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SHREE AJIT PULP AND PAPER LIMITED

17th Annual Report

2011 - 2012

BOARD OF DIRECTORS

Shri Gautam D. Shah	Managing Director
Shri Dhansukhlal G. Shah	Director
Shri Piyush R. Shah	Director - Marketing
Shri Dhansukh H. Shah	Director
Shri Mitesh M. Mehta	Director
Shri Gyanprakash H. Gupta	Director - Technical (upto 06/10/2011)

REGISTERED OFFICE

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

BANKERS

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

SHARE TRANSFER AGENT

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

AUDITORS

H. P. SHAH ASSOCIATES, Vapi.

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NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of Shree Ajit Pulp And Paper Limited will be held at the Registered office of the Company at Survey No. 239, Near Morai Railway Crossing, Village Salvav, Via- Vapi – 396 191 on Saturday 29th September 2012 at 11:00 A.M., to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account of the Company for the year ended 31st March 2012, the Auditors' Report thereon and the Directors' Report.
2. To declare a dividend for the year 2011-2012.
3. To appoint a Director in place of Mr. Dhansukhlal G. Shah who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Piyush R. Shah who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of the 17th Annual General Meeting till the conclusion of the 18th Annual General Meeting and to fix their remuneration.

M/s. H.P. Shah Associates, Chartered Accountants, Vapi, the retiring Auditors being eligible, have offered themselves for re-appointment.

Registered Office:

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

Date: 25th May 2012

For and on behalf of the Board of Directors

Gautam D. Shah
Managing Director

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING MAY APPOINT A PROXY TO ATTEND AND, ON POLL, TO VOTE IN HIS STEAD. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Printed copy of the Balance Sheet, the Directors' Report and the Auditors' Report is sent herewith.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 17/09/2012 to 29/09/2012 (both days inclusive), for the purpose of payment of dividend to those members whose names stand on the Register of Members as on 29-09-2012. The dividend in respect of ordinary shares held in electronic form will be payable to the beneficial owners of the shares as at the end of business hours on 15-09-2012 as per the details furnished by the Depositories for this purpose.
4. The dividend, if any, declared at the Annual General Meeting will be payable on or after 17-10-2012.
5. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, change of address etc to their Depository Participants only and not to the Company's Registrars and Transfer Agents. Changes intimated to the Depository Participants will be automatically reflected in the Company's records, which will help the Company and its Registrars and Transfer Agents to provide efficient and better service to the members.
6. The shares of the Company are included in the list for trading in compulsory demat segment w.e.f. 27th February 2001. The Company has entered into agreements with National Securities Depository Limited (NSDL) and with Central Depository Services (India) Limited (CDSL) so as to provide facility to the shareholders for transactions under demat segment.
7. Members, who are holding shares in identical order of names in more than one folio, are requested to write to the Company/Share transfer agent enclosing their certificates to enable the Company to consolidate their holdings in one folio.
8. It will be appreciated if queries if any on Accounts of the Company are sent to the Company ten days in advance of the meeting so that the answers may be made available at the meeting.
9. Members are requested to bring their copies of Annual Report at the meeting.
10. Members are requested to produce the enclosed Admission Slip duly signed, in accordance with specimen signatures registered with the Company for admission to the meeting.

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DIRECTORS' REPORT

TO THE MEMBERS:

Your Directors have pleasure in presenting their Seventeenth Annual Report and the Audited Statement of Accounts, for the year ended on 31st March 2012, together with the Auditors' Report thereon.

Financial Results

	Rs. In Lacs	
	Current Year Ended 31-03-2012	Previous Year Ended 31-03-2011
Gross Sales/ Income from operations (Including Excise Duty and Sales Tax)	16317.45	14009.25
Other Income	21.10	14.21
Total Expenditure	(14513.15)	(12028.15)
Interest	(371.27)	(398.70)
Gross Profit after interest but before depreciation and taxation	1454.13	1596.61
Depreciation	(341.21)	(300.26)
Provision for Taxation	(205.08)	(224.98)
Deferred Tax Provision	(142.12)	(194.21)
Extra Ordinary and Exception Items	3.05	0
Net Profit	768.77	877.16
Balance brought forward from previous year	3036.81	2175.59
Amount Available for Appropriation	3805.58	3052.75
Appropriations:		
Proposed Dividend (Including Tax)	15.56	15.93
Balance carried to Balance Sheet	3790.02	3036.81

Dividend:

Your Directors have pleasure in recommending a modest dividend of 2.5%, i.e. Re. 0.25 per Equity Share on 5356700 Equity Shares of Rs. 10/- each for the year 2011-2012.

Management Discussion and Analysis:

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

Corporate Governance:

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

A certificate from the Auditors of the Company Concerning Company's compliance of Corporate Governance is annexed to this report. The certificate states, "we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement **except the condition relating to appointment of independent Directors to the extent of 50% of the board**". The Board consists of five Directors. There are two independent Directors, two executive Directors and one Director is relative of the Managing Director. The Board is in the process of appointing one independent director to fill the vacancy and hope to complete the appointment shortly.

Finance:

The Company has tied up a term loan of Rs. 4.92 Cr with a nationalized bank to part finance Wind mill project capacity 1.25 MW at Village Murvel Taluka Dwarka Dist Jamnagar. The same has been fully drawn. The Company has also started drawing the amount out of term loan of Rs. 8.25 Cr. Sanctioned previously for setting up Co-Generation plant of the Company. The repayment of due loan installments and interest is being regularly done.

Deposits:

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

Statutory Information:

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

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

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

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ii **Statement pursuant to section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 for the year ended 31st March, 2012.**

Name, Age and Qualification	Designation	Gross Remuneration	Experience	Date of Joining	Previous Employment	Period
Gautam D. Shah, 48 years, BE Civil	Managing Director	Rs. 5942971/-	23	1-7-05	-	1-4-11 to 31-3-12

• Remuneration includes Salary, Commission, Leave encashment and gratuity.

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

The Directors confirm that:

- In the preparation of the Annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures,
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2012 and of the profit of the Company for the year ended on that date,
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities,
- The Directors have prepared the Annual Accounts on a Going Concern basis.

Subsidiary Company and Consolidated Financial Statements:-

The Company's subsidiary Shree Samrudhi Industrial Papers Pvt Ltd. has not yet commenced the business. As required by section 212 (1) of the Companies Act, 1956 a copy of the balance sheet as at 31st March 2012 together with statement pursuant to section 212 of the Companies Act, 1956 are attached. As required by the listing agreements with stock exchanges, the consolidated financial statements of the Company for the year ended on 31st March, 2012 and the Auditors report there on are attached.

Forfeiture of shares:

During the year, the Board of Directors has forfeited 394900 partly paid equity shares of Rs. 10/- each held by 320 holders, on 05-10-2011, after due compliance with the relevant provisions of the Articles of Association of the Company, the Companies Act and the requirements of the listing agreements with stock exchanges and the said shares have been kept alive for reissue in future.

Directors:

Mr. Gyanprakash H. Gupta resigned as Technical Director of the Company with effect from 7th October, 2011. The Board places on record its appreciation of the valuable services rendered by him during his tenure as Technical Director of the Company.

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

Auditors:

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

M/s. H. P. Shah Associates, Chartered Accountants, Vapi, the Auditors of the Company retire at the ensuing Annual General Meeting and being eligible; have offered themselves for reappointment for the year 2012-2013. You are requested to appoint them as Auditors of the Company for the year 2012-2013 and to fix their remuneration.

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

Cost Auditors:

The Central Government had directed an audit of the Cost Accounts maintained by the Company. M/s Kirit Mehta & Associates, Cost Accountants have been appointed for conducting the Cost Audit of the Company for the financial year ended 31st March 2012. The Necessary application has been filed with the Central Government for approval of the same.

Acknowledgement:

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Vapi, 25th May 2012

Gautam D. Shah
Managing Director

Dhansukhlal G. Shah
Director

ANNEXURE TO DIRECTORS' REPORT

Form A

A. Conservation of Energy

a. POWER AND FUEL CONSUMPTION

Form for disclosure of particulars with respect to Conservation of energy

Particulars	Current Year 2011-12	Previous Year 2010-11
1 (a) Electricity Purchases		
Unit (KWH) *	20119240	9531240
Total Amount (Rs. In Lacs)	1352.15	588.20
Rate per unit (Rs.)	6.72	6.17
*Includes 2648155 units (Previous year 2557455) Generated by Wind Power Project of the Company		
(b) Own Generation through Gas Engine		
Unit (KWH)	198140	7758195
Total Amount (Rs. In Lacs)	23.11	589.05
Rate per unit (Rs.)	11.66	7.59
(c) Total Unit (KWH) (a+b)	20317380	17289435
Total Amount (Rs. In Lacs)	1375.26	1175.05
Rate per unit (Rs.)	6.77	6.80
2 Coal & Lignite (Used in Boiler)		
Quantity (Kgs)	17937447	18488380
Total Amount (Rs. In Lacs)	817.63	738.49
Rate per Kg (Rs.)	4.56	3.99
3 Gas (Used in gas engine)		
Quantity (SCM)	63247	2295832
Total Amount (Rs. In Lacs)	14.79	435.50
Rate per SCM (Rs.)	23.39	18.97
4 Other/Internal Generation/Wind Power (KWH in Unit)	2847478	2749954
b. CONSUMPTION PER UNIT OF PRODUCTION		
Products Multilayer Testliner & Testliner Paper / Unit of Production - MT		
1. Electricity KWH	355	328
2. Steam Coal - Kg	314	351

Form B

B. Technology Absorption

Form of disclosure of particulars with respect to absorption.

I. Research and Development (R & D)

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

II. Technology absorption, adaptation and innovation:

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

C. Foreign Exchange earning and outgo:

- During the year the Company has not done any export business. As and when opportunity for export arises, the Company shall seize the same.
- Foreign Exchange earned:- (Rs. In Lacs) > Rs. 3.93
- Foreign Exchange used:
 - C.I.F. Value of import of Raw material and components, Capital Goods and Advance against capital goods (Rs. In Lacs) > Rs. 2168.05
 - Others - For expenses (Rs. In Lacs) > Rs. 14.27

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Vapi, 25th May 2012

Gautam D. Shah
Managing Director

Dhansukhlal G. Shah
Director

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MANAGEMENT DISCUSSION AND ANALYSIS

1. **INDUSTRY STRUCTURE AND DEVELOPMENTS:**

The Company manufactures Multilayer Testliner & Testliner Paper and M. G. Kraft Paper from 140 to 250 GSM and 16 to 35 BF. This product is mainly used for making Corrugated Boxes, Duplex Cartons, Corrugated small e-fluets etc. as packaging material.

2. **AN OVERVIEW:**

The overall performance of the Company during the year under report has been satisfactory in line with general economic conditions in the country. The total income of the Company has increased by 16.48 % to Rs. 16317.45 Lacs during the year from Rs. 14009.25 Lacs in the previous year. The Profit before Tax has decreased to Rs. 1115.97 Lacs from Rs. 1296.35 Lacs and the Profit after Tax at Rs. 768.77 Lacs as compared to Rs. 877.16 Lacs of the previous year. The profit before tax has decreased by 13.91% and profit after tax has decreased by 12.35%.

3. **OVERALL PRODUCTION AND SALES PERFORMANCE:**

NAME OF PRODUCT	PRODUCTION (MT)			SALES (MT)		
	2011-12	2010-11	INCREASE %	2011-12	2010-11	INCREASE %
Multilayer Testliner & Testliner Paper & M. G. Kraft Paper	57160	52736	8.39	57617	52124	10.54

4. **CURRENT AND FUTURE OUTLOOK:**

The company has been constantly upgrading manufacturing facilities for improving production, quality of products and yields. The Company has setup a Wind Mill having capacity of 1.25 MW on leased land at Village Murvel, Taluka Dwarka, Dist. Jamnagar at a capital outlay of Rs. 6.38 Crore and the same has been successfully commissioned and it has started power generation with effect from 30th March, 2012. The Directors expect that there will be reasonable improvement in production, sales turnover and profitability of the Company in the current year.

5. **PLANS FOR EXPANSION AND DIVERSIFICATION:**

The Company is presently setting up a Co-Generation power Plant having capacity of 1.50 MW in the existing manufacturing plant of the Company at an estimated cost of Rs. 12.50 Crore. This project is expected to be operational within next 18 months. The wholly owned subsidiary of the Company, namely Shree Samrudhi Industrial Papers Pvt Ltd has not yet commenced business. The Company's 50:50 JV, Shree Samrat Pulp and Paper Pvt Ltd. is in the process of acquiring a running industrial unit for manufacture of kraft paper.

6. **OPPORTUNITIES AND THREATS / RISKS AND CONCERNS:**

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

7. **FINANCIAL ANALYSIS:**

a) **REVENUE:**

During the year under review, the revenue has increased by 16.48 % to Rs. 16317.45 Lacs from Rs. 14009.25 lacs in the previous year. The sales in terms of volume increased by 10.54% compared to previous year. However the profit before tax has declined by 13.91% on account of increase in input costs which could not be passed on to the customers due to prevailing market conditions.

b) **DEBT:**

As at 31st March, 2012, the Company's total debt including Term Loans and Working Capital Facilities was Rs. 3730.40 lacs as compared to Rs. 3617.45 lacs in the previous year. The interest cost has decreased to Rs. 371.27 lacs during the year under report from Rs. 398.70 lacs during the previous year. The repayment of Term Loan is being done regularly.

c) **NET PROFIT:**

The Net Profit for the year under review was Rs. 768.77 lacs as compared to Rs. 877.16 lacs in the previous year. The EPS has decreased to Rs. 14.38 against Rs. 16.44 in the previous year.

d) **INTERNAL CONTROL SYSTEMS:**

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

8. **INCREASE IN SHAREHOLDER VALUE:**

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

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

The Company has a team of 27 competent and highly motivated technical and management staff. It has 61 clerical, computer operating and other staff and 147 workmen handling factory operations. There is continuous communication between all levels of employees. The Employer-Employee relations are harmonious and cordial.

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CORPORATE GOVERNANCE

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

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

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

The Board of Directors consists of Five Directors. The composition and category of Directors is as follows:

SR. NO.	NAME OF THE DIRECTORS	CATEGORY
1	MR. GAUTAM D. SHAH	MANAGING DIRECTOR / PROMOTER
2	MR. PIYUSH R. SHAH	MARKETING DIRECTOR / PROMOTER
3	MR. DHANSUKHLAL G. SHAH	NON-EXECUTIVE / PROMOTER
4	MR. DHANSUKH H. SHAH	NON-EXECUTIVE / INDEPENDENT
5	MR. MITESH M. MEHTA	NON-EXECUTIVE / INDEPENDENT

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

Details of Directors seeking reappointment at the Annual General Meeting:

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

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

SR. NO.	NAME OF DIRECTOR	ATTENDANCE PARTICULARS	
		NO. OF BOARD MEETING	LAST A.G.M
1	MR. GAUTAM D. SHAH	6	YES
2	MR. DHANSUKHLAL G. SHAH	5	YES
3	MR. PIYUSH R. SHAH	6	NO
4	MR. DHANSUKH H. SHAH	5	YES
5	MR. MITESH M. MEHTA	5	NO
6	MR. GYANPRAKASH H. GUPTA (upto 6-10-2011)	3	NO

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

SR. NO.	NAME OF DIRECTOR	NAME OF COMPANIES IN WHICH DIRECTOR IS A DIRECTOR	NAME OF COMPANIES IN WHICH DIRECTOR IS A COMMITTEE MEMBER
1	MR. GAUTAM D. SHAH	Shree Samrudhi Industrial Papers Pvt Ltd, Shree Samrat Pulp and Paper Pvt Ltd, Shree Samarpan Pulp and Paper Pvt Ltd	— N. A. —
2	MR. DHANSUKHLAL G. SHAH	Shree Samrudhi Industrial Papers Pvt Ltd.	— N. A. —
3	MR. PIYUSH R. SHAH	— N. A. —	— N. A. —
4	MR. GYANPRAKASH H. GUPTA (upto 06-10-2011)	Shree Samrudhi Industrial Papers Pvt Ltd.	— N. A. —
5	MR. DHANSUKH H. SHAH	— N. A. —	— N. A. —
6	MR. MITESH M. MEHTA	Nincro Inv. & Fin. (P) Ltd., Pristine Financial Consultants (P). Ltd.	— N. A. —

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

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

- (1) 15th April 2011 (2) 28th May 2011 (3) 30th July 2011 (4) 05th October 2011
(5) 12th November 2011 (6) 31st January 2011

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

INFORMATION PLACED BEFORE THE BOARD:

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

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

CODE OF CONDUCT:

The Board has laid down a code of conduct for all Board members and senior management of the Company. All Board members and senior management personnel have affirmed compliance with the code as on 31st March 2012. This report contains a declaration to this effect signed by the Managing Director.

