



**SHAKUMBHRI PULP AND PAPER
MILLS LIMITED**

ANNUAL REPORT

2013-14



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TIN : 09372800318C Dt. 10-7-87
CIN : U21012UP1986PLC007671

Phone : 0131-2410011, 3291882
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Shakumbhri Pulp & Paper Mills Limited

MANUFACTURERS OF : HIGH QUALITY SUPER DELUX M.G. KRAFT PAPER

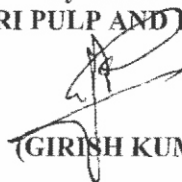
Works & Registered Office : 4.5 KM. BHOPA ROAD, MUZAFFARNAGAR - 251 001 (U. P.) INDIA

NOTICE

Notice is hereby given the 28th Annual General Meeting of the shareholders of **SHAKUMBHRI PULP AND PAPER MILLS LIMITED, MUZAFFARNAGAR** will be held at the Registered office of the Company on **30th September, 2014** at **10.30 A.M.** to transact the following business.

1. To receive, consider and adopt the annual accounts of the Company for the year ended 31st March, 2014 and the report of Directors and Auditors thereon.
2. To appoint a director in place of Sh. Amit Agarwal who retire by rotation at this Annual General Meeting & being eligible offers himself for re-appointment.
3. To appoint Auditor for the current year and to fix their remuneration.

By Order of Board of Directors
For SHAKUMBHRI PULP AND PAPER MILLS LTD



(GIRISH KUMAR AGGARWAL)
DIRECTOR
DIN - 06457199

DATED: 29.08.2014
PLACE: MUZAFFARNAGAR

NOTE:

A member entitled to attend & vote in the meeting is entitled to appoint a proxy to attend and vote in place of himself. A proxy need not be a member of the company. Proxy form duly completed and signed should be deposited at the registered office of the Company not later than 48 hours before the commencement of the meeting.

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MANUFACTURERS OF : HIGH QUALITY SUPER DELUX M.G. KRAFT PAPER

Works & Registered Office : 4.5 KM. BHOPA ROAD, MUZAFFARNAGAR - 251 001 (U. P.) INDIA

DIRECTOR REPORT

To,
The members,

Your directors have pleasure in submitting their 28th Annual Report on the business and operation of the company along with the Audited Statements of Accounts of the Company for the year ended on 31st March, 2014.

FINANCIAL RESULTS:

The financial results of the operation during the year under review are as under:

FINANCIAL HIGHLIGHTS	(Rs. in Lacs)	
	CURRENT YEAR FIGURES	PREVIOUS YEAR FIGURES
Turnover & Income	1982.40	1217.62
Net Profit Before Finance Charges & Depreciation	183.98	190.64
Finance Charges	89.45	113.28
Depreciation	79.16	76.31
Profit Before Tax	15.37	1.05
Provision for Taxation	5.29	0.34
Profit After Tax	10.08	0.59
Add: Profit/(Loss) brought forward from last year	131.84	131.25
Profit/(Loss) carried over to Balance Sheet	141.92	131.84

SALES:

The progress & prospect performance of the company is satisfactory as it has achieved a Turnover & Income of Rs.1982.40 Lacs during the current year (Rs.1217.62 Lacs Previous Year) despite of heavy recession in the Paper Industry.

INDUSTRIAL RELATION:

Industrial relation during the year remained cordial at all levels of the company. The Management appreciates the wholehearted Co-operation given by the employees of the Company.

SAFETY AND ENVIRONMENT PROTECTION:

The company strictly follows all safety measures at all the stage of Production and effective emphasis is being given to the adherence of standards of environment protections.

PARTICULARS OF EMPLOYEES:

As required by the provisions of Section 217(2A) of the Companies Act,1956 read with Companies (Particulars of Employees) Rules,1975 as amended, there is no employee drawing remuneration in excess of the limit specified in said rules.

PARTICULARS IN RESPECT OF CONSERVATION OF ENERGY ETC.**(A) Conservation of Energy:**

- (i) Regular measures are being taken by the management for energy conservation.
- (ii) Your company is making best efforts to reduce the consumption of energy.
- (iii) Information regarding energy consumption in Form-A annexed herewith.

(B) Technology Absorption:

No efforts have been made in Technology Absorption.

(C) Foreign Exchange Earning and Outgo:

Particulars regarding foreign exchange earning and outgo as per in Schedule-20 of Balance Sheet.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act,1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the accounts for the financial year ended 31st March,2014, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 year under review;

(iii) That the Directors have 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;

(iv) That the Directors have prepared the accounts for the financial year ended 31st March,2014 on a 'going concern' basis.

