



29<sup>th</sup> annual report  
2011-12

# COMPANY INFORMATION

## BOARD OF DIRECTORS

**JAMNA PRASAD MAHESHWARI** - (Managing Director)

**HEMANT MEHTA**

**ARVIND BALDWA**

**NIKHIL RAJPURIA**

**NISHANT KUMAR**

## COMPANY SECRETARY

**ALPESH GANDHI**

## BANKERS

- INDIAN OVERSEAS BANK
- CORPORATION BANK

## REGISTERED OFFICE

604, Avdhesh House,  
Opp. Shri Guru Govind Gurudwara,  
SG Highway, Thaltej, Ahmedabad-380054  
Telefax No: [079] 26859223  
Email : armspaperltd@gmail.com

## AUDITORS

**M/S. TALATI & TALATI**  
Chartered Accountants,  
Ahmedabad.

## REGISTRAR & SHARE TRANSFER AGENTS

**SHAREPRO SERVICES (INDIA) PVT. LTD.,**  
416-420, 4th Floor, Devnandan Mall,  
Opp. Sanyas Ashram, Ellisbridge,  
Ahmedabad - 380009  
Phone No: [079] 26582381/84

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**NOTICE**

**NOTICE** is hereby given that the **TWENTY-NINTH** Annual General Meeting of the Members of M/S. ARMS PAPER LIMITED will be held on Thursday, the 26<sup>th</sup> day of July, 2012 at 3:00 p.m. at 604, Avdhash House, Opp. Shri Guru Govind Gurudwara, Sarkhej - Gandhinagar Highway, Thaltej, Ahmedabad- 380 054 to transact the following businesses:-

**ORDINARY BUSINESS :**

- 1] To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2012 and Statement of Profit and Loss Account for the year ended on that date together with Directors' and the Auditors' Report thereon.
- 2] To appoint a Director in place of Shri Nikhil Rajpuria, who retires by rotation and being eligible, offers himself for re-appointment.
- 3] To appoint a Director in place of Shri Hemant Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
- 4] To consider, and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section 224 of the Companies Act, 1956, M/s. Talati & Talati, Chartered Accountants (ICAI Reg. No. 110758W) be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the company at a remuneration which may be decided by the Board of Directors on the recommendation of an Audit Committee and reimbursement of out of pocket expenses actually incurred by them in connection with the Audit."

**For and on behalf of the Board of Directors**

Place : Ahmedabad  
Date : 29<sup>th</sup> May, 2012

**Alpesh Gandhi**  
**Company Secretary**

**NOTES :**

- 1] A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE, INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

- 2] Members/Proxies should bring the enclosed Attendance Slip duly filled in for attending the meeting along with a copy of the Annual Report. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf in the meeting.
- 3] Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold the shares in physical form are requested to write their Folio Number(s) in the Attendance Slip for attending the meeting.
- 4] The Register of Members and the Share Transfer Books of the Company will remain closed from 20<sup>th</sup> July, 2012 to 26<sup>th</sup> July, 2012 (both days inclusive).
- 5] Members holding shares in physical form are requested to notify the change in addresses, their Pin code numbers, email addresses and telephone numbers, if any to the Company at its Registered office or to M/s. Sharepro Services (India) Private Limited - Registrar & Share Transfer Agents by quoting their folio numbers. Members holding shares in electronic mode may update such details with their respective Depository Participants [DPs].
- 6] Members holding shares in physical form can avail of the nomination facility by filing Form 2B (in duplicate) with the Company or its Registrar & Share Transfer Agent which will be made available on request and in case of shares held in dematerialized form, the nomination has to be lodged with their DPs.
- 7] Members of the Company who have multiple accounts in identical names or joint accounts in the same order are requested to send all the share certificates to the Registrar & Share Transfer Agents **M/s. Sharepro Services (India) Pvt. Ltd.** or to the Registered Office of the Company for consolidation of all such shareholdings into one account to facilitate better service.
- 8] Members desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to address their questions to the Company Secretary of the Company so as to reach at least seven days before the date of the meeting, so that the information may be made available at the meeting, to the best extent possible.
- 9] In all correspondence with the Company or with its Share Transfer Agents, members are requested to quote their folio number and in case their shares are held in the dematerialized form, they must quote their Client ID and their DP ID.
- 10] The shares of the Company are in compulsory demat segment. Those members who still continue to hold shares in physical form, are requested to get their shares dematerialized at the earliest.

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- 11] Securities and Exchange Board of India vide its circular has made it mandatory for every participant in the securities/capital market to furnish income tax Permanent Account Number (PAN). Accordingly, all the shareholders (including joint holders) holding shares in physical form are requested to submit copy of their PAN Card for the purpose of the transfer to our Registrar & Share Transfer Agents, M/s. Sharepro Services (India) Pvt. Ltd.
- 12] Members are requested to bring the copy of the Annual Report at the meeting.
- 13] In terms of Clause 49 of the Listing Agreement with the Stock Exchange, a brief resume of the retiring directors who are proposed to be re-appointed at this meeting are as under:

Sr. No.	Name of Director	Date of Birth	Date of Appointment	Qualification	Experience	Committee Membership
1.	Shri Nikhil Rajpuria	10.11.1980	11.10.2007	MBA(USA)	9 years as finance professional	Chairman : Shareholders' / Investors' Grievance Committee Member : Audit Committee Remuneration Committee
2.	Shri Hemant Mehta	09.06.1951	11.10.2007	MBA(USA)	18 years as Industrialist	Chairman : Remuneration Committee Audit Committee Member : Shareholders' / Investors' Grievance Committee

### Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants and Members who hold shares in physical form are requested to send their requests to the Registrar : M/s. Sharepro Services (India) Pvt. Ltd., at their office situated at 416-420, 4<sup>th</sup> floor, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad.

## DIRECTORS' REPORT

To,  
The Members,  
ARMS PAPER LIMITED,  
AHMEDABAD

Your Directors have pleasure in presenting the 29<sup>th</sup> Annual Report on the business and operations of the Company together with Audited Accounts for the year ended 31<sup>st</sup> March, 2012.

### FINANCIAL RESULTS:

Your company's performance for the financial year 2011-2012 is summarized below:

	2011-12 (₹ in lacs)	2010-11 (₹ in lacs)
Total Revenue	982.95	1332.60
Total Expenses	952.60	1279.59
<b>Profit/ (Loss) Before Taxes</b>	<b>30.35</b>	<b>53.01</b>
Net Tax Expense	(9.33)	(0.05)
<b>Profit/ (Loss) for the period(After Tax)</b>	<b>21.02</b>	<b>52.96</b>

### OPERATIONS:

Your Company has earned a total revenue of ₹ 982.95 Lacs as compared to ₹ 1332.60 Lacs in the previous year. The total expenditure incurred during the year was ₹ 952.60 Lacs as compared to ₹ 1279.59 Lacs in the previous year. The Net Profit after taxation during the year under review is ₹ 21.02 Lacs as compared to ₹ 52.96 Lacs in the previous year. Your Directors are exploring various new business opportunities that will enable the Company to improve its financial position.

### DIVIDEND:

With a view to conserve the resources, your Directors do not recommend any dividend on the equity share capital of the Company for the year ended 31<sup>st</sup> March, 2012.

### AUDIT COMMITTEE:

The Audit Committee was reconstituted during the year under review and it consists of following members:

- |                         |   |          |
|-------------------------|---|----------|
| 1. Shri Hemant Mehta    | : | Chairman |
| 2. Shri Nishant Kumar   | : | Member   |
| 3. Shri Nikhil Rajpuria | : | Member   |

### FIXED DEPOSITS:

Your Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.

### DIRECTORS:

During the year under review, Shri Kirit Patel, Director of the Company resigned from the directorship of the Company w.e.f. 1<sup>st</sup> March, 2012, on account of his pre-occupation. The Board places on record appreciation for the services rendered by Shri Kirit Patel during his tenure as Director of the Company.

Shri Nikhil Rajpuria and Shri Hemant Mehta retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

### DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements under Sub section 2AA of Section 217 of the Companies Act, 1956, with respect to the Directors Responsibility Statement, it is hereby confirmed that:

- (1) in the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with the proper explanation relating to material departures, if any.
- (2) the directors have selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2012 and of the Profit for the year ended on that date.
- (3) the directors to the best of their knowledge and ability have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (4) the directors have prepared the Annual Accounts on a "going concern basis".

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Since the Company is not engaged in any manufacturing activity, particulars under Section 217(1)(e) of the Companies Act, 1956, regarding Conservation of Energy and Technology Absorption are not applicable. There were no foreign exchange transactions during the year.

### PARTICULARS OF EMPLOYEES:

The information required as per sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended and

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forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2012 is NIL.

### CORPORATE GOVERNANCE:

Our Board with well qualified independent Directors' guidance and team work and various committees constituted under corporate governance, is in a position to excel in its activities with complete fair and transparent practices. The Board committees regularly scrutinize the policies and proposals made by the operating management and also provide an unbiased independent assessment of the business procedures.

Pursuant to Clause 49 of the Listing Agreement, Management Discussion and Analysis Report and a Report on Corporate Governance are given as Annexure to this Report.

