

Sargal PAPERS LTD.

29th Annual Report
2008 - 2009



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BOARD OF DIRECTORS

Managing Director :

Shri Himanshu Sangal

Directors :

Shri Amit Sangal

Shri Tanmay Sangal

Auditors :

M/s Shyam & Co.

Chartered Accountants.

Aggarwal Market, Mahaveer Chowk,

MUZAFFARNAGAR.

Bankers :

Syndicate Bank

Shiv Puri, Meerut

Registered Office & Works :

22 - Km., Meerut - Mawana Road,

MAWANA - 250 401, Distt. Meerut (U. P.)

Branch :

22 Km. - East End Enclave, Laxmi Nagar,

Opp. Radhu Palace, Delhi - 110 092

Registrar & Share Transfer Agent :

MAS SERVICES LTD.

T - 34, II nd Floor, Okhla Indl. Area, Phase II,

New Delhi.

PHONES : 011 - 26387281 - 82 - 83

FAX : 91 - 11 - 26387384

NOTICE

NOTICE is hereby given that the **TWENTY NINTH ANNUAL GENERAL MEETING** of Share holders of **SANGAL PAPERS LTD.**, will be held on **WEDNESDAY, 30TH SEPTEMBER, 2009** at **11.00 a.m.** at its Regd. Office to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2009 and Profit & Loss A/C for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Tanmay Sangal who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Auditors who shall hold office from conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

For and on behalf of the board
SANGAL PAPERS LTD.

Sd/-

(HIMANSHU SANGAL)

Managing Director

Date : 26th JUNE, 2009

Place : MEERUT

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY ATTEND AND VOTE (ON A POLL ONLY) INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTED SHOULD BE DULY STAMPED COMPLETED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed on Wednesday, 30th September, 2009.
3. Members are requested to bring their copies of the Annual Report at the Meeting.
4. Members are requested to produce the enclosed Attendance slip duly signed in accordance with specimen signatures registered with the Company for admission to the meeting hall.
5. Members are requested to notify the change in their address to the Company immediately.
6. The Company has joined as a Member of Depository Services with National Security Depository Ltd. (NSDL) & Central Depository Service (INDIA) Ltd. (CDSL) as an issuer company for dematerialisation of shares. Share holders can their shares dematerialised with either NSDL or CDSL.

The depository services have allotted the following code to the company. **INE 384D01022.**

DIRECTOR'S REPORT

To,
The Members,
SANGAL PAPERS LIMITED,
Meerut

Your Directors have pleasure in submitting the Twenty Ninth Annual Report and audited statement of accounts of the Company for the year ended 31st March, 2009.

FINANCIAL RESULTS :

The financial results of the operation during the year under review are as under :

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Profit before Finance Charges & Depreciation	54,182,555	40,345,341
Less : Finance Charges,	21,419,883	14,946,235
Depreciation	13,982,017	9,295,416
Profit for the year	18,780,655	16,103,690
Less : Paid / provision of tax	7,418,715	7,388,606
Profit after tax	11,361,940	8,715,084
Add : Balance being Profit(Loss) brought forward		
from last year	81,386,457	72,671,373
Balance being Profit (Loss) carried over to		
Balance Sheet	92,748,397	81,386,457

OPERATIONS :

During the year the company has achieved a turnover of Rs. 5,860.24 Lacs as against Rs. 3,598.87 Lacs during last year and earned profit before Tax of Rs. 187.80 Lacs as against a profit of Rs. 161.04 Lacs during last year.

INDUSTRIAL RELATIONS :

Industrial relations during the year remained cordial all levels of the Company. The management appreciate the whole hearted co-operation given by the employees of the Company.

PARTICULARS OF EMPLOYEES :

Regarding particulars in terms of Section 217(2A) of the Companies Act, 1956 read with relevant rules, none of the employees was in receipts of or entitled to receive emoluments amounting to and in aggregate to Rs. 12,00,000.00 or more per annum if employed for the year or Rs. 1,00,000.00 or more per month if employed for any part of the year.

PARTICULARS IN RESPECT OF CONSERVATION OF ENERGY ETC

(A) Conservation of Energy :

- (i) The Company is making regular efforts for energy conservation.
- (ii) Information regarding energy consumption in Form - A annexed herewith.

(B) Technology Absorption :

No Efforts have been made in Technology Absorption.

(C) Foreign Exchange earning and out-go :

Particulars regarding foreign exchange earning and out-go as per Schedule 17 of Balance Sheet.

DIRECTOR'S RESPONSIBILITY STATEMENT :

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Director's Responsibility statement, it is hereby confirmed :

- (i) That in the preparation of the accounts for the financial year under review, the applicable accounting standards have been followed along with proper explanation relating to material departure; if any :
- (ii) That the Directors have selected such accounting policies and applied them consistently and need judgments and estimates that were 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 year under review.
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for the safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the annual accounts on a "going concern basis".

