

The logo for 'ajit' is written in a bold, lowercase, sans-serif font. The letters are black and have a slight shadow effect, giving them a three-dimensional appearance. The 'j' has a distinctive shape with a curved bottom.

SHREE AJIT PULP AND PAPER LIMITED

15th Annual Report

2009 - 2010

SHREE AJIT PULP AND PAPER LIMITED



BOARD OF DIRECTORS

Shri Gautam D. Shah	Managing Director
Shri Dhansukhlal G. Shah	Director
Shri P. M. Kanyadi	Director - Technical (up to 31/12/2009)
Shri Gyanprakash H. Gupta	Director - Technical (from 01/01/2010)
Shri Piyush R. Shah	Director - Marketing
Shri Nilesh N. Shah	Director
Shri Dhansukh H. Shah	Director
Shri Mitesh M. Mehta	Director
Shri Hemant M. Shah	Director (up to 29/09/2009)

REGISTERED OFFICE

Survey No. 239, Near Morai Rly. Crossing, Village Salvav, Via - Vapi-396 191. Gujarat.

BANKERS

Indian Overseas Bank
State Bank of India
HDFC Bank Ltd.
Bank of Baroda

SHARE TRANSFER AGENT

LINK INTIME INDIA PVT. LTD.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai - 400 078.

AUDITORS

H. P. SHAH ASSOCIATES, Vapi.

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SHREE AJIT PULP AND PAPER LIMITED



NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of Shree Ajit Pulp And Paper Limited will be held at the Registered office of the Company at Survey No. 239, Near Morai Railway Crossing, Village Salvav, Via- Vapi – 396 191 on Tuesday, 17th August 2010 at 11:00 A.M., to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account of the Company for the year ended 31st March 2010, the Auditors' Report thereon and the Directors' Report.
2. To declare a dividend for the year 2009-2010.
3. To appoint a Director in place of Shri Dhansukhlal G. Shah who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Piyush R. Shah who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of the 15th Annual General Meeting till the conclusion of the 16th Annual General Meeting and to fix their remuneration.
M/s. H.P. Shah Associates, Chartered Accountants, Vapi, the retiring Auditors being eligible, have offered themselves for re-appointment.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution: -

"RESOLVED THAT subject to the provisions of Section 198, 309 Schedule XIII and other applicable provisions of the Companies Act, 1956 and subject to such sanctions as may be necessary, the approval of the Company be and is hereby given to the appointment of Shri Gyanprakash.H.Gupta as Director Technical of the Company for a period of five years from 1st January 2010 made by the Board on 24th December 2009, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to this notice, with power to the Board of Directors to alter and vary the terms and conditions of appointment and or remuneration from time to time, subject to the same not exceeding the limits specified under Schedule XIII of the Companies Act, 1956.

FURTHER RESOLVED THAT, the Board be and is hereby authorized to do all acts, deeds, matters and things as it may at its discretion consider necessary to give effect to the forgoing resolution

7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution: -

"RESOLVED THAT, subject to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such Sanctions as may be necessary, the approval of the Company be and is here by given to the reappointment and terms of remuneration of Shri Gautam D. Shah as Managing Director of the Company for a period of Five years from 1st July, 2010 made by the Board on 28th May,2010, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to this notice, with power to the Board of Directors to alter and vary the terms and conditions of reappointment and or remuneration from time to time, subject to the same not exceeding the limits specified in the aforesaid Sections and schedule XIII of the Companies Act, 1956 .

FURTHER RESOLVED THAT, the Board be and is hereby authorized to do all acts, deeds, matters and things as it may at its discretion consider necessary to give effect to the forgoing resolution.

8. Increase in Authorised Share capital of the Company and consequential alteration of Memorandum of Association of the Company:

To Consider and, if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 94 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, the Authorized Share Capital of the Company be and is hereby increased from the existing Rs. 6,50,00,000/- (Rs. Six Crores Fifty Lacs) to Rs. 15,00,00,000/- (Rs. Fifteen Crores) by the creation of 85,00,000 (Eighty Five lacs) Equity Shares of Rs. 10/- (Rs. Ten) each ranking pari passu with the existing Equity Shares of the Company and consequently the existing Clause V of the Memorandum of Association be altered by substituting in its place and stead the following new clause V:

V. The Authorised Share Capital of the Company is Rs. 15,00,00,000/- (Rs. Fifteen crores) divided into 1,50,00,000/- (One crore fifty lacs) equity shares of Rs. 10/- (Rs. Ten) each.

Registered Office:
Survey No. 239, Near Morai Railway Crossing,
Village Salvav, Via-Vapi- 396 191.

For and on behalf of the Board of Directors

Date: 24th July 2010

Sd/-
Gautam D. Shah
Managing Director

SHREE AJIT PULP AND PAPER LIMITED



NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING MAY APPOINT A PROXY TO ATTEND AND, ON POLL, TO VOTE IN HIS STEAD. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Printed copy of the Balance Sheet, the Directors' Report and the Auditors' Report is sent herewith.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 23/08/2010 to 30/08/2010 (both days inclusive), for the purpose of payment of dividend to those members whose names stand on the Register of Members as on 30-08-2010. The dividend in respect of ordinary shares held in electronic form will be payable to the beneficial owners of the shares as at the end of business hours on 20-08-2010 as per the details furnished by the Depositories for this purpose.
4. The dividend, if any, declared at the Annual General Meeting will be payable on or after 15-09-2010.
5. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, change of address etc to their Depository Participant only and not to the Company's Registrars and Transfer Agents. Changes intimated to the Depository Participant will be automatically reflected in the Company's records, which will help the Company and its Registrars and Transfer Agents to provide efficient and better service to the members.
6. The shares of the Company are included in the list for trading in compulsory demat segment w.e.f. 27th February 2001. The Company has entered into agreements with National Securities Depository Limited (NSDL) and with Central Depository Services (India) Limited (CDSL) so as to provide facility to the shareholders for transactions under demat segment.
7. Members, who are holding shares in identical order of names in more than one folio, are requested to write to the Company/Share transfer agent enclosing their certificates to enable the Company to consolidate their holdings in one folio.
8. It will be appreciated if queries if any on Accounts of the Company are sent to the Company ten days in advance of the meeting so that the answers may be made available at the meeting.
9. Members are requested to bring their copies of Annual Report at the meeting.
10. Members are requested to produce the enclosed Admission Slip duly signed, in accordance with specimen signatures registered with the Company for admission to the meeting.

Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956.

In terms of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all the material facts relating to Item No. 6 to 8 of the accompanying Notice dated 24th July 2010.

Item 6:

The Resolution at item 6 is relating to the appointment and payment of remuneration to Shri Gyanprakash H. Gupta as Director Technical of the Company for a period of five years with effect from 1st January, 2010. The terms and conditions of the appointment and remuneration are stated here under in brief.

1. The Technical Director shall look after production and maintenance of the Company's plants and carry out the responsibilities as may be assigned to him by the Board and or Managing Director from time to time and shall function under the superintendence, control and directions of the Board of Directors.
2. The appointment is rotational.
3. The remuneration payable to the Director Technical is as under;
 - a) Salary Rs. 88500/- per month inclusive of all allowances, benefits and perquisites.
 - b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service.
 - c) Encashment of unenjoyed leave at the end of tenor in accordance with the rules applicable to the senior personnel of the Company. The above remuneration is subject to the limits prescribed under the relevant provisions of the Companies Act, 1956 read with schedule XIII thereof.
4. In the event of cessation of office during any financial year, a ratable proportion of the aforesaid remuneration shall be payable by the Company.
5. Either party shall be entitled to terminate the appointment by giving one month's advance notice to the other. Shri Gyanprakash H. Gupta has wide experience in running and maintenance of Paper mills. He has been working with the Company since 1997 in managerial position. The Directors believe that the appointment will be in the interest of the Company and accordingly, recommend the resolution for approval of members.
No other Director of the Company except Shri Gyanprakash.H.Gupta is concerned or interested in this resolution.
This may be treated as an abstract of the draft agreement between the Company and Shri Gyanprakash H. Gupta under the provisions of section 302 of the Companies Act, 1956.

SHREE AJIT PULP AND PAPER LIMITED



Item 7:

The Resolution at item 7 is relating to the reappointment and payment of remuneration to Shri Gautam D. Shah as Managing Director of the Company for a period of five years with effect from 1st July, 2010. The terms and conditions of the reappointment and remuneration are stated here under in brief.

1. The Managing Director shall be responsible for the day to day Management of the affairs of the Company subject to superintendence, control and directions of the Board of Directors of the Company.
2. The Managing Director shall carry out such functions as entrusted to him by the Board from time to time.
3. The appointment is non-rotational.
4. The remuneration payable to the Managing Director is as under:-
 - A. Salary
 - i) Salary Rs. 175000/- (Rs. One Lac Seventy Five Thousand Only) per month inclusive of all allowances benefits and perquisites.
 - ii) Gratuity payable at a rate not exceeding half month's salary for each completed year of service.
 - iii) Encashment of unenjoyed leave at the end of tenure in accordance with the rules applicable to the senior personnel of the Company.
 - B. Commission
Commission on the Net Profit of the Company at such rate as may be fixed by the Board at the end of every year, having regard to the performance of the Company which, including the remuneration as mentioned in 4 A above, shall not exceed 5% of the Net Profits of the Company in any one year.

In the event of absence or inadequacy of profits in any year, the remuneration mentioned in 4 A above shall be paid as minimum remuneration.

5. In the event of cessation of office during any financial year, a ratable proportion of the aforesaid remuneration shall be payable by the Company.
6. Either party shall be entitled to terminate the appointment by giving three months' advance notice to the other.
7. The Managing Director shall be entitled to reimbursement of expenses incurred by him in connection with the business of the company.
8. In the event of any dispute or difference arising out of the above agreement between the parties, such dispute or difference shall be referred to arbitration in accordance with the provisions of the Arbitration and Conciliation Act 1996 or any statutory modification or substitution thereof and all the provisions of that Act so far as are applicable or any of them for the time being in force shall apply to every reference thereof.

Shri Gautam D. Shah has in all 22 years experience in running and management of business concerns. He is one of the main promoters of this Company. He was Managing Director of the Company from 1-12-1995 to 31-03-2002. Again he became Managing Director from 01-07-2005 for five years and is continuing till date. He has been mainly responsible for the progress, growth and development of the Company till date. The Board therefore believes that the reappointment will be in the best interest of the Company and accordingly recommends the resolution for approval by the members.