A certificate from the Statutory Auditors of the Company regarding compliance by the Company of the conditions stipulated under Clause 49 of the Listing Agreement is attached to this Report.

The Company is in process of implementing the Corporate Governance Voluntary Guidelines 2009, issued by Ministry of Corporate Affairs, in December, 2009.

### DEMATERIALISATION:

The equity shares of the Company are in compulsory demat segment and are available for trading in the depository system of both National Securities Depository Ltd (NSDL) and the Central Depository Services India Ltd (CDSL). As on 31<sup>st</sup> March, 2012, 5201821 nos. of equity shares forming 94.27% of the equity share capital of the Company stands dematerialized.

### LISTING OF SHARES:

The equity shares of the Company are listed on the Bombay Stock Exchange Limited (BSE), the nation wide Stock Exchange.

Your Company has paid annual listing fees for financial year 2012-13 to Bombay Stock Exchange Limited and annual custodial fees to National Securities Depository Limited and Central Depository Services (India) Limited.

### AUDITORS AND AUDITORS' REPORT :

M/s. Talati & Talati, Chartered Accountants, the Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received confirmation that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956, and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

Your Directors recommend re-appointment of M/s. Talati & Talati, Chartered Accountants, as the Statutory Auditors of the Company for the current financial year and fixation of their remuneration.

There is no qualification, observations or adverse comments in the Auditors' Report and hence it does not call for any further explanation.

### ACKNOWLEDGEMENT:

Your Directors take this opportunity to acknowledge the co-operation received from Bankers of the Company, Government Agencies and Shareholders for their co-operation.

**For and on behalf of the Board of Directors**

**Place : Ahmedabad                      Jamna Prasad Maheshwari**  
**Date : 29<sup>th</sup> May, 2012                  Chairman & Managing Director**

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### Declaration:

The Board of Directors of the Company have approved and adopted Code of Conduct for the directors and Senior Management Personnel. I hereby declare to the best of my knowledge and belief that, all the Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct during the year.

**For and on behalf of the Board of Directors**

**Place : Ahmedabad**  
**Date : 29<sup>th</sup> May, 2012**

**Jamna Prasad Maheshwari**  
**Chairman & Managing Director**

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Global scenario of Paper Industry:

Paper industry plays a very prominent role in World economy. Annual revenue from this sector exceeds USD 500 Bn. World Consumption of Paper and Boards grew from 169 Mn tonnes in 1981, to 250 Mn tonnes in 1993, to 352 Mn tonnes in 2005 and to 390 Mn tonnes currently.

Global Paper manufacturing industry is largely dominated by North America, Western Europe and Asia. Over 100 Mn tonnes of paper and board are consumed by North America, Asia (incl. Japan) accounts for 140 Mn tonnes and Europe's share is around 102 Mn tonnes per annum. The robust growth in Asian economies resulted in large capacity additions in China and India. Additionally, the rising levels of literacy in the region and the sustained thrust on increasing the spread of education are expected to provide the background for sustained demand for paper in this geography.

The following factors can be considered as generic demand drivers for paper, globally:

- Wide scope of application: Paper is used for diverse purpose viz. writing, printing, decorating, tissues, etc. Additionally, it enjoys a wide consumer base i.e., across age groups and socio-economic strata.
- Short lifecycle: The consumable nature of paper results in short lifespan of paper thereby generating immediate replacement demand.
- Absence of substitute: Although polymeric and alternative replacements have been designed to substitute paper, the same are prohibitively expensive.

### Indian Paper Industry

The Indian Paper Industry has 642 mills with a rated capacity of 9Mn MTPA and operates with a capacity utilisation factor (CUF) of 82%. The demand for Paper is expected to increase from 9Kg per capita to 14 Kg per capita by FY 14. The average size of Indian Paper Mills is 38,000 MTPA compared to Global average of 400,000 MTPA. The sector remains fragmented, with a significant amount of capacity concentrated amongst the smaller players with capacities of less than 7,500 MTPA. The domestic paper industry ranks 15th in terms of capacity globally at 9Mn MTPA, with estimated sales of INR 321bn.

With regards to India, specific factors contributing to the increasing demand for paper are as follows:

- The ongoing phase of economic growth is a major factor boosting consumption of paper and paperboard. This is most evident from the growth of FMCG and printing sector which are the end users for this product.
- Increase in government spendings on education and rising levels of literacy are contributing to the enhancement of consumption of paper in the form of increasing demand for textbooks, newspapers, magazines, etc.
- The historically low levels of per capita consumption in the country coupled with the growth in population are also resulting in an upward trend in paper demand.

### Paper Industry Segments snapshot:

Type	Variety	End uses	Demand drivers
W & P	- Creamwove	- Computer stationery, Textbooks, Notebooks	- Govt. spend on education, Printing industry
	- Maplitho	- Premium notebooks, Annual Reports, Diaries, Calendars	- Corporate usage, Printing industry
	- Coated Paper	- Publicity material, Playing cards, labels, magazines	- Business activity, economic growth
Paperboard / Industrials	- Kraft Paper	- Corrugated boxes, bags	- Growth in Consumables Durables, FMCG
	- Duplex Board	- Packaging, small cartons in retail / pharma	- Growth in retail, pharma
Newsprint		Newspaper circulation	- Literacy rate

### Risk and concerns

Risk may be defined as the possibility that an event (anticipated or unanticipated) can adversely affect business objectives and goals. At Arms, risk governance reconciles estimation, control and quantification through an institutionalized approach, which includes consistent

implementation and monitoring, supplemented by audits. The management conducts regular reviews to arrest abnormalities.

All the risks are discussed in the Senior Management meetings periodically to ensure that the risk mitigation plans are implemented and adverse impact of risks is avoided or kept within manageable proportions.

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### **Internal Control System and their adequacy**

The Company has established and maintained adequate internal controls over the financial reporting. Internal controls have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with accounting principles generally accepted (GAAP) in India. The Company has an internal control system commensurate with the size and nature of the business. The Audit Committee of the Company provides reassurance to the Board on the existence of an effective internal control environment.

The internal control includes policies and procedures that:

- ♦ pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflects the transactions and dispositions of assets;
- ♦ Provide reasonable assurance that transactions are recorded as necessary to allow for the preparation of financial statements in accordance with GAAP and that receipts and expenditures are being made only in accordance with authorizations of the management;
- ♦ Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or

disposal of assets that could have a material effect on financial statements; and

- ♦ Provide reasonable assurance as to the detection of fraud.

### **Financial and Operative Performance**

The financial and operative performances are already elaborated in Directors' Report which is a part of this report.

### **Cautionary Statement**

*Statements in this Directors' Report & Management Discussion and Analysis describes the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include raw material availability and prices., cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.*



## REPORT ON CORPORATE GOVERNANCE

In the fast changing business scenario, good Corporate Governance helps in achieving long term corporate goals of enhancing Stakeholders' value. Corporate Governance focuses on commitment to values adhering to ethical business practices. This includes corporate structures, culture, policies and the manner in which the Corporate entity deals with various stakeholders, with transparency being the key word. Accordingly, timely, adequate and accurate disclosure of information on the performance and ownership forms the cornerstone of Corporate Governance.

### 1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

The Company's Corporate Governance philosophy rests on the pillars of integrity, accountability, equity, transparency and environmental responsibility that conform fully with laws, regulations and guidelines. The Company's Philosophy on Corporate Governance is to achieve business excellence and maximizing shareholder value through ethical business conduct. The Company's Philosophy also includes building partnership with all stakeholder- employees, customers, vendors, service providers, local communities and Government. The Company has always set high targets for the growth, profitability, customer satisfaction, safety and environmental performance and continues its commitment to high standards of corporate governance practices. During the year under review, the Board

The details of all directors of the Company along with the number of directorships and committees membership held by them in other companies are as under:

Sr. No.	Name of Director	Category of Directorship	Number of Directorship(s) in other Public Limited Company	Number of Membership(s) / Chairmanship(s) of Board Committees in other Companies
1	Shri Jamna Prasad Maheshwari	Chairman & Managing Director	Nil	Nil
2	Shri Hemant Mehta	Independent Director	Nil	Nil
3	Shri Nikhil Rajpuria	Independent Director	Nil	Nil
4	Shri Nishant Kumar	Independent Director	Nil	Nil
5	Shri Arvind Baldwa	Independent Director	Nil	Nil
6	Shri Kirit Patel (Up to 01/03/2012)	Independent Director	Nil	Nil

#### **Note :**

As provided in Clause 49 of the Listing Agreement, none of the directors is member of more than ten Committees or Companies or Chairman of more than five Committees in any public limited companies.

continued its pursuit of achieving its objectives through the adoption and monitoring of corporate strategies and prudent business plans.

The Company is in compliance with the requirements of corporate governance code as per clause 49 of the Listing Agreement with the Stock Exchanges.

### 2) BOARD OF DIRECTORS :

The Board of Directors provides strategic direction and thrust to the operations of the Company, thereby enhancing the value of the stakeholders.