3. BOARD COMMITTEES:

The Company has the following Standing Committees of the Board:

1. AUDIT COMMITTEE:

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

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

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

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

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

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

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

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2. **SHARE HOLDERS' GRIEVANCE COMMITTEE:**

The Shareholders' Grievance Committee comprises of Mr. Gautam D. Shah - Chairman, Mr. Dhansukhlal G. Shah, Non Executive Director and Mr. Dhansukh H. Shah, Independent Director.

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

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

NO. OF COMPLAINTS RECEIVED DURING THE YEAR NIL	NO. OF COMPLAINTS RESOLVED DURING THE YEAR NIL	NO. OF COMPLAINTS OUTSTANDING AT THE END OF THE YEAR NIL
NO. OF TRANSFERS RECEIVED DURING THE YEAR (IN PHYSICAL FORM) 412	NO. OF TRANSFERS ATTENDED DURING THE YEAR 412	NO. OF TRANSFERS OUTSTANDING AT THE END OF THE YEAR NIL
NO. OF DEMAT / REMAT REQUESTS RECEIVED DURING THE YEAR 25	NO. OF DEMAT / REMAT REQUESTS ATTENDED DURING THE YEAR 25	NO. OF DEMAT / REMAT REQUESTS OUTSTANDING AT THE END OF THE YEAR NIL

3. **REMUNERATION COMMITTEE:**

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

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

SR.NO.	NAME OF DIRECTOR	Salary , Perquisites & Commissions (Rs. in Lacs)
1	Mr. Gautam D. Shah -Managing Director	59.43 #
2	Mr. Piyesh R. Shah- Director Marketing	0.96
3	Mr. G. P. Gupta – Director Technical upto 06-10-11	8.98 ##

includes provision for gratuity, Leave encashment and commission.

includes provision for gratuity & Leave encashment.

4. **ANNUAL GENERAL MEETING:**

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

YEAR	LOCATION	DATE	TIME
2008-2009	At Regd. Office at Survey No. 239, Near Morai Railway Crossing, Village Salvav, Via-Vapi- 396191	29-09-2009	11 A.M.
2009-2010	-do-	17-08-2010	11 A.M.
2010-2011	-do-	29-09-2011	11 A.M.

During the year ended 31st March 2012, no resolutions have been passed by the Company's Shareholders through Postal Ballot.

5. **DISCLOSURE:**

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

6. **CEO/CFO CERTIFICATION:**

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

SHREE AJIT PULP AND PAPER LIMITED

7. MEANS OF COMMUNICATION:

The unaudited quarterly and half yearly results for the periods ended 30th June 2011, 30th September 2011 and 31st December 2011 and audited results for the year ended 31st March 2012 were published in Indian Express (English) Baroda Edition, Financial Express (Gujarati) Ahmedabad Edition and Free Press Journal (English) Mumbai Edition.

8. GENERAL SHARE HOLDERS' INFORMATION:

a) ANNUAL GENERAL MEETING:

- Date and Time - Saturday, 29th September, 2012 at 11.00 A. M.
Venue - At Regd. Office of the Company at: Survey No. 239, Near Morai Railway Crossing, Village Salvav, Via-Vapi-396 191, Dist. Valsad, (Gujarat).

b) Financial Calendar (tentative)

- Results for the quarter ending June 30, 2012 - Second week of August 2012
Results for the quarter / half year ending Sept. 30, 2012 - Second week of November 2012
Results for the quarter ending December 31, 2012 - Second week of February 2013
Results for the year ending March 31, 2013 - Last week of May 2013
Annual General Meeting - Last week of September 2013.

c) Book Closure Date:

Monday, 17th September 2012 to Saturday, 29th September 2012 (Both days inclusive) for Annual General Meeting and payment of dividend.

d) Dividend Payment Date – 17-10-2012

e) Listing of Equity Shares on Stock Exchanges:

- (i) Regional Stock Exchange - Vadodara Stock Exchange Ltd - Vadodara.
(ii) Ahmedabad Stock Exchange Ltd. - Ahmedabad.
(iii) Bombay Stock Exchange Ltd. (BSE Indonext Segment) - Mumbai
Annual Listing Fees for the year 2012-13 have been paid to the concerned Stock Exchanges.

f) (a) Stock Code

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

(b) Demat ISIN Nos.

- In NSDL and CDSL – INE185C01017

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

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

Months	High		Low	
	Shree Ajit Pulp and Paper Ltd.		Shree Ajit Pulp and Paper Ltd.	
	Price (Rs.)	BSE Sensex	Price (Rs.)	BSE Sensex
April 2011	76.95	19811.14	48.05	18976.19
May 2011	56.60	19253.87	39.00	17786.13
June 2011	56.80	18873.39	44.05	17314.38
July 2011	55.85	19131.70	40.00	18131.86
August 2011	52.00	18440.07	36.65	15765.43
Sept. 2011	45.45	17211.80	32.50	15801.01
October 2011	39.45	17908.13	28.30	15745.43
Nov. 2011	37.95	17702.26	26.00	15478.69
Dec. 2011	36.50	17003.71	28.00	15135.86
January 2012	36.00	17258.97	30.00	15358.02
February 2012	51.00	18523.78	32.75	17061.55
March 2012	46.00	18040.69	29.80	16920.61

h) Registrar and Transfer Agents:

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

i) SHARE TRANSFER SYSTEM:

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

j) *Distribution of Share Holding as on 31.03.2012:*

NO. OF EQUITY SHARES	NO. OF SHARES HELD	% TO TOTAL SHARES	NO. OF SHAREHOLDERS	% TO TOTAL SHAREHOLDERS
1 TO 500	363743	6.7904	1010	77.0992
501 TO 1000	136196	2.5425	162	12.3664
1001 TO 5000	210083	3.9219	92	7.0229
5001 TO 10000	69372	1.2951	10	0.7634
10001 AND ABOVE	4577306	85.4501	36	2.7481
TOTAL	5356700	100.00	1310	100.00

SR. NO.	CATEGORY	NO. OF SHARE HOLDERS	NO. OF SHARES HELD	% TO TOTAL SHARES
1	PROMOTERS	12	2904040	54.2132
2	PUBLIC FINANCIAL INSTITUTIONS	0	0	0.0000
3	BODIES CORPORATE	26	31047	0.5796
4	CLEARING MEMBER /MARKET MAKER	10	42430	0.7921
5	NRI	4	7772	0.1451
6	RESIDENT INDIVIDUALS/HUF	1258	2371411	44.2700
	TOTAL	1310	5356700	100.00

k) *Dematerialization of Shares:*

As on 31st March, 2012, 628 Shareholders were holding 4398240 Equity Shares in Demat form, which constitutes 82.11% of the total share capital of the Company.

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

l) *Plant Location: Survey No. 239, Village Salvav, Survey No. 205/P,106/107 & 108/P Morai, Near Morai Rly. Crossing, Via-Vapi - 396191*

Wind Mill 1.50 MW: Village Bagasara, Taluka Maliya Miyana, Dist Rajkot, Gujarat

Wind Mill 1.25MW: Village Murvel, Taluka Dwarka, Dist Jamnagar, Gujarat

m) *Address for correspondence:*

For transfer / dematerialization of shares:

For shares held in physical form:

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

For shares held in demat form: To the Depository Participants

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

To the Secretarial Dept.

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

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

DECLARATION ON CODE OF CONDUCT

As required by clause 49 (1) (D) of the Listing Agreement, it is hereby affirmed that all the Board Members and Senior Management Personnel have complied with Code of Conduct as on 31st March 2012.

Gautam D. Shah
Managing Director

Vapi, 25th MAY, 2012

Auditors' Certificate on Corporate Governance

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

We have examined the compliance of conditions of Corporate Governance by Shree Ajit Pulp And Paper Limited, for the year ended on 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement **except the condition relating to appointment of independent Directors to the extent of 50% of the board.**

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

For H.P.SHAH ASSOCIATES
CHARTERED ACCOUNTANTS
FRN 109588 W

H.P.SHAH
PROPRIETOR
Membership No. 39093

Place : Vapi
Date : 25th May, 2012

SHREE AJIT PULP AND PAPER LIMITED

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AUDITOR'S REPORT

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

We have audited the attached Balance Sheet of **Shree Ajit Pulp And Paper Limited** as at **31st March 2012** and the Profit and Loss Account for the year ended on that date annexed thereto and also the cash flow statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of accounts as required by law have been kept by the company, so far as it appears from examination of such books.
- c) The Balance Sheet and the Profit & Loss Account referred to in this report are in agreement with the books of accounts.
- d) In our opinion the Balance sheet and Profit & Loss Account, and cash flow statement dealt with by this report comply with the mandatory Accounting Standards as referred to in sub section (3C) of section 211 of the Companies Act, 1956, to the extent applicable.
- e) On the basis of written representations received from the directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f) in our opinion, and to the best of our information and according to the explanation given to us, the said Balance Sheet and the Profit & Loss Account read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. In so far as it relates to the Balance sheet, of the state of affairs of the Company as at 31st March, 2012,
 - ii. In so far as it relates to the Profit and Loss Account, the Profit of the Company for the year ended on that date, and
 - iii. In the case of Cash Flow Statement, of the cash flow of the company for the year ended on that date.

For H.P.SHAH ASSOCIATES
CHARTERED ACCOUNTANTS
FRN 109588 W

H.P.SHAH
PROPRIETOR
Membership No. 39093

Place : Vapi
Date : 25th May, 2012

ANNEXURE

(i) **FIXED ASSETS:**

- (a) *The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.*
- (b) *As explained to us, the fixed assets have been physically verified by the management during the year in a phased manner, which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.*
- (c) *During the year, the Company has not disposed of any substantial/major part of fixed assets, and going concern status of the company is not affected.*

(ii) **INVENTORIES:**

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

(iii) **LOANS:**

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

(iv) **INTERNAL CONTROL PROCEDURES:**

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

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

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

(vi) **PUBLIC DEPOSITS:**

The company has not accepted any deposits from the public.

(vii) **INTERNAL AUDIT SYSTEM:**

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

(viii) **COST RECORDS:**

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

(ix) **STATUTORY DUES:**

- (a) *According to the information and explanations given to us and the records examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, customs duty, excise-duty, cess and other material statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March 2012 for a period of more than six months from the date they became payable.*
- (b) *According to the records of the Company, no dues of sales tax, income- tax, customs, wealth-tax, excise duty, cess Service tax which have not been deposited on account of disputes.*

(x) **ACCUMULATED LOSSES:**

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

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

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

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

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

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

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

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

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

(xv) **GUARANTEE:**

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

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

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

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

According to the information and explanation given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment by the Company.

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

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

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

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

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

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

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

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

**For H.P.SHAH ASSOCIATES
CHARTERED ACCOUNTANTS
FRN 109588 W**

**H.P.SHAH
PROPRIETOR
Membership No. 39093**

**Place : Vapi
Date : 25th May, 2012**

SHREE AJIT PULP AND PAPER LIMITED

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BALANCE SHEET AS AT 31ST MARCH, 2012

	NOTE NO.	As At 31-March-2012 ₹	As At 31-March-2011 ₹
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	53,567,000	54,657,665
(b) Reserves and Surplus	3	380,294,759	303,681,206
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	4	162,199,826	184,194,134
(b) Deferred Tax Liabilities (Net)	5	93,424,833	79,212,504
(c) Long Term Provisions	6	5,313,719	4,161,852
(3) Current Liabilities			
(a) Short-Term Borrowings	7	126,085,537	99,057,409
(b) Trade Payables	8	154,129,373	116,035,992
(c) Other Current Liabilities	9	90,024,356	89,024,230
(d) Short-Term Provisions	10	3,560,271	3,210,703
TOTAL		1,068,599,674	933,235,695
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	606,536,416	536,253,012
(ii) Intangible Assets	11	2,790,492	1,080,000
(iii) Capital Work in Progress	11	23,788,828	17,986,977
(b) Non-current investments	12	12,973,204	6,219,886
(c) Long term loans and advances	13	44,928,795	35,233,016
(2) Current Assets			
(a) Inventories	14	140,429,997	102,398,629
(b) Trade receivables	15	176,015,559	151,377,754
(c) Cash and Bank Balance	16	36,555,245	47,560,228
(d) Short-term loans and advances	17	23,300,733	34,529,554
(e) Other current assets	18	1,280,405	596,639
TOTAL		1,068,599,674	933,235,695

SIGNIFICANT ACCOUNTING POLICES
NOTES ON FINANCIAL STATEMENT
AS PER OUR REPORT OF EVEN DATE

1
2 to 37

FOR H.P.SHAH ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg. No.: 109588 W

FOR AND ON BEHALF OF THE BOARD

H.P.SHAH
Proprietor
Membership No. : 39093
Vapi, 25th May, 2012

GAUTAM D SHAH
Managing Director

DHANSUKHLAL G SHAH
Director

Vapi, 25th May, 2012

SHREE AJIT PULP AND PAPER LIMITED

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STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED ON 31ST MARCH, 2012

	NOTE NO.	2011-2012 ₹	2010-2011 ₹
INCOME			
I Revenue from operations	19	1,549,018,533	1,342,183,515
II Other Income	20	2,110,456	1,420,530
III Total Revenue (I +II)		1,551,128,989	1,343,604,045
IV EXPENDITURE			
Cost of materials consumed	21	948,766,620	812,309,305
Changes in inventories of finished goods and work-in-progress.	22	10,665,936	(16,557,106)
Employee Benefit Expense	23	57,165,485	44,665,166
Financial Costs	24	37,489,340	40,432,203
Depreciation and Amortization Expense	25	34,121,282	30,026,208
Other Expenses	26	351,628,191	303,093,415
V Total Expenses (IV)		1,439,836,854	1,213,969,190
VI Profit before exceptional and extraordinary items and tax (III - V)		111,292,135	129,634,855
VII Add: Exceptional Items	27	398,397	-
VIII Profit before extraordinary items and tax (VI + VII)		111,690,532	129,634,855
IX Less: Extraordinary Items	27	93,102	-
X Profit before tax (VIII - IX)		111,597,430	129,634,855
XI Tax expense			
Current tax		22,679,469	25,835,918
Less: Mat Credit Entitlement		2,171,351	3,337,796
Deferred tax		14,212,329	19,421,097
XII Profit for the year from continuing operations (X-XI)		76,876,983	87,715,636
Earning (Including extraordinary/exceptional items) per equity share of face value of ₹ 10 each Basic & Diluted		14.38	16.44
XIII Earning (Excluding extraordinary/exceptional items) per equity share of face value of ₹ 10 each Basic & Diluted		14.32	16.44

SIGNIFICANT ACCOUNTING POLICES
NOTES ON FINANCIAL STATEMENT
AS PER OUR REPORT OF EVEN DATE

1
2 to 37

FOR H.P.SHAH ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg. No.: 109588 W

FOR AND ON BEHALF OF THE BOARD

H.P.SHAH
Proprietor
Membership No. : 39093
Vapi, 25th May, 2012

GAUTAM D SHAH
Managing Director

DHANSUKHLAL G SHAH
Director

Vapi, 25th May, 2012

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note 1 : SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of Accounting

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

(b) Fixed Assets

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

(c) Provision, Contingent Liabilities and Contingent Assets

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

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

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

Contingent Liability is disclosed in the case of ;

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

Contingent Assets are neither recognized nor disclosed.

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

(d) Impairment of Assets

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

(e) Depreciation

Depreciation on Fixed Assets is provided on the Straight Line Method at the rates and in manner prescribed in Schedule XIV to the Companies Act, 1956 except on cellular handsets having gross block value ₹ 736,654 depreciation calculated @ 25 % and Waste Paper Godown having Gross block value ₹ 463,227 depreciation calculated @ 20 % on SLM basis. Depreciation on additions to assets during the year is provided on pro-rata basis.