AUDITORS' REPORT:

The Auditors in their report have referred to the notes forming part of the accounts. The said notes are self explanatory and do not require further elucidation.

AUDITORS:

M/s Shiam & Co., Chartered Accountants,Muzaffarnagar retire at this Annual General Meeting & are eligible for reappointment. Your directors recommend their reappointment as Auditors.

DIRECTORS:

Sh.Amit Agarwal, Director of the company retire by rotation at this annual general meeting and being eligible offers himself for reappointment.

PUBLIC DEPOSIT:

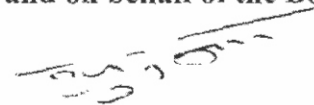
The company has not accepted any deposit from public during the year attracting the provisions of Section 58-A of the Companies Act,1956.

ACKNOWLEDGEMENT:

Your Directors wish to place on record their appreciation of valuation contribution made by the officers and staff of the company and also the Bankers for their Co-operation, assistance as and when required.

Your Directors recommended that Annual Accounts may be passed by you.

For and on behalf of the Board



**(ARJUN KUMAR AGARWAL)
CHAIRMAN
DIN - 02614019**

**DATED: 29.08.2014
PLACE: MUZAFFARNAGAR**

Independent Auditor's Report
To the Members of SHAKUMBARI PULP & PAPER MILLS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **SHAKUMBARI PULP & PAPER MILLS LIMITED** ("Company") which comprise the Balance sheet as at **31 March 2014**, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of section 133 of Companies Act, 2013 in terms of general circular 15/2013 dated 13th Sep 2013 of the Ministry of Corporate Affairs). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at **31 March 2014**;
- (ii) in the case of the statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- b. 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;
- c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 (which continue to be applicable in respect of section 133 of Companies Act, 2013 in terms of general circular 15/2013 dated 13th Sep 2013 of the Ministry of Corporate Affairs); and
- e. on the basis of written representations received from the directors as on **31 March 2014**, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **SHIAM & CO.,**
Chartered Accountants,
Firm Regn. No. 000030C

s/d
Rajesh Kumar Jain
Partner
Membership No.073352

Dated: 29.08.2014
Place: Muzaffarnagar

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of **SHAKUMBARI PULP & PAPER MILLS LIMITED**, ('the Company') for the year ended 31 March 2014. We report that:

- (i) In respect of its fixed assets:-
- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not physically verified by the management during the year but 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. No Material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off substantial part of the fixed assets during the year.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material.
- (iii)(a) The Company had not granted any loan to company, firm or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (b) The Company had taken loan from one party. The maximum amount involved during the year was Rs. 26.25 Lacs and the year-end balance of loans taken from such party was Rs. 16.75 lacs.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest wherever applicable and other terms and conditions of loans taken by the company are not, prima facie, prejudicial to the interest of the Company.
- (d) The Company is regular in payment of the principal amounts and interest as stipulated.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal controls.
- (v) In respect of transactions covered u/s 301 of the Companies Act, 1956:-
- (a) According to the information and explanations give to us, there is no contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956.
- (b) According to the information and explanations given to us, there is no transactions made in pursuance of such 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) in our opinion and according to the information and explanations given to us, the company has not accepted any deposit from the public within the meaning of section .58A and 58AA or any other relevant provision of the Companies Act 1956 and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) As informed by the management, cost records for the year are under preparation.

(ix) In respect of statutory dues:-

- (a) According to the records of company and information and explanation to us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues during the year. According to information and explanations given to us, there is no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess as at 31.03.2014 for a period of more than six months from the date they became payable.
- (b) According to information and explanations given to us, there is no undisputed amount payable in respect of dues of income tax wealth tax, Commercial Tax, Customs duty, Service Tax, Custom Duty, Excise Duty, cess which have not been deposited on account of any dispute.
- (x) The company has no accumulated losses and has not incurred any cash losses in such financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks.
- (xii) In our opinion, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore the provision of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company.
- (xiii) In our opinion, the company is not a chit fund or nidhi mutual benefit fund/ society. Therefore the provision of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company.
- (xiv) According to information and explanations given to us, the company is not dealing in shares, securities or debentures therefore the provision of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004
- (xv) According to the information and explanations given to us, term loan availed by the company were, prima facie, applied by the company during the year for the purpose for which loans were obtained.
- (xvi) In our opinion, the company has not given any guarantee for loan taken by others from bank or financial institutions.
- (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 the no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to information and explanation given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to information and explanation given to us, during the period covered by our audit report, the company has not issued any debentures.
- (xx) According to information and explanation given to us, during the period covered by our audit report, the company has not raised any money from public issue.
- (xxi) According to information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **SHIAM & CO.**,
Chartered Accountants,
Firm Regn. No. 000030C