#### (a) Composition of Board of Directors :

The Board of Directors of the Company comprises of five directors having an optimum combination of Executive and Non-executive Directors. The Board of the Company consists of one Managing Director and four other directors. All the directors on the Board are well experienced, competent and highly prominent persons in their respective fields. They take active part at the Board as well as Committee Meetings which add value in the decision making process of the Board. None of the Independent Directors have any pecuniary relationship with the Company and none of the directors is related to each director.

**(b) Number of Board Meetings:**

During the year under review, the Board of Directors met eight times on 1<sup>st</sup> April, 2011, 7<sup>th</sup> May, 2011, 18<sup>th</sup> June, 2011, 25<sup>th</sup> July, 2011, 17<sup>th</sup> October, 2011, 27<sup>th</sup> December, 2011, 1<sup>st</sup> February, 2012 and 1<sup>st</sup> March, 2012. The maximum gap

between two Board Meetings does not exceed four months as provided in Clause 49 of the Listing Agreement. Adequate information for the businesses to be transacted at Board Meetings are circulated as part of Board papers to enable the Board Members to take appropriate decisions.

**(c) Attendance at Board Meetings and Annual General Meeting of the Company:**

The attendance of the Directors at the board meetings held during the year under review and at the last Annual General Meeting held on 18<sup>th</sup> July, 2011 are as under:-

Sr. No.	Name of Director	Number of Board Meetings Attended	Attendance at last AGM
1	Shri Jamna Prasad Maheshwari	8 out of 8	Yes
2	Shri Hemant Mehta	8 out of 8	Yes
3	Shri Arvind Baldwa	5 out of 8	Yes
4	Shri Nikhil Rajpuria	7 out of 8	No
5	Shri Nishant Kumar	5 out of 8	No
6	Shri Kirit Patel	6 out of 8	Yes

**(d) Code of conduct**

The Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. All Board Members and Senior Management Personnel are strictly complying with the Code of Conduct. A declaration signed by the Managing Director is attached and forms part of the Annual Report of the Company.

**3) COMMITTEES OF THE BOARD**

The following committees have been constituted by the Board of Directors:

- (A) Audit Committee
- (B) Remuneration Committee
- (C) Shareholders'/Investors' Grievances Committee

All decisions pertaining to the constitution of the committees, appointment of members and fixing of terms of service for committee members are taken by the Board of Directors. Details on the role and composition of these committees, including the number of meetings held during the financial year and the related attendance, are provided below:-

**(A) Audit Committee**

**(i) Constitution of Committee**

- The composition of the Committee is in conformity with clause 49(II) (A) of the Listing Agreement.
- The Audit Committee provides an overview on the reporting process of the Company's financial and accounting mechanism and ensures that disclosures in its financial statements are correct, sufficient and credible.

**(ii) Composition of the Committee**

The Audit Committee comprises of three Directors viz.:-

Sr. No.	Name of Director	Position held in the Committee
1.	Shri Hemant Mehta	Chairman (Independent Director)
2.	Shri Nishant Kumar	Member (Independent Director)
3.	Shri Nikhil Rajpuria (w.e.f. 01/03/2012)	Member (Independent Director)
4.	Shri Kirit Patel (up to 01/03/2012)	Member (Independent Director)

All the existing members of the Audit Committee possess financial expertise and knowledge. The Company Secretary of the Company acts as the Secretary to the Audit Committee. At the invitation of the Committee, the Managing Director, the Statutory Auditors and the Head of Finance Department do attend the Audit Committee Meetings to answer and clarify the queries raised by the Committee Members.

(iii) **Number of meetings and attendance of members in the meeting :**

During the year under review, four meetings of Audit Committee were held on 7<sup>th</sup> May, 2011; 25<sup>th</sup> July, 2011; 17<sup>th</sup> October, 2011 and 1<sup>st</sup> February, 2012 to consider, discuss and review the quarterly results, annual accounts and other financial matters to be placed before the Board for their approval.

The attendance of the members at the Audit Committee Meetings are as under:-

Sr. No.	Name of Director	Position held in the Committee	No. of Meetings Attended
1.	Shri Hemant Mehta	Chairman (Independent Director)	4
2.	Shri Nishant Kumar	Member (Independent Director)	4
3.	Shri Kirit Patel (upto 1st March, 2012)	Member (Independent Director)	4

**(B) Remuneration Committee**

(i) **Terms of Reference :**

The Remuneration Committee recommends remuneration, promotions, increments etc. for the Managing Director and other Managerial Personnel. The recommendations so made by the Remuneration Committee and confirmed by the Board of Directors are subject to the approval of the shareholders in the general meeting.

**Remuneration policy**

The remuneration paid to the Directors of the Company is approved by the Board of Directors on the recommendations of the Remuneration Committee. The Company's remuneration strategy is market-driven and aims at attracting and retaining high caliber talent. The strategy is in consonance with the existing industry practice and is directed towards rewarding performance, based on review of achievements.

The Remuneration Committee comprises of three Independent Directors viz.:-

Sr. No.	Name of Director	Position held in the Committee
1.	Shri Hemant Mehta (w.e.f. 01/03/2012)	Chairman (Independent Director)
2.	Shri Kirit Patel (up to 01/03/2012)	Chairman (Independent Director)
3.	Shri Nishant Kumar	Member (Independent Director)
4.	Shri Nikhil Rajpuria	Member (Independent Director)

During the year under review, one meeting of the Remuneration Committee was held on 1<sup>st</sup> day of April, 2011.

Sr. No.	Name of Director	Position held in the Committee	No. of Meetings Attended
1.	Shri Kirit Patel	Chairman	1
2.	Shri Nishant Kumar	Member	1
3.	Shri Nikhil Rajpuria	Member	1

**(ii) Details of Remuneration paid to the Directors :**

**(i) Shri Jamna Prasad Maheshwari  
Chairman & Managing Director**

Particulars	Amount (₹)
Salary	5,40,000.00
Contribution to Provident Fund	9,360.00
Perquisites	—
<b>TOTAL</b>	<b>5,49,360.00</b>
Service Contract	5 years
Period of Contract	30 <sup>th</sup> June, 2008 to 29 <sup>th</sup> June, 2013

- Dematerialization / rematerialisation of the shares of the Company.
- Sub-division, consolidation and/or replacement of any share certificate(s) of the Company.
- Approval of issue of duplicate share certificates against the original share certificates.
- To look into the redressing of shareholders' and investors' complaints like, transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend, review of dematerialization, rematerialisation, shareholding pattern, distribution schedule etc.

**(C) Shareholders'/Investors' Grievance Committee**

**(i) Composition of the Committee**

The Shareholders'/Investors' Grievance Committee comprises of three directors viz.:

Sr. No.	Name of Director	Position held in the Committee
1.	Shri Nikhil Rajpuria	Chairman (Non Executive Director)
2.	Shri Jamna Prasad Maheshwari	Member (Executive Director)
3.	Shri Hemant Mehta	Member (Non Executive Director)

The Company Secretary of the Company is designated as the Compliance Officer as required by SEBI/Listing Agreement.

**(ii) Terms of Reference of the Committee**

The functioning and broad terms of reference of the Investors' Grievances Committee as adopted by the Board are as under:

- a. To monitor work related to:
- Transfer and / or transmission of equity shares of the Company.

- b. To do all other acts or deeds as may be necessary or incidental thereto.

The main object of the Committee is to strengthen investor relations.

The Company Secretary, being the Compliance Officer, is entrusted with the responsibility, to specifically, look into the redressal of the shareholders and investors complaints and report the same to the Investors' Grievances Committee.

**(iii) Number of Complaints:**

During the year under review, details of the complaints are as under:-

Opening Balance as on 01.04.2011	: Nil
Complaints received during the year	: Nil
<b>Total</b>	<b>: Nil</b>
Complaints redressed during the year	: Nil
Closing Balance as on 31.03.2012	: Nil

**4) GENERAL BODY MEETINGS**

The details about the Location, Time and Venue of last three Annual General Meetings and Extra Ordinary General Meeting are as under:-

Particulars	Date	Time	Venue
Extra Ordinary General Meeting	30.04.2009	4:00 pm	604, Avdhesh House, Opp. Shri Guru Govind Gurudwara, S.G. Highway, Thaltej, Ahmedabad – 380 054.
26 <sup>th</sup> Annual General Meeting	31.08.2009	3.00 pm	604, Avdhesh House, Opp. Shri Guru Govind Gurudwara, S.G. Highway, Thaltej, Ahmedabad – 380 054.
27 <sup>th</sup> Annual General Meeting	05.08.2010	4.00 pm	604, Avdhesh House, Opp. Shri Guru Govind Gurudwara, S.G. Highway, Thaltej, Ahmedabad – 380 054.
28 <sup>th</sup> Annual General Meeting	18.07.2011	11.00 am	604, Avdhesh House, Opp. Shri Guru Govind Gurudwara, S.G. Highway, Thaltej, Ahmedabad – 380 054.

**Note :**

- No Special Resolution was passed at the last three Annual General Meetings of the Company. A Special Resolution was passed at the Extra Ordinary General Meeting of the Company held on 30<sup>th</sup> April, 2009 for Change of Name. No Resolution was passed through Postal Ballot during the year.