The nature of the concern or interest of Shri Gautam D. Shah is that the above resolution pertains to his reappointment as Managing Director of the Company and he will be receiving the remuneration as stated therein if approved. Shri Dhansukhlal G. Shah Director who is related to Shri Gautam D. Shah is deemed to be interested in this resolution. None of the other Directors of the Company are interested or concerned in the resolution.

This may be treated as an abstract of the draft agreement between the Company and Shri Gautam D. Shah under the provisions of section 302 of the Companies Act, 1956.

Item 8:

Taking into consideration the increasing business operations and future growth plans of the Company, the Board of Directors feels that the Company would have to expand its capital base, for which the existing authorized share capital of Rs. 6,50,00,000/- would not be sufficient. As such, it is proposed to enhance the present Authorized Share Capital by Rs. 8,50,00,000/- and fix the Authorized Share Capital of the Company at Rs. 15,00,00,000/-.

Enhancement of the Authorized Share Capital as above by addition of fresh 85,00,000 Equity Shares of Rs. 10/- each will involve amendment of the Capital Clause of the Memorandum of Association, which is permissible under the Companies Act, 1956 with the consent of the members by way of ordinary resolution.

Your Directors commend the resolution for your approval. None of the Directors is either interested or concerned (save and except to the extent of their share holding in the Company, if any) in this resolution.

Registered Office:
Survey No. 239, Near Morai Railway Crossing,
Village Salvav, Via-Vapi- 396 191.

For and on behalf of the Board of Directors

Date: 24th July 2010

Sd/-
Gautam D. Shah
Managing Director

SHREE AJIT PULP AND PAPER LIMITED



DIRECTORS' REPORT

TO THE MEMBERS:

Your Directors have pleasure in presenting their Fifteenth Annual Report and the Audited Statement of Accounts, for the year ended on 31st March 2010, together with the Auditors' Report thereon.

Financial Results

	Rs. In Lacs	
	Current Year Ended 31-03-2010	Previous Year Ended 31-03-2009
Gross Sales/ Income from operations (Including Excise Duty and Sales Tax)	9594.31	6627.35
Other Income	16.92	22.39
Total Expenditure	(7929.56)	(6085.46)
Interest	(323.67)	(100.20)
Gross Profit after interest but before depreciation and taxation	1358.00	464.08
Depreciation	(223.66)	(112.82)
Provision for Taxation	(146.20)	(1.74)
Deferred Tax Provision	(214.44)	(145.24)
Prior year adjustment	(1.30)	(1.26)
Net Profit	772.40	203.02
Balance brought forward from previous year	1419.17	1232.11
Amount Available for Appropriation	2191.57	1435.13
Appropriations:		
Proposed Dividend (Including Tax)	15.98	15.97
Balance carried to Balance Sheet	2175.59	1419.17

Dividend:

Your Directors have pleasure in recommending a modest dividend of 2.5%, i.e. Re. 0.25 per Equity Share on 5462487 Equity Shares of Rs. 10/- each for the year 2009-2010.

Management Discussion and Analysis:

Attached report on Management Discussion and Analysis, which is forming part of this report, adequately deals with the operations as also current and future outlook of the Company.

Corporate Governance:

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, a separate report titled Corporate Governance is attached to this Annual Report.

A certificate from the Auditors of the Company Concerning Company's compliance of Corporate Governance is annexed to this report.

Finance:

The Company has drawn from a nationalized bank term loan of Rs. 13.24 crores during the year for on going projects, i.e. setting up of new plant adjacent to existing plant and setting up new Wind Mill at Maliya Rajkot. The repayment of due loan installments have been regularly done.

Deposits:

The Company has not accepted deposits under Section 58A of the Companies Act, 1956 during the year under report.

Statutory Information:

i **Information under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988: -**

Conservation of energy, technology absorption and foreign exchange earning and outgo:

The relevant data in respect of energy consumption etc. are given in the prescribed format as an annexure to this report.

ii **Information under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended upto date is NIL.**

ii **Information under section 217 (2AA) of the Companies Act, 1956 – Directors' Responsibility Statement**

The Directors confirm that:

- In the preparation of the Annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures,
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2010 and of the profit of the Company for the year ended on that date,
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities,
- The Directors have prepared the Annual Accounts on a Going Concern basis.

SHREE AJIT PULP AND PAPER LIMITED



Directors:

Shri Parmeshwar M. Kanyadi resigned and ceased to be Director and Director Technical with effect from 1st January, 2010. The Board places on record its appreciation of the valuable services rendered by Shri Kanyadi to the Company during his tenor with the Company as Director Technical, right from inception of the Company.

Your Directors have appointed Shri Gyanprakash H. Gupta as Director to fill the casual vacancy caused by the resignation of Shri P. M. Kanyadi, U/S 262 of the Act. and as Director Technical for a period of five years with effect from 1st January, 2010. The necessary resolutions for approval of appointment and payment of remuneration to him are being placed before the Annual General Meeting for your consideration.

The present term of appointment of Shri Gautam D. Shah as Managing Director of the Company expires on 30th June, 2010. Your Directors have, at their meeting held on 28th May 2010, reappointed him as Managing Director of the Company for a further period of 5 years with effect from 1st July, 2010 and the necessary resolutions for the approval of the appointment and payment of remuneration to him are being placed before the annual general meeting for your consideration.

Shri Dhansukhlal G Shah and Shri Piyush R. Shah retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Auditors:

The notes referred to in the Auditors Report are self-explanatory and do not require further explanation.

M/s. H. P. Shah Associates, Chartered Accountants, Vapi, the Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment for the year 2010-2011. You are requested to appoint them as Auditors of the Company for the year 2010-2011 and to fix their remuneration.

The Company has received Certificate required under the Proviso to Sub-Section (1) of Section 224 of the Companies Act, 1956 from M/s. H.P. Shah Associates certifying that their re-appointment, if made, will be within the limit prescribed under Sub-Section (1-B) of the said Section.

Cost Auditors:

The Central Government had directed an audit of the Cost Accounts maintained by the Company. M/s Kirit Mehta & Associates, Cost Accountants have been appointed for conducting the Cost Audit of the Company for the financial year ended 31st March 2010. The Necessary application has been filed with the Central Government for approval of the same.

Acknowledgement:

The Board wishes to express its appreciation to the Bankers, Shareholders, Customers, Suppliers and Employees of the Company for their support during the year.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Vapi, 28th May 2010

Sd/-
Gautam D. Shah
Managing Director

Sd/-
G. P. Gupta
Director

ANNEXURE TO DIRECTORS' REPORT

Form A

A. Conservation of Energy

a. Power and Fuel Consumption

Form for disclosure of particulars with respect to Conservation of energy
Particulars

	Current Year 2009-10	Previous Year 2008-09
1 Electricity Purchases		
Unit (KWH) *	13131840	8729110
Total Amount (Rs. In Lacs)	804.34	528.26
Rate per unit (Rs.)	6.13	6.05
*Includes 42538 units (Previous year Nil) Generated by Wind Power Project of the Company		
2 Coal & Lignite (Used in Bolier)		
Quantity (Kgs)	14292373	9206256
Total Amount (Rs. In Lacs)	464.52	367.96
Rate per Kg (Rs.)	3.25	4.00
3 Other/Internal Generation/Wind Power (KWH in Unit)	45740	Nil

b. Consumption Per Unit of Production

Products Multilayer Testliner & Testliner Paper / Unit of Production - MT

1. Electricity KWH	298	292
2. Steam Coal – Kgs	324	308

SHREE AJIT PULP AND PAPER LIMITED



Form 'B'

B. Technology Absorption

Form of disclosure of particulars with respect to absorption.

I. Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company ➤ None at present.
2. Benefits derived as a result of the above R & D ➤ Does not arise.
3. Future plan of action. ➤ None under consideration at present.
4. Expenditure on R & D. ➤ NIL.

II. Technology absorption, adaptation and innovation:

1. Efforts in brief made towards technology absorption, adaptation and innovation ➤ None.
2. Benefits derived as a result of the above efforts. eg. Product improvement, cost reduction, product development, import substitution etc. ➤ Does not arise.
3. In the case of imported technology (imported during last 5 years reckoned from the beginning of the financial year) following information may be furnished:
 - (a) Technology Imported
 - (b) Year of import
 - (c) Has technology been fully absorbed
 - (d) If not fully absorbed, areas where this has not taken place, reasons thereof and further plans of action
➤ Not applicable as technology has not been imported.

C. Foreign Exchange earning and outgo:

1. During the year the Company has not done any export business. As and when opportunity for export arises, the Company shall seize the same.
2. Foreign Exchange earned:- (Rs. In Lacs) ➤ Rs. Nil
3. Foreign Exchange used:
 - a) C.I.F. Value of import of Raw material and components, Capital Goods and Advance against capital goods (Rs. In Lacs)
➤ Rs. 2457.59
 - b) Others – For expenses (Rs. In Lacs) ➤ Rs. 6.24

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Vapi, 28th May 2010

Sd/-
Gautam D. Shah
Managing Director

Sd/-
G. P. Gupta
Director

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENTS:

The Company manufactures Multilayer Testliner & Testliner Paper from 140 to 220 GSM and 16 to 35 BF. This product is mainly used for making Corrugated Boxes, Duplex Cartons, Corrugated small e-fluets etc. as packaging material.

2. AN OVERVIEW:

The overall performance of the Company during the year under report has been quite satisfactory in line with general economic recovery in the country. The total income of the Company has increased by 44.77 % to Rs. 9594.31 Lacs during the year from Rs. 6627.35 Lacs in the previous year. The Profit before Tax has substantially increased to Rs.1134.34 Lacs from Rs. 351.26 Lacs and the Profit after Tax at Rs. 772.40 Lacs as compared to Rs. 203.02 Lacs of the previous year. The profit before tax has increased by 222.93% and profit after tax has increased by 280.46%.

3. OVERALL PRODUCTION AND SALES PERFORMANCE:

NAME OF PRODUCT	PRODUCTION (MT)			SALES (MT)		
	2009-10	2008-09	INCREASE %	2009-10	2008-09	INCREASE %
Multilayer Testliner & Testliner Paper	44072	29878	47.51	43936	29880	47.04

4. CURRENT AND FUTURE OUTLOOK:

The company has been constantly upgrading manufacturing facilities for improving production, quality of products and yields. The Directors expect that there will be reasonable improvement in production, sales turnover and profitability of the Company in the current year.

SHREE AJIT PULP AND PAPER LIMITED



5. PLANS FOR EXPANSION AND DIVERSIFICATION:

The work on setting up new unit in existing plant has been completed and the plant has been successfully commissioned in the month of March, 2010. This is expected to contribute to the production and profit during the current year.