Sd/-
Rajesh Kumar Jain
Partner
Membership No.073352

Dated : 29.08.2014
Place : MUZAFFARNAGAR

1. SIGNIFICANT ACCOUNTING POLICIES**(1) Basis of preparation of financial statements**

- i) The financial statements are prepared on the historical cost convention basis in accordance with the generally accepted accounting principles.
- ii) The Company generally follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

(2) Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amount reported in the financial statement and notes thereto. Differences between actual and estimates are recognized in the period in which the results are known/ materialized.

(3) Valuation of inventories

Inventories are valued at the lower of the cost and estimated net realisable value. Cost of inventories is computed on a weighted average/FIFO basis. Finished Goods and Work in process includes Raw Material Cost, Cost of conversion and other costs in bringing the inventories to their present location and conditions.

(4) Excise Duty

Excise Duty has been accounted for on the basis of both payments made in respect of goods cleared and also provision made for the goods lying in the bonded warehouses. Amount of Excise Duty deducted from sale is relatable to the sale made during the year and the amount recognized separately in the statement of Statement of Profit & Loss is relatable to difference between closing stock and opening stock. Amount of Cenvat credits in respect of material consumed is deducted from cost of material.

(5) Sales

Sales are inclusive of excise duty.

(6) Fixed Assets

Fixed Assets are stated at cost. Cost includes installation charges, and expenditure during construction period wherever applicable.

(7) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit & Loss in the year in which as asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount

(8) Depreciation

Depreciation on Fixed Assets has been provided on Straight Line Method at the rate prescribed in Schedule XIV of Companies Act, 1956 on monthly pro-rata basis.

(9) Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

(10) Employee Retirement Benefit

- i) Retirement benefit in the form of provident fund and superannuation/pension schemes whether in pursuance of any law or otherwise is accounted on accrual basis and charged to the Statement of Profit & Loss of the year.
- ii) Gratuity and leave encashment is accounted for on payment basis.

(11) Investment

Long Term Investment are stated at cost. Provision for diminution in the value of investment is made, if such diminution, in the opinion of the management is other than of temporary in nature.

- 12) **Borrowing cost**
Borrowing cost directly attributable to the acquisition or construction of fixed assets are capitalised as part of the cost of assets, upto the date of assets is put to use. Other borrowing cost are charged to the Statement of profit and loss in which they are incurred.
- (13) **Taxes on Income**
- (a) **Current Tax**
Provision for Income Tax is determined in accordance with the provision of Income Tax Act, 1961.
- (b) **Deferred Tax Provision**
Deferred Tax is recognised on timing differences being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period(s).
- (14) **Provision, Contingent Liabilities and Contingent Assets**
Provision involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statement.
- (15) Printing & Stationery, Postage & Telephone are accounted on cash basis.

**ANNEXURE
FORM -A
(SEE RULE 2)**

Form for disclosure of particulars with respect of conservation of energy.

		CURRENT YEAR	PREVIOUS YEAR
(A) Power and Fuel Consumption			
1. Electricity			
(a) Purchased Unit		5121550	5121550
Total Amount		18972561	18972561
Rate/Unit		3.71	3.71
(b) Own Generation			
(i) Through Diesel Generator			
Unit		13236	13236
Unit per Ltr. of Diesel Oil		3	3
Total Amount		134433.64	134433.64
Cost/Unit		10.16	10.16
(ii) Through Steam Turbine			
Unit		--	--
Total Amount		--	--
Cost/Unit		--	--
3. Others			
Qty.		3165.810	3165.810
Total Cost		Rs.2378400.82	Rs.2378400.82
Rate/Unit			
(B) Consumption per Unit of Production (in one ton)			
	STANDARD (if any)	CURRENT YEAR	PREVIOUS YEAR
Products (with) details Unit	-		
Electricity	-	1106 Units	1106 Units
Furnace Oil	-	--	--
Coal	-	--	--
Others	-	0.68 Ton	0.68 Ton