DIRECTORS :

Shri Tanmay Sangal Director of the Company, retire by rotation and being eligible, offer himself for re-appointment.

DEPOSITS :

The Company has not accepted any deposits attracting the provision of Section 58-A of the Companies Act. 1956.

AUDITORS REPORT :

The Auditors in their report have referred to the notes forming part of the accounts. The said notes are self explanatory and do not require further elucidation.

AUDITORS :

M/s Shiam & Co., Chartered Accountants, Muzaffarnagar, Auditors of the Company retire at the conclusion of this meeting and are eligible for re-appointment.

ACKNOWLEDGEMENT :

Your Directors acknowledge with gratitude the co-operation and assistance given by the financial institutional and banks during the year under review.

Your Directors wish to place on records their appreciation of the sincere and efficient services rendered by the staff and workers of the Company for its success.

Your Directors recommend that the annual accounts may be passed by you.

For and on behalf of the Board
SANGAL PAPERS LTD.

Sd/-

(HIMANSHU SANGAL)

Chairman

Date : 26th JUNE, 2009

Place : MEERUT

ANNEXURE

FORM - A

(See Rule 2)

Form for disclosure particulars with respect to conservation of energy.

	CURRENT YEAR	PREVIOUS YEAR
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(A) POWER & FUEL CONSUMPTION :

1. Electricity :		
(a) Purchased	NIL	NIL
Total Amount	NIL	NIL
Rate / Unit	NIL	NIL
(b) Own Generation		
(i) Through Diesel Generator (Unit)	985,560.00	4,685,668.00
Unit per Ltr. of Diesel oil	—	3.31
Total Amount	7,892,481.58	41,057,210.00
Cost / Unit	8.00	8.76
(ii) Through Steam Turbine (Unit)	18,664,120	9,701,910
Cost / Unit	6.07	4.86
2. Coal :		
Qty. (Tonnes)	24,389.134	10,429.550
Total Cost	74,758,050.59	30,464,261
Average Rate	3,065	2,921
3. Others / Internal Generation :		
Qty. (D' oiled Paddy Husk. etc...) (Tonnes)	16,543.521	8,564.991
Total Cost	38,506,983	16,658,558
Average Rate	2,328	1,945

(B) CONSUMPTION PER UNIT PRODUCTION (IN ONE TON) :

	CURRENT YEAR	PREVIOUS YEAR
Production with details Unit Standard (if any)		
Electricity	861 UNIT	794 UNIT

For and on behalf of the Board
SANGAL PAPERS LTD.

Dated : 26th JUNE, 2009
Place : MEEERUT

Sd/-
(HIMANSHU SANGAL)
Chairman

AUDITOR'S REPORT

To,
THE MEMBERS,
SANGAL PAPERS LIMITED,
MEERUT.
LADIES & GENTLEMEN,

We have audited the attached Balance Sheet of SANGAL PAPERS LIMITED, MEERUT as on 31st March, 2009; the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

1. As required by the Companies (Auditors Report) order, 2003 as amended by the Companies (Auditors Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Section 227 (4-A) of Companies Act, 1956, we give in the annexure a statement on the matters specified in paragraph 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 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 accounts of the Company.
 - 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 except AS-15 Accounting for Retirement Benefits of Employees.
 - v) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors of the company as on 31st March, 2009 is disqualified for appointment as director in aforesaid company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009; and
 - (b) In the case of the Profit & Loss Account, of the Profit for the year ended on that date.
 - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date

For SHIAM & CO.,
Chartered Accountants,
Sd/-

(R. K. JAIN)
Partner

Date : 26th June, 2009
Place : MUZAFFARNAGAR

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT OF EVEN DATE TO
THE MEMBERS OF SANGAL PAPERS LIMITED ON THE ACCOUNTS FOR
THE YEAR ENDED MARCH, 31st 2009**

(i) IN RESPECT OF FIXED ASSETS :

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its business. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has not made any substantial disposals of fixed assets during the year.

(ii) IN RESPECT OF INVENTORIES :

- (a) As explained to us, inventories 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 explanations given to us, the procedure of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventories. The discrepancies noticed on verification between the physical stock and the book records were not material.

(iii) In respect of loans secured or unsecured, granted/taken by the company to or from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956

- (a) The Company had not granted any loan to any one. Accordingly, clauses (iii) (b) to (iii) (d) of paragraph 4 of the Order are not applicable to the Company for the current year.
- (b) The Company had taken loan from four parties. The maximum amount involved during the year was Rs. 343.25 Lac and the year-end balance of loans taken from such parties was Rs. 300.00 Lac.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest wherever applicable and other terms and conditions of loans taken by the company are not, prima facie, prejudicial to the interest of the Company.
- (d) The Company is regular in payment of the principal amounts and interest as stipulated.

