

SPECIALITY PAPERS LIMITED
52nd ANNUAL REPORT (2012-13)

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2012-13

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Nemchand J. Gala
(Chairman and Managing Director)
Mr. Darshak N. Gala
Mrs. Urmila N. Gala
Mr. Pradeep K. Chopra

AUDITORS

M/s. Shekharkumar & Co.
Chartered Accountant
Mumbai.

BANKERS

State Bank of India.

SOLICITOR & ADVOCATE

L.D.Shah & Co.
Petite Fleur, 85 Ranade Road,
Shivaji Park, Dadar (W),
Mumbai – 400 028.

REGISTERED OFFICE & PLANT

Village Morai, National Highway No. 8,
Vapi, Dist. Valsad, Gujrat - 396191.

REGISTRAR & TRANSFER AGENT

Big Share Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (East), Mumbai – 400 072.

CORPORATE OFFICE

93, Dadisheth Agiary Lane,
Off Kalbadevi Road, Mumbai-400002

SPECIALITY PAPERS LIMITED
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Notice is hereby given that the 52nd Annual General Meeting of the Members of Speciality Papers Limited will be held on Monday, 30th September, 2013 at 11.00 A.M. at the registered office of the Company at the National Highway No. 8, Village Morai, Vapi, Valsad, Gujarat – 396191 to transact the following business as:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the Profit and Loss Account for the year ended on that date and Reports of the Board of Directors and Auditors thereon.
2. To appoint Auditors of the Company and fix their remuneration.

“RESOLVED THAT pursuant to provision of Sub-section (1) of Section 224 of the Companies Act, 1956, M/s. **M/S SHEKHARKUMAR & CO**, Chartered Accountants, be and is hereby appointed as Auditor of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company to audit the financial accounts of the Company for the financial year 2012 - 2013 on a remuneration by way of such fees as the directors may determine.”

Place: Mumbai
Date: 14/08/2013

For and on behalf of the Board

NJ Gala

NEMCHAND J. GALA
Chairman and Managing Director



NOTES:

- The Members entitled to vote is entitled to appoint a proxy to attend and vote instead of himself and the Proxy need not to be member of the Company. The instrument appointing proxy shall be deposited with the Company at least 48 hours before the commencement of the meeting in order to be proxy being effective.
- Intimate to the Company's Registrars and Share Transfer Agents, **Bigshare Services Private Limited** (for shares held in physical form) and to their Depository Participants (DP) (for shares held in dematerialized form) the changes, if any, in their registered address, Bank account number / details etc. at an early date, quote ledger folio numbers /DP Identity and Client Identity Numbers in all their correspondences;
- **Members holding shares in physical form are requested to notify/send the following to the Company or Share Transfer Agent to facilitate better services:**
 - Any change in their address/mandate/bank details.
 - Share certificates(s), held in multiple accounts in identical names or joint accounts in the same order of means, for consolidation of such shareholding into one account.
 - In order to prevent protection against fraudulent encashment of the warrants, members holding shares in physical form are requested to inform the following to the Company:
 - ◆ Name of the sole/ First Joint holder and the Folio Number
 - ◆ Particulars of Bank accounts Name of Bank, Complete address of Bank, account type, Bank account no. allotted by bank.
- All documents referred to in the accompanying notice and explanatory statements are open for inspection at the registered office of the Company on all working days between 11:00AM to 1:00PM upto the date to Annual General Meeting.
- **Members are requested**
 - To bring copies of Annual Report, Notice and Attendance Slip duly completed and signed at the meeting.
 - To quote their folio/identification Nos. in all correspondence.
 - To notify immediately for change of their address and bank particulars to the Company or its share Transfer Agent, in case shares are held in physical form. And in case their shares are held in demat form; information should be passed on directly to their respective Depository Participant and not to the Company/ Share Transfer Agent, without any delay.
 - In case of Joint holders attending the meeting, only such Joint holder who is higher in the order of names will be entitled to vote.

Place: Mumbai
Date: 14/08/2013



For and on behalf of the Board

N J Gala

Nemchand J. Gala
Chairman and Managing Director

DIRECTOR'S REPORT

To
The Shareholders of
Speciality Papers Limited

The Directors have pleasure in submitting their 52nd Annual Report on the business and operations of the Company along with the Audited Balance Sheet and Profit & Loss Accounts for the year ended 31st March, 2013.

Financial Result:

(Rs. In Lacs)

| Particulars | Current Year 31/03/2013 | Previous Year 31/03/2012 |
|--------------------------------------------------|----------------------------|-----------------------------|
| Sales & other Income | 4541.87 | 3583.70 |
| Profit/ (Loss) before Interest & Depreciation | (632.84) | (658.06) |
| Less: Interest | | 0.00 |
| Less: Depreciation | 217.97 | 226.90 |
| Net Profit / (Loss) for the year before Taxation | (414.87) | (431.16) |
| Less: Provision for Taxation | | 0 |
| Net Profit / (Loss) after Deferred Tax | (414.87) | (431.16) |

Dividend:

Keeping in view the losses incurred during the year by the Company, Your Directors do not recommend any Dividend for the year ended on 31st March, 2013.

Review of Operation:

The year under review was overall not satisfactory year for the Company. The company has achieved gross sales of Rs 4541.87 Lacs as against Rs.3583.70 Lacs in the previous year and incurred a loss of Rs 414.87 lacs against the loss of Rs 431.16 Lacs of the corresponding previous year.

Pollution Control Safety And Environmental Protection

The Company is very much concerned for the safety of men and machines. The preservation of the environment in and around the manufacturing plants has always received high significance in all over corporate decisions.

Directors:

The Board consists of Executive and Non- Executive Director including independent director who have wide and varied experience in different disciplines of corporate functioning. The Composition of the Board of Directors has been constituted as per the provisions of Clause 49 of the Listing Agreement.

Mr. Pradeep Kumar Chopra, directors of the Company, liable to retire by rotation retire at this Annual General Meeting and being eligible to be re-appointed offer themselves to be reappointed.

Mr. Darshak N Gala, who was appointed as a Director of the Company in the Board meeting held on 12th April, 2012, is being proposed to be re- appointed as a Director liable to retire by rotation upon the notice received in writing signifying his intention to propose the said director as candidate for the Office of Directors.

Mrs. Urmila N Gala, who was appointed as a Director of the Company in the Board meeting held on 12th April, 2012, is being proposed to be re- appointed as a Director liable to retire by rotation upon the notice received in writing signifying her intention to propose the said director as candidate for the Office of Directors.

Auditors:

During the year, **M/S SHEKHARKUMAR & CO** reappointed as the Statutory Auditors of the Company to hold office from annual general meeting till the conclusion of next Annual General Meeting.

The Company has received a certificate from the auditors to the effect that their re-appointment if made, would be in accordance with the provisions of section 224(1B) of the Companies Act, 1956.

Directors' Responsibility Statement:

In accordance with the provisions of section 217(2AA) of the Companies Act, 1956, your directors state that:-

- In the preparation of accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of 31st March, 2013 and the profit of the Company for the year ended on that date.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- The annual accounts of the Company have been prepared on a going concern basis.

Corporate Governance:

Your Company is committed to good Corporate Governance Practices and is regular compliant with all the applicable provisions of Companies Act, 1956 and Clauses of Listing Agreement following to the guidelines prescribed by the SEBI and Bombay Stock Exchanges from time to time. The Company has implemented all of its major stipulations as applicable to the Company. Report on Corporate Governance is annexed to and forming part of the Directors' Report.

Managing Discussion and Analysis:

A Management discussion and Analysis as required under the Clause 49 of the Listing Agreement is annexed and forming part of the Annual Report.

Conservation of Energy, Research and Development, Technology Absorptions and Foreign Exchange Earnings and Outgo:

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required 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 is given as per 'Annexure A' and forms part of the Directors' Report.

DEMAT of Shares

As on date, about 16.76% shares of the Company have been dematerialized and the Company solicits co-operation from its investors to have their holdings converted in DEMAT form to provide them better liquidity in future.

Particulars of Employees:

During the year under review, no employee of the Company was entitled to the remuneration exceeding the sum prescribed under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975 and no other provision of the aforesaid section are applicable to the Company for the financial year under review.

Audit Committee:

According to the provisions of Section 292A of the Companies Act, 1956 every public Company having paid-up capital of not less than Rs. 5 Crores shall constitute an Audit Committee consisting of the members of the Board

The important role of the Audit Committee is to support the Board of Directors in its surveillance and control duties. The most important of these duties is to ensure that generally accepted accounting principles are properly applied and to check that the internal control systems used when drawing up the individual and consolidated Annual Accounts are adequate and complete.

Corporate Social Responsibility (CSR):

Social welfare and community development is at the core of the Speciality's CSR philosophy and this continues to be a top priority. The Company's contributions to the community are in the areas of recycling of papers and assistance in the event of a natural disaster and contributions to other social development organisations.

Acknowledgement:

Your Company not performed so extensively well in a challenging year but will continue to maintain its quality standards in forthcoming future. It has also been improving the quality and cost benchmarks and continues to build shareholder value.

Your Directors place on record their appreciation for the overwhelming co-operation and assistance received from investors, customers, business associates, bankers, vendors, as well as regulatory and governmental authorities. Your Directors also thank the employees at all levels, who, through their dedication, co-operation, support and smart work, have enabled the Company to achieve rapid growth.

Place: Mumbai
Date: 14/08/2013

For and on behalf of the Board

NJ Gala

NEMCHAND J. GALA
Chairman and Managing Director



ANNEXURE "A" TO THE DIRECTOR'S REPORT

PARTICULARS AS REQUIRED UNDER SECTION 217(1)(E) OF THE COMPANIES ACT, 1956. READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES 1988. AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2013.

ENERGY CONSERVATION:

A) MEASURES TAKEN:

- 1) Optimum utilization of power to keep Power factor more than 0.95.
- 2) By proper recycling of Water, Water consumption has reduced substantially.

