

*30th  
Annual Report  
2010 - 2011*



**SATIA**  
INDUSTRIES LTD.

## BOARD OF DIRECTORS

DR. AJAY SATIA  
SH. R.K.BHANDARI  
SH. RAM SARUP  
SH. P.V.GUPTA  
SH. D.R.BEHL  
SH. A.KRISHNA  
SH. S.L.MALHOTRA  
SH. AVINASH CHANDER AHUJA  
SH.J.R.SHARMA

CHAIRMAN CUM MANAGING DIRECTOR  
WHOLE TIME DIRECTOR  
NOMINEE PNB

DIRECTOR (LEGAL)

### Company Secretary

Mr Rakesh Kumar Dhuria

### Statutory Auditors

M/s.Rakesh Bansal & Co.  
Chartered Accountants  
Muktsar-152026

### Cost Auditors

M/s R.J. Goel & Co.  
Cost Accountants,  
New Delhi

### Registered Office & Works

Malout - Muktsar Road,  
Village Rupana  
Distt. Muktsar - 152032  
(Punjab)

### Branch Offices

613-615, Naurang House,  
21 K.G. Marg, New Delhi-110001

SCO 90-92, Sector 8 C,  
Madhya Marg,  
Chandigarh - 160018

304, Navjeevan Complex,  
29 Station Road,  
Jaipur - 302006

### Bankers

Punjab National Bank, Muktsar

### Contents

### Page No.

1. NOTICE	1
2. DIRECTOR'S REPORT	5
3. Corporate Governance Report	13
4. AUDITOR'S Report	25
5. BALANCE SHEET	31
6. Profit and Loss Account	32
7. Notes on Account	39
8. Balance Sheet Abstract	52
9. Cash Flow Statement	53

### Registrar and Transfer Agent

M/s Beetal Financial & Computer Services (P) Ltd  
Regd & Admn. Office: Beetal House, 3<sup>rd</sup> Floor, 99  
Madangir, Behind Local Shopping Centre, Dada  
Harsukhdas Mandir, New Delhi-110062  
Phone : 011-29961281-83, Fax:011-29961284  
Email: beetal@rediffmail.com

## **SATIA INDUSTRIES LIMITED**

### **NOTICE**

Notice is hereby given that the 30<sup>th</sup> Annual General Meeting of the Members of Satia Industries Ltd. will be held on Friday, 30<sup>th</sup> September, 2011 at 10:00 A.M. at the Registered Office of the Company at Malout - Muktsar Road, Village Rupana, District Muktsar (Punjab) - 152 032 to transact the following businesses:-

#### **Ordinary Business**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2011 and Profit and Loss Account for the year ended on that date along with the Report of the Auditors and Directors thereon.
2. To appoint Sh Dinesh Chand Sharma as Director of the Company in place of Sh P.V.Gupta, who retires and does not seek his re-appointment.
3. To appoint a Director in place of Sh. A. Krishna, who retire and being eligible, offers himself for re-appointment.
4. To Consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

**"RESOLVED** that pursuant to provisions of Section 224 and other applicable provisions, if any of the Companies Act, 1956 M/s Rakesh Bansal & Co., Chartered Accountants, Muktsar be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Managing Director of the Company.

#### **Special Business**

##### **5 Appointment of Director**

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

**"RESOLVED** that Sh S.K.Arora, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company subject to annual retirement under the Articles of Association of the Company".

Place : Rupana, (Muktsar)

Dated : 11.08.2011

**By Order of the Board  
For Satia Industries Ltd.**

**(Rakesh Kumar Dhuria)  
DGM& Company Secretary**

**NOTES:**

1. A Member entitled to attend and vote at the Meeting is entitled to appoint proxy to attend and vote on poll instead of himself and the proxy need not be a Member of the Company. The proxies should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.
2. Members are requested to bring their copies of Annual Report at the Meeting.
3. Members are requested to notify immediately any change in their address, to the Registered Office of the Company.
4. Members seeking any information with regards to Annual Accounts at the time of Meeting, are requested to send their queries to the company so as to reach at least ten days before the date of Meeting, to enable the management to keep the relevant information ready at the time of Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 26th September, 2011 to 30th September, 2011 both days inclusive.
- 6 **Appointment of Directors in place of Sh P.V.Gupta**

The retiring Directors Sh P.V.Gupta has not offered himself for re-appointment. The Board has recommended appointment of Sh Dinesh Chand Sharma in place of Sh P.V.Gupta who do not seek his reappointment.

Sh Dinesh Chand Sharma, aged 57 years is a Master of Engineering in Chemical Engineering. He has very vast experience from 1978 to 2010 worked as Secretary, TECHNOLOGY DEVELOPMENT BOARD (TDB) TDB and as CEO of TDB, Overall in-charge to look after all the functions of TDB, which is involved in providing financial assistance to ventures for commercialization of indigenously, developed technology.

The Company has received a notice under Section 257 of the Companies Act, 1956 from a shareholder of the Company proposing the appointment of Sh Dinesh Chand as Director of the Company. The Board recommends the appointment of Sh Dinesh Chand Sharma as Director. Sh Dinesh Sharma does not hold any equity shares in the Company and is not related to any other Director on Board of the Company.

None of the Director is interested in the resolution.

## **SATIA INDUSTRIES LIMITED**

### **EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**

#### **ITEM NO. 5**

Sh. S.K.Arora was appointed as an Additional Director on the Board w.e.f. 11.08.2011 in term of Articles 113 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956 he holds office upto the date of this Annual General Meeting and is eligible for appointment as Director. The Company has received a notice in writing from a shareholder under Section 257 of the Act proposing his name for the appointment as Director of the Company. No equity share of the Company is being held by Sh S.K.Arora. Keeping in view his experience, the Board recommends his appointment.

None of the Directors except Sh. S.K.Arora is interested in the resolution.

Place : Ruppana, (Muktsar)

Dated : 11.08.2011

**By Order of the Board  
For Satia Industries Ltd.**

**(Rakesh Kumar Dhuria)  
DGM& Company Secretary**

**SATIA INDUSTRIES LIMITED****Details of Director seeking appointment/re-appointment at the Annual General Meeting**

<b>Name</b>	Sh Dinesh Chand Sharma	Sh. A. Krishna	Sh. S. K. Arora
<b>Date of Birth</b>	18.10.1954	01.09.1934	07.12.1954
<b>Qualification</b>	Master of Engineer (Chemical Engineering)	Chemical Engineer Pulp and Paper	Chartered Accountant
<b>Experience in functional Area</b>	CEO	Technocrat	Practicing Chartered Accountant
<b>Directorship held in other Public Companies</b>	Nil	Nil	Nil
<b>Membership/ Chairmanship of Committee of other Public Companies (includes only audit and Shareholders /Investor Grievance Committee)</b>	Nil	Nil	Nil
<b>Number of share held in the Company</b>	Nil	Nil	Nil

## SATIA INDUSTRIES LIMITED

### DIRECTORS' REPORT

Dear Members,

The Directors have the pleasure of presenting the 30th Annual Report of your Company for the Financial Year 2010-11.

#### 1 Financial Result:

The financial performance of your Company for the year ended March 31, 2011 is summarized below:-

(Rs in Lacs)

	Current Year	Previous Year
Sales and other income	32999.33	26764.89
Gross Profit before interest and depreciation	2905.47	2883.41
Interest and Financial charges	1255.77	983.88
Depreciation	880.98	782.86
Profit from operations (before tax)	768.80	1116.67
Previous year adjustments	20.89	5.69
Tax for earlier year paid/adjusted	0.10	(28.80)
Provision for taxation -Current Mat	149.06	188.81
Mat Credit Entitlement	58.83	188.81
Deferred Tax	134.41	402.03
Net Profit/ (Loss) after tax	523.17	737.75
Balance as per last balance sheet	3670.86	3133.11
Capitalization for issue of Bonus Shares	0	200.00
Profit carried over to balance sheet	4194.03	3670.86

#### 2. OPERATIONS

The Sales of the Company for the year under review is Rs 32999.33 lacs as compared to Rs 26764.89 lacs in the previous financial year registering growth of 23.29%. The net profit of the Company for the current year is Rs 523.17 lacs as compared to Rs 737.75 lacs during the previous year. The current year production of paper is 61024.693 MT as compared to 54583.378 MT of previous year. Your Director has decided to plough back the profits and do not recommend any dividend.

**3. FUTURE PROSPECTS**

India's per capita, consumption of paper is just about 5 kg. whereas it is 337 kg in North America, 110 kg. in Europe and 30 kg. in China. Compare to this scenario India' par capita consumption is one of the lowest in the World. India is among the world's fastest growing paper markets an increase in consumption by one kg per capita can potentially increase annual paper demand by a million tons. India's paper production is forecasted to grow at a CAGR of 8.4% while consumption is pegged at a CAGR of 9% till 2012-13.

**5. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:**

Particulars as prescribed under section 217(1) (e) of the Companies Act, 1956 are given in Annexure-A which forms part of the Director's Report.

**6. DIRECTORS:**

In terms of Article 113 of the Articles of Association of the Company, Sh.P.V.Gupta retire by rotation at the AGM and have not offered himself for reappointment and Sh A. Krishna will retire by rotation at the AGM and being eligible, offer himself for re-appointment.

The Board has recommended the appointment of Sh Dinesh Chand Sharma as Director of the Company in place of Sh P.V.Gupta Brief resume of the Director Proposed to be appointed/ re-appointed, nature of thier experience in Specific Functional Areas as stipulated under clause 49 of listing agreement with the Stock Exchanges are provided to the Notice for Annual General Meeting.

Sh. S. K. Arora was appointed as an additional Director by the Board and holds office upto the ensuring Annual General Meeting. Brief resume of the Director Proposed to be appointed as stipulated under clause 49 of listing agreement with the Stock Exchanges is provided to the Notice for Annual General Meeting.

**7. AUDITORS:**

M/s Rakesh Bansal & Co., Chartered Accountants, Muktsar, the Statutory Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

The Company has received letter from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such reappointment within the meaning of Section 226 of the said Act.

**8. AUDITORS REPORT**

The Auditors' Report on the Accounts is self explanatory and requires no comments.



**9. COST AUDIT**

Pursuant to the provisions of Section 233B of the Companies Act, 1956 and subject to the approval of Central Government, the Board of Directors of your Company has re-appointed M/s R.J. Goel & Co., Cost Accountants, New Delhi as Cost Auditor for the accounting year 2011-12 to carry out an audit of cost account of the Company.

**10 SAFETY AND ENVIRONMENT**

The Company continues to maintain a good safety record. The manufacturing units of the Company are environment friendly and maintain all safety standards and measures.

**11 PARTICULARS OF EMPLOYEES**

Information as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are given in Annexure forming part of this report.

**12 DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to requirement of Section 217(2AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement the Board of Directors hereby report that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors had 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 the period.
- the Directors had taken proper and sufficient care for the 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.
- the Directors had prepared the annual accounts on a going concern basis.