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

(v) IN RESPECT OF TRANSACTIONS COVERED u/s 301 OF THE COMPANIES ACT, 1956 :

- (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, there is no transactions, made in pursuance of such contracts or arrangements exceeding Rs. five lac in respect of each party during the year.

- (vi) According to the information and explanations given to us, the company has not accepted any public deposits during the year.
- (vii) In our opinion, the company has an Internal Audit System commensurate with the size and nature of its business.
- (viii) As informed by the management, cost records for the year are under preparation.
- (ix) IN RESPECT OF STATUTORY DUES :**

- (a) According to the records of company and information and explanations given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with appropriate authorities during the year. Except water cess Rs. 3.00 lac, there is no undisputed amounts payable, as at 31.03.2009 for a period of more than six months from the date they became payable.
- (b) According to information and explanations given to us, there is no undisputed amount except Income Tax Rs. NIL (Previous Year NIL) payable in respect of dues of Wealth Tax, Sales Tax, Customs Duty, Service Tax, Custom Duty, Excise Duty, Cess which have not been deposited on account of any dispute.
- (c) According to information and explanations given to us, the disputed dues in respect of Sales Tax, Income Tax, Excise Duty, Electricity are as under :

NAME OF THE STATUE	AMOUNT (Rs.)	FORUM WHERE DISPUTE IS PENDING
Income Tax	2,139,575.00	Director Of Income Tax, Delhi
Trade Tax	117,000.00	Hon'ble High Court, Allahabad
" "	218,454.00	Trade Tax Tribunal, Meerut
Electricity	13,151,719.55	Chairman Cum Arbitrator U. P. C. L., Lucknow

- (x) The company has no accumulated losses and has not incurred any cash losses in such financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks.
- (xii) In our opinion, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore the provision of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company.
- (xiii) In our opinion, the company is not a chit fund or nidhi mutual benefit fund/ society. Therefore the provision of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing or trading in shares, securities, debentures and other investment. Therefore the provision of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company.
- (xv) In our opinion, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) According to the information and explanations given to us, term loan availed by the company were, prima facie, applied by the company during the year for the purpose for which 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 funds raised on short-term basis have been used for long-term investment.

- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, the company has not issued any debentures during the year.
- (xx) According to the information and explanations given to us, the company has not raised any money from public issue during the year.
- (xix) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For SHIAM & CO.,
Chartered Accountants,

Sd/-

(R. K. JAIN)

Partner

Date : 26th June, 2009
Place : MUZAFFARNAGAR

BALANCE SHEET AS AT 31ST MARCH, 2009

PARTICULARS	SCHEDULE	CURRENT YEAR Figures (Rs.)		PREVIOUS YEAR Figures (Rs.)	
1. SOURCES OF FUNDS :					
Shareholders Funds :					
Share Capital	1	13,072,600		13,072,600	
Reserves & Surplus	2	109,132,438	122,205,038	100,920,811	113,993,411
Loan Funds :					
Secured Loans	3	135,112,851		146,634,889	
Unsecured Loans	4	33,000,000	168,112,851	31,625,000	178,259,889
Deferred Tax Liability			19,476,000		12,306,000
TOTAL Rs.			309,793,889	304,559,300	
2. APPLICATION OF FUND:					
Fixed Assets :					
Gross Block	5	357,786,827		311,217,469	
Less: Depreciation		150,635,323		134,160,238	
Net: Block		207,151,504		177,057,231	
Capital Work in Progress		---	207,151,504	38,595,729	215,652,960
CURRENT, ASSETS, LOANS & ADVANCES :					
Inventories	6	77,947,774		50,326,620	
Sundry Debtors	7	108,507,269		79,538,365	
Cash & Bank Balances	8	5,583,860		5,410,514	
Loans & Advances	9	23,250,491		29,785,288	
		215,289,394		165,060,787	
LESS: Current Liabilities & Provisions	10	112,647,009	102,642,385	76,154,447	88,906,340
TOTAL Rs.			309,793,889	304,559,300	

3. NOTES TO THE ACCOUNT :

Schedule 1 to 10 and 18 relates to Balance Sheet

MANAGING DIRECTOR

Sd/-

(HIMANSHU SANGAL)

DIRECTOR

Sd/-

(AMIT SANGAL)

In terms of our separate
report of even date.