During the year, your Company decided to set up Wind Power Project of 1.50 MW capacity at Village Bagasara, Taluka Maliya Miyana, Dist Rajkot, in terms of Wind Power Policy 2007 of Government of Gujarat, at cost of Rs. 8.97 crores, for captive use. The plant was erected and commissioned in March, 2010 and it started generating power with effect from 29th March, 2010. The Company also entered into wheeling agreement with Gujarat Energy Transmission Limited for availing the power generated at the said site for use at our manufacturing plant at Vapi. The project was financed through internal accruals and a term loan of Rs. 6.50 crores from a nationalized bank. This plant is expected to reduce cost of energy to the company and there by augment profit margin.

The Company proposes to enter into the business of trading in various types of papers and paper boards. With this objective in view, the Company has incorporated a fully owned subsidiary namely Shree Samrudhi Industrial Papers Pvt Ltd on 2nd April, 2010. The activities under this Company are expected to commence shortly.

6. OPPORTUNITIES AND THREATS / RISKS AND CONCERNS:

The future of the Paper industry in general and Kraft Paper in particular is linked with the future of world economy. When the economy in general is on the down turn, the demand for Company's products is also likely to fall. On the other hand, when the economy in general is on the up-turn, the demand for the Company's products is likely to increase. The Company is having advantage over most of the other manufacturers as it is professionally managed and its operations are efficient, cost effective and highly competitive.

7. FINANCIAL ANALYSIS:

a) REVENUE:

During the year under review, the revenue has increased by 44.77 % to Rs. 9591.95 Lacs from Rs. 6627.35 lacs in the previous year. The sales in terms of volume increased by 47.04% compared to previous year. The profit margin has increased on account of both increase in volume of turnover and reduction in cost of production.

b) DEBT:

As at 31st March, 2010, the Company's total debt including Term Loans and Working Capital Facilities was Rs. 4021.81 lacs as compared to Rs. 2470.20 lacs in the previous year. The interest cost has increased to Rs.323.67 lacs during the year under report from Rs. 100.20 lacs during the previous year. The repayment of Term Loan is being done regularly.

c) NET PROFIT:

The Net Profit for the year under review was Rs. 772.40 Lacs as compared to Rs. 203.02 Lacs in the previous year. The EPS has increased to Rs. 14.14 against Rs. 3.72 in the previous year.

d) INTERNAL CONTROL SYSTEMS:

The Company has adequate Internal Control System in place. The Internal Audit is conducted by a reputed Firm of Chartered Accountants specializing in Internal Audits, whose report is placed before the Audit Committee periodically. The Audit Committee closely reviews the progress made on the observations which helps strengthen overall financial control. The details of the Audit Committee Meetings are given under the Corporate Governance Section of this report.

8. INCREASE IN SHAREHOLDER VALUE:

Your Company makes all efforts to adopt the best systems and methods of doing the business, reduce overheads, improve productivity and establish better customer relations with improved quality and effective distribution network. The Company periodically, evaluates the overall business and tries to shift towards value added products. The Company is making sincere efforts to devise better strategy for growth and improving profitability, thereby enhancing shareholder value in the changing market situation.

9. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT INCLUDING NO. OF PEOPLE EMPLOYED:

The Company has a team of 22 competent and highly motivated technical and management staff. It has 59 clerical, computer operating and other staff and 106 workmen handling factory operations. There is continuous communication between all levels of employees. The Employer-Employee relations are harmonious and cordial.

CORPORATE GOVERNANCE

1. BRIEF STATEMENT OF COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company believes in adoption of best Corporate Governance practices. It constantly reviews Corporate Governance practices followed to ensure that they reflect new developments from time to time. It takes feedback into account in its periodic reviews to ensure relevance, effectiveness and responsiveness to the needs of investors and other stakeholders.

2. COMPOSITION AND CATEGORY OF DIRECTORS, E.G.; EXECUTIVE, NON-EXECUTIVE, INDEPENDENT, AND NOMINEE DIRECTOR ETC.:

SHREE AJIT PULP AND PAPER LIMITED



The Board of Directors consists of Seven Directors. The composition and category of Directors are as follows:

SR. NO.	NAME OF THE DIRECTORS	CATEGORY
1	SHRI GAUTAM D. SHAH	MANAGING DIRECTOR / PROMOTER
2	SHRI PIYUSH R. SHAH	MARKETING DIRECTOR / PROMOTER
3	SHRI GYANPRAKASH H. GUPTA	TECHNICAL DIRECTOR / PROFESSIONAL
4	SHRI DHANSUKHLAL G. SHAH	NON-EXECUTIVE / PROMOTER
5	SHRI NILESH N. SHAH	NON-EXECUTIVE / INDEPENDENT
6	SHRI DHANSUKH H. SHAH	NON-EXECUTIVE / INDEPENDENT
7	SHRI MITESH M. MEHTA	NON-EXECUTIVE / INDEPENDENT

Shri Dhansukhlal G. Shah Non Executive Promoter Director and Shri Gautam D. Shah, Managing Director are related as Father and Son. No other Director is related inter se.

Details of Directors seeking reappointment at the Annual General Meeting:

Particulars	Shri Dhansukhlal G Shah	Shri Piyush R. Shah
Date of Birth	10-05-1936	26-10-1962
Date of Appointment	23-03-1995	01-03-1996
Qualifications	Intermediate	B Com
Expertise in specific functional area	Specializing in Management of Business Undertakings	Specializing in Marketing Management
Directorship held in other Public Companies	Nil	Nil
Membership / Chairmanships of committees of other public Companies (Includes only Audit and Shareholders / Investors Grievance Committee)	Nil	Nil
Number of Shares held in the Company	Nil	190000

ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS HELD DURING THE YEAR AND THE LAST AGM:

S NO	NAME OF DIRECTOR	ATTENDANCE PARTICULARS	
		NO. OF BOARD MEETINGS	LAST A.G.M
1	SHRI GAUTAM D. SHAH	6	YES
2	SHRI DHANSUKHLAL G. SHAH	4	YES
3	SHRI PIYUSH R. SHAH	5	NO
4	SHRI P. M. KANYADI (upto 31/12/2009)	5	YES
5	SHRI NILESH NAVINCHANDRA SHAH	3	NO
6	SHRI DHANSUKH HIRALAL SHAH	6	YES
7	SHRI MITESH MANOHARLAL MEHTA	6	NO
8	SHRI HEMANT M SHAH (upto 29/09/2009)	2	NO
9	SHRI GYANPRAKASH H. GUPTA (from 01/01/2010)	1	NO

NO. OF OTHER BOARD OF DIRECTORS / OTHER COMMITTEES HE IS A MEMBER OR CHAIR PERSON

S NO	NAME OF DIRECTOR	NAME OF COMPANIES IN WHICH DIRECTOR IS A DIRECTOR	NAME OF COMPANIES IN WHICH DIRECTOR IS A COMMITTEE MEMBER
1	SHRI GAUTAM D. SHAH	Ajeet Buildsteel Pvt. Ltd.	— N. A. —
2	SHRI DHANSUKHLAL G. SHAH	Ajeet Buildsteel Pvt. Ltd.	— N. A. —
3	SHRI PIYUSH R. SHAH	— N. A. —	— N. A. —
4	SHRI GYANPRAKASH H. GUPTA (From 01-01-2010)	— N. A. —	— N. A. —
5	SHRI NILESH N. SHAH	— N. A. —	— N. A. —
6	SHRI DHANSUKH H. SHAH	— N. A. —	— N. A. —
7	SHRI MITESH M. MEHTA	Nincro Inv. & Fin. (P). Ltd. Pristine Financial Consultants (P). Ltd.	— N. A. —
8	SHRI HEMANT M SHAH (up to 29-09-2009)	Vapi Products Ind. Pvt Ltd Fine Intermediate Pvt Ltd	— N. A. —
9	SHRI P. M. KANYADI (up to 31-12-2009)	— N. A. —	— N. A. —

SHREE AJIT PULP AND PAPER LIMITED



NO. OF BOARD OF DIRECTORS MEETING HELD, DATES ON WHICH HELD

Six Board Meetings were held during the year as against the minimum requirement of 4 meetings. The dates on which the meetings were held are as follows:

(1) 30th April 2009 (2) 29th June 2009 (3) 19th August 2009 (4) 31st October 2009 (5) 24th December 2009 (6) 29th January 2010

The maximum time gap between any two meetings was not more than 4 calendar months. None of the Directors of the Company was a member of more than 10 committees nor was the Chairman of more than 5 committees across all companies in which he was a Director.

INFORMATION PLACED BEFORE THE BOARD:

All the relevant and necessary information and details are placed before the Board at its meetings, such as productions, sales, capital expenditure, budgets, actual performance statistics, review of business, any legal proceedings by or against the Company, quarterly financial results, minutes of meetings of audit committee and shareholders grievance committee, staff matters, significant labour and human relation matters and such other information.

The Board also reviews from time to time the legal compliance report presented by the Managing Director.

CODE OF CONDUCT:

The Board has laid down a code of conduct for all Board members and senior management of the Company. All Board members and senior management personnel have affirmed compliance with the code as on 31st March 2010. This report contains a declaration to this effect signed by the Managing Director.

3. BOARD COMMITTEES:

The Company has the following Standing Committees of the Board:

1. AUDIT COMMITTEE:

The Audit Committee of the company comprises of Three Directors, of which Two are independent directors, namely, Shri Dhansukh H. Shah – Chairman, and Shri Mitesh M. Mehta, member. Shri. Gautam D. Shah, Managing Director is the third member of the committee.

The Audit Committee also meets with the requirements of section 292A of the Companies Act, 1956.

The terms of reference stipulated by the Board of Directors to the Audit Committee are as contained in clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956, briefly as follows:

- Oversight of the Company's financial reporting process and the disclosure of its financial information.
- Recommending the appointment of External Auditors and Internal Auditors, fixation of their Fees and approval for payment for any other services.
- Reviewing with management the Quarterly, Half Yearly and Annual Financial Statements before submission to the Board, focusing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on exercise of judgment by management, (iii) qualifications in draft audit report, (iv) significant adjustments arising out of audit, (v) the going concern assumption, (vi) compliance with accounting standards, (vii) compliance with stock exchanges and legal requirements concerning financial statements and (viii) any related party transactions i.e., transactions of the Company of material nature, with promoters or the management, or relatives etc. that may have potential conflict with the interest of the Company.
- Reviewing with the management and external and internal auditors, the adequacy and compliance of internal control systems.
- Reviewing the adequacy of internal audit functions.
- Discussion with internal auditors on any significant findings and follow-up there of.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.