FORM A

(Form of Disclosure Particulars with respect to conservation of energy)

| Particulars | For the year ended 31 st March, 2013 (Rs. In Lacs) | For the year ended 31 st March, 2012 (Rs. In Lacs) |
|--------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------|
| A. POWER AND FUEL CONSUMPTION | | |
| 1. Electricity | | |
| (a) Purchased Unit Lac KWH | Nil | Nil |
| Total amount | Nil | Nil |
| Rate / Unit (Rs.) | Nil | Nil |
| 2. Coal / Lignite | | |
| Quantity (Tonnes) | Nil | Nil |
| Total Cost | Nil | Nil |
| Average rate Rs./Per Ton | Nil | Nil |
| 3. Furnace Oil, LDO & Other Fuel | | |
| Quantity (KL) | Nil | Nil |
| Total Cost | Nil | Nil |
| Average rate Rs./Per KL | Nil | Nil |
| B. CONSUMPTION PER UNIT OF FINISHED GOODS | | |
| Production Paper | Nil | Nil |
| Electricity (KWH/MT) | Nil | Nil |
| Coal (KGS/MT) | Nil | Nil |

FORM B

(Form of disclosure of particulars with respect to Technology Absorption)

RESEARCH & DEVELOPMENT

1. Specified areas in which R & D carried out by the Company.

The Company has not carried out any R & D activities during the year for the development of Anti Rust Papers and Crepe Tissue.

2. Future plan and Action.

Management of the Company is currently reviewing its technology and is committed to bring further advancement to the technology.

3. Expenditure on R & D:

| | |
|---------------------------------|---------|
| a) Capital | Rs. Nil |
| b) Recurring | Rs. Nil |
| c) Total | Rs. Nil |
| d) Total R & D expenditure as a | Rs. Nil |
| e) Percentage of total turnover | |

TECHNOLOGY, ABSORPTION, ADOPTION AND INNOVATION

1 Effort made in brief towards technology absorption, adoption and innovation:

The Company has not made any development of Technology for manufacture of various types of papers. The Directors are taking effective steps to be update with latest available technology in the Industry.

2 Benefit derived as a result the above efforts:

The Company's plant is not operating satisfactorily.

◆ **Product Improvement:**

The qualities of the product are satisfactory and well accepted to the market.

◆ **Cost Reduction:**

There has been no reduction in cost directly due to the same.

◆ **Product Development:**

The Company is able to satisfy the demand of various types of industries and customers.

◆ **Import Substitution:**

Efforts are on.

1. Information required in case of technology (imported during the last 5 Years reckoned from the beginning of the financial years):

Not applicable as the technology is indigenious.

FOREGIN EXCHANGE EARNING AND OUTGO

The Company had not earned any foreign exchange equivalent towards export sale of papers neither it has spent any foreign exchange towards purchase of Raw Materials, Stores & Spares and Traveling Expenses

CORPORATE GOVERNANCE REPORT

In accordance with Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited (BSE) some of the best practices followed internationally on Corporate Governance, the report containing the details of corporate governance systems and processes at SPECIALITY PAPERS LIMITED is as under:

Company's Philosophy on Code of Governance:

Speciality Papers Limited believes on building long lasting and mutually beneficial relationship based on integrity, ethics and trust in all respect of our business.

Corporate Governance has been a high priority for us both in letter and in spirit. Our commitment to ethical and lawful business conduct is a fundamental shared value of our Board of Directors, senior management personnel and employees and is important of the Company's success. Our standards for business conduct provide that we will uphold ethical and legal standards vigorously as we pursue our financial objectives. We believe that good governance brings about sustained corporate growth and long-term benefits for stakeholders.

- In line with the nature and size of operations of the Company, the Corporate Governance framework in Speciality Papers Limited is based on the following main principles:
- Constitution of Board of Directors of appropriate composition and balance, comprising of an ideal mix of independent and non independent directors, all persons with the highest degree of integrity and professionalism, who discharge their responsibility in the best interests of the Company.
- Ensuring a timely and accurate flow of information at various organizational levels in general and to the Board and its various committees in particular
- Independent verification of the Company's financial reporting systems and safeguarding integrity thereof
- A sound system of risk management and internal controls with adequate safeguards and alarm systems
- Compliance with all applicable laws, rules and regulations, not only in letter but also in their spirit
- Fair and equitable treatment of all its stakeholders, including employees and shareholders.

BOARD OF DIRECTORS:

The Board of Directors provides leadership and strategic guidance to your Company's management. In addition to the skill and expertise of the executive directors, the non-executive directors bring an external and wider perspective in Board deliberations and decisions. Company believes that an active, expert and well informed team of directors is necessary to ensure highest standards of Corporate Governance. The Board of the Company comprises of experts from diverse fields and professions.

Board Composition:

The Composition of the Board meets with the requirement of Corporate Governance Code prescribed in Clause 49 of the Listing Agreement with not less than 50% of the Board of Directors of the Company being Non-Executive Independent Directors and with 50% of the Board of Directors of the Company being Independent Directors. The composition of Board of Director is as follows:

None of the Directors of the Board is a member of more than ten Committees and Chairman of more than five Committees across all companies in which they are Directors.

No. of Board Meetings held during the years:

07(Seven) Board Meetings held during the Financial year (1st April, 2012 to 31st March, 2013) viz 23rd April, 2012, 07th June, 2012, 23, 14th Aug, 2012, 1st Sep 2012, , 29th Sept, 2012, 14th November, 2012, 15th March, 2013

| Name of Directors | Category | Share holding | Attendance Particulars | | No. of Outside Director ships (*) | No. of outside Committee positions held @ | |
|-----------------------|---------------------------------------|---------------|------------------------|-----------|-----------------------------------|-------------------------------------------|--------|
| | | | Board Meetings | Last AG M | | Chairman | Member |
| Mr. Nemchand J. Gala | Chairman, Managing Director | 1545158 | 07 | Yes | None | None | 2 |
| Mr. Darshak N. Gala | Executive Director | 0 | 07 | Yes | None | None | None |
| Mrs. Urmila N. Gala | Non - Executive Director | 0 | 07 | Yes | None | None | None |
| Mr. Pradeep K. Chopra | Independent, Non - Executive Director | 0 | 07 | Yes | None | None | None |
| Mr. Ronak Chheda | Independent, Non - Executive Director | 0 | 07 | Yes | None | None | None |

Notes:

Board Procedure:

The Board meets at least once in a quarter to review the quarterly performance and the financial results. The Board Meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director. The Board papers, comprising the agenda backed by comprehensive background information are circulated to the Directors in advance and in exceptional cases, the same is tabled at the Board Meeting. The Board is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman.

The Board periodically reviews compliance reports of all laws applicable to the Company.

Code of conduct:

The Code of Business Conduct & Ethics for Directors'/Management Personnel ('the Code'), as recommended by the Clause 49 on Corporate Governance and adopted by the Board, is a comprehensive Code applicable to all Directors and management personnel.

The Company's Board of Directors and Management Personnel are responsible for and are committed to setting the standards of conduct contained in this Code and for updating these standards, as appropriate, to ensure their continuing relevance, effectiveness and responsiveness to the needs of local and international investors and all other stakeholders as also to reflect corporate, legal and regulatory developments. This Code is adhered to in letter and in spirit.

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The Code has been circulated to all the members of the Board and management personnel and the compliance of the same is affirmed by them annually.

AUDIT COMMITTEE:

Audit Committee has become one of the main pillars of the corporate governance system in Indian public companies. In steering companies through today's complex business environment, Boards are going to need strong leadership from their audit committees. The audit committee is established with the aim of enhancing confidence in the integrity of an organization's processes and procedures relating to internal control and corporate reporting including financial reporting. Audit Committee provides an 'independent' reassurance to the Board through its oversight and monitoring role.

Composition & Attendance at the Audit Committee Meetings:

The Audit Committee is constituted in accordance with the provisions of the Listing Agreement and the Companies Act, 1956. The Members of the Committee are qualified and experienced in the fields of finance, accounts, taxation & company law and other allied subjects.

The Audit Committee generally meets once in a quarter to review the quarterly performance and financial results. During the financial year 2012-13, 5 (five) Audit Committee Meetings held on 24th April, 2012, 23rd July, 2012, 25th September, 2012, 21st October, 2012 and 21st January, 2013.

The details of the Composition, categories and attendance during the year are as under:

| Sr. No. | Name of the Director | Designation | No of Meetings Held | No of Meetings attended |
|---------|----------------------|-------------|---------------------|-------------------------|
| 1 | Pradeep Kumar Chopra | Director | 5 | 5 |
| 2 | Mr. Urmila Gala | Director | 5 | 5 |
| 3 | Mr. Darshak Gala | Director | 5 | 5 |

The minutes of the Audit Committee meetings form part of documents circulated for the meetings of the Board of Directors. In addition, the Chairman of the Audit Committee apprises the Board members about the significant discussions at Audit Committee meetings.

The terms of reference of the audit Committee include the following:

- Reviewing the Company's financial reporting process and the disclosure of its financial information.
- Recommending the appointment and removal of statutory auditors, fixation of audit fees and also to approve payment for other services.
- Reviewing the quarterly and annual financial statements with primary focus on accounting policies and practices, compliance with accounting standards and legal requirements concerning financial statements.
- Reviewing the reports furnished by the internal auditors and statutory auditors and ensures suitable follow up thereon.

REMUNERATION AND COMPENSATION COMMITTEE

Terms of reference:

No separate Remuneration and Compensation Committee is constituted as such only Managing Director is drawing remuneration from the Company.

The company is not paying any remuneration to any of its executive and non-executive directors except sitting fees for attending the meetings of the Board and / or the Committee thereof.

SHAREHOLDERS'/INVESTORS GRIEVANCE COMMITTEE:

The members of the Shareholders/Investors' Grievance Committee are

| Sr. No. | Name of the Director | Category | Designation |
|---------|---------------------------|------------------------|-------------|
| 1 | Mr. Pradeep Kumar Chopra | Non-Executive Director | Director |
| 2 | Mrs. Urmila Nemchand Gala | Non-Executive Director | Director |
| 3 | Mr. Nemchand J. Gala | Executive Director | Director |

Brief description of Terms reference:

- Approve and issue of duplicate certificates.
- Look into redressal of shareholders'/ investors' complaints related to transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividends, etc
- Oversee performance of the Registrar and Transfer Agents of the Company, and recommend measures for overall improvement in the quality of investor services.
- Monitor implementation and compliance of the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.
- Approve transfer of securities to the Managing Director and / or the Company Secretary within the powers delegated by the Board.
- Approve the transfer of Equity and preference shares including power to delegate the same to Registrar and Transfer Agent and to any other committee comprising of Directors.

