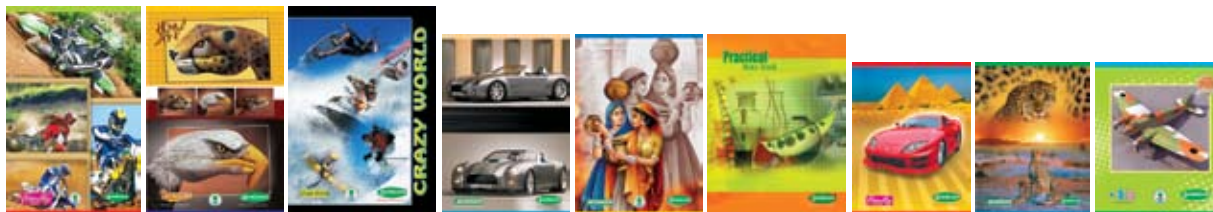


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18th Annual Report 2011-2012

Sundaram Multi Pap Ltd.

State of the Art, Giant Manufacturing Unit in Palghar, Maharashtra.



BOARD OF DIRECTORS

Mr.Amrut P. Shah
(Chairman & Managing Director)

Mr.Shantilal P. Shah
(Whole-time Director)

Mr.Hasmukh A. Gada
(Whole-time Director)

Mr.Jagdish J. Kothari
(Non-Executive Independent Director)

Mr.Paresh P. Jain
(Non-Executive Independent Director w.e.f 30/05/2012)

Mr.Mahip D. Agarwal
(Non-Executive Independent Director w.e.f 30/07/2012)

Mr.Anuj V. Sukhadia
(Non-Executive Independent Director up to 30/05/2012)

Mr.Bhavin P. Gogri
(Non-Executive Independent Director up to 30/07/2012)

Company Secretary

Ms.Amisha V. Shah

Auditors

M/s Bhuta Shah & Co., Chartered Accountants, Mumbai

Education Business Advisor

Mr.Krishan Khanna, Founder & Trustee of i-Watch

Bankers

State Bank of India

Industrial Development Bank of India

Registered Office

903, Dev Plaza, Opp. Andheri Fire Station, S.V. Road, Andheri (W), Mumbai- 400 058, Maharashtra, India

Plant

P.I.D.C.O., Mahim Village, Palghar, Dist. Thane, Maharashtra, India

Paper Unit

Village Sihora, P.O. Khandelwal Nagar, Kanhan – 441 401, Tah.Parseoni, Dist. Nagpur (M.S.), India

SEZ Unit

No.FA1-365 & 366, Sector No. 4, KASEZ, Gandhidham (Kutch), 370 230, Gujarat, India

Share Transfer Work

M/s Sharex Dynamic (India) Pvt. Ltd., Unit No.1, Luthra Ind. Premises, Andheri – Kurla Road, Safed Pool, Andheri (East), Mumbai- 400 072, India

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CONSOLIDATED FINANCIAL STATEMENT

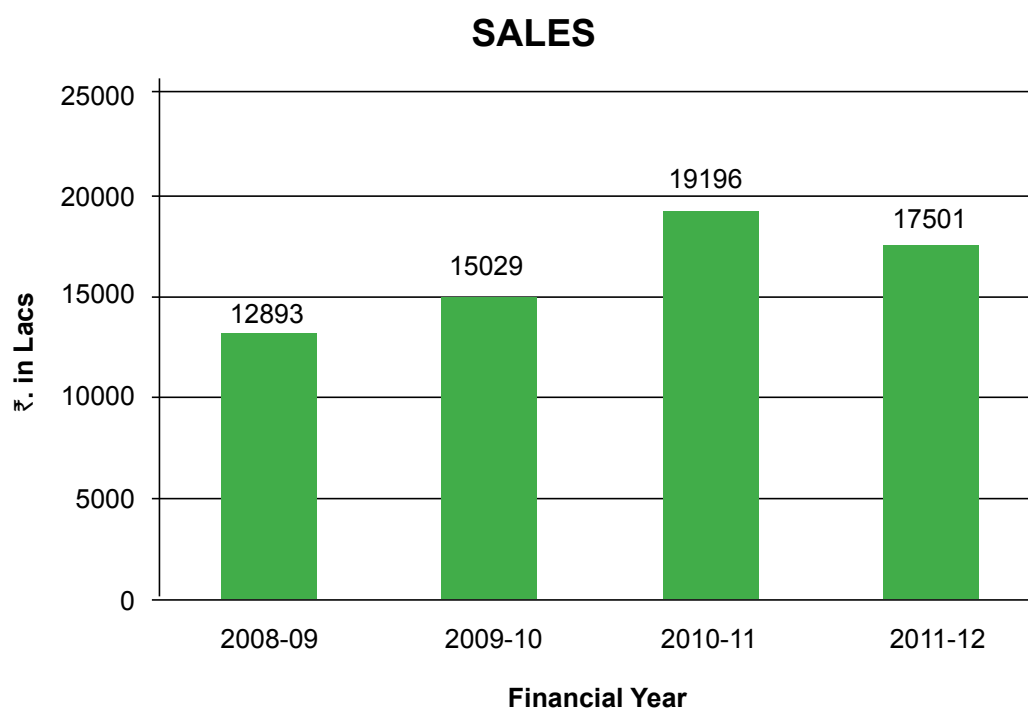
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Performance Highlights

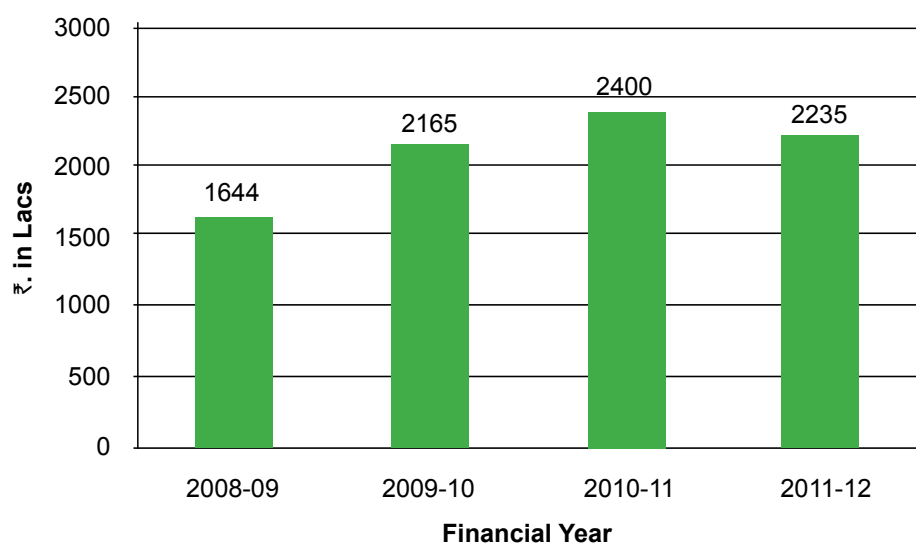
Profit & Loss Account

(₹ in Lacs)

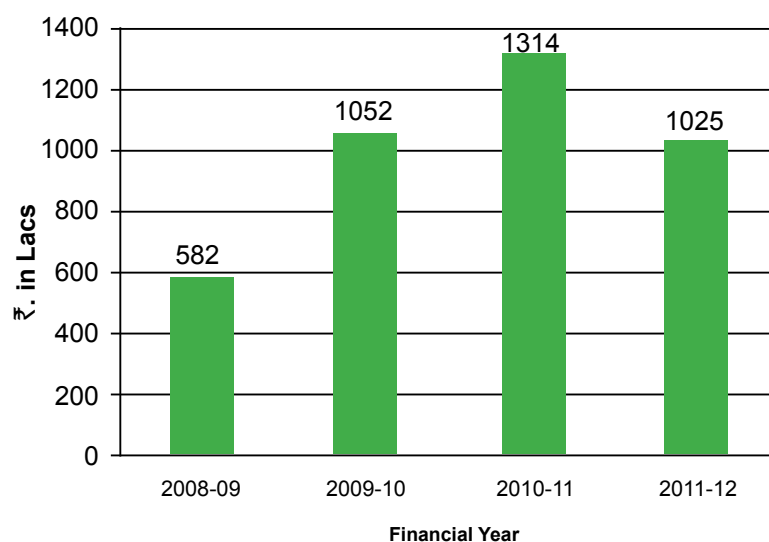
	2011-12	2010-11	2009-10	2008-09
Net Sales	17501	19196	15029	12893
Other Income	119	78	124	153
Total Income	17620	19274	15153	13046
Profit before Depreciation, Interest, Tax & Extraordinary Item (PBDIT)	2235	2400	2165	1644
"Profit before Tax (PBT)	1025	1314	1052	582
(After Extra Ordinary Items)	-	-	-	-
Profit After Tax (PAT)	771	865	774	562
Dividend including Dividend Distribution Tax	167	168	168	84
PBDIT as % Of Total Income	12.68	12.45	14.29	12.56
PAT as % Of Total Income	4.38	4.49	5.11	4.31
EPS (Rs)	1.07	1.2	1.08	0.79
* RONW %	6.90	8.19	8.09	9.17



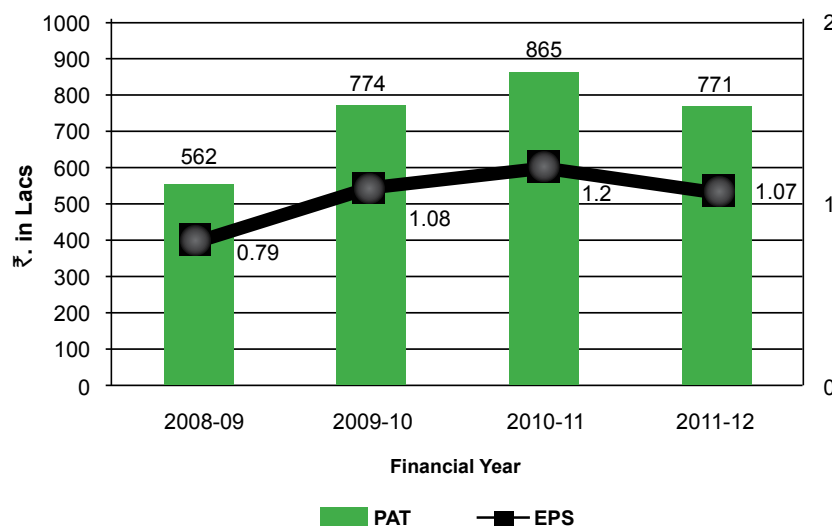
PBDIT



Profit Before Tax



Profit After Tax & EPS



NOTICE

To,
The Members

Sundaram Multi Pap Limited

NOTICE is hereby given that the **EIGHTEENTH** Annual General Meeting of the Members of **SUNDARAM MULTI PAP LIMITED** will be held on Thursday, 27th September 2012 at 10.00 a.m., at Navinbhai Thakar Hall, Shradhanand Road, Vile Parle (East), Mumbai-400 057, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 and the Statement of Profit and Loss Account for the year ended on that date and the Schedules and Notes together with the Reports of the Directors' and Auditors' thereon.
2. To declare dividend on Equity Shares.
3. To appoint Director in Place of Mr. Jagdish J. Kothari, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company.

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

"RESOLVED THAT M/s Bhuta Shah & Co., Chartered Accountants, Mumbai, having firm registration no. 101474W, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting of the Company and that the Board of Directors be and is hereby authorized to fix their remuneration for the period."

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s), if any, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. Paresh P. Jain, who was appointed as an Additional Director (Non-Executive, Independent) by the Board of Directors of the Company with effect from 30th May 2012, under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT the Board of Directors be and it is hereby authorized to do all such acts, deeds, matters and things as the Board in its absolute discretion may deem necessary or desirable to give effect to this resolution."

6. To consider and if thought fit, to pass, with or without modification(s), if any, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. Mahip D. Agarwal, who was appointed as an Additional Director (Non-Executive, Independent) by the Board of Directors of the Company with effect from 30th July 2012, under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT the Board of Directors be and it is hereby authorized to do all such acts, deeds, matters and things as the Board in its absolute discretion may deem necessary or desirable to give effect to this resolution."

7. To consider and if thought fit, to pass, with or without modification(s), if any, the following Resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to provisions of Sections 198(4), 309(3) read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Article No.133 of the Articles of Association of the Company and subject to the approval of the Central Government, and such other approvals, permissions and sanctions, if any, as may be required, and subject to the such conditions and modifications, as may be prescribed or imposed while granting such approvals, permissions and sanctions, the Company do and hereby approve the re-appointment of Mr. Amrut P. Shah as a Managing Director of the Company, at a remuneration of ₹10 Lac per month, with effect from 1st April 2012 for a period of 3 years i.e. till 31st March 2015 on such terms and conditions as stated in the Agreement dated 31st March 2012 entered into between the Company and the said Mr. Amrut P. Shah, Managing Director of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be

and is hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient and proper in the best interest of the Company.”

8. To consider and if thought fit, to pass, with or without modification(s), if any, the following Resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to provisions of Sections 198(4), 309(3) read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Article No.133 of the Articles of Association of the Company and subject to the approval of the Central Government, and such other approvals, permissions and sanctions, if any, as may be required, and subject to the such conditions and modifications, as may be prescribed or imposed while granting such approvals, permissions and sanctions, the Company do and hereby approve the re-appointment of Mr. Shantilal P. Shah as a Whole-time Director of the Company, at a remuneration of ₹. 5 Lac per month, with effect from 1st April 2012 for a period of 3 years i.e. till 31st March 2015 on such terms and conditions as stated in the Agreement dated 31st March 2012 entered into between the Company and the said Mr. Shantilal P. Shah, Whole-time Director of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient and proper in the best interest of the Company.”

9. To consider and if thought fit, to pass, with or without modification(s), if any, the following Resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to provisions of Sections 198(4), 309(3) read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Article No.133 of the Articles of Association of the Company and subject to the approval of the Central Government, and such other approvals, permissions and sanctions, if any, as may be required, and subject to the such conditions and modifications, as may be prescribed or imposed while granting such approvals, permissions and sanctions, the Company do and hereby approve the re-appointment of Mr. Hasmukh A. Gada as a Whole-time Director of the Company, at a remuneration of ₹. 2.5 Lac per month, with effect from 1st April 2012 for a period of 3 years i.e. till 31st March 2015 on such terms and conditions as stated in the Agreement dated 31st March 2012 entered into between the Company and the said Mr. Hasmukh A. Gada, Whole-time Director of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient and proper in the best interest of the Company.”

10. To consider and if thought fit, to pass, with or without modification(s), if any, the following Resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 198 and 309 and all other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act and subject to the approval of the Central Government, if required, and subject to such other approvals, permissions and sanctions, if any, as may be required, and subject to the such conditions and modifications, as may be prescribed or imposed by any of the authorities in granting such approvals, permissions and sanctions, the Company hereby accords its approval for payment of total remuneration of three Executive Directors viz. Mr. Amrut P. Shah, Managing Director, Mr. Shantilal P. Shah, Whole-time Director and Mr. Hasmukh A. Gada, Whole-time Director, as mentioned below:

	(₹. In Lacs)
Name	Salary (p.a.)
Mr. Amrut P. Shah	120.00
Mr. Shantilal P. Shah	60.00
Mr. Hasmukh A. Gada	30.00
Total	210.00

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to accept such modifications of remuneration, as may be approved by the Central Government and any other authorities to alter and vary the remuneration subject to the limit specified in Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to the Board of Directors and aforesaid Directors.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all necessary steps as may be required to give effect to the above resolution.”

11. To consider and if thought fit, to pass, with or without modification(s), if any, the following Resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 314(1) and other applicable provisions, if any, of

the Companies Act, 1956, The Director's Relative (Office or Place of Profit) Rules, 2011 and The Companies (Central Government's) General Rules and Forms, 1956, as amended from time to time, and other consents, approvals, permissions as may be required, consent of the Company be and is hereby accorded to appoint Mr. Raichand P. Shah, relative of Directors, to hold an office or place of profit as the Plant Manager of Palghar Plant of the Company w.e.f. 1st April 2012 on such terms and conditions and on such remuneration as may be decided by the Board of Directors, provided that the aggregate remuneration payable to him shall be as following:

- a) Remuneration shall be less than ₹. 30,00,000 p.a.
- b) During his tenure, he will be governed by the rules and regulations of the Company as may be applicable to the employees of the Company from time to time including change in designation and responsibilities.
- c) The revision of remuneration will be effective only after obtaining all the necessary approvals in this regard.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to this resolution"

By Order of the Board of Directors

For Sundaram Multi Pap Limited

Amisha V. Shah
Company Secretary

Mumbai on this 08th Day of August 2012

REGISTERED OFFICE:

903, Dev Plaza, S.V. Road, Opp. Andheri Fire Station, Andheri (W), Mumbai – 400 058, Maharashtra, India.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE, ON POLL, INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY TO BE EFFECTIVE, SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The explanatory statement as required under Section 173(2) of the Companies Act, 1956, in respect of the business set out in Item nos. 5, 6, 7, 8, 9,10 & 11 above is annexed hereto.
3. Members who hold Shares in dematerialized form are requested to write their Client ID and DP ID Nos. and those who hold shares in Physical form are requested to write their Folio No. in the attendance slip while attending the Meeting for easy identification of attendance at the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 24th September 2012 to Thursday, 27th September 2012 (Both days inclusive).
5. Members are requested to
 - I. Write to the Company at least 7 days before the date of the meeting, in case they desire any information as regards the Audited Accounts for the financial year ended 31st March 2012, so as to enable the Company to keep the information ready.
 - II. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are therefore requested to kindly bring their copy of the Annual Report and the Attendance Slip at the Annual General Meeting.
 - III. Intimate to the Registrar & Transfer Agent (R&TA) of the Company immediately, about any change in their addresses, where the shares are held in electronic form such change is to be informed to the Depository Participant (DP) and not to the Company / R & TA.
 - IV. Quote Registered Folio Number or DP ID/ Client ID in all the correspondence.
 - V. Approach the R&TA of the Company for consolidation of folios.
 - VI. Furnish bank account details to the R&TA / Depository Participant to prevent fraudulent encashment of dividend warrants.
 - VII. Avail Nomination facility in respect of the shares held in physical mode by filling in and forwarding the nomination form to the R&TA, if not already done. Nomination forms can be obtained from the Company's Registered Office/ from R&TA.
 - VIII. Send all share transfer lodgments (physical mode) / correspondence to the R&TA of the Company M/s. Sharex Dynamic (India) Pvt. Ltd, Unit No.1, Luthra Ind. Premises, Andheri-Kurla Road, Safed Pool, Andheri (East), Mumbai – 400 072 upto the date of book closure.
6. For the convenience of the Members, attendance slip is enclosed in the Annual Report. Members/ Proxy Holders/Authorized Representatives are requested to fill in and sign at the space provided therein and submit the same at the venue. Proxy/Authorized Representatives of Members should state on the attendance slip as 'Proxy' or 'Authorized Representative', as the case may be.

7. Corporate Members are requested to forward a certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
8. The Company has listed its shares at BSE Ltd., National Stock Exchange of India Ltd., Pune Stock Exchange Ltd. All the listing fees, till date, have been paid.
9. All the documents referred to in the Notice are open for inspection at the Registered Office of the Company between 10.30 a.m. to 12.30 p.m. on all working days except Saturdays, Sundays and Public Holidays until the date of the Annual General Meeting or any adjournment(s) thereof.
10. Members are informed that in case joint holders attend the Meeting, only such joint holder who is higher in the order of names in the Register of Members/Beneficial Holders will be entitled to vote.
11. The Ministry of Corporate Affairs ('MCA') has taken a 'Green Initiative in the Corporate Governance' by allowing paperless compliances by companies. The Company shall use the e-mail addresses of the Members obtained from the Depositories/Depository Participants/available with the Company's Registrar & Share Transfer Agents namely, Sharex Dynamic (India) Private Limited ('RTA') to send all future Members' communications like notices, the Company's Annual Reports, etc. through electronic mode. In case the Members have not furnished their e-mail addresses, they are requested to furnish the same to their Depository Participants, in respect of electronic holdings, and to RTA, in case of shares hold in physical form. Members are requested to notify immediately of any change of address, e-mail address, bank account details:
 - (i) to their Depository Participants (DPs) in respect of their shareholdings in electronic (demat) form and
 - (ii) to the Company's Registrar & Share Transfer Agents at the following address in respect of their shareholdings in physical form, if any, quoting their folio numbers:
 M/s Sharex Dynamic (India) Private Limited
 Unit No. 1, Luthra Ind. Premises, Andheri-Kurla Road,
 Safed Pool, Andheri (East), Mumbai – 400 072.
 Tel No: 022 - 2851 5606, 2851 5644 Fax No: 022 - 2851 2885
12. Pursuant to the Clause 49 of the Listing Agreement, relevant details of the Directors seeking appointment or re-appointment in forthcoming Annual General Meeting at item nos. 5 to 9 of the Notice are as follows:

Name of Directors	Mr. Amrut P. Shah	Mr. Shantilal P. Shah	Mr. Hasmukh A. Gada	Mr. Jagdish J. Kothari	Mr. Paresh P. Jain	Mr. Mahip D. Agarwal
Date of Birth	30/08/1961	07/11/1970	28/03/1969	04/11/1954	14/09/1984	29/03/1985
Date of Appointment	13/03/1995	01/08/1999	16/04/1998	30/03/2003	30/05/2012	30/07/2012
Expertise in specific functional areas	He has 27 years of experience in the field of Paper Stationery Products especially in production and marketing. He has profound knowledge of paper and paper stationery market world over and also statistical data on international as well as domestic market. He had extensively traveled and travels abroad for state of the art study of the market. He has developed the art of Public relation.	He is an expert in domestic Distribution and Marketing with a one to one relationship with the whole distribution chain of the company.	He is an expert administrator and manages the Company's every administrative requirement very efficiently. He has under him the head of accounts of the Company who looks after the finance, accounts, audit, taxation, etc, work of the Company.	He has a vast knowledge of accountancy, import & export.	He has a vast knowledge of accountancy & taxation.	He has a vast knowledge of accountancy, finance and marketing.
Qualifications	SSC	SSC	B.Com	B.Com	B.Com, C.A.	B.Com, MBA (Finance & Marketing)
Directorship held in other public companies (excluding foreign companies)	3	2	2	Nil	Nil	Nil
Membership/ Chairmanship of Committees of other public companies (includes only Audit Committee and Shareholders'/Investors' Grievance Committee)	0	1	1	Nil	Nil	Nil
Shareholdings in the Company	37185489	32949789	5097000	Nil	Nil	Nil

By Order of the Board of Directors
For Sundaram Multi Pap Limited

Amisha V. Shah
Company Secretary

Mumbai on this 08th Day of August 2012

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956:

The following Explanatory Statement sets out all material facts relating to the business mentioned under item nos. 5 to 11 of the accompanying Notice dated 08th August 2012.

Item No. 5

Mr. Paresh P. Jain was appointed by the Board at its meeting held on 30th May, 2012 as an Additional Director (Non-Executive, Independent) of the Company under Section 260 of the Companies Act, 1956. He holds office as Director only up to the date of the ensuing Annual General Meeting. As required by the provisions under Section 257 of the Companies Act, 1956, a notice has been received from a Member proposing his appointment as Director along with a deposit of ₹. 500/- (Rupees Five Hundred Only). The Board considers it desirable that the Company should continue to avail the services of Mr. Paresh P. Jain.

The Directors recommend resolution at item no.5 for approval by the shareholders by passing Ordinary Resolution.

None of the Directors, except Mr. Paresh P. Jain himself, are interested or concerned in the resolution at item no.5.

Item No. 6

Mr. Mahip D. Agarwal was appointed by the Board at its meeting held on 30th May 2012 as an Additional Director (Non-Executive, Independent) of the Company under Section 260 of the Companies Act, 1956. He holds office as Director only up to the date of the ensuing Annual General Meeting. As required by the provisions under Section 257 of the Companies Act, 1956, a notice has been received from a Member proposing his appointment as Director along with a deposit of ₹. 500/- (Rupees Five Hundred Only). The Board considers it desirable that the Company should continue to avail the services of Mr. Mahip D. Agarwal.

The Directors recommend resolution at item no.6 for approval by the shareholders by passing Ordinary Resolution.

None of the Directors, except Mr. Mahip D. Agarwal himself, are interested or concerned in the resolution at the item no.6.