For **SHIAM & Co.**
Chartered Accountants

Sd/-

(R. K. JAIN)

Partner

Dated : 26th June, 2009

Place : MUZAFFARNAGAR

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2009

PARTICULARS	SCHEDULE	CURRENT YEAR FIGURES (Rs.)	PREVIOUS YEAR FIGURES (Rs.)
INCOME :			
Sales	—	586,775,135	360,422,670
Less : Excise Duty		<u>751,077</u>	<u>535,396</u>
Other Income	11	14,251	—
Accretion in Stock	12	(1,611,001)	4,773,898
TOTAL Rs.		<u>584,427,308</u>	<u>364,661,172</u>
EXPENDITURE :			
Finished Goods Purchase	—	4,446,010	8,967,620
Raw Material Consumed	13	312,405,350	164,134,220
Manufacturing Expenses	14	176,565,866	124,698,065
Payment to and Provision for Employees	15	12,438,296	9,675,346
Administrative & Selling Expenses	16	24,389,231	16,840,580
Finance Charges	17	21,419,883	14,946,235
Depreciation	5	17,132,330	12,445,729
Less : Transferred from Revaluation Reserve		<u>3,150,313</u>	<u>3,150,313</u>
TOTAL Rs.		<u>565,646,653</u>	<u>348,557,482</u>
		<u>18,780,655</u>	<u>16,103,690</u>
PROFITS FOR THE YEAR :			
Paid/Provision For Tax :			
Current Tax		2,132,185	1,638,446
Mat Credit Entitlement		(2,127,848)	—
Fringe Benefit Tax		244,378	211,160
Deferred Tax		<u>7,170,000</u>	<u>5,539,000</u>
PROFIT AFTER TAX :		<u>11,361,940</u>	<u>8,715,084</u>
Add : Profit brought forward from earlier years		<u>81,386,457</u>	<u>72,671,373</u>
Balance being profits carried over to Balance Sheet		<u>92,748,397</u>	<u>81,386,457</u>

NOTES ON ACCOUNTS : 18
Schedule 5 & 12 to 18 relates to Profit & Loss Account

MANAGING DIRECTOR	DIRECTOR
Sd/-	Sd/-
(HIMANSHU SANGAL)	(AMIT SANGAL)

In terms of our separate
report of even date.
For SHIAM & Co.
Chartered Accountants
Sd/-
(R. K. JAIN)
Partner

Dated : 26th June, 2009
Place : MUZAFFARNAGAR

**SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET AND
PROFIT AND LOSS ACCOUNT AS AT 31.03.2009**

PARTICULARS	CURRENT YEAR FIGURES (Rs.)	PREVIOUS YEAR FIGURES (Rs.)
SCHEDULE - 1		
SHARE CAPITAL :		
Authorised :		
70,00,000 Equity Shares of Rs. 10/- each	70,000,000	70,000,000
Issued, Subscribed & Paid-up :		
1307260 Equity Shares of Rs. 10/- each fully paid up :	13,072,600	13,072,600
TOTAL Rs.	13,072,600	13,072,600
SCHEDULE - 2		
RESERVE & SURPLUS :		
Capital Reserve :		
Revaluation Reserve		
As per last Balance Sheet	19,534,354	22,684,667
LESS : Depreciation on increased value		
of assets due to revaluation	3,150,313	3,150,313
Profit & Loss Account	16,384,041	19,534,354
	92,748,397	81,386,457
TOTAL Rs.	109,132,438	100,920,811
SCHEDULE - 3		
SECURED LOANS :		
Term Loans	83,438,112	106,664,010
Working Capital Loans	51,676,739	39,970,879
TOTAL Rs.	135,112,851	146,634,889
SCHEDULE - 4		
UNSECURED LOANS :		
(Bearing no Interest)		
From Directors	14,850,000	15,400,000
Intercompany Deposits	18,150,000	16,225,000
TOTAL Rs.	33,000,000	31,625,000

SCHEDULE - 5 :

FIXED ASSETS :

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON 1 - 4 - 2008	ADDITIONS	ADJUST- MENT	AS ON 31 - 3 - 2009	UPTO 1 - 4 - 2008	FOR THE YEAR	ADJUST- MENT	UPTO 31 - 3 - 2009	AS ON 31 - 3 - 2009	AS ON 31 - 3 - 2008
Land & Site Development	16,641,040	—	—	16,641,040	—	—	—	—	16,641,040	16,641,040
Building	31,402,881	6,928,784	—	38,331,665	10,123,897	1,177,718	—	11,301,615	27,030,050	21,278,984
Power Plant	98,710,419	—	—	98,710,419	2,605,955	5,211,910	—	7,817,865	90,892,554	96,104,464
Plant & Machinery	155,494,841	40,257,494	—	195,752,335	117,988,213	9,931,239	—	127,919,452	67,832,883	37,506,628
Office Furniture & Equipment	1,122,982	30,101	—	1,153,083	619,431	72,385	—	691,816	461,267	503,551
Computer	439,648	76,175	—	515,823	271,937	44,921	—	316,858	198,965	167,711
Vehicles	7,405,658	1,058,964	1,782,160	6,682,462	2,550,805	694,157	657,245	2,587,717	4,094,745	4,854,853
TOTAL (Rs.)	311,217,469	48,351,518	1,782,160	357,786,827	134,160,238	17,132,330	657,245	150,635,323	207,151,504	177,057,231
PREVIOUS YEAR FIGURES	199,425,471	112,013,501	221,503	311,217,469	121,895,126	12,445,729	180,617	134,160,238	177,057,231	77,530,345