Details of Complaints received redressed & pending during the financial year:

| Pending at the beginning of the year | Received during the year | Redressed / Replied during the year | Pending at the year |
|--------------------------------------|--------------------------|-------------------------------------|---------------------|
| NIL | NIL | NIL | NIL |

General Body Meetings:

Location, date, and time of last Three AGMs held.

| Year | | Location | Date | Time |
|---------|------------------|-----------------------------------------------------------------------|------------|-----------|
| 2009-10 | 49 th | Village Morai, National Highway No. 8, Vapi, Valsad (Gujarat) 396191. | 30.09.2010 | 11.00 A.M |
| 2010-11 | 50 th | Village Morai, National Highway No. 8, Vapi, Valsad (Gujarat) 396191. | 30.09.2011 | 11.00 A.M |
| 2011-12 | 51 th | Village Morai, National Highway No. 8, Vapi, Valsad (Gujarat) 396191. | 29.09.2012 | 11.00 A.M |

Subsidiary Company

Your company does not have any material unlisted Indian Subsidiary Company

Disclosure

Basis of related party transaction

Your Company places all the details before the Audit Committee periodically. A comprehensive list of related party transaction as required by the Accounting Standard (AS) 18, issued by the Institute of Chartered Accountants of India, forms part of the Notes to the Accounts in the Annual Report. However, these transactions are not likely to have any conflict with the interest of the Company at large.

Disclosure of Accounting Treatment

Your Company has followed all relevant Accounting Standards while preparing the financial statements.

Risk Management

Your Company has a comprehensive risk management policy. The risk management policy inter-alia provides for review of the risk assessment and minimization procedure, laying down procedure to inform the board in the matter and for periodical review of the procedure to ensure that executive management controls the risks through properly defined framework.

Disclosure of non-compliance of the Company

There were no instances of non-compliance or penalty, structures imposed on your Company by stock exchange or SEBI or any statutory authority on any matter related to capital markets, during the last years

MEANS OF COMMUNICATION

The quarterly & half yearly unaudited financial results & the annual audited financial results are published in one English daily and in one Vernacular Newspaper & are also furnished to the Stock Exchange with whom the company has listing Agreements.

General Shareholder information:

1. **Annual General Meeting:**

| | |
|-----------------------|---------------------------------------------------------------|
| Date and Time: | 30 th September, 2013, 11.00 am |
| Day: | Monday |
| Venue: | Village Morai, National Highway No.8, Vapi, Valsad -396191 |

2. **Financial Year:** 1st April, 2012 to 31st March, 2013

3. **Date of Book closure:** 1st September, 2013 to
8th September, 2013

4. **Listing on Stock Exchange:** The Bombay Stock Exchange Limited
(BSE),
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

5. **Listing Fee :** Listing fee for the financial year
2012- 2013 have been paid.

6. **Stock Code:**

| | |
|-----------|--------------|
| BSE : | 502465 |
| ISIN No.: | INE260F01011 |

7. Stock Market Data:

The Monthly High and Low prices and trading volumes of the company's shares at the Stock Exchange Mumbai for the year ended 31st March, 2013.

| Month | High (Rs.) | Low (Rs.) | Volume |
|-----------------------|-------------------|------------------|---------------|
| April 2012 | 06.25 | 05.43 | 246316 |
| May 2012 | 06.25 | 04.78 | 69684 |
| June 2012 | 06.20 | 04.55 | 354226 |
| July 2012 | 10.79 | 06.25 | 51609915 |
| August 2012 | 12.25 | 09.58 | 38870525 |
| September 2012 | 10.57 | 08.57 | 32981749 |
| October 2012 | 08.61 | 06.60 | 9048008 |
| November 2012 | 07.58 | 05.90 | 9196373 |
| December 2012 | 08.85 | 07.22 | 6486165 |
| January 2013 | 08.80 | 04.91 | 2972824 |
| February 2013 | 07.99 | 05.94 | 937514 |
| March 2013 | 07.49 | 05.24 | 1031713 |

8. Shareholding Pattern as on 31st March, 2013

| Category | Category of Shareholder | Number of shares held | Percentage of share holding |
|----------|----------------------------------------------------------------------------------------|-----------------------|-----------------------------|
| (A) | Shareholding of Promoter and Promoter Group | | |
| 1 | Indian | | |
| (a) | Individuals/ Hindu Undivided Family | 1532334 | 0.98 |
| (b) | Central Government/ State Government(s) | | |
| (c) | Bodies Corporate | 0 | 0 |
| (d) | Financial Institutions/ Banks | 00 | 00 |
| (e) | Any Others (Specify) | 0 | 0 |
| | Sub Total(A)(1) | 1532334 | 0.98 |
| 2 | Foreign | 00 | 00 |
| | Sub Total(A)(2) | 1532334 | 0.98 |
| | Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2) | 1532334 | 0.98 |
| (B) | Public shareholding | | |
| B 1 | Institutions | | |
| (b) | Financial Institutions / Banks | 100 | 0.00 |
| | Sub-Total (B)(1) | 100 | 0.00 |
| B 2 | Non-institutions | | |
| (a) | Bodies Corporate | 137480587 | 88.04 |
| (b) | Individuals | | |
| i | Individuals - i) Individual shareholders holding nominal share capital up to Rs 1 lakh | 2777528 | 1.78 |
| ii | Individual shareholders holding nominal share capital in excess of Rs. 1 lakh. | 14077540 | 09.01 |
| iii | Any other | 296053 | 0.19 |
| (c) | Clearing Member | 99732 | 0.06 |
| (c-i) | Non Resident Indians (Repatriation) | 196321 | 0.13 |
| | Sub-Total (B)(2) | 154631702 | 98.96 |
| (B) | Total Public Shareholding (B) = (B)(1)+(B)(2) | 154631802 | 98.96 |

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| | | | |
|-----|----------------------------------------------------------------------------------|-----------|--------|
| | Total (A)+(B) | 156164136 | 100.00 |
| (C) | Shares held by Custodians and against which Depository Receipts have been issued | 0 | 0 |
| | Sub-Total (C) | 0 | 0 |
| | Grand Total (A)+(B)+(C) | 156164136 | 100.00 |

9. **Registrars and Share Transfer agents:**

Bigshare Services Private Limited
E-2/3, Ansa Industrial Estate, Saki Vihar Road, Sakinaka,
Andheri (E), Mumbai - 400072
E mail I.D: info@bigshareonline.com

10. **Dematerialization of shares and liquidity:**

98.12% of the paid-up capital of the Company has been dematerialized as on 31st March, 2013. The equity shares of the Company are actively traded on the BSE in dematerialized form.

11. **Plant location:**

National Highway No. 8,
Village Morai, Vapi, Valsad – 396191

12. **Address of Correspondence:**

SPECIALITY PAPERS LIMITED
93, Dadisheth Agiary Lane, Off Kalbadevi Road, Mumbai -400 002,
Tel: +91-22-2209 4033 / 34 Fax: +91-22-2205 3899

For Share Transfer and Dematerialization:

BIG SHARE SERVICES PVT. LTD.
V E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka,
Andheri (East), Mumbai – 400 072.

N J Gala

Place: Mumbai
Date: 18/08/2013

For and on behalf of the Board
Nemchand J. Gala
Chairman and Managing Director



GREEN INITIATIVE: Ministry of Corporate Affairs has taken a Green Initiative in Corporate Governance allowing paperless compliances by companies through electronic mode. Your Company has taken initiative to update their records for the same. The members holding shares in physical form and who have not furnished the requisite information and who wish to avail of the facility to receive the correspondence from the Company in electronic mode may furnish the information to **Bigshare Services Pvt Ltd**, the Registrars and Transfer Agents. The members holding shares in electronic form may furnish the information to their Depository Participants to avail of the said facility.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion & Analysis (MDA) is a report which enables the investors to see the company “through the eyes of Management”

MDA provides material, historical and Prospective disclosure that enables the Investors and other user of information to access the financial condition, change in financial condition and result of operations of public Company, especially the company’s Prospectus for the future.

MISSION:

The mission of Speciality Papers Limited is to provide all customers with Quality product and better services that regularly fulfill their expectations, to optimize all the efforts of the Team in the business of manufacturing and trading of Speciality paper with due consideration towards quality maintenance and ultimate capacity utilization of production for regular flow of supply.

OBJECTIVE:

To be a Quality Leader and Low Cost Operator in the Industry, while persisting environment re-spacing by way of use of recycled paper and to provide maximum benefit to the clients as well

FUTURE OUTLOOK:

The paper industry’s challenges would offer opportunities for the best integrated mills with the ability to produce high quality products at the most competitive prices. Vertically integrated producers with the latest technology would be able to offer the best quality products while containing their costs. Improved processes and cost controls would facilitate margins and manage competitive pressures.

COMPANY BUSINESS:

Speciality Papers Limited is a manufacturer of paper and paper related products established in 1961,

Company is focused on reducing the cost and increasing the sales and profitability. Company has plans to perk up production facilities to

- ◆ Improve the overall in the Quality of the papers to the international standard.
- ◆ Increase the speed of the machinery to obtain the more product
- ◆ Technology makes tasks easier, quicker, more efficient, and better.

OPPORTUNITIES:

There is ample opportunity for the Company for Product Development and Growth in the Markets across India in the years to come. Further the Company is looking forward to employ various plans to expand its business activities.

The Major factors determining the opportunities are as follows:

- ◆ Strong economic growth forecast
- ◆ Increased literacy
- ◆ Increased government spending on Education
- ◆ Population and Media Growth
- ◆ Changing Demographics
- ◆ Increase in advertising
- ◆ International grade quality etc.

This said growth derives augment the demand for paper industry in India.

THREATS:

The Economic Environment is subject to the threats. Where there are ample of opportunities, there are bound to be certain threats attached to it. Company may come across certain threats in the future in the Market for the Product due to following factors:

- ◆ Increasing imports of low priced paper products from countries like china, Indonesia.
- ◆ Increasing competitive pressures from un-organized sector.
- ◆ Foreign exchange currency fluctuations impact the imported raw material prices.

The Company participates and operates in varied environments, both politically and geographically, where exploration, production and development is more challenging technologically, operationally and financially. While the strengthening of rupee gives comfort on purchase of assets, it adversely affects the earnings in rupee terms. In the projects and countries where your Company has large investments, the risks and losses due to expropriation, change in fiscal regime, additional taxes and increase in Government share or restrictions on exports.