**13 INDUSTRIAL RELATIONS**

The Industrial Relations throughout the year remained cordial as has been the case for the last many years.

**14 CORPORATE GOVERNANCE**

Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges in India forms part of the Annual Report. Certificate from the Auditors

of the Company, M/s. Rakesh Bansal & Co., and confirming compliance of conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is annexed to this Report.

**15 MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is presented in a separate section forming part of the Annual Report.

**16 ACKNOWLEDGMENTS:**

The Directors wish to place on record their sincere gratitude and appreciation for the assistance and co-operation received from the Government of India, Government of Punjab, the Financial Institutions, Punjab National Bank, Members, Customers and Business Constituents for their continued support and co - operation.

We also place on record our sincere appreciation for the contribution made by the employees at all levels. Our consistent growth is made possible by their devout, sincere and unstinted services.

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

PLACE : Ruppana, (Muktsar)

DATE : 11.08.2011

**( Dr Ajay Satia)**

CHAIRMAN-CUM- MANAGING DIRECTOR

**(R. K. Bhandari)**

Whole Time Director

**SATIA INDUSTRIES LIMITED****ANNEXURE 'A' TO THE DIRECTORS REPORT****THE COMPANIES (DISCLOSURE OF PARTICULARS IN RESPECT OF BOARD OF DIRECTORS) RULES, 1988****A. Conservation of Energy**

(a) Regular preventive maintenance of all capital goods, equipments are being carried out.

**FORM- A****(Form for Disclosure of particulars with respect to Conservation of Energy)**

<b>A</b>	<b>Power and Fuel Consumption</b>	<b>Current Year ended 31.03.2011</b>	<b>Previous Year ended 31.03.2010</b>
<b>1</b>	<b>ELECTRICITY</b>		
	Purchased Units (Lacs KWH)	328.21	241.79
	Total amount (Rs in Lacs)	1424.07	1167.38
	Rate/unit (Rs)	4.34	4.83
<b>2</b>	<b>T.G.Set</b>		
	Own Generation (net) (lacs Kwh)	512.76	520.86
	Total cost (Rs in Lacs)	1076.60	1390.56
	Cost/Unit (Rs)	2.10	2.67
<b>3</b>	<b>Rice Husk (Used in Boiler)</b>		
	Quantity (Tonnes)	128415	129445
	Total Cost (Rs in Lacs)	4151.93	3734.71
	Average Rate (Rs per tones)	3233	2885
<b>4</b>	<b>Furnace Oil</b>		
	Quantity (Tonnes)	611.660	659.250
	Total Cost (RS in Lacs)	177.67	167.57
	Average Rate (Rs in tones)	29048	25418
<b>5</b>	<b>Others</b>		
	Quantity (Tonnes)	1267.97	45.880
	Total Cost (Rs in Lacs)	67.94	29.10
	Average Rate (Rs in tones)	5358	63444
<b>6</b>	<b>Consumption Per Unit of Production</b>		
	Electricity (KWH)	1378	1397
	Rice Husk (MT)	2.104	2.371
	Others (MT)	0.031	0.013

**FORM - (B)**

**(Form for Disclosure of particulars with respect to Technology Absorption)**

**1 Research & Development**

**Specific area in which R & D carried out by the company**

**A i Pulping and Chemical Recovery Area**

- Continuous digester operations were stabilized. Pulp parameters were standardized to meet chemical recovery requirements
- Black liquor solids/concentration was increased to accommodate more liquor in chemical recovery
- Twin roll presses were commissioned , soda losses reduced, chemical consumption reduced in bleaching section 2 - 3 %
- Twin turbo washer/wet washing clarifier efficiencies improved by providing V.F D is for twin washers and increasing the well diameter in clarifier helped in separating the silica/ chlorides from wet washing water

**ii Oxygen bleaching**

- Premixer was commissioned, VFD was provided for M.C pump helped in better mixing of oxygen gas with pulp, increased the pulp strength by 10 %
- **Paper Machine Back Water**
- Paper M/Cs back water was started using at bleach washers helped in reducing the fresh water consumption, increased the pulp whiteness by 3 - 4 Paper quality improved and whitening agent consumption has come down by 2 - 3 Kgs/Tn of Paper
- **Chemical Recovery**
- Second ESP was commissioned : - Helped in increasing the chemical recovery efficiency by 0.5- 0.8 %
- Cooling tower extension commissioned: - Helped in maintaining required temperature difference in surface condenser inlet and outlet. After recirculate all vacuum pump water in cooling tower

**Paper Machine 1 & 2**

- Both the paper machines speeds were increased by 10 mts - Helped in increasing the production.

- 90 % brightness paper manufacturing was started in No - 1 & No - 3 paper machines able to stand in private market for better quality papers.
- V.F.Ds were provided for all the three paper machines. Machine chest - Helped in reducing the power by 20 %
- Steam and condensate system was strengthened in No - 3 PM/Cs - Helped in reducing the production loss due to over loading of drying cylinders

**Benefits derived as a result of R & D**

- Pulp yield was increased to 45% due to better control at C.D
- High Qualities were started making (90% and above)
- Pulp production was increased
- Complaints from private market were reduced.

**Future Plans of action**

**Hard Wood Pulping Street**

Eliminate waste paper pulping and reduce the cost of production as waste paper pulp cost is higher. LTA can run with wood black liquor.

**O.D.L**

Oxygen delignification plant is being installed. This will help in reducing the consumption of chlorine there by reduction in A.O X presence in bleach effluent. ODL will help in reducing the caustic consumption in extraction and strength of final pulp will be improved there by paper strength will be improved, this will help in better stand the private market net saving per year.

**Wet washing effluent**

Taken to biomethanation plant, and methane gas of about 3000M3/day is being generated. Daily 7 Ton consumption was come down - Cost saving and pollution load reduction.

**Chlorine dioxide bleaching**

Chlorine free bleaching helps in drastic change in quality of pulp copier paper can be produced A.O X presence in effluent can be minimized. Bleach effluent can comfortably be used for irrigation

**Paper Machine wire part and Press part modification: -**

- For better formation of final paper
- Increasing the dryness after press part helps in reducing steam consumption in dryness by 15%

## **SATIA INDUSTRIES LIMITED**

### **Foreign Exchange Earnings and out go:**

Expenditure for the year ended 31st March, 2011 is as under :- (Rs .in Lacs)

(i)	Earning in foreign exchange.			1137.99
(ii)	Expenditure in foreign currency.			
	(CIF Value of imports	(a) Store & Spare)		57.08
		(b) Raw Material)		1340.93
	For Travel			4.29
	Interest			22.61
	Bank Charges			1.61
	Fees and subscription			1.49

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

PLACE : Ruppana, (Muktsar)

DATE : 11.08.2011

**( Dr Ajay Satia)**

Chairman cum- Managing Director

**(R. K. BHANDARI)**

Whole Time Director

### **Annexure to Directors' Report**

Information as per Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2011.

Sr. No.	Name	Age (years)	Designation	Gross Remuneration (Rs.)	Net Remuneration (Rs.)	Qualification	Experience (years)	Date of Joining	Previous Employment
1	Dr. Ajay Satia	57	Chairman cum Managing Director	7900290	7900290	MBBS	30	Since Incorporation	First Employment

## Corporate Governance Report 2010-11

### A. Company's Philosophy

Good governance generates goodwill among business partners, customers and investors, earns respect from society, brings about a consistent sustainable growth for the Company and generates competitive returns for the investors. Your Company is committed to the principles of good governance. The Company continues to focus on good Corporate Governance and its objective is to create and adhere to integrity, transparency and accountability for efficient and ethical conduct of business for meeting its obligation towards shareholders and other Stakeholders.

The Board applies integrity, principles of good governance and accountability throughout its activities and each Director brings independence of character and judgment to the role. All of the members of the Board are individually and collectively aware of their responsibilities to the company's stakeholders.

### B. Board of Directors

#### Composition of Board

The Board of Directors comprised of an Executive Chairman-Cum-Managing Director, two whole time Directors, five independent non-executive Directors and one nominee of Punjab National Bank. The Composition of the Board is in conformity with clause 49, which requires at least 50 percent of the Board consist of non-executive Directors and in case the Chairman is a non executive Director at least one third of the Board should comprise of independent Directors and in case he is an executive Director at least half of the Board should comprise of independent Director..

#### Number of Board Meetings

The Board monitors compliance of objectives by holding management accountable for its activities through quarterly performance reporting. Board and committee meetings are held in an atmosphere of intellectual honesty, requiring reporting of the highest standard by management and constructive debate among Board and Committee Members.

During the financial year 2010-11, four Board Meetings were held on the following dates

- 1) 31-05-2010,
- 2) 28-07-2010
- 3) 28-10-2010
- 4) 26-02-2011

The Maximum time gap between any two consecutive meetings was less than four months.

## SATIA INDUSTRIES LIMITED

The Composition of Board of Directors and their attendance at the Board meetings during the year and at last Annual General Meeting of the Company as also the number of other Directorship and committee Membership/ Chairmanship as on 31.03.2011 are as follows:-

Sr. No.	Name of Director	Category of Directorship	No. of Board Meetings attended	Attended Last AGM	No. of other Directorship (See note)	No. of Committee Membership	
						Member	Chairman
1.	Dr. Ajay Satia	CMD	3	Yes	-	-	-
2.	Sh. R. K. Bhandari	WTD	4	Yes	-	-	-
3.	Sh. A. Krishna	INED	3	No	-	-	-
4.	Sh. S.L. Malhotra	INED	2	Yes	-	-	-
5.	Sh. D.R. Behl	INED	Nil	No	-	-	-
6.	Sh. P. V. Gupta	INED	Nil	No	-	-	-
7.	Sh. Ram Sarup (Nominee of PNB)	INED	3	No	-	-	-
8.	Sh. A. C. Ahuja	INED	4	No	2	-	2
9.	Sh J.R. Sharma	WTD	4	No	-	-	-

CMD - Chairman-Cum-Managing Director  
WTD - Whole Time Director  
INED - Independent Non-Executive Director

Note: 1. Includes directorship in public limited companies only

### The Independent Directors on Satia Industries Ltd

- Apart from receiving Directors remuneration i.e sitting fees, do not have any material pecuniary relationship or transactions with the Company, its promoters, its Directors, its senior management or its associates which may affect independence of the Directors.
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- Have not been executive of the Company in the immediately preceding three financial years.
- Are not partner or executives or were not partner or an executives during the preceding three years
- Statutory Audit firm or the internal Audit Firm that is associated with the Company.
- Legal firm and consulting firm that is associated with the Company
- Are not material suppliers, service providers or customers or lessees of the Company which may affect independence of the Directors.

As provided in Clause 49 of the Listing Agreement, none of the Directors is member of more than 10 Board level committees or a Chairman of more than 5 such committees.