**5) DISCLOSURES**

There are no materially significant transactions with the related parties that may have potential conflict with Company's interest at large.

There were no cases of non-compliance, penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets during the last three years.

No personnel have been denied access to the Audit Committee.

The Company complies with all the mandatory requirements of Clause 49 of Listing Agreement.

**6) CEO CERTIFICATION**

A Certificate from the Chief Executive Officer (CEO) on financial statements is issued pursuant to the provisions of Clause 49 of the Listing Agreement and is annexed to the Corporate Governance Report and forms part of the Annual Report.

**7) MEANS OF COMMUNICATION**

The Board of Directors of the Company approves and takes on record the Un-audited Quarterly Results and Audited Annual Results in the proforma prescribed by the Stock Exchange and announces forthwith the results to all the Stock Exchanges where the equity shares of the Company are listed. The approved financial results are faxed immediately after the Board Meeting to the Stock Exchanges and are published normally in leading daily newspapers in English and Local Language i.e. Gujarati.

**8) ADDITIONAL INFORMATION FOR SHAREHOLDERS**

**1] Annual General Meeting :**

The details of the 29<sup>th</sup> Annual General Meeting to be held is as under:-

Date	: 26 <sup>th</sup> July, 2012
Day	: Thursday
Time	: 3:00 p.m.
Venue	: 604, Avdhesh House, Opp. Shri Guru Govind Gurudwara, Sarkhej – Gandhingar Highway, Thaltej, Ahmedabad-380 054.

## 2] Financial Calendar:

Financial Year: Ending on 31 <sup>st</sup> March of each Year:	
Quarterly Results	Tentative Dates of Board Meetings for F.Y. 2012-13
1 <sup>st</sup> Quarter ended on 30 <sup>th</sup> June, 2012	2 <sup>nd</sup> week of Aug., 2012
2 <sup>nd</sup> Quarter ended on 30 <sup>th</sup> September, 2012	2 <sup>nd</sup> week of Nov., 2012
3 <sup>rd</sup> Quarter ended on 31 <sup>st</sup> December, 2012	2 <sup>nd</sup> week of Feb., 2013
Audited yearly Results for the year ended on 31 <sup>st</sup> March, 2013	Last week of May, 2013

## 3] Book Closure Date :

The Share Transfer books and Register of Members will remain closed from 20th July, 2012 to 26<sup>th</sup> July, 2012 (both days inclusive).

## 4] Listing on Stock Exchanges:

Name of Stock Exchange where Shares of the Company are Listed	Scrip Code
Bombay Stock Exchange Limited	532397

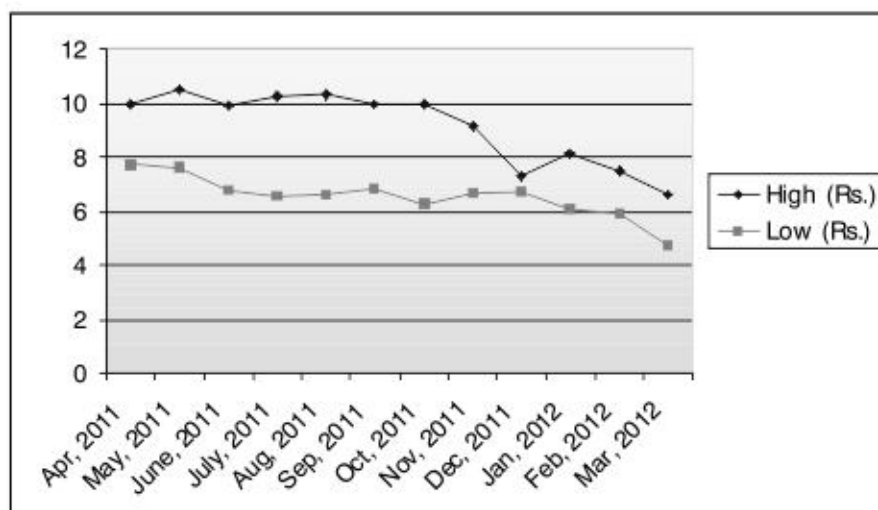
## 5] ISIN Number:

Demat ISIN Numbers in NSDL & CDSL for Equity Shares: **INE971A01014**

## 6] Shares' Prices Data:\*

Month	High (₹)	Low (₹)	Close (₹)	Volume No. of Shares
April, 2011	9.95	7.74	9.06	42717
May, 2011	10.47	7.60	7.60	296416
June, 2011	9.90	6.76	8.55	73765
July, 2011	10.28	6.51	7.03	24394
August, 2011	10.33	6.57	8.30	503284
September, 2011	10.00	6.82	8.72	15184
October, 2011	10.00	6.26	8.50	559163
November, 2011	9.10	6.66	7.00	12973
December, 2011	7.35	6.70	6.70	6985
January, 2012	8.09	6.10	6.56	5428
February, 2012	7.50	5.90	5.90	10963
March, 2012	6.60	4.72	5.78	28474

\*the share price data is collected from the website: [www.bseindia.com](http://www.bseindia.com)



**7] Registrar and Share Transfer Agents:**

Entire Share Transfer work and dematerialization / rematerialization work is handled by Registrar & Share Transfer Agents M/s. Sharepro Services (India) Private Limited, Ahmedabad.

**8] Share Transfer System:**

The Company's shares are traded in the Stock Exchanges compulsorily in demat mode. The request for dematerialization of shares are also processed by the R & T agent within stipulated period and unloaded with the concerned depositories.

**9] Distribution of Holdings as on 31st March, 2012:**

No. of equity shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 - 500	5563	92.470	667357	12.094
501 - 1000	180	2.992	149373	2.707
1001 - 2000	104	1.729	160117	2.902
2001 - 3000	43	0.715	109977	1.993
3001 - 4000	24	0.399	83392	1.511
4001 - 5000	25	0.416	120188	2.178
5001 - 10000	28	0.465	212428	3.850
10001 and above	49	0.814	4015368	72.776
<b>TOTAL</b>	<b>6016</b>	<b>100.00</b>	<b>5518200</b>	<b>100.00</b>

**10] Dematerializations of shares and liquidity:**

As on 31<sup>st</sup> March, 2012, 94.27% of the total Equity Shares are held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). The details of which is as under:-

Mode of Holding	No. of Shares	% of Holding
DEMAT	5201821	94.27
PHYSICAL	316379	5.73
<b>TOTAL</b>	<b>5518200</b>	<b>100.00</b>

**11] Shareholding Pattern of the Company as on 31st March, 2012:**

Category	No of Shares held	% of Share Holding
<b>1) Promoters Holding :</b>		
i. Indian Promoters Relatives & Associates (including Body Corporates)	<b>921274</b>	<b>16.70</b>
ii) Foreign Promoters	-	-
<b>Sub Total (A)</b>	<b>921274</b>	<b>16.70</b>
<b>2) Non Promoters Holding :</b>		
i. Mutual Funds and UTI	-	-
ii. Banks & Financial Institutions	-	-
<b>Sub Total (B)</b>	<b>-</b>	<b>-</b>
<b>3) Others</b>		
i. Private Corporate Bodies	914509	16.57
ii. Indian Public	3653216	66.20
iii. Clearing Members	2565	0.05
iv. Directors & their relatives & friends	26271	0.48
v. NRIs / OCBs/FIIs	365	0.00
<b>Sub Total (C)</b>	<b>4596926</b>	<b>83.30</b>
<b>Grand Total( A+B+C)</b>	<b>5518200</b>	<b>100</b>

## Arms Paper Limited

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### 12) Address for Correspondence:

a) **Company:**

Arms Paper Limited  
604, Avdhesh House, Opp. Shri Guru Govind Gurudwara, Sarkhej-Gandhinagar Highway,  
Thaltej, Ahmedabad - 380 054.  
Telefax : [079] 26859223  
e-mail : armspaperltd@gmail.com

b) **Registrar & Share Transfer Agents:**

M/s. Sharepro Services (I) Pvt. Ltd.,  
416-420, 4<sup>th</sup> Floor, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad - 380 006.  
Phone No. [079] 26582381-84  
Fax No. [079] 26582385  
e-mail: sharepro@shareproservices.com

For and on behalf of the Board of Directors

Place : Ahmedabad  
Date : 29<sup>th</sup> May, 2012

Jamna Prasad Maheshwari  
Chairman and Managing Director

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### Certificate by Chief Executive Officer (CEO)

We hereby certify that :

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2012 and that to the best of our knowledge and belief:
- (i) These statements do not contain any materially untrue statement or omit any material act 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) To the best of our knowledge and belief, no transactions entered into by the Company during the year which is fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We further confirm that :
- (i) there were no significant changes in internal control over financial reporting during the year;
  - (ii) there were no significant changes in accounting policies during the year and
  - (iii) there were no instances of significant fraud of which we are aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For and on behalf of the Board of Directors

Place : Ahmedabad  
Date : 29<sup>th</sup> May, 2012

Jamna Prasad Maheshwari  
Chairman and Managing Director

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**Auditors' Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement.**

To  
The members  
Arms Paper Limited

1. We have reviewed the implementation of Corporate Governance by Arms Paper Ltd. ("the Company") during the year ended 31<sup>st</sup> March, 2012, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.
2. The compliance of conditions on Corporate Governance is the responsibility of the Management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

3. We state that no major investor grievances are pending for period exceeding one month against the Company as per the records maintained by the Shareholders / Investors Grievance Committee and certified by the Company.
4. On the basis of our review and according to the information and explanations provided to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) with the Stock Exchange have been complied with in all material respect by the Company.