PARTICULARS	CURRENT YEAR FIGURES (Rs.)	PREVIOUS YEAR FIGURES (Rs.)
SCHEDULE - 6		
INVENTORIES :		
(As taken Valued and Certified by the Management)		
Raw Materials	35,351,685	23,519,836
Fuel	18,367,850	10,569,243
Stores & Spares, Chemicals	12,500,000	5,542,500
Finished Goods	7,290,556	9,499,557
Stock in Process	1,656,000	1,058,000
Goods in Transit	2,781,683	137,484
TOTAL Rs.	77,947,774	50,326,620
SCHEDULE - 7		
SUNDRY DEBTORS :		
(Unsecured but Considered goods)		
Debts Outstanding for a Period exceeding six months	7,200,814	4,852,459
Others	101,306,455	74,685,906
TOTAL Rs.	108,507,269	79,538,365
SCHEDULE - 8		
CASH & BANK BALANCES :		
Cash in Hand	2,873,064	1,296,768
Cheques in hand	1,219,601	1,661,377
Balances with Scheduled Banks in :		
Current Accounts	1,213,681	2,189,106
Fixed Deposits	277,514	263,263
TOTAL Rs.	5,583,860	5,410,514
SCHEDULE - 9		
LOANS AND ADVANCES :		
(Unsecured but Considered Goods)		
Advances recoverable in Cash or in kind or for value to be received	9,112,537	16,140,570
Balance with Tax Authorities etc.	10,906,549	10,413,313
Security Deposit with :		
Government Departments	3,213,905	3,223,905
Others	17,500	7,500
TOTAL Rs.	23,250,491	29,785,288

PARTICULARS	CURRENT YEAR FIGURES (Rs.)	PREVIOUS YEAR FIGURES (Rs.)
SCHEDULE - 10		
CURRENT LIABILITIES & PROVISIONS :		
Current Liabilities :		
Sundry Creditors	88,293,297	50,675,517
Other Liabilities	21,414,479	20,372,558
Cheques issued but not presented	2,869,527	4,773,274
Provisions :		
Income Tax	31,798	324,548
Fringe Benefit Tax	37,908	8,550
TOTAL Rs.	2,647,009	76,154,447

SCHEDULE - 11

OTHER INCOME :

Interest received

	14,251	—
TOTAL Rs.	14,251	—

SCHEDULE - 12

ACCRETION / (DECRETION) IN STOCK :

Closing Stock :

Finished Goods	7,290,556	9,499,557	
Stock in Process	1,656,000	8,946,556	1,058,000
			10,557,557

Opening Stock :

Finished Goods	9,499,557	4,738,659	
Stock in Process	1,058,000	10,557,557	1,045,000
			5,783,659

TOTAL Rs.	(1,611,001)	4,773,898
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SCHEDULE - 13

Raw Material Consumed :

Opening Stock	23,519,836	15,462,306
Add : Purchases	324,237,199	172,191,750
	347,757,035	187,654,056
Less : Closing Stock	35,351,685	23,519,836

TOTAL Rs.	312,405,350	164,134,220
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SCHEDULE - 14

MANUFACTURING EXPENSES :

Power & Fuel	123,837,747	89,165,029
Stores, Spares & Chemicals	52,728,119	35,533,036

TOTAL Rs.	176,565,866	124,698,065
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PARTICULARS	CURRENT YEAR FIGURES (Rs.)	PREVIOUS YEAR FIGURES (Rs.)
SCHEDULE - 15		
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :		
Salaries, Wages, Incentives & Bonus	11,200,133	8,487,015
Security Service Charges	1,071,755	991,244
Staff & Labour Welfare Expenses	166,408	197,087
TOTAL Rs.	12,438,296	9,675,346

SCHEDULE - 16
ADMINISTRATIVE AND SELLING EXPENSES :

Printing & Stationery	160,952	144,172
Communication Expenses	761,402	638,335
Directors Remuneration	780,000	780,000
Travelling & Conveyance	444,928	484,331
Insurance Charges	2,564,165	2,623,775
Legal & Professional Charges	737,716	702,747
Rates & Taxes	1,072,121	609,214
Auditors Remuneration	56,180	56,180
Repair & Maintenance	1,846,933	1,178,863
Loss on Sales of Assets	684,916	886
Vehicle Running & Maintenance	1,325,519	761,096
Advertisement & Publicity	36,466	110,340
Business Promotion Expenses	39,367	36,854
Rebate & Discount	1,721,737	377,376
Freight, Cartage & Loading charges	6,021,743	3,976,248
Commission on Sales	4,600,925	3,766,665
General Expenses	1,534,161	593,498
TOTAL Rs.	24,389,231	16,840,580

SCHEDULE - 17
FINANCE CHARGES :