The Company is well prepared to take the challenges in the market and further if required mitigate the risk. The Proper Internal Control System are employed throughout the Company to facilitate disciplined working and transparent activities.

SEGMENT- WISE OR PRODUCT WISE PERFORMANCE:

The Company has only one business segment i.e. Paper and hence segment wise or product wise performance is not given.

HUMAN RESOURCE:

Human resources continue to be a valuable and intangible asset and key success factor for the Company to grow and sustain its market position in a highly competitive and challenging environment. Company believes that people are the pivotal force behind the growth and excellence in business operations. The overall performance and the market position, the Company enjoys is the result of the aggregate strength of its people.

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The Company during the year has specially focused on to developmental activities comprising of sharpening of skills and abilities, developing academic and professional knowledge and cultivating appropriate behavioral skill sets, such as improving interpersonal relations, team building abilities, effective communication and presentation skills. Focus on developing leadership skills and building talent for the future and the process of improving organizational and human capability through competency mapping of managerial positions in all areas of the company's operations, continued as a major initiative.

The Company is committed to provide the right environment to its employees to work and to inculcate a sense of ownership and pride.

INTERNAL CONTROLS:

The company's Internal Control systems are commensurate with the nature and size of its operations.

Review of Internal Control systems covers following aspects:

- ◆ Financial propriety of business transactions.
- ◆ Accurate financial reporting of transactions as per applicable Accounting Standards and policies.
- ◆ Safeguarding assets of the company.
- ◆ Compliance with relevant statutes, listing agreement provisions, management authorizations, procedures and policies.
- ◆ Review of information technology and other business systems so as to suggest ways and means of cost optimization.
- ◆ The Audit Committee reviews the internal audit findings. Further, the Audit Committee meets the Internal and Statutory Auditors to be assured of the Operations of the internal controls.

HEALTH, SAFETY AND ENVIRONMENT:

The Company is giving due importance to safety, health and environment related issues. The employees are educated and trained to improve awareness and skills in their respective areas of operations.

CAUTIONARY STATEMENT:

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand supply conditions, finished goods prices, raw material cost and availability, changes in Government regulations, tax regimes, economic developments within India and other factors such as litigation and industrial relations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

MANAGING DIRECTOR CERTIFICATION

I, **Mr. Nemchand Gala**, Managing Director and Compliance Officer of the Company hereby certify that:

- a. I have reviewed the financial statements and Cash flow statement for the year ended 31st March, 2013 and to the best of my knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contains statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b. To the best of my knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2013 are fraudulent, illegal or violative of the Company's code of conduct.
- c. I accept responsibility for establishing and maintaining internal controls for financing reporting and I have evaluated the effectiveness of internal control system of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which I am aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies;
- d.
 - i) There has not been any significant change in internal control over financial reporting during the year under reference;
 - ii) There has not been any significant change in Accounting policies during the year; and
 - iii) Instances of significant fraud, if any of which we have become aware, and involvement therein, if any, of the management or an employee having a significant role in Companies internal control system over financial reporting shall be disclosed.

For Speciality Papers Limited

NJ Gala

Chairman and Managing Director

Place: Mumbai
Date: 18/08/2013





SHEKHARKUMAR & CO

Chartered Accountants

B.K No 593, Room No .5, Khemari Area, OT Sec, Ulhasnagar-421002

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

**TO
THE MEMBERS OF
SPECIALITY PAPERS LIMITED**

We have examined the compliance of conditions of Corporate Governance by **SPECIALITY PAPERS LIMITED** for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion of 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 the representations made by the Directors and the Management, we certify that the Company has not complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that based on the report given by the Registrar of the Company to the Grievance Committee as on 31st March, 2013, there were no Investor Grievance Matters against the Company remaining unattended/ pending for more than 30 days.

We further state 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 M/S SHEKHARKUMAR & CO

(Shekharkumar B Jha)
Proprietor
Membership No.:151619
Place: Mumbai
Date: 14/08/2013



SHEKHARKUMAR & CO

Chartered Accountants

B.K No 593, Room No .5, Khemani Area, OT Sec, Ulhasnagar-421002

INDEPENDENT AUDITORS' REPORT

To,
The Members.
SPECIALITY PAPERS LIMITED

Report on the Financial Statements

1. We have audited the attached Balance Sheet of **SPECIALITY PAPERS LIMITED** as at 31st March, 2013, the Profit and Loss account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

3. Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

5. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) In the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

6. Report on other Legal and Regulatory Requirements

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

7. As required by section 227(3) of the Act, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) in our opinion, proper books of accounts as required by law, have been kept by the Company so far as it appears from our examination of the books;
- c) The Balance Sheet, Statement of Profit and Loss, and Cash flow statement dealt with by this report are in agreement with the books of accounts;
- d) In our opinion, the Balance Sheet, Statement of Profit & Loss account, and Cash flow statement dealt comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies, Act 1956, excepts for comments in paragraph 8 and 9 above;
- e) On the basis of written representations received from the Directors, as on 31st March, 2013 and taken on record by the Board of Directors, we report that three directors have been disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act of the Companies Act, 1956.

FOR M/S SHEKHARKUMAR & CO.
CHARTERED ACCOUNTANT
FRNO-135537W

(Shekharkumar B. Jha)
Proprietor
M.No.151619

Place: Mumbai.
Date : 15/09/2013

Annexure to Independent Auditors' Report

Referred to in paragraph 6 of the Our Report of even date.

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Fixed Assets have been physically verified by the Management during the year and no material discrepancies were noticed on such verification.
 - (c) According to the information and explanation given to us, the Company has not disposed off any substantial part of fixed assets during the year.
- 2.(a) The management has conducted physical verification of inventory at reasonable intervals during the year.

The 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

The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.

- 3.(a) During the year company has not granted any interest free loans and advances to the parties covered in the register maintained under Section 301 of the Companies' act 1956.
- (b) In respect of loans/advances granted, repayment of the principal amount is stipulated
- (c) There is no overdue amount of loans/advances granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act,1956.
- (d) The Company has taken Interest free loans from eight parties covered in the register maintained under section 301 of the Companies Act, 1956. The year end balance of loans taken from such parties was 4305.54 lakhs.

In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions in respect of loans taken from these parties are prima facie not prejudicial to the interest of the company.

In respect of loans taken, there is no agreed period for repayment of these loans.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods.

- 5.(a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangement referred to in section 301 of the Act that need to be entered in the register maintained under section 301 have been so entered
- (b) In respect of transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees five lakhs have been entered in to during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted deposit from the public within the meaning of section 58A and 58AA of the Companies Act, 1956. Hence the provision of clause 4(vi) are not applicable to the Company.
7. According to the information and explanations provided by the management, the Company's present internal audit system is commensurate with its size and the nature of its business
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained
9. According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India and also Management representations, undisputed statutory dues in respect of Provident fund, Professional Tax, Income Tax, Sales Tax, VAT, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and material statutory dues, if any, applicable to it, has been regularly deposited with the appropriate authorities.
10. The Company has no accumulated losses exceeding fifty percent of its net worth as on the balance sheet date and has incurred cash loss during the financial year and immediately preceding financial year.
11. In our opinion and according to the information and explanation given to us and the books of accounts verified by us, the company has not defaulted in repayment of dues to a financial institution or bank.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other security.
13. The provisions of any special statute as specified under clause (xiii) of paragraph 4 of the Order applicable to chit fund/nidhi/mutual benefit fund are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in securities.
15. According to the information and explanations given to us the company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us we report that no short term funds were raised.

18. The Company has not made preferential allotment of shares to the parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
19. The Company has not issued any debentures.
20. The Company has not raised any money by public issue during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

FOR M/S SHEKHARKUMAR & CO.
CHARTERED ACCOUNTANT
FRNO-135537W

(Shekharkumar B. Jha)
Proprietor
M.No.151619

Place: Mumbai.
Date : 15/09/2013

Balance Sheet as at 31 st March,2013

| Particulars | Note | 31-03-2013 | 31-03-2012 |
|-------------------------------------------|------|------------------|------------------|
| | | Lakhs | Lakhs |
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| (a) Share capital | 1 | 15,616.41 | 15,616.41 |
| (b) Reserves and surplus | 2 | 1,271.39 | 1,686.26 |
| Share application money pending allotment | 3 | 11,144.74 | 10,981.74 |
| Non-current liabilities | | | |
| (a) Long-term borrowings | 4 | 1,278.01 | 1,323.09 |
| (b) Deferred tax liabilities (Net) | 5 | 295.77 | 295.77 |
| Current liabilities | | | |
| (b) Trade payables | 6 | 422.43 | 478.58 |
| (c) Other current liabilities | 7 | 35,079.44 | 5,562.01 |
| (d) Short-term provisions | 8 | 193.93 | 196.24 |
| TOTAL | | 65,302.12 | 36,140.10 |
| ASSETS | | | |
| Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 9 | 2,559.83 | 2,836.42 |
| (ii) Intangible assets | | | |
| (iii) Capital work-in-progress | | 37.48 | 37.48 |
| (b) Non-current investments | 10 | 16,490.14 | 14,684.21 |
| (e) Other non-current assets | 11 | 3,234.48 | 788.68 |
| Current assets | | | |
| (a) Inventories | 12 | 664.58 | 740.47 |
| (b) Trade receivables | 13 | 202.82 | 292.36 |
| (c) Cash and cash equivalents | 14 | 28.86 | 8.56 |
| (d) Short-term loans and advances | 15 | 42,083.94 | 16,751.91 |
| TOTAL | | 65,302.12 | 36,140.10 |

Other notes and significant accounting policies forming part of the accounts 20

As per our Report attached
For M/S Shekharkumar & Co
Chartered Accountants
FRNO-135537W

For and on behalf of the Board

N J Gala

D N Gala

Nemchand Gala
Managing Director

Darshak Gala
Director



Shekharkumar B Jha
Proprietor
Membership No:151619
Place :Mumbai
Date: 15th September,2013