Item No. 7

Mr. Amrut P. Shah was appointed as the Managing Director of the Company by the Board in its meeting held on 23rd March 2007 for period of five years w.e.f. 1st April 2007. Thus, his tenure as Managing Director of the Company was effective till 31st March 2012. The Board of Directors, on recommendation of the Remuneration Committee, in their meeting held on 31st March 2012 has, subject to the necessary approvals, re-appointed Mr. Amrut P. Shah as Managing Director of the Company with effect from 1st April 2012 for period of three years i.e. till 31st March 2015 on such terms and conditions including remuneration as set out in the agreement entered into on 31st March 2012 between the Company and Mr. Amrut P. Shah which are as follows:

1. This agreement will be effective from 1st April 2012.
2. Mr. Amrut P. Shah agrees to serve the Company as its Managing Director.
3. Mr. Amrut P. Shah will work under the superintendence, control and direction of the Board of the Company.
4. Mr. Amrut P. Shah is entrusted with substantial powers of management of the affairs of the Company except the powers which the Act or the Articles require to be exercised by the Board.
5. Without restricting the general powers of management as mentioned above, Mr. Amrut P. Shah shall exercise the following powers on behalf of the Company:
 - a. to manage, conduct and transact all the business, affairs and operations of the Company including power to enter into contracts and to vary and rescind them;
 - b. to enter into and become party to and to sign and execute all deeds, instruments, contracts, receipts, and all other documents or writings on behalf of the Company not required to be executed under its common seal or not otherwise provided for in the Articles of Association of the Company;
 - c. to make, sign, draw, accept, indorse, negotiate, sell and transfer on behalf of the Company all cheques, bills of exchanges, drafts, hundies, promissory notes, dock-warrants, delivery orders, railway receipts, bills of lading and other mercantile documents and other negotiable instruments and securities;
 - d. to become party to and to present for registration and admit execution of and to do every act, matter or thing necessary or proper to enable registration on behalf of the Company of all deeds, instruments, contracts, agreements, receipts and all other documents whatsoever;
 - e. to institute, defend, prosecute, conduct, compound refer to arbitration and abandon and to compromise legal or other proceedings, claims and disputes by or against the Company or in which the Company may be concerned or interested;
 - f. to receive and to give effectual receipts and discharges of moneys, funds, goods or property payable to or to be received by the Company;

- g. to convene meetings of the Board of Directors, committees, sub-committees of directors, if any, and the ordinary or extra-ordinary general meetings of the shareholders;
- h. Subject to the provisions of Section 292 and 293 of the Act, within such limits of price which the Board may from time-to-time prescribe, to purchase, pay for, acquire, sell, repurchase, import and export all machinery and plant;
- i. to purchase, pay for, acquire, sell, resell, repurchase and import raw materials, articles, stores, appliances, apparatus and all other materials and things necessary or expedient for the day-to-day working of the Company either for cash or credit and either for present or future delivery as also to export the products of the Company;
- j. to build, construct, erect and maintain, pull down, demolish and reconstruct warehouses, factories, offices, workshops and all other buildings for manufacturing, storing and otherwise dealing with the Company's properties, articles or things or for the purpose of the trade or business of the Company;
- k. to make advances upon or for the purchase of goods and all other articles required for the purposes of the Company upon such terms as the Managing Director think fit;
- l. subject to the provisions of the Act and subject to the provisions of any agreement at the time in force between the Company and any person, to appoint agents, sub-agents, distributors, at such place or places as the Managing Director think fit or necessary, to sell or otherwise dispose of the Company's properties, articles or things or products and on such terms and conditions as the Managing director think fit;
- m. to raise or borrow (otherwise than by debentures) from time-to-time in the name or otherwise on behalf of the Company by not exceeding the total amount specified by the Board from time to time, such sum or sums of money as the Managing director may think expedient;
- n. to acquire with the approval of the Directors and within such limits of price as they may from time-to-time prescribe on lease by purchase, exchange or otherwise howsoever for the purposes of the Company, properties, buildings, lands, premises, etc for factories, workshops, offices, showrooms, stores, machinery, etc. of the Company;
- o. to insure and keep insured Company's properties, buildings, machinery, moveable or immoveable either lying in the godowns, showrooms, or offices, or in the workshops or factories or elsewhere or in transit for import against loss or damage by fire or other risks to such amount and for such period as the Managing director may deem proper and to sell, assign, surrender or discontinue any of the insurances effected in pursuance of this power;
- p. subject to the provisions of sec 292 and 372A of the Act and when so authorised by the Board and within the limits from time-to-time fixed by the Board, to invest and deal with the monies of the Company not immediately required, upon such investments of such nature as may be specified by the Board from time-to-time or to deposit the same with banks, shroffs or persons and from time-to-time to realize and very such investments;
- q. subject to the provisions of Sec 292 and 372A of the Act and when so authorised by the Board and within the limits from time-to-time fixed by the Board to make loans for such purposes as may be specified by the Board from time-to-time;
- r. to operate upon and open accounts current, fixed or otherwise with any bank or bankers, merchant or merchants or with any Company or Companies, firm or firms, individual or individuals and to pay monies into and to draw monies from any such account or accounts from time-to-time as the Managing director may think fit;
- s. to attend and vote at all meetings in all bankruptcy, insolvency and liquidation or other proceedings in which the Company may be interested or concerned;
- t. to appoint or employ for the Company's transactions and management of affairs and from time-to-time to discharge or remove or suspend or re-appoint and re-employ or replace managers, officers, clerks, workmen, employees and other members of the staff of the Company, bankers, all kinds of agents, brokers, advocates, barristers, solicitors, pleaders, lawyers, mechanics, engineers, merchants, retail and wholesale commission dealers, muccadams, technicians and experts with such powers and duties and upon such terms as to duration of employment, remuneration or otherwise as the Managing Director may deem fit;
- u. to incur from time-to-time subject nevertheless to the provisions of the Act, such expenses and to lay out such sum or sums of money as the Managing Director may deem expedient for the offices or the establishments of the Company and for the purpose of maintaining and carrying on the works and business of the Company as he may think fit;
- v. from time-to-time, provide by the appointment of any attorney or attornies, or officer or officers for management and transaction of the affairs of the Company generally or in specified locality or district or province or state;

- w. and generally to make all such arrangements and to do all acts, deeds, matters and things on behalf of the Company as may be usual, necessary or expedient in the conduct and management of business and as are not by the Act or by the Memorandum and Articles of Association expressly require to be done by the Company in general meeting by the Board.
6. Mr. Amrut P. Shah may hold office as Managing Director of the Company for three (3) years starting from 1st April 2012 till 31st March 2015, except terminated as per point no.7 & 11, which may be renewed from time to time as per the discretion of the Board.
 7. The Company or Mr. Amrut P. Shah may bring to an end this Agreement before his term is over by giving a notice of the intention to terminate it at least 3 Months before the date on which the termination is to come into effect. If such notice is given, the agreement will come to an end when 3 months notice period is over.
 8. Mr. Amrut P. Shah must devote his full time and attention to the Company's business.
 9. Mr. Amrut P. Shah must always comply with the directions given and regulations made by the Board and he will faithfully serve the Company and use his best endeavors to promote its interests.
 10. For the services provided, the Company will pay Mr. Amrut P. Shah the salary of ₹. 10 Lacs per month as a Minimum remuneration.
 11. Subject to the provisions of the Act, Mr. Amrut P. Shah will not retire as Director by rotation, but his office of the Managing Director will come to an end if he ceases to hold office of Director for any reason.
 12. While he holds the office of Managing Director or at any time thereafter, Mr. Amrut P. Shah will not reveal to any person, or use for his own or somebody else's benefit, any confidential information concerning Company's business or affairs or any trade secrets or processes of the Company. Mr. Amrut P. Shah shall, while he holds the office of the Managing Director, also use his best endeavors to prevent any other person from doing so.
 13. Mr. Amrut P. Shah will not engage himself in any business which will directly compete with the business of the Company while he holds the office of the Managing Director or at any, thereafter for 3 (three) years.
 14. Where any controversy, dispute or disagreement arises between the Managing Director and the Company as to the interpretation or application of any of the terms, conditions, requirements or obligation under this Agreement or the performance hereof which the Parties are unable to resolve by agreement, the Parties hereby agree to refer the controversy, dispute or disagreement to arbitration in accordance with Arbitration and Conciliation Act, 1996. All arbitration proceedings shall be conducted in English and the venue for conducting such proceedings shall be at Mumbai.

The proposed remuneration of ₹. 120.00 Lacs p.a. payable to Mr. Amrut P. Shah, Managing Director, exceed the limit of 5% of the net profit, as calculated in the manner as provided under Section 198 of the Act, under Section 309 (3) of the Companies Act, 1956. Due to inadequacy of net profit to pay the remuneration as mentioned above the Company has applied to the Central Government as per the provisions of Clause 1 (C) of Section II of Part II of Schedule XIII of the Companies Act, 1956. The approval of the Central Government is awaited.

A copy of the above said agreement is available for inspection of the Members between 10.30 a.m. to 12.30 p.m. on all working days except Saturdays, Sundays and Public Holidays.

The Directors recommend resolution at item no.7 for approval by the shareholders by passing Special Resolution.

None of the Directors are concerned or interested in the resolution at item no.7 except Mr. Amrut P. Shah and Mr. Shantilal P. Shah.

Item No. 8:

Mr. Shantilal P. Shah who was appointed as Whole-time Director of the Company by the Board in its meeting held on 23rd March 2007 for period of five years w.e.f. 1st April 2007. Thus, his tenure of Whole-time Director of the Company was effective till 31st March 2012. The Board of Directors, on recommendation of the Remuneration Committee, in their meeting held on 31st March 2012 has, subject to the necessary approvals, re-appointed Mr. Shantilal P. Shah as Whole-time Director of the Company with effect from 1st April 2012 for period of three years i.e. till 31st March 2015 on such terms and conditions including remuneration as set out in the agreement entered into on 31st March 2012 between the Company and Mr. Shantilal P. Shah which are as follows:

1. This agreement will be effective from 1st April 2012.
2. Mr. Shantilal P. Shah agrees to serve the Company as its Whole-time Director.
3. Mr. Shantilal P. Shah will work under the superintendence, control and direction of the Board of the Company.
4. Mr. Shantilal P. Shah may hold office as Whole-time Director of the Company for three (3) years starting from 1st April 2012 till 31st March 2015, which may be renewed from time to time as per the discretion of the Board, except terminated as per point no. 5 & 9.

5. The Company or Mr. Shantilal P. Shah may bring to an end this Agreement before his term is over by giving a notice of the intention to terminate it at least 3 Months before the date on which the termination is come into effect. If such notice is given, the agreement will come to an end when 3 months notice period is over.
6. Mr. Shantilal P. Shah must devote his full time and attention to the Company's business.
7. Mr. Shantilal P. Shah must always comply with the directions given and regulations made by the Board and he will faithfully serve the Company and use his best endeavors to promote its interests.
8. For the services provided, the Company will pay Mr. Shantilal P. Shah the salary of ₹. 5 Lac per month as a Minimum remuneration.
9. Subject to the provisions of the Act, Mr. Shantilal P. Shah will not retire as Director by rotation, but his office of the Whole-time Director will come to an end if he ceases to hold office of Director for any reason.
10. While he holds the office of Whole-time Director or at any time thereafter, Mr. Shantilal P. Shah will not reveal to any person, or use for his own or somebody else's benefit, any confidential information concerning Company's business or affairs or any trade secrets or processes of the Company. Mr. Shantilal P. Shah shall, while he holds the office of the Whole-time Director, also use his best endeavors to prevent any other person from doing so.
11. Mr. Shantilal P. Shah will not engage himself in any business which will directly compete with the business of the Company while he holds the office of the Whole-time Director or at any, thereafter for 3 (three) years.
12. Where any controversy, dispute or disagreement arises between the Whole-time Director and the Company as to the interpretation or application of any of the terms, conditions, requirements or obligation under this Agreement or the performance hereof which the Parties are unable to resolve by agreement, the Parties hereby agree to refer the controversy, dispute or disagreement to arbitration in accordance with Arbitration and Conciliation Act, 1996. All arbitration proceedings shall be conducted in English and the venue for conducting such proceedings shall be at Mumbai.

A copy of the above said agreement is available for inspection to the Members at the Registered Office of the Company between 10.30 a.m. to 12.30 p.m. on all working days except Saturdays, Sundays and Public Holidays.

The Directors recommend resolution at item no. 8 for approval by the by passing Special Resolution.

None of the Directors are concerned or interested in this resolution except Mr. Shantilal P. Shah and Mr. Amrut P. Shah.

Item No. 9

Mr. Hasmukh A. Gada who was appointed as the Whole-time Director of the Company by the Board in its meeting held on 23rd March 2007 for period of five years w.e.f. 1st April 2007. Thus, his tenure of Whole-time Director of the Company was effective till 31st March 2012. The Board of Directors, on recommendation of the Remuneration Committee, in their meeting held on 31st March 2012 has, subject to the necessary approvals, reappointed Mr. Hasmukh A. Gada as Whole-time Director of the Company with effect from 1st April 2012 for period of three years i.e. till 31st March 2015 on such terms and conditions including remuneration as set out in the agreement entered into on 31st March 2012 between the Company and Mr. Hasmukh A. Gada which are as follows:

1. This agreement will be effective from 1st April 2012.
2. Mr. Hasmukh A. Gada agrees to serve the Company as its Whole-time Director.
3. Mr. Hasmukh A. Gada will work under the superintendence, control and direction of the Board of the Company.
4. Mr. Hasmukh A. Gada may hold office as Whole-time Director of the Company for three (3) years starting from 1st April 2012 till 31st March 2015, except terminated as per point no.5& 9, which may be renewed from time to time as per the discretion of the Board.
5. The Company or Mr. Hasmukh A. Gada may bring to an end this Agreement before his term is over by giving a notice of the intention to terminate it at least 3 Months before the date on which the termination is come into effect. If such notice is given, the agreement will come to an end when 3 months notice period is over.
6. Mr. Hasmukh A. Gada must devote his full time and attention to the Company's business.
7. Mr. Hasmukh A. Gada must always comply with the directions given and regulations made by the Board and he will faithfully serve the Company and use his best endeavors to promote its interests.
8. For the services provided, the Company will pay Mr. Hasmukh A. Gada the salary of ₹. 2.5 Lacs per month as a Minimum remuneration.
9. Subject to the provisions of the Act, Mr. Hasmukh A. Gada will not retire as Director by rotation, but his office of the Whole-time Director will come to an end if he ceases to hold office of Director for any reason.
10. While he holds the office of Whole-time Director or at any time thereafter, Mr. Hasmukh A. Gada will not reveal

to any person, or use for his own or somebody else's benefit, any confidential information concerning Company's business or affairs or any trade secrets or processes of the Company. Mr. Hasmukh A. Gada shall, while he holds the office of the Whole-time Director, also use his best endeavors to prevent any other person from doing so.

11. Mr. Hasmukh A. Gada will not engage himself in any business which will directly compete with the business of the Company while he holds the office of the Whole-time Director or at any, thereafter for 3 (three) years.
12. Where any controversy, dispute or disagreement arises between the Whole-time Director and the Company as to the interpretation or application of any of the terms, conditions, requirements or obligation under this Agreement or the performance hereof which the Parties are unable to resolve by agreement, the Parties hereby agree to refer the controversy, dispute or disagreement to arbitration in accordance with Arbitration and Conciliation Act, 1996. All arbitration proceedings shall be conducted in English and the venue for conducting such proceedings shall be at Mumbai.

A copy of the above said agreement is available for inspection to the Members at the Registered Office of the Company between 10.30 a.m. to 12.30 p.m. on all working days except Saturdays, Sundays and Public Holidays.

The Directors recommend resolution at item no. 9 for approval by the shareholders bypassing Special Resolution.

None of the Directors are concerned or interested in this resolution except Mr. Hasmukh A. Gada and Mr. Amrut P. Shah

Item No.10:

The term of appointments of Mr. Amrut P. Shah as Managing Director, Mr. Shantilal P. Shah and Mr. Hasmukh A. Gada as Whole-time Directors was expired on 31st March 2012. The Board, on the recommendation of the Remuneration Committee, re-appointed Mr. Amrut P. Shah as Managing Director of the Company and Mr. Shantilal P. Shah and Mr. Hasmukh A. Gada as the Whole-time Directors of the Company w.e.f. 1st April 2012 for a period of three years i.e. till 31st March 2012. The proposed remuneration to be paid to all of them is as follows:

	(₹. In Lacs)
Name	Salary (p.a.)
Mr. Amrut P. Shah	120.00
Mr. Shantilal P. Shah	60.00
Mr. Hasmukh A. Gada	30.00
Total	210.00

The total proposed remuneration ₹. 210.00 Lacs p.a. payable to the Directors of the Company, as mentioned in table above, exceed the limit of 10% of the net profit as prescribed under section 309 (3) of the Companies Act, 1956 and calculated in the manner as provided under Section 198 of the Act.

The Directors recommend resolution at item no. 10 for approval by the shareholders by passing Special Resolution.

None of the Directors are concerned or interested in this resolution except Mr. Amrut P. Shah, Mr. Shantilal P. Shah and Mr. Hasmukh A. Gada.

The following additional information as required under Clause 1 (C) of Section II of Part II of Schedule XIII to the Companies Act, 1956 with respect to item no. 7 and item no. 10 is given below:

I. GENERAL INFORMATION:

- (1) Nature of Industry: **Paper and Stationery**
- (2) Date of Commencement of commercial production: **13th March 1995**
- (3) In case of new Company, expected date of Commencement of activities as per project approved by Financial Institutions appearing in the Prospectus: **Not Applicable**
- (4) Financial Performance:

As per published audited financial results of the Company following are the details of financial performance of the Company during last five years:

Particulars	Year ended 31st March				
	2012	2011	2010	2009	2008
Turnover	17500.73	19196.30	15002.56	12893.02	11151.73
Net Profit (as Computed under Section 309(5) of the Companies Act, 1956)	1129.35	865.26	774.25	561.98	809.74
Net Profit (as per Profit & Loss Account)	771.17	865.26	774.25	561.98	809.74
Amount of Dividend Paid/payable (Equity)	*143.74	143.74	143.74	71.86	71.87
Rate of dividend declared in % (Equity)	20% (pre bonus) and 6.666% (post bonus)	20%	20%	10%	10%

* Subject to approval of members at the ensuing Annual General Meeting

Currently, the Company is performing well. However, in the event of unforeseen circumstances and conditions beyond the control of the Company, the profitability of the Company may be affected. Barring unforeseen circumstances, it is expected that the Company will perform well in future.

(5) Export Performance, Net Foreign Exchange Earnings and Collaborations:

During the year 2011-2012 the Company has earned Net Foreign Exchange Earnings of Rs.1116.67Lacs. There is no foreign collaboration.

(6) Foreign Investments or Collaborations, if any:

The total holdings of foreign institutional investors is 1,47,00,000 Equity shares of Re.1/- each constituting 6.82% of the Paid up Equity Share Capital. There is no foreign collaboration.

II. INFORMATION ABOUT THE APPOINTEE:

A) Mr. Amrut P. Shah:

(1) Background details:

Mr. Amrut P. Shah, Promoter, is the CMD of the Company. He brings with him more than 27 years' experience in the business of paper stationery manufacturing. He started his career at a tender age of 20 years in the notebook manufacturing and marketing. He is associated with the Company since incorporation i.e. from 1995, till date.

(2) Past Remuneration:

(₹. in lacs)

Period		Salary
From	To	
01/04/2007	31/03/2008	24.00
01/04/2008	31/03/2009	24.00
01/04/2009	31/03/2010	60.00
01/04/2010	31/03/2011	60.00
01/04/2011	31/03/2012	54.00

(3) Recognition/Awards:

Mr. Amrut P. Shah is, inter alia, associated with the following bodies:

Sl. No.	Name of the Associations	Position
1	Maharashtra Book Manufacturing Association	Secretary
2	Mumbai Notebook Manufacturing Association	Secretary

The Sundaram Multi Pap Limited under the Stewardship of Mr. Amrut P. Shah obtained the following recognition/Awards:

Sl. No.	Awards/Recognition	Issuing Authority	Year
1	Certificate of Merit	CAPEXIL	1997-1998
2	Certificate of Merit	CAPEXIL	1999-2000
3	Certificate of Export Recognition	Ministry of Industries, Trade & Commerce, Government of Maharashtra	1999-2000
4	Special Export Award	CAPEXIL	2000-2001
5	Award for Best Export Performance. Category: Regional Award (Konkan Region)	Ministry of Industries, Trade & Commerce, Government of Maharashtra	2000-2001
6	Special Export Award	CAPEXIL	2001-2002
7	Special Export Award	CAPEXIL	2002-2003
8	Special Export Award	CAPEXIL	2003-2004
9	Special Export Award	CAPEXIL	2004-2005
10	Award for Best Export Performance. Category: Regional Award (Konkan Region)	Ministry of Industries, Trade & Commerce, Government of Maharashtra	2006-2007
11	Special Export Award	CAPEXIL	2009-2010

(4) Job Profile and Suitability:

Mr. Amrut P. Shah is the Managing Director of our Company having almost 3 decades of experience in the industry. He functions under the control, superintendence and direction of the Board of Directors. He is the Chief Executive Officer of the Company. Apart from the day to day management of the Company, the Board of Directors has entrusted to him the responsibility of successful and timely execution of the Company's expansion projects from time to time.

(5) Remuneration paid/ proposed:

(₹ in lacs)		
Period		Salary
From	To	
01/04/2012	31/03/2015	120.00

(6) Comparative Remuneration Profile with respect to Industry, size of the Company, Profile of the position and person:

Mr. Amrut P. Shah brings with him almost 3 decades of experience in the business of paper stationery manufacturing. He started his career at a tender age of 20 years in the notebook manufacturing and marketing that provided him the opportunity to understand complete intricacies of this business like sourcing raw materials, complete manufacturing processes like printing, ruling, cutting, folding, pinning, pasting and packing and selling to various retail outlets in and around vicinity. He launched himself as an independent manufacturer in the year 1985 with his brother Mr. Shantilal P. Shah and in very second year of operation achieved three important milestones viz. pioneered the concept of long books, drawing book with laminated cover and the soft cover laminated notebooks. He also has in-depth knowledge of the paper industry that helps the business greatly, paper being the principal raw material. He has built an uncanny relationship with the paper manufacturers over last 26 years which has ensured consistent supplies of the required paper for manufacturing various paper stationery. His all encompassing knowledge of paper stationery manufacturing business and his successful track record have made him the most respectable figure in the Industry.

Sundaram is strong Brand in Education stationery market in western India for almost 3 decades. In Maharashtra it is one of the top two brands with 15% market share. The Company's existing capacity of conversion of paper into various paper stationery product stands at 25000 tonnes of paper and 4500 tonnes of boards per annum. Mr. Amrut P. Shah strived hard to place our Company in a prominent position and his role since 1995 in turning our Company to one of the reputed and branded paper stationery manufacturing companies in the State of Maharashtra. He has transformed his vision of e-learning by launching 'e-class', through its wholly owned subsidiary i.e. E-class Education System Ltd., which is 100 % syllabus based quality digital animation content for State Board K-10 Segment of Maharashtra State in both English as well as in Marathi medium. The turnover of our Company, as per the audited accounts, for the year ended 31.03.2012 was ₹. 17500.72 Lakhs. There are 142 employees on the roll as on date. Considering the size of the Company, turnover, growth in the Company's business and the profile of the Managing Director, the proposed remuneration is comparable,

if not, lower than the levels prevailing in the industry.

(7) Pecuniary Relationship, directly or indirectly, with the Company or relationship with the Managerial Personnel, if any:

Mr. Shantilal P. Shah, Whole-time Director is related to Mr. Amrut P. Shah, Managing Director. Mr. Amrut P. Shah does not have any other pecuniary relationship, directly or indirectly with the Company or managerial personnel except to the extent of his shareholdings in the equity share capital of the Company and the salary drawn by him as Managing Director. Mr. Amrut P. Shah holds 3,71,85,489 Equity Shares of ₹1/- each in the Company constituting 17.25% of total outstanding shares of the Company.

B) Mr. Shantilal P. Shah

(1) Background details:

Mr. Shantilal P. Shah is Whole-time Director of the Company. He is a great marketing brain in the paper and stationery industry. He has evolved and developed a unique dealer/retailer network in the form of retail shops in Maharashtra, Gujarat and Goa. He constantly strives to expand the dealer/retail network through personal relationships and innovative schemes of rewarding the dealer achievers. He has put in place the system to gather from this network great deal of market intelligence in terms of customer preference for Sundaram's products vis-à-vis the competitors' products.

(2) Past Remuneration:

(₹. in lacs)

Period		Salary
From	To	
01/04/2007	31/03/2008	18.00
01/04/2008	31/03/2009	18.00
01/04/2009	31/03/2010	30.00
01/04/2010	31/03/2011	30.00
01/04/2011	31/03/2012	30.00

(3) Job Profile and Suitability:

Mr. Shantilal P. Shah is the Whole-time Director of our Company. He functions under the control, superintendence and direction of the Board of Directors. He has profound knowledge of customer taste and market for the products of the Company. He looks over the overall marketing and distribution network of the Company and makes and executes strategic marketing plans.

(4) Remuneration paid/ proposed:

(₹. in lacs)

Period		Salary
From	To	
01/04/2012	31/03/2015	60.00

(5) Comparative Remuneration Profile with respect to Industry, size of the Company, Profile of the position and person:

Mr. Shantilal P. Shah brings with him more than 20 years' experience of marketing in paper and stationery industry. He is being associated with the Company since incorporation. He has made in depth studies of the market for paper and paper stationery products. He has created strong whole seller and retailer channels for the products of the Company.

'Sundaram' is strong Brand in Education stationery market in western India for the last 26 years. In Maharashtra it is one of the top two brands with 15% market share. The Company's existing capacity of conversion of paper into various paper stationery product stands at 25000 tonnes of paper and 4500 tonnes of boards per annum. Mr. Shantilal P. Shah strived hard to create the brand 'SUNDARAM' in the market.

The turnover of our Company, as per the audited accounts, for the year ended 31.03.2012 was ₹17500.72Lakhs. There are 142 employees on the roll as on date. Considering the size of the Company, turnover and the profile of the Whole-time Director, the proposed remuneration is comparable, if not lower than the levels prevailing in the industry.

(6) Pecuniary Relationship, directly or indirectly, with the Company or relationship with the Managerial Personnel, if any:

Mr. Shantilal P. Shah, Whole-time Director, and Mr. Amrut P. Shah, Managing Director of the Company, are related to each other. Mr. Shantilal P. Shah does not have any other pecuniary relationship, directly

or indirectly with the Company or managerial personnel except to the extent of his shareholding in the equity share capital of the Company and the salary drawn by him as Whole-time Director. Mr. Shantilal P. Shah holds 3,29,49,789 Equity Shares of ₹. 1/ – each in the Company constituting 15.28% of total outstanding shares of the Company.

C) Mr. Hasmukh A. Gada

(1) Background details:

Mr. Hasmukh A. Gada is Whole-time Director of the Company. He is an expert administrator and manages the Company's every administrative requirement very efficiently. He has under him the head of accounts of the Company who looks after the finance, accounts, audit, taxation, etc, work of the Company.

(2) Past Remuneration:

(₹. in lacs)

Period		Salary
From	To	
01/04/2007	31/03/2008	09.00
01/04/2008	31/03/2009	12.00
01/04/2009	31/03/2010	12.00
01/04/2010	31/03/2011	12.00
01/04/2011	31/03/2012	12.00

(3) Job Profile and Suitability:

Mr. Hasmukh A. Gada handles all the administration of the Company. He is playing major role in planning, financing, administering, organizing and controlling. He is co-coordinator and mediator. He functions under the control, superintendence and direction of the Board of Directors. Apart from the day to day management of the Company, the Board of Directors has from time to time entrusted to him the responsibility of successful and timely execution of the Company's expansion projects.

(4) Remuneration paid/ proposed:

(₹. in lacs)

Period		Salary
From	To	
01/04/2012	31/03/2015	30.00

(5) Comparative Remuneration Profile with respect to Industry, size of the Company, Profile of the position and person:

Mr. Hasmukh A. Gada has been handling the administration of the Company since last 14 years. He has the quality of administering workforce and sets the coordination in the entire organization. He has the art of getting timely work done from the employees. His administration skill maintains the peace and harmony in the organization.

Sundaram is strong Brand in Education stationary market in western India for the last 26 years. In Maharashtra, it is one of the top two brands with 15% market share. The Company's existing capacity of conversion of paper into various paper stationery product stands at 25000 tonnes of paper and 4500 tonnes of boards per annum. The turnover of our Company, as per the audited accounts, for the year ended 31.03.2012 was ₹. 17500.72 Lacs. There are 142 employees on the roll as on date. Considering the size of the Company, turnover and the profile of the Whole-time Director, the proposed remuneration is comparable, if not lower than the levels prevailing in the industry.

(6) Pecuniary Relationship, directly or indirectly, with the Company or relationship with the Managerial Personnel, if any:

Mr. Hasmukh A. Gada, Whole-time Director of the Company and Mr. Amrut P. Shah, Managing Director, are related to each other. Mr. Hasmukh A. Gada also does not have any pecuniary relationship, directly or indirectly with the Company or managerial personnel except to the extent of his shareholdings in the equity share capital of the Company and the salary drawn by him as Whole-time Director. Mr. Hasmukh A. Gada holds 50,97,000 Equity Shares of ₹. 1/ – each in the Company constituting 0.79% of total outstanding shares of the Company.

III. OTHER INFORMATION:

(1) Reasons for loss or inadequacy of profits:

The turnover of the Company for the year 2011-12 is ₹. 17500.72 Lakhs as against ₹. 19196.30 Lakhs for the year 2010-2011. There is no loss in the Company. The net profit of the Company for the year 2011-12 is ₹771.17 Crores as against ₹. 865.26. Crores for the year 2010-2011. With the growing market players and tuff competition in the market the Company had accordingly maintained the competitive prices of its products which in turn reduced the sales income and thus the over all profit also reduced marginally. Thus, the profits falls short for the computation of the ceilings of the remuneration to the managerial personnel.

(2) Steps taken or proposed to be taken for improvement:

The Company has already installed for the first time a fully automatic production line for the exercise books which become fully operational and has started giving global quality products at a reduced cost of production. The strategy of increasing the capacity through the upgrades/expansion at its locations, wherever feasible, has been achieved and is in place assuring value to the stakeholders. The Company has already trimmed its manpower across units and imparting multitasking skills for its workers has been top priority. The Company is also on the lookout for further growth opportunities that may be available in the market. Further, it is continuous efforts of the Management to improve profitability of the Company.

(3) Expected increase in productivity and profits in measurable terms:

With the steps taken by the Company on operations front in improving the production and operating parameters by increasing the capacity through upgradation and expansion at its locations, wherever feasible, it is expected that the production level will increase tremendously and cost of production will comedown resulting in increase in the profitability of the Company.

IV DISCLOSURES:

(1) Remuneration Policy:

The remuneration policy of the Company is based upon well defined criteria such as success and performance of its managerial persons and the Company, industry benchmark, the profile of the incumbent, the responsibilities shouldered etc. Through its remuneration policy, the Company endeavors to attract, retain, develop and motivate its high skilled and dedicated workforce.

(2) Details of remuneration payable to the Directors from 1st April 2012 to 31st March 2015

(i) Executive Directors:

(₹ in lakhs)	
Name & Position	Salary*
Mr. Amrut P. Shah, Chairman and Managing Director	120.00
Mr. Shantilal P. Shah, Whole-time Director	60.00
Mr. Hasmukh A. Gada, Whole-time Director	30.00
Total	210.00

* subject to necessary approvals

There are no stock options available / issued to any Executive Directors of the Company.

(ii) Non-Executive Directors:

No remuneration is paid to the Non-Executive Directors. There has been no pecuniary relationship or transactions between the Company and Non-Executive Directors during the year 2011-2012.

There are no stock options available / issued to any Non-Executive Directors of the Company. The Directors recommend resolution at item no.10 for approval by the shareholders by passing Special Resolution.