Dated: 28.05.2013
Place: Muzaffarnagar

On Behalf of the Board

CHAIRMAN

SHAKUMBHRI PULP AND PAPER MILLS LIMITED, MUZAFFARNAGAR
BALANCE SHEET AS AT 31st MARCH 2014

(Amount in `)

Particulars	Note No.	As at	As at
		31.03.2014	31.03.2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	38,550,000	38,550,000
Reserve and surplus	3	29,293,033	28,284,755
		<u>67,843,033</u>	<u>66,834,755</u>
Non-current liabilities			
Long-term borrowings	4	3,254,469	15,895,215
Deferred tax liabilities (Net)		8,679,000	8,203,000
Other long-term liabilities	5	2,270,000	2,000,000
		<u>14,203,469</u>	<u>26,098,215</u>
Current liabilities			
Short-term borrowings	6	37,291,965	38,991,259
Trade payable	7	45,315,856	6,672,967
Other current liabilities	8	21,607,594	21,833,971
Short-term provisions	9	669,219	134,933
		<u>104,884,634</u>	<u>67,633,130</u>
TOTAL		<u>186,931,136</u>	<u>160,566,100</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	81,964,804	88,033,488
Non-current investments	11	319,600	314,595
Long-term loans and advances	12	4,595,822	4,760,729
Other non-current assets	13	3,143,548	2,984,668
		<u>90,023,774</u>	<u>96,093,480</u>
Current assets			
Inventories	14	30,459,733	31,223,996
Trade receivable	15	60,467,489	29,086,349
Cash and bank balances	16	1,811,615	2,063,214
Short-term loans and advances	17	4,168,525	2,099,061
		<u>96,907,362</u>	<u>64,472,620</u>
TOTAL		<u>186,931,136</u>	<u>160,566,100</u>

The accompanying notes form an integral part of the Financial Statements.

s/d
 Girish Kumar Aggarwal
Director
 DIN : 06457199

s/d
 Arjun Kumar Agarwal
Director
 DIN : 02614019

In terms of our separate
 report of even date
For SHIAM & CO.,
 Chartered Accountants,
 Firm Regn. No. 000030C

s/d
 Rajesh Kumar Jain
Partner
 Membership No. 073352

Dated: 29.08.2014
 Place: MUZAFFARNAGAR

SHAKUMBHRI PULP AND PAPER MILLS LIMITED, MUZAFFARNAGAR
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2014

(Amount in `)

Particulars	Note No.	For the year ended 31.03.2014	For the year ended 31.03.2013
INCOME			
Revenue from operations	18		
Sales (Gross)		209,949,869	129,189,248
Less : Excise duty		12,374,655	7,682,875
Sales (Net)		197,575,214	121,506,373
Other Income	19	664,948	255,694
Total revenue		198,240,162	121,762,067
EXPENSES			
Cost of material consumed	20	74,662,439	47,196,481
Changes in inventories of finished goods, stock-in-process	21	(1,279,944)	(1,943,103)
Excise duty related to the difference between closing stock and opening stock		261,336	103,264
Employee benefits expense	22	3,783,114	3,697,997
Finance costs	23	8,945,327	11,328,226
Depreciation	10	7,915,644	7,630,881
Other expenses	24	102,415,293	53,643,787
Total expenses		196,703,209	121,657,533
Profit before tax		1,536,953	104,534
Tax expense			
Current tax		292,870	19,920
Mat credit entitlement		(292,870)	(19,920)
Deferred tax		476,000	31,000
Income tax relating to earlier year		52,675	14,220
Profit after tax		1,008,278	59,314
Earnings per equity share (Basic)		0.26	0.02

The accompanying notes form an integral part of the Financial Statements.

s/d

Girish Kumar Aggarwal
Director
DIN : 06457199

s/d

Arjun Kumar Agarwal
Director
DIN : 02614019

In terms of our separate
report of even date
For SHIAM & CO.,
Chartered Accountants,
Firm Regn. No. 000030C

s/d

Rajesh Kumar Jain
Partner
Membership No. 073352

Dated: 29.08.2014

Place: MUZAFFARNAGAR

**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET
FOR THE YEAR ENDED 31 MARCH 2014**

(Amount in `)