Place : Mumbai
Date :15th September,2013



Statement of Profit and loss for the year ended 31.03.2013

| | Note | 31-03-2013 | 31-03-2012 |
|---------------------------------------------------------------|------|-----------------|----------------|
| | | ` Lakhs | ` Lakhs |
| Revenue from operations | 16 | 4,541.87 | 3,583.35 |
| Other income | 17 | 57.53 | 291.01 |
| Total Revenue (I + II) | | 4,599.39 | 3874.37 |
| Expenses: | | | |
| Cost of materials consumed | | 96.11 | 397.30 |
| Purchases of Stock-in-Trade | | 4,645.29 | 3570.72 |
| Changes in inventories of finished goods and work-in-progress | | -8.86 | 10.06 |
| Employee benefits expense | 18 | 9.01 | 2.90 |
| Depreciation and amortization expense | | 217.97 | 226.90 |
| Other expenses | 19 | 54.74 | 98.01 |
| Total expenses | | 5,014.26 | 4305.89 |
| Profit before tax | | -414.87 | -431.52 |
| Profit (Loss) for the period (XI + XIV) | | -414.87 | -431.52 |
| Earnings per equity share: | | | |
| (1) Basic | | -0.27 | -0.28 |
| (2) Diluted | | -0.27 | -0.28 |
| Face value per Equity Share | | 10.00 | 10.00 |

Other notes and significant accounting policies forming part of the accounts

As per our Report attached
For M/Shekharkumar & Co
Chartered Accountants
FRNO-135537W

For and on behalf of the Board



 Nemchand Gala Darshak Gala
 Managing director Director

Proprietor
Membership No:151619
Date: 15th September,2013



Place : Mumbai
Date :15th September,2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| | For the year ended on 31st March, 2013 | | For the year ended on 31st March, 2012 | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|--------------------------------|-------------------------------------------|------------|
| | Lakhs | Lakhs | Lakhs | Lakhs |
| <u>A. CASH FLOW FROM OPERATING ACTIVITIES</u> | | | | |
| Net loss before Tax and extraordinary items | | -414.87 | | -431.52 |
| Adjusted for : | | | | |
| Miscellaneous Expenses Written off | | | | |
| Depreciation | 217.97 | | 226.90 | |
| Loss on sale of Investments | 37.50 | | | |
| Profit on sale of shares | -43.97 | | -4.64 | |
| Dividend on shares | -0.01 | | -0.02 | |
| Interest received | -50.58 | 160.91 | -37.43 | 184.81 |
| Operating Profit Before Working Capital | | -253.96 | | -246.71 |
| Adjusted for : | | | | |
| Increase in Trade & Other Receivables | 89.54 | | -191.57 | |
| Change in Inventories | 75.89 | | 407.10 | |
| Increase in Short Terms Loans and advances | -25332.03 | | -16,751.91 | |
| Increase in non current assets | -2445.79 | | -440.55 | |
| Decrease in Trade Payables | -56.15 | | -334.78 | |
| Increase in Other Current Liabilities | 29517.43 | | 2,184.99 | |
| Decrease in Shortterm provisions | -2.31 | | 11.56 | |
| Cash Generated from Operations | | 1,846.58 | | -15,115.16 |
| | | 1,592.62 | | -15,361.86 |
| Cash flow before Extra Ordinary Items | | 1,592.62 | | -15,361.86 |
| Net Cash flow from Operating Activities[A] | | 1,592.62 | | -15,361.86 |
| <u>B. CASH FLOW FROM INVESTING ACTIVITIES</u> | | | | |
| Sale of fixed assets | 58.63 | | 94.64 | |
| Sale of investments | -1805.93 | | 2,019.00 | |
| Interest received | 50.58 | | 4.64 | |
| Dividen on shares | 0.01 | | 0.02 | |
| Profit on sale of share | 43.97 | | 37.43 | |
| Loss on sale of Investments | -37.50 | | | |
| Net Cash from Investing Activities [B] | | -1,690.24 | | 2,155.73 |
| | | -1,690.24 | | 2,155.73 |
| <u>C. CASH FLOW FROM FINANCING ACTIVITIES</u> | | | | |
| Issue of Share | | | 14,848.25 | |
| Increase in Share application money | 163.00 | | (5,742.18) | |
| Decrease in long Term Borrowings | -45.08 | | | |
| Increase in long Term Borrowings | | | 1.07 | |
| Share premium on issue of shares | | | 4,070.39 | |
| Net Cash Flow from Financial Activities [C] | | 117.92 | | 13,177.53 |
| | | 117.92 | | 13,177.53 |
| Net Increase / (decrease) in cash and cash equivalents [A+B+C] | | 20.30 | | -28.61 |
| Cash/ Cash Equivalent at the beginning of the period | | 8.56 | | 37.17 |
| Cash/ Cash Equivalent at the end of the period | | 28.86 | | 8.56 |
| Notes: | | | | |
| 1. Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3: "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules ,2006 | | | | |
| 2. For cash and cash equivalents are available for immediate use as on the Balance Sheet date | | | | |
| As per our Report attached | | For and on behalf of the Board | | |
| For M/S Shekharkumar & Co | | | | |
| Chartered Accountants | | | | |
| F.R.No-135537W | | | | |
| Shekharkumar B Jha | | <i>NJ Gala</i> | <i>DN Gala</i> | |
| Proprietor | | Nemchand Gala | Darshak Gala | |
| Membership No:151619 | | Managing Director | Director | |
| Place :Mumbai | | Place :Mumbai | | |
| Date :September 15 2013 | | Date :September 15 2013 | | |



Notes forming part of the Accounts

NOTE 1

Share Capital

Share Capital authorised, issued, subscribed and paid up

| Particulars | 31-03-2013 | | 31-03-2012 | |
|----------------------------------------------------------------|------------------|-----------------|------------------|-----------------|
| | No of Shares | Lakhs | No of Shares | Lakhs |
| Authorised | | | | |
| 9.5% 50000 Redeemable Cumulative preference shares of `10 each | 50000 | 5.00 | 50000 | 5.00 |
| 274950000 Equity Shares of `10 each | 274950000 | 27495.00 | 274950000 | 27495.00 |
| | 275000000 | 27500.00 | 275000000 | 27500.00 |
| Issued, Subscribed and fully paid up | | | | |
| 156164136 Equity Shares of `10 each | 156164136 | 15616.41 | 156164136 | 15616.41 |
| Total | 156164136 | 15616.41 | 156164136 | 15616.41 |

NOTE 1A

Reconciliation of the number of equity shares and share capital

| Particulars | 31-03-2013 | | 31-03-2012 | |
|-------------------------------------------------------------------------|--------------|----------|--------------|----------|
| | No of Shares | Lakhs | No of Shares | Lakhs |
| Issues, subscribed and fully paid up equity shares outstanding at the | 156164136 | 15616.41 | 156164136 | 15616.41 |
| Shares Issued during the year under SEBI (DIP) Guidelines, 2000 Chapter | 0 | 0.00 | | |
| Shares bought back during the year | | | | |
| Shares outstanding at the end of the year | 156164136 | 15616.41 | 156164136 | 15616.41 |

NOTE 1B

The Company has only one class of share capital, i.e. equity shares having face value of `10' per share.

Each holder of equity share is entitled to one vote per share

NOTE 1C

Shareholder holding more than 5 % of equity shares as at the end of the year

| SR NO | Name of Shareholder | 31-03-2013 | | 31-03-2012 | |
|-------|-------------------------------------------------|--------------|----------------|--------------|----------------|
| | | No of Shares | Shareholding % | No of Shares | Shareholding % |
| 1 | Dhanus Technologies | 2,10,00,000 | 13.44 | 2,10,00,000 | 13.45 |
| 2 | Golding Mercantile Pvt.Ltd. | 2,05,00,000 | 13.27 | 2,05,00,000 | 13.27 |
| 3 | Channel Guide India Ltd. | 1,96,69,000 | 12.60 | 1,96,69,000 | 12.60 |
| 4 | Akansha Media and Entertainment Private limited | 14100000 | 9.03 | 1,81,00,000 | 11.59 |
| 5 | Empower India Ltd | 20979975 | 13.43 | 1,65,00,000 | 10.57 |
| 6 | Anvita Real Estate Private Limited | 1,90,00,000 | 12.17 | 1,90,00,000 | 12.17 |

NOTE 1D

The aggregate number of equity shares allotted as fully paid up by way of bonus shares in immediately preceding years five ended march 31,2013 are 38,40,838 (previous period of five years ended march 31,2012: 38,40,838 shares)

Note 2
Reserves & Surplus

| Particulars | 31-03-2013 | 31-03-2012 |
|--------------------------------------|------------|------------|
| | Lakhs | Lakhs |
| a. Capital Reserves | | |
| As per last Balance Sheet | 8.17 | 8.17 |
| | 8.17 | 8.17 |
| b. Securities Premium Account | | |
| Opening Balance | 4540.81 | 4,540.81 |
| | 4540.81 | 4,540.81 |
| c. Revaluation Reserve | | |
| As per last Balance Sheet | 5.63 | 5.63 |
| | 5.63 | 5.63 |
| d. Profit & Loss Account | | |
| As per last Balance Sheet | -2868.35 | -2,436.83 |
| (+) Net Loss for the current year | -414.87 | -431.52 |
| Closing Balance | -3283.22 | -2,868.35 |
| Total | 1271.39 | 1,686.26 |

Note 3 Share application money pending allotment

| Particulars | 31-03-2013 | 31-03-2012 |
|-----------------------------------|------------|------------|
| | Lakhs | Lakhs |
| Amit Mahatog | 12.50 | 12.50 |
| Anvita Real Estate Pvt Ltd | 20.00 | - |
| Bharat Bhimji Gala | 15.00 | - |
| Bhimshi Karsan Satra | 5.00 | - |
| Bhimshi Karsan Satra Huf | 10.00 | - |
| Channel guide India ltd | 50.00 | - |
| Devanshi R Salot | 3.00 | - |
| Dhanus Technologies | 650.00 | 650.00 |
| Golding Mercantile Pvt.Ltd. | 553.54 | 553.54 |
| Hemaben B Satra | 35.00 | - |
| Interick Developers Pvt. Ltd. | 3243.50 | 3,243.50 |
| Krima Vipul Satra | 10.00 | - |
| Manju Goel | 4.06 | 4.06 |
| Nayan B Gala | 5.00 | - |
| Naresh Goel | 4.06 | 4.06 |
| Offerlink Infra Projects Pvt.Ltd. | 3237.39 | 3,237.39 |
| Rajat Goel | 4.06 | 4.06 |
| Rajesh Bhanji Gala | 5.00 | - |
| Ramnik Jain | 2.00 | 2.00 |
| Ryan Semelhago | 12.50 | 12.50 |
| Suman Goel | 8.13 | 8.13 |
| Vipul Bhimshi Satra | 5.00 | - |
| Westlite Infraprojects Pvt. Ltd | 3250.00 | 3,250.00 |
| Total | 11144.74 | 10981.74 |