(f) Investments

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

(g) Inventories

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

(h) Sales

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

Income from Wind Mill

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

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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(i) Foreign Currency Transactions

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

(j) Amortization of Miscellaneous Expenditure

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

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

(k) Provision for Gratuity and Leave Encashment

a) Company has created provision for Gratuity as per the provisions of Payment of Gratuity Act, on the basis of number of completed years of service as on Balance Sheet date.

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

(l) Taxation

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

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

(m) Segment Reporting

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

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

(n) Use of Estimates

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

Particulars	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
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Note : 2 Share Capital

AUTHORIZED CAPITAL 15,000,000 Equity Shares of ₹ 10 each.	150,000,000	150,000,000
	150,000,000	150,000,000
ISSUED SHARE CAPITAL 5,356,700 (5,751,600) Equity Shares of ₹ 10 each	53,567,000	57,516,000
SUBSCRIBED AND FULLY PAID UP SHARE CAPITAL 5,356,700 (5,331,300) Equity Shares of ₹ 10 each	53,567,000	53,313,000
SUBSCRIBED AND PARTLY PAID UP SHARE CAPITAL Nil (420,300) Equity Shares of ₹ 10 each, Fully paid up/partly paid up	0	4,203,000
Less: Calls in Arrears by Others (other than Directors and Officers)	0	2,858,335
Total in ₹	53,567,000	54,657,665

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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

2.1 Reconciliation of Number of shares fully paid up outstanding at the beginning and at the end of the year

Particulars	31-Mar-12		31-Mar-11	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
No. of Shares at the beginning of the year	5,331,300	53,313,000	5,331,300	53,313,000
Add: Shares fully paid up during the year	25,400	254,000	0	0
No. of Shares at the end of the year	5,356,700	53,567,000	5,331,300	53,313,000

2.2 Reconciliation of Number of partly paid up shares outstanding at the beginning and at the end of the year

Particulars	31-Mar-12		31-Mar-11	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Calls in Arrears at the beginning of the year	420,300	2,858,335	420,300	2,891,132
Less: Dividend adjusted	0	31,537	0	32,797
Add: Shares fully paid up during the year	25,400	170,791	0	0
Balance of Calls in Arrears	394,900	2,656,007	420,300	2,858,335
Less: Share forfeiture during the year	394,900	3,949,000	0	0
Amount Received on forfeiture of shares transferred to Capital Reserve	0	1,292,993	0	0
No. of Partly paid up Shares outstanding at the end of the year	0	0	420,300	2,858,335

2.3 Details of Shareholder holding more than 5 % shares

Name of the Share Holders	31-Mar-12		31-Mar-11	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Gautam D Shah	1,064,500	19.87%	1,064,500	18.51%
Sureshbhai C Shah	454,000	8.48%	454,000	7.89%
Jayantilal M Shah	435,000	8.12%	435,000	7.56%
Bela G Shah	385,540	7.20%	385,440	6.70%
Varun Shah	304,300	5.68%	302,800	5.26%
Bharat Mafatlal Shah	270,900	5.06%	270,900	4.71%

Particulars	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
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Note : 3 Reserve & Surplus

Capital Reserve		
Opening balance as per last balance sheet	0	0
Add: Additional during the year on account of forfeiture of shares	1,292,993	0
Total Capital Reserve (A)	1,292,993	0
Surplus (Profit & Loss Account)		
Balance brought forward from previous year	303,681,206	217,558,961
Add: Profit for the period	76,876,983	87,715,636
Less: Appropriation		
Proposed Dividend on Equity Share of ₹ 10 each		
Dividend per Share ₹ 0.25 (Previous Year ₹ 0.25)	1,339,175	1,366,442
Tax on Proposed Dividend	217,248	226,949
Total Surplus (Profit & Loss Account) (B)	379,001,766	303,681,206
Total in ₹ (A+B)	380,294,759	303,681,206

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
Note : 4 Long Term Borrowings		
Term Loan- Secured		
From Banks	160,039,510	184,194,134
Other Loan- Secured		
From Others	2,160,316	0
Total in ₹	162,199,826	184,194,134

4.1 Secured Term Loan from Banks

- 1 Term Loan outstanding of ₹ 30,000,000 (60,000,000) from Nationalised Bank and carrying rate of Interest base rate plus 3% per annum and repayable in 60 Installments starting from April 2009 of ₹ 2,500,000 each along with interest.
- 2 Term Loan outstanding of ₹ 34,146,947 (63,342,947) from Nationalised Bank and carrying rate of Interest base rate plus 3% per annum and repayable in 60 Installments starting from Nov. 2009 of ₹ 2,433,000 each along with interest.
- 3 Term Loan outstanding of ₹ 7,533,086 (8,545,216) from Nationalised Bank and carrying rate of Interest base rate plus 3% per annum and repayable in 60 Installments starting from July 2011 of ₹ 625,000 each along with interest.
- 4 Term Loan outstanding of ₹ 1,357,500 (NIL) from Nationalised Bank and carrying rate of Interest base rate plus 3% per annum and repayable in 60 Installments starting from Oct 2013 of ₹ 1,375,000 each along with interest.
- 5 Term Loan outstanding of ₹ NIL (2,025,924) from Nationalised Bank and carrying rate of Interest base rate plus 4% per annum and repayable in 20 quarterly Installments starting from March 2008 of ₹ 1,300,000 each along with interest every month.

All above loans are Secured by Plant & Machinery and Equitable Mortgage on Immovable property and Hypothecation of stocks, book debts, furniture, fixture & fitting, office equipment situated at Vapi of the company.

- 6 Term Loan outstanding of ₹ 36,819,772 (49,819,660) from Nationalised Bank is Secured by way of first charge on Plant & Machinery and Equitable Mortgage on Immovable property situated at Vapi of the company, Secured by Hypothecation of Plant & Machinery for the Windmill situated on lease land at Village Bagasara, Dist Rajkot. Term loan is Carrying rate of Interest base rate plus 3% per annum and repayable in 60 Installments starting from Feb 2011 of ₹ 1,083,334 each along with interest.
- 7 Term Loan outstanding of ₹ 48,702,045 (NIL) from Nationalised Bank is Secured by way of first charge on Plant & Machinery and Equitable Mortgage on Immovable property situated at Vapi of the company, Secured by Hypothecation of Plant & Machinery for the Windmill situated on lease land at Village Murvel, Dist Jamnagar. Term loan is Carrying rate of Interest base rate plus 4% per annum and repayable in 60 Installments starting from March 2013 of ₹ 860,000 each along with interest.
- 8 Vehicle Loan of ₹ 267,033 (460,387) from Nationalised Bank is Secured by way of Hypothecation of Vehicle. The loan is repayable in 36 EMI starting from March 2011 of ₹ 21,942 each.
- 9 Forklift Loan of ₹ 1,213,127 (NIL) from Private Bank is Secured by way of Hypothecation of Forklift. The loan is repayable in 31 MI starting from May 2012. 14 monthly installments of ₹ 105,000 each, 12 monthly installments of ₹ 78,000 each and 5 monthly installments of ₹ 14,000 each.

4.2 Secured Term Loan from Other

Vehicle Loan of ₹ 2,160,316 (NIL) from NBFC is Secured by way of Hypothecation of Vehicle. The loan is repayable in 36 EMI starting from Jan 2012 of ₹ 113,108 each.

All above secured term loans from Nationalised Bank and from other are secured by way of personal guarantee of Managing Director of the company.

4.3 Maturity Profile of Secured Term Loans are as set out below

	Maturity Profile			
	1-2 Years	2-3 Years	3-4 years	Beyond 4 years
Term Loan from Banks	92,558,876	28,598,833	21,139,756	17,742,045

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
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Note : 5 Deferred Tax Liability (Net)

The break-up of major component of net deferred tax liability is as under.		
Deffered Tax Liability		
Related to Fixed Assets	95,930,565	81,342,114
Deffered Tax Assets		
Disallowances under the Income Tax Act 1961	-2,505,732	-2,129,610
Total in ₹	93,424,833	79,212,504

Note : 6 Long Term Provisions

Provision for Gratuity	2,556,295	2,138,368
Provision for Leave Encashment	2,757,424	2,023,484
Total in ₹	5,313,719	4,161,852

Note : 7 Short Term Borrowings

Secured		
Cash Credit from Banks	126,085,537	94,304,369
Unsecured		
Shree Samrudhi Industrial Papers Pvt. Ltd. (100% subsidiary)	0	4,753,040
Total in ₹	126,085,537	99,057,409

7.1 Cash Credit is Secured by Hypothecation of stocks, book debts, furniture, fixture & fitting, office equipment and Plant and Machinery and equitable mortgage of immovable properties and personal guarantee of Managing Director of the Company. The Cash Credit is repayable on demand and carries interest base rate plus 3% to 4.25%.

Note : 8 Trades Payables

Due to Micro, Small and Medium Enterprises	3,628,623	2,259,472
Others	150,500,750	113,776,520
Total in ₹	154,129,373	116,035,992

8.1 The details of amount outstanding to Micro, Small and Medium Enterprises based on available information's with the company is as under :-

Principal amount due and remaining unpaid	62,745	0
Interest due on above and the unpaid interest	3,628	0
Amount of interest due and payable for the year (where the principal amount has been paid but the interest not paid)	54,606	214,431
Interest paid during the year	0	0
Payment made beyond the appointed day during the year	3,788,218	10,119,657
Interest due and payable for the period of delay	58,234	214,431
Interest accrued and remaining unpaid	58,234	214,431
Amount of further interest remaining due and payable in succeeding years	1,157	0

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Particulars	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
Note : 9 Other Current Liabilities		
Current maturities of long-term debt (Refer note 4)	84,754,308	83,246,584
Other Payable		
Advances From Customers	121,714	474,347
TDS Payable	1,486,372	1,385,562
Central Sales Tax Payable	2,347,012	1,862,521
Vat Tax Payable	329,487	1,192,330
Contributions Payable	354,437	304,771
Unclaimed Dividend	631,026	558,115
Total in ₹	90,024,356	89,024,230

9.1 Unclaimed Dividend includes amount due to be credited to Investor Education and Protection Fund of ₹ 121,781 on or before 28th October 2012.

Note : 10 Short Term Provisions

Provision For Employees Benefit		
Provision for Gratuity	531,764	444,826
Provision for Leave Encashment	888,516	652,021
Provision for Bonus	583,568	520,465
Other Provisions		
Proposed Dividend	1,339,175	1,366,442
Provision for Tax on Proposed Dividend	217,248	226,949
Total in ₹	3,560,271	3,210,703

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note : 11 FIXED ASSETS

₹

Particulars	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK		
	As on 01/04/2011	Addition during the year	Deduction during the year	As on 31/03/2012	As on 01/04/2011	Addition during the year	Deduction during the year	As on 31.03.2012	As on 31.03.2011
Tangible Assets									
Land- Free Hold	8,501,634	-	-	8,501,634	-	-	-	8,501,634	8,501,634
Building	83,144,479	4,539,119	-	87,683,598	12,515,721	2,334,399	-	72,833,478	70,628,758
Plant & Machinery	424,305,793	22,309,737	-	446,615,530	89,813,197	23,542,339	-	333,259,994	334,492,596
Windmill	88,538,673	63,780,067	-	152,318,740	4,713,265	4,693,244	-	142,912,231	83,825,408
Electrical Installations	37,020,662	6,090,798	-	43,111,460	6,597,392	1,995,602	-	34,518,466	30,423,270
Furniture & Fixtures	2,605,210	708,487	-	3,313,697	983,749	225,596	-	2,104,352	1,621,461
Vehicles	6,362,876	5,164,313	-	11,527,189	1,990,269	790,072	-	8,746,848	4,372,607
Office Equipment	5,760,177	1,804,766	71,000	7,493,943	3,372,899	479,537	17,906	3,659,413	2,387,278
SUB TOTAL (A)	656,239,504	104,397,287	71,000	760,565,791	119,986,492	34,060,790	17,906	606,536,416	536,253,012
Intangible Asset									
Expenditure on Leasehold Land	1,200,000	1,800,000	-	3,000,000	120,000	89,508	-	2,790,492	1,080,000
SUB TOTAL (B)	1,200,000	1,800,000	-	3,000,000	120,000	89,508	-	2,790,492	1,080,000
Capital Work in Progress									
SUB TOTAL (C)	-	-	-	-	-	-	-	23,788,828	17,986,977
Total [A+B+C]	657,439,504	106,197,287	71,000	763,565,791	120,106,492	34,150,298	17,906	633,115,735	555,319,989
Previous Year	593,692,421	65,283,407	1,536,324	657,439,504	90,743,271	30,230,586	867,366	537,333,013	515,889,809

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11.1 Addition during the year to Windmill includes amortisation of Expenditure incurred on leasehold land ₹ 29016 being the expenses upto the operationalisation of windmill.

	₹	₹
	31-Mar-12	31-Mar-11
11.2 Project Development Expenditure		
Opening Balance	-	-
Add: Transferred from Profit and Loss A/c		
Insurance Capitalised	1,968	-
Interest Capitalised	345,689	-
Travelling Expenses	894,735	636,030
Depreciation/Amortisation Capitalised	29,016	-
Less: Project Development Expenditure Capitalised during the year	376,673	636,030
Closing Balance	894,735	NIL

11.3 Depreciation on Fixed Assets is provided on the Straight Line Method at the rates and in manner prescribed in Schedule XIV to the Companies Act, 1956 except on cellular handsets having gross block value ₹ 736,654 depreciation calculated @ 25 % and Waste Paper Godown having Gross block value ₹ 463,227 depreciation calculated @ 20 % on SLM basis. Depreciation on additions to assets during the year is provided on pro-rata basis.

Particulars	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
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Note : 12 Non Current Investments

(LONG TERM) - OTHER THAN TRADE		
Quoted - Fully Paid-up Equity Instrument		
2,300 (2,300) Equity Shares of Gujarat State Financial Corporation of ₹ 10 each at a premium of ₹ 10 per share, fully paid up plus interest of ₹ 6,386. (Market Value - ₹ 5,704)	52,386	52,386
Less: Provision for Diminution in value of investments	46,682	0
400 (400) Equity Shares of Punjab National Bank of ₹ 10 each, at a premium of ₹ 21 per share, fully paid up (Market Value ₹ 370,420)	12,400	12,400
Unquoted - Fully Paid-up Equity Instrument		
In Equity Shares of Subsidiary Companies-Unquoted, fully paid up		
500,000 (500,000) Shares of Shree Samrudhi Industrial Papers Pvt. Ltd. of ₹ 10 each fully paid up (out of the above 20 equity shares of ₹ 10 each are held in the names of nominees of the company.)	5,000,000	5,000,000
In Equity Shares of Joint Venture-Unquoted, fully paid up		
780,000(100,000) Shares of Shree Samrat Pulp and Paper Pvt.Ltd. of ₹ 10, each fully paid up. (out of the above 10 equity shares of ₹ 10 each are held in the name of a nominee of the company.)	7,800,000	1,000,000
10,000 (10,000) Shares of Shree Samarpan Pulp and Paper Pvt. Ltd. of ₹ 10 each fully paid up. (out of the above 10 equity shares of ₹ 10 each are held in the name of a nominee of the company.)	100,000	100,000
Other Unquoted - Fully Paid-up Equity Instrument		
501 (501) Shares of Sardar Bhiladwala Pardi Peoples Co.Op.Bank Ltd. of ₹ 100 each fully paid up .	50,100	50,100
1 (One) Share of Shri Damanganga Sahakari Khand Udyog Mandali Limited of ₹ 2,000 each fully paid up	2,000	2,000
300 Shares of Wel-Treat Enviro Management Organisation of ₹ 10, each fully paid up.	3,000	3,000
Total in ₹	12,973,204	6,219,886

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
12.1 Aggregate amount of quoted investments	64,786	64,786
Market value of quoted investments	376,124	495,328
Aggregate amount of unquoted investments	12,955,100	6,155,100
Aggregate Provision for Diminution in value of investments	46,682	0

Note : 13 Long Term Loans and Advances

Unsecured, Considered Good :		
Capital Advances	6,184,766	4,355,000
Security Deposit	20,590,107	15,599,519
Unsecured, Considered Doubtful :		
Security Deposit	500,000	500,000
Less: Provision for Doubtful Security Deposit	500,000	0
Other Loans & Advances		
Advance Income Tax (Net of Provision for taxation)	15,852,922	12,477,497
Other Long term Loans & Advances	2,301,000	2,301,000
Total in ₹	44,928,795	35,233,016

Note : 14 Inventories

(As certified and valued by the Management)		
Raw Material	83,133,365	60,459,011
Fuel	8,850,532	261,956
Packing Material Stock	197,974	74,555
Work-in-Progress	0	0
Finished Goods	14,312,172	24,978,108
Stores & Spares	17,672,444	16,624,999
Goods-in-transit	16,263,510	0
Total in ₹	140,429,997	102,398,629

Note : 15 Trade Receivables

Unsecured, Considered Good		
Outstanding for more than six months	1,525,314	992,988
Others	174,490,245	150,384,766
Total in ₹	176,015,559	151,377,754

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
Note : 16 Cash & Bank Balance		
Cash & Cash Equivalent		
Bank Balance with Current Account		
With Scheduled Bank	8,067,257	32,656,506
With Nationalised Bank	215,973	258,609
Deposit with original maturity of less than 3 months	20,000,000	0
Unclaimed Dividend Bank Accounts	631,026	558,115
Other Bank Balances		
Margin Money given for Letter of Credit	7,000,000	6,000,000
Margin Money given for Guarantee	542,956	8,031,401
Sub Total (A)	36,457,212	47,504,631
Cash-in-Hand		
Cash Balance	98,033	55,597
Sub Total (B)	98,033	55,597
Total in ₹ [A + B]	36,555,245	47,560,228

16.1 Fixed Deposit with Nationalised Banks

Margin money Deposits with respective carrying amount are subject to first charge to Secure the respective credit facilities

16.2 Unclaimed Dividend Bank Accounts includes amount due to be credited to Investor Education and Protection Fund of ₹ 121,781 on or before 28th Oct 2012.

