

VISHAL PAPERTECH (INDIA) LIMITED
REGD. OFFICE: VILL MUBARAKPURTEH DERA BASSI, DISTT PATIALA, PUNJAB

NOTICE

Notice is hereby given that the 17TH Annual General Meeting of the Shareholders of the Vishal Papertech (India) Limited will be held on Saturday, 29th day of September, 2012 at 11.00 A.M. at the Regd. Office of the Company at Village Mubarakpur, Teh. DeraBassi, Distt. Patiala, Punjab to transact the following business

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2012, Profit & Loss Account for the year ended on that date, together with the reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Harinder Kumar Goyal, who retires by rotation and being eligible offers himself for re-appointment
3. To appoint a director in place of Mr. VidyaSagar, who retires by rotation and being eligible offers himself for re-appointment
- 4. To re-appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to fix their remuneration.**

“RESOLVED THAT the retiring Auditors of the company, M/S DattaSingla & Co., Chartered Accountants, be and are hereby reappointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting at a fee to be decided by the Board of Directors”

SPECIAL BUSINESS:

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

“Resolved that Mr. Ajay K Arora, who was appointed an additional director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of director be and is hereby appointed as director of the Company.”

6. 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 Sections, 198,269,309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) the consent of the shareholders of the company be and is hereby accorded for the reappointment of **Mr. Mahesh Kumar** as the Managing Director of the company for a period of five years with effect from 14th day of May, 2012 on the fresh terms and conditions hereinafter mentioned.”

Salary (Rs. 1,00,000/Month)

Commission

Such remuneration by way of commission not exceeding 3 % of net profits of the Company in addition to the salary, perquisites and allowances, subject to the overall ceiling stipulated in Sections 198 and 309 of the Companies Act, 1956. The specific amount payable will be decided by the Board of Directors based on certain criteria and will be payable only after the Annual Accounts of the Company have been adopted by the members of the Company.

Perquisites

Perquisites should be allowed in addition to the salary as but within the overall limit, if any, prescribed under Schedule XIII of the Companies Act, 1956, as amended from time to time. The perquisites shall be evaluated etc. as per Income Tax Rules, wherever applicable and in the absence of any such rules, at actual cost.

a) Housing

House Rent Allowance shall be allowed as per the rules of the Company within the overall limit specified above.

b) Medical Reimbursement

Expenses incurred for the appointee and his family subject up to a ceiling of three month's salary in a year or fifteen month's salary over a period of five years.

c) Leave Travel Assistance

First Class Air Fare for self and family once in a year to any destination. Family defined as spouse and two dependent children.

d) Club Fees

Fees and expenses at clubs subject to a maximum of two clubs. This will not include life membership fees.

e) Personal accident insurance

As per rules of the Company

f) Employer's contribution to Provident fund/superannuation fund

As per Rules of the Company

g) Gratuity

Gratuity payable shall be at the rate of 15 days salary for each completed year of service in accordance with the Gratuity Act.

h) Car/Telephone

Car with driver for use on company's business and telephone/telefax facilities at residence will be provided to the appointee. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the appointee. The aforesaid remuneration will be subject to the limit of 5% of the net profits as laid down under sub-section (3) of section 309 of the Companies Act, 1956.

“RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the remuneration payable to Mr. Mahesh Kumar by way of salary, allowances and perquisites, shall not exceed the maximum limits as prescribed under schedule XIII of the Companies Act, 1956.”

7. 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 Sections 269,309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) the consent of the shareholders of the company be and is hereby accorded for the appointment of **Mr. Ankit Gupta** as the Executive Director of the company for a period of five years with effect from 14th day of May, 2012 on the terms and conditions hereinafter mentioned.”

Salary (Rs. 75000/Month)

Perquisites

Perquisites should be allowed in addition to the salary as but within the overall limit, if any, prescribed under Schedule XIII of the Companies Act, 1956, as amended from time to time. The perquisites shall be evaluated etc. as per Income Tax Rules, wherever applicable and in the absence of any such rules, at actual cost.

a) Housing

House Rent Allowance shall be allowed as per the rules of the Company within the overall limit specified above.

b) Medical Reimbursement

Expenses incurred for the appointee and his family subject up to a ceiling of three month's salary in a year or fifteen month's salary over a period of five years.

c) Leave Travel Assistance

First Class Air Fare for self and family once in a year to any destination. Family defined as spouse and two dependent children.

d) Club Fees

Fees and expenses at clubs subject to a maximum of two clubs. This will not include life membership fees.

e) Personal accident insurance

As per rules of the Company

f) Employer's contribution to Provident fund/superannuation fund

As per Rules of the Company

g) Gratuity

Gratuity payable shall be at the rate of 15 days salary for each completed year of service in accordance with the Gratuity Act.

“RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the remuneration payable to Mr. Ankit Gupta by way of salary, allowances and perquisites, shall not exceed the maximum limits as prescribed under schedule XIII of the Companies Act, 1956.”

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

“Resolved that pursuant to the provisions of section 269, 309, Sch XIII and other applicable provisions of the Companies Act, 1956 the consent of the shareholders of the company be and is hereby accorded for the appointment of Mr. Satya Pal Singh as Whole Time Director of the company w.e.f. 14/05/2012 for a period of 2 years at a remuneration of Rs 40,000 per month.

“RESOLVED THAT pursuant to provisions of Sections 198,269,309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) the consent of the shareholders of the company be and is hereby accorded for the appointment of **Mr. Satya Pal Singh** as

the Whole Time Director (Technical) of the company for a period of two years with effect from 14th day of May, 2012 on the terms and conditions hereinafter mentioned.”

Salary (Rs. 40000/Month)

Perquisites

Perquisites should be allowed in addition to the salary as but within the overall limit, if any, prescribed under Schedule XIII of the Companies Act, 1956, as amended from time to time. The perquisites shall be evaluated etc. as per Income Tax Rules, wherever applicable and in the absence of any such rules, at actual cost.

a) Housing

House Rent Allowance shall be allowed as per the rules of the Company within the overall limit specified above.

b) Medical Reimbursement

As per rules of the Company

c) Leave Travel Assistance

As per rules of the Company

e) Personal accident insurance

As per rules of the Company

f) Employer's contribution to Provident fund/superannuation fund

As per Rules of the Company

“RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the remuneration payable to Mr. Satya Pal Singh by way of salary, allowances and perquisites, shall not exceed the maximum limits as prescribed under schedule XIII of the Companies Act, 1956.”

By order of the Board
For Vishal Papertech (India) Limited

Date : 01/09/2012
Place: Chandigarh

Managing Director

Notes:

1. **A member entitled to attend and vote at the meeting is entitled to appoint the proxy to attend and vote instead of himself/herself and such proxy need not be a member of the company. The instrument appointing proxy must be received at the company's Registered Office not less than 48 hours before the meeting.**
2. **Shareholders are requested to bring their copy of Annual Report to the Meeting.**
3. **The members/ proxy holders are requested to deposit the attendance slip duly filled in and signed for attending the meeting. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.**
4. **The Register of Members and Transfer Books of the company will remain closed from ----- to ----- (both days inclusive).**
5. **Members desirous of obtaining any information concerning the accounts and operations of the company are requested to address their question in writing to the company at least 7 days before the date of the meeting so that information required may be made available at the meeting.**
6. **Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.**
7. Mr. Harinder Kumar Goyal, who retires by rotation is an Independent Director. By profession Mr. Harinder Kumar Goyal is Chartered Accountant, handling Tax and Finance matters
8. Mr. VidyaSagar, who retires by rotation is a promoter Director. By profession Mr. VidyaSagar is a Technocrat in paper industry and looking after commercial and technical operations of the company.

By order of the Board
For Vishal Papertech (India) Limited

Date : 01/09/2012
Place:Chandigarh

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

ITEM NO. 5

The Board of Directors of the Company co-opted Mr. Ajay K Arora as an Additional Director on the Board of the Company and who cease to hold office under section 260 of Companies Act, 1956. Mr Ajay Arora is fellow member of Institute of Company Secretaries of India with more than 2 decade of post qualification experience. He is also a Law graduate. Mr Ajay Arora is on the Board of number of Listed and unlisted company is independent professional director and member of Audit Committees. A special notice has been received from a member proposing Mr. Ajay K Arora as a candidate for directorship. The Board of Directors recommends the resolution for your approval.

None of the Directors is interested in the resolution.

ITEM NO. 6

Mr. Mahesh Gupta who is the Promoter Director of the company has been managing its affairs since its inception as Managing Director. The Board of the company has recommended his reappointment for another term of 5 years at a remuneration of Rs. 1,00,000 per month. Mr. Mahesh Gupta is a Mechanical Engineer and has very rich experience of running and managing paper industry. The company solicit the approval of the shareholders for his reappointment as proposed in the resolution.