Note No 4
Long term borrowings

| Particulars | 31-03-2013 | 31-03-2012 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| | Lakhs | Lakhs |
| Secured | | |
| (a) Term loans | | |
| from banks | 1278.01 | 1323.09 |
| 1) Term loan account with state bank of India is secured by first charge on fixed assets, newly purchased assets of the company and hypothecation of all the company's current assets both present and future and also personally guaranteed by certain directors) | | |
| 2) Working Capital from State Bank of India secured by a first charge by way of hypothecation of all the company's current assets including both present and future and personally guaranteed by certain directors | | |
| Terms of Repayment -Monthly basis | | |
| 1. Period of default=36months | | |
| 2. Amount 1278 | | |
| Total | 1278.01 | 1,323.09 |

Note 5

Major components of deferred tax liabilities and deferred tax assets pursuant to Accounting Standard (As 22) "Accounting for Taxes on Income"

| Particulars | 31-03-2013 | 31-03-2012 |
|---------------------------------|---------------|---------------|
| | Lakhs | Lakhs |
| Deferred Tax Liabilities | | |
| As per last balance sheet | 295.77 | 295.77 |
| Total | 295.77 | 295.77 |

Note 6

Trade Payables

| Particulars | 31-03-2013 | 31-03-2012 |
|-------------------------|---------------|---------------|
| | Lakhs | Lakhs |
| Acceptances | | |
| Due to related parties: | | |
| Associate Companies | 0.00 | |
| Due to others | 422.43 | 478.58 |
| Total | 422.43 | 478.58 |

Note 7 Other Current Liabilities

| Particulars | 31-03-2013 | 31-03-2012 |
|---------------------------------------------------------------------------------------------|-----------------|----------------|
| | Lakhs | Lakhs |
| (a) Unpaid dividends | 4.58 | 4.58 |
| (b) Application money received for allotment of securities and which are due for refundable | 270.31 | 290.35 |
| (c) Other payables | | |
| Statutory Liabilities | 69.70 | 71.74 |
| Advances received from customers | 56.31 | 62.89 |
| Advances from related parties | 4305.54 | 4,066.40 |
| Other loans and advances (from unrelated parties) | 30373.00 | 1,056.04 |
| Total | 35079.44 | 5562.01 |

Note 8 Short term provisions

| Particulars | 31-03-2013 | 31-03-2012 |
|----------------------------|---------------|---------------|
| | Lakhs | Lakhs |
| (a) Others | | |
| Provision for Expenses | 116.15 | 118.46 |
| Provision for Direct Taxes | 77.78 | 77.78 |
| Total | 193.93 | 196.24 |

Note 11 Other Non Current Assets

| Particulars | 31-03-2013 | 31-03-2012 |
|--------------------------------|----------------|---------------|
| | Lakhs | Lakhs |
| a Deposits and advances | | |
| Other Advances | 2690.21 | 415.68 |
| Other Deposits | 66.34 | 93.94 |
| Loan & Advance | 201.68 | |
| Balance with Revenue Authority | 264.57 | 267.39 |
| Income tax | 11.68 | 11.68 |
| Total | 3234.48 | 788.68 |

Note 12 Inventories

| Particulars | 31-03-2013 | 31-03-2012 |
|-----------------------------------------------------------------------------------|---------------|---------------|
| | Lakhs | Lakhs |
| a. Raw Materials and components (cost or market value whichever is lower) | | |
| <i>Sub total</i> | 169.99 | 204.69 |
| b. Finished goods (cost or market value whichever is lower) | | |
| <i>Sub total</i> | 32.51 | 23.65 |
| d. Stores and spares (cost or market value whichever is lower) | | |
| <i>Sub total</i> | 32.51 | 23.65 |
| e. Others | | |
| Coal | 439.75 | 478.86 |
| Packing Material | 439.75 | 478.86 |
| <i>Sub total</i> | 439.75 | 478.86 |
| Grand Total | 664.58 | 740.47 |

NOTE 13 Trade Receivables

| Particulars | 31-03-2013 | 31-03-2012 |
|---------------------------------------------------------------------------------------------------|---------------|---------------|
| | Lakhs | Lakhs |
| Trade receivables outstanding for a period less than six months from the Secured, considered good | | |
| Unsecured, considered good | 202.82 | 292.36 |
| Unsecured, considered doubtful | | 5.87 |
| Less: Provision for doubtful debts | | 5.87 |
| | 202.82 | 292.36 |

NOTE 14 Cash and Cash Equivalents

| Particulars | 31-03-2013 | 31-03-2012 |
|-----------------------------------------------------------------|--------------|-------------|
| | Lakhs | Lakhs |
| a. Balances with banks* | | |
| This includes: | | |
| Earmarked Balances (eg/- unpaid dividend accounts) | 4.58 | 4.58 |
| Margin money | 9.96 | 9.96 |
| Schedule Bank (Owing to reconciliation balance become negative) | 5.81 | -6.02 |
| c. Cash on hand* | 8.49 | 0.02 |
| d. Others | 0.02 | 0.03 |
| Total | 28.86 | 8.56 |

NOTE 15 Short Term Loans and advances

| Particulars | 31-03-2013 | 31-03-2012 |
|---------------------------------------|------------------|------------------|
| | Lakhs | Lakhs |
| b. Others | | |
| Advances to Corporates and Individual | 41,456.81 | 16,473.38 |
| Advances to customers | 48.29 | 278.53 |
| Advances against share due | 25.69 | |
| Advances to Related Parties | 553.16 | |
| Total | 42,083.94 | 16,751.91 |

Fixed Assets

| Fixed Assets | Gross Block | | | | | Accumulated Depreciation | | | | Net Block | |
|----------------------------------|-----------------------|------------------------|----------------------------------------|-----------------------------|-----------------------|--------------------------|----------------------------------|--------------------------------|--------------|-----------------------|-----------------------|
| | As on 1st April, 2012 | Additions/ (Disposals) | Acquired through business combinations | Revaluations/ (Impairments) | As at 31st March 2013 | As on 1st April, 2012 | Depreciation charge for the year | Adjustment due to revaluations | On disposals | As at 31st March 2013 | As at 31st March 2012 |
| a | Lakhs | | | | | | | | | | |
| Tangible Assets | | | | | | | | | | | |
| Free Hold Land | 82.34 | 0.00 | 0.00 | 0.00 | 82.34 | 0.00 | 0.00 | 0.00 | 0.00 | 82.34 | 82.34 |
| Buildings | 600.11 | 0.00 | 0.00 | 0.00 | 600.11 | 190.02 | 0.00 | 0.00 | 0.00 | 390.04 | 410.08 |
| Plant & Machinery | 3422.02 | -39.05 | 0.00 | 0.00 | 3382.97 | 1187.02 | 188.77 | 0.00 | 0.00 | 2007.18 | 2235.00 |
| Furniture, Fixtures & Equipments | 27.13 | -0.31 | 0.00 | 0.00 | 26.82 | 25.55 | 1.27 | 0.00 | 0.00 | 0.00 | 1.57 |
| Electrical Installation | 156.76 | -19.27 | 0.00 | 0.00 | 137.49 | 51.90 | 7.26 | 0.00 | 0.00 | 78.33 | 104.86 |
| Motor Cars | 6.66 | 0.00 | 0.00 | 0.00 | 6.66 | 4.10 | 0.63 | 0.00 | 0.00 | 1.93 | 2.56 |
| Total | 4295.02 | -58.63 | 0.00 | 0.00 | 4236.39 | 1458.59 | 217.97 | 0.00 | 0.00 | 2559.83 | 2836.42 |
| b | | | | | | | | | | | |
| Capital Work in Progress | 37.48 | | 0.00 | | 37.48 | | | | | 37.48 | 37.48 |
| Total | 37.48 | 0.00 | 0.00 | 0.00 | 37.48 | 0.00 | 0.00 | 0.00 | 0.00 | 37.48 | 37.48 |

Note 10

Non-current investments (at cost unless otherwise specified)

| Particulars | 31-03-2013 | 31-03-2012 |
|--------------------------------------|------------------|------------------|
| | Lakhs | Lakhs |
| Long term investments | | |
| Non Trade Investments | | |
| (a) Investment in Equity instruments | 16,487.97 | 14,271.29 |
| (b) Other non-current investments | 2.17 | 412.92 |
| Total (A) | 16,490.14 | 14,684.21 |