	2013-2014	2012-2013
A. CASH FLOW FROM OPERATION ACTIVITIES:		
Net Profit before tax and extraordinary items	1,536,953	104,534
Adjustments for:		
Depreciation	7,915,644	7,630,881
Finance Charges	8,945,327	11,328,226
Operating Profit before working capital changes	18,397,924	19,063,641
Adjustments for:		
Trade and other Receivables	(33,450,604)	10,056,597
Inventories	764,263	(4,993,856)
Trade Payables & Other Liabilities	37,251,504	1,508,993
	22,963,087	25,635,375
Cash generated from operations before tax		
Finance Charges	8,945,327	11,328,226
Income Tax	345,545	34,140
Net Cash from operating activities	13,672,215	14,273,009
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Movement in Loans and Advances	293,892	58,719
Purchase of Fixed Assets(including Capital work in progress)	(1,846,960)	(4,389,095)
Net Cash used in Investing activities	(1,553,068)	(4,330,376)
	12,119,147	9,942,633
C. CASH FLOW FROM FINANCING ACTIVITIES		
Equity Share Capital (including share application money)	-	-
Borrowings/(Repayment) of Loans	(12,370,746)	(9,602,159)
Net Cash used in Financial Activities	(12,370,746)	(9,602,159)
	(251,599)	340,474
Cash and bank balance as at 31.3.2013	2,063,214	1,722,740
Cash and bank balance as at 31.3.2014	1,811,615	2,063,214
	(251,599)	340,474

The accompanying notes form an integral part of the Financial Statements.

s/d
Girish Kumar Aggarwal
Director
DIN : 06457199

s/d
Arjun Kumar Agarwal
Director
DIN : 02614019

As per our separate report
of even date
For SHIAM & CO.,
Chartered Accountants
Registration No. 000030C

s/d
Rajesh Kumar Jain
Partner
Membership No. 073352

Dated: 29.08.2014
Place: MUZAFFARNAGAR

2 Share Capital		(Amount in `)			
Authorised, Issued, Subscribed and paid-up share capital and par value share					
Particulars	As at 31.03.2014	As at 31.03.2013			
Authorised share capital					
4000000 Equity shares of Rs. 10/-each	40,000,000	40,000,000			
Issued, subscribed and paid-up share capital					
3855000 Equity shares of Rs.10/-each fully paidup	38,550,000	38,550,000			
Total	38,550,000	38,550,000			
<p>The company has only equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share. In the event of liquidation of the company, the holders of shares shall be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.</p>					
Reconciliation of number of equity shares outstanding at the beginning and end of the year					
Particulars	As at 31.03.2014	As at 31.03.2013			
Number of shares outstanding as at the beginning and end of the year	3,855,000	3,855,000			
Shares in the company held by each shareholder holding more than 5% shares					
SL. No.	Name of the shareholder	Number of shares as on 31.03.2014	% of Holding	Number of shares as on 31.03.2013	% of Holding
1	Arjun Kumar Agarwal	249,100	6.46%	249,100	6.46%
2	Amit Bindal	705,700	18.31%	705,700	18.31%
3	Archana Agarawal	196,700	5.10%	196,700	5.10%
3 Reserve and Surplus					
(a) <u>Securities premium reserve</u>					
	As per last balance sheet			11,200,000	11,200,000
	Total (a)			11,200,000	11,200,000
(b) <u>General seserve</u>					
	As per last balance sheet			3,900,501	3,900,501
	Total (b)			3,900,501	3,900,501
(c) <u>Surplus (Statement of Profit and Loss)</u>					
	As per last balance sheet			13,184,254	13,124,940
	Add : Addition during the year			1,008,278	59,314
	Total (c)			14,192,532	13,184,254
	Total (a+b+c)			29,293,033	28,284,755