**A. Audit Committee and Attendance at its meeting is given hereunder:-**

The Audit Committee as at March 31, 2011 comprised of four Directors, Three being non-executive and independent Directors viz. Sh. A.C.Ahuja, Sh. S. L. Malhotra & Sh. Ram Sarup & One Whole Time Director viz. Sh. R. K. Bhandari. The terms of reference of Audit Committee are as contained in the Section 292A of the Companies Act, 1956 and also as contained in the clause 49 of the Listing Agreement. The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures, transparency, integrity and quality of financial reporting.

During the year under review four (4) Meetings of Audit Committee were held on 31.05.2010, 28.07.2010, 28.10.2010, 26.02.2011. The composition of Audit Committee & attendance of the members at the Committee Meetings during the year are as under:-

Sr. No.	Name of Member	Status in Committee	Directorship	No. of Meetings attended
1.	Sh.A.C.Ahuja	Chairman	Independent Director	4
2.	Sh. R. K. Bhandari	Member	Whole Time Director	4
3.	Sh. S.L.Malhotra	Member	Independent Director	2
4.	Sh. Ram Sarup	Member	Nominee of PNB	3

**CEO/CFO Certification**

The Company is fully cognizant of, committed to and adhering to the statutory requirements for internal controls as set out by the Securities and Exchange Board of India. Accordingly, the Chairman and the Chief Financial Officer have duly verified and certified to the Board for Company's procedure and internal controls of the reporting as being fully compliant with SEBI guidelines.

The Chairman and the CFO have certified to the Board by placing a certificate thereof on the Financials of the Company that:

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:-
- i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

- (b) There are, to the best of their knowledge and belief; no transactions entered into by the company during the year, which are fraudulent, illegal or Violative of the company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the auditors and the Audit Committee that:  
There have been no significant changes in internal control over financial reporting during the year.
- i) there has been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- ii) there are no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**Remuneration to Directors****Remuneration Committee**

The Remuneration Committee of the Company (reconstituted on 23.09.2005) reviews recommends and approves the matters connected with fixation and periodic revision of the remuneration package relating to the Managing Director and Whole Time Directors including compensation and payments.

The Composition of the Remuneration Committee & attendance of the members at the Committee Meetings during the year are as follows:-

Name of the Directors	Position	Category	No of Meetings Attended
Sh. A.C. Ahuja	Chairman	Independent Director	NIL
Sh. S.L. Malhotra	Member	Independent Director	NIL
Sh. D.R. Behl	Member	Independent Director	NIL

## SATIA INDUSTRIES LIMITED

Managing Director and Whole Time Directors are appointed as per agreement and are being paid remuneration as approved by the Board and the shareholders. Sitting fees are paid to the Directors for attending the meetings of the Board of Directors/ Committees thereof. The detail of remuneration paid to directors during the period ended March 31, 2011 is as under:-

Sr. No.	Name of Director	Sitting Fee (Rs.)	Salary	P.F.	Others	Total (Rs.)
1.	Dr.Ajay Satia *	-	7800000	9360	90930	7900290
2.	Sh.R.K.Bhandari **	-	1564516	9360	48542	1622328
3.	Sh.A.Krishna	15000	-	-	-	15000
4.	Sh.D.R. Behl		-	-	-	
5.	Sh.P.V. Gupta		-	-	-	
6.	Sh.A.C. Ahuja	30000	-	-	-	30000
7.	Sh. S. L. Malhotra	15000	-	-	-	- 15000
8.	Sh Ram Sarup	-	-	-	-	-
9.	Sh J.R Sharma		465000	-	-	465000

- 1 Directors mentioned at Sr. No. 1, 2 & 9 are also eligible for one months' leave in a year.
  - 2 No commission has been paid to the Directors.
  - 3 No severance fee is payable on termination of appointment.
  - 4 The company also does not have a stock option plan or performance linked incentive for its Directors.
- \* Appointed w.e.f. 01.10.2009 for a period of 3 years.  
\*\* Appointed w.e.f. 27.10.2009 for a period of 3 years.

### Share Transfer System

In order to expedite the process of transfer of securities, the Board of Directors has constituted a Share Transfer Committee comprising of Dr. Ajay Satia & Sh. R. K. Bhandari. During the year under review, one Share Transfer Committee meeting was held on 15th October, 2010 and there is no pending transfer of shares.

### Investor Grievance Committee:

The Investor Grievance Committee of the Company under the Chairmanship of Sh. S. L. Malhotra, a non executive Director looks after the work of redressal of investors/ shareholders complaints. The other members of the Committee are Dr. Ajay Satia & Sh. R. K. Bhandari. No meeting of

## SATIA INDUSTRIES LIMITED

Investor Grievance Committee was held during the year under review, as the company has not received a single grievance/complaint from the investors/ shareholders.

### General Body Meetings

The last three Annual General Meetings were held as under:-

S. No.	Financial year	Date	Time	Location
1	2009-10	26-07-2010	10-00AM	At Regd. Office; Muktsar-Malout Road, Vill.Rupana Distt. Muktsar
2	2008-09	20.07.2009	10.00 AM	At Regd. Office; Muktsar-Malout Road, Vill.Rupana Distt. Muktsar
3	2007-08	14.07.2008	11.00AM	At Regd. Office; Muktsar-Malout Road, Vill.Rupana Distt. Muktsar

Eleven (11) Special resolutions were passed at the last 3 Annual General Meetings.

A Special Resolution was passed through Postal Ballot at the last AGM held on 20-07-2009.

A Special Resolution for the change in Name and object clause was also passed through postal ballot at the AGM held on 14th July, 2008.

Chairman of Audit Committee attended the AGM held on 26.07.2010.

### Disclosures

There was no materially significant related party transaction, pecuniary transactions or relationships between the Company and its Directors, Promoters, or the management that may have potential conflict with the interest of the company.

### Compliance made by the Company

The Company has made the compliance of the stock exchanges, SEBI and other statutory authorities on all matters related to capital market.

### Means of Communication

- i) The management discussion and Analysis Report forms part of the Annual Report as an addition to the Directors' Report.

### General Shareholders information

#### (a) Annual General Meeting :

**Date and time** : 30th September, 2011, 10.00 AM

**Venue** : At Regd. Office  
Muktsar-Malout Road  
VPO Rupana, Distt. Muktsar - 152032

**(b) Financial Calendar:**

For the Financial Year 2010-11, the results were announced on the following dates:-

<b>Results</b>	<b>Announced on</b>
<b>For 1st Quarter ended on 30-06-2010</b>	<b>28.07.2010</b>
<b>For 2nd Quarter ended on 30-09-2010</b>	<b>28-10-2010</b>
<b>For 3rd Quarter ended on 31-12-2010</b>	<b>26-02-2011</b>
<b>For the year ended on 31.03.2011</b>	<b>17-05.2011</b>

The tentative Financial Calendar of the Company for the year 2011-12 shall be as follows:

<b>Board meetings to take on record</b>	<b>Schedule</b>
Financial Results for the quarter ending June 30, 2011	During Aug, 2011
Financial Results for the quarter/half year ending September 30, 2011	During Nov, 2011
Financial Results for the quarter ending December 31, 2011	During February, 2012
Financial Results for the quarter/year ending March 31, 2012	During May 2012

**(c) Date of Book closure** : 26th September, 2011 to 30th September, 2011  
(Both days inclusive)

**(d) Dividend payment date** : N. A.

**(e) Listing on Stock Exchanges** :

Equity shares of the company are listed on Ludhiana Stock Exchange and Delhi Stock Exchange. Annual Listing Fee as prescribed has been paid to these stock exchanges for the year 2010-11.

**(f) Stock Code :**

Delhi Stock Exchange (19035)

Ludhiana Stock Exchange (SETI)

**(g) Market Price Data**

There was no trading of shares on the stock exchange during the F.Y.2010-11.

## SATIA INDUSTRIES LIMITED

**(h) Distribution of shareholding as on March 31, 2011**

No. of equity shares held	No of Shareholders	%age	Shares	%age total
UPTO 500	196	67.82	37900	0.3790
501 - 1000	34	11.76	24550	0.2455
1001- 2000	17	5.88	22550	0.2255
2001 - 3000	4	1.38	9625	0.0963
3001 - 4000	4	1.38	12500	0.1250
4000 - 5000	2	0.69	9600	0.0960
5001 - 10000	1	0.35	6500	0.0650
10001 AND ABOVE	31	10.72	9876775	98.767
TOTAL	289	100.00	10,00,00,000	100.0000

**(i) Categories of shares as on 31.03.2011**

Sr.No.	Particulars	No. of shares	Amount (Rs. in lacs)	%age
1.	Promoter			
	(a) Core Promoter	4087156	408.72	40.87
	(b) Friends/Relatives	1572800	157.28	15.73
2.	Financial Institutions	0	0	0.00
3.	Public	4340044	434.00	43.40
4.	Banks	0	0	0.00
5.	Others	0	0	0.00
	Total	10000000	1000.00	100.00

**(j) Dematerialization of shares & liquidity**

The shares of the Company are in demat and available in depository system of both NSDL and CDSL.

**(k) Registrar & Transfer Agents :**

The details of .Registrar & Transfer Agent appointed by the Company are as under:-

Beetal Financial & Computer Services (P) Ltd  
 Beetal House, 3rd Floor, 99 Madangir,  
 Behind Local Shopping Centre,  
 New Delhi

**SATIA INDUSTRIES LIMITED**

- (l) **Plant location** : Muktsar-Malout Road,  
Vill. Rupana  
Distt. Muktsar (Punjab)
- (m) **Investors correspondence** : Muktsar-Malout Road,  
Vill Rupana,  
Distt. Muktsar-152026(Punjab)

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

PLACE : Ruppana, (Muktsar)

DATE : 11.08.2011

**( Dr Ajay Satia)**

CHAIRMAN-CUM- MANAGING DIRECTOR

**(R. K. Bhandari)**

Whole Time Director

**MANAGEMENT DISCUSSION & ANALYSIS**

**Indian Economy**

The population of India is estimated at over 1 billion, and continues to grow every year. It has the third largest economy in Asia, and has plenty of industries that help push the growth. There have been reforms put into place over the last twenty years, which have helped the country to become more prominent in importing and exporting, and other forms of overseas business

**Industry Structure and Development**

The Rs. 25,000-crore Indian paper industry accounts for about 1.6% of the world's paper and paperboard production even though the country accounts for nearly 16% of the global population. The Indian paper industry's market size has been estimated at Rs.321 billion, growing at a CAGR of 10.5% from around Rs. 195 billion in 2003-04 to Rs. 321 billion in 2008-09. In 2009-10, the country produced 9.18 million tons of paper, growing at an average 6-7% compared with 2% growth in developed countries. The paper industry growth is forecast at 8.4% annually, touching 11.5 million tons in 2011-12 and 15 million tons by 2015

**Opportunities and threats**

Your company has a very strong pulping base having capacity to make sufficient agro waste pulp besides significant capacity to make deinked pulp. Strong marketing network and loyal customer base to fulfill increasing market demand with increase in production and productivity. Three different machines that give your company flexibility to cater to a wider range of market are major strengths. At the same time, the major threat being faced by your company is the stringent environmental regulation being imposed by the government. Increasing competition with globalization and emergence of new units with latest technology, threat of Zero import duty on paper inputs, raw material shortage and economy of scale may prove a major challenge.