Details of Non Trade Investments

| Name of the Body Corporate | Face Value Per unit | No. of Shares / | 31-03-2013 | 31-03-2012 |
|--------------------------------------------------|---------------------|-----------------|------------|------------|
| | | | Lakhs | Lakhs |
| Investment in Equity Instruments | | | | |
| Convertible Warrants of Praneta Industries | 10 | 1400000 | 140.00 | 140.00 |
| Convertible Warrants of Shri Ganesh Spinners Ltd | 10 | 25950000 | 2595.00 | 2,595.00 |
| Aadeshwar Exports Pvt. Ltd. | 10 | 3450000 | 345.00 | 100.00 |
| Aarika Steels and Metals | 10 | 2500000 | 250.00 | 250.00 |
| Action Marble & Granites Pvt. Ltd. | 10 | 200000 | 20.00 | 20.00 |
| Adhvavan Realtors Pvt Ltd | 10 | 100000 | 10.00 | |
| Airo Infra Holding Ltd Investment | 10 | 0 | | |
| Anmol Pulses India Pvt Ltd | 10 | 300000 | 30.00 | |
| Aravali Associates Pvt. Ltd. | 10 | 200000 | 20.00 | 20.00 |
| Atr Warehousing Pvt. Ltd. | 10 | 3250000 | 325.00 | 325.00 |
| Borneo Vinimav Pvt Ltd | 10 | 1000000 | 100.00 | |
| Cashmen consultant Pvt Ltd | 10 | 470000 | 47.00 | |
| Divaiivoti Steel Ltd. | 10 | 5240000 | | 524.00 |
| Dvaneshwar Textile Trading | 10 | 450000 | 45.00 | |
| Guru datt sugars Ltd | 10 | 0 | | |
| Goval Gums Pvt Ltd | 10 | 250000 | | 25.00 |
| Harware conceints India Pvt Ltd | 10 | 500000 | 50.00 | |
| Heer Multitrade Pvt. Ltd. | 10 | 1500000 | 150.00 | 150.00 |
| Icon Trading Company Pvt Ltd | 10 | 50000 | 0.00 | |
| Inani Marbles Pvt. Ltd. | 10 | 200000 | 20.00 | 20.00 |
| Inani Marmo & Granites Pvt. Ltd. | 10 | 200000 | 20.00 | 20.00 |
| Inani Tiles Pvt. Ltd. | 10 | 200000 | 20.00 | 20.00 |
| Intellegent Housing Redevelopment Pvt. Ltd. | 10 | 500000 | 50.00 | 50.00 |
| Jasmine Steel Trading Ltd. | 10 | 7480000 | 748.00 | 748.00 |
| Kag India Pvt. Ltd. | 10 | 1800000 | 180.00 | 180.00 |
| Kamla Estate Pvt Ltd | 10 | 100000 | 10.00 | |
| Kash Imolex Pvt Ltd | 10 | 2000000 | 200.00 | 200.00 |
| KPR Chemicals Pvt Ltd | 10 | 400000 | | 40.00 |
| Khetan Packafine Pvt Ltd | 10 | 900000 | 90.00 | |
| Lamon Developers Pvt. Ltd. | 10 | 350000 | 65.00 | 35.00 |
| Manikaran Vinimav Pvt. Ltd. | 10 | 250000 | 25.00 | 25.00 |
| Marsh Steel Trading Ltd. | 10 | 4860000 | 486.00 | 486.00 |
| Marsh Steel Trading Ltd. | 10 | 350000 | 35.00 | 35.00 |
| Merwan Confectioners Pvt Ltd | 10 | 340000 | 34.00 | |
| Mri Pearls & Jewellers Pvt Ltd | 10 | 600000 | 60.00 | |
| Nakoda Apparels Pvt. Ltd. | 10 | 2350000 | 235.00 | 50.00 |

| | | | | |
|------------------------------------------------|----|----------|------------------|------------------|
| Naksh Land Developers Pvt Ltd | 10 | 2000000 | 0.00 | |
| Namah Infrastructure Pvt Ltd | 10 | 250000 | 25.00 | |
| N Kumar Housing and Infrastructure | 10 | 2000000 | 200.00 | |
| Pinac Stock Brokers Pvt.Ltd. | 10 | 1370000 | 137.00 | 137.00 |
| Prateek Bulls Bears Pvt.Ltd. | 10 | 2000000 | 200.00 | 200.00 |
| Praveen Jewels Pvt Ltd | 10 | 504000 | 50.40 | |
| Revenue Trading Pvt. Ltd. | 10 | 100000 | 10.00 | 10.00 |
| Sarthak Creation Pvt.Ltd. | 10 | 200000 | 20.00 | 20.00 |
| Satvam Balaji Rice Industries | 10 | 2475000 | 247.50 | |
| Shares of Aatmaia Infraorject Pvt. Ltd. | 10 | 150000 | 15.00 | 15.00 |
| Shares of Adarsh Capital Finstock Ltd. | 10 | 620000 | 62.00 | 62.00 |
| Shares of Airo Infra Holdings Ltd. | 10 | 1000200 | 150.02 | 100.02 |
| Shares of Aircon Technique Pvt. Ltd. | 10 | 800000 | 80.00 | 80.00 |
| Shares of Akshar Entertainment Private Limited | 10 | 3990000 | 399.00 | 399.00 |
| Shares of Asona Paints Stratum P. Ltd. | 10 | 580000 | | 58.00 |
| Shares of Avishkar Films Pvt. Ltd. | 10 | 4200000 | 420.00 | 420.00 |
| Shares of Avtar Metals Pvt. Ltd. | 10 | 500100 | | 50.01 |
| Shares of Divaivoti Steels Ltd. | 10 | 500000 | 574.00 | 50.00 |
| Shares of Empire India Multitrade Pvt. Ltd. | 10 | 26007500 | 2600.75 | 2,600.75 |
| Shares of Falodi Paras Infraestaten. Ltd. | 10 | 450000 | 45.00 | 45.00 |
| Shares of Jadhav Jewellers P.Ltd. | 10 | 200100 | 20.01 | 20.01 |
| Shares of Mitc Rolling Mills P. Ltd. | 10 | 5250000 | 525.00 | 525.00 |
| Shares of Parshwa Residency Pvt. Ltd. | 10 | 500000 | 50.00 | 50.00 |
| Shares of Prakash Stainless Pvt. Ltd. | 10 | 125000 | 0.00 | 12.50 |
| Shares of Praneta Industries Limited | 10 | 12046000 | 1204.60 | 0.00 |
| Shares of Ramnath Developers P. Ltd. | 10 | 1000000 | 100.00 | 100.00 |
| Shares of Ramnath Lifespace Pvt. Ltd. | 10 | 1000000 | 100.00 | 100.00 |
| Shares of Roseate Jewels Pvt.Ltd. | 10 | 3000000 | 300.00 | 300.00 |
| Shares of Sarda Starch Pvt. Ltd. | 10 | 10000000 | 1000.00 | 1,000.00 |
| Shares of Shelter Makers (I) P. Ltd. | 10 | 1000000 | 100.00 | 100.00 |
| Shares of Shri Gurudatt Suzars Ltd. | 10 | 500000 | 75.00 | 50.00 |
| Sterlin Silver Pvt Ltd | 10 | 3000000 | | 300.00 |
| Shares of Supreme Batteries Pvt. Ltd. | 10 | 500000 | 50.00 | 50.00 |
| Shares of Tanish Homes & Constructions P.Ltd | 10 | 250000 | 25.00 | 25.00 |
| Shares of Vaishali Realities Pvt Ltd | 10 | 3000000 | 300.00 | 300.00 |
| Sitladevi Textile Pvt Ltd | 10 | 286875 | 28.69 | 0.00 |
| Sungold Vintrade Pvt. Ltd. | 10 | 250000 | 25.00 | 25.00 |
| Shri Coimbatore Jewellers India Pvt Ltd | 10 | 500000 | | 50.00 |
| Textile Corn of Marathwada | 10 | 250000 | | 25.00 |
| Trident Properties Pvt. Ltd. | 10 | 250000 | 25.00 | 25.00 |
| Urshia Developers Pvt. Ltd. | 10 | 150000 | 15.00 | 15.00 |
| Vinul Industries Pvt.Ltd. | 10 | 1500000 | 150.00 | 150.00 |
| Vision Steel Ltd. | 10 | 7440000 | | 744.00 |
| Viloma Equity Services Pvt Ltd | 10 | 100000 | 10.00 | |
| Vision Steel Ltd. | 10 | 7440000 | 744.00 | |
| | | | 16,487.97 | 14,271.29 |
| Other non-current investments | | | | |
| Share Application Investment | | | | |
| Lemon Developers Pvt Ltd | | | 0.00 | |
| Praneta Industries Ltd | | | 0.00 | 412.75 |
| FD with SBI | | | 2.00 | |
| National Savings Certificate | | | 0.12 | 0.12 |
| Shares of The Cosmos Co-Op Bank Ltd. | | | 0.05 | 0.05 |
| | | | 2.17 | 412.92 |
| Total | | | 16,490.14 | 14,684.21 |

Note 10

Non-current investments (at cost unless otherwise specified)

| Particulars | 31-03-2013 | 31-03-2012 |
|--------------------------------------|------------------|------------------|
| | Lakhs | Lakhs |
| Long term investments | | |
| Non Trade Investments | | |
| (a) Investment in Equity instruments | 16.487.97 | 14.271.29 |
| (b) Other non-current investments | 2.17 | 412.92 |
| Total (A) | 16.490.14 | 14.684.21 |

Details of Non Trade Investments

| Name of the Body Corporate | Face Value Per unit | No. of Shares / | 31-03-2013 | 31-03-2012 |
|---------------------------------------------------|------------------------|--------------------|------------|------------|
| | | | Lakhs | Lakhs |
| Investment in Equity Instruments | | | | |
| Convertible Warrants of Praneta Industries | 10 | 1400000 | 140.00 | 140.00 |
| Convertible Warrants of Shri Ganesh Spinnings Ltd | 10 | 25950000 | 2595.00 | 2,595.00 |
| Aadeshwar Exports Pvt. Ltd. | 10 | 3450000 | 345.00 | 100.00 |
| Aarika Steels and Metals | 10 | 2500000 | 250.00 | 250.00 |
| Action Marble & Granites Pvt. Ltd. | 10 | 200000 | 20.00 | 20.00 |
| Adhvavan Realtors Pvt Ltd | 10 | 100000 | 10.00 | |
| Ajoro Infra Holding Ltd Investment | 10 | 0 | | |
| Annol Pulses India Pvt Ltd | 10 | 300000 | 30.00 | |
| Aravali Associates Pvt. Ltd. | 10 | 200000 | 20.00 | 20.00 |
| Atr Warehousing Pvt. Ltd. | 10 | 3250000 | 325.00 | 325.00 |
| Borneo Vinimav Pvt Ltd | 10 | 1000000 | 100.00 | |
| Cashmen consultant Pvt Ltd | 10 | 470000 | 47.00 | |
| Divaiivoti Steel Ltd. | 10 | 5240000 | | 524.00 |
| Dvaneshwar Textile Trading | 10 | 450000 | 45.00 | |
| Guru datt suzars Ltd | 10 | 0 | | |
| Goval Gums Pvt Ltd | 10 | 250000 | | 25.00 |
| Harware conceats India Pvt Ltd | 10 | 500000 | 50.00 | |
| Heer Multitrade Pvt. Ltd. | 10 | 1500000 | 150.00 | 150.00 |
| Icon Trading Company Pvt Ltd | 10 | 50000 | 0.00 | |
| Inani Marbles Pvt. Ltd. | 10 | 200000 | 20.00 | 20.00 |
| Inani Marmo & Granites Pvt. Ltd. | 10 | 200000 | 20.00 | 20.00 |
| Inani Tiles Pvt. Ltd. | 10 | 200000 | 20.00 | 20.00 |
| Intellegent Housing Redevelopment Pvt. Ltd. | 10 | 500000 | 50.00 | 50.00 |
| Jasmine Steel Trading Ltd. | 10 | 7480000 | 748.00 | 748.00 |
| Kag India Pvt. Ltd. | 10 | 1800000 | 180.00 | 180.00 |
| Kamla Estate Pvt Ltd | 10 | 100000 | 10.00 | |
| Kash Implex Pvt Ltd | 10 | 2000000 | 200.00 | 200.00 |
| KPR Chemicals Pvt Ltd | 10 | 400000 | | 40.00 |
| Khetan Packafine Pvt Ltd | 10 | 900000 | 90.00 | |
| Lamon Developers Pvt. Ltd. | 10 | 350000 | 65.00 | 35.00 |
| Manikaran Vinimav Pvt. Ltd. | 10 | 250000 | 25.00 | 25.00 |
| Marsh Steel Trading Ltd. | 10 | 4860000 | 486.00 | 486.00 |
| Marsh Steel Trading Ltd. | 10 | 350000 | 35.00 | 35.00 |
| Merwan Confectioners Pvt Ltd | 10 | 340000 | 34.00 | |
| Mri Pearls & Jewellers Pvt Ltd | 10 | 600000 | 60.00 | |
| Nakoda Apparels Pvt. Ltd. | 10 | 2350000 | 235.00 | 50.00 |