**For, Talati & Talati**  
**Chartered Accountants**  
(Firm Reg No: 110758W)

Place : Ahmedabad  
Date : 29<sup>th</sup> May, 2012

**Anand Sharma**  
**Partner**  
( M/No. 129033 )

## AUDITORS' REPORT

To  
The Members of ARMS PAPER LIMITED,  
Ahmedabad.

1. We have audited the attached Balance Sheet of **ARMS PAPER LIMITED** as at 31<sup>st</sup> March 2012, and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the companies (Auditor's Report) (Amendments) Order 2004 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 accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with this Report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
  - v. On the basis of written representations received from the Directors, as on 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a Director 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 gives 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 31<sup>st</sup> March, 2012.
    - (b) In the case of the Statement of Profit and Loss, 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, Talati and Talati**  
**Chartered Accountants**  
(Firm Reg No: 110758W)

Place : Ahmedabad  
Date : May 29<sup>th</sup> 2012

**Anand Sharma**  
**Partner**  
( M/No. 129033 )

**ANNEXURE TO THE AUDITORS' REPORT**  
**(Referred to in paragraph (3) of our Report of even date)**

- i)
  - a. The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. The Company has a phased program of physical verification of its fixed assets, which in our opinion, is reasonable, having regard to the size of the Company and nature of its business. During the year, the company has physically verified some of the assets and no material discrepancies were noticed on such verification.
  - c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- ii) There is no closing stock of finished goods, hence clauses relating to physical verification and procedure of physical verification, discrepancies noticed on such verification do not arise.

- iii) a. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, Firms & other parties listed in the register maintained u/s. 301 of the Companies Act, 1956. Accordingly, clause (iii) (b), (c) & (d) of the Companies (Auditors' Report) Order 2003 is not applicable to the Company.
- e. According to information and explanation given to us, the Company has not taken any Loans, secured or unsecured, from companies, firms or other parties covered in the Register maintained u/s 301 of the Companies Act, 1956. Consequently, Clause (iii) (f) and (g) of the Companies (Auditors' Report) Order 2003 is not applicable to the Company.
- 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 the nature of its business for the purchase of inventory, fixed assets and also with regard to the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal controls.
- v) In our opinion and according to the information and explanations given to us, there were no transactions exceeding ₹ 5 Lacs with any party covered under section 301 of the Companies Act, 1956 that needs to be entered into the register maintained under the said section. Hence clause (v) (b) of the Companies (Auditors' Report) Order 2003 is not applicable to the Company.
- vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public and hence the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public are not applicable to the Company.
- vii) In our opinion, the Company has an internal audit system commensurate with the size of the company and nature of its business.
- viii) The Central Government has not prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956 in respect of the Company.
- ix) According to the information & explanations given to us, undisputed statutory dues including Provident Fund, Employee State Insurance, Income Tax, Sales tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2012 for a period of more than six months from the date of becoming payable. Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same
- x) The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses during the current financial year covered by the audit and the immediately preceding financial year.
- xi) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to the banks. The company does not have any debentures.
- xii) In our opinion and according to the explanations given to us, the Company has not granted any loans against security by way of pledge of Shares, Debentures and other Securities. Therefore the provisions of this Clause of the Companies (Auditors' Report) Order 2003 is not applicable to the Company.
- xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditors' Report) Order 2003 is not applicable to the Company.
- xiv) In our opinion, the Company is not dealing or trading in shares, securities, Debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans, taken by others, from banks or financial institutions.
- xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the company have been applied for the purpose for which they were raised.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, no funds which have been raised on short-term basis have been used for long term investment, and vice versa.
- xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956.
- xix) During the year covered by our audit report, the Company has not issued any debentures. Accordingly, the provision of clause (xix) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xx) The Company has not raised money through public issue during the year.
- xxi) Based on the audit procedures performed and representation obtained from management we report that, no case of material fraud on or by the Company has been noticed or reported for the year under audit.

**For, Talati and Talati**  
**Chartered Accountants**  
(Firm Reg No: 110758W)

**Anand Sharma**  
**Partner**  
( M/No. 129033 )

**Place : Ahmedabad**  
**Date : May 29<sup>th</sup> 2012**

# Arms Paper Limited

## BALANCE SHEET AS AT 31ST MARCH, 2012

(₹)

PARTICULARS	Note	AS AT 31.03.2012	AS AT 31.03.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	55,040,000	55,040,000
(b) Reserves and surplus	3	15,058,688	12,956,942
		<u>70,098,688</u>	<u>67,996,942</u>
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	4	-	62,051
(b) Deferred tax liabilities (Net)	5	26,863	79,201
(c) Long term provisions	6	44,178	156,704
		<u>71,041</u>	<u>297,956</u>
<b>(3) Current Liabilities</b>			
(a) Trade payables	7	30,535,770	9,959,434
(b) Other current liabilities	8	746,934	201,310
(c) Short-term provisions	9	654,972	284,293
		<u>31,937,676</u>	<u>10,445,037</u>
<b>Total</b>		<u><u>102,107,405</u></u>	<u><u>78,739,935</u></u>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	10	330,115	445,067
(b) Long term loans and advances	11	82,400	169,513
		<u>412,515</u>	<u>614,580</u>
<b>(2) Current assets</b>			
(a) Inventories	12	-	5,539,316
(b) Trade receivables	13	39,960,074	5,224,923
(c) Cash and Bank balances	14	221,339	627,979
(d) Short-term loans and advances	15	61,513,477	66,733,137
		<u>101,694,890</u>	<u>78,125,355</u>
<b>Total</b>		<u><u>102,107,405</u></u>	<u><u>78,739,935</u></u>

The accompanying notes are an integral part of these financial statements.

1 to 26

As per our attached report of even date attached.

**For, Talati & Talati**  
Chartered Accountants  
(Firm Reg. No 110758W)

**Anand Sharma**  
Partner  
M.No. 129033

Place : Ahmedabad  
Date : 29/05/2012

**Alpesh Gandhi**  
Company Secretary

For and on behalf of the Board of Directors

**Jamna Prasad Maheswari**  
Managing Director

**Hemant Mehta**  
Director

Place : Ahmedabad  
Date : 29/05/2012

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2012

(₹)

PARTICULARS	Note	For the year ended March 31,2012	For the year ended March 31,2011
I. Revenue from operations	16	96,923,332	128,005,690
II. Other income	17	1,372,477	5,254,205
<b>III. Total Revenue (I +II)</b>		<b>98,295,809</b>	<b>133,259,895</b>
<b>IV. Expenses:</b>			
Purchases of stock-in-trade		86,087,951	129,231,266
Changes in inventories of finished goods, work-in-progress and stock-in-trade	18	5,539,316	(5,539,316)
Employee benefits expense	19	1,528,364	1,298,484
Finance costs	20	19,623	869,185
Depreciation and amortization expense	10	114,952	155,169
Other expenses	21	1,970,211	1,943,821
<b>IV. Total Expenses</b>		<b>95,260,417</b>	<b>127,958,609</b>
<b>V. Profit/(Loss) before tax (III-IV)</b>		<b>3,035,392</b>	<b>5,301,286</b>
<b>VI. Tax expense:</b>			
Current tax		985,982	983,267
Add/(Less): MAT credit entitlement		-	(983,267)
Net current tax liability		985,982	-
Deferred tax		(52,338)	(5,369)
<b>VII. Profit/(Loss) for the period (V+VI)</b>		<b>2,101,748</b>	<b>5,295,917</b>
VIII. Earnings per share (Face value ₹ 10 per share) (Refer note no. 24)			
(1) Basic		0.38	0.96
(2) Diluted		0.38	0.96

The accompanying notes are an integral part of these financial statements.

1 to 26

As per our attached report of even date attached.