During the year the Audit Committee has met 4 times as against the minimum requirement of 4 meetings. The Statutory Auditors and Internal Auditors were also invited to attend the Audit Committee meetings.

Attendance of each member of Audit Committee meetings held during the year:

SR. NO.	NAME OF MEMBER OF AUDIT COMMITTEE	ATTENDENCE PARTICULARS
1	Shri Dhansukh H. Shah	4
2	Shri Mitesh M. Mehta	4
3	Shri Gautam D. Shah	4

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2. SHARE HOLDERS' GRIEVANCE COMMITTEE:

The Shareholders' Grievance Committee comprises of Shri Gautam D. Shah - Chairman, Shri Nilesh N. Shah and Shri Dhansukh H. Shah, Independent Directors.

The Committee looks into redressal of Shareholders' complaints like transfer of shares, non-receipt of annual report etc. The Committee oversees the performance of the Registrar and Share Transfer Agent and recommends measures for over all improvement in the quality of services.

The Board has designated Mr. Mahesh M Mandowara, Finance Manager as the Compliance officer of the Company.

NO. OF COMPLAINTS RECEIVED DURING THE YEAR NIL	NO. OF COMPLAINTS RESOLVED DURING THE YEAR NIL	NO. OF COMPLAINTS OUTSTANDING AT THE END OF THE YEAR NIL
NO. OF TRANSFERS RECEIVED DURING THE YEAR (IN PHYSICAL FORM) 7	NO. OF TRANSFERS ATTENDED DURING THE YEAR 7	NO. OF TRANSFERS OUTSTANDING AT THE END OF THE YEAR NIL
NO. OF DEMAT / REMAT REQUESTS RECEIVED DURING THE YEAR 11	NO. OF DEMAT / REMAT REQUESTS ATTENDED DURING THE YEAR 11	NO. OF DEMAT / REMAT REQUESTS OUTSTANDING AT THE END OF THE YEAR NIL

3. REMUNERATION COMMITTEE:

The Board has constituted the Remuneration Committee, comprising of three Directors, (1) Chairman Shri Mitesh M. Mehta, Independent Director, (2) Shri Dhansukh H. Shah, member, Independent Director, and (3) Shri Dhansukhlal G. Shah, member, Non Executive Director. The committee recommends remuneration payable to Executive Directors and Managing Director, in terms of requirements of schedule XIII of the Companies Act.

No remuneration is paid to Non Executive Directors. A statement of remuneration paid to the Executive Directors is given below:

SR.NO.	NAME OF DIRECTOR	SALARY AND PERQUISITES (RS. IN LACS)
1	SHRI GAUTAM D. SHAH -Managing Director	17.21 #
2	SHRI PIYUSH R. SHAH- Director Marketing	0.96
3	SHRI P.M.KANYADI-Technical Director upto 31 st December 09	7.87
4	SHRI G. P. GUPTA – Technical Director from 1 st January 2010	2.69 #

includes provision for gratuity & Leave encashment amount.

4. ANNUAL GENERAL MEETING:

Location and time for last three Annual General Meetings were as follows:

YEAR	LOCATION	DATE	TIME
2006-2007	At Regd. Office at Survey No. 239, Near Morai Railway Crossing, Village Salvav, Via-Vapi- 396191	29-09-2007	11 A.M.
2007-2008	-do-	29-09-2008	11 A.M.
2008-2009	-do-	29-09-2009	11 A.M.

During the year ended 31st March 2010, no resolutions have been passed by the Company's Shareholders through Postal Ballot.

5. DISCLOSURE:

- DISCLOSURES ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS, I.E.; TRANSACTIONS OF THE COMPANY OF MATERIAL NATURE, WITH ITS PROMOTERS, THE DIRECTORS OR THE MANAGEMENT, THEIR SUBSIDIARIES OR RELATIVES ETC. THAT MAY HAVE POTENTIAL CONFLICT WITH THE INTEREST OF THE COMPANY AT LARGE: - None of the transactions with any of the Related Parties were in conflict with the interest of the company.
- DETAILS OF NON-COMPLIANCE BY THE COMPANY, PENALTIES, AND STRICTURES IMPOSED ON THE COMPANY BY STOCK EXCHANGES OR SEBI OR ANY STATUTORY AUTHORITY, ON ANY MATTER RELATED TO CAPITAL MARKETS DURING THE LAST THREE YEARS: - None.

6. CEO/CFO CERTIFICATION:

The Managing Director who has been designated by the Board as CEO and CFO has certified to the Board Compliance in respect of all matters specified in sub clause V of Clause 49 of the Listing Agreement.

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7. MEANS OF COMMUNICATION:

The unaudited quarterly and half yearly results for the periods ended 30th June 2009, 30th September 2009 and 31st December 2009 and audited results for the year ended 31st March 2010 were published in Indian Express (English) Baroda Edition, Financial Express (Gujarati) Ahmedabad Edition and Free Press Journal (English) Mumbai Edition.

8. GENERAL SHARE HOLDERS' INFORMATION:

a) ANNUAL GENERAL MEETING:

Date and Time - Tuesday, 17th August, 2010 at 11.00 A. M.
Venue - At Regd. Office of the Company at: Survey No. 239, Near Morai Railway Crossing, Village Salvav, Via-Vapi-396 191, Dist. Valsad, (Gujarat).

b) Financial Calendar (tentative)

Results for the quarter ending June 30, 2010 - Last week of July 2010
Results for the quarter / half year ending Sept. 30, 2010 - Last week of October 2010
Results for the quarter ending December 31, 2010 - Last week of January 2011
Results for the year ending March 31, 2011 - Last week of May 2011
Annual General Meeting - Last week of September 2011.

c) Book Closure Date:

Monday, 23rd August 2010 to Monday, 30th August 2010 (Both days inclusive) for the payment of dividend.

d) Dividend Payment Date – 15-09-2010

e) Listing of Equity Shares on Stock Exchanges:

(i) Regional Stock Exchange - Vadodara Stock Exchange Ltd - Vadodara.
(ii) Ahmedabad Stock Exchange Ltd. - Ahmedabad.
(iii) Bombay Stock Exchange Ltd. (BSE Indonext Segment) - Mumbai
Annual Listing Fees for the year 2010-11 have been paid to the concerned Stock Exchanges.

f) (a) Stock Code - Vadodara Stock Exchange Ltd. - 600252
- Ahmedabad Stock Exchange Ltd. - 52657/SHREEAJITP
- Bombay Stock Exchange Ltd.(Indonext Segment) - 590058

(b) Demat ISIN Nos. - In NSDL and CDSL – INE185C01017

g) Market Price Data: (in Rupees per share):

High and Low prices of the Company's Shares on BSE Indonext Segment with corresponding BSE Sensex.

Months	High		Low	
	Shree Ajit Pulp and Paper Ltd. Price (Rs.)	BSE Sensex	Shree Ajit Pulp and Paper Ltd. Price (Rs.)	BSE Sensex
April 2009	21.05	11492.10	17.20	9546.26
May 2009	18.90	14930.54	18.00	11621.30
June 2009	20.70	15600.30	18.95	14016.95
July 2009	NA	15732.81	NA	13219.99
August 2009	28.00	16002.46	20.70	14684.45
Sept. 2009	27.45	17142.52	22.50	15356.72
October 2009	28.80	17493.17	23.50	15805.20
Nov. 2009	28.50	17290.48	25.65	15330.56
Dec. 2009	36.45	17530.94	26.00	16577.78
January 2010	40.80	17790.33	26.35	15982.08
February 2010	44.15	16669.25	31.00	15651.99
March 2010	44.50	17793.01	33.00	16438.45

h) Registrar and Transfer Agents:

Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W) Mumbai – 400 078

i) SHARE TRANSFER SYSTEM:

Presently share transfers which are received in physical form are processed and the Share Certificates returned within a period of 21 days from the date of receipt, subject to the documents being valid and complete in all respects.

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j) DISTRIBUTION OF SHARE HOLDING AS ON 31.03.2010:

NO. OF EQUITY SHARES	NO. OF SHARES HELD	% TO TOTAL SHARES	NO. OF SHAREHOLDERS	% TO TOTAL SHAREHOLDERS
1 TO 500	537480	9.3449	1289	75.9576
501 TO 1000	224223	3.8984	261	15.3801
1001 TO 5000	235660	4.0973	101	5.9517
5001 TO 10000	86032	1.4958	12	0.7071
10001 AND ABOVE	4668205	81.1636	34	2.0035
TOTAL	5751600	100.00	1697	100.00

SR. NO.	CATEGORY	NO. OF SHARE HOLDERS	NO. OF SHARES HELD	% TO TOTAL SHARES
1	PROMOTERS	16	3164100	55.0125
2	PUBLIC FINANCIAL INSTITUTIONS	0	0	0.0000
3	BODIES CORPORATE	39	39647	0.6893
4	CLEARING MEMBER/MARKET MAKER	9	1771	0.0308
5	NRI	3	4700	0.0817
6	RESIDENT INDIVIDUALS/HUF	1630	2541382	44.1857
TOTAL		1697	5751600	100.00

k) Dematerialization of Shares:

As on 31st March, 2010, 523 Shareholders were holding 1378900 Equity Shares in Demat form, which constitutes 23.97% of the total share capital of the Company.

Liquidity: The Company's shares are now regularly traded on the Indonext Segment of the Bombay Stock Exchange Ltd.

l) Plant Location: Survey No. 239, Village Salvav, Survey No. 205/P,106/107 & 108/P Morai, Near Morai Rly. Crossing, Via-Vapi - 396191
Wind Mill : Village Bagasara, Taluka Maliya Miyana, Dist Rajkot, Gujarat

m) Address for correspondence:

For transfer / dematerialization of shares:

For shares held in physical form:

Link Intime India Pvt. Ltd. C-13 Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai -400 078.

For shares held in demat form

To the Depository Participants

For any query on Annual Report/ Payment of Dividend etc.

To the Secretarial Dept.

Shree Ajit Pulp And Paper Limited, Survey No. 239, Near Morai Railway Crossing, Village Salvav, Via- Vapi -396191.

n) Buy-back of shares: The Company has not proposed buy-back of shares during the year.

SHREE AJIT PULP AND PAPER LIMITED



DECLARATION ON CODE OF CONDUCT

As required by clause 49 (1) (D) of the Listing Agreement, it is hereby affirmed that all the Board Members and Senior Management Personnel have complied with Code of Conduct as on 31st March 2010.

