segment include: Writing & Printing Paper, power generation and yarn division.

B. Geographical segments:

Since the Group activities/operations are primarily within the country and considering the nature of products it deals in, the risks and returns are same and as such there is only one geographical segment.

C. Segment Accounting Policies:

In addition to the significant accounting policies applicable to the business segments as set out in note no.1 of "Notes to the accounts", the accounting policies in relation to segment reporting are as under:

a) Segment Revenue and expenses:

Segment revenue and expenses are directly attributable to the segments.

b) Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities.

c) Inter segment revenue:

Inter segment revenue between operating segments are accounted for at market price. These transactions are eliminated in consolidation.

d) Information about business segments:

2.37 Current Assets including advances are considered good and in view of the management of

SATIA INDUSTRIES LIMITED

the company to be realizable within 12 months from the date of Balance Sheet.

- 2.38 Outstanding balances in sundry debtors, creditors & security deposits are subject to confirmation.
- 2.39 Figures in brackets represent figures of previous year.
- 2.40 Previous Year's figures have been regrouped and/or re-arranged wherever considered necessary. Figures have been rounded off to the nearest rupee.

**As per report of even date attached
for RAKESH BANSAL & CO.
Chartered Accountants**

**(Rakesh Bansal)
Proprietor
M.No 090278**

**(Dr. Ajay Satia)
Chairman-Cum Managing Director**

**(R.K.Bhandari)
Whole Time Director**

Place : Rupana, (Muktsar)

**(A.K.Khurana)
V.P.(Finance)**

**(Rakesh Kumar Dhuria)
Company Secretary**

Date : 13.08.2012

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2012

(Rs. in Lacs)

	CURRENT YEAR		PREVIOUS YEAR	
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS		511.38		768.80
ADJUSTMENT FOR :-				
DEPRECIATION		910.21		880.9
LOSS ON SALE OF FIXED ASSETS		-1.00		-9.43
INTEREST & OTHER FINANCIAL CHARGES		1386.06		1202.63
PROVISION FOR GRATUITY & EARNED LEAVE		23.35		13.05
INTEREST RECEIVED (GROSS)		-29.12		-36.26
INCOME FROM INVESTMENT		0		0
OPERATING PROFIT BEFORE WORKING CAPITAL CHARGES		2,800.88		2,819.69
ADJUSTMENT FOR				
TRADE & OTHER RECEIVABLES	1127.24		2502.14	
INVENTORY INCREASE	-616.36		-622.65	
TRADE PAYABLE/OTHER LIABILITIES	-430.17	80.71	-2023.73	(144.24)
CASH GENERATED FROM OPERATIONS		2,881.59		2,675.45
PRIOR-PERIOD EXPENSES/(INCOME)	-13.68		-20.89	
DIRECT TAXES PAID/ADJUSTED	-149.13	(162.81)	-239.99	(260.88)
NET CASH FLOW FROM OPERATING ACTIVITIES(A)		2,718.78		2,414.57
B CASH FLOW FROM INVESTING ACTIVITIES				
INTEREST RECEIVED		29.12		36.26
SALE OF FIXED ASSETS		55.17		61.57
INVESTMENT MADE DURING THE YEAR		-80.00		-182.00
SALE OF INVESTMENT		0		0
INCOME FROM INVESTMENT		0		0
PURCHASE OF FIXED ASSETS	-2735.5	-2735.47	-1375.52	-1,375.52
NET CASH USED IN INVESTING ACTIVITIES(B)		-2,731.18		-1,459.69
C CASH FLOW FROM FINANCING ACTIVITIES				
SHARE APPLICATION MONEY		0		0
PROCEEDS FROM LONG TERM BORROWINGS		2553.21		1168.20
REPAYMENT OF LONG TERM BORROWINGS		-1792.96		-1628.74
INCREASE IN WORKING CAPITALBORROWINGS				
PROCEEDS FROM WORKING CAPITAL BORROWINGS		203.30		105.84
REPAYMENT OF OTHER LOANS		-146.79		-2508.24
PROCEEDS FROM OTHER LOANS		569.56		3108.19
INTEREST PAID		-1386.06		-1202.63
NET CASH FLOW FROM FINANCING ACITIVITES(C)		0.26		-957.38
NET CASH INCREASE/(DECREASE)IN CASH & CASH EQUIVALENTS		12.14		-2.50
CASH AND CASH EQUIVALENTS AT THE BEGINNING		223.30		225.80
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		235.44		223.30

For RAKESH BANSAL & CO.
Chartered Accountants

For and on behalf of Board of Directors

(Rakesh Bansal)
MembershipNo. 090278
Proprietor

(Dr Ajay Satia)
Chairman-Cum Manging Director

(R.K.Bhandari)
Whole Time Director

Place : Rupana, (Muktsar)
Date : 13.08.2012

SATIA INDUSTRIES LIMITED

Regd. Office: Malout - Muktsar Road, Village Rupana, District Muktsar-152032

PROXY FORM

I/We.....of.....
.....being a member/ members of SATIA INDUSTRIES LTD.
hereby appoint.....of.....or failing
him..... of..... as my/our proxy to vote
for me/us and on my/our behalf at the Thirty First Annual General Meeting of the Company to be
held on 29th day of September, 2012 and at any adjournment thereof.

Signed.....day of.....2012

Member(s) Name

Folio No.....

Affix a One
Rupee
revenue
Stamp

Note: The proxy must be returned as to reach the Registered Office of the company at least 48 hours before the time for holding the Annual General Meeting. The proxy need not be a member of the company.

SATIA INDUSTRIES LIMITED

Regd. Office: Malout - Muktsar Road, Village Rupana, District Muktsar-152032

ATTENDANCE SLIP

Please complete the attendance slip and hand it over at the entrance of the hall.

I hereby record my presence at the 31st Annual General Meeting of the Company being held on 29th day of September, 2012 at 10:00 A.M. at the Regd. Office of the Company at Malout - Muktsar Road, Village Rupana, District Muktsar, Punjab.

Full Name of the Member (in Block Letters) :

Full Name of Proxy, if applicable :

Folio No. :

No. of shares held :

Signatures of Member/Proxy :