**Segmentation or product wise performance**

Your company has introduced a premium quality paper excelling in all qualities like brightness, formation, bulk and strength properties and its share in total production is increasing. This product has made a place for itself in the market. Plans to introduce photocopier paper under a brand name in near future are underway. There has been good demand for colored and azure laid paper made by your company. There has been more than full capacity utilization of manufacturing capacity of your company.

**Outlook, Risks and Concern**

With demand of 7.2 Million Ton and supply of 6.7 Million Ton the future seems bright for the paper industry. GDP growth rate of 9% and increasing focus of Government on improving literacy in the country under Sarv Shiksha Abhiyan, demand of paper is likely to grow at 8-9% per annum. With in house power generation of 8-9 MW per day and Soda Recovery Plant, stable price outlook and effective steps to reduce chemical consumption; your company has good



outlook for future. Scarcity of raw material, increasing chemical cost, non availability of cheap funding schemes like TUF, increasing interest rates and environmental considerations are the major causes of concern.

**Internal Control Systems and their adequacy**

There is adequate internal control system in the company through Internal Audit and regular operations review and efforts are being made to strengthen it.

**Operating & Financial Performance**

The total income from operations is Rs 32999.33 lacs as compared to Rs. lacs 26764.89 lacs during the previous year. The Company earned net profits (after tax) of Rs 523.17 against previous year profit of Rs. Rs.737.75 lacs

**Development in Human Resources/Industrial Relations**

Considering that the company has been passing through difficult times, the human capital of the company has been motivated and committed to bring good operating performance. The industrial relations are cordial.

**AUDITORS' CERTIFICATE**

**To**

**The Members of Satia Industries Ltd.**

We have examined the compliance of conditions of corporate governance by Satia industries limited formerly known as Satia Paper Mills Ltd., for the year ended on 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Share Transfer Committee and Shareholders/ Investors Grievance Committee.

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

**For RAKESH BANSAL & CO.**

Chartered Accountants

Place : Ruppana, (Muktsar)

Date : 11.08.2011

**(Rakesh Bansal)**

**Proprietor**

**Membership No. 090278**

**REPORT OF THE AUDITOR'S TO THE SHAREHOLDERS**

1. We have audited the attached Balance Sheet of M/s SATIA INDUSTRIES LIMITED FORMERLY KNOWN AS SATIA PAPER MILLS LIMITED, MUKTSAR as on 31st March, 2011 and also the Profit & Loss Account and the Cash Flow Statement of the Company 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 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 issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:-
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit ;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
  - (iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
  - (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash flow Statement dealt with by this report comply with the accounting standards referred to in Sub Section 3(C) of Section 211 of the Companies Act, 1956.
  - (v) On the basis of written representations received from the directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of section 274(1) (g) of the Companies Act, 1956.
  - (vi) In our opinion and to the best of information and according to the explanations given to us, the said accounts read together with notes thereon in schedule 18, 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 ;
    - (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.

**SATIA INDUSTRIES LIMITED**

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- (b) in the case of Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For RAKESH BANSAL & CO.  
Chartered Accountants**

**Place** : Ruppana, (Muksar)  
**Date** : 11.08.2011

**(RAKESH BANSAL)**  
Proprietor  
Membership No. 090278  
FRN 011474N

## **SATIA INDUSTRIES LIMITED**

Annexure

Re : Satia Industries Ltd.

Referred to in paragraph (3) of our report of even date.

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The assets record for the period prior to 01.04.1993 has reportedly been destroyed in fire.
- (b) All fixed assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance of the said programme, plant and machinery have been physically verified during the year. As informed, no material discrepancies were noticed on such verification.
- (c) During the year, Company has not disposed off any substantial part of fixed assets except some scrap and unused machinery.
- II. (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company & the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory except for material lying on floor & work in progress, which has been determined during the physical verification at the year end. The discrepancies noticed on verification between the physical stocks and the book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of accounts.
- III (a) According to the information and explanations given to us, the Company has taken loan from 13 (thirteen) parties listed in the Register maintained under section 301 of the Companies Act 1956. The maximum amount involved during the year was Rs. 186.79 lacs and the year end balance of loans taken from such parties was Rs. 181.29 lacs. We have been informed that the loans have been taken from the parties which are exempt under the Companies (Acceptance of Deposits) Rules, 1975. These loans have not been verified by us and we have relied on the management certificate.
- (b) In our opinion the terms and conditions of unsecured interest free loans taken from the parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company. No stipulation with regard to the payment has been made hence no comments are offered whether the company is regular in repayment of principal and if there is any over due balance.
- (c) As informed, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. The amount outstanding has been reported to be trade debts.

## **SATIA INDUSTRIES LIMITED**

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- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to the purchase of inventory and fixed assets, and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
- V (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us the Company has not made any transaction in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year.
- VI. We have been informed that security deposits as appearing in Schedule-4 of the balance sheet have been taken/accepted from the suppliers, customers and others only for the purpose of business of the Company and unsecured loan have been taken from relatives of directors which are exempt under the Companies (Acceptance of Deposits) Rules, 1975. These deposits have not been verified by us and we have relied on the management certificate.
- VII. In our opinion, Company's internal audit system is commensurate with the size and nature of its business.
- VIII. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- IX. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Funds, Employee's State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Custom duty, Service Tax, Cess and other statutory dues as applicable to the company with the appropriate authorities during the year though there has been delay in case of excise duty & service tax.
- (b) According to the information & explanation given to us, no undisputed amounts payable in respect of Income-Tax, Wealth-Tax, Sales-Tax, Customs Duty, Service Tax and Cess were in arrears, as at 31st March, 2011 for a period of more than six months from the date they become payable.
- (c) According to the record of the Company & information and explanation given to us, there are no dues of Sales Tax, Income Tax, Custom duty, Wealth tax, Excise duty, Service Tax & Cess which have not been deposited on account of any dispute, other than the following:

## SATIA INDUSTRIES LIMITED

Sr. No.	Name of Statute	Nature of dues	Amount (Rs. in Lacs)	Forum where dispute is pending
1.	Central Excise	Classification of credit whether as Input or capital goods	4.40	Punjab & Haryana High Court Chandigarh
2.	Delhi Sale Tax Act	Sales Tax Form ST-I	3.86	Asstt. Commissioner Zone-1 Delhi

- X. The Company does not have accumulated losses as at the end of the year and the Company has not incurred cash losses during current and the immediately preceding financial year.
- XI. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institution or bank.
- XII. In our opinion and according to the information given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and others.
- XIII. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.
- XIV. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
- XV. According to the information and explanations given to us, the Company has during a year given a guarantee of Rs.490 lacs on behalf of T.C. Spinners Pvt. Ltd., Lalru in favour of Uco Bank. In our opinion the terms of guarantee given are not prejudicial in the interest of the company .
- XVI. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
- XVII. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no fund raised on short term basis have been used for long term investment.
- XVIII. According to the information and explanations given to us and based on the documents and records produced to us, the company has not made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.

## **SATIA INDUSTRIES LIMITED**

- XIX. According to the information and explanation given to us and the records examined by us, the Company has not issued debentures.
- XX. The Company has not raised money by any public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
- XXI. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

**FOR RAKESH BANSAL & CO.  
Chartered Accountants**

**Place : Ruppana, (Muktsar)  
Date : 11.08.2011**

**(RAKESH BANSAL)  
PROPRIETOR  
Membership No. 090278  
FRN 011474N**



## SATIA INDUSTRIES LIMITED

### BALANCE SHEET AS ON 31st MARCH, 2011

	Schedule	As at 31.03.2011 (Rs. In Lacs)	As at 31.03.2010 (Rs. In Lacs)
<b>I. SOURCES OF FUNDS</b>			
1) <b>Share Holder's Funds:</b>			
a) Capital	1	1000.00	1000.00
b) Reserve & Surplus	2	4337.46	3814.29
c) Advance Against Share Capital		100.00	100.00
2) <b>Loan Funds:</b>			
a) Secured Loans	3	8475.00	8829.69
b) Unsecured Loans	4	4498.83	3898.86
c) Deferred tax liability		1913.16	1778.75
<b>Total</b>		<b>20324.45</b>	<b>19421.59</b>
<b>II. APPLICATION OF FUNDS</b>			
1) <b>Fixed assets</b>			
a) Gross Block		18421.29	17518.14
b) Less: Depreciation		5867.40	5016.03
c) Net Block	5	12553.89	12502.11
2) Capital work in Progress	6	1708.16	1317.47
3) <b>Investments</b>	6A	647.00	465.00
4) <b>Current Assets, Loans &amp; advances</b>			
a) Inventories	7	2976.87	2354.22
b) Sundry Debtors	8	3950.66	3554.79
c) Cash & Bank Balances	9	223.30	225.80
d) Loan, Advances & Other Current Assets	10	3305.98	6145.16
		<b>10456.81</b>	<b>12279.97</b>
e) Less: Current Liabilities & Provisions	11	5041.41	7142.96
Net Current Assets		5415.40	5137.01
<b>Total</b>		<b>20324.45</b>	<b>19421.59</b>

As per report of even date attached

for RAKESH BANSAL & CO.  
Chartered Accountants

For and on behalf of Board of Directors

(Rakesh Bansal)  
Proprietor  
M.No 090278

(Dr Ajay Satia)  
Chairman-Cum Managing Director

(R.K.Bhandari)  
Whole Time Director

Place : Rupana, (Muktsar)

(A.K.Khurana)  
V.P.(Finance)