Interest on :			
Term Loans	13,096,187	8,432,551	
Bank Borrowing & Others	7,559,448	20,655,635	6,061,693
Bank Charges & others		764,248	451,991
TOTAL Rs.		21,419,883	14,946,235

SCHEDULE - 18

NOTES TO THE ACCOUNTS :

A) ACCOUNTING POLICIES :

1) Basis of Preparation of Financial Statements :

- (i) The financial statements are prepared on the historical cost convention basis (except for certain fixed assets which have been revalued) in accordance with the generally accepted accounting principles.
- (ii) The Company generally follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

2) Valuation of Inventories :

- (i) Inventories are valued at the lower of the cost and estimated net realisable value. The bases of determining of cost for various categories of inventories are as follows :
 - Raw Material, Chemicals, Fuels, Store & Spares and Packing Material. On weighted Average /FIFO basis.
 - Finished Goods and Work in process includes Raw Material Cost, Cost of conversion and other costs in bringing the inventories to their present location and conditions.

3) Sales :

Sales are inclusive of Excise Duty.

4) Excise Duty :

Excise Duty has been accounted for on the basis of both payment made in respect of goods cleared as also provision made for the goods lying in the bonded warehouses. Amount of Excise Duty deducted from sale is relatable to the sale made during the year. Amount of Cenvat Credits in respect of material consumed is deducted from cost of material.

5) Fixed Assets :

- (i) Fixed Assets are stated at cost. Cost includes installation charges and expenditure during construction period wherever applicable.
- (ii) All pre-operative expenditure accumulated as capital work in progress and is allocated to the relevant fixed assets on pro-rata basis.

6) Depreciation :

Depreciation on fixed assets has been provided on straight line method at the rates as prescribed in Schedule XIV of the Companies Act, 1956 on monthly pro-rata basis.

7) Employees Retirement Benefit :

- (i) Retirement benefit in the form of provident fund and superannuation / pension schemes whether in pursuance of any law or otherwise is accounted on accrual basis and charged to the profit & loss account of the year.
- (ii) The provision for gratuity has been made on the basis of formula prescribed for the payment of gratuity and leave encashment provision has been made on encashment value of earned leave at the year end.

8) Borrowing Cost :

Borrowing cost directly attributable to the acquisition or construction of fixed assets are capitalised as part of the cost of assets, up to the date of assets is put to use. Other borrowing cost are charged to the profit and loss account in which they are incurred.

9) TAX ON INCOME :

(a) Current Tax :

Provision for Income Tax is determined in, accordance with the provision of Income Tax Act, 1961.

(b) Deferred Tax :

Deferred Tax is recognised on timing differences being the differences between taxable Income and accounting Income that originate in one period and are capable of reversal in one or more subsequent period(s).

B) NOTES FORMING PART OF ACCOUNTS :

1. Estimated amount of contracts remaining to be executed on capital account and not provided for NIL (Previous Year Rs. 13.67 Lac) against which advance of NIL (Previous Year Rs. 9.73 Lac) has been given.

2. Contingent Liabilities Not Provided for :

	CURRENT YEAR	PREVIOUS YEAR
a) Income Tax matters under appeal	24,86,351.00	24,86,351.00
b) Trade Tax under appeal	3,35,454.00	3,35,454.00
c) Service Tax	—	—
d) U. P. Pollution Control Board	250,000.00	250,000.00
e) Amount of interest liability/penalty, if any, on delayed/ non payment to sundry creditors/statutory dues :-		Amount uncertainable

3. Term Loans and Working Capital Loans from Syndicate Bank are secured by way of equitable Mortgage of land & building and Hypothecation of plant & Machinery, Stock of Raw Material, Stores & Spares, Work in process, Finished goods, Semi finished goods, Bills and Book Debts of the Company and personal guarantee by Directors of the Company.
4. Term Loan from ICICI is secured by hypothecation of respective vehicles and guaranteed by Directors of the Company.
5. Balances of Sundry Debtors, Creditors and Advances as 31st March, 2009 are subject to confirmation.
6. In the opinion of the Board of Directors, current assets and loans and advances as at 31-3-2009 have a value on realisation in the ordinary course of business at least equal to the amount at which they have been stated in the Balance Sheet and appropriate Provision for all the known liabilities (except otherwise stated) have been made in the accounts.
7. Sundry Debtors has been shown after deducting the amount of advance from customers.
8. E.T.P. Running & Maintenance Expenses have been debited to their respective heads.
9. In the absence of information from creditors of their status, the amount due to small and micro enterprise is not ascertainable.
10. Payment to Auditor's Includes :

	Current Year (in Rs.)	Previous Year (in Rs.)
Audit Fee	45,000	45,000
Tax Audit Fees	5,000	5,000
Service Tax	6,180	6,180
TOTAL	56,180	56,180

11. Details of remuneration paid to Managing Director & Whole Time Directors are as follows :

	Current Year	Previous Year
Salary	Rs. 7,80,000	Rs. 7,80,000

12. Pursuant to the Accounting Standard (AS) - 22 "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India applicable from 01-04-2002, the Company has provided deferred tax liability of Rs. 71.70 lac (Previous year deferred tax liability Rs. 55.39 lac) during the year.