Sd/-
Gautam D. Shah
Managing Director

Vapi, 28th May, 2010

Auditors' Certificate on Corporate Governance

To,
The Members,
Shree Ajit Pulp And Paper Limited.

We have examined the compliance of conditions of Corporate Governance by Shree Ajit Pulp And Paper Limited, for the year ended on 31st March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

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

For H. P. Shah Associates

Sd/-
H.P. Shah
Proprietor
Chartered Accountants
Membership No. 39093

Place: Vapi
Date: 28th May, 2010

SHREE AJIT PULP AND PAPER LIMITED



AUDITOR'S REPORT

To,
The Members of
Shree Ajit Pulp And Paper Limited.

We have audited the attached Balance Sheet of **Shree Ajit Pulp And Paper Limited** as at **31st March 2010** and the Profit and Loss Account for the year ended on that date annexed thereto and also the cash flow statement for the year ended on that date. 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.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of accounts as required by law, have been kept by the company, so far as it appears from examination of such books.
- c) The Balance Sheet and the Profit & Loss Account referred to in this report are in agreement with the books of accounts.
- d) In our opinion the Balance sheet and Profit & Loss Account, and cash flow statement dealt with by this report comply with the mandatory Accounting Standards as referred to in sub section (3C) of section 211 of the Companies Act, 1956, to the extent applicable.
- e) On the basis of written representations received from the directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f) In our opinion, and to the best of our information and according to the explanation given to us, the said Balance Sheet and the Profit & Loss Account read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. In so far as it relates to the Balance sheet, of the state of affairs of the Company as at 31st March, 2010,
 - ii. In so far as it relates to the Profit and Loss Account, the Profit of the Company for the year ended on that date, and
 - iii. In the case of Cash Flow Statement, of the cash flow of the company for the year ended on that date.

For **H.P.SHAH ASSOCIATES**

Sd/-
H.P.SHAH
PROPRIETOR
CHARTERED ACCOUNTANTS
Membership No. 39093

Place: Vapi
Date: 28th May, 2010

ANNEXURE

(i) **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 a phased manner, which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.*
- (c) *During the year, the Company has not disposed of any substantial/major part of fixed assets, and going concern status of the company is not affected.*

(ii) **INVENTORIES:**

- (a) *As explained to us inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable.*
- (b) *In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.*
- (c) *The Company has maintained proper records of inventory. As explained to us there were no material discrepancies noticed on physical verification of inventory as compared to the book records and the same have been properly dealt with in the books of account.*

(iii) **LOANS:**

- (a) *The Company has not granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956.*
- (b) *As the company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956 the Clause (iii)(b), (iii)(c) and (iii)(d) are not applicable.*

(iv) **INTERNAL CONTROL PROCEDURES:**

In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.

(v) **TRANSACTION WITH RELATED PARTY:**

- (a) *Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the Register maintained under Section 301 have been so entered.*
- (b) *In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 and exceeding the value of five lakh rupees in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.*

(vi) **PUBLIC DEPOSITS:**

The company has not accepted any deposits from the public.

(vii) **INTERNAL AUDIT SYSTEM:**

In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of the business. Internal audit is being conducted by a firm of Chartered Accountants.

(viii) **COST RECORDS:**

The Central Government had prescribed maintenance of the cost records under Section 209(1)(d) of the Companies Act, 1956 in respect to the company's product. We have broadly reviewed the books of account and records maintained by the company in this connection and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

(ix) **STATUTORY DUES:**

- (a) *According to the information and explanations given to us and the records examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, customs duty, excise-duty, cess and other material statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March 2010 for a period of more than six months from the date they became payable.*
- (b) *According to the records of the Company, no dues of sales tax, income- tax, customs, wealth-tax, excise duty, cess Service tax which have not been deposited on account of disputes.*

(x) **ACCUMULATED LOSSES:**

The company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

SHREE AJIT PULP AND PAPER LIMITED



(xi) **REPAYMENT OF DUES OF FINANCIAL INSTITUTIONS:**

Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to the financial institution or bank.

(xii) **LOANS & ADVANCES AGAINST SHARES, DEBENTURES AND OTHER SECURITIES:**

Based on our examination of the records and according to the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) **CHIT FUND COMPANY OR NIDHI/MUTUAL BENEFIT FUND/SOCIETY:**

In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/society; therefore clause (xiii) of the Order is not applicable to the Company.

(xiv) **MAINTENANCE OF RECORDS FOR DEALING/TRADING IN SHARES, SECURITIES, DEBENTURES & OTHER INVESTMENTS:**

The Company is not dealing or trading in shares, securities, debenture or other investments hence the Clause (xiv) of the Order is not applicable to the Company.

(xv) **GUARANTEE:**

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

(xvi) **UTILIZATION OF TERM LOAN FUND:**

The company has raised new term loan during the year which has been utilized for the purpose for which it is raised, the term loan outstanding at the beginning of the year were applied / utilized for the purpose for which they were raised.

(xvii) **MISMATCH BETWEEN SHORT TERM/LONG TERM FUNDS:**

According to the information and explanation 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 by the Company.

(xviii) **PREFERENTIAL ALLOTMENT OF SHARES:**

The Company has not made any preferential allotment of shares during the year.

(xix) **CREATION OF SECURITIES FOR ISSUE OF DEBENTURE:**

During the year covered by our audit report, the company has not issued any debentures.

(xx) **END USE OF MONEY RAISED BY PUBLIC ISSUE:**

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

(xxi) **FRAUD ON OR BY THE COMPANY:**

In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during this year, that causes the financial statement to be materially misstated.

For **H.P.SHAH ASSOCIATES**

Sd/-
H.P.SHAH
PROPRIETOR
CHARTERED ACCOUNTANTS
Membership No. 39093

Place: Vapi
Date: 28th May, 2010

SHREE AJIT PULP AND PAPER LIMITED



BALANCE SHEET AS AT 31ST MARCH, 2010

	SCHEDULE	As At		As At
		31st March, 2010	Rs.	31st March, 2009
		Rs.	Rs.	Rs.
SOURCES OF FUNDS				
I Share Holders' Funds				
Share Capital	1	54,624,868		54,592,871
Reserves and Surplus	2	217,558,960		141,916,712
			272,183,828	196,509,583
II Loan Funds				
Secured Loans	3	402,180,768	402,180,768	247,019,848
III Deferred Tax Liability (See Note No. 7)			59,791,407	38,347,579
TOTAL			734,156,003	481,877,010
APPLICATION OF FUNDS				
IV Fixed Assets				
Gross Block	4	593,692,421		446,237,262
Less : Depreciation		90,743,271		68,399,167
Net Block		502,949,150		377,838,095
Add: Capital Work in Progress		10,690,659		14,449,821
			513,639,810	392,287,916
V Investments	5		116,886	116,886
VI Current Assets Loans and Advances				
Inventories	6	129,833,507		82,163,879
Sundry Debtors	7	110,637,429		17,055,291
Cash and Bank Balances	8	12,412,009		2,499,485
Loans and Advances	9	106,630,166		68,414,526
		359,513,110		170,133,180
Less : Current Liabilities and Provisions	10	139,113,802		80,660,972
Net Current Assets			220,399,308	89,472,208
TOTAL			734,156,003	481,877,010
VII Significant Accounting Policies	17			
VIII Notes on Accounts	18			

AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

FOR H.P.SHAH ASSOCIATES

H. P. SHAH
PROPRIETOR
CHARTERED ACCOUNTANTS
Membership No. 39093

G. D. SHAH
MANAGING DIRECTOR

G. P. GUPTA
DIRECTOR

VAPI, 28TH MAY 2010

VAPI, 28TH MAY 2010

SHREE AJIT PULP AND PAPER LIMITED



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCHEDULE	2009-2010 Rs.	2008-2009 Rs.
I Income			
Income from Operation	11	905,994,166	610,168,880
Other Income	12	1,692,397	2,239,228
TOTAL		907,686,563	612,408,108
II Expenditure			
Raw Materials Consumed & Inventory Adjustment	13	505,193,564	389,274,058
Expenditure on Employees	14	26,136,698	18,365,880
Manufacturing and Other Expenses	15	208,188,746	148,339,789
Interest	16	32,367,582	10,020,346
Depreciation		22,366,150	11,282,058
TOTAL		794,252,739	577,282,131
III Profit For The Year Before Tax		113,433,824	35,125,977
Less : Provision for Taxation - Current Year		14,620,082	3,985,982
Mat Credit Entitlement		0	-3,979,773
Taxation Provision Prior Year		129,958	125,500
Deferred Tax		21,443,828	14,524,069
Provision for FBT		0	168,034
IV Profit For The Year After Tax		77,239,956	20,302,165
Balance Brought Forward		141,916,715	123,211,323
V Amount Available For Appropriation		219,156,671	143,513,488
VI Appropriations:			
Proposed Dividend		1,365,622	1,364,822
Tax on Proposed Dividend		232,087	231,951
Balance Carried to Balance Sheet		217,558,962	141,916,715
		219,156,671	143,513,488
VII Significant Accounting Policies	17		
VIII Notes on Accounts	18		

AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

FOR H.P.SHAH ASSOCIATES

H. P. SHAH
PROPRIETOR
CHARTERED ACCOUNTANTS
Membership No. 39093

G. D. SHAH
MANAGING DIRECTOR

G. P. GUPTA
DIRECTOR

VAPI, 28TH MAY 2010

VAPI, 28TH MAY 2010

SHREE AJIT PULP AND PAPER LIMITED



SCHEDULES FORMING PART OF BALANCE SHEET

P A R T I C U L A R S	As At 31-03-2010 Rs.	As At 31-03-2009 Rs.
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SHARE CAPITAL

SCHEDULE - 1

AUTHORISED 65,00,000 (65,00,000) Equity Shares of Rs. 10/-each.	65000000	65000000
	65000000	65000000
ISSUED SUBSCRIBED & PAID UP 57,51,600 (57,51,600) Equity Shares of Rs. 10/- each fully Paid up Less : Calls - In - Arrears	57516000 2891132	57516000 2923129
T O T A L	54624868	54592871

RESERVES AND SURPLUS

SCHEDULE - 2

Profit and Loss Account	217558960	141916712
T O T A L	217558960	141916712

SECURED LOANS

SCHEDULE - 3

TERM LOANS From Nationalised Banks Secured by Hypothecation of stocks, book debts , furniture, fixture & fitting, office equipment and Plant and Machinery and equitable mortgage of immovable properties by way of first charge and personal guarantee of Shri G. D. Shah, Director of the Company. Installments repayable before 31-03-11 Rs. 66562000/-, previous year Rs. 47365000/-	294523667	209315540
WORKING CAPITAL FACILITY From Nationalised Bank Secured by Hypothecation of stocks, book debts, furniture, fixture & fitting, office equipment and Plant and Machinery and equitable mortgage of immovable properties by way of first charge and personal guarantee of Shri G. D. Shah, Director of the Company.	107657101	37704308
T O T A L	402180768	247019848