(Rakesh Kumar Dhuria)  
Company Secretary

Date : 11.08.2011

## SATIA INDUSTRIES LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

	Schedule	As at 31.03.2011 (Rs. In Lacs)	As at 31.03.2010 (Rs. In Lacs)
<b>INCOME</b>			
1) Gross Sales		32518.66	26282.01
Less: Excise Duty		478.60	316.32
Net Sales		32040.06	25965.69
2) Other Income	12	480.67	482.88
3) Increase/(Decrease) in stock	13	388.05	545.03
<b>Total</b>		<b>32908.78</b>	<b>26993.60</b>
<b>EXPENDITURE</b>			
1) Manufacturing Expenses	14	27702.09	22123.72
2) Salaries, Wages & Other Benefits to Employees	15	1428.29	1202.49
3) Selling, Administrative & Other Expenses	16	872.92	783.97
4) Interest & Other Financial Charges	17	1255.77	983.88
5) Depreciation	5	880.90	782.86
<b>Total</b>		<b>32139.97</b>	<b>25876.92</b>
6) <b>Net Profit/Loss before tax &amp; Exceptional items</b>		<b>768.81</b>	<b>1116.67</b>
Exceptional items		-	-
7) <b>Net Profit/Loss before tax</b>		<b>768.81</b>	<b>1116.67</b>
Prior period adjustment Expenses/(Income)		20.89	5.69
Tax for earlier year paid/Adjusted		0.10	-28.80
Provision for Taxation-Current MAT		149.06	188.81
MAT Credit Entitlement		58.83	188.81
Deferred tax		134.41	402.03
8) <b>Net Profit/(Loss) after tax</b>		<b>523.17</b>	<b>737.75</b>
Balance brought forward		3670.86	3133.11
Capitalised for issue of Bonus Shares		0.00	200.00
Balance carried to Balance Sheet		4194.03	3670.86
Earnings per Share (Basic)		5.23	7.75
(Diluted(in Rupees))		5.14	7.23

As per report of even date attached  
for RAKESH BANSAL & CO.  
Chartered Accountants

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

(Rakesh Bansal)  
Proprietor  
M.No 090278

(Dr Ajay Satia)  
Chairman-Cum Managing Director

(R.K.Bhandari)  
Whole Time Director

Place : Rupana(Muktsar)  
Date : 11.08.2011

(A.K.Khurana)  
V.P.(Finance)

(Rakesh Kumar Dhuria)  
Company Secretary

## SATIA INDUSTRIES LIMITED

### Schedule forming part of the Balance Sheet

	As at 31.03.2011 (Rs. In Lacs)	As at 31.03.2010 (Rs. In Lacs)
<b>SCHEDULE-1</b>		
<b>SHARE CAPITAL</b>		
Authorised:		
120,00,000 Equity Shares of Rs.10/- each (previous year 120,00,000)equity shares of Rs.10/-each)	1200.00	1200.00
	<b>1200.00</b>	<b>1200.00</b>
<b>Issued,Subscribed and paid-up:</b>	1000.00	1000.00
100,00,000 Equity Shares of Rs.10/- each Fully paid-up (previous year 100,00,000 equity shares of Rs.10/-each) Fully paid up.	1000.00	1000.00
<b>SCHEDULE-2</b>		
<b>RESERVE &amp; SURPLUS</b>		
a) Capital Reserve (State Subsidy)	65.00	65.00
b) General Reserve	78.43	78.43
c) Profit and Loss a/c	4194.03	3670.86
	<b>4337.46</b>	<b>3814.29</b>
<b>SCHEDULE-3</b>		
<b>SECURED LOANS</b>		
<b>I. Term Loans From:-</b>		
a) PUNJAB NATIONAL BANK(TERM LOAN)	5021.19	5535.74
b) Interest accrued and due on above (The above loans are secured by equitable mortgage of Company's Immovable properties, present and future and hypothecation of company movable assets present and future in favour of PNB on first charge basis and futher personally guaranteed by the M.D and a Director of the Company and pledge of 24,00,000 equity shares of the Company.) Term loan of PNB include Rs. 1598.83 Lacs (P.y Rs1541.77 Lacs) repayable within one year.	0.00	0.00
c) VEHICLE LOAN(Secured by hypothecation of the specified vehicle)	247.49	193.48
<b>II. Working Capital Borrowings PNB</b>		
Bill Discounting	3186.99	2982.65
Secured by hypothecation of all stocks of raw material stores, work in progress finished stock and book debts in addition to personal guarantee by M.D and a Director of the Company.	19.33	117.83
	<b>8475.00</b>	<b>8829.69</b>
<b>SCHEDULE-4</b>		
<b>UNSECURED LOAN</b>		
Security Deposits	3260.11	1909.94
From Banks	1094.31	1837.71
From Body Corporate	0.00	6.80
From Other than Body Corporate	98.41	98.41
From Directors	46.00	46.00
	<b>4498.83</b>	<b>3898.86</b>

**SCHEDULE 5  
FIXED ASSETS**

S. NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		COST AS ON 01.04.10	ADDITIONS DURING THE YEAR	SALES/ ADJUST MENT	COST AS ON 31.03.11	PROVIDED UPTO 31.03.10	FOR THE CURRENT YEAR	WRITTEN BACK	TOTAL UPTO 31.03.11	AS AT 31.03.11	AS AT 31.03.10
1	Land	137.05	0.00	0.00	137.05	0	0	0	0	137.05	137.05
2	Building	1896.18	109.65	0.00	2005.83	498.93	61.55	0.00	560.48	1445.36	1397.25
3	Plant & Machinery	14296.47	833.10	69.44	15060.13	3893.09	732.26	25.66	4599.69	10460.44	10403.37
4	Electrical installation fitting & equipments	566.60	14.29	0.00	580.89	380.28	28.35	0.00	408.63	172.27	186.32
5	Office Equipment	45.75	1.47	0.07	47.14	16.24	2.23	0.01	18.47	28.67	29.51
6	Furniture & fittings	49.90	1.88	0.00	51.78	31.33	3.17	0.00	34.50	17.28	18.57
7	Vehicles	407.68	10.99	12.17	406.50	122.47	38.49	3.87	157.08	249.42	285.21
8	Computers	86.62	11.96	0.00	98.58	58.60	12.81	0.00	71.41	27.16	28.02
9	A.C.,FAN & COOL	31.89	1.49	0.00	33.38	15.09	2.05	0.00	17.14	16.24	16.81
10	<b>TOTAL</b>	<b>17518.14</b>	<b>984.83</b>	<b>81.68</b>	<b>18421.29</b>	<b>5016.03</b>	<b>880.91</b>	<b>29.54</b>	<b>5867.40</b>	<b>12553.89</b>	<b>12502.11</b>
11	Previous Year	14534.69	2984.20	0.74	17518.14	4233.41	7828.63	0.24	5016.03	12502.11	10301.27

## SATIA INDUSTRIES LIMITED

### Schedule forming part of the Balance Sheet

	As at 31.03.2011 (Rs. In Lacs)	As at 31.03.2010 (Rs. In Lacs)
<b>SCHEDULE-6</b>		
<b>CAPITAL WORK IN PROGRESS</b>		
a) Building under Construction.	106.04	122.74
b) Plant and Machinery under Erection.	1320.95	814.54
c) Advance to Suppliers for Capital Goods.	265.00	364.02
d) Others	16.17	16.17
	<b>1708.16</b>	<b>1317.47</b>
<b>SCHEDULE-6A</b>		
<b>INVESTMENTS</b>		
<b>Long Term</b>		
Valued at cost		
<b>Trade Investments</b>		
<b>Unquoted</b>		
4650000 Equity Shares of Bhandari	465.00	465.00
Export Industries Ltd of Rs. 10 each at Par		
1820000 Equity Shares of T.C.Spinner of 10 each	182.00	0.00
	<b>647.00</b>	<b>465.00</b>
<b>SCHEDULE-7</b>		
<b>INVENTORIES</b>		
(Taken as valued and certified by the Management)		
a) Raw Materials, Chemicals & Fuels	818.01	748.17
b) Stock in Process	138.86	112.79
c) Semi Finished Stock	611.61	379.43
d) Finished Stocks	464.63	334.32
e) Consumable Stores, Spares & Packing Material	934.85	750.21
f) Stocks of Yarn Division	0.00	19.88
g) Scrap	8.91	9.42
	<b>2976.87</b>	<b>2354.22</b>
<b>SCHEDULE-8</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, considered good unless otherwise stated.)		
a) Debts outstanding for a period exceeding six months.	85.98	63.59
b) Other debts	3864.68	3491.20
Less:-Provision for doubtful debts	0.00	0.00
	<b>3950.66</b>	<b>3554.79</b>
<b>SCHEDULE-9</b>		
<b>CASH AND BANK BALANCES</b>		
a) Cash in hand	6.68	6.08
b) Balance with Schedule Banks:-		
i. In current Accounts	3.65	26.46
ii. In short term deposits (Under lien with Bank for issuance of FLC's and Bank Guarantees)	212.97	188.70
	0.00	4.56
c) Drafts/cheques in transit	<b>223.30</b>	<b>225.80</b>

## SATIA INDUSTRIES LIMITED

### Schedule forming part of the Balance Sheet

	As at 31.03.2011 (Rs. In Lacs)	As at 31.03.2010 (Rs. In Lacs)
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#### SCHEDULE-10

#### LOANS, ADVANCES & OTHER CURRENT ASSETS

##### Loans & Advances

a) (Unsecured considered good) Advance recoverable in cash or in kind or for value to be received	2264.11	4149.94
b) Share Application Money	0.00	882.00
c) Deposit with excise (including balance under Cenvat against inputs and capital goods)	412.41	558.43
d) Security/tender deposits	175.37	154.47
e) MAT Credit Entitlement	448.38	389.55
<b>Other Current Assets</b>		
f) Interest on FDR	5.71	10.78
g) Export Incentive Receivable	0.00	0.00
	<b>3305.98</b>	<b>6145.16</b>

#### SCHEDULE-11

#### CURRENT LIABILITIES & PROVISIONS

##### A) Current Liabilities

a) Sundry Creditors		
i) Dues to Micro & Small Enterprises	37.84	20.22
ii) Others	3037.46	5262.96
(includes Rs.74793647/- Capital goods creditors(previous year Rs.27095074))		
b) Acceptances not due for payments	993.68	483.03
c) Statutory Liabilities	94.60	77.22
d) Other liabilities	287.47	312.42
e) Advance from Customers	241.41	581.68
f) Interest accrued but not due	26.32	4.90

##### B) Provisions

a) Income-Tax Net of advance tax(MAT)	56.48	147.42
b) Gratuity	176.63	169.89
c) Leave Encashment	89.53	83.21

	<b>5041.41</b>	<b>7142.96</b>
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#### SCHEDULE-12

#### MISC INCOME

a) Interest Received Gross	36.26	19.64
b) Insurance Claims	23.45	37.36
c) Misc Income	166.10	47.74
d) Exchange Rate Variation	14.41	143.45
e) Export Incentive	136.54	23.58
f) Discount Earned on DEPB Purchase	5.60	10.47
g) Profit on Sale of Assets	9.43	0.00
h) Income from CER/VER	88.88	200.63
	<b>480.67</b>	<b>482.88</b>

## SATIA INDUSTRIES LIMITED

### Schedule forming part of the Balance Sheet

	As at 31.03.2011 (Rs. In Lacs)	As at 31.03.2010 (Rs. In Lacs)
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#### SCHEDULE-13

#### INCREASE(+)/DECREASE(-) IN STOCKS

##### Opening Stock

Finished Goods	334.32	147.48
Stock in process	112.79	60.84
Semi Finished	379.43	73.95
Scrap	9.42	8.66
	<b>835.96</b>	<b>290.93</b>