None of the Directors are concerned or interested in this resolution except Mr. Amrut P. Shah, Mr. Shantilal P. Shah and Mr. Hasmukh A. Gada.

Notes:

- Appointment, terms, conditions and payment of remuneration is governed by the resolution(s) passed by the Remuneration Committee, Board of Directors and Members of the Company and approval from the Government of India, Ministry of Corporate Affairs, wherever necessary. The remuneration structure comprises salary, perquisites, allowance, contribution to provident fund, etc.
- The Company is not paying any sitting fees for attending meetings of the Board and/ or any Committee thereof.

Item No. 11:

Mr. Raichand P. Shah is a Key person at the production front. He owes very good technical knowledge at the floor with ability to achieve the production targets before time while maintaining the highest quality standards. He has the ability to take overall charge of all the factories and get the desired work done from workers effectively.

In order to achieve a high growth rate in the production and sales, it is proposed to appoint him as Plant Manager of plant of the Company situated at Palghar. Hence, on the recommendation of the Selection Committee, the Board of Directors in their meeting held on 31st March 2012, subject to the approval of Members, has proposed the appointment of Mr. Raichand P. Shah, as the Plant Manager of the Palghar Plant of the Company at a remuneration of less than ₹30,00,000/ – p.a.

As per the provisions of Section 314(1) of the Companies Act, 1956 read with The Director's Relative (Office or Place of Profit) Rules, 2011 and The Companies (Central Government's) General Rules and Forms, 1956, as amended from time to time, the appointment of a relative of a Director drawing a remuneration of less than ₹2,50,000 p.m. requires approval of the shareholders by way of special resolution passed at the general meeting of the Company.

Hence, the Directors recommend resolution at item no. 11 for approval by the shareholders by passing Special Resolution.

None of the Directors are concerned or interested in this resolution except Mr. Amrut P. Shah and Mr. Shantilal P. Shah.

By Order of the Board of Directors

For Sundaram Multi Pap Limited

Amisha V. Shah
Company Secretary

Mumbai this 08th Day of August 2012

REGISTERED OFFICE:

903, Dev Plaza, S.V. Road, Opp Andheri Fire Station, Andheri (W), Mumbai – 400 058, Maharashtra, India.

Directors' Report

To
The Members,
Sundaram Multi Pap Limited

Your Directors are pleased to present the Eighteenth Annual Report of the Company with Audited Balance Sheet and Statements of Accounts for the year ended **31st March 2012**.

FINANCIAL HIGHLIGHTS:

The financial highlights of the Company are as follows:

	(₹ In lakhs)	
	2011-12	2010-11
Total Income	17620.09	19274.31
Profit before interest, depreciation & amortization	2235.12	2400.12
Less: Interest	859.35	639.78
Depreciation	350.49	337.10
Amortization	—	109.40
Profit before extraordinary item & tax	1025.28	1313.84
Less: Extra ordinary item	—	—
Profit before tax	1025.28	1313.84
Less: Net provision for tax	247.13	475.51
Less: Short provision for earlier year	6.98	(26.93)
Profit after tax	771.17	865.26
Add: Balance brought forward from previous year	3615.23	2996.35
Balance available for disposal	4386.40	3861.61
Which the directors appropriate as follow:		
Proposed Dividend	143.74	143.74
Dividend tax	23.32	24.43
Transfer to general reserve	45.30	78.21
Balance to be carried forward	4174.04	3615.23

DIVIDEND:

Your Directors are pleased to recommend a dividend of ₹ 1,43,73,720/- for the financial year 2011-12 i.e. ₹ 0.20/- per share of ₹ 1/- each i.e. @ 20% (Pre Bonus) equivalent to ₹ 0.0666/- per share of ₹ 1/- each i.e. @ 6.666% (Post Bonus).

The total dividend outgo will be ₹ 1,43,73,720/- exclusive of Dividend Distribution Tax of ₹ 23,31,777/- to be paid by the Company.

INCREASE IN THE AUTHORISED CAPITAL:

The Authorised Share Capital of the Company has increased from ₹ 20 Crores (Rupees Twenty Crores Only) divided into 20 Crores (Twenty Crores) Equity Shares of ₹ 1/- (Rupee One Only) each to ₹ 25 Crores (Rupees Twenty Five Crores Only) divided into 25 Crores (Twenty Five Crores) Equity Shares of ₹ 1/- (Rupee One Only) each with effect from 1st April 2012.

ISSUE OF BONUS SHARES:

The Company issued and allotted bonus shares on 16th April 2012 in the proportion of 2 (two) new equity bonus share of ₹1/- each for every 1 (one) existing fully paid up equity share of ₹1/- each held. Thus, the Company issued 14,37,37,182 (Fourteen Crores Thirty Seven Lakhs Thirty Seven Thousand One Hundred and Eighty Two Only) new fully paid up equity shares of ₹ 1/- thus aggregating paid up capital to ₹ 21,56,05,773/- (Rupees Twenty One Crore Fifty Six Lakh Five Thousand Seven Hundred and Seventy Three) divided into 21,56,05,773 (Twenty One Crore Fifty Six Lakh Five Thousand Seven Hundred and Seventy Three) fully paid up equity shares of ₹1/- each.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Paper Stationery Business:

Industry Structure & Developments

The Indian Paper and Stationery industry has close linkages with economic growth as higher industrial output leads to increased demand for industrial paper for packaging, increased marketing spend benefits the newsprint and value-added segments, and increased education and office activities increase demand for writing and printing paper. It is a high growth industry driven by investments in education at the primary, secondary and tertiary level. The notebook industry has immense potential, and is witnessing sea changes by moving away from the commodity market towards the branded product market. Notebook is an essential part of our education. With the Government's emphasis on education, the number of student enrolments is increasing annually and the industry is growing in sync. The growth of notebook industry is at good pace buoyed by the Sarva Shiksha Abhiyan which received an allocation of ₹ 25,555 crore allocation, showing an increase of 21.7%; while a 29% increase for Rashtriya Madhyamik Shiksha Abhiyan making it ₹ 3,124 crore in the Union Budget 2012-13. As proposed, 6000 schools will be set up at block level as model schools in the 12th Five Year Plan. Besides, a Credit Guarantee Fund announced to be set up for better flow of credit to students.

Your Company has an established brand 'Sundaram' over 25 years and produces quality products at affordable prices which pave the way to retain in the market and sustain the competition. With the student population of approximately 400 million in India, it makes education one of the biggest business opportunities, provided such opportunities are seized innovatively. With the growing awareness of education amongst the population and increase in the per capita income, people are willing to spend more on education. Thus, paper stationery and notebook industry is a growing industry as compared to other sector and there is no death for this industry.

There is a cut throat competition from the unorganized sector. Your Company is one of the prime players in the organized sector. However, the organized sectors can compete with the unorganized manufacturers on account of economies of scale, modern manufacturing facilities, top class quality and round the year availability of products. The organized sector particularly has made rapid progress in modernizing its manufacturing facilities by installing state of the art high speed and fully automatic printing equipment. Your Company has modernized plants and automatic upgraded machines to produce quality products and which also allows your Company to take advantage of the economies of scale.

Opportunities & Threats:

Government's emphasis on education, various programs of the Government and other social organizations on eradication of illiteracy, growing awareness about education, increasing per capita income, preference over the branded products, etc., are some of the major factors that contribute to the increasing demand for the branded notebooks and paper stationery. Also with the growing corporates across the globe adds up to increasing demand for office paper stationery products. Your Company is having the most modern and up to date manufacturing facilities to cater to the increasing demand for the quality paper stationery products. Sundaram is strong Brand in Education stationery market in western India for the last 25 years. In Maharashtra it is one of the top two brands with 15% market share. Your Company is expanding its market reach in the States of Goa, Gujarat, Madhya Pradesh and Karnataka. Sundaram has total 1200 wholesaler's distribution network with reach from tier 1 cities to Tier 2, Tier 3 & rural areas. Your Company has also brought a new land at Palghar on which the setting of new plant is under process which would cater to the domestic needs.

The existence of unorganized sector poses a threat to organized sectors but your Company manufactures quality products at competitive prices which enables to with stand cut thorat competition.

The raw material prices particularly of paper could have an effect on margins. However, being an established Company and its relationship with its reputed suppliers of paper for over fifteen years, your company have no problems in getting timely uninterrupted supplies of paper which is an important element in school paper stationery business.

Risks & Concerns

Notebook and paper stationery industry is directly depended on the pulp & paper industry. The major issues confronting India's pulp and paper industry are high cost of production caused by inadequate availability and high cost of raw materials, power cost and concentration of mills in one particular area, non-availability of good-quality fibre, uneconomical plant size, technological obsolescence and environmental challenges.

While issues relating technology capacity and environment come directly under the purview of companies, raw material shortage is as disadvantage affecting all domestic companies.

Indian paper industry can be more competitive by adding improvements of key ports roads and railways communication facilities, revision of forest policy is required for wood based paper industry so that plantation can be raised by industry, cooperatives of farmers and State Government. Degraded forest land should be made available to the industry for raising plantation. Import duty on waste paper should be reduced, duty free imports of new & second hand machinery/equipment should be allowed for technology up gradation.

Financial performance:

Exercise Books: Sales during the Financial Year ended 31st March, 2012 was ₹ 126.27 crores as against ₹ 119.21 crores during the previous year.

Paper: Sales during the Financial Year ended 31st March, 2012 was ₹ 7.37 crores as against ₹ 8.01 crores in the previous year.

Trading: The gross trading turnover of eco friendly copier paper during year ended on 31st March 2012 was ₹ 41.37 Crores as compared to ₹ 64.74 during last year.

Outlook:

The demand for the school stationery products is expected to remain firm and your Company would be able to maintain its growth consistently.

Subsidiary:

E-class Education System Limited

The wholly owned subsidiary of the Company namely 'E-class Education System Ltd.' has successfully penetrated the market with the 100 % syllabus based quality digital animation content for State Board K-10 Segment of Maharashtra State in English, Marathi and Semi-English medium. During the period under review the subsidiary Company made sales of ₹ 4.93 Crores as compared to ₹ 2.50 Crores for the year 2010-11 registering a growth of 97.20%. With the growing emphasis on education and positive response from the students, teachers, parents and coaching classes, the Company is optimistic about the rising of sales in the coming years.

During the year under review the subsidiary Company signed a MOU with AICPTR (All India Council for Professional Training & Research) for distribution of e-class system across Maharashtra State through more than 900 computer centres to reach district, tehsil and village level marketing. It has launched 'E-class tablet' which has a 7" touch screen with eight to twelve hours battery life, 1.2 Ghz Processing speed and a built-in memory of 8GB expandable up to 64GB, usb port, and also an external 3G dongle which can be attached for internet. This tablet has inbuilt e-class content. It has also developed its own online educational portal.

CONSOLIDATED FINANCIAL STATEMENTS:

The Consolidated Financial Statements has been drawn up in accordance with the applicable accounting standards, forms part of the annual report. Under Section 212(1) of the Companies Act, 1956, a copy of financial statements of the wholly owned subsidiary 'E-class Education System Ltd.', along with the report of the Board of Directors and that of the Auditor's thereon is attached herewith the Company's accounts.

INTERNAL CONTROLS & THEIR ADEQUACY

The Company has adequate internal control systems commensurate with the size and operations of the Company. The scope of the internal audit is to ensure the control systems established by the management are correctly implemented and to suggest any additional changes required to strengthen the existing systems. These systems and procedures are reviewed at regular intervals through internal audits, statutory audits and audit committee.

HUMAN RESOURCES & INDUSTRIAL RELATIONS

Industrial relations continue to remain peaceful at the manufacturing plant at Palghar and Nagpur. The labour force at the manufacturing plants have been trained vigorously and this in-house training has increased the skill levels abundantly. All the employees are working with the Company for a common objective.

Industrial relations of the Company were cordial during the year.

FIXED DEPOSITS:

The Company has not accepted fixed deposits from public during the year under review.

UNCLAIMED DIVIDEND:

Your company would like to bring to the notice of the Shareholders that some of them have not yet claimed the dividends as per the under mentioned detail:

Accounting Year	Total amount unclaimed
	(in ₹)
2005-06	55,399
2006-07	54,666
2007-08	1,82,458
2008-09	54,398
2009-10	67,650
2010-11	53,737

The Board of Directors sincerely like to remind the concerned shareholders to claim their dividends. The Board also like to inform the shareholders that any dividend remaining unclaimed for seven years gets transferred to Investor Education & Protection Fund as per Section 205C of the Companies Act, 1956.

BANKS & FINANCIAL INSTITUTIONS:

The Company has been prompt in making the payment of interest and repayment of loans to financial institutions & banks. Banks & financial institutions continue to give their unstinted support. The Board of Directors records its appreciation for the same.

CORPORATE SOCIAL RESPONSIBILITY:

Your Company as a responsible corporate citizen has been seriously aware of providing elementary education to the rural poor. Since 1998, your Company has supported six school projects, one hostel project and two national projects for the benefit of school children, handicapped children, blind children and also contributed to the armed forces during the Kargil war. During the year under report, Company has provided donations to the handicapped children's education as well as student's hostel.

Your Company has a motto that every child in India must get equivalent education irrespective of where they are situated. In our own humble ways we are contributing to the education sector. This has helped enhance the image of the Company.

DIRECTORS:

Mr. Jagdish J. Kothari retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Mr. Paresh P. Jain and Mr. Mahip D. Agarwal were appointed by the Board as an Additional Director (Non-Executive, Independent) of the Company under Section 260 of the Companies Act, 1956, w.e.f. 30th May 2012 and 30th July 2012 respectively and they hold office as Director only up to the date of the ensuing Annual General Meeting. As required by the provisions of Section 257 of the Companies Act, 1956, notices has been received from members proposing their appointment as Directors along with deposit of ₹ 500/- (Rupees Five Hundred Only.) for each of them from the members. The Board considers it desirable that the Company should continue to avail the services of Mr. Paresh P. Jain and Mr. Mahip D. Agarwal.

Mr. Amrut P. Shah, who is the Director of the Company and whose tenure of Managing Director of the Company expired on 31st March 2012, was reappointed, on the recommendation of Remuneration Committee and subject to the approval of Central Government and Members, as the Managing Director of the Company, with effect from 1st April 2012 by the Board in their meeting held on 31st March 2012 on such terms and conditions including remuneration of ₹ 10.00 lacs per month, as set out in the agreement entered into on 31st March 2012 between the Company and Mr. Amrut P. Shah.

Mr. Shantilal P. Shah, who is the Director of the Company and whose tenure of Whole-time Director of the Company expired on 31st March 2012, was reappointed, on the recommendation of Remuneration Committee and subject to the approval of Central Government and Members, as a Whole-time Director of the Company, with effect from 1st April 2012 by the Board in their meeting held on 31st March 2012 on such terms and conditions including remuneration of ₹ 5.00 lacs per month, as set out in the agreement entered into on 31st March 2012 between the Company and Mr. Shantilal P. Shah.

Mr. Hasmukh A. Gada, who is the Director of the Company and whose tenure of Whole-time Director of the Company expired on 31st March 2012, was reappointed, on the recommendation of Remuneration Committee and subject to the approval of Central Government and Members, as a Whole-time Director of the Company, with effect from 1st April 2012 by the Board in their meeting held on 31st March 2012 on such terms and conditions including remuneration of ₹ 2.50 lacs per month, as set out in the agreement entered into on 31st March 2012 between the Company and Mr. Hasmukh A. Gada.

Mr. Anuj V. Sukhadia and Mr. Bhavin P. Gogri resigned from the Company with effect from 30th May 2012 and 30th July 2012 respectively.

The Company has complied with the relevant provision of the listing agreement regarding the appointment of Independent Directors. The details of the same are given under the Compliance Report on Corporate Governance.

DIRECTORS' RESPONSIBILITY STATEMENT:

In Compliance of Section 217 (2AA), as incorporated by the Companies (Amendment) Act, 2000 in the Companies Act, 1956 your Directors confirm that:

- a) The Company has followed the applicable standards in the preparation of the Annual Accounts and there had been no material departure;
- b) The Directors had selected the 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 at the end of the financial year and of the profit or loss of the Company for the aforesaid period;
- c) The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts on a going concern basis.

AUDITORS' REPORT:

The Auditors in their Report have made following observation in point 4 (f):

With respect to note no.30 regarding revision in estimate for the amount of amortization of brand, whereby amortization of brand is short accounted by ₹ 29,172,298/- resulting in to increase in profit by ₹ 29,172,298/- and value of Brand by ₹ 29,172,298/-, the Management have to reply that the observation so made is self-explanatory and do not call for further comments.

All the other observations made in the Auditors' Report are self-explanatory and therefore do not call for further comments under Section 217 of the Companies Act, 1956.

AUDITORS:

M/s Bhuta Shah & Co., Chartered Accountants, Auditors, Mumbai, of the Company retire at the ensuing Annual General Meeting. However, being eligible, offer themselves for reappointment as the Statutory Auditors of the Company. During the year under review, the management has not proposed to appoint any branch auditors for better co-ordination.

COST AUDITORS:

In accordance with the Industry wise General Order of the Central Government, on the recommendation of the Audit Committee, the Company has appointed M/s SNM & Associates, Cost Accountants, Nagpur as Cost Auditor of the Company to conduct audit of the cost Accounts relating to the Paper and Paper Products/Articles manufactured by the Company for the financial year 2012- 2013.

CORPORATE GOVERNANCE:

The Company has been proactive in following the principles and practices of good Corporate Governance. The company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreements of the Stock Exchanges are complied with.

A report on Corporate Governance, along with a certificate of compliance from the Auditors, forms part of this report.

DEPOSITORIES:

The Company is registered with both National Securities Depository Limited and Central Depository Services (India) Limited. The shareholders can take advantage of holding their scrips in dematerialised mode.

DELISTING:

The equity shares of the Company are delisted from the Ahmedabad Stock Exchange Ltd. w.e.f 31st July 2012. The Company has applied for delisting of equity shares from the Pune Stock Exchange Ltd. and till date the same is under process by the Pune Stock Exchange Ltd.

PERSONNEL:

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of the Employees) Rules, 1975, as amended, the name and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report, excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto. Members who are interested in obtaining such particulars may write to the Company at its Registered Office.

INSURANCE:

All the assets of the Company wherever necessary and to the extent required have been insured.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:

The information as required under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in Report of the Board of Directors) Rules 1988 with respect to conservation of energy, technology absorption and foreign exchange earnings is given below:

Form A:

Part A. Conservation of Energy:

	2012	2011
I) Electricity: -		
(a) Purchased:	22.49	22.29
Unit (In Lacs)	149.61	109.15
Total Amount (₹ Lacs)	6.65	4.90
Rate /Unit (₹)		
(b) Purchased:		
Units (in Kwh)	NIL	NIL
Total Amount (₹ Lacs)	NIL	NIL
Rate /Unit (₹)	NIL	NIL
II) Coal:-		
Quantity (Tones)	2515 MT	2485 MT
Total Cost (₹ Lacs)	111.56	83.47
Average Rate (₹)	4436.00	3359.00
III) Furnace Oil	NIL	NIL
IV) Rice Husk		
Quantity (Tones)	NIL	NIL
Total Cost (₹ Lacs)	NIL	NIL
Average Rate (₹)	NIL	NIL

Part B. Consumption Per Unit of Production:

Particular	Consumption per Unit of Production
Electricity	611.45 Unit
Coal/Rice Husk	0.684 M.T.

B. Technology Absorption, Adaptation and Innovation:

The Research and Product Development activities are primarily directed towards product developments and new designs of notebooks as well as other stationery related items.

C. Foreign Exchange Earnings and Outgoings:

(₹ in lakhs)		
Particular	2011-12	2010-11
Foreign Exchange Earnings:	1116.67	2022.64
Foreign Exchange Outgoings:	6.38	2.32

ACKNOWLEDGEMENTS:

The Board of Directors expresses their deep gratitude for the co-operation and support extended to your Company by its customers, suppliers, Bankers and various Government agencies. Your Directors also place on record the commitment and involvement of the employees at all levels and looks forward to their continued co-operation.

For and on behalf of the Board of Directors
Sundaram Multi Pap Limited

Amrut P. Shah
Chairman & Managing Director

Mumbai on this 08th day of August 2012

Report On Corporate Governance

(Pursuant to clause 49 of the Listing Agreement)

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE CODE:

Company's philosophy on Corporate Governance is to ensure fairness, transparency, accountability and responsibility to all stakeholders.

Your Company believes in a Code of Governance, which fulfills the Motto of "Service to Society through commercial activities." We have implemented a Corporate Governance Code to ensure proper quality, customer satisfaction, prompt payment to suppliers, good employee-employer relationship, legal compliance, proper debt servicing, maximizing value to equity shareholders and responsibility to the nation by timely payment of taxes and as a premier exporter.

2. COMPOSITION OF BOARD OF DIRECTORS:

Your Company's Board consists of 6 Directors, in all, categorized as under:

Sr. No.	Name of the Director(s)	Category	No. of Board Meetings Attendance	Attended Last AGM	No. of Other Directorship #	# No. of other Committees [#]	
						Chairman	Member
1	Mr. Amrut P. Shah.	Executive-Chairman & Managing Director, Promoter	21	Yes	3	Nil	0
2	Mr. Shantilal P. Shah	Executive Director, Promoter	21	Yes	2	Nil	1
3	Mr. Hasmukh A. Gada	Executive Director, Promoter	21	Yes	2	Nil	1
5	Mr. Jagdish J. Kothari	Non-Executive Director, Independent	21	Yes	Nil	Nil	Nil
6	Mr. Anuj V. Sukhadia * (upto 30 th May 2012)	Non-Executive Director, Independent	21	Yes	1	Nil	Nil
7	Mr. Bhavin P. Gogri * (upto 30 th July 2012)	Non-Executive Director, Independent	21	Yes	Nil	Nil	Nil
8.	Mr. Paresh P. Jain ** (appointed w.e.f 30 th May 2012)	Non-Executive Director, Independent	Nil	N.A.	Nil	Nil	Nil
9.	Mr. Mahip D. Agarwal ** (appointed w.e.f 30 th July 2012)	Non-Executive Director, Independent	Nil	N.A.	Nil	Nil	Nil

#For the purpose of considering the number of directorships and Committee positions, all Public Limited Companies, whether listed or not, have been included and all other Companies including Private Limited Companies, Foreign Companies and companies under Section 25 of the Companies Act, 1956, have been excluded and the Committees other than Audit Committee and Shareholders'/Investors' Grievance Committee have been excluded.

Number of Board Meetings held during the financial year 2011-2012 was twenty one. The dates on which these Meetings were held are 27.04.2011, 28.05.2011, 15.06.2011, 17.06.2011, 28.07.2011, 08.08.2011, 20.09.2011, 26.09.2011, 06.10.2011, 21.10.2011, 12.11.2011, 28.11.2011, 28.12.2011, 02.01.2012, 09.02.2012, 13.02.2012, 17.02.2012, 28.02.2012, 29.02.2012, 29.03.2012, 31.03.2012.

* Mr. Anuj V. Sukhadia and Mr. Bhavin P. Gogri had resigned with effect from 30.05.2012 and 30.07.2012 respectively

** Mr. Paresh P. Jain and Mr. Mahip D. Agarwal were appointed with effect from 30.05.2012 and 30.07.2012 respectively

Details of Directors being reappointed:

As per the Companies Act, 1956 two third of Directors should be retiring directors. One-third of these retiring directors are required to retire every year and if eligible, these directors qualify for reappointment.

Accordingly, Mr. Jagdish J. Kothari retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment as Director.

Mr. Jagdish J. Kothari, aged 58 years is a B.Com graduate with a vast knowledge of accountancy, import and export of stationery.

3. AUDIT COMMITTEE:

Terms of reference & composition:

Terms of reference of this committee cover the matters specified for Audit Committee under clause 49 of the Listing Agreement & section 292A of the Companies Act, 1956.

Your Audit Committee consists of three members. All the members are Non-Executive Independent Directors. The Managing Director, Wholtime Directors and Auditors are invitees to the meeting and Company Secretary of the Company is the Secretary of the Audit Committee. The total number of meetings held during the year was four on 28.05.2011, 08.08.2011, 12.11.2011 and 09.02.2012 respectively. Mr. Bhavin P. Gogri, Chairman of the Committee attended four meetings. Mr. Anuj V. Sukhadia, Member, attended 4 meetings and Mr. Jagdish J. Kothari, Member attended 4 meetings. Mr. Paresh P. Jain and Mr. Mahip D. Agarwal were appointed as members of the Committee with effect from 30.05.2012 and 30.07.2012 respectively and Mr. Anuj V. Sukhadia and Mr. Bhavin P. Gogri had resigned with effect from 30.05.2012 and 30/07/2012 respectively. Mr. Paresh P. Jain is appointed as new Chairman of the Committee w.e.f. 30/05/2012.

4. REMUNERATION COMMITTEE:

Your Remuneration Committee consists of three members. All the members are Non Executive Independent Directors. One meeting was held during the year on 31.03.2012. Mr. Bhavin P. Gogri, Chairman of the Committee, Mr. Anuj V. Sukhadia, Member and Jagdish J. Kothari, Member attended the same. Mr. Paresh P. Jain and Mr. Mahip D. Agarwal were appointed as members of the Committee w.e.f. 30.05.2012 and 30.07.2012 respectively and Mr. Anuj V. Sukhadia and Mr. Bhavin P. Gogri had resigned w.e.f. 30.05.2012 and 30/07/2012 respectively. Mr. Paresh P. Jain is appointed as new Chairman of the Committee w.e.f. 30/05/2012.

5. SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE:

Your Shareholders/Investors Grievances Committee consists of three members. All the members are Non Executive Independent Directors. The total number of meetings held during the year was four on 28/05/2011, 08/08/2011, 12.11.2011 and 09.02.2012 respectively. Mr. Bhavin P. Gogri, Chairman of the Committee attended four meetings. Mr. Anuj V. Sukhadia, Member, attended 4 meetings and Mr. Jagdish J. Kothari, Member attended 4 meetings. Mr. Paresh P. Jain and Mr. Mahip D. Agarwal were appointed as members of the Committee w.e.f. 30.05.2012 and 30.07.2012 respectively and Mr. Anuj V. Sukhadia and Mr. Bhavin P. Gogri had resigned with effect from 30.05.2012 and 30/07/2012 respectively. Mr. Paresh P. Jain is appointed as new Chairman of the Committee w.e.f. 30/05/2012.

The Board of Directors of the Company have appointed Ms. Amisha V. Shah, Company Secretary, as the Compliance Officer as per Clause 47 (a) and (f) of the Listing Agreement entered with the Stock Exchanges.

The Company received nil investor complaints during the year.

6. SELECTION COMMITTEE:

As per the provisions of Section 314(1) of the Companies Act, 1956 read with The Director's Relative (Office or Place of Profit) Rules, 2011 and The Companies (Central Government's) General Rules and Forms, 1956, the appointment of Mr. Raichand P. Shah, relative of Director, has to be approved by the Selection Committee. For this purpose the Selection Committee was constituted by the Board which consisted of Mr. Bhavin P. Gogri and Mr. Jagdish J. Kothari, Independent Directors and Mr. Hemasnhu L. Kapadia, Practicing Company Secretary.

7. REMUNERATION OF DIRECTORS AND DISCLOSURES AS PER THE PROVISIONS OF CLAUSE C OF SECTION II OF PART II OF SCHEDULE XIII OF THE COMPANIES ACT, 1956.

Details of the remuneration paid to the Executive Directors are given below:

Name of the Director	Designation	Salary (For the year ended 31/03/2012) (in ₹)	Salary from 1/04/2012 to 31/03/2015 (in ₹)
Mr. Amrut P. Shah	Chairman & Managing Director	54,00,000	1,20,00,000
Mr. Shantilal P. Shah	Whole-time Director	30,00,000	60,00,000
Mr. Hasmukh A. Gada	Whole-time Director	12,00,000	30,00,000

No sitting fees were paid to the Non-Executive Directors for the financial year 2011-12.