Note 20. Balance Sheet Abstract and Company's General Business Profile:

I) Registration Details

| | |
|--------------------|------------|
| Registration No. | 1073 |
| State Code | 4 |
| Balance Sheet Date | 31-03-2013 |

II) Capital Raised during the year

| | |
|--------------|-------|
| | Lakhs |
| Public Issue | NIL |
| Right Issue | NIL |
| Bonus Issue | NIL |

III) Position of Mobilization and Deployment of funds (Amount in.'000)

| | |
|-------------------|-----------|
| Total Liabilities | 65,302.12 |
| Total Assets | 65,302.12 |

SOURCES OF FUND

| | |
|------------------------|----------|
| | |
| Paid up Capital | 15,616 |
| Reserves and Surplus | 1,271.39 |
| Secured Loans | 1,278.01 |
| Unsecured loans | 0 |
| Deferred Tax Liability | |

APPLICATION OF FUNDS

| | |
|------------------|-----------|
| Net Fixed Assets | 2,559.83 |
| Investments | 16,490.14 |

IV) Performance of Company

| | |
|----------------------------|----------|
| Turnover and Other Incomes | 4,599.39 |
| Total Expenditure | 5,014.26 |
| Profti/ (Loss) Before Tax | -414.87 |
| Profti/ (Loss) After Tax | -414.87 |
| Dividend Rate | 0% |
| Earnings per Share in Rs. | -0.27 |

SPECIALITY PAPERS LIMITED NOTE NO 20

SCHEDULE N: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1. Corporate Information

Speciality Papers Limited ("Company") has been incorporated in India on July 18, 1961 under the Companies Act 1956. The principal activities of the Company include trading of various types of papers and production of tissue paper, toilet rolls, and Paper napkins of different sizes as per customer specifications.

2. Significant accounting policies:

a) Basis of preparation of financial statements:

- i) The accompanying financial statements are prepared under the historical cost convention and in accordance with generally accepted accounting principles in India to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act 1956. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.
- ii) The preparation of financial statements is in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known / materialized.

b) Fixed Assets / Depreciation:

Fixed assets are stated at their original cost of acquisition or construction, less accumulated depreciation. Cost includes all costs other than refundable duties and taxes incurred to bring the assets to their present condition and location.

Depreciation is provided on written down value method as prescribed in Schedule XIV to the Companies Act, 1956.

Assets costing less than Rs.5000 are depreciated at 100%. Additions and deletions to fixed assets during the year are depreciated, pro-rata, over the period they have been put to use during the year.

c) Investments:

Investments are classified in accordance with the requirements of Schedule VI and the disclosure requirements in Accounting Standard 13 on Accounting for Investments. Current investments are stated at the lower of cost and fair value. Long Term investments are stated at cost. Provision is made to recognize a decline, other than temporary, in the value of Non-current investments. Any reduction in the carrying amount of investments and any reversals of such reductions are charged or credited to the profit and loss account.

d) Inventories :

Inventories are valued at the lower of cost (on FIFO / weighted average basis) and the net realizable value after providing for obsolescence and other losses, as required. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

e) Revenue recognition:

Sales are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer and there is reasonable certainty of realization / ultimate collection, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax.

f) Income Taxes :

Income taxes are accounted for in accordance with Accounting Standard 22 on Accounting for taxes on Income. Income taxes comprise both current and deferred tax.

Current tax is measured at the amount expected to be paid to / recovered from the revenue authorities, using applicable tax rates and laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. Deferred tax assets and liabilities are recognized for future tax consequences attributable to timing differences. They are measured using the substantively enacted tax rates and tax regulations. The carrying amount of deferred tax assets at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realized.

g) Borrowing costs :

Borrowing costs include interest; amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalization of such asset is added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

h) Earnings Per Share :

The company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – Earnings per Share, issued by the Institute of Chartered Accountants of India. Basic earnings per share are computed by dividing the net profit or loss for the year by the weighted average number of Equity shares outstanding during the year. Diluted earnings per share where applicable is computed by dividing the net profit or loss for the year by the weighted average number of Equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

i) Provisions and Contingencies :

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. These are disclosed by way of notes to the balance sheet. Provision is made in the accounts in respect of those liabilities which are likely to materialize after the year- end, till the finalization of accounts and have material effect on the position stated in the balance sheet.

J) Payment made to Auditors :

| | 2012-13 | 2011-12 |
|----------------------|---------------|---------------|
| As Statutory Auditor | 35,000 | 50,000 |
| As Tax Auditor | 15,000 | - |
| For Other matters | | - |
| TOTAL | 50,000 | 50,000 |

3. Additional information pursuant to the provisions of paragraphs 3,4C and 4D of part II of Schedule VI of the Companies Act,1956.

(a) Imports during the year (CIF) value – Rs. Nil (Previous Year: Nil)

(b) Expenditure in Foreign Currencies during the year

[i] Travelling NIL (NIL)

[ii] Others NIL (NIL)

4. Disclosure pertaining to Micro, Small and Medium Enterprises Development Act 2006 (as per information available with the company) :

Principal amount due outstanding as at March 31, 2013 is Rs.NIL, and interest paid / payable is Rs. NIL.

5. Earnings in foreign exchange : NIL

6. Balance confirmations :

Sundry Debtors, Advances, Deposits and Current liabilities are subject to confirmation / adjustments if any on confirmation.

7. Related Party disclosures under Accounting Standard 18

| Nature of Relationship | Name of related parties |
|-------------------------------|--------------------------------|
| Chairman / Managing Director | Nemchand. J. Gala. |
| Director | Urmila. N. Gala. |
| Director | Darshak. N. Gala. |
| Associate Companies | Speciality Papers Ltd |
| | Reliable Paper (India) Ltd. |
| | Opel Paper Mills Private Ltd. |
| | Prime Hygiene Papers Pvt Ltd. |
| | Global Impex Private Ltd |

Transactions with related Parties

| Particulars | Nature of Transaction | 2012-13 Amount Rs | 2011-12 Amount Rs |
|-------------------------------|-----------------------|----------------------|----------------------|
| Salary / Remuneration | | | |
| Urmila Gala | Rent | 216000 | 216000 |
| | | | |
| Purchase / Sales | | | |
| Reliable Paper India Ltd | Purchase of goods | 48,76,45,142 | 35,45,00,437 |
| Reliable Paper India Ltd | Sales of goods | 47,12,63,210 | 34,65,83,605 |
| Prime Hygiene Papers Pvt. Ltd | Purchase of goods | 23,968 | 25,71,465 |
| Prime Hygiene Papers Pvt. Ltd | Sales of goods | NIL | 18,20,856 |

8. Segment Reporting:

The company is in to trading and manufacturing of Paper and Paper related Product. The company has only one segment, therefore no separate disclosure of segment wise information is made.

9. Comparatives :

Comparative financial information (i.e. the amounts and other disclosures for the preceding year) presented above, is included as an integral part of the current year's financial statement, and is to be read in relation to the amounts and other disclosures relating to the current year. Figures of the previous year are regrouped and reclassified wherever necessary to correspond to figures of the current year.

**For Shekharkumar & Co
Chartered Accountants**

Shekharkumar B Jha
Proprietor
Membership No 151619
Place: Mumbai
Date: 15th September 2013

For Speciality Papers Limited

N J Gala *D N Gala*
N J. Gala D. N. Gala
Director Director

Place: Mumbai
Date: 15th September 2013



SPECIALITY PAPERS LIMITED

Regd. Off.: No. 8, National Highway, Village Morai, Vapi, Valsad, Gujarat - 396 191

ATTENDANCE SLIP

Annual General Meeting

Day: Monday, 30th September, 2013 at 11:00 A.M.

Regd. Folio No. : _____ No. of Shares: _____

Client ID* : _____ DP ID No. : _____

Name of the member/Proxy: _____

I state that I am a member/proxy for the member of the Company. I hereby record my presence at the Annual General Meeting at No. 8, National Highway, Village Morai, Vapi, Valsad, Gujarat - 396 191.

Signature of Attending Member/Proxy

*Applicable for investors holding shares in Electronic Form.

Note: Please complete and sign this Attendance Slip and hand it over at the entrance.

SPECIALITY PAPERS LIMITED

Regd. Off.: No. 8, National Highway, Village Morai, Vapi, Valsad, Gujarat - 396 191

PROXY FORM

Annual General Meeting

Day: Monday, 30th September, 2013 at 11:00 A.M.

Regd. Folio No. : _____ No. of Shares: _____

Client ID* : _____ DP ID No. : _____

I/We, _____ of _____ being
the member(s) of Speciality Papers Limited hereby appoint _____ of
_____ or failing him _____ of

_____ as my/our Proxy to attend and vote for me/us and on my/our
behalf at the Annual General Meeting of the Company to be held at No. 8, National Highway, Village
Morai, Vapi, Valsad, Gujarat - 396 191 on Monday, 30th September, 2013 at 11:00 A.M. and at any
adjournment thereof.

Signed this _____ day of 2013

Signature of Proxy _____ Signature of Member _____

*Applicable for investors holding shares in electronic Form.

Note: The Proxy form in order to be effective must be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.