##### Closing Stock

Finished Goods	464.63	334.32
Stock in process	138.86	112.79
Semi Finished	611.61	379.43
Scrap	8.91	9.42
	<b>1224.01</b>	<b>835.96</b>

##### Increase(+)/Decrease(-) in Stocks

	<b>388.05</b>	<b>545.03</b>
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#### SCHEDULE-14

#### MANUFACTURING EXPENSES

a) Raw Material & Chemicals Consumed	10078.70	8860.63
b) <b>Utilities</b>		
i) Power Consumed	1424.07	1167.38\
ii) Fuel	4397.54	3931.38
iii) Water Supply Charges	29.80	22.07
iv) Effluent Treatment Expenses	5.11	19.09
c) Stores and Spare Parts Consumed	1103.71	1242.86
d) Reversal of Cenvat Credit of ED	219.78	0.00
e) <b>Repair &amp; Maintenance</b>		
i) Building	94.74	68.88
ii) Machinery	118.01	86.88
iii) Others	59.24	61.25
f) Packing Material & Exp.	532.99	415.05
g) <b>Handling and Shifting</b>		
i) Raw Material and Chemicals	139.47	118.17
ii) Fuel	40.89	35.32
h) Job Work Charges	5.67	0.00
i) Cost of Purchases of Yarn Division	9452.35	6094.78
	<b>27702.09</b>	<b>22123.72</b>

## SATIA INDUSTRIES LIMITED

### Schedule forming part of the Balance Sheet

	As at 31.03.2011 (Rs. In Lacs)	As at 31.03.2010 (Rs. In Lacs)
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#### SCHEDULE-15

##### SALARIES, WAGES AND OTHER BENEFITS TO EMPLOYEES

a) Salaries,Wages and Bonus	912.47	829.67
b) Welfare Expenses	463.19	324.29
c) Contribution to Provident and Other Funds.	52.63	48.52
	<b>1428.29</b>	<b>1202.49</b>

#### SCHEDULE-16

##### SELLING, ADMINISTRATIVE AND OTHER EXPENSES

a) Printing and Stationery	13.80	13.56
b) Postage,Telegram & Telephone	17.21	18.28
c) Sales Tax	4.01	0.00
d) Travelling & Conveyance	35.82	64.89
e) Disposal and Cartage	124.63	93.42
f) Vehicle Running and Maintenance	30.08	25.35
g) Rent	59.60	67.77
h) Legal & Professional Charges	36.74	27.37
i) Fee & Subscription	19.32	15.91
j) Director Sitting Fee	0.65	0.67
k) Loss on Sale of Assets	0.00	0.33
l) General Expenses	29.49	38.15
m) Auditors Remuneration and Expenses	2.70	2.36
n) Electricity and Water Charges	6.62	7.68
o) Charity and Donation	2.88	2.53
p) Freight & Handling outward/Export Exp.	111.70	49.77
q) Commission	319.59	313.70
r) Discounts & Rebate	50.75	39.91
s) Advertisement	7.34	2.33
	<b>872.92</b>	<b>783.97</b>

#### SCHEDULE-17

##### INTEREST AND FINANCIAL CHARGES

a) Interest on Term Loan	584.28	476.04
b) Interest on Working Capital	618.35	452.50
c) Bank & Other Charges	53.14	55.34
	<b>1255.77</b>	<b>983.88</b>



**Schedule forming part of the Balance Sheet**

**SCHEDULE - 18**

**Notes to Accounts forming part of Accounts for the year ended on 31.03.2011**

**1. Nature of Operations:-**

Satia Industries Limited formerly known as Satia Paper Mills Limited (herein after referred to as 'The Company') is a manufacturer of Writing and Printing Papers.

**2. Statement of Significant Accounting Policies:-**

**a) Basis of Preparation:**

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention, except where otherwise stated, and on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

**b) Fixed Assets:**

Fixed Assets are shown at Historical Cost. Cost of the fixed assets comprises purchase price, duties, levies and direct/indirect attributable cost of bringing the assets to its working condition for intended use. Borrowing cost related to acquisition or construction of the qualifying fixed assets for the period upto the completion of their acquisition and installation are included in the cost of the assets. Expenditure for addition, improvement and renewals are capitalized and expenditure for repair and maintenance are charged to Profit & Loss Account.

**c) Depreciation:-**

1. Depreciation on Fixed Assets is provided on Straight Line Method on prorata basis from the date of acquisition over the useful life & in the manner prescribed in Schedule XIV of the Companies Act, 1956.
2. Lease hold land is amortized over the remaining period of lease.
3. Depreciation on the amount of addition made to Fixed Assets due to exchange fluctuation is provided over the remaining useful life of the asset to which the fluctuation relates.
4. Depreciation on the amount of addition made to Fixed Asset due to up gradation/improvement is provided at the rate applied to the existing assets.
5. Patents and trademarks, software etc are accounted at their cost of acquisition and amortized over their estimated economic life not exceeding 10 years. Leasehold improvements are charged to the profit and loss account over the primary period of lease.

**d) Investments**

Investments are stated at cost less provision for permanent diminution in the value of long term investment

**e) Impairment of Fixed Assets:**

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's Fixed Assets. If any

indication exists, an assets recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of assets exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. Impairment loss is recognized in the Profit & Loss Account.

**f) Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**Sale of Goods**

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are net of return, volume discount and sales tax but including excise duty.

**Income from CER/VER**

Income from Carbon Emission Reductions (CER)/ Voluntary Emission Reductions (VER) is recognized when the project is registered with the United Nations Framework Convention on Climate Change (UNFCCC).

- g) Insurance claims are shown separately under the head other income and corresponding expenses are shown under respective expense head in the Profit and Loss A/C.

**h) Valuation of Inventories:-**

**Raw Materials, Stores & Spares:**

Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products, in which they will be incorporated, are expected to be sold at or above cost. Cost of Raw materials is determined on a monthly moving weighted average basis and cost of chemicals, stores and spares is determined on transaction moving weighted average.

**Work-in-Progress and Finished Goods:**

Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods except lying in the factory premises includes excise duty.

**By Products and Waste:**

**Net realizable value**

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

**i) Foreign Currency Transactions**

**Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items

which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction;

**Exchange Differences**

Exchange differences arising on the settlement of monetary items or on restatement of reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**Forward Exchange Contracts**

In respect of forward exchange contracts entered into by the Company, the difference between the contracted rate and the rate at the date of transaction is recognized as gain or loss over the period of contract except for difference in respect of liabilities incurred for acquiring fixed assets from a country outside India, in which case such difference is adjusted in the carrying amount of the respective fixed assets. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

**j) Borrowing Cost**

Interest & other costs incurred by the company in connection with the borrowing of funds are recognized as expenses in the period in which they are incurred unless activities that are necessary to prepare the qualifying assets for its intended use are in progress.

**k) Government Grants**

Government grants received as capital incentives are credited to capital reserve. Government grants in other forms are credited to Profit & Loss Account.

Government grants relating to specific assets are disclosed as deduction from the gross value of the assets concerned.

**l) Retirement Benefits**

(a) Retirement benefits in the form of Provident Fund and Pension Schemes are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.

(b) Gratuity liability under the payment of Gratuity Act and provision for leave encashment is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.

(c) The Company's gratuity benefit scheme is a defined plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value the estimated future cash flows.

The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on government securities as at the balance sheet date.

When the calculation results in a benefit to the company, the recognized assets is limited to the net total of any unrecognized actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses are recognized immediately in the profit & loss account.

**m) Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the Profit & Loss Account on a Straight-Line basis over the lease term.

**n) Accounting for taxes on income**

Provision for tax on income is made after taking into consideration benefit admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from 'Timing difference' between book & taxable profit is accounted for using the tax rates & laws that have enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future.

- o) Export incentives in case of export under DEPB entitlement, incentive has been valued on the specific rates allowed on the relevant item of export.

**p) Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

3. Estimated amount of contract remaining to be executed on capital account and not provided for net of advance Rs. 1177.65 Lacs (previous year Rs. 713.62 Lacs).

**4. Contingent liabilities not provided for in respect of:**

- a) Bank Guarantee Rs. 721.97 Lacs (P.Y. Rs. 1386.54 Lacs)

- b) Unexpired Letter of Credit: Rs. 1129.62 (P.Y. Rs.427.67 Lacs.)

However the company has accounted for the materials received against the LCs by way of credit to the account of the party.

- c) Excise & custom duty demands in dispute Rs. 4.40 (P.Y. Rs.4.52 Lacs)

- d) Sales Tax demand in dispute Rs 3.86 lacs (P.Y.Rs.3.86 Lacs)

- e) Customs Duty in respect of Export Obligation 0.12 (P.Y. Rs.6.33)

- f) Corporate Guarantee Rs.490 lacs ( P.Y. 490 Lacs) in favour of Uco Bank on behalf of T.C. Spinners Pvt. Ltd., Lalru (Outstanding Balance Rs. 374.25 lacs).

## SATIA INDUSTRIES LIMITED

5. The company has been obtaining confirmation from suppliers who have registered themselves under the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED ACT, 2006). Based on the information available with the company, balance due to Micro & Small Enterprises as defined under the MSMED ACT, 2006 is Rs. 37.84 lacs (previous year Rs. 20.22lacs). Further no interest during the year has been paid under the terms of the MSMED Act, 2006.
6. Carbon Emission Reductions (CER) and Voluntary Emission Reductions (VER) has been accounted for on accrual basis against the Clean Development Mechanism (CDM) project registered with the United Nations Framework Convention on Climate Change (UNFCCC).

### 7. Employee Benefits

Effective from 1st January, 2007 the company adopted Accounting Standard 15 (revised 2005) on Employees Benefits issued by the Institute of Chartered Accountants of India.