8. GENERAL BODY MEETINGS:

Financial Year	Date	Whether Special Resolution Passed	Time	Venue
2008-2009	29.09.2009	No	10.00 A.M.	Navinbhai Thakar Hall, Shradhanand Road, Vile Parle (E), Mumbai- 400 057.
2009-2010	03.09.2010	Yes	10.00 A.M.	
2010-2011	30.09.2011	Yes	10.00 A.M.	

The following are the particulars of the Special Resolution passed in the previous three Annual General Meeting:

Date	Particulars
03.09.2010	i) Alteration in Articles of Association of the Company by insertion of Article 18 after the existing Article 17 and subsequent re-numbering of the articles.
30.09.2011	i) Increase in the remuneration of Mr. Amrut P. Shah, Managing Director, in excess of the ceiling laid down under Section 309 of the Companies Act, 1956.
	ii) Payment of remuneration to three Executive directors viz. Mr. Amrut P. Shah, Managing Director, Mr. Shantilal P. Shah, Whole-time Director and Mr. Hasmukh A. Gada, Whole-time Director, put together in excess of the ceiling laid down under Section 309 of the Companies Act, 1956.

9. DISCLOSURES:

- During the year rent of ₹ 3.24 lacs was paid to Mrs. Nayna S. Shah, wife of Mr. Shantilal P. Shah.
- During the year salary of ₹ 12 lacs was paid to Raichand P. Shah, brother of Mr. Amrut P. Shah and Mr. Shantilal P. Shah.
- Your Company has complied with all the provisions of the Companies Act, 1956, Rules and Regulations of the said Act, SEBI Guidelines, Stock Exchange Regulations and rules and regulations of other Statutory Authorities and there were no strictures, penalties imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last 3 years.
- Company has not adopted the Whistle Blower Policy.

10. CEO/CFO CERTIFICATION:

The CEO and the CFO of the Company, have submitted a Certificate to the Board regarding the Financial Statements and other matters as required under Clause 49(V) of the Listing Agreement.

11. MEANS OF COMMUNICATION:

Quarterly results of the Company are published in Free Press Journal (English Edition) and Navshakti (Regional Edition) news papers respectively. Annual Results of the Company are displayed on the Company's website – "www.sundaramgroups.in". The website also displays the information about the Company and its products. The Management Discussion and Analysis Report forms part of the Directors Report.

12. GENERAL SHAREHOLDERS' INFORMATION:

AGM Date	:	September 27, 2012
Time	:	10.00 a.m.
Venue	:	Navinbhai Thakar Hall, Shradhanand Road, Vile Parle (E), Mumbai – 400 057, India
Financial Year	:	2011-2012
Book Closure Date	:	24 th September 2012 to 27 th September 2012 (both inclusive)
Rate of Dividend Recommended	:	₹. 0.20/- per share (Pre bonus) amounting to ₹. 0.666/- per share (Post bonus)
Listing on Stock	:	Bombay Stock Exchange Ltd. National Stock Exchange of India Ltd. Pune Stock Exchange Ltd.

The Equity Shares of the Company are delisted from the Ahmedabad Stock Exchange Ltd. w.e.f. 31/07/2012

Listing fees are paid for Bombay Stock Exchange Ltd., National Stock Exchange of India Ltd., Pune Stock Exchange Ltd. and Ahmedabad Stock Exchange Ltd. for the Financial Year 2011-2012.

Stock Code	:	BSE – 533166 NSE - SUNDARAM PSE - SVN MV-160180
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Demat ISIN No	:	INE108E01023
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Outstanding ADR/ GDR	:	The Company has not issued any ADR or GDRs.
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Market Price as per BSE Ltd and National Stock Exchange of India Ltd. Data:

Year	Month	BSE Ltd.			National Stock Exchange of India Ltd.		
		Price		Volume Traded	Price		Volume Traded
		High(Rs.)	Low(Rs.)		High(Rs.)	Low(Rs.)	
2011	April	45.5	42.00	2326445	54.00	45.50	4257302
	May	44.00	41.50	5351433	49.50	45.35	2360737
	June	45.00	41.65	4988737	53.90	45.60	1339914
	July	45.50	41.75	2444913	51.95	44.35	1722419
	August	44.80	41.80	3806709	51.55	44.25	2562990
	September	44.95	41.80	1826666	51.00	42.00	1479879
	October	50.25	42.00	1547182	50.00	41.80	1252512
	November	50.50	44.50	2742102	49.70	41.20	3262454
	December	50.95	43.15	2744611	43.50	40.00	2623875
2012	January	49.90	45.50	1480650	44.65	41.80	4690199
	February	51.40	45.05	3950199	44.45	41.10	5079575
	March	54.95	46.30	4723742	48.00	42.00	1797767

Registrar and Share Transfer Agents

M/s Sharex Dynamic (India) Pvt.Ltd, Unit No. 1, Luthra Ind. Premises, Andheri-Kurla Road, Safed Pool, Andheri (East), Mumbai- 400 072

Tel Nos : 022-28515606, 28515644
Fax No. : 022-28512885
E-mail : sharexindia@vsnl.com

Plant Location: P.I.D.C.O., Mahim Village, Palghar, Dist. Thane, Maharashtra, INDIA

Paper Unit: Village, Sihora, P.O. Khandelwal Nagar, Kanhan- 441 401, Tah. Parseoni, Dist. Nagpur (M.S.) INDIA.

SEZ Unit: No.F A1-365&366, Sector No.4, KASEZ, Gandhidham (Kutch) 370 230, Gujarat, INDIA.

Distribution of Shareholding:

DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2012

Category	No. of Shares held	% of Holding
A. PROMOTER'S HOLDING		
1. PROMOTERS		
Indian Promoters	44428998	61.82
Foreign Promoters	0	0
2. Person acting in Concert	0	0
Sub Total	44428998	61.82
B. NON PROMOTER'S HOLDING		
3. INSTITUTIONAL INVESTORS		
a) Mutual Funds and UTI	0	0
b) Banks, Insurance Companies, Financial Institutions, Central/State Govt.Inst/Non Govt. Inst	11135	0.02
c) Foreign Institutional Investors	4900000	6.82
Sub Total	4911135	6.84
4. OTHERS		
a) Private Corporate Bodies	10631771	14.79
b) Indian Public	10971474	15.26
c) NRI's / OCB's	235818	0.33
d) Any Other: Clearing Member	689395	0.96
Sub Total	22528458	31.34
GRAND TOTAL	71868591	100

Distribution of Shareholding as on 31st March 2012.

No. of Equity shares held	No. of Share Holders	% of total Shareholders	No. of Shares held	% of Total Share Capital
Upto 5000	4094	91.96	2161418	3.01
5001-10000	126	2.83	1033007	1.44
10001-20000	89	2.00	1360748	1.89
20001-30000	34	0.76	869638	1.21
30001-40000	15	0.34	539090	0.75
40001-50000	11	0.25	528557	0.74
50001-100000	22	0.49	1909682	2.66
100001 – Above	61	1.37	63466451	88.31
Total	4452	100	71868591	100

Dematerialisation Of Shares And Liquidity

As on 31.03.2012, 99.21% of the paid up share capital of the Company has been dematerialized.

Investor Relation

Enquiries, if any relating to shareholder accounting records, share transfers, transmission of shares, change of address / bank mandate details for physical shares, receipt of dividend warrant, loss of share certificates etc., should be addressed to:

M/s Sharex Dynamic (India) Pvt.Ltd, Unit No. 1, Luthra Ind. Premises, Andheri-Kurla Road, Safed Pool, Andheri (East), Mumbai- 400 072

Tel Nos : 022-28515606, 28515644
Fax No. : 022-28512885
E-mail : sharexindia@vsnl.com

(OR) directly to the Company to:

The Company Secretary, Sundaram Multi Pap Ltd., 903, Dev Plaza, Opp. Andheri Fire Station, S.V. Road, Andheri (W), Mumbai- 400 058.

Tel Nos.: 022- 67602200;
Fax Nos.: 022- 67602244, 67602255
Email : amisha@sundaramgroups.in

13. CODE OF CONDUCT

The Board of Directors of the Company has laid down the code of conduct for all the Board Members and the Senior Management of the Company and the same has been posted on the website of the Company; www.sundaramgroups.in in the compliance with the provisions of Listing Agreement with the Stock Exchanges.

All the Board Members and Senior Management Personnel of the Company have affirmed compliance with the applicable code of conduct for the year ended 31st March, 2012. The declaration from Mr. Amrut P. Shah, Managing Director, regarding the affirmation of the compliance for the year ended 31st March, 2012, is enclosed and forms part of this report.

14. OTHER REQUIREMENTS:

The Company is yet to adopt the non-mandatory requirements like sending of the half yearly financial performance including summary of significant events in past six months to shareholders, restricting the tenure of the Independent Directors in the aggregate to a period of nine years on the Board of the Company, unqualified financial statements, training of Board Members, mechanism of evaluation of Non-Executive Board Members and Whistle Blower Policy would be complied with at an appropriate time later. The Board is taking guidance from Non-Mandatory requirement as mentioned in Corporate Governance. It is always an endeavor of the Board to implement the suggestion of the non mandatory requirement.

Declaration from the Managing Director & CEO Under clause 49(D)(ii) of the Listing Agreement)

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the year ended 31st March, 2012.

Amrut P. Shah
Managing Director & CEO

Mumbai on this 08th Day of August 2012

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of **SUNDARAM MULTI PAP LIMITED**,

We have examined the compliance conditions of Corporate Governance procedures by Sundaram Multi Pap Limited ("the Company") for the year ended 31st March, 2012 with the relevant records and documents maintained by the Company, furnished to us for our examination and the report on Corporate Governance as approved by the Board of Directors, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of 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 in all material respect with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement with the Stock Exchanges.

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 **Bhuta Shah & Co.**
Chartered Accountants
(Firm Registration No. 101474W)

CA. Mitesh Kothari
Partner
M. No. 110822

Mumbai on this 08th Day of August 2012

STANDALONE FINANCIAL STATEMENTS

Auditors' Report

To,
**THE MEMBERS,
SUNDARAM MULTI PAP LTD.**

1. We have audited the attached Balance Sheet of **SUNDARAM MULTI PAP LTD (the Company)** as at 31st March 2012, Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) Amendment Order 2004 (hereinafter referred to as "the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 account, as required by the law have been kept by the Company in so far as it appears from our examination of the books;
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section 3(c) of section 211 of the Companies Act, 1956.
 - e) Based on the written representations received from the directors of the Company as on 31st March, 2012 and taken on record by the Board of Directors, we report that, none of the directors are prima-facie, disqualified as on 31st March, 2012 from being appointed as directors of the Company 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 explanations given to us, the said accounts, subject to note no. 30 regarding revision in estimate for amortization of brand, whereby amortization is short accounted by Rs. 29,172,298/- resulting into increase in profit by Rs. 29,172,298/- and value of Brand by Rs. 29,172,298/- read together with the notes to accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of Balance Sheet, of the State of Affairs of the Company as at 31st March, 2012,
 - (ii) in the case of Statement of Profit and Loss, of the Profit for the year ended on that date, and
 - (iii) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **Bhuta Shah & Co.**
Chartered Accountants
(Registration No. 101474W)

CA. Mitesh Kothari
(Partner)
M. No. 110822

Mumbai on this 30th Day of May 2012

Annexure To The Auditors' Report

ANNEXURE referred to in paragraph (3) of our report of even date on the Accounts for the year ended 31st March 2012 of **SUNDARAM MULTI PAP LIMITED**.

- (i) (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets.
- (b) In our opinion and according to the explanations given to us, these assets have been physically verified by the management during the year in a phased manner, which is reasonable, having regard to the size of the Company and nature of the assets. No material discrepancies were noticed on such verification.
- (c) No substantial part of fixed assets has been disposed off during the year which will affect the going concern principle.
- (ii) (a) As explained to us, the inventory of the Company has been physically verified by the management at reasonable intervals during the year.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventories and no material discrepancies have been noticed on physical verification conducted by the management. The discrepancies noticed on verification between physical inventories and book records have been properly dealt with in the books of account.
- (iii) (a) The Company has granted unsecured loans to a subsidiary company. The maximum amount involved during the year is ₹ 18,89,14,290/-. And the year-end balance of loan granted to such party is ₹ 9,25,97,942/-.
- (b) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions on which loans have been given to the company are not, prima facie, prejudicial to the interest of the Company.
- (c) There is no stipulation for repayment of the above loans. Therefore, the question of repayment being regular does not arise.
- (d) There is no stipulation for repayment of the above loans. Therefore, the question of overdue amount does not arise.
- (e) The company has not taken any loan from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii) clause no. f and g of the Order are not applicable.
- (iv) In our opinion and according to the information and explanation given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods. During the course of our audit, no major weakness has been observed in the internal control system.
- (v) (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 particulars of the contracts or arrangements 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 explanation given to us, the transactions made in pursuance of contract or arrangements entered in the contracts maintained under section 301 of the Companies Act, 1956 exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at that time.
- (vi) According to the information given to us, the Company has not accepted any deposit from public as defined under section 58A and 58AA of the Companies Act, 1956 and the rules framed there under, during the year under review and as such reporting under this clause is not applicable.
- (vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- (viii) Pursuant to the order made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, in respect of the 'paper' product of the Company and according to the information and explanations given to us, we are of the opinion that prima facie the Company has made and maintained prescribed accounts and records. We have not carried out detailed examination of the same. As per the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for other products of the Company.
- (ix) (a) According to the information and explanation given to us and according to the books and records produced and examined by us, the Company has been regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Income Tax, Sales Tax, Service Tax, Wealth Tax, Excise duty / cess and any other statutory dues, to the extent wherever applicable, with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31-03-2012 for a period of more than six months from the date they become payable
- (b) As explained to us and according to the records of the Company, there were no disputes pending in respect of Income tax, Wealth Tax, Service Tax, Excise Duty / Cess, Customs duty and other statutory dues applicable to the Company as on 31-3-2012 except normal assessment and appellate proceedings as per the Income Tax Act, 1961.
- (x) The Company neither has accumulated losses at the end of the year nor has incurred cash losses during the current and the immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given to us, the Company has not defaulted in repayment of outstanding dues to any financial institution or banks during the year except Deferred Sales Tax loan of ₹ 20,64,441/- (Principal ₹ 4,19,000/- & Interest ₹ 16,45,441/-) from SICOM.
- (xii) According to the information and explanation given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, considering the nature of the business carried on during the year, the Company is not a chit fund or nidhi / mutual benefit fund / society. In view of the above, the said clause (xiii) is not applicable to the company.
- (xiv) According to information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. The investments have been held by the Company in its own name.
- (xv) According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans raised during the year by the Company have been applied for the purpose for which the said loans were obtained, where such end use has been stipulated by the lenders.

-
- (xvii) According to the information and explanation given to us and on the 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 investments. No long term funds have been used to finance short term assets except working capital.
- (xviii) Company has not made any preferential allotment of shares during the year to companies, firms, parties covered in the register maintained u/s. 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) In our opinion and according to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **Bhuta Shah & Co.**
Chartered Accountants
(Firm Registration No. 101474W)

CA Mitesh Kothari
Partner
M. No. 110822

Mumbai on this 30th Day of May 2012

SUNDARAM MULTI PAP LTD.
Balance Sheet as at 31st March, 2012

Particulars	Note No.	As at 31 st March, 2012	As at 31 st March, 2011
		₹	₹
EQUITY AND LIABILITIES			
<u>Shareholder's Funds</u>			
Share Capital	1	71,868,591	71,868,591
Reserves and Surplus	2	1,045,228,548	984,816,357
		1,117,097,139	1,056,684,948
<u>Non-Current Liabilities</u>			
Long-Term Borrowings	3	238,327,996	112,704,832
Deferred Tax Liabilities (Net)	4	27,894,415	27,556,578
Other Long Term Liabilities		-	-
Long Term Provisions	5	1,991,297	1,991,297
		268,213,708	142,252,707
<u>Current Liabilities</u>			
Short-Term Borrowings	6	739,241,374	648,164,553
Trade Payables	7	258,684,153	100,542,393
Other Current Liabilities	8	156,843,475	123,592,501
Short-Term Provisions	9	52,065,855	86,079,735
		1,206,834,857	958,379,182
Total Equity & Liabilities		2,592,145,704	2,157,316,837
ASSETS			
<u>Non-Current Assets</u>			
<u>Fixed Assets</u>			
Tangible Assets	10A	868,446,184	775,988,172
Intangible Assets	10B	40,111,910	40,111,910
Capital Work-in-progress		1,003,319	57,842,820
		909,561,414	873,942,902
Non-current investments	11	150,050,000	49,050,000
Deferred tax assets (net)		-	-
Long term loans and advances	12	62,807,241	33,064,133
Other non-current assets		-	-
		1,122,418,655	956,057,035
<u>Current Assets</u>			
Current investments		-	-
Inventories	13	531,686,902	541,257,656
Trade receivables	14	650,383,319	376,717,596
Cash and cash equivalents	15	26,991,678	16,977,273
Short-term loans and advances	16	260,665,149	266,307,277
Other current assets		-	-
		1,469,727,049	1,201,259,802
Total Assets		2,592,145,704	2,157,316,837

Significant Accounting Policies
Notes on financial statements.
As per our report of even date.

1 to 39

For Bhuta Shah & Co.
Chartered Accountants
Firm Reg. No. : 101474W

CA Mitesh Kothari
Partner
Membership No. : 110822

Place : Mumbai
Date : 30th May, 2012

Amrut P. Shah
Chairman & Managing Director

Hasmukh A. Gada
Whole-time Director

FOR SUNDARAM MULTI PAP LTD

Shantilal P. Shah
Whole-time Director

Amisha V. Shah
Company Secretary

SUNDARAM MULTI PAP LTD.
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2012

Particulars	Note No.	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Income		₹	₹
Revenue from operations	17	1,750,072,954	1,919,630,124
Other Income	18	11,936,075	7,801,775
Total revenue (I)		1,762,009,029	1,927,431,899
<u>Expenses:</u>			
Cost of materials consumed	19	874,984,465	1,001,480,687
Purchase of Stock-in-Trade		398,946,543	629,885,792
Changes in inventories of Finished goods and Work-In-Progress	20	12,719,358	(203,232,428)
Employee Benefit Expense	21	42,369,767	41,458,676
Finance Cost	22	85,935,533	63,978,374
Depreciation and Amortization Expense	23	35,048,669	44,650,109
Other Expenses	24	209,476,209	217,826,951
Total (II)		1,659,480,544	1,796,048,161
Profit before exceptional and extraordinary items and tax (I) - (II)		102,528,485	131,383,738
Exceptional Items		-	-
Profit before extraordinary items and tax		102,528,485	131,383,738
Extraordinary Items		-	-
Profit Before Tax		102,528,485	131,383,738
<u>Tax expense:</u>			
(1) Current tax		24,375,000	44,609,000
(2) Deferred tax		337,837	2,942,400
(3) Short / (Excess) Provision of Earlier years		697,961	(2,693,418)
Total Tax Expense		25,410,798	44,857,982
Profit After Tax		77,117,687	86,525,755
Earning per equity share:			
(1) Basic		1.07	1.20
(2) Diluted		1.07	1.20

*Significant Accounting Policies
Notes on Financial Statements
As per our report of even date.*

1 to 39

For Bhuta Shah & Co.
Chartered Accountants
Firm Reg. No. : 101474W

CA Mitesh Kothari
Partner
Membership No. : 110822

Amrut P. Shah
Chairman & Managing Director

Shantilal P. Shah
Whole-time Director

Place : Mumbai
Date : 30th May, 2012

Hasmukh A. Gada
Whole-time Director

Amisha V. Shah
Company Secretary

FOR SUNDARAM MULTI PAP LTD

SUNDARAM MULTI PAP LTD.

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

Particulars		April 1, 2011 - March 31, 2012		April 1, 2010 - March 31, 2011	
		Amount in ₹		Amount in ₹	
A.	CASH FLOW FROM OPERATING ACTIVITIES :				
	Net Profit / (Loss) before Tax and Extraordinary items		102,528,485		131,383,738
	<i>Adjustment for :</i>				
	Depreciation	35,048,669		44,650,109	
	Interest Income	(42,027,340)		(15,743,846)	
	Dividend Income	(7,500)		(7,500)	
	Preliminary Expenses W/off	-		-	
	Interest Paid	127,962,873		79,722,220	
	(Profit)/Loss on Sale of Assets (Net)	806,157		74,854	
			121,782,859		108,695,837
	Operating profit before working capital changes		224,311,344		240,079,575
	<i>Adjustment for :</i>				
	Trade Receivables	(273,665,723)		102,503,860	
	Inventories	9,570,754		(220,398,486)	
	Loans & Advances	(81,119,960)		27,963,972	
	Trade Payables	158,141,760		(3,068,630)	
	Other Liabilities & Provisions	8,178,013		47,390,626	
			(178,895,156)		(45,608,659)
	Cash generated from operations		45,416,188		194,470,916
	Direct Taxes paid(Net)		(21,480,168)		(8,066,345)
	NET CASH FLOW OPERATING ACTIVITIES		23,936,020		186,404,571
B.	CASH FLOW FROM INVESTING ACTIVITIES				
	Purchase of Tangible Fixed Assets (Net)	(71,976,449)		(58,680,576)	
	Sale of Tangible Fixed Assets	503,111		209,000	
	Purchase of Equity Shares of Subsidiary	(101,000,000)		-	
	Dividend Received	7,500		7,500	
	NET CASH FLOW FROM INVESTING ACTIVITIES		(172,465,838)		(58,464,076)
C.	CASH FLOW FROM FINANCING ACTIVITIES :				
	Repayment of loan from Subsidiary	44,596,304		(131,951,534)	
	Proceeds from Borrowings	216,699,986		71,519,611	
	Proceeds from Issue of Share Capital	-		-	
	Interest Received	42,027,340		15,743,846	
	Interest Paid	(127,962,872)		(79,722,220)	
	Dividend Paid (Incl. of Tax)	(16,816,534)		(16,816,534)	
	NET CASH FLOW FROM FINANCING ACTIVITIES		158,544,224		(141,226,831)
	Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)		10,014,406		(13,286,336)
	Cash and Cash equivalents at beginning of the year	16,977,273		30,263,609	
	Cash and Cash equivalents at end of the year	26,991,678		16,977,273	
	Net Increase/ (Decrease)		10,014,406		(13,286,336)

Note:

- 1 Cash and cash equivalents consists of Cash on hand and Balance with banks.
- 2 The above cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
- 3 Previous year's figures have been re-grouped / re-arranged, wherever necessary.

As per our report of even date attached

For and on behalf of the Board

For Bhuta Shah & Co.
Chartered Accountants
Firm Reg. No. : 101474W

FOR SUNDARAM MULTI PAP LTD

CA Mitesh Kothari
Partner
Membership No. : 110822

Amrut P. Shah
Chairman & Managing Director

Shantilal P. Shah
Whole-time Director

Place : Mumbai
Date : 30th May, 2012

Hasmukh A. Gada
Whole-time Director

Amisha V. Shah
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES:

i. Accounting Conventions:

The financial statements are prepared on accrual basis under historical cost convention and as a going concern and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India referred to in section 211 (3C) of the Companies Act, 1956. Accounting policies not disclosed separately otherwise are in consonance with generally accepted accounting principles.

ii. Use of Estimates:

Preparation of financial statements in conformity of generally accepted accounting practices requires that the Management of the Company makes estimates and assumptions that affect the reported amount of income and expenses of the period, the reported balances of assets and liabilities and the assumptions relating to contingent liabilities as on the date of the financial statements. Examples of such estimates include the useful life of tangible and intangible fixed assets, provision for doubtful debts/advances, future obligation in respect of retirement benefit plans, etc. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

iii. Fixed Assets:

Tangible fixed assets are stated at cost of acquisition less accumulated depreciation and impairment, if any. Direct costs are capitalized until fixed assets are ready for use. Capital work-in-progress comprises of cost of fixed assets that are not yet ready for their intended use as at reporting date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.

iv. Depreciation / Amortization:

Depreciation on fixed assets is provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956 or estimates made by the management. Depreciation on addition/deletion of assets during the year is provided on pro-rata basis. Brand is amortized over a period of four subsequent years on a systematic basis as decided by the management at the rate of 10% in first year, 20% in second year, 30% in third year and 40% in fourth year.

v. Investment:

Long term investments are stated at cost. Provision for diminution in the value is made only if such decline is other than temporary.

Current investments are valued at lower of the cost or market value, determined on individual investment basis.

vi. Valuation of Inventories:

Raw materials, stores and packing materials are valued at lower of cost or net realizable value. Cost is assigned on FIFO basis. Semi - finished goods are valued at raw material cost plus proportionate manufacturing overheads. Finished goods are valued at lower of the cost or net realizable value. Unrealized profit, if any, in inter unit transaction is eliminated to the extent possible.

vii. Revenue Recognition:

- a) The Company recognizes revenue on sale of products upon dispatch to the customer or when delivered to the ocean carrier for export sales, which is when risks and rewards of ownership are passed to the customer. Sales are shown net of returns, discounts, excise duty and sales tax.
- b) Dividend income on investment is accounted for in the year in which the right to receive the payment is established.
- c) Interest income is recognized on the time proportion basis.

viii. Export Incentives:

Considering the uncertainty in respect of actual income realizable, which depends on the market conditions, the benefits accruing under the Duty Entitlement Pass Book Scheme are recognized on the basis of actual realization.

ix. Retirement Benefits:

Contribution to Provident Fund and ESIC are recognized as expense as and when accrued. Gratuity is provided as per Group Gratuity Scheme taken with Insurance Company. Leave Encashment is accounted as and when accrued and claimed.

x. Foreign Currency Transactions:

Transactions in foreign currency are recorded at the rate of exchange in force at the time transactions are affected. Exchange differences arising on settlement of these transactions are recognized in the statement of profit and loss.

Monetary items (other than those related to acquisition of fixed assets) denominated in foreign currency are revalued using the exchange rate prevailing at date of the balance sheet and resulting exchange difference is recognized in the statement of profit and loss. Non monetary foreign currency items are carried at cost.

xi. Borrowing Cost:

Borrowing Costs that are attributable to acquisition or construction of a qualifying asset are capitalized as a part of the cost of such asset. A Qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are charged to statement of profit and loss.

xii. Provision for Taxes:

Provision for current tax is determined in accordance with the Income Tax laws prevailing for the relevant assessment years.

Deferred tax arising due to timing difference between the book profit and tax profit for the year is accounted for, using the tax rate and laws that are substantively enacted as of the Balance Sheet date. Deferred Tax assets arising from timing differences are recognized to the extent there is reasonable certainty that this would be realized in future.

xiii. Impairment of Fixed Assets:

At each balance sheet date, the Company reviews the carrying amount of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

xiv. Leases:

Lease of assets under which all the risk and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with respective lease agreements.

xv. Financial Derivatives Hedging Transaction:

In respect of derivatives contract, premium paid, provision for losses on restatement and gains/losses on settlement are recognized in statement of Profit and Loss. The company uses Foreign Currency Hedges to manage its risks associated with Foreign Currencies Fluctuation relating to Export receivable. The company does not use Hedges for speculative purpose.

xvi. Contingent Liability:

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation.

A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not result in outflow of resources.

When there is a possible obligation or present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 : SHARE CAPITAL

	As at 31 st March, 2012	As at 31 st March, 2011
<u>AUTHORIZED CAPITAL</u> 200,000,000 (P.Y. 200,000,000) Equity Shares of ₹ 1/- each	₹ 200,000,000	₹ 200,000,000
	200,000,000	200,000,000
<u>ISSUED, SUBSCRIBED & PAID UP CAPITAL</u> 71,868,591 (P.Y. 71,868,591) Equity Shares of ₹ 1/- each fully paid	71,868,591	71,868,591
Total of Issued, Subscribed and Fully paid up Share Capital	71,868,591	71,868,591

a) **Reconciliation of the number of shares is set out below:**

Particulars	2011-12		2010-11	
	Equity Shares		Equity Shares	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	71,868,591	71,868,591	71,868,591	71,868,591
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	71,868,591	71,868,591	71,868,591	71,868,591

b) **Terms and Rights attached to Equity Shareholders:**

The Company has only one class of equity shares having a face value of ₹ 1/- per share. Each holder of equity shares is entitled to one vote per equity share. A member shall not have any right to vote whilst any call or other sum shall be due and payable to the Company in respect of any of the shares of such member. All equity shares of the Company rank pari passu in all respects including the right to dividend. The dividend is recommended by the Board of Directors and declared by the members at the ensuing Annual General Meeting. The Board of Directors have a right to deduct from the dividend payable to any member any sum due from him to the Company.