16.3 Cash and Cash Equivalents as of March 31, 2012 and March 31, 2011 includes restricted cash and Bank balances of ₹ 7,542,956 and ₹ 14,031,401 respectively. Other Bank balances maintained by the company with banks comprise of time deposits, which can be withdrawn by the company at any point of time without prior notice or penalty on the principal.

Note :17 Short Terms Loans and Advances

Unsecured and considered Goods		
Advance to Suppliers	14,336,063	2,660,371
Balance With Government Authorities (Indirect Taxes)	6,114,384	30,223,870
Prepaid Expenses	2,100,185	1,557,313
Loan to Staff	350,100	88,000
Loan to Contractor	400,000	0
Total in ₹	23,300,733	34,529,554

Note :18 Other Current Assets

Interest on F. D. Receivable	398,982	88,320
Interest on GEB Deposit Receivable	881,423	508,319
Total in ₹	1,280,405	596,639

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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	2011-2012 ₹	2010-2011 ₹
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Note : 19 Revenue from Operations

Sale of Products	1,615,791,492	1,386,463,461
Less : Excise Duty	82,726,021	58,741,206
Net Sales	1,533,065,471	1,327,722,255
Income from Windmill	15,953,062	14,461,260
Total in ₹	1,549,018,533	1,342,183,515

19.1 Details of Product Sold		
Multilayer Testliner & Testliner Paper	1,615,791,492	1,386,463,461

Note : 20 Other Income

Interest Income	1,951,610	1,408,215
Other Receipts	158,846	12,315
Total in ₹	2,110,456	1,420,530

Note : 21 Cost of Material Consumed

Consumption of Raw Material		
Imported		
Imported Waste Paper	607,019,786	613,414,765
Indigenous		
Indian Waste Paper	244,385,994	125,323,940
Colour & Chemical	97,360,841	73,570,600
Total in ₹	948,766,620	812,309,305

21.1 Details of Raw Material Consumed

Particulars	2011-12		2010-11	
	Amount in ₹	% of Consumption	Amount in ₹	% of Consumption
Consumption of Raw Material Imported				
Imported Waste paper	607,019,786	63.98	613,414,765	75.51
Indigenous				
Indian Waste Paper	244,385,994		125,323,940	
Colour & Chemical	97,360,841		73,570,600	
Total of Indigenous	341,746,835	36.02	198,894,540	24.49
Total	948,766,620	100.00	812,309,305	100.00

Note : 22 Change in Inventories

Opening Stock of Finished Goods	24,978,108	8,421,002
Closing Stock of Finished Goods	14,312,172	24,978,108
Total in ₹	10,665,936	(16,557,106)

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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	2011-2012 ₹	2010-2011 ₹
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Note : 23 Employment Benefit Expenses

Salaries & Wages	43,407,180	32,346,329
Staff Welfare	1,171,037	844,040
Provident Fund and E.S.I.C.	1,895,295	1,637,798
Gratuity Expenses	622,007	467,106
Leave Encashment Expenses	2,581,529	1,744,541
House Rent Expenses	552,000	552,000
Directors Remuneration	6,936,438	7,073,352
Total in ₹	57,165,485	44,665,166

23.1 Employment Benefit Expenses Disclosure relating to Employee Benefit –As per Revised AS-15

Particulars	31-Mar-12		31-Mar-11	
	Gratuity	Leave Encashment Non Funded	Gratuity	Leave Encashment Non Funded
A Expenses recognized in the statement of profit & Loss Account for the period ended				
Current Service Cost	340,334	521,374	296,744	457,392
Interest Cost	144,235	134,485	128,922	103,494
Expected Return on Planned Assets	0	0	0	0
Net Actuarial (Gain) /Loss recognized during the year	-2,189	1,326,853	-153,615	950,856
Settlement costs/others	139,626	598,816	195,055	232,799
Total Expenses	622,006	2,581,528	467,106	1,744,541
B Net Assets / (Liability) recognized in the Balance Sheet				
Present value of the obligation	1,788,094	1,909,931	1,510,231	1,630,120
Fair value of Planned Assets	0	0	0	0
Funded status (surplus/deficit)	0	0	0	0
Net Assets / (Liability) recognized in the Balance Sheet	1,788,094	1,909,931	1,510,231	1,630,120
Add.: Provision for separated employees /others	1,299,965	1,736,009	1,072,963	1,045,385
Total provision (Refer Note 6 and 10)	3,088,059	3,645,940	2,583,194	2,675,505
C Change in present value of obligation				
Present value of obligation as on 01-04-2011	1,510,231	1,630,120	1,391,387	1,293,671
Current service cost	340,334	521,374	296,744	457,392
Interest Cost	144,235	134,485	128,922	103,494
Benefit paid	-204,517	-1,702,901	-153,207	-1,175,293
Net Actuarial (Gain)/Loss recognized during the year	-2,189	1,326,853	-153,615	950,856
Present value of obligation as per actuarial Valuation as at 31-03-2012	1,788,094	1,909,931	1,510,231	1,630,120
Add.: Provision for separated employees /others	1,299,965	1,736,009	1,072,963	1,045,385
Total provision (Refer Note 6 and 10)	3,088,059	3,645,940	2,583,194	2,675,505

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

D Actuarial assumptions

Discount Rate	8.25%	8.00%
Salary Escalation over a long term	5.00%	5.00%
Mortality Table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

The above information's is certified by the Actuary.

Particulars	2011-2012 ₹	2010-2011 ₹
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Note : 24 Financial Cost

Interest Expenses	37,472,429	39,869,546
Less : Interest Capitalised (Refer Note 11)	345,689	0
Net Interest Expenses	37,126,740	39,869,546
Other Borrowing Cost	362,600	562,657
Total in ₹	37,489,340	40,432,203

24.1 Other Borrowing cost includes renewal charges of Cash Credit limit and mortgage charges etc.

Note : 25 Depreciation & Amortisation Cost

Depreciation	34,060,790	29,966,208
Amortisation of Intangible Assets	89,508	60,000
Less : Depreciation Capitalised (Refer Note 11)	29,016	0
Total in ₹	34,121,282	30,026,208

25.1 Depreciation

Depreciation on Fixed Assets is provided on the Straight Line Method at the rates and in manner prescribed in Schedule XIV to the Companies Act, 1956 except on cellular handsets having gross block value ₹ 736,654 depreciation calculated @ 25 % and Waste Paper Godown having Gross block value ₹ 463,227 depreciation calculated @ 20 % on SLM basis. Depreciation on additions to assets during the year is provided on pro-rata basis.

Note : 26 Other Expenses

a Manufacturing Expenses		
Stores & Consumables Consumed		
Indigenous	19,099,099	13,083,725
Imported	4,003,112	4,350,260
Fuel and Power Consumed	219,289,397	191,574,878
Packing Material Consumed	10,280,986	7,490,275
Unloading Charges	7,885,193	6,996,049
Insurance Charges	2,946,051	2,538,948
Repairs and Maintenance- Plant & Machinery	7,403,842	1,603,277
Repairs and Maintenance- Building	959,732	500,009
Increase/(Decrease) of Excise Duty on Inventory	-403,083	919,377
Other Manufacturing Expenses	7,583,479	6,072,162
Total in ₹ (a)	279,047,808	235,128,960

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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	2011-2012 ₹	2010-2011 ₹
b Selling & Distribution Expenses		
Selling Expenses	4,891,463	4,661,047
Sales Tax	43,905,792	37,931,105
Commission on Sale	5,426,668	6,357,317
Total in ₹ (b)	54,223,923	48,949,469
c Administrative & General Expenses		
Audit Fees	423,950	347,500
Consultancy Fees	1,166,335	894,459
Provision for Doubtful Advances	500,000	0
Foreign Exchange Fluctuation Expenses	551,337	0
Miscellaneous Expenses	4,745,902	9,370,423
Professional Charges	459,750	347,500
Rates and Taxes	372,443	275,335
Repairs and Maintenance (Others)	3,132,371	1,930,896
Security Charges	2,556,016	2,051,964
Travelling Expenses	2,250,381	1,395,119
Vehicle Expenses	1,103,331	950,675
Windmill Expenses	1,991,346	2,087,144
Total in ₹	19,253,163	19,651,015
Less: Expenditure Capitalised	896,703	636,030
Total in ₹ (c)	18,356,460	19,014,985
Total in ₹ (a + b + c)	351,628,191	303,093,415

26.1 Details of Stores & Consumables Consumed

Particulars	2011-2012		2010-2011	
	Amount in ₹	% of Consumption	Amount in ₹	% of Consumption
Consumption of Stores & Consumables				
Imported	4,003,112	17.33	4,350,260	24.95
Indigenous	19,099,099	82.67	13,083,725	75.05
Total	23,102,211	100.00	17,433,985	100.00

26.2 Payment to Auditors as :

Particulars	₹	₹
	31-Mar-12	31-Mar-11
Statutory Audit Fees	120,000	61,000
Tax Audit Fees	30,000	21,500
Cost Audit Fees	48,950	40,000
Internal Audit Fees	225,000	225,000

Note : 27 Exceptional and Extraordinary Items

Exceptional Items on 31/03/2012 amounting ₹ 398,397 being interest received on calls in arrear on partly paid up shares.
Extraordinary Items on 31/03/2012 includes ₹ 46,420 for prior period Expenditure and ₹ 46,682 Permanent diminution in value of Investment.

SHREE AJIT PULP AND PAPER LIMITED



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note : 28 Impairment of Assets

The company has carried out an exercise to ascertain the impairment, if any, in the carrying value of its Fixed Assets. An impairment loss is charged to the Profit and loss account when an asset is identified as impaired. During the year the company has recognized no such impairment loss.

Particulars	2011-2012 ₹	2010-2011 ₹
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Note : 29 Value of Imports on CIF basis in respect of

Raw Materials	198,509,362	130,393,550
Less: Import Raw Material claim received	90,251	1,128,766
Stores, Spare parts & Consumables	4,777,723	3,217,975
Capital Goods	11,990,961	25,321,037

Note : 30 Expenditure in Foreign Currency

Travelling Expenditure	983,659	513,555
Technical fees paid	443,025	0

Note: 31 Segment Information

Segment Revenues, Results and other information:

₹

Particulars	Paper		Wind Mill		Other/Unallocable		Total	Total
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
REVENUE								
Net Sales	1533065471	1327722255	0	0	2110456	1420530	1535175927	1329142785
Inter Segment Revenue	0	0	15953062	14461260	0	0	15953062	14461260
Net Sales / Income from Operation	1533065471	1327722255	15953062	14461260	2110456	1420530	1551128989	1343604045
RESULTS								
Profit before Tax, Dep & Interest	1352314982	1127222030	1989378	2087144	-13921872	-14201605	1368226232	1143510779
Less: Depreciation	27901356	24131794	4753736	4734842	1495206	1159572	34121282	30026208
Profit after Depreciation	152849133	176368431	9209948	7639274	-13306621	-13940647	148781475	170067058
Less: Interest							37489340	40432203
Profit before Extra Ordinary Items							111292135	129634855
Less: Extra Ordinary Items							305295	0
Less: Provision for Taxation							34720447	41919219
Net Profit							76876983	87715636
OTHER INFORMATION								
Segment Assets	842623544	762816865	146576806	84926496	64085743	61974681	1053286093	909718042
Segment Liabilities	163084369	112346521	0	244134	456339967	438788518	619424336	551379173
Capital Expenditure (Incl. Capital WIP)	23788828	17986977	0	0	0	0	23788828	17986977
Depreciation	27901356	24131794	4753736	4734842	1495206	1159572	34150298	30026208
Non Cash Expenses other than Dep.	0	0	0	0	0	0	0	0

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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note : 32 Movement in Provisions

Particulars of Disclosures	₹				
	Opening Balance 01/04/11	Additional Provision	Provision Used	Provision Reversed	Closing Balance 31/03/12
Gratuity	2,583,194	504,865	0	0	3,088,059
Leave Encashment	2,675,505	970,435	0	0	3,645,940
Bonus	520,465	583,568	520,465	0	583,568
Income Tax (Net of advance)	-12,367,816	-3,383,699	0	0	-15,751,515
FBT(Net of advance)	-109,681	0	0	0	-109,681
Wealth Tax	0	8,274	0	0	8,274

Nature of Provisions

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

Particulars	2011-2012	2010-2011
	₹	₹

Note : 33 Earning Per Share

1 Net Profit/Loss after tax but before Extra Ordinary/Exceptional Items available for equity share holder	76,571,688	87,715,636
2 Net Profit/Loss after tax available for equity share holder	76,876,983	87,715,636
3 Weighted average number of equity share of ₹ 10/- each outstanding during the year [No. of Shares]	5,347,137	5,336,341
4 Earning (Including extraordinary/exceptional items) per equity share of face value of ₹ 10 each Basic & Diluted	14.38	16.44
5 Earning (Excluding extraordinary/exceptional items) per equity share of face value of ₹ 10 each Basic & Diluted	14.32	16.44

Note : 34 Related Party Disclosure

34.1 List of related parties where control exists and related parties with whom transactions have taken place and relationships

a) Enterprises Owned by Directors or Major Shareholders

Ajit Steel Centre, Twinkle Investment, Paras Industries, Piyush Export, Ratilal Ujamlal, Kashinda, Shree Samrat Pulp & Paper Pvt Ltd, Shree Samarpan Pulp & Paper Pvt. Ltd

b) Key managerial Personnel

Shri Gautam D Shah, Shri Piyush R Shah

c) Relatives of Key Management Personnel

Narmada Sales Corporation

d) Subsidiary Company

Shree Samrudhi Industrial Papers Pvt Ltd

34.2 Transactions with related Parties during the year

Nature of Transactions	₹	
	31-Mar-12	31-Mar-11
Managerial Remuneration paid to Key Management Personnel	6,936,438	7,073,352

SHREE AJIT PULP AND PAPER LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	2011-2012 ₹	2010-2011 ₹
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Note : 35 Interest in Joint Venture :

The company hold 50 % interest in Shree Samrat Pulp & Paper Pvt Ltd and Shree Samarpan Pulp & Paper Pvt. Ltd, a jointly controlled entity which is involved in manufacturing activity but not started any activity till the end of the year under consideration. The company's share of assets, liabilities, income and expenses in the jointly controlled entity for the year ended 31 st March are as follows :

Current Assets	293,131	953,799
Non -Current Assets	7,263,394	-
Current Liabilities	-24,508	-8,272
Equity	7,532,016	945,527
Revenue	-	-
Other Expenses	213,511	154,474
Profit before tax	-213,511	-154,474
Income tax expense	-	-
Profit after tax	-213,511	-154,474

Note : 36 Contingent Liabilities and Commitment

Contingent liabilities		
Counter claims by supplier against the company not acknowledged as debt	2,836,620	2,836,620
Bank Guarantee	537,718	8,031,401
Commitments		
Estimate amount of contracts remaining to be executed on capital account and not provided for In respect of others	33,553,475	2,731,927
Estimate amount of contracts remaining to be executed on other then capital account and not provided for Share of Commitments	86,217,862	59,901,806

36.1 The Income Tax assessment of the company have been completed up to Assessment Year A.Y.2010-11. The disputed demand outstanding up to the said Assessment Year is ₹ 165,088/-. Based on the decisions of the Appellate authorities and the interpretations of the other relevant provisions, the company has been legally advised that the demand is likely to be deleted and accordingly no provision has been made.