The following table sets out the status of the gratuity scheme plan as at 31.03.2011.

i). Table Showing Changes in Present Value of Obligations: Amount (Rs. in lacs)

Period	Current Year	Previous Year
Present value of the obligation at the beginning of the period	169.88	159.84
Interest cost	13.98	12.75
Current service cost	15.98	15.73
Benefits paid (if any)	(24.16)	(11.56)
Actuarial (gain)/loss	0.94	(6.87)
Present value of the obligation at the end of the period	176.63	169.88

ii). Actuarial (Gain)/Loss recognized:

Period	Current Year	Previous Year
Actuarial (gain)/loss - obligation	0.94	(6.87)
Actuarial (gain)/loss - plan assets	0	0
Total Actuarial (gain)/loss	0.94	(6.87)
Actuarial (gain)/loss recognized	0.94	(6.87)
Outstanding actuarial (gain)/loss at the end of the period	0	0

iii) Key results (The amount to be recognized in the Balance Sheet):

Date	As on: 31/03/2011	As on: 31/03/2010
Present value of the obligation at the end of the period	176.63	169.88
Fair value of plan assets at end of period	0	0
Net liability/(asset) recognized in Balance Sheet and related analysis	176.63	169.88
Funded Status	(176.63)	(169.88)

**SATIA INDUSTRIES LIMITED**

iv). Expense recognized in the statement of Profit and Loss:

Period	Current Year	Previous Year
Interest cost	13.98	12.75
Current service cost	15.98	15.73
Expected return on plan asset	0	0
Net actuarial (gain)/loss recognized in the period	0.94	(6.87)
Expenses to be recognized in the statement of profit and loss accounts	30.90	21.61

v). The assumptions employed for the calculations are tabulated:

Period	Current Year	Previous Year
Discount rate	8.25 % per annum	8.00 % per annum
Salary Growth Rate	4.00 % per annum	5.00 % per annum
Mortality	LIC 94-96 Ultimate	LIC 94-96 Ultimate
Expected rate of return	0	0
Withdrawal rate (Per Annum)	5.00% p.a. (18 to 60 Years)	5.00% p.a. (18 to 60 Years)

vi). Benefits valued:

Normal Retirement Age	60 Years	60 Years
Salary	Terminal Basic Salary (Excl. all other Allowances and Perquisites)	Terminal Basic Salary (Excl. all other Allowances and Perquisites)
Vesting Period	5 Years of service	5 Years of service
Benefits on Normal Retirement	15/26 * Salary * Number of completed Years of Service	15/26 * Salary * Number of completed Years of Service
Benefit on early exit due to death and disability	As above except that no vesting conditions apply.	As above except that no vesting conditions apply.
Limit	1000000.00	350000.00

**8. Calculation of Deferred Tax Liability:-**

Particulars	Amt (Rs.in Lacs)	
	31.03.2011	31.03.2010
Written Down Value of Fixed Assets as per Books	12553.89	12502.11
Written Down Value of Fixed Assets as per Income Tax	6491.57	6748.88
Deferred Liability (A)	6062.32	5753.23
Expenses disallowed u/s 43B	302.84	291.12

## SATIA INDUSTRIES LIMITED

Unabsorbed Depreciation & Losses	0	228.95
Deferred Assets (B)	302.84	520.07
Net Deferred (Assets)/Liability As on date (A-B)	5759.48	5233.16
Net Deferred Tax (Assets)/Liability As on date	1913.16	1778.75
Net Deferred Tax (Assets)/Liability for the year	134.41	402.03

9. Director's Remuneration:	Current Period	Previous Year
(a) Managing Director	(Amount Rs.in lacs)	(Amount Rs.in lacs)
(i) Salary	78.00	72.45
(ii) Contribution to Provident Fund	0.09	0.09
(iii) Perquisites	0.91	1.02
(b) Whole Time Director		
(i) Salary	20.30	18.54
(ii) Contribution to Provident Fund	0.09	0.09
(iii) Perquisites	0.52	0.46
(c) Directors Sitting Fee	0.48	0.66

10. In the opinion of Board of Directors and to the best of their knowledge and belief, the value on realization of Current Assets, Loans and Advances in the ordinary course of business would not be less than the amount at which they are stated in Balance Sheet. The provision for all known liabilities is adequate and neither is excess nor short of the amount reasonably necessary.

11. The liability of Excise Duty on finished goods remaining uncleared in the factory premises and lying in stock at the end of the year estimated at Rs 28.64 lacs (Previous year Rs.15.25 lacs) are not included in the valuation of inventory of such goods. However the said liability if provided in accounts would have no effect on the profits for the period.

12. (a) Statutory Auditor's Remuneration:	Current Year	Previous Year
	(Amount Rs.in Lacs)	(Amount Rs.in Lacs)
For Audit Fee including service-tax	1.70	1.70
For Other Services	0.40	0.55
For out of pocket Expenses	0.00	0.12
	<u>2.10</u>	<u>2.37</u>
(b) Cost Audit Fee including service-tax	0.66	0.60
For out of pocket Expenses	0.20	0.06
	<u>0.86</u>	<u>0.66</u>

13. The Company has received Share Application money of Rs.300.00 Lacs (Rs.175.12 Lacs in financial year 2003-04, Rs.92.33 Lacs in the financial year 2004-2005 and 32.55 Lacs in financial year 2005-2006) from promoters and associates to partly finance the project cost approved

## SATIA INDUSTRIES LIMITED

and stipulated by Financial institutions and bank. During the year ended 31.03.06 the company has allotted 20,00,000 equity shares @10 per shares amounting to Rs.200 .00 lacs to the promoters and associates on preferential basis as per approval received from SEBI and remaining share application money of Rs.100.00 lacs against which shares will be allotted in future as permitted under the statute. These funds were utilized in the year of receipt for purpose of capital expenditure as per scheme approved by the financial institutions and banks.

### 14 Disclosure requirement as per AS-18, on related party disclosure:-

Nature of Relationship	Name of Related Party
Individual Owing directly or indirectly a substantial interest in the voting power of the company	M/s T.C. Spinners Pvt. Ltd.
Key Management Personnel	Mr.Ajay Satia
	Mr. R.K. Bhandari
	Mr. Dhruv Satia
	Mr. Janak Raj Sharma
Relative of key Management (Relevant Personnel)	Mrs Bindu Satia (Wife of Sh. Ajay Satia)
	Mr. Anil Satia (Brother of Sh. Ajay Satia)
	Mrs Saloni Satia( Wife of Sh Anil Satia)
	Smt.Krishna Satia (Mother of Sh. Ajay Satia)
	Mrs. Renu Pahwa (Sister of Sh. Ajay Satia)
	Ms Yachna Satia (Daughter of Sh. Ajay Satia)
	Mr. Chirag Satia (Son of Sh. Ajay Satia)
	Mr.Kulbir Pahwa (Sisters Husband of Dr. Ajay Satia)
	Mr. Vinod Saluja (Sisters Husband of Dr. Ajay Satia)
	Mrs. Archana Saluja (Sister of Dr. Ajay Satia)
	Mrs.Pushpa Bhandari (Mother of Sh. R.K. Bhandari)
	Mrs. Kiran Bhandari (Wife of Sh. R.K. Bhandari)
	Ms.Vasudha Bhandari (Daughter of Sh. R.K. Bhandari)
	Mr. Amit Sharma ( Son of Sh. Janak Raj. Sharma)

Transaction with parties as listed above during the period under consideration:

(fig. in Rs.in Lacs)

Nature of Transaction	Individual owing directly or indirectly a Substantial interest in the voting power of the company	Key Management Personal	Relatives of Key Management personal	Total
Loan Receipt	- (-)	20.00 (26.61)	21.50 (27.68)	41.50 (54.29)
Loan Repayment	- (-)	10.50 (4.41)	0 (3.53)	10.50 (7.94)



**SATIA INDUSTRIES LIMITED**

Rent	- (-)	3.60 (9.20)	12.81 (25.46)	16.41 (35.86)
Managerial Remuneration	- (-)	99.91 (92.67)	- (-)	99.91 (92.67)
Salary	- (-)	- (-)	14.30 (9.23)	14.30 (9.23)
Purchase	48.83 (542.85)	- (-)	- (-)	48.83 (542.85)
Sales	712.52 (473.65)	- (-)	- (-)	712.52 (473.65)

(Figure in brackets relates to previous year)

**Outstanding balance as on 31.03.2011**

(Fig. in Rs.in Lacs)

Nature of Transaction	Individual Owing Directly or indirectly a substantial interest in the voting power of the company	Key Management Personal	Relatives of Key Management Personal	Total
Managerial Remuneration	- (-)	13.47 (1.31)	- (-)	13.47 (1.31)
Loan and Advances	- (-)	63.00 (53.50)	119.29 (96.79)	181.29 (150.29)
Corporate Guarantee	374.25 (490.00)	- (-)	- (-)	374.25 (490.00)
Share Application Money Received	- (-)	4.25 (4.25)	- (-)	4.25 (4.25)
Investment in Share/ Application Money Invested*	182.00 (182.00)	- -	- -	(182.00) (182.00)
Rent	- (-)	1.12 (-)	17.04 (3.00)	18.16 (3.00)
Salary	- (-)	- (-)	0.71 (2.10)	0.71 (2.10)

- Equity shares have been allotted by M/s T.C. Spinners Pvt Ltd during the year.

## SATIA INDUSTRIES LIMITED

### 15. Derivative Instruments and unhedged foreign currency exposure.

Unhedged foreign currency exposure as at the balance sheet date.

Particulars	Amount in Lacs (in foreign currency)	Amount (Rs. In Lacs)
Import Creditors	USD 9.43(18.95)	430.00 (855.08)
	EURO 4.90(5.02)	292.09 (303.62)

### 16. A) Particulars of capacities and production

Classes of Goods	Unit	Installed Capacity	Licensed Capacity	Actual Production
Writing, Printing and Wrapping Paper	(MT)	40000	75000	61024.693
(Previous Year)	(MT)	(40,000)	(75,000)	(54583.378)

Note: Installed capacity is as certified by the management but not verified by Auditors being a technical matter.

### B) Particulars of Stock and Turnover of Goods Manufactured

Class of Goods	Opening Stock		Turnover		Closing Stock	
	Qty. (MT)	Value (Rs in lacs)	Qty. (MT)	Value (Rs in lacs)	Qty. (MT)	Value (Rs in lacs)
Writing & Printing Paper	1044.001	334.32	60570.634	22251.39	1498.060	464.62
(Previous Year)	(483.085)	(147.48)	(54022.461)	(19968.59)	(1044.001)	(334.32)

\* Excludes goods for resale and sale of other items amounting to Rs. 10267.27 lacs (P.Y. Rs.6313.41 lacs)

### C) Particulars of Raw Material Consumed:

Class of Goods	Current Year		Previous Year	
	Qty. (MT)	Value (Rs. In lacs)	Qty. (MT)	Value (Rs.in lacs)
Wheat Straw	100094.000	4212.38	76431.800	2769.51
Waste Paper*	6772.376	1537.62	10374.502	1954.65
Sarkanda	3023.907	86.32	3191.882	81.00
Caustic Soda	4307.511	759.89	5028.443	1022.62
Chlorine	4406.075	384.58	4489.496	215.32
Soap Stone	18144.050	959.83	15199.790	870.80
Others				1946.73
		10078.70		8860.63

\*Includes sales of 811.378 MT (107.237 MT) Waste Paper amounting to Rs. 124.08 lacs (Rs. 23.68 lacs)

Includes sales of 323.153 MT ( 0.000 MT) Wood Pulp amounting to Rs. 137.19 lacs (Rs. 00.00 lacs)

## SATIA INDUSTRIES LIMITED

### D). Particulars of Consumption of Imported & Indigenous Material & Percentage thereof:

(Rs.in Lacs)