4 Long term borrowings		
Secured borrowings		
Term loans from banks	1,579,469	14,539,999
Unsecured borrowings		
Loans and advances from related parties	1,675,000	1,253,283
Loans and advances from others	-	101,933
Total	3,254,469	15,895,215
(i) Term Loan from Union Bank of India is secured by the first charges on all fixed assets and movable assets of the Company (both Present & future) and also personal guarantee by all Directors of the company.		
<u>From Union Bank of India (for term loan of Rs. 15500000)</u>		
At the rate of 15.50% (Previous year 15.50% p.a.). Repayable in 60 monthly installment of Rs. 85000.00 each, 11 installment of Rs. 875000.00 each, and last installment of Rs. 775000.00 starting from April 2009.		
<u>From Union Bank of India (for term loan of Rs. 22500000)</u>		
At the rate of 15.50% (Previous year 15.50% p.a.). Repayable in 60 monthly installment of Rs. 37500.00 each starting from Oct, 2010.		
(ii) Term loan from Union Bank of India is secured against hypothecation of specific vehicle and personal guarantee of directors of the Company.		
<u>From Union Bank of India (for term loan of Rs. 5000000)</u>		
At the rate of 12.50% (Previous year 12.50% p.a.). Repayable in 60 monthly installment of Rs. 11249.00 each starting from July, 2011.		
<u>From Union Bank of India (for term loan of Rs. 15000000)</u>		
At the rate of 10.95% Repayable in 60 monthly installment of Rs. 25649.00 each starting from Dec 2012.		
<u>From Union Bank of India (for term loan of Rs. 8000000.00)</u>		
At the rate of 10.70% Repayable in 49 monthly installment of Rs. 20561.00 each starting from Jan 2014.		
5 Other long-term liabilities		
Security deposits	2,270,000	2,000,000
Total	2,270,000	2,000,000
6 Short-term borrowings		
Secured borrowings		
Working capital loans from bank	37,291,965	38,991,259
Total	37,291,965	38,991,259
Working Capital Loans from Union Bank of India is secured by way of Stock of Raw Material, Stores & spares, work in process, finished goods, semi finished goods, bills and Book Debts of the Company and personal guarantee by Directors of the Company.		
7 Trade payable		
Trade payable	45,315,856	6,672,967
Total	45,315,856	6,672,967
8 Other current liabilities		
Current maturities of long term debt	11,682,638	12,130,800
Interest accrued and due on borrowings	-	287,030.00
Advances from Customers	3,695,336	4,172,096
Cheque issued but not presented	5,692,063	370,697.00
Other payables	537,557	4,873,348
Total	21,607,594	21,833,971
9 Short term provision		
Excise duty	376,349	115,013
Income tax	292,870	19,920
Total	669,219	134,933

SHAKUMBHRI PULP AND PAPER MILLS LIMITED

(Amount in `)								
Note No. : 10								
TANGIBLE ASSETS								
PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	AS AT 01.04.2013	ADDIT EDUCTIONS ON 31.03.2014	1,228,524	AS AT 01.04.2013	FOR THE YEAR	UP TO 31.03.2014	AS AT 31.03.2014	AS AT 31.03.2013
Land	1,228,524	-	1,228,524	-	-	-	1,228,524	1,228,524
Building	3,884,108	-	3,884,108	2,313,854	129,729	2,443,583	1,440,525	1,570,254
Plant & Machinery	125,674,916	-	125,674,916	47,171,346	6,635,636	53,806,982	71,867,934	78,503,570
Office Equipments	815,795	9,400	825,195	425,113	39,122	464,235	360,960	390,682
Effluent Treatment Plant	6,095,045	620,424	6,715,469	2,538,817	351,127	2,889,944	3,825,525	3,556,228
Computers	420,679	-	420,679	420,678	-	420,678	1	1
Vehicles	6,538,823	1,217,136	7,755,959	4,367,085	652,103	5,019,188	2,736,771	2,171,738
Tractor	954,259	-	954,259	341,768	107,927	449,695	504,564	612,491
TOTAL RS.	145,612,149	1,846,960	147,459,109	57,578,661	7,915,644	65,494,305	81,964,804	88,033,488
Previous year figures	141,223,054	4,389,095	145,612,149	49,947,780	7,630,881	57,578,661	88,033,488	91,275,274

11 Non-current investment

Long Term Investments- At cost

In Equity Instruments- fully paid

Trade:

(a) 2500 Equity Shares of Rs.10/-each fully paid up in Ruchi Strip & Alloys Limited.	45,625	45,625
(b) 1000 Equity Shares of Rs.10/-each fully paid up in Shri Ambeshwar Paper Mills Limited.	77,480	77,480
(c) 200 Equity Shares of Rs.10/-each fully paid up in Prime Securities Limited.	49,080	49,080
(d) 1700 Triple Option Convertible Debentures of Rs. each fully paid up in Reliance Petroleum Limited.	81,990	81,990
(e) 202 Equity Shares of Rs.10/-each fully paid up in Union Bank of India	22,220	22,220
<u>Non-Trade</u>		
(f) 4320 (Previous Year 3820) Equity Shares of Rs.10/- each fully paid up in Gulshan Mercantile Urban Co-Operative Bank Ltd.	43,205	38,200
Total	319,600	314,595

12 Long-term loans and advances

(Unsecured, considered good)

Advance Income taxes

Capital advances

Security deposits

Total

	617,418	632,325
	-	150,000
	3,978,404	3,978,404
Total	4,595,822	4,760,729

13 Other non-current assets

(Unsecured, considered good)