Note : 37

Till the year ended 31 March 2011, the company was using pre -revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, had become applicable to company. The company has reclassified previous year figures to confirm to this year's classification.

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (Pursuant to clause 32 of listing agreement with Stock Exchange)

Particulars	31-March-2012 ₹	31-March-2011 ₹
A. Cash flow from operating activities		
Net Profit / (Loss) before tax	111,597,430	129,634,855
<u>Adjustments for:</u>		
Depreciation and amortisation	34,121,282	30,026,208
Provision for impairment of fixed assets and intangibles	0	204,378
(Profit) / loss on sale / write off of assets	23,094	-5,042
Finance costs	37,489,340	40,432,203
Interest income	-1,951,610	-1,408,215
Dividend income	-16,315	-12,315
Prior Period Adjustments	93,102	0
Less : Prior Period Adjustments	-93,102	0
Operating profit / (loss) before working capital changes	181,263,221	198,872,072
<u>Changes in working capital:</u>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	-38,031,368	27,434,878
Trade receivables	-24,637,805	-40,740,325
Short-term loans and advances	11,228,821	14,415,824
Long-term loans and advances	-4,490,588	-7,525,131
Other current assets	-683,766	12,304,761
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	38,093,381	-16,811,198
Other current liabilities	-507,598	5,219,531
Short-term provisions	386,536	295,472
Long-term provisions	1,151,867	556,251
Cash generated from operations	-17,490,520	-4,849,937
Net income tax (paid) / refunds	-23,883,542	-35,164,081
Net cash flow from / (used in) operating activities (A)	139,889,159	158,858,054
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	-113,799,888	-72,579,725
Proceeds from sale of fixed assets	30,000	674,000
Purchase of long-term investments in Joint Venture	-6,753,318	-6,103,000
Interest received	1,951,610	1,408,215
Dividend received	16,315	12,315
Net cash flow from / (used in) investing activities (B)	-118,555,281	-76,588,195
C. Cash flow from financing activities		
Proceeds from issue of equity shares	202,328	32,797
Proceeds from long-term borrowings	63,491,420	39,685,881
Repayment of long-term borrowings	-83,977,999	-66,768,830
Short-term borrowings(Net)	27,028,128	-8,599,692
Finance cost	-37,489,340	-40,432,203
Dividends paid	-1,366,442	-1,365,622
Tax on dividend	-226,949	-232,087
Net cash flow from / (used in) financing activities (C)	-32,338,854	-77,679,756
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	-11,004,983	4,590,104
Cash and cash equivalents at the beginning of the year	47,560,228	42,970,124
Cash and cash equivalents at the end of the year	36,555,245	47,560,228
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 16)	36,555,245	47,560,228

Note 1- Cash flow Statement has been prepared under the indirect method as set out in Accounting Standards -3 "Cash Flow Statement" as specified in the Companies(AS) Rules,2006.

Note 2- Capital Expenditure of fixed assets includes movement of capital work in progress during the year.

AS PER OUR ATTACHED REPORT OF EVEN DATE
FOR H.P.SHAH ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg. No.: 109588 W

FOR AND ON BEHALF OF THE BOARD

H.P.SHAH
Proprietor
Membership No. : 39093
Vapi, 25th May, 2012

GAUTAM D SHAH
Managing Director

DHANSUKHLAL G SHAH
Director

Vapi, 25th May, 2012

AUDITOR'S REPORT

TO
THE BOARD OF DIRECTOR
Shree Ajit Pulp and Paper Limited

Auditor's Report on Consolidated Financial Statements 2011-2012

We have examined the attached Consolidated Balance Sheet of Shree Ajit Pulp and Paper Limited and its subsidiary (Shree Ajit group) as at March 31, 2012 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

In respect of the financial statements of subsidiary, we did not carry out the audit. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiary is based solely on the reports of the other auditors. The details of assets and revenues in respect of this subsidiary and the net carrying cost of investment and current year/period to the extent to which they are reflected in the consolidated financial statements are given below:

Audited by other auditors:

	₹ in Lacs	
	Total assets	Total revenues
Indian subsidiary	48.48	-0.37

We report that, the consolidated financial statements have been prepared by the Company in accordance with the Requirements of the Accounting Standard (AS) 21, 'Consolidated Financial Statements', notified by the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the Shree Ajit Group included in the consolidated financial statements.

We report that on the basis of the information and according to the explanations given to us, and on the consideration of the separate audit report on individual audited financial statements of the Shree Ajit Group, we are of the opinion that the said consolidated financial statements, read together with significant accounting policies in Note 1 and other Notes appearing thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) *in the case of the Consolidated Balance Sheet, of the state of affairs of the Shree Ajit Group as at March 31, 2012;*
- b) *in the case of the Consolidated Profit and Loss Account of the consolidated results of operations of the Shree Ajit Group for the year ended on that date; and*
- c) *in the in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Shree Ajit Group for the year under consideration.*

For H.P.SHAH ASSOCIATES
CHARTERED ACCOUNTANTS
FRN 109588 W

H.P.SHAH
PROPRIETOR
Membership No. 39093

Place : Vapi
Date : 25th May, 2012

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

	NOTE NO.	As At 31-March-2012 ₹	As At 31-March-2011 ₹
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	53,567,000	54,657,665
(b) Reserves and Surplus	3	3,800,043,746	303,467,010
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	4	162,199,826	184,194,134
(b) Deferred Tax Liabilities (Net)	5	93,424,833	79,212,504
(c) Long Term Provisions	6	5,313,719	4,161,852
(3) Current Liabilities			
(a) Short-Term Borrowings	7	126,085,537	94,304,369
(b) Trade Payables	8	154,228,639	116,108,022
(c) Other Current Liabilities	9	90,024,356	89,024,230
(d) Short-Term Provisions	10	3,560,271	3,210,703
TOTAL		1,068,447,927	928,340,489
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	606,536,416	536,253,012
(ii) Intangible Assets	11	2,790,492	1,080,000
(iii) Capital Work in Progress	11	23,788,828	17,986,977
(b) Non-current investments	12	7,973,204	1,219,886
(c) Long term loans and advances	13	45,016,203	35,318,016
(2) Current Assets			
(a) Inventories	14	140,429,997	102,398,629
(b) Trade receivables	15	176,015,559	151,377,754
(c) Cash and Bank Balance	16	41,294,419	47,580,022
(d) Short-term loans and advances	17	23,300,733	34,529,554
(e) Other current assets	18	1,302,076	596,639
TOTAL		1,068,447,927	928,340,489

SIGNIFICANT ACCOUNTING POLICES
NOTES ON FINANCIAL STATEMENT
AS PER OUR REPORT OF EVEN DATE

1
2 to 37

FOR H.P.SHAH ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg. No.: 109588 W

FOR AND ON BEHALF OF THE BOARD

H.P.SHAH
Proprietor
Membership No. : 39093
Vapi, 25th May, 2012

GAUTAM D SHAH
Managing Director

DHANSUKHLAL G SHAH
Director

Vapi, 25th May, 2012

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED ON 31ST MARCH, 2012

	NOTE NO.	2011-2012 ₹	2010-2011 ₹
INCOME			
I Revenue from operations	19	1,549,018,533	1,342,183,515
II Other Income	20	2,134,535	1,420,530
III Total Revenue (I +II)		1,551,153,068	1,343,604,045
IV EXPENDITURE			
Cost of materials consumed	21	948,766,620	812,309,305
Changes in inventories of finished goods and work-in-progress.	22	10,665,936	(16,557,106)
Employee Benefit Expense	23	57,165,485	44,665,166
Financial Costs	24	37,489,340	40,432,203
Depreciation and Amortization Expense	25	34,121,282	30,026,208
Other Expenses	26	351,689,087	303,307,611
V Total Expenses (IV)		1,439,897,750	1,214,183,386
VI Profit before exceptional and extraordinary items and tax (III - V)		111,255,318	129,420,659
VII Add: Exceptional Items	27	398,397	-
VIII Profit before extraordinary items and tax (VI + VII)		111,653,715	129,420,659
IX Less: Extraordinary Items	27	93,102	-
X Profit before tax (VIII - IX)		111,560,613	129,420,659
XI Tax expense			
Current tax		22,679,469	25,835,918
Less: Mat Credit Entitlement		2,171,351	3,337,796
Deferred tax		14,212,329	19,421,097
XII Profit for the year from continuing operations (X-XI)		76,840,166	87,501,440
Earning (Including extraordinary/exceptional items) per equity share of face value of ₹ 10 each Basic & Diluted		14.37	16.40
XIII Earning (Excluding extraordinary/exceptional items) per equity share of face value of ₹ 10 each Basic & Diluted		14.31	16.40

SIGNIFICANT ACCOUNTING POLICES
NOTES ON FINANCIAL STATEMENT
AS PER OUR REPORT OF EVEN DATE

1
2 to 37

**FOR H.P.SHAH ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg. No.: 109588 W**

FOR AND ON BEHALF OF THE BOARD

**H.P.SHAH
Proprietor
Membership No. : 39093
Vapi, 25th May, 2012**

**GAUTAM D SHAH
Managing Director**

**DHANSUKHLAL G SHAH
Director**

Vapi, 25th May, 2012

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**Note 1 : SIGNIFICANT ACCOUNTING POLICIES:****(a) Principles of consolidation**

The consolidated financial statements relate to SHREE AJIT PULP AND PAPER LIMITED ('the Company') and its subsidiary company. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
- The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the consolidated statement of Profit and Loss account as the profit or loss on disposal of investment in subsidiary.
- As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

(b) Investment other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investment"

(c) Other Significant Accounting Policies

These are set out under "Significant Accounting Policies" Note 1 as given in the Company's separate financial statement.

Particulars	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
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Note : 2 Share Capital

AUTHORIZED CAPITAL 15,000,000 Equity Shares of ₹ 10 each.	150,000,000	150,000,000
	150,000,000	150,000,000
ISSUED SHARE CAPITAL 5,356,700 (5,751,600) Equity Shares of ₹ 10 each	53,567,000	57,516,000
SUBSCRIBED AND FULLY PAID UP SHARE CAPITAL 5,356,700 (5,331,300) Equity Shares of ₹ 10 each	53,567,000	53,313,000
SUBSCRIBED AND PARTLY PAID UP SHARE CAPITAL Nil (420,300) Equity Shares of ₹ 10 each, Fully paid up/partly paid up Less: Calls in Arrears by Others (other than Directors and Officers)	0 0	4,203,000 2,858,335
Total in ₹	53,567,000	54,657,665

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**2.1 Reconciliation of Number of shares fully paid up outstanding at the beginning and at the end of the year**

Particulars	31-Mar-12		31-Mar-11	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
No. of Shares at the beginning of the year	5,331,300	53,313,000	5,331,300	53,313,000
Add: Shares fully paid up during the year	25,400	254,000	0	0
No. of Shares at the end of the year	5,356,700	53,567,000	5,331,300	53,313,000

2.2 Reconciliation of Number of partly paid up shares outstanding at the beginning and at the end of the year

Particulars	31-Mar-12		31-Mar-11	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Calls in Arrears at the beginning of the year	420,300	2,858,335	420,300	2,891,132
Less: Dividend adjusted	0	31,537	0	32,797
Add: Shares fully paid up during the year	25,400	170,791	0	0
Balance of Calls in Arrears	394,900	2,656,007	420,300	2,858,335
Less: Share forfeiture during the year	394,900	3,949,000	0	0
Amount Received on forfeiture of shares transferred to Capital Reserve	0	1,292,993	0	0
No. of Partly paid up Shares outstanding at the end of the year	0	0	420,300	2,858,335

2.3 Details of Shareholder holding more than 5 % shares

Name of the Share Holders	31-Mar-12		31-Mar-11	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Gautam D Shah	1,064,500	19.87%	1,064,500	18.51%
Sureshbhai C Shah	454,000	8.48%	454,000	7.89%
Jayantilal M Shah	435,000	8.12%	435,000	7.56%
Bela G Shah	385,540	7.20%	385,440	6.70%
Varun Shah	304,300	5.68%	302,800	5.26%
Bharat Mafatlal Shah	270,900	5.06%	270,900	4.71%

Particulars	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
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Note : 3 Reserve & Surplus

Capital Reserve		
Opening balance as per last balance sheet	0	0
Add: Additional during the year on account of forfeiture of shares	1,292,993	0
Total Capital Reserve (A)	1,292,993	0
Surplus (Profit & Loss Account)		
Balance brought forward from previous year	303,467,010	217,558,961
Add: Profit for the period	76,840,166	87,501,440
Less: Appropriation		
Proposed Dividend on Equity Share of ₹ 10 each		
Dividend per Share ₹ 0.25 (Previous Year ₹ 0.25)	1,339,175	1,366,442
Tax on Proposed Dividend	217,248	226,949
Total Surplus (Profit & Loss Account) (B)	378,750,753	303,467,010
Total in ₹ (A+B)	380,043,746	303,467,010

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
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Note : 4 Long Term Borrowings

Term Loan- Secured From Banks	160,039,510	184,194,134
Other Loan- Secured From Others	2,160,316	0
Total in ₹	162,199,826	184,194,134

4.1 Secured Term Loan from Banks

- 1 Term Loan outstanding of ₹ 30,000,000 (60,000,000) from Nationalised Bank and carrying rate of Interest base rate plus 3% per annum and repayable in 60 Installments starting from April 2009 of ₹ 2,500,000 each along with interest.
- 2 Term Loan outstanding of ₹ 34,146,947 (63,342,947) from Nationalised Bank and carrying rate of Interest base rate plus 3% per annum and repayable in 60 Installments starting from Nov. 2009 of ₹ 2,433,000 each along with interest.
- 3 Term Loan outstanding of ₹ 7,533,086 (8,545,216) from Nationalised Bank and carrying rate of Interest base rate plus 3% per annum and repayable in 60 Installments starting from July 2011 of ₹ 625,000 each along with interest.
- 4 Term Loan outstanding of ₹ 1,357,500 (NIL) from Nationalised Bank and carrying rate of Interest base rate plus 3% per annum and repayable in 60 Installments starting from Oct 2013 of ₹ 1,375,000 each along with interest.
- 5 Term Loan outstanding of ₹ NIL (2,025,924) from Nationalised Bank and carrying rate of Interest base rate plus 4% per annum and repayable in 20 quarterly Installments starting from March 2008 of ₹ 1,300,000 each along with interest every month.

All above loans are Secured by Plant & Machinery and Equitable Mortgage on Immovable property and Hypothecation of stocks, book debts, furniture, fixture & fitting, office equipment situated at Vapi of the company.

- 6 Term Loan outstanding of ₹ 36,819,772 (49,819,660) from Nationalised Bank is Secured by way of first charge on Plant & Machinery and Equitable Mortgage on Immovable property situated at Vapi of the company, Secured by Hypothecation of Plant & Machinery for the Windmill situated on lease land at Village Bagasara, Dist Rajkot. Term loan is Carrying rate of Interest base rate plus 3% per annum and repayable in 60 Installments starting from Feb 2011 of ₹ 1,083,334 each along with interest.
- 7 Term Loan outstanding of ₹ 48,702,045 (NIL) from Nationalised Bank is Secured by way of first charge on Plant & Machinery and Equitable Mortgage on Immovable property situated at Vapi of the company, Secured by Hypothecation of Plant & Machinery for the Windmill situated on lease land at Village Murvel, Dist Jamnagar. Term loan is Carrying rate of Interest base rate plus 4% per annum and repayable in 60 Installments starting from March 2013 of ₹ 860,000 each along with interest.
- 8 Vehicle Loan of ₹ 267,033 (460,387) from Nationalised Bank is Secured by way of Hypothecation of Vehicle. The loan is repayable in 36 EMI starting from March 2011 of ₹ 21,942 each.
- 9 Forklift Loan of ₹ 1,213,127 (NIL) from Private Bank is Secured by way of Hypothecation of Forklift. The loan is repayable in 31 MI starting from May 2012. 14 monthly installments of ₹ 105,000 each, 12 monthly installments of ₹ 78,000 each and 5 monthly installments of ₹ 14,000 each.