Mr Mahesh Gupta self and MrAnkit Gupta and MrVidyaSagar being related , be concerned interested in the in the resolution.

ITEM NO. 7

Mr. Ankit Gupta is a promoter Director of the company. By profession he is a technocrat in paper industry and is looking after the technical and commercial operations of the company. The Board of the company has recommended his appointment as Whole Time Director for a term of 5 years at a remuneration of Rs. 75,000 per month. The company solicit the approval of the shareholders for his appointment as proposed in the resolution.

MrAnki Gupta self and MrMahesh Gupta and MrVidyaSagar being related , be concerned interested in the in the resolution.

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ITEM NO. 8

Mr. Satya Pal Singh is a Director of the company. By profession he is a technocrat in paper industry and is looking after the affairs of the company. The Board of the company has recommended his appointment as Whole Time Director for a term of 2 years at a remuneration of Rs. 40,000 per month. The company solicit the approval of the shareholders for his appointment as proposed in the resolution.

None of the Director is interested in the resolution

VISHAL PAPERTECH (INDIA) LIMITED

Registered Office: Village Mubarakpur, Teh.DeraBassi, Distt. Patiala, Punjab

(In case of Member is unable to be present in person at the Meeting this form may be used)

PROXY FORM

I/We _____ of _____ being a member/members of VISHAL PAPERTECH (INDIA) LIMITED hereby appoint Mr./Mrs./Miss _____ of _____ or failing him/her, Mr./Mrs./Miss _____ of _____ as my/our proxy to attend and to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at registered office on _____ and at any adjournment thereof.

Signed this _____ day of _____ 2012.

Folio. No _____

Affix Rupee one Revenue Stamp

Signature.....

Notes:

1. The proxy must be deposited at the Regd. Office of the Company at : Village Mubarakpur, Teh. DeraBassi, Distt. Patiala, Punjab at least 48 hours before the time for holding the Meeting.
2. A proxy need not to be a member of the Company.

DIRECTORS REPORT

Your Directors have great pleasure in presenting the 17th Annual Report together with Audited Accounts of the company for the Financial Year ended on 31st March 2012.

BUSINESS OPERATIONS

(In lacs)

Particulars	2011-12	2010-11
Sales & Other Income	7259.58	6038.27
Profit Before depreciation & Interest	549.61	451.33
Interest	234.73	186.67
Depreciation	150.59	105.46
Net (Loss)/Profit	164.28	159.20
Income Tax	33.90	34.30
Deferred Tax	39.87	55.98
Income Tax related to previous Year	0.71	02.79
Net amount Transferred to B/S	123.70	100.43

The company, maintaining its growth trend, reported an increase of 20% in sales. However, due to margin pressure on account of high material cost, power the profit increase was marginally high. The company is taking some path breaking measures to reduce the cost so as to improve its bottom line.

DIVIDEND :

The Board has decided not to recommend any dividend for the year.

DEPOSITS

The company has not accepted any Public deposit within the meaning of section 58 A of the Companies Act, 1956 and rules made there under for the period under review.

DIRECTORS

Mr. Harinder Kumar Goyal and Mr. Vidya Sagar, Directors of the company retire by rotation and being eligible offer themselves for re-appointment.

The company during the year appointed Mr. Ajay Kumar Arora as an Additional director. In terms of provisions of section 260 of the Companies Act, 1956 he holds office up to the date of AGM. The company has received notices from the members u/s 257 of the Act proposing his candidature for the appointment as a regular director.

AUDITORS

M/s Datta Singla & Co., Chartered Accountants hold office until the conclusion of the ensuing Annual General Meeting and are recommended for reappointment. The Company has received certificate from Auditors to the effect that their reappointment, if made, would be within the prescribed limits under section 224(1) of the Companies Act, 1956.

AUDITORS REPORT

The observations in the Auditors report are dealt with in notes to accounts, and being self- explanatory, need no further clarification.

PARTICULARS OF EMPLOYEES

None of the employee was in receipt of the remuneration over and above the limits prescribed u/s 217(2A) of the Companies Act, 1956 read with Companies (Particular of Employees) Rules, 1975 as amended.

CONSERVATION OF ENERGY, TECHNOLOGY OBSERVATION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The information required under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 with respect to the conservation of energy etc. is attached.