**For, Talati & Talati**  
Chartered Accountants  
(Firm Reg. No 110758W)

**Anand Sharma**  
Partner  
M.No. 129033

Place : Ahmedabad  
Date : 29/05/2012

**Alpesh Gandhi**  
Company Secretary

For and on behalf of the Board of Directors

**Jamna Prasad Maheswari**  
Managing Director

**Hemant Mehta**  
Director

Place : Ahmedabad  
Date : 29/05/2012

# Arms Paper Limited

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

	2011-2012 (Amt. in ₹)	2010-2011 (Amt. in ₹)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before extra ordinary items	3,035,392	5,301,286
Adjustment for:		
Depreciation & amortization expenses	114,952	155,169
Finance costs	19,623	869,185
<b>Operating profit before working capital changes</b>	<b>3,169,967</b>	<b>6,325,640</b>
Adjustment for:		
Increase /(decrease) in trade payables	20,576,336	8,326,180
Increase /(decrease) in current liabilities and provisions	803,776	1,431,183
(Increase) /decrease in inventories	5,539,316	(5,539,316)
(Increase) /decrease in trade receivables	(34,735,151)	10,863,100
<b>Cash generated from operating activities</b>	<b>(4,645,756)</b>	<b>21,406,787</b>
Direct tax paid	(1,188,234)	-
<b>Net cash flow from operating activities</b>	<b>(5,833,990)</b>	<b>21,406,787</b>
<b>B. Cash flow from investing activities</b>		
Movement in loans & advances	5,509,024	(7,918,136)
<b>Net cash flow from investing activities</b>	<b>5,509,024</b>	<b>(7,918,136)</b>
<b>C. Cash flow from financing activities</b>		
Repayment of long term borrowings	(62,051)	(12,051,547)
Interest paid	(19,623)	(869,185)
<b>Net cash flow from financing activities</b>	<b>(81,674)</b>	<b>(12,920,732)</b>
<b>Net change in cash &amp; cash equivalents(a+b+c)</b>	<b>(406,640)</b>	<b>567,919</b>
Opening balance - cash and cash equivalent	627,979	60,059
Closing balance - cash and cash equivalent	221,339	627,979
<b>Notes:</b>		
1 Components of cash and cash equivalents included in the cash flow statement comprises the following balance sheet amount		
<b>Cash and cash equivalent :</b>		
(a) Balance with Banks :		
- In Current accounts	210,056	624,785
(b) Cash on hand	11,283	3,194
<b>Total</b>	<b>221,339</b>	<b>627,979</b>

As per our attached report of even date attached.

**For, Talati & Talati**  
Chartered Accountants  
(Firm Reg. No 110758W)

**Anand Sharma**  
Partner  
M.No. 129033

**Alpesh Gandhi**  
Company Secretary

Place : Ahmedabad  
Date : 29/05/2012

For and on behalf of the Board of Directors

**Jamna Prasad Maheswari**  
Managing Director

**Hemant Mehta**  
Director

Place : Ahmedabad  
Date : 29/05/2012

**NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES:****1) BASIS OF ACCOUNTING:**

The Financial Statements are prepared as per historical cost convention and in accordance with the Generally Accepted Accounting Principles (GAAP) in India, the provisions of the Companies Act 1956, and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. All Incomes and Expenditures having material bearing on the Financial Statements are recognized on accrual basis.

**2) USE OF ESTIMATES:**

The presentation of the Financial Statements, in conformity with the Generally Accepted Accounting policies, require the management to make estimates and assumptions that affect the reported amount of Assets and Liabilities, Revenues and Expenses and disclosure of contingent liabilities. Such estimation and assumptions are based on management's evaluation of relevant facts and circumstances as on date of Financial Statements. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

**3) REVENUE RECOGNITION:**

Sales are stated net of rebate and trade discount. It excludes Central Sales Tax and State Value Added Tax. With regard to sale of products, income is reported when practically all risks and rights connected with the ownership have been transferred to the buyers. This usually occurs upon dispatch of the goods.

Interest on deposits is recognized on accrual basis.

**4) FIXED ASSETS AND DEPRECIATION:**

Fixed Assets are stated at cost of acquisition or construction, net of accumulated depreciation, cenvat credit and adjustments arising from exchange rate variations relating to borrowings attributed to fixed assets. Cost includes incidental expenses capitalized from time to time on their due recognition, trial run expenses and interest attributable to the project till the date of commissioning.

The company has provided depreciation on all Fixed Assets on "Written Down Value Method" on pro-rata basis in accordance with the Section 205 (2)(a), at the rates specified in Schedule XIV of the Companies Act 1956.

**5) BORROWING COST:**

Borrowing costs are recognized in the period to which they relate, regardless of how the funds have been utilized, except where it relates to the financing of construction or development of assets requiring a substantial period of time to prepare for their intended future use. Interest on borrowings if any is capitalized up to the date when the asset is ready for its intended use. The amount of interest capitalized for the period is determined by applying the interest rate applicable to respective borrowings.

**6) INVENTORIES:**

Inventories of goods traded is valued at lower of cost or net realizable value. Cost is determined on first-in-first-out basis. Cost includes cost of material and other related expenses.

**7) EMPLOYEES RETIREMENT BENEFITS:****(a) Short Term**

Short Term employee benefits are recognized as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the company.

**(b) Long Term**

The Company has both defined contribution and defined benefit plans, of which some have assets in approved funds. These plans are financed by the Company in the case of defined contribution plans.

**Defined Contribution Plans**

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to Employees Provident Fund. The Company's Payments to the defined contributions plans are reported as expenses during the period in which the employee perform the services that the payment covers.

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## Defined Benefit Plans

Expenses for defined benefit gratuity payment plans are calculated as at the balance sheet date by independent actuaries in the manner that distributes expense over the employees working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discounted rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on Government Bonds with a remaining term i.e. almost equivalent to the average balance working period of employees.

## Other Employee Benefit

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit converts and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid.

## **8) IMPAIRMENT OF ASSETS:**

The carrying value of assets of the Company's cash generating units are reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amount of those assets are estimated and impairment loss is recognized, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor. Net selling price is the estimated selling price in the ordinary course of business, less estimated cost of completion and to make the sale.

As per the assessment conducted by the Company at March 31, 2012, there were no indications that the fixed assets have suffered an impairment loss.

## **9) TAXATION:**

A provision for Current Tax has been made at the current tax rate based on assessable income or on the basis of Sec. 115JB of the Income Tax Act, 1961 (Minimum Alternative Tax), whichever is higher.

Deferred Tax resulting from "timing differences that are temporary in nature" between accounting and taxable profit is accounted for, using the tax rates and 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 or virtual certainty, as the case may be, that the asset will be realised in future.

## **10) EARNING PER SHARE:**

Basic earning per share is calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the Company by the weighted average number of Equity shares outstanding during the year. Diluted earning per Share is calculated by dividing net profit attributable to equity shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

## **11) CASH FLOW STATEMENT:**

The Cash Flow Statement is prepared by the "Indirect Method" set out in Accounting Standard 3 on "Cash Flow Statement" and presents the cash flows by operating, investing and financing activities of the Company.

Cash and Cash equivalents presented in Cash Flow Statement consist of cash on hand and demand deposits with banks.

## **12) PROVISIONS AND CONTINGENT LIABILITIES:**

A provision is recognized when the Company has a present legal or constructive 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 reliable estimate can be made. Provisions (excluding long term benefits) are not discounted to its present value and are determined based on best estimated required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the Financial Statements. A contingent asset is neither recognized nor disclosed.



NOTES FORMING PART OF THE BALANCE SHEET

	As At 31.03.2012 ₹		As At 31.03.2011 ₹	
<b>2 SHARE CAPITAL</b>				
<b>Authorized Share Capital:</b>				
60,00,000 Equity Shares of ₹ 10/- each (PY 60,00,000 Equity Shares of ₹ 10/- each)		60,000,000		60,000,000
<b>Issued Subscribed &amp; Paid up Share Capital :</b>				
55,18,200 Equity shares of ₹ 10/- each fully paid (PY 55,18,200 Equity Shares of ₹ 10/- each fully paid)		55,182,000		55,182,000
Less: Calls in arrears-by others		(142,000)		(142,000)
		<u>55,040,000</u>		<u>55,040,000</u>
<b>(a) Reconciliation of number of shares :</b>				
<b>Equity shares:</b>	<b>As at March 31, 2012</b>		<b>As at March 31, 2011</b>	
	<b>No of Shares</b>	<b>Amount</b>	<b>No of Shares</b>	<b>Amount</b>
Shares outstanding at the beginning of the year	5,518,200	55,040,000	5,518,200	55,040,000
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	<u>5,518,200</u>	<u>55,040,000</u>	<u>5,518,200</u>	<u>55,040,000</u>
<b>(b) Terms/rights, preferences and restrictions attached to securities:</b>				
The company has one class of equity shares having a par value of ₹ 10 each. Each share holder is eligible for one vote per share held. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the company after distribution of all preferential dues, in proportion to their shareholding.				
<b>(c) Details of share holders holding more than 5% shares in the company:</b>				
	<b>As at March 31, 2012</b>		<b>As at March 31, 2011</b>	
<b>Name of share holders</b>	<b>No of Shares held</b>	<b>% of holding</b>	<b>No of Shares held</b>	<b>% of holding</b>
Sangeeta Ajay Goenka	1,346,477	24.44	2,000	0.04
Mangal Keshav Capital Limited	691,848	12.54	-	-
Mangal Keshav Securities Limited	1,735	0.03	714,547	12.95
Shyamsundar Makhanlal Tibrewal	625,549	11.34	625,549	11.34
Siddharth Shyamsundar Tibrewal	121,497	2.20	642,500	11.64
Laxmidevi Tibrewal	-	-	386,432	7.00
Nikita Talati	-	-	275,709	5.00
			<b>As At</b>	<b>As At</b>
			<b>31.03.2012</b>	<b>31.03.2011</b>
			<b>₹</b>	<b>₹</b>
<b>3 RESERVES &amp; SURPLUS :</b>				
<b>(a) Capital Reserve</b>			5,467,796	5,467,796
<b>(b) Surplus in Statement of Profit &amp; Loss Account</b>				
Balance as per last accounts			7,489,144	2,193,229
Profit for the year			2,101,748	5,295,917
			<u>9,590,892</u>	<u>7,489,146</u>
			<u>15,058,688</u>	<u>12,956,942</u>
<b>4 LONG TERM BORROWINGS:</b>				
<b>Secured Term Loans:</b>				
<b>From other parties:</b>				
- Financial institution (Vehicle loan):			-	62,051
			-	62,051
<b>Nature of security and terms of repayment for secured borrowings</b>				
<b>Vehicle Loan:</b>				
Term loan from Financial institution was taken during the year 2009-10 carrying rate of interest @ 10.57% p.a. and is to be repayable in 36 equal monthly installments starting from August 2009. The loan is secured by hypothecation of vehicle.				