4.2 Secured Term Loan from Other

Vehicle Loan of ₹ 2,160,316 (NIL) from NBFC is Secured by way of Hypothecation of Vehicle. The loan is repayable in 36 EMI starting from Jan 2012 of ₹ 113,108 each.

All above secured term loans from Nationalised Bank and from other are secured by way of personal guarantee of Managing Director of the company.

4.3 Maturity Profile of Secured Term Loans are as set out below

	Maturity Profile			
	1-2 Years	2-3 Years	3-4 years	Beyond 4 years
Term Loan from Banks	92,558,876	28,598,833	21,139,756	17,742,045

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
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Note : 5 Deferred Tax Liability (Net)

The break-up of major component of net deferred tax liability is as under.		
Deffered Tax Liability		
Related to Fixed Assets	95,930,565	81,342,114
Deffered Tax Assets		
Disallowances under the Income Tax Act 1961	-2505732	-2129610
Total in ₹	93,424,833	79,212,504

Note : 6 Long Term Provisions

Provision for Gratuity	2,556,295	2,138,368
Provision for Leave Encashment	2,757,424	2,023,484
Total in ₹	5,313,719	4,161,852

Note : 7 Short Term Borrowings

Secured		
Cash Credit from Banks	126,085,537	94,304,369
Total in ₹	126,085,537	94,304,369

7.1 Cash Credit is Secured by Hypothecation of stocks, book debts, furniture, fixture & fitting, office equipment and Plant and Machinery and equitable mortgage of immovable properties and personal guarantee of Managing Director of the Company. The Cash Credit is repayable on demand and carries interest base rate plus 3% to 4.25%.

Note : 8 Trades Payables

Due to Micro, Small and Medium Enterprises	3,628,623	2,259,472
Others	150,600,016	113,848,550
Total in ₹	154,228,639	116,108,022

8.1 The details of amount outstanding to Micro, Small and Medium Enterprises based on available information's with the company is as under :-

Principal amount due and remaining unpaid	62,745	0
Interest due on above and the unpaid interest	3,628	0
Amount of interest due and payable for the year (where the principal amount has been paid but the interest not paid)	54,606	214,431
Interest paid during the year	0	0
Payment made beyond the appointed day during the year	3,788,218	10,119,657
Interest due and payable for the period of delay	58,234	214,431
Interest accrued and remaining unpaid	58,234	214,431
Amount of further interest remaining due and payable in succeeding years	1,157	0

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
Note : 9 Other Current Liabilities		
Current maturities of long-term debt (Refer note 4)	84,754,308	83,246,584
Other Payable		
Advances From Customers	121,714	474,347
TDS Payable	1,486,372	1,385,562
Central Sales Tax Payable	2,347,012	1,862,521
Vat Tax Payable	329,487	1,192,330
Contributions Payable	354,437	304,771
Unclaimed Dividend	631,026	558,115
Total in ₹	90,024,356	89,024,230

9.1 Unclaimed Dividend includes amount due to be credited to Investor Education and Protection Fund of ₹ 121,781 on or before 28th October 2012.

Note : 10 Short Term Provisions

Provision For Employees Benefit		
Provision for Gratuity	531,764	444,826
Provision for Leave Encashment	888,516	652,021
Provision for Bonus	583,568	520,465
Other Provisions		
Proposed Dividend	1,339,175	1,366,442
Provision for Tax on Proposed Dividend	217,248	226,949
Total in ₹	3,560,271	3,210,703

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note : 11 FIXED ASSETS

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Particulars	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK	
	As on 01/04/2011	Addition during the year	Deduction during the year	As on 01/04/2011	Addition during the year	Deduction during the year	As on 31/03/2012	As on 31.03.2011
Tangible Assets								
Land- Free Hold	8,501,634	-	-	-	-	-	8,501,634	8,501,634
Building	83,144,479	4,539,119	-	12,515,721	2,334,399	-	72,833,478	70,628,758
Plant & Machinery	424,305,793	22,309,737	-	89,813,197	23,542,339	-	333,259,994	334,492,596
Windmill	88,538,673	63,780,067	-	4,713,265	4,693,244	-	142,912,231	83,825,408
Electrical Installations	37,020,662	6,090,798	-	6,597,392	1,995,602	-	34,518,466	30,423,270
Furniture & Fixtures	2,605,210	708,487	-	983,749	225,596	-	2,104,352	1,621,461
Vehicles	6,362,876	5,164,313	-	1,990,269	790,072	-	8,746,848	4,372,607
Office Equipment	5,760,177	1,804,766	71,000	3,372,899	479,537	17,906	3,659,413	2,387,278
SUB TOTAL (A)	656,239,504	104,397,287	71,000	119,986,492	34,060,790	17,906	606,536,416	536,253,012
Intangible Asset								
Expenditure on Leasehold Land	1,200,000	1,800,000	-	120,000	89,508	-	2,790,492	1,080,000
SUB TOTAL (B)	1,200,000	1,800,000	-	120,000	89,508	-	2,790,492	1,080,000
Capital Work in Progress								
SUB TOTAL (C)	-	-	-	-	-	-	23,788,828	17,986,977
Total [A+B+C]	657,439,504	106,197,287	71,000	120,106,492	34,150,298	17,906	633,115,735	555,319,989
Previous Year	593,692,421	65,283,407	1,536,324	90,743,271	30,230,586	867,366	537,333,013	515,889,809

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

11.1 Addition during the year to Windmill includes amortisation of Expenditure incurred on leasehold land ₹ 29016 being the expenses upto the operationalisation of windmill.

	₹	₹
	31-Mar-12	31-Mar-11
11.2 Project Development Expenditure		
Opening Balance	-	-
Add: Transferred from Profit and Loss A/c		
Insurance Capitalised	1,968	-
Interest Capitalised	345,689	-
Travelling Expenses	894,735	636,030
Depreciation/Amortisation Capitalised	29,016	-
Less: Project Development Expenditure Capitalised during the year	376,673	636,030
Closing Balance	894,735	NIL

11.3 Depreciation on Fixed Assets is provided on the Straight Line Method at the rates and in manner prescribed in Schedule XIV to the Companies Act, 1956 except on cellular handsets having gross block value ₹ 736,654 depreciation calculated @ 25 % and Waste Paper Godown having Gross block value ₹ 463,227 depreciation calculated @ 20 % on SLM basis. Depreciation on additions to assets during the year is provided on pro-rata basis.

Particulars	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
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Note : 12 Non Current Investments

(LONG TERM) - OTHER THAN TRADE		
Quoted - Fully Paid-up Equity Instrument		
2,300 (2,300) Equity Shares of Gujarat State Financial Corporation of ₹ 10 each at a premium of ₹ 10 per share, fully paid up plus interest of ₹ 6,386. (Market Value - ₹ 5,704)	52,386	52,386
Less: Provision for Diminution in value of investments	46,682	0
400 (400) Equity Shares of Punjab National Bank of ₹ 10 each, at a premium of ₹ 21 per share, fully paid up (Market Value ₹ 370,420)	12,400	12,400
In Equity Shares of Joint Venture-Unquoted, fully paid up		
780,000(100,000) Shares of Shree Samrat Pulp and Paper Pvt.Ltd.of ₹ 10, each fully paid up. (out of the above 10 equity shares of ₹ 10 each are held in the name of a nominee of the company.)	7,800,000	1,000,000
10,000 (10,000) Shares of Shree Samarpan Pulp and Paper Pvt. Ltd.of ₹ 10 each fully paid up. (out of the above 10 equity shares of ₹ 10 each are held in the name of a nominee of the company.)	100,000	100,000
Other Unquoted - Fully Paid-up Equity Instrument		
501 (501) Shares of Sardar Bhiladwala Pardi Peoples Co.Op.Bank Ltd. of ₹ 100 each fully paid up .	50,100	50,100
1 (One) Share of Shri Damanganga Sahakari Khand Udyog Mandali Limited of ₹ 2,000 each fully paid up	2,000	2,000
300 Shares of Wel-Treat Enviro Management Organisation of ₹ 10, each fully paid up.	3,000	3,000
Total in ₹	7,973,204	1,219,886

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
12.1 Aggregate amount of quoted investments	64,786	64,786
Market value of quoted investments	376,124	495,328
Aggregate amount of un quoted investments	7,955,100	1,155,100
Aggregate Provision for Diminution in value of investments	46,682	0

Note : 13 Long Term Loans and Advances

Unsecured, Considered Good :		
Capital Advances	6,184,766	4,355,000
Security Deposit	20,675,107	15,684,519
Unsecured, Considered Doubtful :		
Security Deposit	500,000	500,000
Less: Provision for Doubtful Security Deposit	500,000	0
Other Loans & Advances		
Advance Income Tax (Net of Provision for taxation)	15,855,330	12,477,497
Other Long term Loans & Advances	2,301,000	2,301,000
Total in ₹	45,016,203	35,318,016

Note : 14 Inventories

(As certified and valued by the Management)		
Raw Material	83,133,365	60,459,011
Fuel	8,850,532	261,956
Packing Material Stock	197,974	74,555
Work-in-Progress	0	0
Finished Goods	14,312,172	24,978,108
Stores & Spares	17,672,444	16,624,999
Goods-in-transit	16,263,510	0
Total in ₹	140,429,997	102,398,629

Note : 15 Trade Receivables

Unsecured, Considered Good		
Outstanding for more than six months	1,525,314	992,988
Others	174,490,245	150,384,766
Total in ₹	176,015,559	151,377,754

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
Note : 16 Cash & Bank Balance		
Cash & Cash Equivalent		
Bank Balance with Current Account		
With Scheduled Bank	8,067,257	32,656,506
With Nationalised Bank	254,207	278,403
Deposit with original maturity of less than 3 months	20,000,000	0
Unclaimed Dividend Bank Accounts	631,026	558,115
Other Bank Balances		
Deposit with originally maturity of more than 3 months but less than 12 months	4,700,000	0
Margin Money given for Letter of Credit	7,000,000	6,000,000
Margin Money given for Guarantee	542,956	8,031,401
Sub Total (A)	41,195,446	47,524,425
Cash-in-Hand		
Cash Balance	98,033	55,597
Sub Total (B)	98,033	55,597
Total in ₹ [A + B]	41,294,419	47,580,022

16.1 Fixed Deposit with Nationalised Banks

Margin money Deposits with respective carrying amount are subject to first charge to Secure the respective credit facilities

16.2 Unclaimed Dividend Bank Accounts includes amount due to be credited to Investor Education and Protection Fund of ₹ 121781 on or before 28th Oct 2012.

16.3 Cash and Cash Equivalents as of March 31, 2012 and March 31, 2011 includes restricted cash and Bank balances of ₹ 7,542,956 and ₹ 14,031,401 respectively. Other Bank balances maintained by the company with banks comprise of time deposits, which can be withdrawn by the company at any point of time without prior notice or penalty on the principal.

Note :17 Short Terms Loans and Advances

Unsecured and considered Goods		
Advance to Suppliers	14,336,063	2,660,371
Balance With Government Authorities (Indirect Taxes)	6,114,384	30,223,870
Prepaid Expenses	2,100,185	1,557,313
Loan to Staff	350,100	88,000
Loan to Contractor	400,000	0
Total in ₹	23,300,733	34,529,554

Note :18 Other Current Assets

Interest on F. D. Receivable	420,653	88,320
Interest on GEB Deposit Receivable	881,423	508,319
Total in ₹	1,302,076	596,639

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	2011-2012 ₹	2010-2011 ₹
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Note : 19 Revenue from Operations

Sale of Products	1,615,791,492	1,386,463,461
Less : Excise Duty	82,726,021	58,741,206
Net Sales	1,533,065,471	1,327,722,255
Income from Windmill	15,953,062	14,461,260
Total in ₹	1,549,018,533	1,342,183,515

19.1 Details of Product Sold		
Multilayer Testliner & Testliner Paper	1,615,791,492	1,386,463,461

Note : 20 Other Income

Interest Income	1,975,689	1,408,215
Other Receipts	158,846	12,315
Total in ₹	2,134,535	1,420,530

Note : 21 Cost of Material Consumed

Consumption of Raw Material		
Imported		
Imported Waste Paper	607,019,786	613,414,765
Indigenous		
Indian Waste Paper	244,385,994	125,323,940
Colour & Chemical	97,360,841	73,570,600
Total in ₹	948,766,620	812,309,305

21.1 Details of Raw Material Consumed

Particulars	2011-2012		2010-2011	
	Amount in ₹	% of Consumption	Amount in ₹	% of Consumption
Consumption of Raw Material				
Imported				
Imported Waste paper	607,019,786	63.98	613,414,765	75.51
Indigenous				
Indian Waste Paper	244,385,994		125,323,940	
Colour & Chemical	97,360,841		73,570,600	
Total of Indigenous	341,746,835	36.02	198,894,540	24.49
Total	948,766,620	100.00	812,309,305	100.00

Note : 22 Change in Inventories

Opening Stock of Finished Goods	24,978,108	8,421,002
Closing Stock of Finished Goods	14,312,172	24,978,108
Total in ₹	10,665,936	(16,557,106)

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	2011-2012 ₹	2010-2011 ₹
Salaries & Wages	43,407,180	32,346,329
Staff Welfare	1,171,037	844,040
Provident Fund and E.S.I.C.	1,895,295	1,637,798
Gratuity Expenses	622,007	467,106
Leave Encashment Expenses	2,581,529	1,744,541
House Rent Expenses	552,000	552,000
Directors Remuneration	6,936,438	7,073,352
Total in ₹	57,165,485	44,665,166

Note : 23 Employment Benefit Expenses

23.1 Employment Benefit Expenses
Disclosure relating to Employee Benefit –As per Revised AS-15

Particulars	31-Mar-12		31-Mar-11	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
A Expenses recognized in the statement of profit & Loss Account for the period ended	Non Funded		Non Funded	
Current Service Cost	340,334	521,374	296,744	457,392
Interest Cost	144,235	134,485	128,922	103,494
Expected Return on Planned Assets	0	0	0	0
Net Actuarial (Gain) /Loss recognized during the year	-2,189	1,326,853	-153,615	950,856
Settlement costs/others	139,626	598,816	195,055	232,799
Total Expenses	622,006	2,581,528	467,106	1,744,541
B Net Assets / (Liability) recognized in the Balance Sheet				
Present value of the obligation	1,788,094	1,909,931	1,510,231	1,630,120
Fair value of Planned Assets	0	0	0	0
Funded status (surplus/deficit)	0	0	0	0
Net Assets / (Liability) recognized in the Balance Sheet	1,788,094	1,909,931	1,510,231	1,630,120
Add.: Provision for separated employees /others	1,299,965	1,736,009	1,072,963	1,045,385
Total provision (Refer Note 6 and 10)	3,088,059	3,645,940	2,583,194	2,675,505
C Change in present value of obligation				
Present value of obligation as on 01-04-2011	1,510,231	1,630,120	1,391,387	1,293,671
Current service cost	340,334	521,374	296,744	457,392
Interest Cost	144,235	134,485	128,922	103,494
Benefit paid	-204,517	-1,702,901	-153,207	-1,175,293
Net Actuarial (Gain)/Loss recognized during the year	-2,189	1,326,853	-153,615	950,856
Present value of obligation as per actuarial Valuation as at 31-03-2012	1,788,094	1,909,931	1,510,231	1,630,120
Add.: Provision for separated employees /others	1,299,965	1,736,009	1,072,963	1,045,385
Total provision (Refer Note 6 and 10)	3,088,059	3,645,940	2,583,194	2,675,505

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**D Actuarial assumptions**

Discount Rate	8.25%	8.00%
Salary Escalation over a long term	5.00%	5.00%
Mortality Table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

The above information's is certified by the Actuary.