SHREE AJIT PULP AND PAPER LIMITED



SCHEDULES FORMING PART OF BALANCE SHEET

FIXED ASSETS

SCHEDULE - 4

Description	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK		
	As At 01-04-09	Addition	Deduction	As At 31-03-10	As On 01-04-09	For the Year	Deduction	up to 31-03-10	As At 31-03-10	As At 31-03-09
Tangible Assets										
Land - Free hold	8501634	0	0	8501634	0	0	0	0	8501634	8501634
Building	59228152	17776257	0	77004409	8441928	1873164	0	10315092	66689317	50786224
Plant & Machinery	339519930	34131859	0	373651790	51290925	18188031	0	69478956	304172834	288229005
Wind Mill	0	88538673	0	88538673	0	38423	0	38423	88500250	0
Furniture & Fixtures	1311416	24338	0	1335754	684871	77384	0	762255	573499	626545
Vehicles	4559285	1468048	24015	6003318	1837419	456930	22046	2272303	3731015	2721866
Electrical Installations	28903183	3743645	0	32646828	3602579	1397888	0	5000467	27646362	25300604
Office Equipment	4213662	596353	0	4810015	2541445	274330	0	2815775	1994240	1672217
Intangible Assets										
Exp. on Leasehold Land	0	1200000	0	1200000	0	60000	0	60000	1140000	0
TOTAL	446237263	147479173	24015	593692421	68399167	22366150	22046	90743271	502949150	377838096
PREVIOUS YEAR	220753707	225606634	123079	446237262	57117109	11405137	123079	68399167	377838095	163636598
Add: Capital Work in Progress									10690659	14449821

PARTICULARS	As At 31-03-2010	As At 31-03-2009
	Rs.	Rs.

INVESTMENTS (LONG TERM) - OTHER THAN TRADE

SCHEDULE - 5

Quoted - Fully Paid-up		
2300 (2300) Equity Shares of Gujarat State Financial Corporation of Rs. 10/- each at a premium of Rs.10/- per share, fully paid up. (Market Value - Rs. 11500/-)	52386	52386
400 (400) Equity Shares of Punjab National Bank of Rs. 10 each, at a premium of Rs. 21 per share, fully paid up (Market Value Rs. 405380/-)	12400	12400
Unquoted - Fully Paid-up		
501 (501) Shares of Sardar Bhiladwala Pardi Peoples; Co.Op.Bank Ltd. of Rs. 100/- (Rs.100/-) each fully paid up .	50100	50100
1 (One) Share of Shri Damanganga Sahakari Khand Udyog Mandal Limited of Rs. 2000/-, fully paid up	2000	2000
TOTAL	116886	116886

SHREE AJIT PULP AND PAPER LIMITED



SCHEDULES FORMING PART OF BALANCE SHEET

P A R T I C U L A R S	As At 31-03-2010 Rs.	As At 31-03-2009 Rs.
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INVENTORIES

SCHEDULE - 6

(As Certified and valued by Management)		
Raw Materials	105434406	66363662
Finished Goods	8171661	4067568
Work in Progress	249341	108660
Fuel	1190995	472032
Stock in Transit (Imported Waste)	0	4687312
Consumable Stores	14714527	6355897
Packing Material Stock	72577	108748
T O T A L	129833507	82163879

SUNDRY DEBTORS

SCHEDULE - 7

(UNSECURED, CONSIDERED GOOD)

Debts Outstanding for a period exceeding six months	1533521	600244
Other Debts	109103908	16455047
T O T A L	110637429	17055291

CASH AND BANK BALANCES

SCHEDULE - 8

a) Cash on Hand	444694	77461
b) Bank Balances In Current Account with Schedule Banks	11967315	2422024
T O T A L	12412009	2499485

LOANS AND ADVANCES

SCHEDULE - 9

(UNSECURED, CONSIDERED GOOD)

a) Advances recoverable in Cash or in Kind or for the value to be received	14611083	20893321
b) Deposits	55390388	29702874
c) Balance with Central Excise	36628695	17818331
T O T A L	106630166	68414526

SHREE AJIT PULP AND PAPER LIMITED



SCHEDULES FORMING PART OF BALANCE SHEET

P A R T I C U L A R S	As At 31-03-2010 Rs.	As At 31-03-2009 Rs.
CURRENT LIABILITIES & PROVISIONS		
SCHEDULE - 10		
CURRENT LIABILITIES		
Sundry Creditors		
a) Due to small scale industrial undertaking	1775590	2944041
b) Due to other than small scale industrial undertaking	114758829	69554677
Other Liabilities	15865771	6347928
T O T A L (a)	132400190	78846646
PROVISIONS		
Provision for Gratuity	2515324	2379296
Provision for Leave-Encashment	2013968	1676159
Provision for Bonus A/c	398149	364483
Provision for Taxation/Wealth - Net of Advance payment and TDS	298143	(110945)
Mat Credit Entitlement-Tax	0	(3979773)
Proposed Dividend	1365622	1364822
Provision for tax on Proposed Dividend	232087	231951
Provision for FBT - Net of Advance payment	(109681)	(111667)
T O T A L (b)	6713612	1814326
T O T A L (a + b)	139113802	80660972

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

P A R T I C U L A R S	2009-2010 Rs.	2008-2009 Rs.
INCOME FROM OPERATION		
SCHEDULE - 11		
Gross Sales	959195420	662735373
Less : Excise Duty	39858497	46679353
Discount	13578833	5887140
Net Sales	905758090	610168880
Income from Wind Mill	236076	0
T O T A L	905994166	610168880
OTHER INCOME AND RECEIPTS		
SCHEDULE - 12		
Interest from Bank & Others	1525361	2152878
Miscellaneous Income	167036	86350
T O T A L	1692397	2239228

SHREE AJIT PULP AND PAPER LIMITED



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

PARTICULARS	2009-2010 Rs.	2008-2009 Rs.
RAW MATERIALS CONSUMED AND INVENTORY ADJUSTMENT		
SCHEDULE - 13		
RAW MATERIALS CONSUMED		
Opening Stock	71050974	77439187
Add : Purchases	543654504	382379434
Less : Closing Stock	105434406	71050974
TOTAL	509271072	388767647
INCREASE/(DECREASE) IN STOCK		
Stock In Trade -Opening		
Finished Goods	4067568	4807924
Work In Progress	108660	80075
TOTAL	4176228	4887999
Less : Stock In Trade -Closing		
Finished Goods	(8171661)	(4067568)
Work In Progress	(249341)	(108660)
TOTAL	(4244774)	711771
RAW MATERIALS CONSUMED	505026298	389479418
EXCISE DUTY ON FINISHED STOCK		
Opening Stock	165777	371137
Closing Stock	333043	165777
TOTAL	167266	(205360)
TOTAL	505193564	389274058

EXPENDITURE ON EMPLOYEES		
SCHEDULE - 14		
Salaries & Wages	22534634	14969784
Staff Welfare	660259	718651
Provident Fund and E.S.I.C.	1082763	934778
Gratuity Expenses	304116	540970
Leave Encashment Expenses	1554926	1201698
TOTAL	26136698	18365880

MANUFACTURING AND OTHER EXPENSES		
SCHEDULE - 15		
MANUFACTURING EXPENSES		
Fuel Consumed	127121977	88134340
Packing Material Consumed	5643597	4625402
Other Manufacturing Expenses	5841426	4891628
Unloading Charges	6383845	5729150
Insurance Charges	2057186	1705404
Consumables Stores & Spare Parts Consumed		
Indigenous	10136965	6131837
Imported	2552399	929551
Repairs and Maintenance		
Plant & Machinery	1826771	904959
Building	197948	665555
TOTAL (A)	161762113	113717826

SHREE AJIT PULP AND PAPER LIMITED



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

PARTICULARS	2009-2010 Rs.	2008-2009 Rs.
ADMINISTRATIVE EXPENSES		
Advertisement Expenses	288182	158631
Bank Charges	328379	606158
Conveyance Expenses	2834	3036
Consultancy Fees	1092340	569500
Directors' Remuneration	2872724	2379711
House Rent Expenses	548400	522400
Rates and Taxes	325865	143882
Miscellaneous Expenses	2214663	1351948
Printing & Stationery	392015	324979
Internal Audit Fees	225000	225000
Audit Fees	82500	82500
Legal Expenses	61986	0
Professional Charges	354509	486417
Repairs and Maintenance (Others)	2022763	1856233
Security Charges	1607874	1506198
Vehicle Expenses	829200	833643
Telephone Charges	463756	554323
Travelling Expenses	677903	387759
TOTAL (B)	14390893	11992318
SELLING AND DISTRIBUTION EXPENSES		
Selling Expenses	3108226	2358658
Sales Tax	24575802	17409356
Commission on Sale	4351711	2861631
TOTAL (C)	32035739	22629645
TOTAL (A+B+C)	208188746	148339789

FINANCIAL EXPENSES

SCHEDULE - 16

Interest on Others	6137924	5161395
Interest on Fixed Loans	26229658	4858951
TOTAL	32367582	10020346

SHREE AJIT PULP AND PAPER LIMITED



SCHEDULE - 17 : SIGNIFICANT ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES :

(a) Basis of Accounting

The Financial Statements have been prepared under historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956, as adopted consistently by the Company. The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

(b) Fixed Assets

Fixed Assets are stated at cost, net off CENVAT, less accumulated depreciation. All costs, including financing costs till commencement of commercial production are capitalized.

(c) Provision, Contingent Liabilities and Contingent Assets

Provisions are recognized for liabilities that can be measured only by using substantial degree of estimation, if

- a) The company has a present obligation as a result of past event.
- b) The probable outflow of resources is expected to settle the obligation, and
- c) The amount of the obligation can be reliably estimated

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of ;

- i) A present obligation arising from a past event, when it is not probable that an outflow of resource will be required to settle the obligation.
- ii) A possible obligation, unless the probability of outflow of resource is remote.

Contingent Assets are neither recognized nor disclosed.

Provision, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

(d) Impairment of Assets

Impairment is recognized to the extent that the recoverable amount of an asset is less than its carrying amount and is charged to the Profit and Loss account as prescribed by The Institute of Chartered Accountants of India in Accounting Standard 28 "Impairment of Assets". The impairment loss recognized in prior accounting period is reversed, if there has been a change in the estimate of recoverable amount.