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	As At 31.03.2012 ₹	As At 31.03.2011 ₹
<b>5 DEFERRED TAX LIABILITIES (NET):</b>		
<b>Deferred tax liabilities :</b>		
Fixed Asset: Impact of difference between tax depreciation and depreciation charged for the financial reporting	70,629	79,201
<b>Gross deferred tax liabilities</b>	<u>70,629</u>	<u>79,201</u>
<b>Deferred tax assets :</b>		
Gratuity	16,272	-
Leave encashment	20,008	-
Bonus	7,486	-
<b>Gross deferred tax assets</b>	<u>43,766</u>	<u>-</u>
<b>Net deferred tax liability</b>	<u>26,863</u>	<u>79,201</u>
As required by the Accounting Standard 22" Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the company has provided for deferred tax asset during the year amounting to ₹ 52,338 (Net of Deferred tax asset and liability).		
<b>6 LONG TERM PROVISIONS:</b>		
<b>Provision for employee benefits :</b>		
Provision for gratuity	20,570	92,976
Provision for leave encashment	23,608	63,728
<b>Total</b>	<u>44,178</u>	<u>156,704</u>
<b>7 TRADE PAYABLES:</b>		
- For Goods & expenses (Other than micro, small & medium enterprise)	30,535,770	9,959,434
<b>Total</b>	<u>30,535,770</u>	<u>9,959,434</u>
Based on the information / documents / parties identified by the company and to the extent information available/gathered, with respect to information as required to be disclosed as per Micro, Small & Medium Enterprise Development Act, 2006, there is no transaction with such parties during the year.		
<b>8 OTHER CURRENT LIABILITIES:</b>		
(a) <b>Current maturities of long term debts</b>	62,051	174,500
(b) <b>Other Payables :</b>		
Duties & taxes	64,381	26,810
Advance from customers	620,501	-
<b>Total</b>	<u>746,934</u>	<u>201,310</u>
<b>9 SHORT TERM PROVISIONS:</b>		
<b>Provision for employee benefits:</b>		
Provision for bonus	24,228	29,405
Provision for gratuity	125,066	-
Provision for leave encashment	104,871	-
<b>Others:</b>		
Provisions for expenses	400,807	254,888
<b>Total</b>	<u>654,972</u>	<u>284,293</u>

**Note - 10 : TANGIBLE FIXED ASSETS**

	Vehicle	Office Equipment	Air Conditioner	Computer	Total
<b>Cost of assets</b>					
At 1 April 2010	645,129	5,800	30,000	61,000	741,929
Additions	-	-	-	-	-
Disposal / Adjustment	-	-	-	-	-
Transfer to assets held for sale	-	-	-	-	-
<b>At 31 March 2011</b>	<b>645,129</b>	<b>5,800</b>	<b>30,000</b>	<b>61,000</b>	<b>741,929</b>
Additions	-	-	-	-	-
Disposal / Adjustment	-	-	-	-	-
Transfer to assets held for sale	-	-	-	-	-
<b>At 31 march 2012</b>	<b>645,129</b>	<b>5,800</b>	<b>30,000</b>	<b>61,000</b>	<b>741,929</b>
<b>Depreciation</b>					
At 1 April 2010	98,842	1,564	7,746	33,541	141,693
Charge for the year	141,434	589	3,095	10,051	155,169
Disposal / Adjustment	-	-	-	-	-
Transfer to assets held for sale	-	-	-	-	-
<b>At 31 March 2011</b>	<b>240,276</b>	<b>2,153</b>	<b>10,841</b>	<b>43,592</b>	<b>296,862</b>
Charge for the year	<b>104,816</b>	<b>507</b>	<b>2,665</b>	<b>6,963</b>	<b>114,952</b>
Disposal / Adjustment	-	-	-	-	-
Transfer to assets held for sale	-	-	-	-	-
<b>At 31 march 2012</b>	<b>345,092</b>	<b>2,660</b>	<b>13,506</b>	<b>50,555</b>	<b>411,814</b>
<b>Net Block</b>					
<b>At 31 March 2011</b>	<b>404,853</b>	<b>3,647</b>	<b>19,159</b>	<b>17,408</b>	<b>445,067</b>
<b>At 31 March 2012</b>	<b>300,037</b>	<b>3,140</b>	<b>16,494</b>	<b>10,445</b>	<b>330,115</b>

	As At 31.03.2012 ₹	As At 31.03.2011 ₹
<b>11 LONG-TERM LOANS &amp; ADVANCES:</b>		
(Unsecured, considered good, unless otherwise stated)		
<b>(a) Security Deposit :</b>		
Rent Deposit	25,200	25,200
<b>(b) Other loans &amp; advances</b>		
Balances with government authorities	57,200	144,313
<b>Total</b>	<b>82,400</b>	<b>169,513</b>
<b>12 INVENTORIES:</b>		
(valued at lower of cost or net realizable value)		
Stock in trade (In respect of goods acquired for trading)	-	-
[Goods in transit]	-	5,539,316
<b>Total</b>	<b>-</b>	<b>5,539,316</b>

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	As At 31.03.2012 ₹	As At 31.03.2011 ₹
<b>13 TRADE RECEIVABLES:</b>		
(Unsecured, considered good, unless otherwise stated)		
Outstanding for a period exceeding 6 months from the date they are due for payment	-	-
Others	<b>39,960,074</b>	<b>5,224,923</b>
<b>Total</b>	<b><u>39,960,074</u></b>	<b><u>5,224,923</u></b>
<b>14 CASH AND BANK BALANCES:</b>		
<b>Cash and cash equivalent :</b>		
<b>(a) Balance with Banks :</b>		
- In Current accounts	<b>210,056</b>	624,785
<b>(b) Cash on hand</b>	<b>11,283</b>	3,194
<b>Total</b>	<b><u>221,339</u></b>	<b><u>627,979</u></b>
<b>15 SHORT-TERM LOANS AND ADVANCES:</b>		
(Unsecured considered good, unless otherwise stated:)		
<b>Other loans and advances:</b>		
- Advance to suppliers	<b>33,761,835</b>	-
- Balances with government authorities	<b>399,726</b>	-
- Advances recoverable in cash or kind	<b>21,399,602</b>	60,983,075
- Advance tax and MAT credit entitlement	<b>5,952,314</b>	5,750,062
<b>Total</b>	<b><u>61,513,477</u></b>	<b><u>66,733,137</u></b>

## 29th Annual Report 2011-12

	Year ended	
	March 31,2012	March 31,2011
<b>16 REVENUE FROM OPERATIONS:</b>		
<b>(a) Sale of products</b>		
Paper sales	96,896,961	127,931,976
<b>(b) Other operating income</b>		
Insurance recovery (Net of expenses ₹ 41,511 P.Y. ₹ 74,301)	26,371	73,714
<b>Total</b>	96,923,332	128,005,690
<b>17 OTHER INCOME:</b>		
<b>Interest Income:</b>		
Interest on FDR	-	83
Interest income others	1,372,477	5,254,122
<b>Total</b>	1,372,477	5,254,205
<b>18 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Opening Stock</b>		
Stock-in-trade	5,539,316	-
Total ( A )	5,539,316	-
<b>Closing Stock</b>		
Stock-in-trade	-	5,539,316
Total ( B )	-	5,539,316
<b>Total (A-B)</b>	5,539,316	(5,539,316)
<b>19 EMPLOYEE BENEFITS EXPENSE:</b>		
Salaries and Wages	1,492,022	1,274,129
Contribution to Provident & other funds	36,342	24,355
<b>Total</b>	1,528,364	1,298,484

### Defined Contribution Plan

Contribution to defined contribution plan, recognised as expense for the year are as under:

	2011-12	2010-11
Employer's Contribution to Provident Fund	17,184	10,446
Employer's Contribution to Pension Scheme	17,706	23,269

### Defined Benefit Plan

The Company has adopted Accounting Standard 15 (AS-15) (Revised) "Employee Benefits" and provided for gratuity (unfunded) and leave encashment (unfunded) based on actuarial valuation done as per Projected Unit Credit Method.