DIRECTORS RESPONSIBILITY STATEMENT

As required under section 217 (2AA) of the Companies Act, 1956 the Directors state that:

1. in preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. 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 that period.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the annual accounts on going concern basis.

CORPORATE GOVERNANCE

Listing of the company is currently suspended by the stock exchanges where the share of the company were listed. The company is making earnest efforts to get the scripts of the company listed at BSE Ltd.

ACKNOWLEDGEMENT

The Directors, place on record their appreciation for the support and assistance received from its customers, suppliers and all concerned during the period under review.

The Directors appreciate the dedicated and sincere services of the employees of the company which have greatly contributed to the results.

Date : 01.09.2012
Place: Chandigarh

For and on behalf of the Board
Vishal Papertech [India] Limited.

Mahesh Gupta
(Mg.Director)

Ankit Gupta
(Director)

ANNEXURE – I TO THE DIRECTORS’ REPORT

Statement containing particulars pursuant to the Companies (Disclosure of Particulars in the report of the Board of Directors) Rule

VISHAL PAPERTECH (INDIA) LIMITED, MUBARAKPUR Report of the Directors [Contd....]

ANNEXURE – A

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS’ REPORT FOR THE YEAR ENDED MARCH 31, 2012

1 CONSERVATION OF ENERGY:

- a. Energy Conservation measures taken:
The energy conservation measures are an ongoing process and the endeavor of the management has always been to constantly improve the energy conservation.
- b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
NIL
- c. Impact of measures taken at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:
NIL

- d. Total energy consumption and energy consumption per unit of production as per Form A of the Annexure to the rules in respect of Industries specified in the Schedule thereto:

-	Power and Fuel Consumption	Current Year	Previous Year
1.	Electricity	-	-
a.	Purchased	-	-
I	Purchased Units (lacs kw)	-----	0.12 lac kw
II	Total Amount (Rs. In lacs)	-----	563.16 lac
III	Rate per unit (Rs.)	-----	Rs. 4.90
b.	Own Generation Through diesel generator	-	-
I	Generated units (In lacs KW)	NIL	NIL
II	Total Amount (Rs. In lacs)	NIL	NIL
III	Cost per unit (Rs.)	NIL	NIL
IV	Units per ltr. of diesel oil (Nos.)	NIL	NIL

TECHNOLOGY ABSORPTION : NA

FOREIGN EXCHANGE EARNING /OUT GO

Place :Chandigarh

Date : 01/09/2012

Mahesh Gupta
(Mg. Director)

Ankit Gupta
(Director)

To
The Members
VISHAL PAPERTECH (INDIA) LIMITED.
Chandigarh.

We have audited the attached Balance sheet of **VISHAL PAPERTECH (INDIA) LIMITED** as at 31st March, 2012 and also the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are 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

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Ministry of Corporate Affairs in terms of Section 227 (4A) of the Companies Act, 1956 we enclose in the annexure A statement on the matters specified in paragraph 4 & 5 of said order:
2. Further to our comments in the annexure referred to in paragraph (1) above, we report that:-
 - a) We have obtained all the information and explanation 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 the books.
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by

this report are in agreement with the books of accounts.

- a) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub section (3 C) of Section 211 of the Companies Act, 1956 subject to notes on accounts.
- b) As per information and explanation given to us, none of the directors of the company is disqualified from being appointed as a Director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
- c) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view
 - i) In the case of the Balance Sheet of the State of affairs of the company for the year ended on 31st March, 2012 and
 - ii) In the case of the Statement of Profit and Loss, of the Profit of the company for the year ended on that date.
 - iii) In case of cash flow statement, of the cash flows for the year ended on that date.

**FOR DATTA SINGLA & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No. 006185N**

**YOGESH MONGA
PARTNER
M. No. 099813**

PLACE : CHANDIGARH
DATED : 01.09.2012

**ANNEXURE A REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF THE AUDITOR
THE MEMBERS OF VISHAL PAPERTECH (INDIA) LIMITED ON THE ACCOUNTS FOR
YEAR ENDED 31st MARCH, 2012**

1 (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- 2 (a) Physical verification of stocks of finished goods, stores, spares and raw materials was conducted by the management during the year and in our opinion, the frequency of verification was reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are adequate in relation to the size of the company and the nature of its business.
 - (c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. As explained to us, the discrepancies noticed on physical verification between the physical stocks and the books records were not material and have been properly dealt in the books of accounts.
- 3 (a) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, Firms and other Parties Listed in the register maintained under Section 301 of the Companies Act 1956.