In the event of winding-up, subject to the rights of holders of shares issued upon special terms and conditions, the holders of equity shares shall be entitled to receive remaining assets, if any, in proportion to the number of shares held at the time of commencement of winding-up.

The Shareholders have all other rights as available to Equity Shareholders as per the provisions of the companies Act, 1956, read together with the Memorandum of Association and Articles of Association of the Company, as applicable.

- c) The Company does not have any holding company or ultimate holding company. Promoter shareholding in the Company including persons acting in concert with the promoters as on March 31, 2012 is 44,428,998 equity shares i.e. 61.82 % of the equity share capital of the Company. Previous Year March 31, 2011 is 44,416,194 equity shares i.e. 61.80%.

d) **The details of share holders holding more than 5% shares**

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Citigroup Global Markets Mauritius	4,900,000	6.82	4,900,000	6.82

NOTE 2 : RESRVES & SURPLUS

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
(a) Capital Reserve	700,000	700,000
(b) Capital Redemption Reserve	-	-
(c) Securities Premium reserve	610,151,163	610,151,163
(d) General Reserve		
Opening Balance	12,442,000	4,621,000
Add: Transfer from Statement of Profit and Loss	4,530,914	7,821,000
General Reserve- Closing Balance	16,972,914	12,442,000
(e) Surplus in the Statement of Profit And Loss		
Opening Balance	361,523,195	299,634,973
Add: Net Profit/(Loss) for the year	77,117,687	86,525,755
Balance Available for Appropriation	438,640,882	386,160,728
Less: Appropriations:		
Proposed Dividend	14,373,720	14,373,720
Dividend Distribution Tax	2,331,777	2,442,814
Transfer to General Reserve	4,530,914	7,821,000
Net Surplus in the Statement of Profit And Loss	417,404,471	361,523,194
Total of Reserves and Surplus	1,045,228,548	984,816,357

NOTE 3 : LONG TERM BORROWINGS

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
(a) Bonds / Debentures	-	-
(b) <u>Term Loan</u>		
<u>Secured</u>		
From Bank		
State Bank of India *	115,934,244	80,393,154
Yes Bank +	80,000,000	-
From Other Parties ##	8,418,090	11,339,972
Vehicle Loans @		
From Bank	3,298,605	305,006
From Other Parties	221,675	844,653
<u>Unsecured</u>		
Intercompany Deposits** (Refer Note 8 for current maturities of long term debt)	14,213,230	3,289,896
(c) Deferred Payment Liabilities		
<u>Unsecured</u>		
Sales Tax Deferred Loan ***	13,679,510	13,679,510
Loan From SICOM	2,064,441	2,064,441
(d) Deposit		
<u>Unsecured</u>		
Deposit	498,200	788,200
(e) Loans & Advances From Related Parties	-	-
(f) Long Term Maturities of Finance lease obligation	-	-
(g) Other Loans & Advances	-	-
Total of Long Term Borrowings	238,327,996	112,704,832

* Secured by mortgage of related immovable and movable assets of the company as well as personal guarantee of three Directors, carrying floating rate of interest 4.25% above base rate repayable by June, 2013.

+ Secured by subservient charge over current and movable fixed assets of the company and personal guarantee of three Directors carrying floating rate of interest of 3% above base rate repayable by March, 2015.

Secured by pledge of equity shares of the company and personal guarantee of the promoter carrying interest rate of 13.75% repayable by April, 2013.

** Carrying interest ranging from 8.33% to 18% and to be repaid during the period from January, 2014 to February, 2015.

@ Carrying interest ranging from 9.46% to 16% and to be repaid during the period from December, 2012 to July, 2016.

*** Repayment shall commence from the financial year 2015-16 upto 2024-25.

NOTE 4 : DEFERRED TAX LIABILITY (NET)

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
Liability related to Fixed Assets	27,894,415	28,202,643
Asset related to Gratuity	-	646,065
TOTAL	27,894,415	27,556,578
Less: Opening Net deferred tax liability	27,556,578	24,614,178
Net Deferred Tax liability charged to Statement of Profit and Loss	337,837	2,942,400

NOTE 5 : LONG TERM PROVISIONS

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
<u>Provision For Employees Benefit</u>		
Provision for Gratuity	1,991,297	1,991,297
Total of Long Term Provisions	1,991,297	1,991,297

Note : 6 SHORT TERM BORROWINGS

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
<u>Loan Repayable on Demand from Banks</u>		
<u>Secured:</u>		
Cash Credit from Union Bank Of India	-	57,077,375
Cash Credit from State Bank of India **	460,312,390	500,328,767
Union Bank Of India	-	1,238,379
Cash Credit from Industrial Development Bank of India#	97,975,086	-
<u>Unsecured</u>		
Intercompany Deposits##	180,953,898	89,520,032
Total of Short Term Borrowings	739,241,374	648,164,553

** Secured by charge over entire stock of raw material, stock-in-process, finished goods, stores & spares, goods-in-transit, receivables and other current asset of the company on pari passu basis with other WC lender and personal guarantee of three Directors carrying interest rate of 3.75% above base rate.

Secured by first pari-passu charge on all the current assets of the company along with working capital lender and personal guarantee of three Directors carrying interest rate of 3% above base rate.

Of these, Loan of ₹174,953,898/- (P.Y. ₹50,000,000/-) is taken by pledge of promoters shares.

NOTE 7 : TRADE PAYABLE

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
Trade Payables (Refer Note 29 for details of dues to Micro, Small and Medium Enterprises)	258,684,153	100,542,393
Total of Trades Payable	258,684,153	100,542,393

NOTE 8 : OTHER CURRENT LIABILITIES

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2012
<u>Current maturities of long-term debt (Refer Note 3)</u>		
Term Loans	117,595,229	98,276,567
Vehicle Loans	2,336,791	2,213,375
Advance from Customers	18,270,192	7,482,729
Interest accrued but not due on borrowings	1,159,702	814,631
Unpaid Dividend	468,308	415,437
<u>Other Payables</u>		
Outstanding Expenses	2,011,241	3,953,578
Outstanding Statutory Liabilities	15,002,011	5,980,750
Trade Deposits	-	-
Liability towards Extraordinary Item	-	4,455,434
Total of Other Current Liabilities	156,843,475	123,592,501

NOTE 9 : SHORT TERM PROVISIONS

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
Others		
Proposed Dividend	14,373,720	14,373,720
Provision for Dividend Distribution Tax	2,331,777	2,442,814
Provision for Income Tax	35,360,358	69,263,201
Total of Short Term Provisions	52,065,855	86,079,735

NOTE 10 : FIXED ASSETS AS ON 31st MARCH, 2012									
Particulars	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK		
	As on 1st April, 2011	Additions During the Year	Deductions During the Year	As on 31st March, 2012	As on 1st April, 2011	For the Year	Deductions During the Year	As on 31st March, 2012	As on 31st March, 2011
A. Tangible Assets:									
Freehold Land	178,375,081	8,350,500	-	186,725,581	-	-	-	186,725,581	178,375,081
Building	221,879,102	12,354,905	-	234,234,007	23,232,922	7,427,069	-	203,574,016	198,646,180
Plant & Machinery	409,135,532	94,976,454	-	504,111,986	79,329,201	19,969,118	-	404,813,668	329,806,331
Furniture & Fixture	68,137,330	7,561,287	-	75,698,617	15,559,163	4,341,126	-	55,798,328	52,578,167
Vehicles	24,229,320	4,806,270	2,363,399	26,672,191	9,462,715	2,520,254	1,054,131	15,743,353	14,766,605
Office Equipments	4,493,388	766,534	-	5,259,922	2,677,580	791,101	-	1,791,241	1,815,808
Total Tangible Assets	906,249,753	128,815,950	2,363,399	1,032,702,304	130,261,581	35,048,668	1,054,131	868,446,186	775,988,172
B. Intangible Assets:									
Brand	72,930,746	-	-	72,930,746	32,818,836	-	-	40,111,910	40,111,910
Total Intangible Assets	72,930,746	-	-	72,930,746	32,818,836	-	-	40,111,910	40,111,910
TOTAL (A+B)	979,180,499	128,815,950	2,363,399	1,105,633,050	163,080,417	35,048,668	1,054,131	908,558,096	816,100,082
Previous Year	967,012,190	12,730,809	562,500	979,180,499	118,708,954	44,650,109	278,646	816,100,082	

NOTE 11 : NON CURRENT INVESTMENT

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
<u>Investment in Equity Instrument</u>		
<u>Subsidiary</u>		
15,000,000 Equity Shares of ₹10/- each fully paid up of E-Class Education System Ltd. (Previous Year 4,900,000 shares)	150,000,000	49,000,000
<u>Others</u>	50,000	50,000
5,000 Equity Shares of ₹10/- each fully paid up of Abhyudaya Co-operative Bank Ltd. (Previous Year 5,000 shares)		
Total of Non Current Investment	150,050,000	49,050,000

Particulars	As at 31 st March, 2012	As at 31 st March, 2011
Aggregate amount of quoted investments	-	-
Market Value of quoted investments	-	-
Aggregate amount of unquoted investments	150,050,000	49,050,000

NOTE 12 : LONG TERM LOANS AND ADVANCES

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
<u>Capital Assets Advance</u>		
a) Secured, Considered Good :	-	-
b) Unsecured, Considered Good :	58,000,000	28,000,000
c) Doubtful	-	-
<u>Security Deposit</u>		
a) Secured, Considered Good :	-	-
b) Unsecured, Considered Good :	4,807,241	4,130,349
c) Doubtful	-	-
<u>Loans & Advances to related parties</u>	-	-
<u>Other Loans & Advances</u>		
Advances recoverable in cash or in kind and/or for value to be received	-	-
Prepaid Expenses	-	933,784
Balance With Revenue Authorities	-	-
Total of Long Term Loans and Advances	62,807,241	33,064,133

NOTE 13 : INVENTORIES

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
Raw Material	191,597,282	195,210,997
Work-in-Progress	216,488,019	202,163,814
Finished Goods	76,942,245	103,985,808
Trading Goods	13,711,952	14,627,808
Stores & Spares	32,947,405	25,269,230
Total of Inventories	531,686,902	541,257,656

NOTE 14 : TRADE RECEIVABLES

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
<u>Debts Overdue beyond 6 months</u>		
a) Secured, Considered Good :	-	-
b) Unsecured, Considered Good :	118,797,551	47,613,960
c) Doubtful	-	-
<u>Others</u>		
a) Secured, Considered Good :	-	-
b) Unsecured, Considered Good :	531,585,769	329,103,636
c) Doubtful	-	-
Total of Trade Receivables	650,383,319	376,717,596

NOTE 15 : CASH AND CASH EQUIVALENT

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
<u>Cash-in-Hand</u>		
Cash Balance	11,581,063	2,857,324
Sub Total (A)	11,581,063	2,857,324
<u>Bank Balance</u>		
In Current Accounts	14,814,629	10,426,834
In Deposit Accounts*	127,678	2,777,678
In Dividend Accounts	468,308	415,437
Sub Total (B)	15,410,616	13,619,949
<u>Margin Against Discounted Bills</u>		
Sub Total (C)	-	500,000
Total of Cash And Cash Equivalent (A) + (B) + (C)	26,991,678	16,977,273

* Fixed deposits with Banks include deposit of ₹ 127,678/- (Previous Year ₹ 127,678/-) with maturity of more than 12 months

NOTE 16 : SHORT TERMS LOANS AND ADVANCES

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
<u>Loans & Advances to related parties</u>		
a) Secured, Considered Good :	-	-
b) Unsecured, Considered Good :		
Loan to Subsidiary	92,597,942	137,194,246
c) Doubtful	-	-
<u>Others</u>		
<i>Advance Recoverable in cash or in kind or for value to be received, considered good</i>		
Advance to Suppliers	109,823,917	45,516,087
Advance Income Tax/ Refund Receivable	42,648,557	55,071,232
Balance With Revenue Authorities	4,952,989	6,302,910
Prepaid Expenses	10,008,989	10,501,120
MAT Credit Entitlement	-	9,500,000
Advance To Employees	495,750	5,900
Other Advances	137,005	2,215,783
Total of Short Terms Loans and Advances	260,665,149	266,307,277

NOTE 17 : REVENUE FROM OPERATIONS

	₹	₹
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
SALES		
(A) Local		
Sales	1,236,897,254	1,059,093,342
Trading Sales	413,716,277	647,464,004
Less: Excise Duty	22,174,992	8,740,888
Sub Total (A)	1,628,438,539	1,697,816,458
(B) Export		
Sales	121,634,415	221,813,666
Sub Total (B)	121,634,415	221,813,666
Total of Revenue from Operations (A) + (B)	1,750,072,954	1,919,630,124

NOTE 18 : OTHER INCOME

	₹	₹
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Dividend	7,500	7,500
Rent Received	840,438	81,000
Export Incentives	-	1,384,869
Duty Drawback	3,218,213	6,798,399
Exchange Fluctuation on Exports	7,761,876	(526,048)
Miscellaneous Income	69,608	20,000
Sundry Balance Written Back	38,440	36,055
Total of Other Income	11,936,075	7,801,775

Note 19 : COST OF MATERIAL CONSUMED

	₹	₹
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Raw Material Consumed		
Opening Stock	195,210,997	189,157,078
Add: Purchases	842,535,914	959,925,504
Transport Inward	28,834,837	47,609,101
	1,066,581,748	1,196,691,683
Less: Closing Stock	191,597,282	195,210,997
Total of Cost of Material Consumed	874,984,465	1,001,480,687

NOTE 20 : CHANGE IN INVENTORIES

	₹	₹
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Opening Stock-Finished Goods	103,985,808	80,717,309
Opening Stock-Work In Progress	202,163,814	22,199,885
Less: Closing Stock-Finished Goods	76,942,245	103,985,808
Less: Closing Stock-Work In Progress	216,488,019	202,163,814
Total of Change in Inventories	12,719,358	(203,232,428)

NOTE 21 : EMPLOYMENT BENEFIT EXPENSES

	₹	₹
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Salaries & Wages	29,572,457	27,665,535
Contribution to Provident Fund, Gratuity and Other Funds	1,997,559	2,375,670
Director's Remuneration	9,600,000	10,200,000
Staff Welfare	1,199,751	1,217,471
Total of Employment Benefit Expenses	42,369,767	41,458,676

NOTE 22 : FINANCE COST

	₹	₹
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Interest expense	128,973,455	84,040,149
Less: Interest Capitalised	9,839,604	5,800,538
	119,133,851	78,239,611
<u>Other borrowing costs:</u>		
Bank and Finance Charges	8,792,727	1,482,609
Delay Interest On Payment of Statutory dues	36,295	-
Less :-Interest Received	42,027,340	15,743,846
(TDS: Current Year: ₹ 23,32,040/-, Previous Year: ₹ 14,43,793/-)		
Total of Financial Cost	85,935,533	63,978,374

NOTE 23 : DEPRECIATION & AMORTIZATION EXPENSE

	₹	₹
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Depreciation	35,048,669	33,710,497
Amortisation of Intangibles	-	10,939,612
Preliminary Expenses w/off		
Total of Depreciation & Amortization Expense	35,048,669	44,650,109

NOTE 24 : OTHER EXPENSES

	₹	₹
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Stores & Packing Material Consumed	91,109,876	80,019,701
Power and fuel	11,498,199	9,875,731
Rent Expenses	2,105,356	2,182,847
Repair & Maintenance		
Building	1,135,083	1,807,908
Machinery	3,985,345	4,116,557
Insurance Expenses	7,911,465	7,176,894
Rates & Taxes Expenses	482,093	312,936
Wealth Tax	128,526	-
Motor Car Expenses	1,676,504	1,462,662
Travelling Expenses	2,086,684	2,118,884
Computer Maintenance	87,986	112,417
Conveyance Expenses	107,115	117,339
Postage & Courier	241,364	163,648
Legal, Professional & Consultancy Charges	8,518,088	3,912,842
Printing & Stationery	1,043,849	1,286,668
Auditors Remuneration (Refer Note no. 28)	1,894,840	1,968,775
Sales Promotion & Advertisement Expenses	1,665,808	7,802,604
Donation	1,804,615	4,897,644
Job Work Expenses	22,801,141	30,571,089
Security Expenses	996,385	972,085
Service Tax	737,635	1,170,365
Freight, Clearing & Forwarding Charges	15,807,642	28,607,896
Commission Charges	12,597,082	9,728,956
Loading & Unloading Charges	2,289,852	3,248,125
Tempo Expenses	2,135,886	2,603,640
Amalgamation Expenses	1,128,624	1,128,625
Electricity Expenses	964,177	884,915
Listing & Registration Fees	509,986	414,107
Loss on Sale of Assets (Net)	806,157	74,854
Subscription Charges	69,924	189,384
Sundry Balance W/Off	555,385	909,712
Telephone Expenses	884,553	940,252
License Fees	823,527	1,562,368
Loss on Forex Derivatives	8,648,371	4,792,239
Sundry Expenses	237,087	692,284
Total of Other Expenses	209,476,209	217,826,951

Notes 25

Contingent Liability:
Bank Guarantee given ₹ 100,000/- (P.Y. ₹ 100,000/-)

Notes 26

In the opinion of the management, current assets, loans, advances and deposits are approximately of the value stated, if realized in the ordinary course of business. The provision of all known liabilities is adequate and not in excess of the amount reasonably necessary.

Notes 27

Balances of certain trade receivables, trade payables and loans and advances are subject to confirmations / reconciliation and consequential adjustments, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation / adjustments.

Notes 28

Auditors Remuneration:

(Amount in ₹)

Particulars	Current Year	Previous Year
Audit fees	450,000	375,000
Tax Audit fees	150,000	125,000
Income Tax Matters	1,060,000	1,000,000
Others	234,840	468,775
Total	1,894,840	1,968,775

Notes 29

Disclosure under MSMED Act, 2006:

The Company has not received any information from the "suppliers" regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to the amounts as at year end together with interest paid / payable as required under the said act have not been given.

Notes 30

Amortization of Brand:

The management has decided to revise the estimated period for amortization of balance value of Brand in next five years in view of modification of paper mills at Nagpur. Had the Company followed its earlier accounting policy, it would have amortised ₹. 40,111,910/- out of which ₹. 29,172,298/- pertains to current year. Due to such revision, amortization is short accounted by ₹. 29,172,298/- resulting into increase in profit by ₹. 29,172,298/- and value of Brand by ₹. 29,172,298/-.

Notes 31

i. Employee Benefits:

The principal actuarial valuation assumptions used as at the balance sheet date are as under:

- 1) Valuation Date : 31st March, 2012
- 2) Valuation Method : Projected Unit Credit Method
- 3) Mortality Rate : LIC (1994-96) Ultimate
- 4) Withdrawal Rate : 1% to 3% depending on age
- 5) Discount Rate : 8% p.a.
- 6) Salary Escalation : 8%

Notes 32

Segment Reporting:

Primary Segment (Business):

The Company operates in single business segment of manufacture and sale of exercise note books and paper. Hence further disclosure required as per Accounting Standard AS-17 "Segment Reporting" is not given.

Notes 33

Related Party Disclosures:

a) List of related parties with whom the company has entered into transactions during the year in the ordinary course of business:

Relationship	Name	Nature
Wholly owned Subsidiary	E-Class Education System Limited	Company
Key Management Personnel (KMP)	Mr. Amrut P. Shah	Chairman & Managing Director
	Mr. Shantilal P. Shah	Whole-time Director
	Mr. Hasmukh A. Gada	Whole-time Director
Relatives of KMP	Mr. Raichand P. Shah	Brother of Amrut P. Shah & Shantilal P. Shah
	Mrs. Nayna S. Shah	Wife of Shantilal P. Shah

b) Transactions with Related Parties:

(Amount in ₹)

Particulars	Wholly Owned Subsidiary	KMP	Relatives of KMP	Enterprises over which relatives of KMP have significant influence
Investment in Equity – Shares of E-Class Education System Ltd	101,000,000 (49,000,000)	- (-)	- (-)	- (-)
Loan Given to E-Class Education System Ltd	56,231,571 (155,179,895)	- (-)	- (-)	- (-)
Repayment of Loan Given to E-Class Education System Ltd	23,148,272 (3,010,000)	- (-)	- (-)	- (-)
Interest charged on Loan Given to E-Class Education System Ltd	23,320,397 (14,437,929)	- (-)	- (-)	- (-)
Remuneration		9,600,000	1,200,000	
		(10,200,000)	(1,200,000)	
Details are as under:				
Mr. Amrut P. Shah	-	5,400,000	-	-
	(-)	(6,000,000)	(-)	(-)
Mr. Shantilal P. Shah	-	3,000,000	-	-
	(-)	(3,000,000)	(-)	(-)
Mr. Hasmukh A. Gada	-	12,00,000	-	-
	(-)	(1,200,000)	(-)	(-)
Mr. Raichand P. Shah	-	-	1,200,000	-
	(-)	(-)	(1,200,000)	(-)
Rent Paid to	-	-	324,000	-
Nayna S. Shah	(-)	(-)	(183,000)	(-)

Figures in bracket reflects previous year's amount

c) **Outstanding Balances of Related Parties:**

Particulars	Wholly Owned Subsidiary	KMP	Relatives of KMP	Enterprises over which relatives of KMP have significant influence
Recoverable	92,597,941 (137,194,245)	– (–)	– (–)	– (–)
Payables	– (–)	6,465 (1,173,744)	52,797 (322,146)	(–) (126,094)
Investments	150,000,000 (49,000,000)	– (–)	– (–)	– (–)

Figures in bracket reflects previous year's amount.

Notes 34

Computation of Basic and Diluted Earnings per share:

Particulars	Current Year	Previous Year
Net Profit After Tax available to equity shareholders (in ₹.)	77,117,687	86,525,756
Number of Equity Shares (in no's)	71,868,591	71,868,591
Basic and diluted earnings per share (Face Value-₹. 1/-) (in ₹)	1.07	1.20

Notes 35

a) **Details of Sales value of Finished Goods:**

Class of goods	Sale Value ₹	
	Current Year	Previous Year
Exercise Books	1,262,667,430	1,192,105,217
Paper	73,689,247	80,060,903
Trading of Copier Paper & Others	413,716,277	647,464,004
Total	1,750,072,954	1,919,630,124

b) **Details of opening & closing stock of Finished Goods:**

Class of Goods	Opening Stock (in ₹)		Closing Stock (in ₹)	
	Current Year	Previous Year	Current Year	Previous Year
Exercise Books	102,879,912	69,985,694	74,421,334	102,879,912
Paper	1,105,896	10,731,615	2,520,910	1,105,896
Trading of Copier Paper & Others	14,627,808	-	13,711,952	14,627,808
Total	118,613,616	80,717,309	90,654,196	118,613,616

Notes 36

Value of Raw Material Consumed:

Particulars	Current Year		Previous Year	
	Amount	%	Amount	%
	₹		₹	
Raw Materials (Paper & Paper Boards)				
(i) Imported	75,34,175	0.86%	7,579,213	0.76%
(ii) Indigenous	867,450,290	99.14%	993,901,474	99.24%
Total	874,984,465	100.00%	1,001,480,687	100.00%

Notes 37

Expenditure and Earnings in Foreign Currency:

(Amount in ₹)

Particulars	Current Year	Previous Year
F.O.B. Value of Exports	111,667,173	202,264,302
<u>C.I.F. Value of Imports:</u>		
Raw Materials	5,767,079	7,579,213
<u>Expenditure:</u>		
Traveling Expenses	637,892	232,025

Notes 38

After the close of the year on 31.03.2012, an Extra Ordinary General Meeting (EGM) was held on 01.04.2012 to approve the issue of bonus shares in the ratio of 2:1. As per the resolution, such bonus shares shall rank parri passu in all respects with and carry the same rights as the existing fully paid up equity shares of the company and shall be entitled to participate fully in any dividend(s) to be declared after the bonus shares are so allotted.

Notes 39

Previous year figures have been re-grouped/re-classified wherever considered necessary to compare with current year figures.

As per our report of even date attached

For and on behalf of the Board

For **Bhuta Shah & Co.**
Chartered Accountants
Firm Regn. No. 101474W

Amrut P. Shah
(Chairman & Managing Director)

Shantilal P. Shah
(Whole-time Director)

CA Mitesh Kothari
Partner
Membership No. 110822

Hasmukh A. Gada
(Whole-time Director)

Amisha V. Shah
(Company Secretary)

Place: Mumbai
Dated: 30th May 2012

STANDALONE
FINANCIAL STATEMENTS OF
E-CLASS EDUCATION SYSTEM LTD.
(A WHOLLY OWNED SUBSIDIARY)

Directors' Reports

To,
The Members,
E-class Education System Limited
(Formerly known as Sundaram Edusys Private Limited)

The Directors of your Company have pleasure in presenting herewith the Third Annual Report of your Company together with the audited Balance Sheet and Statements of Accounts for the Year ended 31st March 2012.

1. FINANCIAL HIGHLIGHTS & OPERATIONS:

The Financial Highlights of the Company are as follows:

(Amount in ₹)

Particulars	2011-12	2010-11
Total Income	49,323,956	25,006,535
Profit/(Loss) Before Interest, Depreciation & Tax	(3,141,645)	(21,881,221)
Less:		
Interest & Financial Cost	21,849,296	3,114,954
Profit/(Loss) Before Depreciation & Tax	(24,990,940)	(24,996,175)
Less: Depreciation	17,674,710	3,176,860
Less: Deferred Tax	(13,953,850)	(9,135,835)
Profit/(Loss) After Tax	(28,711,800)	(19,037,200)
Add: Balance Brought Forward From Earlier Years	(19,037,200)	Nil
Appropriations	Nil	Nil
Balance Carried Forward To Balance Sheet	(47,749,000)	(19,037,200)

REVIEW OF OPERATIONS:

- During the Year under review the Company has successfully penetrated the market with the 100 % syllabus based quality digital animation content for State Board K-10 segment of Maharashtra State in English, Marathi and Semi-English medium. Company has achieved sales turnover of ₹ 4.93 Crores as compared to ₹ 2.50 Crores for the year 2010-11 registering a growth of 97.20%. With the Government's emphasis on e-learning and positive response from the students, teachers, parents and coaching classes, the Company is optimistic about the rising of sales in the coming years.
- The Company has signed a MOU with AICPTR (All India Council for Professional Training & Research) for distribution of "e-class" system across Maharashtra State through more than 900 computer centers to reach district, tehsil and village level marketing.
- The Company has launched 'E-class tablet' which has a 7" touch screen with eight to twelve hours battery life, 1.2 Ghz processing speed and a built-in memory of 8GB expandable up to 64GB, it has Android 2.3, USB port and also an external 3G dongle which can be attached for internet. This tablet has inbuilt "e-class" content. There are two models basic and premium. It has also developed its own online educational portal.
- As part of Back to School 2012 Campaign the Company has set up huge distribution network across 30 districts in Maharashtra. Massive Marketing and Advertising is being conducted through Radio, Magazines, Outdoor Media and Newspapers. The Company has also conducted several Memory Improvement Workshop with Parents, Students and Teachers to give the benefit of "e-class" to each and every student of Maharashtra and to upgrade and empower the schools of Maharashtra with e-learning.

The current year response is encouraging and your Directors are hopeful to maintain the growth and improve the profitability.

2. Industry Overview, Opportunities and Risk Concerns:

• Industry overview

The Indian education sector is one of the largest education markets (in terms of the potential number of students) in the world. India is projected to have the world's largest population under 20years – 468 million in 2015 which is 40% higher than China's projected population under 20years at 318 million in the same timeframe. Also, India

is expected to grow at 7.4% over 2014-15 according to a recent World Bank Report despite the slump in the recent times. The favorable demographics need to be converted in a virtuous cycle of acceleration in growth and Education is one of the critical inputs to securing demographic dividend. The size of the Indian education space is estimated at USD 25.6 bn, which is slated to grow at a rate of 22% per annum. Growth is expected across segments, most prominently in K-12 and higher education, valued at USD 11.5 bn and USD 8.6 bn, respectively. The growth rates could be higher in case regulatory changes are introduced. (Edelweiss-Indian Education Report, October 2009).