(e) Depreciation

Depreciation on Fixed Assets is provided on the Straight Line Method at the rates and in manner prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on additions to assets during the year is provided on pro-rata basis.

(f) Investments

Investments are stated at cost. Provision is made to recognize diminution, other than temporary, in carrying amount of long term investments.

(g) Inventories

Finished and Semi-Finished stock is valued at the lower of cost or net realisable value. The cost of finished goods is determined on consistent basis, accepting the average direct and indirect expenses related to the production during the year. Raw materials, goods in transit and stores & spares are valued at landed cost or net realizable value whichever ever is less. The cost is determined on FIFO basis.

(h) Sales

Revenue from sales of goods are recognize upon passage of title to the customer which generally co inside with the delivery. Sales represent the amount receivables for goods sold including the value of Excise Duty, Sales Tax, Gujarat value added tax, and Transit Insurance Charges wherever applicable.

Income from Wind Mill

Income from electricity units generated by windmill is accounted as income from Wind Mill and has been shown as such in the Profit and Loss account.

(i) Foreign Currency Transactions

Transactions in Foreign Currency are recorded at the exchange rate prevailing on the date of transaction. At the year-end, monetary items denominated in foreign currency are reported using the rate of exchange prevailing on the last day of year. Exchange difference arising on realization / payment of foreign exchange is accounted to the Profit & Loss Account in the year of realization/ payment.

(j) Amortization of Miscellaneous Expenditure

Preliminary and Share Issue Expenses are being written off in the year in which it is incurred as per the Accounting Standard 26 "Intangible Assets" issued by the Institute of Chartered Accountants of India.

Expenditure on leasehold land having period of 20 years has been written off over a period of 20 years.

(k) Provision for Gratuity and Leave Encashment

a) Company has created provision for Gratuity on the basis of actuary report which taking into account inter alia the provisions of Payment of Gratuity Act, the number of completed years of service as on Balance Sheet date.

b) Liability for leave encashment has been determined and accountanted for based on the number of days of en-cashable leave to the credit of each employee as on the balance sheet date, treating it as short term employees' benefit.

(l) Taxation

Provision for current tax is made in the accounts on the basis of estimated tax liability as per the applicable provisions of the Income Tax Act, 1961.

Deferred tax for timing difference between tax profits and book profits is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the balance sheet date. Deferred tax assets are recognized to the extent there is convincing evidence that these assets can be realised in future.

SHREE AJIT PULP AND PAPER LIMITED



(m) Segment Reporting

The Company identify business segment as the primary segment as per AS-17. Under the primary segment there are two reportable segments viz., Paper and Power generation by Windmill. These were identified considering the nature of the products, the different risks and return.

The Company caters mainly to the needs of the domestic market and thus there are no reportable geographical segments.

(n) Use of Estimates

The presentation of financial statements requires estimates and assumption to be made that affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the result are known / materialized.

SCHEDULE - 18 : NOTES ON ACCOUNTS

1. Previous year's figures are re-grouped / re-arranged wherever considered necessary.

2. Contingent Liabilities

	2009-2010 (Rs. In '000)	2008-2009 (Rs. In '000)
(1) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances given	Nil	11022.22
(2) Counter claims by supplier against the company not acknowledged as debt	2836.62	2836.62

3. a) Movement in Provisions

Amount in Rs.

SNo	Particulars of Disclosures	Opening Balance 01/04/09	Additional Provision	Provision Used	Provision Reversed	Closing Balance 31/03/10
1	Gratuity	2379296	136028	0	0	2515324
2	Leave Encashment	1676159	337809	0	0	2013968
3	Bonus	364483	398149	364483	0	398149
4	Income Tax (Net of advance)	-117154	413690	0	0	296536
5	FBT(Net of advance)	-111667	1986	0	0	-109681
6	Wealth Tax	6209	1607	6209	0	1607

b) Nature of Provisions

- The Company has made provision for Gratuity as per provision of Payment of Gratuity Act, 1972.
- The Company has made provision for Leave encashment as per the rules and regulation of the Company relating to accumulation of leave and its encashment.
- The Company has made provision for Bonus as per provision of Payment of Bonus Act, 1965.
- The Company has made provision for Income Tax as per provision of Income Tax Act, 1961.
- The Company has made provision for Wealth Tax as per provision of Wealth Tax Act, 1957

4. Impairment of Assets

The company has carried out an exercise to ascertain the impairment, if any, in the carrying value of its Fixed Assets .The exercise has not revealed any impairment in any Fixed assets of the Company.

5. Disclosure relating to Micro, Small and Medium Enterprises

	2009-2010 Rs. In Lacs	2008-2009 Rs. In Lacs
a) Principal Amount Due	17.76	29.44
Interest amount Due	0.36	0.00
b) Interest paid U/s 16	Nil	Nil
c) The Amount of interest due & payable for the period of delay in making the payment during the year beyond Appointed day except U/S 16	Nil	Nil
d) The amount of interest accrued & unpaid at the end of accounting year	0.36	Nil
e) The amount of further interest remaining due & payable At the end of accounting year	Nil	Nil

Parties have been indentified on the basis of informations available with the Company.

6. The Market value of GSFC Shares is quoting below the cost price. As this Investment is held on long-term basis, the Directors are of the opinion that the current market price does not reflect true value of Investment and hence the diminution in the value has not been accounted.

SHREE AJIT PULP AND PAPER LIMITED



7. Deferred Tax

The break-up of major component of net deferred tax liability is as under.

	2009-2010 Rs. In Lacs	2008-2009 Rs. In Lacs
Difference between book and tax depreciation	613.11	396.81
Difference between book and tax allowable exp.	(15.20)	(13.33)
Deferred tax liability	<u>597.91</u>	<u>383.48</u>

8. Managerial Remuneration

i] Remuneration	26.48	26.02
ii] Gratuity/Leave encashment	2.25	0.72

9. Auditors' Remuneration

i] As Auditors	0.67	0.62
ii] Tax Audit	0.24	0.22
Total	<u>0.91</u>	<u>0.84</u>

10. Capital Work in Progress

i.] Purchase of Machineries & Components	62.24	133.58
ii.] Advance against capital expenditure	44.67	10.92

11. Disclosure relating to Employee Benefit – As per Revised AS-15

	2009-2010 Rs. In Lacs		2008-2009 Rs. In Lacs	
	Gratuity Non Funded	Leave Encashment Non Funded	Gratuity	Leave Encashment
A Expenses recognized in the statement of profit & Loss Account for the period ended				
1. Current Service Cost	2.54	3.67	3.77	2.41
2. Interest Cost	1.19	0.96	1.09	0.41
3. Expected Return on Planned Assets	0	0	0	0
4. Net Actuarial (Gain) /Loss recognized during the year	(1.49)	7.58	(0.32)	13.26
5. Settlement costs/others	0.80	3.34	0.87	-4.06
Total Expenses	<u>3.04</u>	<u>15.55</u>	<u>5.41</u>	<u>12.02</u>
B Net Assets / (Liability) recognized in the Balance Sheet				
1. Present value of the obligation	13.91	14.77	14.07	14.77
2. Fair value of Planned Assets	0	0	0	0
3. Funded status (surplus/deficit)	0	0	0	0
Net Assets / (Liability) recognized in the Balance Sheet	<u>13.91</u>	<u>14.77</u>	<u>14.07</u>	<u>14.77</u>
4. add.: Provision for separated employees/others	11.24	5.37	9.72	1.99
Total provision (refer schedule "10")	<u>25.15</u>	<u>20.14</u>	<u>23.79</u>	<u>16.76</u>
C Change in present value of obligation				
1. Present value of obligation as on 01-04-2009	14.07	14.77	10.15	6.66
2. Current service cost	2.54	3.67	3.77	2.41
3. Interest Cost	1.19	0.96	1.09	0.41
4. Benefit paid	(2.40)	(12.21)	(0.62)	(7.97)
5. Net Actuarial (Gain) /Loss recognized during the year Present value of obligation as per actuarial valuation as at 31-03-2010	(1.49)	7.58	(0.32)	13.26
	<u>13.91</u>	<u>14.77</u>	<u>14.07</u>	<u>14.77</u>
6. add.: Provision for separated employees/others	11.24	5.37	9.72	1.99
Total provision (refer schedule "10")	<u>25.15</u>	<u>20.14</u>	<u>23.79</u>	<u>16.76</u>

SHREE AJIT PULP AND PAPER LIMITED



D Actuarial assumptions:		
i) Discount Rate	7.75%	7.75%
ii) Salary Escalation over a long term	5.00%	5.00%
iii) Mortality rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

12. Segment Information

Segment Revenues, Results and other Information

(Rs. In Lacs)

Sr. No.	Particulars	Paper	Wind Mill	Other/ Unallocable*	Total
		2009-10	2009-10	2009-10	2009-10
1	REVENUE				
	Net Sales	9057.58	2.36	16.92	9076.86
	Less: Inter Segment Revenue	0	0	0	0
	Net Sales/Income from Operation	9057.58	2.36	16.92	9076.86
2	RESULTS				
	Profit before Tax, Dep & Interest	1662.54	2.21	16.92	1681.68
	Less: Depreciation	214.59	0.98	8.09	223.66
	Profit after Depreciation	1447.95	1.23	8.84	1458.01
	Less: Interest				323.67
	Profit before Extra Ordinary Item				1134.34
	Less: Extra Ordinary Item				0.00
	Less: Provision for Taxation				361.94
	Net Profit				772.40
	OTHER INFORMATION				
3	Segment Assets	7665.24	885.00	64.16	8614.40
4	Segment Liabilities	4744.96	650.12	615.78	6010.86
5	Capital Expenditure(Incl.Capital WIP)	98.50	11.40	8.40	118.30
6	Depreciation	214.59	0.98	8.09	223.66
7	Non Cash Expenses other than Dep.	0	0	0	0

*Note: Item of Expenses and Income, Assets and Liabilities (Including Provision for Taxation, Deferred Tax Liability which are not directly attributable/identifiable/allocated to business segment are shown as Other/Unallocable)

As per the provision contained in AS-17, that the first year of application of AS-17, corresponding previous year figure in respect of segment reporting need not to be disclosed.