13. Since the Company operates in a single segment i.e. "Paper & Paper Board", Accounting Standard (AS) 17- "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.
14. Earning per shares (EPS), the numerators and denominators used to calculate Basic & Diluted Earnings per Share is as under :

PARTICULARS	31 - 03 - 2009	31 - 03 - 2008
Profit attributable to the shareholders (Rs. in lac)	113.61	87.15
Basic/weighted average number of Equity Shares out standing during the year	1307260	1307260
Nominal value of Equity Share (Rs.)	10	10
Basic / Diluted Earning per Share (Rs.)	8.69	6.67

15. Related Party Disclosures is as under :

Sr. No.	Name of the Related Parties	Nature of relationship	Nature of transaction	Volume of transactions		Balance at the end of the years	
				2008-09	2007-08	2008-09	2007-08
1.	Shri Ganesh Credits (P) Ltd.	Associate Company	Unsecured Loan	12.00	20.00	85.50	73.50
2.	Prema Chits (P) Ltd.	Associate Company	Unsecured Loan	7.25	4.25	96.00	88.75
3.	Shri Himanshu Sangal	Managing Director	Unsecured Loan	7.75	8.00	90.75	83.00
4.	Shri Amit Sangal	Director	Unsecured Loan	13.25	25.00	57.75	71.00
5.	Shri Himanshu Sangal	Managing Director	Remuneration -	4.20	4.20	—	—
6.	Shri Amit Sangal	Director	Remuneration	3.60	3.60	—	—

The particulars given above have been identified on the basis of information available with the Company.

16. Keeping in view of the provision of section 115JB of Income Tax Act, 1961. provision for Income Tax (MAT) has been made.
17. Previous year figures have been re-grouped and re-arranged wherever necessary. Figures have been rounded off to the nearest Rupees.

**ADDITIONAL INFORMATION PURSUANT TO THE PROVISION OF PARAGRAPH 3 & 4 (d)
OF PART IIND OF SCHEDULE VI OF COMPANIES ACT, 1956**

A) Licenced & Installed Capacity and Actual Production :

Name of the Product	NEWS PAPER & WRITING PRINTING PAPER	
	Current Year	Previous Year
Licenced Capacity	N.A.	N.A.
Installed Capacity (As certified by the management)	33000.000 M.T.	19800.000 M.T.
Actual Production	22825.583 M.T.	15546.565 M.T.

NOTE : The Installed capacity as shown above has been certified by the Management and can not be verified by Auditors' being a technical matter.

B) Opening Stock, Closing Stock, Turnover & Purchases :

	Opening Stock	Purchase	Closing Stock	Turnover
Current Year (M.T.)	466.8087	146.5600	316.9807	23,121.9760
(Amt.)	9,499,557	4,446,010	7,290,556	586,775,135
Previous Year (M.T.)	235.7542	308.7730	466.8087	15,624.2838
(Amt.)	4,738,659	8,967,620	9,499,557	360,422,670

C) Raw Material, Consumable Stores and Components Consumed :

Raw Materials	Current Year		Previous Year	
	(M.T.)	(Amt.)	(M.T.)	(Amt.)
Ind. Waste Paper	30,883.967	300,501,041	21,029.020	157,266,082
Imp. Waste Paper	1,267.273	11,904,309	710.680	6,868,138
TOTAL Rs.		312,405,350		164,134,220
Ind. Store & Spare, Chemical		50,320,371		34,906,930
Imp. Store & Spare, Chemical		2,407,748		626,106
TOTAL Rs.		52,728,119		35,533,036

D) Value of Imports (C. I. F.) Value in respect of :

	Current Year (Amt. Rs.)	Previous Year (Amt. Rs.)
(a) Raw Materials	11,898,383	4,664,344
(b) Stores & Spare, Chemical	1,884,351	476,620
(c) Capital Goods	—	856,383
E) Expenditure in Foreign Currency	NIL	NIL
F) Remittance in Foreign Currency	NIL	NIL
G) Earning in Foreign Currency	NIL	NIL

H) Consumption of Imported and Indigenous Raw Materials, Spare Parts :

	CURRENT YEAR		PREVIOUS YEAR	
	PERCENTAGE	AMOUNT (Rs.)	PERCENTAGE	AMOUNT (Rs.)
<u>Raw Materials :</u>				
Indigenous	96.19%	300,501,041	95.82%	157,266,082
Imported	3.81%	11,904,309	4.18%	6,868,138
<u>Stores & Spare Parts, Chemical :</u>				
Indigenous	95.43%	50,320,371	98.24%	34,906,930
Imported	4.57%	2,407,748	1.76%	626,106