- **Favorable Government Initiative/ opportunities:**

The Challenge in education sector is delivering quality education to all. The Government has taken several measures to improve education at elementary level in the country and introducing education through ICT (Information & Communication Technology). The Government is focusing on bridging the digital divide in India through RTE Act, Sarva Shiksha Abhiyan and allocation of nearly \$1 bn in 11th plan for the National Mission on Education through ICT. In this plan Government has primarily focused on ICT in schools and an amount of ₹. 5000 Crore has been allocated for providing ICT infrastructure in schools. This amount would be used for setting up a networked computer lab in each school. Every school will also have a technology classroom, with audio visual equipment for enhancing the learning. A dedicated programme for content creation as per the curriculum will be undertaken as an integral part of this initiative. This revamped scheme of ICT in schools will be implemented in partnership with the States and Private providers.

The Central Advisory Board of Education unanimously adopted the National Policy on ICT in School Education (NPISE). For currently neglected primary, secondary and higher education, ICT offers a magical opportunity to rapidly create 21st century learning environment.

As a result of the present scenario and massive Government allocation for education segment, K-12 segment is one of the fastest growing segments and your Company has great future. Currently your Company is focusing in the state of Maharashtra however; there exists the great potential for your Company to be nationwide provider of educational content under the brand name “e-class”.

- **Threat and Risk**

On the other hand the Company is exposed to the risk of piracy and misuse of educational content developed, which can result in loss of revenue. However your Company has taken necessary steps to protect the content from piracy. Also the Company's Performance largely depends on the Government's policies on education and allocation of budget towards education. Any adverse change in the Government's policies towards education will materially affect the performance of the Company. Further the Company's business involves installation of large number of computer system and other electronic equipments. Such electronic equipments are prone to hardware/ software malfunction, virus attacks, hacking and technological obsolescence. If any such event occurs, we run the risk of disruption of our operations.

3. DIVIDEND:

Your Directors regret their inability to recommend any dividend during the year under review.

4. TRANSFER TO RESERVES:

During the year under review the Company has not transferred any amount to reserves.

5. CHANGE OF NAME AND STATUS OF THE COMPANY:

- The Shareholders of the Company on 12th December 2011 by passing a Special Resolution approved change of name of the Company from “Sundaram Edusys Private Limited” to “E-class Education System Private Limited.” The Company got the approval of the Central Government on 15th December 2011.
- The Shareholders of the Company on 22nd December 2011 by passing a Special Resolution approved the change in the status of the Company from “Private Limited” to “Public Limited”. The Company got the approval of Central Government on 28th December 2011.

6. CHANGE IN THE CAPITAL STRUCTURE:

- The Shareholders of the Company on 4th March 2012 by passing an Ordinary Resolution approved increase in the Authorised Capital of the Company from ₹ 100,000,000 (Ten Crores) divided into 10,000,000 Equity Shares of ₹ 10/- each to ₹ 250,000,000 (Twenty Five Crores) divided into 25,000,000 Equity Shares of face value of ₹ 10/- each).
- With the approval of the Shareholders by Special Resolution on 4th March 2012 the Board of Directors of your Company has further allotted 1,01,00,000 (One Crore One Lac) Equity Shares of face value of ₹10/- (Rupees Ten Only) each at par to Sundaram Multi Pap Limited, Holding Company of the Company on preferential basis.

7. MATERIAL CHANGES AND COMMITMENTS:

There have been no such changes or commitments affecting the financial position from the end of the financial year 2011-2012 till date of this report as may be deemed to be material enough to affect the financial position of the Company, otherwise than in the normal course of business.

The Company has no subsidiary.

8. DIRECTORS:

As per Section 255 and 256 of the Companies Act, 1956 Mr. Amrut P. Shah, Chairman of the Company is liable to retire by rotation and further being eligible, offer himself for reappointment at the ensuing Annual General Meeting. The Board of Directors recommends his reappointment for your approval.

None of the Directors of your Company are disqualified as per the provision of Section 274(1) (g) of the Companies Act, 1956. The Directors of the Company have made necessary disclosures, as required under various provisions of the Act.

9. AUDIT COMMITTEE:

As per the requirements of Section 292A (1) of the Companies Act, 1956 the Board of Directors of the Company in their meeting held on 13th March 2012 has constituted a committee of Board known as "Audit Committee" consisting of three Directors of the Company namely Mr. Chirag K. Gala, Mr. Shantilal P. Shah and Mr. Hasmukh A. Gada.

10. AUDITORS' REPORT:

The observations made in the Auditors' Report are self-explanatory and therefore do not call for further comments under Section 217 of the Companies Act, 1956.

11. AUDITORS:

M/s Bhuta Shah & Co, Chartered Accountants and Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. However, being eligible, offer themselves for re-appointment as the Statutory Auditors of the Company.

M/s Bhuta Shah & Co. have confirmed their appointment, if made will be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

12. COMPANY SECRETARY:

As per the requirements of Section 383A of the Companies Act, 1956 the Board of Directors of the Company in their meeting held on 13th March 2012 has appointed Ms. Komal M. Khakhar as a Company Secretary of the Company.

13. INSURANCE:

All the assets of the Company, wherever necessary and to the extent required, have been insured.

14. FIXED DEPOSITS:

The Company has not invited/accepted/renewed any fixed deposits as per the provisions of Section 58A of the Companies Act 1956 from the public during the year.

15. HOLDING COMPANY:

Your Company is a Wholly-owned Subsidiary Company of Sundaram Multi Pap Limited, an Indian Listed Company.

16. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGOINGS:

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed in terms of Section 217 (1) (e) of Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is as follows:

- **Details of Energy Conservation:**
Wherever possible and feasible, continuous efforts are being put for conservation of energy and minimize power cost.
- **Technology Absorption:**
This clause is not applicable to the Company during the financial year under consideration.

• **Foreign Exchange Earnings and Outgo:**

(Amount in ₹)

	2011-2012	2010-2011
Foreign Exchange Earnings:	Nil	Nil
Foreign Exchange Outgo:	1,94,482/-	4,25,075/-

17.PARTICULARS OF EMPLOYEES:

There were no employees of the Company during the financial year 2011-2012, as are required to be mentioned under Section 217 [2A]. Therefore the statement for the same is not attached.

18.DIRECTORS' RESPONSIBILITY STATEMENT:

In Compliance of Section 217 (2AA), as incorporated by the Companies (Amendment) Act, 2000 in the Companies Act, 1956 your Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed except as mentioned in notes to the accounts and no material departures have been made from the same,
- 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 at the end of the financial year and of the profit or loss of the Company for that period;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting 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;
- The Directors have prepared the annual accounts on a going concern basis.

19.ACKNOWLEDGEMENT:

Your Directors would like to place on record its sincere appreciation for the wholehearted support and contribution made by all employees of the Company as well as its valuable clients, bankers and business associates for extending their full co-operation.

By Order of the Board
For E-class Education System Limited

Amrut P. Shah
Chairman

Mumbai on this 07th Day of August 2012

REGISTERED OFFICE:

903, Dev Plaza, S.V. Road, Opp. Andheri Fire Station, Andheri (West), Mumbai – 400 058, INDIA.

Auditors' Report

To,

THE MEMBERS,

E-CLASS EDUCATION SYSTEM LIMITED (Formerly known as SUNDARAM EDUSYS PRIVATE LIMITED)

1. We have audited the attached Balance Sheet of **E-CLASS EDUCATION SYSTEM LIMITED (Formerly known as SUNDARAM EDUSYS PRIVATE LIMITED) (the Company)** as at 31st March 2012, Statement of Profit and loss, and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) Amendment Order 2004 (hereinafter referred to as "the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 account, as required by the law have been kept by the Company in so far as it appears from our examination of the books;
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section 3(c) of section 211 of the Companies Act, 1956.
 - e) Based on the written representations received from the directors of the Company as on 31st March, 2012 and taken on record by the Board of Directors, we report that, none of the directors are prima-facie, disqualified as on 31st March, 2012 from being appointed as directors of the Company 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 explanations given to us, the said accounts, read together with the notes on accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

-
- (i) in the case of Balance Sheet, of the State of Affairs of the Company as at 31st March, 2012,
 - (ii) in the case of Statement of Profit and Loss, of the Loss for the year ended on that date, and
 - (iii) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **Bhuta Shah & Co.**
Chartered Accountants
(Firm Registration No. 101474W)

CA. Mitesh Kothari
[Partner]
M. No. 110822

Place : Mumbai
Date : 30th May 2012

Annexure To The Auditors' Report

ANNEXURE referred to in paragraph (3) of our report of even date on the Accounts for the year ended 31st March 2012 of **E-CLASS EDUCATION SYSTEM LIMITED (Formerly known as Sundaram Edusys Private Limited)**.

- (i)
 - (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets.
 - (b) In our opinion and according to the explanations given to us, these assets have been physically verified by the management during the year in a phased manner, which is reasonable, having regard to the size of the Company and nature of the assets. No material discrepancies were noticed on such verification.
 - (c) No substantial part of fixed assets has been disposed off during the year which will affect the going concern principle.
- (ii)
 - (a) As explained to us, the inventory of the Company has been physically verified by the management at reasonable intervals during the year.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company has maintained proper records of inventories and no material discrepancies have been noticed on physical verification conducted by the management. The discrepancies noticed on verification between physical inventories and book records have been properly dealt with in the books of account.
- (iii)
 - (a) In our opinion and according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under 301 of the Companies Act. Accordingly, paragraph 4(iii) clause no. b, c and d of the Order are not applicable.
 - (b) The company has taken unsecured loan from a holding company. The maximum amount involved during the year is ₹ 188,914,290/- and the year-end balance of loan taken from such party is ₹ 92,597,942/-.
 - (c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from company are not, prima facie, prejudicial to the interest of the company.
 - (d) There is no stipulation for repayment of the above loans. Therefore, the question of repayment being regular does not arise.
- (iv) In our opinion and according to the information and explanation given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods. During the course of our audit, no major weakness has been observed in the internal control system.
- (v)
 - (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 particulars of the contracts or arrangements 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 explanation given to us, the transactions made in pursuance of contract or arrangements entered in the contracts maintained under section 301 of the Companies Act, 1956 exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at that time.
- (vi) According to the information given to us, the Company has not accepted any deposit from public as defined under section 58A and 58AA of the Companies Act, 1956 and the rules framed there under, during the year under review and as such reporting under this clause is not applicable.
- (vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.

- (viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any products of the Company.
- (ix) (a) According to the information and explanation given to us and according to the books and records produced and examined by us, the Company has been regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Income Tax, Sales Tax, Service Tax, Wealth Tax, Excise duty / cess and any other statutory dues, to the extent wherever applicable, with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31-03-2012 for a period of more than six months from the date they become payable.
- (b) As explained to us and according to the records of the Company, there were no disputes pending in respect of Income tax, Wealth Tax, Service Tax, Excise Duty / Cess, Customs duty and other statutory dues applicable to the Company as on 31-3-2012.
- (x) The Company has accumulated losses at the end of the year amounting to ₹ 47,749,000 / – and has incurred cash losses of ₹ 24,990,940/ – during the current financial year. The company had accumulated losses of ₹ 19,037,200/ – and had incurred cash losses of ₹ 24,990,940/ – in the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of dues to a financial institution or bank.
- (xii) According to the information and explanation given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, considering the nature of the business carried on during the year, the Company is not a chit fund or nidhi / mutual benefit fund / society. In view of the above, the said clause (xiii) is not applicable to the company.
- (xiv) According to information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the company has not raised any term loan during the year and hence the question of its utilization does not arise.
- (xvii) According to the information and explanation given to us and on the overall examination of the balance sheet of the company, we report that no term loans are raised by the company.
- (xviii) The Company has made preferential allotment of 10,100,000 shares during the year to Sundaram Multi Pap Limited, holding company which is covered in the register maintained u/s. 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debenture during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) In our opinion and according to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **Bhuta Shah & Co.**
Chartered Accountants
(Firm Registration No. 101474W)

CA Mitesh Kothari
Partner
M. No. 110822

Place : Mumbai
Date : 30th May 2012

E-class Education System Limited

(Formerly known as Sundaram Edusys Private Limited)

BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	As at 31 st March, 2012	As at 31 st March, 2011
		₹	₹
<u>EQUITY AND LIABILITIES</u>			
<u>Shareholder's Funds</u>			
Share Capital	1	150,000,000	49,000,000
Reserves and Surplus	2	(47,749,000)	(19,037,200)
		102,251,000	29,962,800
<u>Non-Current Liabilities</u>			
Long-Term Borrowings		-	-
Deferred Tax Liabilities (Net)		-	-
Other Long Term Liabilities		-	-
Long Term Provisions		-	-
		-	-
<u>Current Liabilities</u>			
Short-Term Borrowings	3	92,597,942	137,194,246
Trade Payables	4	4,764,981	6,052,945
Other Current Liabilities	5	5,463,077	1,978,955
Short-Term Provisions		-	-
		102,825,999	145,226,146
Total Equity & Liabilities		205,076,999	175,188,946
<u>ASSETS</u>			
<u>Non-Current Assets</u>			
<u>Fixed Assets</u>			
Tangible Assets	6A	10,507,244	11,277,108
Intangible Assets	6B	92,553,743	75,708,187
Capital Work-in-Progress		-	21,208,722
		103,060,987	108,194,017
Non-current investments		-	-
Deferred Tax Assets (net)	7	23,089,684	9,135,835
Long term Loans and Advances	8	3,306,185	2,453,200
Other Non-current Assets		-	-
		129,456,856	119,783,052
<u>Current Assets</u>			
Current investments		-	-
Inventories	9	37,928,311	28,668,556
Trade receivables	10	32,534,260	16,002,271
Cash and cash equivalents	11	2,356,616	3,492,600
Short-term loans and advances	12	2,800,956	7,242,467
Other current assets		-	-
		75,620,142	55,405,894
Total Assets		205,076,999	175,188,946

Significant Accounting Policies
Notes on financial statements.
As per our report of even date.

1 to 30

For Bhuta Shah & Co.
Chartered Accountants
Firm Reg. No. : 101474W

FOR E-CLASS EDUCATION SYSTEM LTD

CA Mitesh Kothari
Partner
Membership No. : 110822

Amrut P. Shah **Chirag K. Gala**
Chairman Whole-time Director

Riddhi A. Shah **Komal M. Khakhar**
Whole-time Director Company Secretary

Place : Mumbai
Date : 30th May 2012

E-class Education System Limited
(Formerly known as Sundaram Edusys Private Limited)

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

Particulars	Notes	Year Ended 31st March, 2012	Year Ended 31st March, 2011
<u>Income</u>		₹	₹
Revenue from operations	13	49,323,956	25,006,535
Other Income		-	-
Total Revenue (I)		49,323,956	25,006,535
<u>Expenses:</u>			
Cost of materials consumed	14	13,152,545	3,923,206
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods and Work-in-progress		-	-
Employee Benefit Expense	15	12,135,842	7,563,846
Finance Cost	16	21,849,296	3,114,954
Depreciation and Amortization Expense	17	17,674,710	3,176,860
Other Expenses	18	27,177,214	35,400,704
Total (II)		91,989,607	53,179,570
Profit / (Loss) before exceptional and extraordinary items and tax (I) - (II)		(42,665,650)	(28,173,035)
Exceptional Items		-	-
Profit before extraordinary items and tax		(42,665,650)	(28,173,035)
Extraordinary Items		-	-
Profit / (Loss) before tax		(42,665,650)	(28,173,035)
<u>Tax expense:</u>			
(1) Current tax		-	-
(2) Deferred tax		(13,953,850)	(9,135,835)
(3) Short / (Excess) Provision of earlier years		-	-
Total Tax Expense		(13,953,850)	(9,135,835)
Profit / (Loss) after tax		(28,711,800)	(19,037,200)
Earning per equity share:			
(1) Basic		(5.32)	(3.89)
(2) Diluted		(5.32)	(3.89)

Significant Accounting Policies
Notes on Financial Statements
As per our report of even date.

1 to 30

For Bhuta Shah & Co.
Chartered Accountants
Firm Reg. No. : 101474W

FOR E-CLASS EDUCATION SYSTEM LTD

CA Mitesh Kothari
Partner
Membership No. : 110822

Amrut P. Shah **Chirag K. Gala**
Chairman Whole-time Director

Riddhi A. Shah **Komal M. Khakhar**
Whole-time Director Company Secretary

Place : Mumbai
Date : 30th May 2012

E-class Education System Limited

(Formerly known as Sundaram Edusys Private Limited)

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

Particulars		April 1, 2011 - March 31, 2012	April 1, 2010 - March 31, 2011
		Amount in ₹	Amount in ₹
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit/(Loss) before Tax and Extraordinary items	(42,665,650)	(28,173,035)
	<i>Adjustment for :</i>		
	Depreciation	17,674,710	2,344,660
	Interest Income	-	
	Dividend Income		832,200
	Preliminary Expenses W/off		3,114,954
	Interest Paid	21,849,296	-
	(Profit)/Loss on Sale of Assets (Net)	699	
		39,524,705	6,291,814
	Operating profit before working capital changes	(3,140,946)	(21,881,221)
	<i>Adjustment for :</i>		
	Trade Receivables	(16,531,989)	(16,002,271)
	Inventories	(9,259,755)	(28,515,006)
	Loans & Advances	3,588,526	(5,508,379)
	Trade Payables	(1,287,964)	
	Other Liabilities & Provisions	3,484,122	(6,916,307)
		(20,007,060)	(56,941,963)
	Cash generated from operations	(23,148,006)	(78,823,184)
	Direct Taxes paid(Net)	-	
	NET CASH FLOW OPERATING ACTIVITIES	(23,148,006)	(78,823,184)
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Tangible Fixed Assets (Net)	(12,582,380)	(89,329,955)
	Sale of Tangible Fixed Assets	40,000	
	Purchase of Equity Shares of Subsidiary		
	Investment in Capital Work in Progress		46,448,167
	NET CASH FLOW FROM INVESTING ACTIVITIES	(12,542,380)	(42,881,788)
C.	CASH FLOW FROM FINANCING ACTIVITIES:		
	Repayment of loan to Holding Company	(44,596,304)	131,951,534
	Proceeds from Borrowings	-	
	Proceeds from Issue of Share Capital	101,000,000	
	Interest Received		
	Interest Paid	(21,849,296)	(3,114,954)
	Dividend Paid (Incl. of Tax)		
	NET CASH FLOW FROM FINANCING ACTIVITIES	34,554,400	128,836,580
	NET Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	(1,135,985)	7,131,608
	Cash and Cash equivalent at beginning of the year	3,492,600	(3,639,008)
	Cash and Cash equivalent at end of the year	2,356,615	3,492,600
	Net Increase/(Decrease)	(1,135,985)	7,131,608

Note:

- 1 Cash and cash equivalents consists of Cash on hand and Balance with banks.
- 2 The above cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
- 3 Previous year's figures have been re-grouped/re-arranged wherever necessary.

As per our report of even date attached

For and on behalf of the Board

For Bhuta Shah & Co.

Chartered Accountants
Firm Reg. No. : 101474W

CA Mitesh Kothari

Partner
Membership No. : 110822

Amrut P. Shah **Chirag K. Gala**
Chairman Whole-time Director

Riddhi A. Shah **Komal M. Khakhar**
Whole-time Director Company Secretary

Place : Mumbai
Date : 30th May 2012

SIGNIFICANT ACCOUNTING POLICIES :

i. Accounting Conventions:

The financial statements are prepared on accrual basis under historical cost convention and as a going concern and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India referred to in section 211 (3C) of the Companies Act, 1956. Accounting policies not disclosed separately otherwise are in consonance with generally accepted accounting principles.

ii. Use of Estimates:

Preparation of financial statements in conformity of generally accepted accounting practices requires that the Management of the Company makes estimates and assumptions that affect the reported amount of income and expenses of the period, the reported balances of assets and liabilities and the assumptions relating to contingent liabilities as on the date of the financial statements. Examples of such estimates include the useful life of tangible and intangible fixed assets, provision for doubtful debts/advances, future obligation in respect of retirement benefit plans, etc. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

iii. Fixed Assets:

All fixed assets are stated at cost of acquisition less accumulated depreciation and impairment, if any. Direct costs are capitalized until fixed assets are ready for use. Capital work-in-progress comprises of cost of fixed assets that are not yet ready for their intended use as at reporting date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.

iv. Depreciation / Amortisation:

Depreciation on fixed assets is provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956 or estimates made by the management. Depreciation on addition/deletion of assets during the year is provided on pro-rata basis. Knowledge Based Content is amortized over a period of six years on straight line basis as decided by the management.

v. Investment:

Long term investments are stated at cost. Provision for diminution in the value is made only if such decline is other than temporary.

Current investments are valued at lower of the cost or market value, determined on individual investment basis.

vi. Valuation of Inventories:

Raw materials, stores and packing materials are valued at lower of cost or net realizable value. Cost is assigned on FIFO basis. Semi - finished goods are valued at raw material cost plus proportionate manufacturing overheads. Finished goods and trading goods are valued at lower of the cost or net realizable value. Unrealized profit, if any, in inter unit transaction is eliminated to the extent possible.

vii. Revenue Recognition:

Income is recognized on transfer of property in goods, as per the agreed terms. The Company recognizes revenue on sale of products upon dispatch to the customer or when delivered to the ocean carrier for export sales, which is when risks and rewards of ownership are passed to the customer. Sales are shown net of returns, discounts, excise duty and sales tax.

viii. Retirement Benefits:

Contribution to Provident Fund and ESIC are recognized as expense as and when accrued. Leave Encashment is accounted as and when accrued and claimed.

ix. Foreign Currency Transactions:

Transactions in foreign currency are recorded at the rate of exchange in force at the time transactions are effected. Exchange differences arising on settlement of these transactions are recognized in the statement of profit and loss.

Monetary items (other than those related to acquisition of fixed assets) denominated in foreign currency are revalued using the exchange rate prevailing at date of the balance sheet and resulting exchange difference is recognized in the statement of profit and loss. Non monetary foreign currency items are carried at cost.

x. Borrowing Cost:

Borrowing Costs that are attributable to acquisition or construction of a qualifying asset are capitalized as a part of the cost of such asset. A Qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are charged to Statement of Profit & loss.

xi. Provision for Taxes:

Provision for current tax is determined in accordance with the Income Tax laws prevailing for the relevant assessment years.

Deferred tax arising due to timing difference between the book profit and tax profit for the year is accounted for, using the tax rate and laws that are substantively enacted as of the Balance Sheet date. Deferred Tax assets arising from timing differences are recognized to the extent there is reasonable certainty that this would be realized in future.

xii. Impairment of Fixed Assets:

At each balance sheet date, the Company reviews the carrying amount of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

xiii. Leases:

Lease of assets under which all the risk and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with respective lease agreements.

xiv. Contingent Liability:

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation.

A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not result in outflow of resources.

When there is a possible obligation or present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Notes to Financial Statements

NOTE 1 : SHARE CAPITAL

	As at 31 st March, 2012	As at 31 st March, 2011
	₹	₹
<u>AUTHORIZED CAPITAL</u> 25,000,000 (P.Y. 10,000,000) Equity Shares of ₹ 10/- each (Authorised capital is increased from ₹. 100,000,000/- to Rs. 250,000,000/- w.e.f 04-03-2012)	250,000,000	100,000,000
	250,000,000	100,000,000
<u>ISSUED , SUBSCRIBED & PAID UP CAPITAL</u> 15,000,000 (P.Y. 4,900,000) Equity Shares of Rs. 10/- each (10,100,000 Equity shares of ₹ 10/- each have been allotted in Board Meeting dtd. 13-03-2012)	150,000,000	49,000,000
Total of issued, subscribed and fully paid up share capital	150,000,000	49,000,000

a) **The reconciliation of the number of shares is set out below:**

Particulars	31-Mar-12		31-Mar-11	
	Equity Shares		Equity Shares	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	4,900,000	49,000,000	4,900,000	49,000,000
Shares Issued during the year	10,100,000	101,000,000	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	15,000,000	150,000,000	4,900,000	49,000,000

b) **Terms and Rights attached to Equity Shareholders:**

The Company has only one class of Equity Shares having a face value of ₹. 10/- per share. Each holder of equity shares is entitled to one vote per equity share. A member shall not have any right to vote whilst any call or other sum shall be due and payable to the Company in respect of any of the shares of such member. All equity shares of the Company rank pari passu in all respects including the right to dividend. The dividend is recommended by the Board of Directors and declared by the members at the ensuing Annual General Meeting. The Board of Directors have a right to deduct from the dividend payable to any member any sum due from him to the Company.

In the event of winding-up, subject to the rights of holders of shares issued upon special terms and conditions, the holders of equity shares shall be entitled to receive remaining assets, if any, in proportion to the number of shares held at the time of commencement of winding-up.