Mat credit entitlement

Others

Total

	2,859,916	2,567,046
	283,632	417,622
Total	3,143,548	2,984,668

14 Inventories		
Raw materials	3,829,966	6,614,932
Finished goods	4,177,688	3,102,544
Work-in-progress	561,800	432,000
Scrap	675,000	600,000
Stores and spares	5,425,000	4,800,000
Packing material	200,000	250,000
Chemicals	4,772,789	884,994
Fuel	10,817,490	14,539,526
Total	30,459,733	31,223,996
15 Trade receivables		
Unsecured, considered good		
Trade receivables outstanding for more than six months from the date they became due for payment:	15,481,628	5,941,251
Others	44,985,861	23,145,098
Total	60,467,489	29,086,349
16 Cash and bank balance		
Balance with banks		
Other bank balances		
Bank deposits with more than 12 months	1,438,616	1,142,905
Others	106,661	620,426
Cash on hand	266,338	299,883
Total	1,811,615	2,063,214
17 Short-term loans and advances		
Unsecured, considered good		
Balance with Central Excise Authorities	295,976	125,286
Advance to suppliers	1,399,439	1,040,879
Others	2,473,110	932,896
Total	4,168,525	2,099,061
18 Revenue from operations		
Sale of Products		
Kraft paper	209,949,869	129,189,248
Total	209,949,869	129,189,248
19 Other income		
Dividends	6,200	6,200
Unclaimed balance written back	101,933	-
Interest received	556,815	249,494
Total	664,948	255,694
20 Cost of material consumed		
Opening stock	6,614,932	7,015,603
Purchases	71,877,473	46,795,810
	78,492,405	53,811,413
Less- Closing stock	3,829,966	6,614,932
Total	74,662,439	47,196,481
Details of material consumed		
Particulars		
Waste paper	67,528,238	47,196,480
Baggasse	7,134,201	-
Total	74,662,439	47,196,480

21 Changes in inventories of finished goods, stock-in-process & scrap		
<u>Opening stock :</u>		
Finished goods	3,102,544	1,362,441
Stock in process	432,000	329,000
Scrap	600,000	500,000
Total (a)	4,134,544	2,191,441
<u>Closing stock :</u>		
Finished goods	4,177,688	3,102,544
Stock in process	561,800	432,000
Scrap	675,000	600,000
Total (b)	5,414,488	4,134,544
Total (a-b)	(1,279,944)	(1,943,103)
22 Employee benefit expense		
Salaries & wages	2,934,251	2,663,786
Salary to director	396,000	561,000
Provident fund	251,518	262,173
E.S.I.	103,237	102,348
Bonus	98,108	108,690
Total	3,783,114	3,697,997
23 Finance costs		
<u>Interest on :</u>		
Term Loans	2,837,343	5,160,820
Bank borrowings & Others	5,933,069	6,046,724
Bank charges & Others	174,915	120,682
Total	8,945,327	11,328,226
24 Other expenses		
<u>Manufacturing</u>		
Chemicals	14,450,067	4,482,539
Power & Fuel	78,133,434	42,982,717
Stores & Spares	3,455,536	3,350,003
Packing material	371,149	267,934
Repairs - Plant & Machinery	603,218	380,600
Total (a)	97,013,404	51,463,793
<u>Administrative Overhead</u>		
Printing & Stationary	14,280	9,261
Postage & Telegram	22,393	32,751
Telephone expenses	41,476	36,081
Legal & Professional charges	50,110	87,820
Rates & Taxes	555,683	605,754
Auditors' remuneration	50,000	50,000
Travelling expenses	3,001	3,562
Insurance charges	159,640	131,974
Vehicle running & Maintenance	197,810	133,750
Loss by fire	1,548,484	-
E.T.P. Running expenses	599,570	237,302
Miscellaneous expenses	175,414	123,509
Total (b)	3,417,861	1,451,764
<u>Selling & Forwarding :</u>		
Rebate and discount	36,287	91,378
Commission on sales	1,877,945	625,269
Consignment expenses	69,796	11,583
Total (c)	1,984,028	728,230
Total (a+b+c)	102,415,293	53,643,787