#### **I. Reconciliation of opening and closing balance of Defined Benefit Obligation**

	Gratuity		Leave Encashment	
	2011-12	2010-11	2011-12	2010-11
Opening defined benefit obligation	92,976	-	63,728	-
Excess / Short provision	-	-	-	-
Service cost	43,547	33,067	20,322	63,728
Interest cost	7,122	-	4,882	-
Actuarial (Gain) / Loss	1,991	59,909	39,547	-
Benefits paid	-	-	-	-
Closing defined benefit obligation	145,636	92,976	128,479	63,728

## Arms Paper Limited

### II. Reconciliation of opening and closing balance of fair value of plan assets

	Gratuity	
	2011-12	2010-11
Opening fair value of plan assets	-	-
Expected return	-	-
Actuarial Gain / (Loss)	-	-
Employer contribution	-	-
Benefits paid	-	-
Closing fair value of plan assets	-	-

### III. Reconciliation of fair value of assets and obligation

	Gratuity		Leave Encashment	
	2011-12	2010-11	2011-12	2010-11
Fair value of plan assets	-	-	-	-
Present value of obligation	<b>145,636</b>	92,976	<b>128,479</b>	63,728
Amount recognised in balance sheet	<b>145,636</b>	92,976	<b>128,479</b>	63,728

### IV. Expense recognised during the year (under the head "Employee Benefit expenses" of Note '19')

	Gratuity		Leave Encashment	
	2011-12	2010-11	2011-12	2010-11
Service cost	<b>43,547</b>	33,067	<b>20,322</b>	63,728
Interest cost	<b>7,122</b>	-	<b>4,882</b>	-
Expected return on plan assets	-	-	-	-
Actuarial (Gain) / Loss	<b>1,991</b>	59,909	<b>39,547</b>	-
Net cost included in 'Employee Benefit Expense'	<b>52,660</b>	92,976	<b>64,751</b>	63,728

### V. Investment Details

	% invested	
	2011-12 (%)	2010-11 (%)
Investments	<b>Nil</b>	<b>Nil</b>

### VI. Actuarial Assumptions

	Gratuity		Leave Encashment	
	2011-12	2010-11	2011-12	2010-11
Mortality Table(LIC)	<b>1994-96</b>	1994-96	<b>1994-96</b>	1994-96
	<b>(Ultimate)</b>	(Ultimate)	<b>(Ultimate)</b>	(Ultimate)
Discount rate (per annum)	<b>8.00%</b>	7.66%	<b>8.00%</b>	7.66%
Rate of escalation in salary (per annum)	<b>6.00%</b>	6.00%	<b>6.00%</b>	6.00%

### VII. Amount for the current and previous four periods are as follows:-

	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008
	₹	₹	₹	₹	₹
Gratuity					
Defined Benefit obligation	<b>145,636</b>	92,976	-	-	-
Plan asset	-	-	-	-	-
Surplus/(deficit)	<b>(145,636)</b>	(92,976)	-	-	-
Experience adjustment on plan liability	<b>3,214</b>	-	-	-	-
Experience adjustment on plan assets	-	-	-	-	-
Leave Encashment					
Defined benefit obligation	<b>128,479</b>	63,728	-	-	-
Experience adjustment on plan liability	<b>23,635</b>	-	-	-	-

VIII. Expected Employer's contribution for the next financial year

On the basis of previous year's trend, company is expecting to contribute the same amount as in 2011-12 to the defined contribution plan.

However, for the defined benefit plan company is not liable to contribute any amount as the plans are unfunded.

The estimate of rate of escalation in salary is considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

	<b>Year ended</b>	
	<b>March 31,2012</b>	<b>March 31,2011</b>
<b>20 FINANCE COSTS:</b>		
(1) Interest expenses		
To Bank	-	835,968
To Others	15,460	31,615
(2) Other borrowing cost	4,163	1,602
<b>Total</b>	<b>19,623</b>	<b>869,185</b>
<b>21 OTHER EXPENSES:</b>		
<u>Repairs and maintenance :</u>		
Building	15,350	9,078
Others	36,904	25,233
	52,254	34,311
Payment to auditors	78,344	71,695
Electricity expenses	60,256	31,877
Rent expenses	238,921	232,008
Rates and taxes	51,826	26,515
Legal & Professional expenses	115,175	99,242
Advertisement, Stationery & Communication expenses	193,745	234,892
Selling, distribution, freight & forwarding expenses	975,374	1,100,975
Travelling & Conveyance	76,122	95,288
Foreign exchange fluctuation	82,195	-
Miscellaneous expenses	45,999	17,018
<b>Total</b>	<b>1,970,211</b>	<b>1,943,821</b>
<b>Payment to auditors</b>	<b>2011-12</b>	<b>2010-11</b>
As auditor:		
Statutory auditor	44,944	44,120
Tax auditor	11,236	11,030
For other services	22,164	16,545
	<b>78,344</b>	<b>71,695</b>

22 Based on the guiding principles given in Accounting Standard on "Segment Reporting" (AS-17) issued by the Institute of Chartered Accountants of India, the Company operates mainly in trading of paper products and all other activities are incidental thereto, which have similar risk and return, accordingly, there is no separate reportable Segment disclosure is required.

# Arms Paper Limited

## 23 Related Party Disclosure:

### (a) List of Related Parties and Relationships:

- |   |                     |
|---|---------------------|
| i. Concern where significant interest exists. | Nil                 |
| ii. Key Management Personnel and Relatives.   |                     |
| Shri. Jamna Prasad Maheshwari                 | - Managing Director |
| Shri. Hemant Chinubhai Mehta                  | - Director          |
| Shri. Arvind Baldwa                           | - Director          |

### (b) Disclosure of Related Party Transactions

Nature of Transaction	Key management personnel	2011-12	2010-11
Directors' Remuneration	(Shri Jamna Prasad Maheshwari)	549,360	429,360

## 24 Earning per share:

Particulars		31.03.2012	31.03.2011
Net profit for the year attributable to Equity Shareholders	₹	2,101,748	5,295,917
Weighted average number of Equity Shares outstanding	Numbers	5,504,000	5,504,000
Basic and diluted earnings per share (face value of ₹ 10 each)	₹	0.38	0.96

25 Till the year ended 31 March 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has re-classified previous year figures to conform to this year's classification. Previous year figures have been re-arranged and re-grouped, wherever necessary to make them comparable with those of current year as per revised Schedule-VI.

## 26 Details of traded goods :

Particulars	31.03.2012 Amount	31.03.2011 Amount
Purchases	86,087,951	129,231,266
Sales	96,896,961	127,931,976

As per our attached report of even date attached.

**For, Talati & Talati**  
**Chartered Accountants**  
(Firm Reg. No 110758W)

**Anand Sharma**  
**Partner**  
M.No. 129033

**Place : Ahmedabad**  
**Date : 29/05/2012**

**Alpesh Gandhi**  
**Company Secretary**

For and on behalf of the Board of Directors

**Jamna Prasad Maheshwari**  
**Managing Director**

**Hemant Mehta**  
**Director**

**Place : Ahmedabad**  
**Date : 29/05/2012**



**ARMS PAPER LTD.**

**Registered Office:** 604, Avdhesh House, Opp. Shri Guru Govind Gurudwara, Sarkhej - Gandhinagar Highway, Thaltej, Ahmedabad- 380 054 (Gujarat)

**ATTENDANCE SLIP**

Annual General Meeting

Regd. Folio No. / DP Client ID \_\_\_\_\_ No. of Shares held: \_\_\_\_\_

I certify that I am a member/proxy for the member of the Company.

I hereby record my presence at the **29<sup>th</sup> ANNUAL GENERAL MEETING** of the Company at the Registered Office situated at 604, Avdhesh House, Opp. Shri Guru Govind Gurudwara, Sarkhej - Gandhinagar Highway, Thaltej, Ahmedabad-380 054 (Gujarat) at 3.00 p.m. on Thursday, July 26, 2012.

(Member's/Proxy's name in block letters)

\_\_\_\_\_  
(Member's / Proxy's Signature)

**Note:** Please fill in the attendance slip and hand it over at the ENTRANCE OF THE COMPANY  
Members are requested to bring their copies of the Annual Report to the meeting.

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**PROXY FORM**

Regd. Folio No. / DP Client ID \_\_\_\_\_ No. of Shares held: \_\_\_\_\_

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

Being a member / members of the above named Company, hereby appoint

\_\_\_\_\_ of \_\_\_\_\_ or failing him

\_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_

of \_\_\_\_\_ as my / our proxy to vote for me/us and on my/our behalf at

the 29<sup>th</sup> Annual General Meeting to be held at 3.00 p.m. on Thursday, 26<sup>th</sup> July, 2012 at the Registered Office of the Company situated at 604, Avdhesh House, Opp. Shri Guru Govind Gurudwara, S. G. Highway, Thaltej, Ahmedabad-54 at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

Affix  
Revenue  
Stamp

**Note:** The instrument of proxy should be deposited at the Registered office of the Company not Less than 48 (Forty Eight) hours before the time of holding the meeting.



# BOOK-POST

Address for Correspondence:

**The Company Secretary**

**ARMS PAPER LTD**

604, Avdhesh House, Opp GuruGovind Gurudwara, S.G. Highway, Thaltej, Ahmedabad - 380054

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