Particulars	2011-2012 ₹	2010-2011 ₹
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Note : 24 Financial Cost

Interest Expenses	37,472,429	39,869,546
Less : Interest Capitalised (Refer Note 11)	345,689	0
Net Interest Expenses	37,126,740	39,869,546
Other Borrowing Cost	362,600	562,657
Total in ₹	37,489,340	40,432,203

24.1 Other Borrowing cost includes renewal charges of Cash Credit limit and mortgage charges etc.

Note : 25 Depreciation & Amortisation Cost

Depreciation	34,060,790	29,966,208
Amortisation of Intangible Assets	89,508	60,000
Less : Depreciation Capitalised (Refer Note 11)	29,016	0
Total in ₹	34,121,282	30,026,208

25.1 Depreciation

Depreciation on Fixed Assets is provided on the Straight Line Method at the rates and in manner prescribed in Schedule XIV to the Companies Act, 1956 except on cellular handsets having gross block value ₹ 736,654 depreciation calculated @ 25 % and Waste Paper Godown having Gross block value ₹ 463,227 depreciation calculated @ 20 % on SLM basis. Depreciation on additions to assets during the year is provided on pro-rata basis.

Note : 26 Other Expenses

a Manufacturing Expenses		
Stores & Consumables Consumed		
Indigenous	19,099,099	13,083,725
Imported	4,003,112	4,350,260
Fuel and Power Consumed	219,289,397	191,574,878
Packing Material Consumed	10,280,986	7,490,275
Unloading Charges	7,885,193	6,996,049
Insurance Charges	2,946,051	2,538,948
Repairs and Maintenance- Plant & Machinery	7,403,842	1,603,277
Repairs and Maintenance- Building	959,732	500,009
Increase/(Decrease) of Excise Duty on Inventory	-403,083	919,377
Other Manufacturing Expenses	7,583,479	6,072,162
Total in ₹ (a)	279,047,808	235,128,960

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	2011-2012 ₹	2010-2011 ₹
b Selling & Distribution Expenses		
Selling Expenses	4,891,463	4,661,047
Sales Tax	43,905,792	37,931,105
Commission on Sale	5,426,668	6,357,317
Total in ₹ (b)	54,223,923	48,949,469
c Administrative & General Expenses		
Audit Fees	435,186	358,530
Consultancy Fees	1,166,335	894,459
Provision for Doubtful Advances	500,000	0
Foreign Exchange Fluctuation Expenses	551,337	0
Miscellaneous Expenses	4,790,562	9,548,589
Professional Charges	464,750	372,500
Rates and Taxes	372,443	275,335
Repairs and Maintenance (Others)	3,132,371	1,930,896
Security Charges	2,556,016	2,051,964
Travelling Expenses	2,250,381	1,395,119
Vehicle Expenses	1,103,331	950,675
Windmill Expenses	1,991,346	2,087,144
Total in ₹	19,314,059	19,865,211
Less: Expenditure Capitalised	896,703	636,030
Total in ₹ (c)	18,417,356	19,229,181
Total in ₹ (a + b + c)	351,689,087	303,307,611

26.1 Details of Stores & Consumables Consumed

Particulars	31-Mar-12		31-Mar-11	
	Amount in ₹	% of Consumption	Amount in ₹	% of Consumption
Consumption of Stores & Consumables				
Imported	4,003,112	17.33	4,350,260	24.95
Indigenous	19,099,099	82.67	13,083,725	75.05
Total	23,102,211	100.00	17,433,985	100.00

26.2 Payment to Auditors as :

Particulars	₹ 31-Mar-12	₹ 31-Mar-11
Statutory Audit Fees	131,236	72,030
Tax Audit Fees	30,000	21,500
Cost Audit Fees	48,950	40,000
Internal Audit Fees	225,000	225,000

Note : 27 Exceptional and Extraordinary Items

Exceptional Items on 31/03/2012 amounting ₹ 398,397 being interest received on calls in arrear on partly paid up shares. Extraordinary Items on 31/03/2012 includes ₹ 46,420 for prior period Expenditure and ₹ 46,682 Permanent diminution in value of Investment.

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**Note : 28 Impairment of Assets**

The company has carried out an exercise to ascertain the impairment, if any, in the carrying value of its Fixed Assets. An impairment loss is charged to the Profit and loss account when an asset is identified as impaired. During the year the company has recognized no such impairment loss .

Particulars	2011-2012 ₹	2010-2011 ₹
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Note : 29 Value of Imports on CIF basis in respect of

Raw Materials	198,509,362	130,393,550
Less: Import Raw Material claim received	90,251	1,128,766
Stores, Spare parts & Consumables	4,777,723	3,217,975
Capital Goods	11,990,961	25,321,037

Note : 30 Expenditure in Foreign Currency

Travelling Expenditure	983,659	513,555
Technical fees paid	443,025	0

Note: 31 Segment Information

Segment Revenues, Results and other information:

₹

Particulars	Paper		Wind Mill		Other/Unallocable		Total	Total
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
REVENUE								
Net Sales	1533065471	1327722255	0	0	2134535	1420530	1535200006	1329142785
Inter Segment Revenue	0	0	15953062	14461260	0	0	15953062	14461260
Net Sales / Income from Operation	1533065471	1327722255	15953062	14461260	2134535	1420530	1551153068	1343604045
RESULTS								
Profit before Tax, Dep & Interest	1352375878	1127436226	1989378	2087144	-13921872	-14201605	1368287128	1143724975
Less: Depreciation	27901356	24131794	4753736	4734842	1495206	1159572	34121282	30026208
Profit after Depreciation	152788237	176154235	9209948	7639274	-13282542	-13940647	148744658	169852862
Less: Interest							37489340	40432203
Profit before Extra Ordinary Items							111255318	129420659
Less: Extra Ordinary Items							305295	0
Less: Provision for Taxation							34720447	41919219
Net Profit							76840166	87501440
OTHER INFORMATION								
Segment Assets	842732623	762901865	146576806	84926496	63824917	61747515	1053134346	909575876
Segment Liabilities	163183635	112418551	0	244134	456339967	438788518	619523602	551451203
Capital Expenditure (Incl. Capital WIP)	23788828	17986977	0	0	0	0	23788828	17986977
Depreciation	27901356	24131794	4753736	4734842	1495206	1159572	34150298	30026208
Non Cash Expenses other than Dep.	0	0	0	0	0	0	0	0

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**Note : 32 Movement in Provisions**

Particulars of Disclosures	₹				
	Opening Balance 01/04/11	Additional Provision	Provision Used	Provision Reversed	Closing Balance 31/03/12
Gratuity	2,583,194	504,865	0	0	3,088,059
Leave Encashment	2,675,505	970,435	0	0	3,645,940
Bonus	520,465	583,568	520,465	0	583,568
Income Tax (Net of advance)	-12,367,816	-3,383,699	0	0	-15,751,515
FBT(Net of advance)	-109,681	0	0	0	-109,681
Wealth Tax	0	8,274	0	0	8,274

Nature of Provisions

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

Particulars	2011-2012	2010-2011
	₹	₹

Note : 33 Earning Per Share

1 Net Profit/Loss after tax but before Extra Ordinary/Exceptional Items available for equity share holder	76,534,871	87,501,440
2 Net Profit/Loss after tax available for equity share holder	76,840,166	87,501,440
3 Weighted average number of equity share of ₹ 10/- each outstanding during the year [No. of Shares]	5,347,137	5,336,341
4 Earning (Including extraordinary/exceptional items) per equity share of face value of ₹ 10 each Basic & Diluted	14.37	16.40
5 Earning (Excluding extraordinary/exceptional items) per equity share of face value of ₹ 10 each Basic & Diluted	14.31	16.40

Note : 34 Related Party Disclosure

- 34.1 List of related parties where control exists and related parties with whom transactions have taken place and relationships
- a) **Enterprises Owned by Directors or Major Shareholders**
Ajit Steel Centre, Twinkle Investment, Paras Industries, Piyush Export, Ratilal Ujamlal, Kashinda, Shree Samrat Pulp & Paper Pvt Ltd, Shree Samarpan Pulp & Paper Pvt. Ltd
 - b) **Key managerial Personnel**
Shri Gautam D Shah, Shri Piyush R Shah
 - c) **Relatives of Key Management Personnel**
Narmada Sales Corporation

34.2 Transactions with related Parties during the year

Nature of Transactions	₹	
	31-Mar-12	31-Mar-11
Managerial Remuneration paid to Key Management Personnel	6,936,438	7,073,352

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	2011-2012 ₹	2010-2011 ₹
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Note : 35 Interest in Joint Venture :

The company hold 50 % interest in Shree Samrat Pulp & Paper Pvt Ltd and Shree Samarpan Pulp & Paper Pvt. Ltd, a jointly controlled entity which is involved in manufacturing activity but not started any activity till the end of the year under consideration. The company's share of assets , liabilities, income and expenses in the jointly controlled entity for the year ended 31 st March are as follows :

Current Assets	293,131	953,799
Non -Current Assets	7,263,394	-
Current Liabilities	-24,508	-8,272
Equity	7,532,016	945,527
Revenue	-	-
Other Expenses	213,511	154,474
Profit before tax	-213,511	-154,474
Income tax expense	-	-
Profit after tax	-213,511	-154,474

Note : 36 Contingent Liabilities and Commitment

Contingent liabilities		
Counter claims by supplier against the company not acknowledged as debt	2,836,620	2,836,620
Bank Guarantee	537,718	8,031,401
Commitments		
Estimate amount of contracts remaining to be executed on capital account and not provided for		
In respect of Joint Venture	60,750,000	
In respect of others	33,553,475	2,731,927
Estimate amount of contracts remaining to be executed on other then capital account and not provided for Share of Commitments	86,217,862	59,901,806

36.1 The Income Tax assessment of the company have been completed up to Assessment Year A.Y.2010-11. The disputed demand outstanding up to the said Assessment Year is ₹ 165,088/-. Based on the decisions of the Appellate authorities and the interpretations of the other relevant provisions, the company has been legally advised that the demand is likely to be deleted and accordingly no provision has been made.

Note : 37

Till the year ended 31 March 2011, the company was using pre -revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, had become applicable to company. The company has reclassified previous year figures to confirm to this year's classification.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012
 (Pursuant to clause 32 of listing agreement with Stock Exchange)

Particulars	₹ 31-Mar-12	₹ 31-Mar-11
A. Cash flow from operating activities		
Net Profit / (Loss) before tax	111,560,613	129,420,659
<u>Adjustments for:</u>		
Depreciation and amortisation	34,121,282	30,026,208
Provision for impairment of fixed assets and intangibles	0	204,378
(Profit) / loss on sale / write off of assets	23,094	-5,042
Finance costs	37,489,340	40,432,203
Interest income	-1,975,689	-1,408,215
Dividend income	-16,315	-12,315
Prior Period Adjustments	93,102	0
Less : Prior Period Adjustments	-93,102	0
Operating profit / (loss) before working capital changes	181,202,325	198,657,876
<u>Changes in working capital:</u>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	-38,031,368	27,434,878
Trade receivables	-24,637,805	-40,740,325
Short-term loans and advances	11,228,821	14,415,824
Long-term loans and advances	-4,490,588	-12,363,171
Other current assets	-707,845	12,304,761
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	38,120,617	-16,739,168
Other current liabilities	-507,598	5,219,531
Short-term provisions	386,536	295,472
Long-term provisions	1,151,867	556,251
Cash generated from operations	-17,487,363	-9,615,947
Net income tax (paid) / refunds	-23,883,542	-35,164,081
Net cash flow from / (used in) operating activities (A)	139,831,420	153,877,848
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	-113,799,888	-72,579,725
Proceeds from sale of fixed assets	30,000	674,000
Purchase of long-term investments in Joint Venture	-6,753,318	-1,103,000
Interest received	1,975,689	1,408,215
Dividend received	16,315	12,315
Net cash flow from / (used in) investing activities (B)	-118,531,202	-71,588,195
C. Cash flow from financing activities		
Proceeds from issue of equity shares	202,328	32,797
Proceeds from long-term borrowings	63,491,420	39,685,881
Repayment of long-term borrowings	-83,977,999	-66,768,830
Short-term borrowings(Net)	31,781,168	-8,599,692
Finance cost	-37,489,340	-40,432,203
Dividends paid	-1,366,442	-1,365,622
Tax on dividend	-226,949	-232,087
Net cash flow from / (used in) financing activities (C)	-27,585,814	-77,679,756
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	-6,285,603	4,609,898
Cash and cash equivalents at the beginning of the year	47,580,022	42,970,124
Cash and cash equivalents at the end of the year	41,294,419	47,580,022
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 16)	41,294,419	47,580,022

Note 1- Cash flow Statement has been prepared under the indirect method as set out in Accounting Standards -3 "Cash Flow Statement" as specified in the Companies(AS) Rules,2006.

Note 2- Capital Expenditure of fixed assets includes movement of capital work in progress during the year.

AS PER OUR ATTACHED REPORT OF EVEN DATE
FOR H.P.SHAH ASSOCIATES
CHARTERED ACCOUNTANTS
 Firm Reg. No.: 109588 W

FOR AND ON BEHALF OF THE BOARD

H.P.SHAH
 Proprietor
 Membership No. : 39093
 Vapi, 25th May, 2012

GAUTAM D SHAH
 Managing Director

DHANSUKHLAL G SHAH
 Director

Vapi, 25th May, 2012

SHREE SAMRUDHI INDUSTRIAL PAPERS PVT. LTD.

NOTICE TO SHARE HOLDERS

NOTICE is hereby given that the **SECOND ANNUAL GENERAL MEETING**, of the Members of the Company will be held at the registered office of the Company at Office No.34, 2nd Floor, Sahara Market, Silvassa Road, Vapi on Thursday, 20th September, 2012 at 11.30 A.M., to transact the following business:-

ORDINARY BUSINESS

- 1) To receive, consider and adopt Audited Balance Sheet as at 31st March, 2012 and the Reports of Directors and Auditors thereon.
- 2) To appoint auditors to hold office from the conclusion of the Second Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. G. B. Laddha & Co., Chartered Accountants, Vapi, the retiring auditors being eligible, have offered themselves for reappointment.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Date : 21st May, 2012
Place : Vapi

GAUTAM D.SHAH
Director

NOTES

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING OF THE COMPANY MAY APPOINT ANOTHER MEMBER AS HIS PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF BUT A NON MEMBER SHALL NOT BE SO APPOINTED AND PROVISIONS OF SECTION 176 (2) SHALL NOT APPLY TO THE COMPANY. THE PROXY FORM DULY COMPLETED MUST BE RETURNED SO AS TO REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE AFORESAID MEETING

DIRECTORS' REPORT

To,
The Members of
SHREE SAMRUDHI INDUSTRIAL PAPERS PVT LTD
VAPI

Your Directors have pleasure in presenting their Second Annual Report, and the Audited financial statement for the year ended on 31st March, 2012.

FINANCIAL RESULT

The Company has not commenced any business during the year. The profit and loss account only reflects certain unavoidable expenses incurred and the loss reported is carried to the Balance Sheet.

The Board is actively considering various options for undertaking business activity and appropriate decision will be taken at appropriate time.

DIRECTORS

The Board has appointed Shri Dhansukhlal G. Shah as Additional Director with effect from 7th October, 2011 and will hold office till the next Annual General Meeting. Shri Gyanprakash H. Gupta resigned as Director and his resignation was accepted with effect from 7th October, 2011.

AUDITORS

The comments made by the Auditors in their report are self explanatory and do not require further explanation.

M/s. G. B. Laddha & Co., Chartered Accountants, Vapi, the Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. You are requested to appoint them as statutory Auditors of the Company for the year 2012-13 and to fix their remuneration.

Information under section 217(2AA) of the Companies Act, 1956- Directors Responsibility Statement

The Directors confirmed that :-

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit and loss of the Company for the period ended on that date.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the annual accounts on a going concern basis.

PUBLIC DEPOSIT

The company has not accepted any deposit from the public within the meaning of section 58-A of the Companies Act 1956, read with Companies (Acceptance of Deposits) Rules, 1975.

PARTICULARS OF EMPLOYEES

Information under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended up to date is Nil.

ACKNOWLEDGEMENT

Your Directors wish to acknowledge and place on record the Co-operation and support received from holding Company during the year under report.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Date : 21st May, 2012
Place : Vapi

GAUTAM D.SHAH
Director

Dhansukhlal G. Shah
Director

AUDITOR'S REPORT

To,
The Members
SHREE SAMRUDHI INDUSTRIAL PAPERS PRIVATE LIMITED
Vapi

We have audited the attached Balance Sheet SHREE SAMRUDHI INDUSTRIAL PAPERS PRIVATE LIMITED as at 31st March 2012 and the Profit and Loss Account for the year ended on that date annexed thereto and also the cash flow statement for the year ended on that date. These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.