Class of Goods	Current Year		Previous Year	
	Amount	%	Amount	%
Raw Material & Chemicals				
a) Imported	1549.66	15.38	1597.07	18.02
b) Indigenous	8529.04	84.62	7263.56	81.98
	-----	-----	-----	-----
	10078.70	100.00	8860.63	100.00
	-----	-----	-----	-----
Consumable Store & Spares				
a) Imported	1067.05	96.68	37.66	3.03
b) Indigenous	36.67	3.32	1205.20	96.97
	-----	-----	-----	-----
	1103.72	100.00	1242.86	100.00
	-----	-----	-----	-----

### E) DETAIL OF GOODS FOR RESALE (PAPER)

Product	Op. Stock		Purchase		Sale		Closing Stock	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
	(MT)	(Rs.)	(MT)	(Rs.)	(MT)	(Rs.)	(MT)	(Rs.)
Writing & Printing Paper	nil	nil	1255.573	413.48	1255.573	476.87	nil	nil
Previous Year	(nil)	(nil)	(0)	(0)	(0)	(0)	(nil)	(nil)

• Inclusive of freight

### 17. C.I.F. Value of Imports

(Rs.in lacs)

	Current Year	Previous year
a) Capital Goods	0.00	88.74
b) Raw Material	1340.93	1289.48
c) Stores and Spares	57.08	56.18
18. FOB Value of Export of Goods.	1137.99	309.54
19. Expenditure in foreign Currency (payment basis)		
i) Travel	4.29	11.47
ii) Interest	22.61	24.50
iii) Bank charges	1.61	3.90
iv) Fee and subscription	1.49	0.00

## SATIA INDUSTRIES LIMITED

20. Earning Per Share (EPS) computed in accordance with AS-20 'Earning Per Share'

	Year Ended (31.03.11)	Year Ended (31.3.10)
a) Net Profit/ (Loss) after tax & before Extra ordinary Items (Rs. In lacs)	523.17	737.75
b) Net Profit/ (Loss) after tax & after Extra ordinary Items (Rs. In lacs)	523.17	737.75
c) Weighted Average No. of Shares	10000000	9523288
d) Diluted potential equity shares	10187355	10207715
<b>Earning Per Share (EPS) :-</b>		
Basic:-	5.23	7.75
Diluted:-	5.14	7.23

Diluted EPS is calculated after taking into consideration of potential equity share capital. The company proposes to issue 187464 nos. of equity shares to promoters and associates (calculated on basis of book value of equity shares as on 31.03.2011) under obligation to financial institutions and banks as per scheme sanctioned by financial institution and bank.

21. During the period the company has made provision for tax amounting to Rs 149.06 lacs under Minimum Alternative Tax. In view of the improving business conditions and requisite addition to the Plant & Machinery, the Management is of the opinion that the company would be able to generate adequate profits to claim credit of tax paid under Mat as per the provisions of Income Tax Act. Accordingly the tax credit has been accounted for though part payment of the tax liability under MAT is yet to be made.

### 22. Segment Reporting

#### A. Business Segments:

Based on the guiding principles given in AS-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Groups business segment include: Writing & Printing Paper, power generation and yarn division.

#### B. Geographical segments:

Since the Group activities/operations are primarily within the country and considering the nature of products it deals in, the risks and returns are same and as such there is only one geographical segment.

#### C. Segment Accounting Policies:

In addition to the significant accounting policies applicable to the business segments as set out in note no.2 of schedule no. 18 "Notes to the accounts", the accounting policies in relation to segment reporting are as under:

a) Segment Revenue and expenses:

Segment revenue and expenses are directly attributable to the segments.

b) Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally

## **SATIA INDUSTRIES LIMITED**

of operating cash, debtors, inventories and fixed assets, net of allowances and provisions which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities.

c) Inter segment revenue:

Inter segment revenue between operating segments are accounted for at market price. These transactions are eliminated in consolidation.

d) Information about business segments:

23. Outstanding balances in sundry debtors, creditors & security deposits are subject to confirmation.
24. Figures in brackets represent figures of previous year.
25. Previous Year's figures have been regrouped and/or re-arranged wherever considered necessary. Figures have been rounded off to the nearest rupee.

For RAKESH BANSAL & CO.  
Chartered Accountants

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

(Rakesh Bansal)  
Proprietor  
Membership No. 090278

(Dr Ajay Satia)  
Chairman-Cum Managing Director

(R.K.Bhandari)  
Whole Time Director

Place : Rupana(Muktsar)  
Date : 11.08.2011

(A.K.Khurana)  
V.P.(Finance)

(Rakesh Kumar Dhuria)  
Company Secretary

# SATIA INDUSTRIES LIMITED

## SCHEDULE-VI [PART IV] BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I.	Registration details:		
	Registration no. L21012PB1980PLC004329		State Code 16
	Balance Sheet Date 31-03-2011		
II.	Capital raised during the year (Amount in Rs.Thousands)		
	Public Issue	-	
	Rights issue	-	
	Bonus Issue	-	
	Private Placement	-	
III.	<b>Position of Mobilisation and Deployment of Funds.</b>		<b>(Amount Rs. in Lacs)</b>
	Total Liabilities-	20324	
	Total Assets-	20324	
	<b>Source of Funds</b>		
	Paid up Capital	1000	Reserve & surplus 4337
	Advance against share Capital	100	Unsecured Loans 4499
	Secured Loans	8475	Deferred Tax Liability 1913
	Application of Funds		
	Net Fixed assets	14262	Investments 647
	Net Current Assets	5415	Misc. Expenditure NIL
	Accumulated Losses		NIL
IV.	<b>Performance of Company(Amt.Rs. in Lacs)</b>		
	Turnover	32519	Total Expenditure 31771
	Profit before tax	748	Profit after Tax 523
	Earning per share in Rs.	5.23	
	Dividend rate %	NIL	
V.	Generic names of three principal products/services of Company (as per monetary terms)		
	A. tem Code (ITC Code)	48.02	
	Product description	Writing and Printing	
		Paper	
	B. Item Code (ITC Code)	27.16	
	Product description	Electricity Energy-	
		Wind Turbine	
	C.	NIL	

### FOR AND ON BEHALF OF BOARD OF DIRECTORS

(AJAY SATIA)  
CHAIRMAN-CUM-  
MANAGING DIRECTOR

(R.K.BHANDARI)  
DIRECTOR

PLACE : Rupana  
DATE : 11.08.2011

(A.K. KHURANA)  
G.M. (FINANCE)

(RAKESH DHURIA)  
COMPANY SECRETARY

# SATIA INDUSTRIES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2011

	CURRENT YEAR		(Rs. in Lacs) PREVIOUS YEAR	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
NET PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS		768.80		1116.67
ADJUSTMENT FOR :-				
DEPRECIATION		880.9		782.86
LOSS ON SALE OF FIXED ASSETS		-9.43		0.33
INTEREST & OTHER FINANCIAL CHARGES		1202.63		928.54
PROVISION FOR GRATUITY & EARNED LEAVE		13.05		-30.13
INTEREST RECEIVED ( GROSS)		-36.26		-19.64
INCOME FROM INVESTMENT		0		0.00
OPERATING PROFIT BEFORE WORKING CAPITAL CHARGES		2,819.69		2,778.63
ADJUSTMENT FOR				
TRADE & OTHER RECEIVABLES	2502.14		-1956.96	
INVENTORY INCREASE	-622.65		-940.01	
TRADE PAYABLE/OTHER LIABILITIES	-2023.73	(144.24)	562.81	(2334.16)
CASH GENERATED FROM OPERATIONS		2,675.45		444.47
PRIOR-PERIOD EXPENSES/(INCOME)	-20.89		-5.69	
DIRECT TAXES PAID/ADJUSTED	-239.99	(260.88)	-104.08	(109.77)
NET CASH FLOW FROM OPERATING ACTIVITIES(A)		2,414.57		334.70
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
INTEREST RECEIVED		36.26		19.64
SALE OF FIXED ASSETS		61.57		0.17
INVESTMENT MADE DURING THE YEAR		-182.00		-465
SALE OF INVESTMENT		0		0
INCOME FROM INVESTMENT		0		0
PURCHASE OF FIXED ASSETS	-1375.52	(1,375.52)	-3697.05	(3,697.05)
NET CASH USED IN INVESTING ACTIVITIES(B)		(1,459.69)		(4,142.24)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
SHARE APPLICATION MONEY		0		0
PROCEEDS FROM LONG TERM BORROWINGS		1168.20		2271.19
REPAYMENT OF LONG TERM BORROWINGS		-1628.74		-1543.6
INCREASE IN WORKING CAPITALBORROWINGS				
PROCEEDS FROM WORKING CAPITAL BORROWINGS		105.84		1206.30
REPAYMENT OF OTHER LOANS		-2508.24		-95.82
PROCEEDS FROM OTHER LOANS		3108.19		2433.68
INTEREST PAID		-1202.63		-928.54
NET CASH FLOW FROM FINANCING ACITIVITES(C )		-957.38		3343.21
NET CASH INCREASE/(DECREASE)IN CASH & CASH EQUIVALENTS		-2.50		225.80
CASH AND CASH EQUIVALENTS AT THE BEGINNING		225.80		0.00
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		223.30		225.80

For RAKESH BANSAL & CO.  
Chartered Accountants

(Rakesh Bansal)  
Proprietor  
MembershipNo. 090278

Place : Rupaᅇ(Muktsar)

Date : 11.08.2011

For and on behalf of Board of Directors

(Dr Ajay Satia)  
Chairman-Cum Manging Director

(Rakesh Kumar Dhuria)  
Company Secretary

(R.K.Bhandari)  
Whole Time Director

(A.K.Khurana)  
G. M. (Finance)

**SATIA INDUSTRIES LIMITED**

**SATIA INDUSTRIES LIMITED**

Regd. Office: Malout - Muktsar Road, Village Rupana, District Muktsar-152032

**PROXY FORM**

I/We.....of.....  
.....being a member/ members of SATIA INDUSTRIES LTD.  
hereby appoint.....of.....or failing  
him..... of..... as my/our proxy to vote  
for me/us and on my/our behalf at the 30th Annual General Meeting of the Company to be held  
on 30th day of September, 2011 and at any adjournment thereof.

Signed.....day of.....2011

Member(s) Name .....

Folio No.....

Note: The proxy must be returned as to reach the Registered Office of the company at least 48 hours before the time for holding the Annual General Meeting. The proxy need not be a member of the company.

**SATIA INDUSTRIES LIMITED**

Regd. Office: Malout - Muktsar Road, Village Rupana, District Muktsar-152032

**ATTENDANCE SLIP**

Please complete the attendance slip and hand it over at the entrance of the hall.

I hereby record my presence at the 30th Annual General Meeting of the Company being held on 30th day of September, 2011 at 10:00 A.M. at the Regd. Office of the Company at Malout - Muktsar Road, Village Rupana , District Muktsar, Punjab.

Full Name of the Member (in Block Letters) : .....

Full Name of Proxy, if applicable : .....

Folio No. : .....

No. of shares held : .....

Signatures of Member/Proxy : .....