25 Value of Imports (C.I.F.) Value in respect of		(Amount in `)		
Particulars	As at 31.03.2014	As at 31.03.2013		
(a) Raw Materials	NIL	NIL		
(b) Capital Goods	NIL	NIL		
(c) Chemical	NIL	NIL		
(d) Stores & Spare Parts	NIL	NIL		
26 Expenditure in Foreign Currency	NIL	NIL		
27 Earning in Foreign Currency	NIL	NIL		
28 Consumption of Imported and Indigenous Raw Materials, Stores & Spare Parts etc :				
	As at 31.03.2014		As at 31.03.2013	
	(Amount in `) PERCENTAGE		(Amount in `) PERCENTAGE	
1. Raw Material				
Indigenous	74,662,439	100%	47,196,481	100%
2. Stores & Spares Indigenous	3,455,536	100%	3,350,003	100%
3. Chemicals Indigenous	14,450,067	100%	4,482,539	100%
4. Packing Material Indigenous	371,149	100%	267,934	100%
29 Earning per Shares (EPS):-		(Amount in `)		
Particulars	As at 31.03.2014	As at 31.03.2013		
Profit attributable to the Shareholders	1,008,278	59,314		
Basic/Weighted average number of Equity Shares outstanding during the year	3,855,000	3,855,000		
Nominal value of Equity Shares (Rs.)	10	10		
Basic/Diluted Earning per Shares (Rs.)	0.26	0.02		
30 Deferred Tax Liability (Net)		(Amount in `)		
(a) Deferred Tax Liability				
Related to fixed assets	11,638,000	11,417,000		
Total (a)	11,638,000	11,417,000		
(b) Deferred Tax Assets				
Unabsorbed Losses	2,959,000	3,214,000		
Total (b)	2,959,000	3,214,000		
Total (a-b)	8,679,000	8,203,000		
31 Payment to Auditors' :-		(Amount in `)		
	As at 31.03.2014	As at 31.03.2013		
Audit Fee	40,000	40,000		
Tax Audit Fee	10,000	10,000		
Service Tax	6,180	6,180		
Total	56,180	56,180		
32 Contingent liabilities and commitments (to the extent not provided)		(Amount in `)		
Contingent Liabilities				
Bank Guarantees	1,200,000	1,100,000		
Commercial tax	236,654	382,571		
Commitments				
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	508,600		

33 Related Party Disclosures:-			
a Key Management Personnel		1. Shri Sanjeev Singhal 2. Shri Arjun Agrawal 3. Shri Girish Kumar Agrawal	
b Related Party Transactions:-		(Amount in `)	
Sr. No.	Name of the Related Parties and Relationship	Key Management personnel	
		As at 31.03.2014	As at 31.03.2013
1	Salary	396000	561000
2	Unsecured Loans repayment	1150000	5830000
3	Unsecured Loans Received	1600000	4200000
4	Outstanding Payable as on 31.03.2014	1675000	1355216
4	Purchase	2635642	-
34 Since the Company operates in a single segment i.e. "Paper & Paper Board", Accounting Standard (AS) 17- "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.			
35 Balances of Trade receivables, Trade payable and Advances as at 31 st March, 2014 are subject to confirmation.			
36 The bifurcation of the total outstanding dues of small scale industrial undertaking and other than small scale industrial undertakings as well as the name small scale industrial, undertaking to whom the company owes a sum of exceeding rupees one lacs and which is outstanding for more than thirty days, are not disclosed in the Balance Sheet as suppliers have not indicated their status on their documents/papers whether they are small scale undertaking or not hence it is not possible for the company to disclose the said information in respect of trade creditors.			
37 In the opinion of Board of Directors, the Current Assets, Loans & Advances have the value on realization in the ordinary course of business atleast equal to the amount at which they have been stated in the Balance Sheet as at 31.03.2014.			
38			
Keeping in view of the provisions of section 115JB of Income Tax Act, 1961, provision for Income Tax (MAT) has been made			
39 Previous year figures have been re-arranged and re-grouped wherever necessary. Figures have been rounded off to nearest			
The accompanying notes form an integral part of the Financial Statements.			
s/d Girish Kumar Aggarwal Director DIN : 06457199	s/d Arjun Kumar Agarwal Director DIN : 02614019	In terms of our separate report of even date For SHIAM & CO., Chartered Accountants, Firm Regn. No. 000030C	
		s/d Rajesh Kumar Jain Partner Membership No. 073352	
Dated: 29.08.2014 Place: MUZAFFARNAGAR			

SHAKUMBHRI PULP AND PAPER MILLS LIMITED

**4.5 KM BHOPA ROAD MUZAFFARNAGAR
UTTAR PRADESH UP 251001 IN**