The company is a private limited company and falls within the exemption specified under paragraph 2(iv) of the Companies (Auditors Report) Order 2003 and as amended by the Companies (Auditors Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub section 4A of section 227 of "The Companies Act, 1956 of India (the 'Act')". Hence the matters specified in paragraphs 4 & 5 of the said Companies (Auditors Report) Order 2004 are not enclosed.

We report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. 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 such books.
3. The Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
4. In our opinion the Balance Sheet comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.
5. On the basis of written representations received from the directors as on 31st March, 2012, and taken on record by the Board of Directors, We report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true fair view in conformity with the accounting principles generally accepted in India.
 - i. In so far as it relates to the Balance sheet, of the state of affairs of the Company as at 31st March, 2012,
 - ii. In so far as it relates to the Profit and Loss Account, the Loss of the Company for the year ended on that date, and
 - iii. In the case of Cash Flow Statement, of the cash flow of the company for the year ended on that date.

For G. B. LADDHA & Co.
Chartered Accountants
FRN 120352 W

GIRIRAJ LADDHA
Partner
Membership No. 108558

Place : Vapi
Date : 21st May, 2012

SHREE SAMRUDHI INDUSTRIAL PAPERS PVT. LTD.

BALANCE SHEET AS AT 31ST MARCH, 2012

	NOTE NO.	As At 31-March-2012 ₹	As At 31-March-2011 ₹
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	5,000,000	5,000,000
(b) Reserves and Surplus	3	-251,013	-214,196
(c) Money received against share warrants		0	0
(2) Share Application money pending allotment			
		0	0
(3) Non-Current Liabilities			
(a) Long-Term Borrowings		0	0
(b) Deferred Tax Liabilities (Net)		0	0
(c) Other Long Term Liabilities		0	0
(d) Long Term Provisions		0	0
(4) Current Liabilities			
(a) Short-Term Borrowings		0	0
(b) Trade Payables	4	99,266	72,030
(c) Other Current Liabilities		0	0
(d) Short-Term Provisions		0	0
Total Equity & Liabilities		4,848,253	4,857,834
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets		0	0
(ii) Intangible Assets		0	0
(iii) Capital Work in Progress		0	0
(b) Non-current investments		0	0
(c) Deferred tax assets (net)		0	0
(d) Long term loans and advances	5	87,408	85,000
(e) Other non-current assets		0	0
(2) Current Assets			
(a) Current investments		0	0
(b) Inventories		0	0
(c) Trade receivables		0	0
(d) Cash and cash equivalents	6	4,739,174	19,794
(e) Short-term loans and advances	7	0	4,753,040
(f) Other current assets	8	21,671	0
Total Assets		4,848,253	4,857,834

SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Notes on financial statements

This is the Balance Sheet referred to in our Report of even date.

FOR G. B. LADDHA & CO.
CHARTERED ACCOUNTANTS

Giriraj B. Laddha
Partner
Membership No. : 108558
Firm Reg. No.: 120352 W
Vapi, 21st May, 2012

FOR AND ON BEHALF OF THE BOARD

Gautam D. Shah
Director

Dhansukhlal G. Shah
Director

Vapi, 21st May, 2012

STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED ON 31ST MARCH, 2012

	NOTE NO.	2011-2012 ₹	2010-2011 ₹
INCOME			
I Revenue from operations		0	0
II Other Income	9	24,079	0
III III. Total Revenue (I +II)		24,079	0
IV Expenses			
Cost of materials consumed		0	0
Purchase of Stock-in-Trade		0	0
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		0	0
Employee Benefit Expense		0	0
Financial Costs		0	0
Depreciation and Amortization Expense		0	0
Other Administrative Expenses	10	60,896	214,196
Total Expenses (IV)		60,896	214,196
V Profit before exceptional and extraordinary items and tax (III - IV)		-36,817	-214,196
VI Exceptional Items		0	0
VII Profit before extraordinary items and tax (V - VI)		-36,817	-214,196
VIII Extraordinary Items		0	0
IX Profit before tax (VII - VIII)		-36,817	-214,196
X Tax expense			
(1) Current tax		0	0
(2) Deferred tax		0	0
XI Profit(Loss) from the period from continuing operation (IX-X)		-36,817	-214,196
XII Profit/(Loss) from discontinuing operations		0	0
XIII Tax expense of discounting operations		0	0
XIV Profit/(Loss) from Discontinuing operations (XII - XIII)		0	0
XV Profit/(Loss) for the period (XI + XIV)		-36,817	-214,196
XVI Earning per equity share:			
(1) Basic		-0.07	-0.43
(2) Diluted		-0.07	-0.43

SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Notes on financial statements

This is the Profit & Loss Statement referred to in our Report of even date.

**FOR G. B. LADDHA & CO.
CHARTERED ACCOUNTANTS**

Giriraj B. Laddha
Partner
Membership No. : 108558
Firm Reg. No.: 120352 W

**1
2 to 16
FOR AND ON BEHALF OF THE BOARD**

Gautam D. Shah Dhansukhlal G. Shah
Director Director

Vapi, 21st May, 2012

Vapi, 21st May, 2012

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note 1 : SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of Accounting

The financial statements of the Company have been prepared under the historical cost convention on an accrual basis and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) 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, unless otherwise specified.

(b) Tangible Fixed Assets

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

(c) Provision, Contingent Liabilities and Contingent Assets

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

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

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

Contingent Liability is disclosed in the case of ;

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

Contingent Assets are neither recognized nor disclosed.

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

(d) Impairment of Tangible and Intangible Assets

Impairment is recognized to the extent that the recoverable amount of an asset is less than its carrying amount and is charged to the Profit and Loss account as prescribed by The Institute of Chartered Accountants of India in Accounting Standard 28 "Impairment of Assets".

(e) Depreciation

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

(f) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investment are made, are classified as current investments. All other investments are classified as long term investments.

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

(g) Inventories

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

(h) Sales

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

(i) Foreign Currency Transactions

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

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**(j) Amortization of Miscellaneous Expenditure**

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

(k) Provision for Gratuity and Leave Encashment

a) Company has created provision for Gratuity as per the provisions of Payment of Gratuity Act on the basis of number of completed years of service as on Balance Sheet date.

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

(l) Taxation

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

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

(m) Use of Estimates

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

Particulars	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
-------------	-------------------------	-------------------------

Note : 2 Share Capital

AUTHORIZED CAPITAL		
5,00,000 (5,00,000) Equity Shares of ₹ 10/-each.	5,000,000	5,000,000
	5,000,000	5,000,000
ISSUED , SUBSCRIBED & PAID UP CAPITAL		
Paid up Share capital		
5,00,000 (5,00,000) Equity Shares of ₹ 10/- each, Fully paid up	5,000,000	5,000,000
Total in ₹	5,000,000	5,000,000

2.1 Reconciliation of Number of shares outstanding at the beginning and at the end of the Year

Particulars	31-Mar-12		31-Mar-11	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
No. of Share at the beginning of the year	500,000	5,000,000	500,000	5,000,000
No. of Shares at the end of the year	500,000	5,000,000	500,000	5,000,000

2.2 Details of Shareholding holding more than 5 % shares in the Co.

Particulars	31-Mar-12		31-Mar-11	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Shree Ajit Pulp And Paper Limited	499,980	99.99%	499,980	99.99%

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	As At 31-Mar-12 ₹	As At 31-Mar-11 ₹
-------------	-------------------------	-------------------------

Note : 3 Reserve & Surplus

Surplus (Profit & Loss Account)		
Balance brought forward from previous year	-214,196	0
Add: Loss for the period	-36,817	-214,196
Total in ₹	-251,013	-214,196

Note : 4 Trades Payable

Trades Payable		
Due to Micro, Small and Medium Enterprises	0	0
Others	99,266	72,030
Total in ₹	99,266	72,030

Note : 5 Long term loans and advances

Investment in NSC- Earmarked with Sales Tax Dept.	60,000	60,000
Vat Deposit	25,000	25,000
TDS Receivable	2,408	0
Total in ₹	87,408	85,000

Note : 6 Cash & Cash Equivalent

Bank Balance		
With Nationalised Bank A/c	38,234	19,794
Cash-in-Hand		
Cash Balance	940	0
Other Bank Balance		
Deposit with originally maturity for more than 3 months but less than 12 months	4,700,000	0
Total in ₹	4,739,174	19,794

Note : 7 Short Terms Loans and Advances

Loans & Advances from related parties		
a) Secured, Considered Good :	0	0
b) Unsecured, Considered Good :		
Amount receivable from related party	0	4,753,040
Total in ₹	0	4,753,040

Note : 8 Other Current Assets

Advance Recoverable in cash or in kind or for value to be considered good		
Interest on F. D. Receivable	21,671	0
Total in ₹	21,671	0

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	2011-2012 ₹	2010-2011 ₹
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Note : 9 Other Income

Interest Income	24,079	0
Total in ₹	24,079	0

Note : 10 Other Administrative Expenses

Bank Charges	0	206
Audit Fees	11,236	11,030
Professional Charges	5,000	25,000
Office Rent	36,000	36,000
Preliminary Expenses W/Off	0	141,960
Printing & Stationery	600	0
Filing Fees	3,060	0
Stamp Duty	5,000	0
Total in ₹	60,896	214,196

10.1 Payment to Auditor

Audit Fees	10,000	10,000
Services Tax	1,236	1,030
Total in ₹	11,236	11,030

Note : 11 Earning Per Share

Profit available for appropriation ₹	(36,817)	(214,196)
Weighted average number of shares	500,000	500,000
Earning per share (Basic) ₹	(0.07)	(0.43)
Face value per share ₹	10	10

Notes : 12 The company has not undertaken any transactions during the year as it is still in the process of setting up its business.

Notes : 13 Related Party Disclosure (As Identified by Management)

(i) Related Party Relationships

(a) Enterprises Owned by Directors or Major Shareholders

(1) Ajit Steel Centre (2) Ajeet Buildsteel Pvt. Ltd. (3) Shree Samrat Pulp & Paper Pvt.Ltd (4) Shree Samarpan Pulp & Paper Pvt. Ltd (5) Shree Ajit Pulp & Paper Ltd

(b) Key Management Personnel

Shri Gautam D. Shah & Shri Dhansukhlal G. Shah

(c) Relatives of Key Management Personnel

Narmada Sales Corporation (Brother of Director is partner)

Note : In respect of above parties, there is no provision for doubtful debts as on 31st March, 2012 and no amount has been written off or written back during the year in respect of debts due from/to them.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	2011-2012 ₹	2010-2011 ₹
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(ii) Transactions with related Parties

(Amount in ₹)

Type of Related Party	Description of the nature of the transactions	Volume of transactions during 2011-12	Amount outstanding as on 31.03.2012	
			Receivable	Payable
Where control exists	Loans & Advances	4,753,040	Nil	Nil
Key Management Personnel	Nil	Nil	Nil	Nil
Relative of Key Management Personnel	Nil	Nil	Nil	Nil

Notes 14: The Company has not received any intimation from "Suppliers" regarding their status under the Micro, Small and Medium enterprises Development Act, 2006 and hence disclosure, if any, relating to the amount un-paid as the end of year together with interest paid/ payable as required under the said Act have not been furnished.

Notes 15: Expenditure on employees in receipt of remuneration of not less than ₹ 600,000 per annum or at the rate of not less than ₹ 500,000 per month is Nil.

Notes 16: Till the year ended 31 March 2011, the company was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the company. The company has reclassified previous year figures to confirm to this year's classification.

SHREE SAMRUDHI INDUSTRIAL PAPERS PVT. LTD.

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

Particulars	31-March-12 ₹	31-March-11 ₹
Cash flow from Operating Activities		
Net profit/(loss) before tax	-36,817	-214,196
Add: Depreciation	0	0
Add: Interest Payment	0	0
Less: Interest Received	24,079	0
Less: Dividend Income	0	0
Operating Profit before working Capital Changes	-60,896	-214,196
Add: Decrease in Sundry Debtors	0	0
Add: Increase in Sundry Creditors	27,236	72,030
Add: Increase in Other Current Liabilities	0	0
Add: Decrease in Other Current Assets	4,728,961	-4,838,040
Add: Decrease in inventory	0	0
Cash generated from Operation	4,695,301	-4,980,206
Less: Income Tax paid	0	0
Cash flow before extraordinary item	4,695,301	-4,980,206
Add/Less: Extraordinary item		
Net Cash From Operating Activities (A)	4,695,301	-4,980,206
Cash Flow from Investing Activities		
Less: Purchase of Fixed Assets	0	0
Less: Investments made during the year	0	0
Add: Sale Of Investment	0	0
Add: Interest Received	24,079	0
Add: Proceeds from sale of Fixed Assets	0	0
Add: Dividend Received	0	0
Net Cash From Investing Activities (B)	24,079	0
Cash Flow from Financing Activities		
Add: Proceeds from Issue of Share Capital	0	5,000,000
Add: Proceeds from Long Term Borrowings	0	0
Less: Repayment of Long Term Borrowings	0	0
Less: Interest Paid	0	0
Less: Dividend Paid	0	0
Less: Dividend Tax Paid	0	0
Net Cash From Financing Activities (C)	0	5,000,000
Net increase/ Decrease In Cash and Cash Equivalents (A+B+C)	4,719,380	19,794
Cash and Cash Equivalents at beginning of the year	19,794	0
Cash and Cash Equivalents at end of the year	4,739,174	19794

As per report of even date attached
For G. B. LADDHA & Co.
Chartered Accountants

Giriraj B. Laddha
Partner
Membership No. 108558
FRN 120352 W
Vapi, 21st May, 2012

SHREE SAMRUDHI INDUSTRIAL PAPERS PVT LTD

Gautam D. Shah
Director

Dhansukhlal G. Shah
Director

Vapi, 21st May, 2012

Statement pursuant to section 212 of the Companies Act, 1956, relating to Subsidiary Company

Name of Company	Financial Year	Shares of the Subsidiary held by the Company directly or through its Subsidiary Company on 31-03-2012		Net aggregate amount of Profit/(Loss) of the Subsidiary for the financial year of the Subsidiary so far as they concern members of the Company		Net aggregate amount of Profit/(Loss) for previous financial years of the Subsidiary since it became a Subsidiary so far as they concern members of the Company	
		Number and face value	Extent of Holding (%)	Dealt with in the accounts of the Company for the year ended 31-03-2012	Not Dealt with in the accounts of the Company for the year ended 31-03-2012	Dealt with in the accounts of the Company for the year ended 31-03-2012	Not Dealt with in the accounts of the Company for the year ended 31-03-2012
Shree Samrudhi Industrial Papers Pvt. Ltd.	31-03-2012	500,000 Shares of ₹ 10/- each fully paid up	100	NIL	(36,817)	NIL	(251,013)

FOR AND ON BEHALF OF THE BOARD

Place : VAPI

Date : 25th MAY, 2012

**GAUTAM D. SHAH DHANSUKHLAL G. SHAH
MANAGING DIRECTOR DIRECTOR**



SHREE AJIT PULP AND PAPER LIMITED

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

17TH ANNUAL GENERAL MEETING ON 29th SEPTEMBER, 2012

ATTENDANCE SLIP

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

No. of Shares :

FOLIO No. :

DP ID No :

CLIENT No. :

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

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

I hereby record my presence at the 17th Annual General Meeting to be held at Survey No. 239, Near Morai Railway Crossing, Village Salvav, Via-Vapi-396 191. Gujarat on 29th September, 2012 at 11:00 a.m.

Member's / Proxy's Signature

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



SHREE AJIT PULP AND PAPER LIMITED

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

17TH ANNUAL GENERAL MEETING ON 29th SEPTEMBER, 2012

PROXY FORM

FOLIO No. :

DP ID No :

CLIENT No. :

I/We of

I/We being a Member/Members of above named

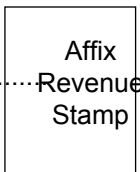
Company, hereby appoint of

or failing him I/We of

as my / our proxy to vote for me/us on/our behalf at the 17th Annual General Meeting to be held at Survey No. 239, Near Morai Railway Crossing, Village Salvav, Via-Vapi-396 191. Gujarat on 29th September, 2012 at 11:00 a.m. and at any adjournment thereof.

Signed this day of2012.

Signature



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

BOOK - POST

To,

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