PART IV

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details :

- i) Registration No. L21015UP1980PLC005138
 ii) State Code 20
 iii) Balance Sheet Date 31 - 03 - 2009

(Amount in Rs. thousands)

2. Capital Raised during the year :

- | | Current Year | Previous Year |
|-----------------------|--------------|---------------|
| i) Public Issue | NIL | NIL |
| ii) Rights Issue | NIL | NIL |
| iii) Bonus Issue | NIL | NIL |
| iv) Private Placement | NIL | NIL |

3. Position of Mobilisation and Deployment of Funds :

- | Deployment of Funds : | | Current Year | Previous Year |
|-----------------------|------------------------|----------------|----------------|
| i) | Total Liabilities | 422,441 | 380,714 |
| ii) | Total Assets | 422,441 | 380,714 |
| Sources of Funds : | | Current Year | Previous Year |
| i) | Paidup Capital | 13,073 | 13,073 |
| ii) | Reserve & Surplus | 109,132 | 100,921 |
| iii) | Secured Loans | 135,113 | 146,635 |
| iv) | Unsecured Loans | 33,000 | 31,625 |
| v) | Deferred Tax Liability | 19,476 | 12,306 |
| TOTAL RS. | | 309,794 | 304,560 |

Application of Funds :

- | | | | |
|------------------|--------------------|----------------|----------------|
| i) | Net Fixed Assets | 207,152 | 215,653 |
| ii) | Net Current Assets | 102,642 | 88,907 |
| TOTAL RS. | | 309,794 | 304,560 |

4. Performance of Company :

- | | Current Year | Previous Year |
|------------------------|--------------|---------------|
| i) Turnover | 586,024 | 359,887 |
| ii) Total Expenditure | 567,243 | 343,783 |
| iii) Profit before tax | 18,781 | 16,104 |
| iv) Profit after tax | 11,362 | 8,715 |
| v) Earning per Share | 8.69 | 6.67 |
| vi) Dividend rate % | NIL | NIL |

5. Generic Names of Principal Products/Services of Company :

(As per Monetary Terms)

- i) Items Code No. 4801, 4802, 4804 & 4805
 (ITC Code)
 ii) Product Description **NEWS PRINT, WRITING & PRINTING PAPER, KRAFT PAPER, DUPLEX BOARD, TRIPLEX BOARD & PULP BOARD.**

Schedule 1 to 18 forms an internal part of Balance Sheet and Profit & Loss Account.

MANAGING DIRECTOR

DIRECTOR

In terms of our separate report of even date.

Sd/-

Sd/-

For SHIAM & Co.

(HIMANSHU SANGAL)

(AMIT SANGAL)

Chartered Accountants

Sd/-

Dated : 26th June, 2009

(R. K. JAIN)

Place : MUZAFFARNAGAR

Partner

TWENTY NINTH ANNUAL REPORT 2008 - 2009

**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET
FOR THE PERIOD APRIL 2008 - MARCH 2009**

	2008 - 2009 Amount (Rs.)	2007 - 2008 Amount (Rs.)
A. CASH FLOW FROM OPERATION ACTIVITIES :		
Net Profit/ (Loss) before tax :	18,780,655	16,103,690
Adjustment for :		
Depreciation	13,982,017	9,295,416
Finance Charges	21,419,883	14,946,235
Loss on sale of assets	684,916	886
Operating Profit before Working Capital Changes :	54,867,471	40,346,227
Adjustment for :		
Trade and other receivables	(20,306,259)	(10,549,322)
Inventories	(27,621,154)	(22,832,946)
Trade Payables & Other Liabilities	36,755,954	33,060,356
Cash Generated from Operations :	43,696,012	40,024,315
Finance Charges	(21,419,883)	(14,946,235)
Tax Paid	(2,639,956)	(1,724,200)
Net Cash from operating activities	19,636,173	23,353,880
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Fixed Assets	440,000	40,000
Purchase of Fixed Assets (including Capital work in progress)	(9,755,789)	(59,878,997)
Net Cash used in Investing activities	(9,315,789)	(59,838,997)
	10,320,384	(36,485,117)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Unsecured Loans	1,375,000	3,725,000
Repayment of Borrowings	(11,522,038)	30,013,587
Net Cash used in Financial Activities	(10,147,038)	33,738,587
	173,346	(2,746,530)
Cash and Cash equivalents as at 31.03.2008	5,410,514	8,157,044
Cash and Cash equivalents as at 31.03.2009	5,583,860	5,410,514
	173,346	(2,746,530)

MANAGING DIRECTOR

Sd/-

(HIMANSHU SANGAL)

Dated : 26th June, 2009

Place : MUZAFFARNAGAR

DIRECTOR

Sd/-

(AMIT SANGAL)

In terms of our separate
report of even date.

For **SHIAM & Co.**

Chartered Accountants

Sd/-

(R. K. JAIN)

Partner