The Shareholders have all other rights as available to Equity Shareholders as per the provisions of the Companies Act, 1956, read together with the Memorandum of Association and Articles of Association of the Company, as applicable.

c) **The Company is a 100% subsidiary Company of Sundaram Multi Pap Limited.**

d) **The details of share holders holding more than 5% shares**

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sundaram Multi Pap Limited	15,000,000	100	4,900,000	100

NOTE 2 : RESRVES & SURPLUS

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
(a) Capital Reserve	-	-
(b) Capital Redemption Reserve	-	-
(c) Securities Premium reserve	-	-
(d) General Reserve		
Opening Balance	-	-
Add: Transfer from Statement of Profit and Loss	-	-
General Reserve- closing balance	-	-
(e) Surplus/ (Deficit) in Statement of Profit and Loss		
Opening Balance	(19,037,200)	-
Add: Net Profit/ (Loss) for the year	(28,711,800)	(19,037,200)
Balance Available for Appropriation	(47,749,000)	(19,037,200)
<u>Less: Appropriations</u>		
- Proposed Dividend	-	-
- Dividend Distribution Tax	-	-
- Transfer to General Reserve	-	-
Closing Balance	(47,749,000)	(19,037,200)
Total of Reserves & Surplus	(47,749,000)	(19,037,200)

NOTE 3 :SHORT TERM BORROWINGS

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
<u>Loan Repayable on Demand</u>		
<u>Secured</u>		
- From Bank	-	-
- From Other Parties	-	-
<u>Unsecured</u>		
- From Bank	-	-
<u>Others</u>		
Loans & Advances From Holding Company, Sundaram Multipap Limited	92,597,942	137,194,246
Total of Short Term Borrowings	92,597,942	137,194,246

NOTE 4 : TRADE PAYABLES

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
Trade Payable	4,764,981	6,052,945
(Refer Note 24 for details of dues to Micro, Small and Medium Enterprises)	-	-
Total of Trade Payable	4,764,981	6,052,945

NOTE 5 : OTHER CURRENT LIABILITIES

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
Current maturities of long-term debt		
Term Loans	-	-
Vehicle Loans	-	-
Advance from Customers	1,911,530	1,314,595
Interest accrued but not due on borrowings	-	-
Unpaid Dividends	-	-
<u>Other Payables</u>		
Outstanding expenses	1,441,873	-
Outstanding Statutory Liabilities	1,589,674	664,360
Trade Deposits	520,000	-
Total of Other Current Liabilities	5,463,077	1,978,955

NOTE :6 - FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block	
	As on 1st April, 2011	Additions During the Year	Deductions During the Year	As on 31st March, 2012	As on 1st April, 2011	For the Year	As on 31st March, 2012	As on 31st March, 2011
(A) Tangible Assets								
Furniture & Fixtures	7,799,970	29,500	-	7,829,470	82,290	494,131	576,421	7,717,680
Office Equipments	3,658,262	339,334	48,500	3,949,096	98,834	603,866	694,899	3,559,428
Total Tangible Assets	11,458,232	368,834	48,500	11,778,566	181,124	1,097,997	1,271,320	11,277,108
(B) Intangible Assets								
Knowledge Based Content	77,871,723	32,300,076	-	110,171,799	2,163,536	16,539,025	18,702,561	75,708,187
Website	-	1,122,192	-	1,122,192	-	37,688	37,688	-
Total Intangible Assets	77,871,723	33,422,268	-	111,293,991	2,163,536	16,576,712	18,740,248	75,708,187
TOTAL (A+B)	89,329,955	33,791,102	48,500	123,072,557	2,344,660	17,674,709	20,011,569	86,985,295
Previous Year	-	89,329,955	-	89,329,955	-	2,344,660	86,985,295	

NOTE 7 : DEFERRED TAX ASSETS (NET)

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
Asset related to losses	29,178,785	12,015,907
Less: Liability related to Fixed Assets	6,089,101	2,880,072
TOTAL	23,089,684	9,135,835
Less: Opening Net deferred tax asset	9,135,835	-
Net Deferred Tax credited to Statement of Profit And Loss	13,953,849	9,135,835

NOTE 8 : LONG TERM LOANS AND ADVANCES

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
Capital Assets Advance		
a) Secured, Considered Good :	-	-
b) Unsecured, Considered Good :	-	-
c) Doubtful	-	-
Security Deposit		
a) Secured, Considered Good :	3,306,185	2,453,200
b) Unsecured, Considered Good :	-	-
c) Doubtful	-	-
Loans & Advances to related parties	-	-
Other Loans & Advances	-	-
Prepaid Expenses	-	-
Total of Long Term Loans and Advances	3,306,185	2,453,200

NOTE 9 : INVENTORIES

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
Raw Material	37,928,311	28,668,556
Total Inventories	37,928,311	28,668,556

NOTE 10 : TRADE RECEIVABLES

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
Debts Overdue by six months		
a) Secured, Considered Good	-	-
b) Unsecured, Considered Good	-	-
c) Doubtful	-	-
Others		
a) Secured, Considered Good	-	-
b) Unsecured, Considered Good	32,534,260	16,002,271
c) Doubtful	-	-
Total of Trade Receivables	32,534,260	16,002,271

NOTE 11 : CASH & CASH EQUIVALENT

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
Cash-in-Hand		
Cash Balance	1,847,489	1,545,481
Sub Total (A)	1,847,489	1,545,481
Bank Balance		
In Current Accounts	509,127	1,947,119
Sub Total (B)	509,127	1,947,119
Total of Cash & Cash Equivalent (A) + (B)	2,356,616	3,492,600

NOTE 12 : SHORT TERMS LOANS AND ADVANCES

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
Loans & Advances to related parties		
a) Secured, Considered Good :	-	-
b) Unsecured, Considered Good :		
c) Doubtful	-	-
Others		
<i>Advance Recoverable in cash or in kind or for value to be received, considered good</i>		
Advance to Suppliers	1,131,030	4,609,753
Balance With Revenue Authorities	1,658,448	1,688,473
Prepaid Expenses	478	944,241
Advance To Employees	11,000	-
Total of Short Terms Loans and Advances	2,800,956	7,242,467

NOTE 13 : REVENUE FROM OPERATIONS

	₹	₹
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Sales	49,323,956	25,006,535
Total of Revenue from Operations	49,323,956	25,006,535

NOTE 14 : COST OF MATERIAL CONSUMED

	₹	₹
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
<u>Raw Material Consumed</u>		
Opening Stock	28,668,556	153,550
Add: Purchases	22,412,300	32,432,038
Transport Inward	-	6,174
	51,080,856	32,591,762
Less: Closing Stock	37,928,311	28,668,556
Total of Cost of Materials Consumed	13,152,545	3,923,206

NOTE 15 : EMPLOYMENT BENEFIT EXPENSES

	₹	₹
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Salaries & Wages	8,753,958	6,605,708
Contribution to Provident Fund, Gratuity Fund & Other Funds	157,820	42,246
Directors' Remuneration	3,000,000	600,000
Staff Welfare	224,064	315,892
Total of Employee Benefits Expenses	12,135,842	7,563,846

NOTE 16 : FINANCE COST

	₹	₹
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Interest Cost	23,320,397	14,438,187
Less: Interest Capitalised	1,522,349	11,323,233
	21,798,048	3,114,954
<u>Other borrowing costs</u>		
Bank and Finance Charges	24,352	-
Delay Interest On Payment of Statutory dues	26,896	-
Total of Financial Costs	21,849,296	3,114,954

NOTE 17 : DEPRECIATION & AMORTIZATION EXPENSE

	₹	₹
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Depreciation	1,097,998	181,124
Amortisation of Intangibles	16,576,712	2,163,536
Preliminary Expenses written off	-	832,200
Total of Depreciation & Amortisation Expense	17,674,710	3,176,860

NOTE 18 : OTHER EXPENSES

	₹	₹
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Rent Expenses	3,127,010	3,266,226
Repair & Maintenance Building	484,339	852,261
Insurance Expenses	30,270	-
Motor Car Expenses	45,489	-
Travelling Expenses	627,506	1,946,417
Computer Maintenance	312,312	-
Conveyance Expenses	54,093	-
Postage & Courier	161,914	-
Legal, Professional & Consultancy Charges	2,584,700	6,520,601
Printing & Stationery	61,434	197,370
Auditors Remuneration (Refer Note 23)	133,802	50,000
Sales Promotion & Advertisement Expenses	13,072,604	19,566,948
Donation	7,000	-
Job Work Expenses	3,995,308	1,378,787
Freight, Clearing & Forwarding Charges	60,536	-
Commission Charges	105,662	-
Electricity Expenses	216,320	211,609
Listing & Registration Fees	251,159	414,488
Loss on Sale of Assets (Net)	699	-
Stamp Duty	1,151,000	-
Sundry Balance written off	355,839	-
Telephone Expenses	305,478	597,711
Sundry Expenses	32,741	398,286
Total of Other Expenses	27,177,214	35,400,704

Note 19

Contingent Liability: Nil

Note 20

In the opinion of the management, current assets, loans, advances and deposits are approximately of the value stated, if realized in the ordinary course of business. The provision of all known liabilities is adequate and not in excess of the amount reasonably necessary.

Note 21

Balances of certain sundry debtors, sundry creditors, loans and advances are subject to confirmations / reconciliation and consequential adjustments, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation / adjustments.

Note 22

Since, Gratuity Act, 1972 is not applicable to the Company; no provision is made towards Gratuity Liability.

Note 23

Auditors Remuneration:

(Amount in ₹)

Particulars	Current Year	Previous Year
Audit fees	50,000	40,000
Tax Audit Fees	20,000	10,000
Others	63,802	-
Total	133,802	50,000

Note 24

Disclosure under MSMED Act, 2006:

The Company has not received any information from the "suppliers" regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to the amounts as at year end together with interest paid / payable as required under the said act have not been given.

Note 25

Segment Reporting:

The Company operates in single business segment of development and sale of software for educational content. Hence further disclosure required as per Accounting Standard AS-17 "Segment Reporting" is not given.

Note 26

Related Party Disclosures:

a) List of Related Parties & Relationships :

Relationship	Name	Nature
Holding Company	Sundaram Multi Pap Limited	Company
Key Management Personnel (KMP)	Mr. Amrut P. Shah	Director
	Mr. Chirag K. Gala	Whole-time Director
	Ms. Riddhi A. Shah	Whole-time Director
	Mr. Has Mukh A. Gada	Whole-time Director
	Mr. Shantilal P. Shah	Director
	Mr. Hardik A. Shah	Son of Mr. Amrut P. Shah

b) Transactions during the year ended 31st March 2012 with Related Parties:

(Amount in ₹)

Particulars	Holding Company	KMP
Issue of Equity Shares to Sundaram Multi Pap Limited	101,000,000 (49,000,000)	-
Loan Received from Sundaram Multi Pap Limited	56,231,571 (155,179,895)	-
Loan Repayment to Sundaram Multi Pap Limited	23,148,272 (30,10,000)	-
Interest paid to Sundaram Multi Pap Limited	23,320,397 (14,437,929)	-
Remuneration		
Mr. Chirag K. Gala	-	1,500,000
	(-)	(600,000)
Ms. Riddhi A Shah	-	1,500,000
	(-)	(-)
Mr. Hardik A. Shah	-	1,000,000
	(-)	(-)

Figures in bracket reflects previous year's amount

c) **Outstanding Balances of Related Parties:**

(Amount in ₹)

Particulars	Holding Company	KMP
Payables	92,597,942 (137,194,245)	933,978 (44,380)

Figures in bracket reflects previous year's amount

Note 27

Computation of Basic and Diluted Earnings per share:

Particulars	Current Year	Previous Year
Net Loss After Tax available to equity shareholders(in ₹)	(28,711,800)	(19,037,200)
Weighted Average Number of Equity Shares (in nos)	5,396,721	4,900,000
Basic and diluted earnings per share (Face Value - ₹. 10/-) (in ₹)	(5.32)	(3.89)

Note 28

Value of Raw Material Consumed:

Particulars	Current Year		Previous Year	
	Amount	%	Amount	%
	₹		₹	
Hardware				
(i) Imported	-	-	-	-
(ii) Indigenous	13,152,545	100.00%	3,654,074	93.14%
Educational Aids				
(i) Imported	-	-	-	-
(ii) Indigenous	-	-	269,132	6.86%
Total	13,152,545	100.00%	3,923,206	100.00%

Note 29

Expenditure and Earnings in Foreign Currency:

(Amount in ₹)

Particulars	Current Year	Previous Year
F.O.B value of Exports	Nil	Nil
C.I.F Value of Imports:		
Raw Materials	Nil	Nil
Expenditure:		
Traveling Expenses	194,482	425,075

Note 30

Previous year figures have been re-grouped/re-classified wherever considered necessary to compare with current year figures.

As per our report of even date attached

For Bhuta Shah & Co.

Chartered Accountants
Firm Reg. No. : 101474W

CA Mitesh Kothari

Partner
Membership No. : 110822

Place : Mumbai
Date : 30th May 2012

For and on behalf of the Board
FOR E-CLASS EDUCATION SYSTEM LTD

Amrut P. Shah **Chirag K. Gala**
Chairman Whole-time Director

Riddhi A. Shah **Komal M. Khakhar**
Whole-time Director Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF
SUNDARAM MULTI PAP LTD.

1. We have audited the attached Consolidated Balance Sheet of **SUNDARAM MULTI PAP LIMITED** ("the Company") and its subsidiary E-Class Education System Limited (Formerly known as **SUNDARAM EDUSYS PRIVATE LIMITED**) (together referred to as "Group") as at March 31, 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirement of Accounting Standard AS 21 'Consolidated Financial Statement's, notified by the Companies (Accounting Standard) Rules, 2006.
4. Based on our audit and on the other financial information of the components and to the best of our information and explanations given to us, we are of the opinion that the attached consolidated financial statements 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 Group as at March 31, 2012;
 - b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
 - c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Bhuta Shah & Co.**
Chartered Accountants
(Firm Registration No. 101474W)

CA. Mitesh Kothari
[Partner]
M. No. 110822

Place: Mumbai
Date: 30th May 2012

SUNDARAM MULTI PAP LTD.
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	As at 31 st March, 2012	As at 31 st March, 2011
		₹	₹
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	1	71,868,591	71,868,591
Reserves and Surplus	2	997,479,548	965,779,157
		1,069,348,139	1,037,647,748
Non-Current Liabilities			
Long-Term Borrowings	3	238,327,996	112,704,832
Deferred Tax Liabilities (Net)	4	4,804,731	18,420,743
Other Long Term Liabilities		-	-
Long Term Provisions	5	1,991,297	1,991,297
		245,124,023	133,116,872
Current Liabilities			
Short-Term Borrowings	6	739,241,374	648,164,553
Trade Payables	7	263,449,134	106,595,338
Other Current Liabilities	8	162,306,551	125,571,456
Short-Term Provisions	9	52,065,855	86,079,735
		1,217,062,915	966,411,082
Total Equity & Liabilities		2,531,535,077	2,137,175,702
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10A	878,953,429	787,265,280
Intangible Assets	10B	132,665,653	115,820,097
Capital Work-in-progress		1,003,319	79,051,542
		1,012,622,401	982,136,919
Non-current investments	11	50,000	50,000
Deferred tax assets (net)		-	-
Long term loans and advances	12	66,113,426	35,517,333
Other non-current assets		-	-
		1,078,785,827	1,017,704,252
Current Assets			
Current investments		-	-
Inventories	13	569,615,213	569,926,212
Trade receivables	14	682,917,579	392,719,867
Cash and cash equivalents	15	29,348,294	20,469,873
Short-term loans and advances	16	170,868,163	136,355,498
Other current assets		-	-
		1,452,749,249	1,119,471,450
Total Assets		2,531,535,076	2,137,175,702

Significant Accounting Policies Notes on Financial Statements.

1 to 39

As per our report of even date.

For **Bhuta Shah & Co.**
Chartered Accountants
Firm Reg. No.: 101474W

FOR **SUNDARAM MULTI PAP LTD**

CA Mitesh Kothari
Partner
Membership No.: 110822

Amrut P. Shah
Chairman & Managing Director

Shantilal P. Shah
Whole-time Director

PLACE: Mumbai
DATE: 30th May, 2012

Hasmukh A. Gada
Whole-time Director

Amisha V. Shah
Company Secretary

SUNDARAM MULTI PAP LTD.
CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE PERIOD
ENDED ON 31ST MARCH, 2012

Particulars	Note No.	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Income		₹	₹
Revenue from operations	17	1,799,396,910	1,944,636,659
Other Income	18	11,936,075	7,801,775
Total Revenue (I)		1,811,332,986	1,952,438,434
<u>Expenses:</u>			
Cost of materials consumed	19	888,137,010	1,005,403,893
Purchase of Stock-in-Trade		398,946,543	629,885,792
Changes in inventories of Finished goods, Work-in-progress and Stock-in-trade	20	12,719,358	(203,232,428)
Employee Benefit Expense	21	54,505,609	49,022,522
Finance Costs	22	107,784,828	67,093,328
Depreciation and Amortization Expense	23	52,723,379	47,826,969
Other Expenses	24	236,653,423	253,227,655
Total (II)		1,751,470,151	1,849,227,731
Profit before exceptional and extraordinary items and tax (I) - (II)		59,862,835	103,210,703
Exceptional Items		-	-
Profit before extraordinary items and tax		59,862,835	103,210,703
Extraordinary Items		-	-
Profit Before Tax		59,862,835	103,210,703
<u>Tax expense:</u>			
(1) Current tax		24,375,000	44,609,000
(2) Deferred tax		(13,616,013)	(6,193,435)
(3) Short / (Excess) Provision of Earlier years		697,961	(2,693,418)
Total Tax Expense		11,456,948	35,722,147
Profit After Tax		48,405,887	67,488,555
Earning per equity share:			
(1) Basic		0.67	0.94
(2) Diluted		0.67	0.94

Significant Accounting Policies Notes on Financial Statements.

1 to 39

As per our report of even date.

For **Bhuta Shah & Co.**
Chartered Accountants
Firm Reg. No.: 101474W

FOR **SUNDARAM MULTI PAP LTD**

CA Mitesh Kothari
Partner
Membership No.: 110822

Amrut P. Shah
Chairman & Managing Director

Shantilal P. Shah
Whole-time Director

PLACE: Mumbai
DATE: 30th May, 2012

Hasmukh A. Gada
Whole-time Director

Amisha V. Shah
Company Secretary

SUNDARAM MULTI PAP LTD.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

Particulars		April 1, 2011 - March 31, 2012	April 1, 2010 - March 31, 2011
		Amount in ₹	Amount in ₹
A. CASH FLOW FROM OPERATING ACTIVITIES :			
Net Profit / (Loss) before Tax and Extraordinary items		59,862,835	103,210,703
<i>Adjustment for :</i>			
Depreciation & Amortisation	52,723,379		46,994,769
Interest Income	(63,825,388)		(18,858,800)
Dividend Income	(7,500)		(7,500)
Preliminary Expenses W/off	-		832,200
Interest Paid	149,812,168		82,837,174
(Profit) / Loss on Sale of Fixed Assets	806,856		74,854
		139,509,515	111,872,697
Operating profit before working capital changes		199,372,350	215,083,400
<i>Adjustment for :</i>			
Trade Receivables	(290,197,712)		86,501,589
Inventories	310,999		(248,913,492)
Loans & Advances	(77,531,433)		22,455,593
Trade Payables	156,853,796		(3,068,630)
Other Liabilities & Provisions	11,662,135		40,474,319
		(198,902,216)	(102,550,622)
Cash generated from operations		470,134	112,532,778
Direct Taxes Paid (Net)		(21,480,168)	(8,066,345)
NET CASH FLOW OPERATING ACTIVITIES		(21,010,034)	104,466,433
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Tangible Fixed Assets (Net)	(84,558,829)		(148,010,531)
Sale of Tangible Fixed Assets	543,111		209,000
Investment in Capital Work In Progress	-		46,448,167
Dividend Received	7,500		7,500
NET CASH FLOW FROM INVESTING ACTIVITIES		(84,008,218)	(101,345,864)
C. CASH FLOW FROM FINANCING ACTIVITIES :			
Proceeds from Borrowings	216,699,986		71,519,611
Interest Received	63,825,388		18,858,800
Interest Paid	(149,812,168)		(82,837,174)
Dividend Paid (Incl. of Tax)	(16,816,534)		(16,816,534)
NET CASH FLOW FROM FINANCING ACTIVITIES		113,896,673	(9,275,297)
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)		8,878,421	(6,154,728)
Cash and Cash equivalents at beginning of the year	20,469,873		26,624,601
Cash and Cash equivalents at end of the year	29,348,294		20,469,873
Net Increase/ (Decrease)		8,878,421	(6,154,728)

Note:

1. Cash and cash equivalents consists of Cash on hand and Balance with banks.
2. The above cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
3. Previous year's figures have been re-grouped/re-arranged wherever necessary.

As per our report of even date.

For **Bhuta Shah & Co.**
Chartered Accountants
Firm Reg. No.: 101474W

FOR **SUNDARAM MULTI PAP LTD**

CA Mitesh Kothari
Partner
Membership No.: 110822

Amrut P. Shah
Chairman & Managing Director

Shantilal P. Shah
Whole-time Director

PLACE: Mumbai
DATE: 30th May, 2012

Hasmukh A. Gada
Whole-time Director

Amisha V. Shah
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES

I. PRINCIPLES OF CONSOLIDATION:

The Consolidated Financial Statements relate to Sundaram Multi Pap Limited (the Company) and its wholly owned subsidiary E Class Education System Limited (Formerly known as Sundaram Edusys Private Limited.)

Basis of Preparation:

The Consolidated Financial Statements have been prepared in accordance with Accounting Standard (AS) 21 – “Consolidated Financial Statements” notified by the Companies (Accounting Standard) Rules, 2006.

Principles of Consolidation:

The Financial Statements of the Company and its wholly owned subsidiary Company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intragroup balances and intragroup transactions have been fully eliminated.

II. SIGNIFICANT ACCOUNTING POLICIES :

a. Accounting Conventions:

The financial statements are prepared on accrual basis under historical cost convention and as a going concern and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India referred to in section 211 (3C) of the Companies Act, 1956. Accounting policies not disclosed separately otherwise are in consonance with generally accepted accounting principles.

b. Use of Estimates:

Preparation of financial statements in conformity of generally accepted accounting practices requires that the Management of the Company makes estimates and assumptions that affect the reported amount of income and expenses of the period, the reported balances of assets and liabilities and the assumptions relating to contingent liabilities as on the date of the financial statements. Examples of such estimates include the useful life of tangible and intangible fixed assets, provision for doubtful debts/advances, future obligation in respect of retirement benefit plans, etc. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

c. Fixed Assets:

All fixed assets are stated at cost of acquisition less accumulated depreciation and impairment, if any. Direct costs are capitalized until fixed assets are ready for use. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use as at reporting date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.

d. Depreciation / Amortization:

Depreciation on fixed assets is provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956 or estimates made by the management. Depreciation on addition/deletion of assets during the year is provided on pro-rata basis. Brand is amortized over a period of four subsequent years on a systematic basis as decided by the management at the rate of 10% in first year, 20% in second year, 30% in third year and 40% in fourth year.

e. Investment:

Long term investments are stated at cost. Provision for diminution in the value is made only if such decline is other than temporary.

Current investments are valued at lower of the cost or market value, determined on individual investment basis.

f. Valuation of Inventories:

Raw materials, stores and packing materials are valued at lower of cost or net realizable value. Cost is assigned on FIFO basis. Semi - finished goods are valued at raw material cost plus proportionate manufacturing overheads. Finished goods are valued at lower of the cost or net realizable value. Unrealized profit, if any, in inter unit transaction is eliminated to the extent possible.

g. Revenue Recognition:

- i. The Company recognizes revenue on sale of products upon dispatch to the customer or when delivered to the ocean carrier for export sales, which is when risks and rewards of ownership are passed to the customer. Sales are shown net of returns, discounts, excise duty and sales tax.
- ii. Dividend income on investment is accounted for in the year in which the right to receive the payment is established.
- iii. Interest income is recognized on the time proportion basis.

h. Export Incentives:

Considering the uncertainty in respect of actual income realizable, which depends on the market conditions, the benefits accruing under the Duty Entitlement Pass Book Scheme, are recognized on the basis of actual realization.

i. Retirement Benefits:

Contribution to Provident Fund and ESIC are recognized as expense as and when accrued. Gratuity is provided as per Group Gratuity Scheme taken with Insurance Company. Leave Encashment is accounted as and when accrued and claimed.

j. Foreign Currency Transactions:

Transactions in foreign currency are recorded at the rate of exchange in force at the time transactions are effected. Exchange differences arising on settlement of these transactions are recognized in the statement of profit and loss.

Monetary items (other than those related to acquisition of fixed assets) denominated in foreign currency are revalued using the exchange rate prevailing at date of the balance sheet and resulting exchange difference is recognized in the statement of profit and loss. Non-monetary foreign currency items are carried at cost.

k. Borrowing Cost:

Borrowing Costs that are attributable to acquisition or construction of a qualifying asset are capitalized as a part of the cost of such asset. A Qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are charged to Statement of Profit & Loss.

l. Provision for Taxes:

Provision for current tax is determined in accordance with the Income Tax laws prevailing for the relevant assessment years.

Deferred tax arising due to timing difference between the book profit and tax profit for the year is accounted for, using the tax rate and laws that are substantively enacted as of the Balance Sheet date. Deferred Tax assets arising from timing differences are recognized to the extent there is reasonable certainty that this would be realized in future.

m. Impairment of Fixed Assets:

At each balance sheet date, the Company reviews the carrying amount of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

n. Leases:

Lease of assets under which all the risk and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with respective lease agreements.

o. Financial Derivatives Hedging Transaction:

In respect of Derivatives contract, premium paid provision for losses on restatement and gains/losses on settlement are recognized in Statement of Profit & Loss. The company uses Foreign Currency Hedges to manage its risks associated with Foreign Currencies Fluctuation relating to Export receivable. The company does not use Hedges for speculative purpose.

p. Contingent Liability:

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation.

A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not result in outflow of resources.

When there is a possible obligation or present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

SUNDARAM MULTI PAP LTD.

Consolidated Notes to Financial Statements

NOTE 1 : SHARE CAPITAL

	As at 31 st March, 2012	As at 31 st March, 2011
	₹	₹
AUTHORIZED CAPITAL 200,000,000 (P.Y. 200,000,000) Equity Shares of ₹ 1/- each	200,000,000	200,000,000
	200,000,000	200,000,000
ISSUED, SUBSCRIBED & PAID UP CAPITAL 71,868,591 (P.Y. 71,868,591) Equity Shares of ₹ 1/- each fully paid	71,868,591	71,868,591
Total of Issued, Subscribed and Fully paid up Share Capital	71,868,591	71,868,591

a) Reconciliation of the number of shares is set out below:

Particulars	2011-12		2010-11	
	Equity Shares		Equity Shares	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	71,868,591	71,868,591	71,868,591	71,868,591
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	71,868,591	71,868,591	71,868,591	71,868,591

b) Terms and Rights attached to Equity Shareholders :

The Company has only one class of equity shares having a face value of ₹ 1/- per share. Each holder of equity shares is entitled to one vote per equity share. A member shall not have any right to vote whilst any call or other sum shall be due and payable to the Company in respect of any of the shares of such member. All equity shares of the Company rank pari passu in all respects including the right to dividend. The dividend is recommended by the Board of Directors and declared by the members at the ensuing Annual General Meeting. The Board of Directors have a right to deduct from the dividend payable to any member any sum due from him to the Company.

In the event of winding-up, subject to the rights of holders of shares issued upon special terms and conditions, the holders of equity shares shall be entitled to receive remaining assets, if any, in proportion to the number of shares held at the time of commencement of winding-up.

The Shareholders have all other rights as available to Equity Shareholders as per the provisions of the companies Act, 1956, read together with the Memorandum of Association and Articles of Association of the Company, as applicable.

c) The Company does not have any holding company or ultimate holding company. Promoter shareholding in the Company including persons acting in concert with the promoters as on March 31, 2012 is 44,428,998 equity shares i.e. 61.82 % of the equity share capital of the Company. Previous Year March 31, 2011 is 44,416,194 equity shares ie. 61.80 %.

d) The details of share holders holding more than 5% shares.

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Citigroup Global Markets Mauritius	4,900,000	6.82	4,900,000	6.82

NOTE 2 : RESRVES & SURPLUS

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
(a) Capital Reserve	700,000	700,000
(b) Capital Redemption Reserve	-	-
(c) Securities Premium reserve	610,151,163	610,151,163
(d) General Reserve	-	-
Opening Balance	12,442,000	4,621,000
Add: Transfer from Statement of Profit and Loss	4,530,914	7,821,000
General Reserve- Closing Balance	16,972,914	12,442,000
(e) Surplus in the Statement of Profit And Loss		
Opening Balance	342,485,995	299,634,973
Add: Net Profit/(Loss) for the year	48,405,887	67,488,555
Balance Available for Appropriation	390,891,882	367,123,528
Less: Appropriations:		
Proposed Dividend	14,373,720	14,373,720
Dividend Distribution Tax	2,331,777	2,442,814
Transfer to General Reserve	4,530,914	7,821,000
Net Surplus in the Statement of Profit And Loss	369,655,471	342,485,994
Total of Reserves and Surplus	997,479,548	965,779,157

NOTE 3 : LONG TERM BORROWINGS

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
(a) Bonds / Debentures	-	-
(b) Term Loan		
Secured		
From Bank		
State Bank of India *	115,934,244	80,393,154
Yes Bank +	80,000,000	-
From Other Parties ##	8,418,090	11,339,972
Vehicle Loans @		
From Bank	3,298,605	305,006
From Other Parties	221,675	844,653
Unsecured		
Intercompany Deposits** (Refer Note 8 for current maturities of long term debt)	14,213,230	3,289,896
(c) Deferred Payment Liabilities	-	-
Unsecured	-	-
Sales Tax Deferred Loan ***	13,679,510	13,679,510
Loan From SICOM	2,064,441	2,064,441
(d) Deposit		
Unsecured		
Deposit	498,200	788,200
(e) Loans & Advances From Related Parties	-	-
(f) Long Term Maturities of Finance lease obligation	-	-
(g) Other Loans & Advances	-	-
Total of Long Term Borrowings	238,327,996	112,704,832

* Secured by mortgage of related immovable and movable assets of the company as well as personal guarantee of three Directors, carrying floating rate of interest 4.25% above base rate repayable by June, 2013.

+ Secured by subservient charge over current and movable fixed assets of the company and personal guarantee of three Directors carrying floating rate of interest of 3% above base rate repayable by March, 2015.

Secured by pledge of equity shares of the company and personal guarantee of the promoter carrying interest rate of 13.75% repayable by April, 2013.

** Carrying interest ranging from 8.33% to 18% and to be repaid during the period from January, 2014 to February, 2015.

@ Carrying interest ranging from 9.46% to 16% and to be repaid during the period from December, 2012 to July, 2016.