13. Related Party Disclosure (As Identified by Management)

(i) Related Party Relationships

(a) Enterprises Owned by Directors or Major Shareholders

- | | |
|-----------------------------------|---|
| (1) M/s Ajit Steel Centre – Vapi | (2) M/s Ajeet Buildsteel Pvt. Ltd. – Vapi |
| (3) M/s Shah Trading Co. – Vapi | (4) M/s Twinkle Investment – Mumbai |
| (5) M/s Paras Industries – Mumbai | (6) M/s Piyush Export – Mumbai |
| (7) M/s Ratilal Ujamlal – Mumbai | (8) M/s Kashida – Mumbai |

(b) Key Management Personnel

Shri Gautam D. Shah, Shri Piyush R. Shah, Shri P. M. Kanyadi & Shri Gyanprakash H. Gupta

(c) Relatives of Key Management Personnel

Security Product (Brother of the Director is proprietor) Narmada Sales Corporation (Brother of the Director is Partner)

Note: In respect of above parties, there is no provision for doubtful debts as on 31st March, 2010 and no amount has been written off or written back during the year in respect of debts due from/to them.

(ii) Transactions with related Parties

(Rs./Lacs)

Type of Related Party	Description of the nature of the transactions	Volume of transactions during 2009-10	Amount outstanding as on 31.03.2010	
			Receivable	Payable
Where control exists	Purchase of Materials, etc.	5.37	Nil	Nil
Key Management Personnel	Managerial Remuneration	28.73	Nil	4.27
	Payment for rent	Nil	Nil	1.62

SHREE AJIT PULP AND PAPER LIMITED



14. Earning per Share

	2009-2010	2008-2009
a) Net Profit/Loss after tax available for equity share holder Rs.	77239956	20302165
b) Weighted average number of equity share of Rs. 10/- each outstanding during the year [No. of Shares]	5460865	5457705
c) Basic/Diluted earning per share (Rs.) [a/b]	14.14	3.72

15. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part- II of Schedule – VI to the Companies Act, 1956 (as Certified by management)

I. CONSUMPTION OF RAW MATERIALS

	2009-10		2008-09	
	Qty. M.T.	Amount Rs. In Lacs	Qty. M.T.	Amount Rs. In Lacs
(a) Waste Paper (Indian)	8011.473	673.58	8156.78	765.16
(b) Waste Paper (Imported)	38959.350	4015.17	23321.97	2940.31
(c) Other Raw Materials		403.96		182.21
TOTAL	46970.873	5092.71	31478.75	3887.68

II. PERCENTAGE OF CONSUMPTION OF INDIGENOUS AND IMPORTED MATERIAL

	2009-10		2008-09	
	%	Amount Rs. In Lacs	%	Amount Rs. In Lacs
a) Raw Material				
i] Imported	78.84	4015.17	75.63	2940.31
ii] Indigenous	21.16	1077.54	24.37	947.37
TOTAL	100.00	5092.71	100.00	3887.68
b) Components and Spare Parts				
i] Imported	20.11	25.52	13.16	9.29
ii] Indigenous	79.89	101.37	86.84	61.32
TOTAL	100.00	126.89	100.00	70.61

	2009-10		2008-09	
	Qty. M.T.	Amount Rs. In Lacs	Qty. M.T.	Amount Rs. in Lacs
III Installed Capacity etc.*				
(a) Installed capacity, Annual	60000	—	49500	—
(b) Actual Production **	44072	—	29878	—
(c) Stock of Goods Produced:				
Opening Stock	270	40.67	272	48.08
Closing Stock	406	79.28	270	40.67
(d) Turnover :				
Multilayer Testliner & Testliner Paper	43936	9591.95	29880	6627.35

* Licensed capacity per annum is not indicated due to the abolition of Industrial Licensing vide Notification number 447(E) dated July 25, 1991 issued under the Industries (Development And Regulation) Act, 1951.

* As certified by the management and accepted by the auditor.

IV Wind Power

	2009-10	2008-09
Installed Capacity (Unit)	1.50 MW	N.A.
Unit Generated	45740	N.A.

V C.I.F. Value of Imports

	2009-10 (Rs. In Lacs)	2008-09 (Rs. In Lacs)
Waste Paper	2193.25	105.28
Components and spare parts	57.57	13.24
Capital Goods	206.77	631.12

VI Expenditure in Foreign Currency

	2009-10 (Rs. In Lacs)	2008-09 (Rs. In Lacs)
Traveling Expenses	6.24	3.79

VII Earnings in Foreign Exchange

	2009-10 (Rs. In Lacs)	2008-09 (Rs. In Lacs)
	Nil	Nil

SHREE AJIT PULP AND PAPER LIMITED



16 Balance Sheet Abstract and Company's general Business profile.

I Registration Details :

Registration No. State Code
 Balance Sheet Date

II Capital Raised During The Year : (Rupees in Thousand)

Public Issue Right Issue
 Bonus Issue Private Placement

III Position of Mobilisation and Deployment of Funds (Rupees in Thousand)

Total Liabilities Total Assets

Sources of Funds

Paid up Capital Reserve & Surplus
 Secured Loans Deferred Tax Liability

Application of Funds

Net Fixed Assets Investments
 Net Current Assets Misc. Expenditure
 Accumulated Losses

IV Performance of Company (Rupees in Thousand)

Turnover (Net Of Excise duty & Discount) & Other Income Total expenditure
 Profit/Loss Before Tax Profit After Tax
 Earning Per Share (Rs.) Dividend Rate %

V Generic Names of Principal Product of Company (As Per Monetary Terms)

Item code
 Product Description

AS PER OUR ATTACHED REPORT OF EVEN DATE
 FOR H.P.SHAH ASSOCIATES

FOR AND ON BEHALF OF THE BOARD

H. P. SHAH
 PROPRIETOR
 CHARTERED ACCOUNTANTS
 Membership No. 39093

G. D. SHAH
 MANAGING DIRECTOR

G. P. GUPTA
 DIRECTOR

VAPI, 28TH MAY 2010

VAPI, 28TH MAY 2010

SHREE AJIT PULP AND PAPER LIMITED



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Pursuant to clause 32 of listing agreement with Stock Exchanges)

	31-Mar-2010 (Rs.)	31-Mar-2009 (Rs.)
I Cash Flow from Operating activities		
Net profit before tax and extra-ordinary items	113433824	35125977
Add : Depreciation	22366150	11282058
Interest	32367582	10020346
Prior Period Adjustment	129958	125500
Less : Interest received	(1525361)	(2152878)
Profit on Sale of Fixed Assets	(531)	0
Dividend received	(12000)	(12715)
Cash Generation from Operation	<u>166759622</u>	<u>54388288</u>
Less : Prior Period Adjustment	(129958)	(125500)
Operating profit before working capital changes	<u>166629664</u>	<u>54262788</u>
Add/(Less): (Increase)/Decrease in current Assets		
Inventories	(47669628)	6748822
Debtors	(93582138)	15766533
Loans and Advances	(38215640)	(14847155)
Add/(Less): Increase/(Decrease) in current Liabilities		
Current liabilities	<u>54123925</u>	<u>(6668283)</u>
Cash from operation	41286183	55262705
Direct Taxes Paid (Net of Refund)	(10422071)	(4337928)
Net Cash from Operating Activities (A)	<u>30864112</u>	<u>50924777</u>
II Cash flow from investing activities		
Purchase of Fixed Assets	(143720011)	(204790501)
Sale of Fixed Assets	2500	0
Interest received	1525981	2152878
Dividend received	12000	12715
Accrued interest of Investment in the NSC	(620)	(1593)
Net Cash used in Investing Activities (B)	<u>(142180150)</u>	<u>(202626501)</u>
III Cash flow from financing activities		
Long term loans	85208127	155888606
Cash Credit (Net)	69952793	(4652104)
Dividend paid (including dividend tax thereon)	(1564776)	(1564644)
Interest paid	(32367582)	(10020346)
Net cash from financing activities (C)	<u>121228562</u>	<u>139651512</u>
Net increase in cash and equivalent (A+B+C)	9912524	(12050212)
Cash and cash equivalent		
as at 01/04/2009 & 01/04/2008 (opening balance)	<u>2499485</u>	<u>14549697</u>
as at 31/03/2010 & 31/03/2009 (closing balance)	<u>12412009</u>	<u>2499485</u>

AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR H.P.SHAH ASSOCIATES

H. P. SHAH
PROPRIETOR
CHARTERED ACCOUNTANTS
Membership No. 39093
VAPI, 28TH MAY 2010

FOR AND ON BEHALF OF THE BOARD

G. D. SHAH
MANAGING DIRECTOR

G. P. GUPTA
DIRECTOR

VAPI, 28TH MAY 2010



SHREE AJIT PULP AND PAPER LIMITED

Regd. Off. : Survey No. 239, Near Morai Railway Crossing, Village Salvav,
Via-Vapi - 396 191. Gujarat.

15TH ANNUAL GENERAL MEETING ON 17th AUGUST, 2010

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Venue)

No. of Shares :

FOLIO No. :

DP ID No :

CLIENT No. :

(Name of the attending member (in block letters))

Name of the Proxy (in block letters) (to be filled by the Proxy attending instead of the member)

I hereby record my presence at the 15th Annual General Meeting to be held at Survey No. 239, Near Morai Railway Crossing, Village Salvav, Via-Vapi-396 191. Gujarat on 17th August, 2010 at 11:00 a.m.

Member's / Proxy's Signature

- Note : 1) Interested joint members may obtain attendance slips from the Regd. Office of the Company
2) Members/joint members/proxies are requested to bring attendance slip with them. Duplicate slips will not be issued at the entrance of the Auditorium



SHREE AJIT PULP AND PAPER LIMITED

Regd. Off. : Survey No. 239, Near Morai Railway Crossing, Village Salvav,
Via-Vapi - 396 191. Gujarat.

15TH ANNUAL GENERAL MEETING ON 17th AUGUST, 2010

PROXY FORM

FOLIO No. :

DP ID No :

CLIENT No. :

I/We of

I/We being a Member/Members of above named

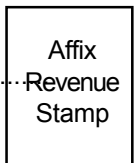
Company, hereby appoint of

or failing him I/We of.....

as my / our proxy to vote for me/us on/our behalf at the 15th Annual General Meeting to be held at Survey No. 239, Near Morai Railway Crossing, Village Salvav, Via-Vapi-396 191. Gujarat on 17th August, 2010 at 11:00 a.m. and at any adjournment thereof.

Signed this day of2010.

Signature



Note : The proxy form must be deposited at the Company's Regd. Office not less than 48 hours before the meeting, the Proxy need not be a member of the Company.

BOOK - POST

To,

If undelivered please return to :
SHREE AJIT PULP AND PAPER LIMITED
Regd. Office :
Survey No. 239,
Near Morai Railway Crossing, Village Salva,
Vapi - 396 191. Gujarat.