*** Repayment shall commence from the financial year 2015-16 upto 2024-25.

NOTE 4 : DEFERRED TAX LIABILITY (NET)

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
Liability related to Fixed Assets	(1,284,370)	16,186,736
Asset related to Gratuity	(6,089,101)	(2,234,007)
TOTAL	4,804,730	18,420,743
Less: Opening Net deferred tax liability	18,420,743	24,614,178
Net Deferred Tax liability charged to Statement of Profit and Loss	(13,616,013)	(6,193,435)

NOTE 5 : LONG TERM PROVISIONS

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
<u>Provision For Employees Benefit</u>		
Provision for Gratuity	1,991,297	1,991,297
Total of Long Term Provisions	1,991,297	1,991,297

Note : 6 SHORT TERM BORROWINGS

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
<u>Loan Repayable on Demand from Banks</u>		
<u>Secured:</u>		
Cash Credit from Union Bank Of India	-	57,077,375
Cash Credit from State Bank of India **	460,312,390	500,328,767
Union Bank Of India	-	1,238,379
Cash Credit from Industrial Development Bank of India##	97,975,086	-
<u>Unsecured</u>		
Intercorporate Deposits##	180,953,898	89,520,032
Total of Short Term Borrowings	739,241,374	648,164,553

** Secured by charge over entire stock of raw material, stock-in-process, finished goods, stores & spares, goods-in-transit, receivables and other current asset of the company on pari passu basis with other WC lender and personal gaurantee of three Directors carrying interest rate of 3.75% above base rate.

Secured by first pari-passu charge on all the current assets of the company along with working capital lender and personal gaurantee of three Directors carrying interest rate of 3% above base rate.

Of these, Loan of ₹ 174,953,898/- (P.Y. ₹ 50,000,000/-) is taken by pledge of promoters shares.

NOTE 7 : TRADE PAYABLE

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
Trade Payables (Refer Note 29 for details of dues to Micro, Small and Medium Enterprises)	263,449,134	106,595,338
Total of Trades Payable	263,449,134	106,595,338

NOTE 8 : OTHER CURRENT LIABILITIES

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
<u>Current maturities of long-term debt (Refer Note 3)</u>		
Term Loans	117,595,229	98,276,567
Vehicle Loans	2,336,791	2,213,375
Advance from Customers	20,181,722	8,797,324
Interest accrued but not due on borrowings	1,159,702	814,631
Unpaid Dividend	468,308	415,437
<u>Other Payables</u>		
Outstanding Expenses	3,453,114	3,953,578
Outstanding Statutory Liabilities	16,591,685	6,645,110
Liability towards Extraordinary Item	-	4,455,434
Total of Other Current Liabilities	162,306,551	125,571,456

NOTE 9 : SHORT TERM PROVISIONS

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
<u>Others</u>		
Proposed Dividend	14,373,720	14,373,720
Provision for Dividend Distribution Tax	2,331,777	2,442,814
Provision for Income Tax	35,360,358	69,263,201
Total of Short Term Provisions	52,065,855	86,079,735

NOTE 10 : FIXED ASSETS AS ON 31st MARCH, 2012 (Amount in ₹)

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK	
	As on 1st April, 2011	Additions During the Year	Deductions During the Year	As on 31st March, 2012	As on 1st April, 2011	For the Year	Deductions During the Year	As on 31st March, 2012
A. Tangible Assets:								
Freehold Land	178,375,081	8,350,500	-	186,725,581	-	-	-	186,725,581
Building	221,879,102	12,354,905	-	234,234,007	23,232,922	7,427,069	30,659,991	203,574,016
Plant & Machinery	409,135,532	94,976,454	-	504,111,986	79,329,201	19,969,118	99,298,319	404,813,668
Furniture & Fixture	75,937,300	7,590,787	-	83,528,087	15,641,453	4,835,257	20,476,710	63,051,377
Vehicles	24,229,320	4,806,270	2,363,399	26,672,191	9,462,715	2,520,254	1,054,131	15,743,353
Office Equipments	8,151,650	1,105,867	48,500	9,209,017	2,776,414	1,394,967	7,801	5,045,437
Total Tangible Assets	917,707,985	129,184,783	2,411,899	1,044,480,870	130,442,705	36,146,665	1,061,932	878,953,432
B. Intangible Assets:								
Brand	72,930,746	-	-	72,930,746	32,818,836	-	-	40,111,910
Knowledge Based Content	77,871,723	32,300,076	-	110,171,799	2,163,536	16,539,025	-	91,469,238
Website	-	1,122,192	-	1,122,192	-	37,688	-	1,084,504
Total Intangible Assets	150,802,469	33,422,268	-	184,224,737	34,982,372	16,576,712	-	132,665,653
TOTAL (A+B)	1,068,510,454	162,607,051	2,411,899	1,228,705,607	165,425,077	52,723,377	1,061,932	1,011,619,084
Previous Year	967,012,190	102,060,764	562,500	1,068,510,454	118,708,954	46,994,769	278,646	903,085,378
								-

NOTE 11 : NON CURRENT INVESTMENT

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
Investment in Equity Instrument		
Subsidiary		
15,000,000 Equity Shares of ₹10/- each fully paid up of E-Class Education System Ltd. (Previous Year 4,900,000 shares)	-	-
Others	50,000	50,000
5,000 Equity Shares of ₹10/- each fully paid up of Abhyudaya Co-operative Bank Ltd. (Previous Year 5,000 shares)		
Total of Non Current Investment	50,000	50,000

Particulars	As at 31 st March, 2012	As at 31 st March, 2011
Aggregate amount of quoted investments	-	-
Market Value of quoted investments	-	-
Aggregate amount of unquoted investments	50,000	50,000

NOTE 12 : LONG TERM LOANS AND ADVANCES

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
Capital Assets Advance		
a) Secured, Considered Good :	-	-
b) Unsecured, Considered Good :	58,000,000	28,000,000
c) Doubtful	-	-
Security Deposit		
a) Secured, Considered Good :	3,306,185	2,453,200
b) Unsecured, Considered Good :	4,807,241	4,130,349
c) Doubtful	-	-
Loans & Advances to related parties	-	-
Other Loans & Advances		
Advances recoverable in cash or in kind and/or for value to be received	-	-
Prepaid Expenses	-	933,784
Balance With Revenue Authorities	-	-
Total of Long Term Loans and Advances	66,113,426	35,517,333

NOTE 13 : INVENTORIES

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
Raw Material	229,525,593	223,879,553
Work-In-Progress	216,488,019	202,163,814
Finished Goods	76,942,245	103,985,808
Trading Goods	13,711,952	14,627,808
Stores & Spares	32,947,405	25,269,230
Total of Inventories	569,615,213	569,926,212

NOTE 14 : TRADE RECEIVABLES

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
Debts Overdue beyond 6 months		
a) Secured, Considered Good :	-	-
b) Unsecured, Considered Good :	118,797,551	47,613,960
c) Doubtful	-	-
Others		
a) Secured, Considered Good :	-	-
b) Unsecured, Considered Good :	564,120,029	345,105,907
c) Doubtful	-	-
Total of Trade Receivables	682,917,579	392,719,867

NOTE 15 : CASH AND CASH EQUIVALENT

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
Cash-in-Hand		
Cash Balance	13,428,552	4,402,805
Bank Balance		
In Current Accounts	15,323,756	12,373,953
In Deposit Accounts*	127,678	2,777,678
Sub Total (A)	13,428,552	4,402,805

In Dividend Accounts	468,308	415,437
Sub Total (B)	15,919,742	15,567,068
Margin Against Discounted Bills	-	500,000
Sub Total (C)		
Total of Cash And Cash Equivalent (A) + (B) + (C)	29,348,294	20,469,873

* Fixed deposits with Banks include deposit of ₹ 127,678/- (Previous Year ₹ 127,678/-) with maturity of more than 12 months

NOTE 16 : SHORT TERMS LOANS AND ADVANCES

	₹	₹
	As at 31 st March, 2012	As at 31 st March, 2011
Loans & Advances to related parties		
a) Secured, Considered Good :	-	-
b) Unsecured, Considered Good :		
Loan to Subsidiary	-	-
c) Doubtful	-	-
Others		
<i>Advance Recoverable in cash or in kind or for value to be received, considered good</i>		
Advance to Suppliers	110,954,947	50,125,840
Advance Income Tax/Refund Receivable	42,648,557	55,071,232
Balance With Revenue Authorities	6,611,437	7,991,383
Prepaid Expenses	10,009,467	11,445,361
MAT Credit Entitlement	-	9,500,000
Advance To Employees	506,750	5,900
Other Advances	137,005	2,215,783
Total of Short Terms Loans and Advances	170,868,163	136,355,498

NOTE 17 : REVENUE FROM OPERATIONS

	₹	₹
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
SALES		
(A) Local		
Sales	1,286,221,211	1,084,099,877
Trading Sales	413,716,277	647,464,004
Less: Excise Duty	22,174,992	8,740,888
Sub Total (A)	1,677,762,495	1,722,822,993
(B) Export		
Sales	121,634,415	221,813,666
Sub Total (B)	121,634,415	221,813,666
Total of Revenue from Operations (A) + (B)	1,799,396,910	1,944,636,659

NOTE 18 : OTHER INCOME

	₹	₹
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Dividend	7,500	7,500
Rent Received	840,438	81,000
Export Incentives	-	1,384,869
Duty Drawback	3,218,213	6,798,399
Exchange Fluctuation on Exports	7,761,876	(526,048)
Miscellaneous Income	69,608	20,000
Sundry Balance Written Back	38,440	36,055
Total of Other Income	11,936,075	7,801,775

Note 19 : COST OF MATERIAL CONSUMED

	₹	₹
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Raw Material Consumed		
Opening Stock	223,879,553	189,310,628
Add: Purchases	864,948,214	992,357,542
Transport Inward	28,834,837	47,615,275
	1,117,662,603	1,229,283,445
Less: Closing Stock	229,525,593	223,879,553
Total of Cost of Material Consumed	888,137,010	1,005,403,893

NOTE 20 : CHANGE IN INVENTORIES

	₹	₹
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Opening Stock-Finished Goods	103,985,808	80,717,309
Opening Stock-Work In Progress	202,163,814	22,199,885
Less: Closing Stock-Finished Goods	76,942,245	103,985,808
Less: Closing Stock-Work In Progress	216,488,019	202,163,814
Total of Change in Inventories	12,719,358	(203,232,428)

NOTE 21 : EMPLOYMENT BENEFIT EXPENSES

	₹	₹
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Salaries & Wages	38,326,415	34,271,243
Contribution to Provident Fund, Gratuity and Other Funds	2,155,379	2,417,916
Director's Remuneration	12,600,000	10,800,000
Staff Welfare	1,423,815	1,533,363
Total of Employment Benefit Expenses	54,505,609	49,022,522

NOTE 22 : FINANCE COST

	₹	₹
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Interest expense	130,495,804	95,363,382
Less: Interest Capitalised	11,361,953	17,123,771
	119,133,851	78,239,611
<u>Other borrowing costs:</u>		
Bank and Finance Charges	8,817,078	1,482,609
Delay Interest On Payment of Statutory dues	63,191	-
Less :-Interest Received	20,229,292	12,628,892
(TDS: Current Year: ` 23,32,040/-, Previous Year: ` 14,43,793/-)	-	-
Total of Financial Cost	107,784,828	67,093,328

NOTE 23 : DEPRECIATION & AMORTIZATION EXPENSE

	₹	₹
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Depreciation	36,146,667	33,891,621
Amortisation of Intangibles	16,576,712	13,103,148
Preliminary Expenses w/off	-	832,200
Total of Depreciation & Amortization Expense	52,723,379	47,826,969

NOTE 24 : OTHER EXPENSES

	₹	₹
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Stores & Packing Material Consumed	91,109,876	80,019,701
Power and fuel	11,498,199	9,875,731
Rent Expenses	5,232,366	5,449,073
Repair & Maintenance	-	-
Building	1,619,422	2,660,169
Machinery	3,985,345	4,116,557
Insurance Expenses	7,941,735	7,176,894
Rates & Taxes Expenses	482,093	312,936
Wealth Tax	128,526	-
Motor Car Expenses	1,721,993	1,462,662
Travelling Expenses	2,714,190	4,065,301
Computer Maintenance	400,298	112,417
Conveyance Expenses	161,208	117,339
Postage & Courier	403,278	163,648
Legal, Professional & Consultancy Charges	11,102,788	10,433,443
Printing & Stationery	1,105,283	1,484,038
Auditors Remuneration (Refer Note no. 28)	2,028,642	2,018,775
Sales Promotion & Advertisement Expenses	14,738,412	27,369,552
Donation	1,811,615	4,897,644
Job Work Expenses	26,796,449	31,949,876
Security Expenses	996,385	972,085
Service Tax	737,635	1,170,365
Freight, Clearing & Forwarding Charges	15,868,178	28,607,896
Commission Charges	12,702,744	9,728,956
Loading & Unloading Charges	2,289,852	3,248,125
Tempo Expenses	2,135,886	2,603,640
Amalgamation Expenses	1,128,624	1,128,625
Electricity Expenses	1,180,497	1,096,524
Listing & Registration Fees	761,145	828,595
Loss on Sale of Assets (Net)	806,856	74,854
Subscription Charges	69,924	189,384
Stamp Duty	1,151,000	-
Sundry Balance W/Off	911,224	909,712
Telephone Expenses	1,190,031	1,537,963
License Fees	823,527	1,562,368
Loss on Forex Derivatives	8,648,371	4,792,239
Sundry Expenses	269,828	1,090,570
Total of Other Expenses	236,653,423	253,227,655

Note 25

Contingent Liability:

Bank Guarantee given ₹ 100,000/- (P.Y. ₹ 100,000/-)

Note 26

In the opinion of the management, current assets, loans, advances and deposits are approximately of the value stated, if realized in the ordinary course of business. The provision of all known liabilities is adequate and not in excess of the amount reasonably necessary.

Note 27

Balances of certain trade receivables, trade payables, loans and advances are subject to confirmations / reconciliation and consequential adjustments, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation / adjustments.

Note 28

Auditors Remuneration:

(Amount in ₹)

Particulars	Current Year	Previous Year
Audit fees	500,000	415,000
Tax Audit fees	170,000	135,000
Income Tax Matters	1,060,000	1,000,000
Others	298,642	468,775
Total	2,028,642	2,018,775

Note 29**Disclosure under MSMED Act, 2006:**

The Company has not received any information from the "suppliers" regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to the amounts as at year end together with interest payable / payable as required under the said act have not been given.

Note 30**Amortization of Brand:**

The management has decided to revise the estimated period for amortization of balance value of Brand in next five years in view of modification of paper mills at Nagpur. Had the Company followed its earlier accounting policy, it would have amortised ₹. 40,111,910/- out of which ₹. 29,172,298/- pertains to current year. Due to such revision, amortization is short accounted by ₹. 29,172,298/- resulting into increase in profit by ₹. 29,172,298/- and value of Brand by ₹. 29,172,298/-.

Note 31**Employee Benefits:**

The principal actuarial valuation assumptions used as at the balance sheet date are as under:

- | | | |
|----------------------|---|------------------------------|
| 1) Valuation Date | : | 31st March, 2012 |
| 2) Valuation Method | : | Projected Unit Credit Method |
| 3) Mortality Rate | : | LIC (1994-96) Ultimate |
| 4) Withdrawal Rate | : | 1% to 3% depending on age |
| 5) Discount Rate | : | 8% p.a. |
| 6) Salary Escalation | : | 8% |

Note 32**Segment Reporting:**

Primary Segment (Business):

The Company operates in business segment of:-

- 1) Manufacture and sale of exercise note books and paper.
- 2) Development and sale of software for educational content.

Sr. No.	Segment	Exercise note books and paper	Software for educational content	Total
1	Revenue	1,750,072,954/-	49,323,956/-	1,799,396,910/-
2	Assets	2,592,145,704/-	205,076,999/-	2,531,535,076/-

Note 33**Related Party Disclosures:**

a) List of related parties with whom the company has entered into transactions during the year in the ordinary course of business:

Relationship	Name	Nature
Key Management Personnel (KMP)	Mr. Amrut P. Shah	Chairman & Managing Director
	Mr. Shantilal P. Shah	Whole-time Director
	Mr. Hasmukh A. Gada	Whole-time Director
	Mr. Chirag K. Gala	Whole-time Director
	Ms. Riddhi A. Shah	Whole-time Director
	Mr. Hardik A. Shah	Son of Mr. Amrut P. Shah
Relatives of KMP	Mr. Raichand P. Shah	Brother of Amrut P. Shah
	Mrs. Nayna S. Shah	Wife of Shantilal P. Shah

b) Transactions with Related Parties:

(Amount in ₹)

Particulars	KMP	Relatives of KMP	Enterprises over which relatives of KMP have significant influence
Remuneration	13,600,000	1,200,000	
	(10,200,000)	(1,200,000)	
Details are as under:			
Mr. Amrut P. Shah	5,400,000		
	(60,00,000)		
Mr. Shantilal P. Shah	3,000,000		
	(30,00,000)		
Mr. Hasmukh A. Gada	1,200,000		
	(1,200,000)		
Mr. Chirag K. Gala	1,500,000		
	(600,000)		
Ms. Riddhi A. Shah	1,500,000		
	(-)		
Mr. Hardik A. Shah	1,000,000		
	(-)		
Mr. Raichand P. Shah		1,200,000	
		(1,200,000)	
Rent Paid	-	324,000	-
Nayna S. Shah	(-)	(183,000)	(-)

Figures in bracket reflects previous year's amount.

c) Outstanding Balances of Related Parties:

(Amount in ₹)

Particulars	KMP	Relatives of KMP	Enterprises over which relatives of KMP have significant influence
Payables	940,443	52,797	(-)
	(1,218,124)	(322,146)	(126,094)

Figures in bracket reflects previous year's amount.

Note 34

Computation of Basic and Diluted Earnings per share:

Particulars	Current Year	Previous Year
Net Profit After Tax available to equity shareholders (in ₹.)	4,84,05,887/-	6,75,06,556/-
Number of Equity Shares (in nos)	7,18,68,591	7,18,68,591
Basic and diluted earnings per share (Face Value- ₹. 1/-)	0.67	0.94

Note 35

a) **Details of Sales value of Finished Goods:**

Class of Goods	Sale Value ₹	
	Current Year	Previous Year
Exercise Books	1,262,667,430	1,192,105,217
Paper	73,689,247	80,060,903
Trading of Copier Paper & Others	413,716,277	647,464,004
Total	1,750,072,954	1,919,630,124

b) **Details of opening & closing stock of Finished Goods:**

Class of Goods	Opening Stock (in ₹)		Closing Stock (in ₹)	
	Current Year	Previous Year	Current Year	Previous Year
Exercise Books	102,879,912	69,985,694	74,421,334	102,879,912
Paper	1,105,896	10,731,615	2,520,910	1,105,896
Trading of Copier Paper & Others	14,627,808	-	13,711,952	14,627,808
Total	118,613,616	80,717,309	90,654,196	118,613,616

Note 36

Value of Raw Material Consumed:

Particulars	Current Year		Previous Year	
	Amount (₹)	%	Amount (₹)	%
Raw Materials (Paper & Paper Boards)				
(i) Imported	75,34,175	0.86%	7,579,213	0.76%
(ii) Indigenous	867,450,290	99.14%	993,901,474	99.24%
Total	874,984,465	100.00%	1,001,480,687	100.00%
Hardware				
(i) Imported	-	-	-	-
(ii) Indigenous	13,152,545	100.00%	3,654,074	93.14%
Educational Aids				
(i) Imported	-	-	-	-
(ii) Indigenous	-	-	269,132	6.86%
Total	13,152,545	100.00%	39,23,206	100.00%

Note 37**Expenditure and Earnings in Foreign Currency:**

Particulars	Current Year	Previous Year
F.O.B. Value of Exports	111,667,173	202,264,302
C.I.F Value of Imports:		
Raw Materials	5,767,079	7,579,213
Expenditure:		
Traveling Expenses	832,374	657,100

Note 38

After the close of the year on 31.03.2012, an Extra Ordinary General Meeting (EGM) was held on 01.04.2012 to approve the issue of bonus shares in the ratio of 2:1. As per the resolution, such bonus shares shall rank parri passu in all respects with and carry the same rights as the existing fully paid up equity shares of the company and shall be entitled to participate fully in any dividend(s) to be declared after the bonus shares are so allotted.

Note 39

Previous year figures have been re-grouped/re-classified wherever considered necessary to compare with current year figures.

As per our report of even date.

For **Bhuta Shah & Co.**
Chartered Accountants
Firm Reg. No.: 101474W

CA Mitesh Kothari
Partner
Membership No.: 110822

PLACE: Mumbai
DATE: 30th May, 2012

FOR **SUNDARAM MULTI PAP LTD**

Amrut P. Shah
Chairman & Managing Director

Shantilal P. Shah
Whole-time Director

Hasmukh A. Gada
Whole-time Director

Amisha V. Shah
Company Secretary

Statement pursuant to section 212 of the Companies Act, 1956 relating to subsidiary companies as on March 31, 2012

"Name of the subsidiary"	"Financial Year ending of the subsidiary"	"Number of equity share held"	Extent of holding	"For Financial year of the subsidiary"		"For the previous Financial Year since it became a subsidiary"	
				"Profit / (losses) so far it concerns the member of the holding company and not dealt with in the books of account of the holding company"	"Profit / (losses) so far it concerns the member of the holding company and dealt with in the books of account of the holding company"	"Profit / (losses) so far it concerns the member of the holding company and not dealt with in the books of account of the holding company"	"Profit / (losses) so far it concerns the member of the holding company and dealt with in the books of account of the holding company"
1	2	3	4	5	6	7	8
E-CLASS EDUCATION SYSTEM LTD	31-Mar-12	"15000000 equity share of ₹ 10 Each fully paid"	100%	Nil	Nil	Nil	Nil

Share Capital	Reserves	Total Assets	Total Liabilities	Details of Investment	Turnover	Profit Before Taxation	Provision for Taxation	Amt in ₹	Proposed Dividend
								Profit / (Loss) After Taxation	
2	3	4	1	2	3	4	3	4	4
150,000,000	Nil	252,825,999	252,825,999	Nil	49323956	-42665650	-13953850	-28711800	Nil

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SUNDARAM MULTI PAP LTD.

Registered Office: 903, Dev Plaza, S.V. Road, Opp. Andheri Fire Station, Andheri (West), Mumbai – 400 058

DP ID/ Client ID _____

No. of Shares held _____

ATTENDANCE SLIP

I hereby record my presence at the 18th Annual General Meeting of the Members of SUNDARAM MULTI PAP LTD. will be held on Thursday, 27th September 2012 at 10.00 a.m., at Navinbhai Thakar Hall, Shradhanand Road, Vile Parle (East), Mumbai-400 057.

Name Of The Shareholder (In Block Letters)	
Signature Of The Shareholder	
Name Of The Proxy/ Authorised Representative (In Block Letters)	
Signature Of The Proxy/ Authorised Representative	

Notes:

You are requested to sign and hand over this slip at the entrance of the Meeting Venue

-----TEAR HERE-----

SUNDARAM MULTI PAP LTD.

Registered Office: 903, Dev Plaza, S.V. Road, Opp. Andheri Fire Station, Andheri (West), Mumbai – 400 058

PROXY FORM

I / We of being a member(s) of the above named Company, hereby appoint of or failing him/her of as my/our proxy to attend and vote for me/us on my/our behalf at the 18th Annual General Meeting of the Members of SUNDARAM MULTI PAP LTD. will be held on Thursday, 27th September 2012 at 10.00 a.m., at Navinbhai Thakar Hall, Shradhanand Road, Vile Parle (East), Mumbai - 400 057, and any adjournment thereof.

Signed this _____ day of _____ 2012

DP ID./ Clint ID. _____ No. of Shares _____

(Signature) _____

1 Rupee
Revenue
Stamp

(This form is to be used * in favour/against the resolution. Unless otherwise instructed, the proxy will act as he thinks fit.)

* Strike out whichever is not desired.

NOTE :

1. The Proxy Form must be deposited at the Registered Office of the Company situated at 903, Dev Plaza, S.V. Road, Opp. Andheri Fire Station, Andheri (West), Mumbai – 400 058, not less than 48 hours before the time for holding of the aforesaid Meeting(s).
2. The Proxy need not be a member of the Company.
3. Revenue Stamp of Rupee one is to be affixed on this form.
4. The form should be signed across the stamp as per specimen signature registered with the Company.

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Some Alarming Facts of Today:

- | | |
|--|---|
| <ul style="list-style-type: none">★ Out of the 22 crore children in India• 10 crore leave school before 5th std• 5 crore drop out before 8th std• 3.5 crore do not pass 10th std• 2.5 crore only pass 10th std• 1 crore do not go to school | <ul style="list-style-type: none">★ Teacher-student ratio in private school is 1:60Teacher-student ratio in Government school is 1:100★ Only 50% of the student score 60% marks and above, Others are just average or below average marks scorers.★ 61% school in Maharashtra have computers, But No content/courseware to each on them. |
|--|---|

Eclass: Today's Solution

About Eclass

- Eclass is an innovative educational content for the students of **Maharashtra State Board's 1st to 10th standards for all subjects, available in English, Marathi and Semi English medium.**
- One of the most unique and affordable platform to run Eclass is a PEN DRIVE that runs on TV through a small multi-media player called Ebox.
- Eclass contains each subject with a real teacher in a virtual classroom, teaching chapter by chapter making studies as exciting as watching movies along with unique features like question - answer and mind map for revision purpose.
- Eclass can also be easily loaded onto PCs, Laptops, School Servers etc.
- Eclass is a unique content which is meant for all, whether you are a student, parent, teacher, educational institute, corporate, NGO or even a young educated youth in rural and semi urban areas of India.

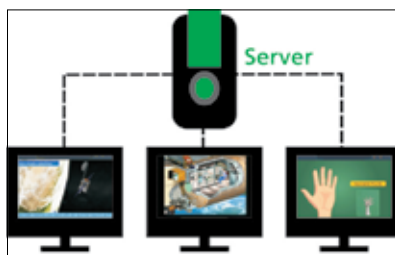
Benefits of Eclass

1. The children of India can educate and empower themselves.
2. Answer to the growing problem of more demand and less availability of teachers.
3. Best add-on new age teaching aid for education institutes, teachers and parents.
4. Visualisation of a topic and in-depth understanding
5. Bridging the digital divide and creating a strong bond between students and teachers.

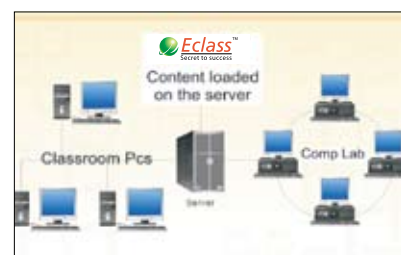
Application Of Eclass



T.V.



Server System



Computer Lab



Computer and Laptop



Projector-Screen

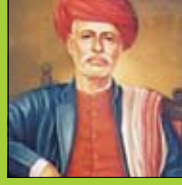


Online Learning



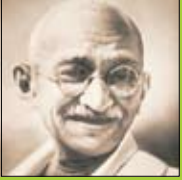
"If a child cannot go to the school then the school must come to the child."

-Swami Vivekanand



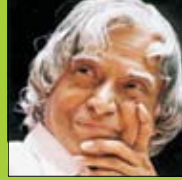
"विद्ये विना मति गेली, मति विना निती गेली,
निती विना गती गेली, गती विना वित्त गेले,
वित्ते विना शुद्र खचले, इतके अनर्थ एका अविद्येने केले."

-महात्मा ज्योतिबा फुले.



"Live as if you were to die tomorrow,
Learn as if you were to live forever."

-Mahatma Gandhi



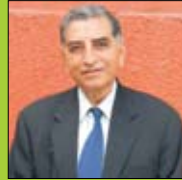
"If a country is to be corruption free and become a nation of beautiful minds, I strongly feel there are three key societal members who can make a difference. They are the father, the mother and the teacher. "

-Dr. APJ Abdul Kalam
Former President of
Republic of India



"Education is Nation's strength,
We stand by it."

-Amrut P. Shah
Chairman & MD of
Sundaram Multi Pap Ltd.



"Based on my 49 years experience in business and social work the ultimate solution to a Nation's progress rests on the EDUCATION and VOCATIONAL TRAINING of its people."

Chairman & Founder of i-Watch
-Mr.Krishan Khanna



Education Revolution

Sundaram Multi Pap Ltd.

REGISTERED OFFICE

903, Dev Plaza, Opp Andheri Fire Station, S.V.Road, Andheri (W), Mumbai 400 058.

T : (91-22) 67602200 F : (91-22) 67602244/55

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