- (b) In our opinion and according to the information and explanations given to us, the Company has accepted unsecured loans from its Director, covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year in respect of such loans taken was Rs 1466.53 lacs and the year end balance of such loans was also Rs. 1012.29 lacs.
 - (c) According to the information and explanations given to us, the rate of interest and other terms & conditions in relation to the loan taken by the Company are not, prima facie prejudicial to the interest of the Company.
 - (d) In respect of the aforesaid loans, the terms of repayment have not been stipulated and hence we are unable to comment on whether re-payment of principal amounts is as stipulated.
- 4 In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of stores, raw materials including the plant & machinery, vehicles, equipment and other assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- 5 (a) Based on audit procedures applied by us and according to the information and explanation provided by the Management, we are of the opinion that the transactions that need to be entered in the register under section 301 have been so entered.

- (b) In respect of transactions with parties with whom transactions exceeding value of Rupees Five Lakhs have been entered into during the financial year are reasonable. For price justification, reliance is placed on the information and explanation given by the management.
- 6. In our opinion and according to the information and explanations given to us, the company has not invited any deposits from public attracting the provisions of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- 7. In our opinion and according to the information and explanations given to us, the company has an internal audit system commensurate with the size and nature of its business.
- 8. We have broadly reviewed books of accounts maintained by the Company, pursuant to the rules made by the Central Government for the maintenance of cost records U/s 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 9 (a) The company is generally regular in Depositing Employee's State Insurance dues and dues under the Provident Fund & Miscellaneous Provision Act, 1952, except in some cases where there is some delay in deposition.
- (b) According to the information and explanation given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs duty and excise duty, which are outstanding on the 31st March, 2012 for a period of more than six months from the date they became payable.

- 10 The Company does not have accumulated losses as at 31st March, 2012 and it has not incurred cash losses during the financial year ended on that date or in the immediately preceding financial year.
- 11 According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- 12 The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 The company is not a chit fund or a nidhi or a mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- 14 In our opinion and according to the information and explanations given to us the company is not dealing 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.
- 15 In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- 16 In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- 17 According to the information and explanation given to us and based on overall examination of the balance sheet and cash flow statement of the Company, we

report that no funds raised on short-term basis have been used for long term investment other than temporary deployment pending application.

- 18 During the year the company has not made any preferential allotment of shares to parties, firms and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19 The company has not issued any debentures during the year and there are no debentures outstanding as at the year end.
- 20 The company has not raised any money by public issues during the year.
- 21 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

PLACE : CHANDIGARH
DATED : 01.09.2012

FOR DATTA SINGLA & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No. 006185N

YOGESH MONGA
PARTNER
M. No. 099813

VISHAL PAPERTECH (INDIA) LTD.**BALANCE SHEET AS AT 31ST MARCH 2012**

PARTICULARS		Note No.	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
EQUITY AND LIABILITIES				
ShareHolders' Funds				
Share Capital		2	69,827,500	69,827,500
Reserves & Surplus		2	2,524,211	(9,844,445)
			72,351,711	59,983,055
Non Current Liabilities				
Long Term Borrowings		2	148,307,516	118,705,654
Long term provisions		2	1,593,292	1,149,094
			149,900,808	119,854,748

Current Liabilities		
Short Term Borrowings	3	76,718,517
Trade Payables	3	69,273,371
Other Current Liabilities	3	18,803,811
Short Term Provisions	3	3,603,849
		168,399,549
		138,849,396
		390,652,068
ASSETS		318,687,199
Non Current Assets		
Fixed Assets		
Tangible Assets	3	175,158,080
		175,158,080
Deferred Tax Asset (Net)	2	3,424,200
		3,424,200
		7,412,100

	Current Assets			
	Inventories	2	81,329,073	42,350,616
	Trade Receivables	2	102,223,617	129,067,464
	Cash and Cash Equivalents	2	7,719,310	2,826,338
	Short Term loans and Advances	2	20,797,788	13,885,303
			212,069,788	188,129,721
			390,652,068	318,687,199
	Significant Accounting Policies	1		
	Notes to Accounts	2		

**FOR
HANSA METALLICS LTD**

**FOR VISHAL PAPERTECH
(INDIA) LIMITED**

As per Separate Report of
even
date
annexed.

**For DATTA SINGLA &
CO**

Mahesh Gupta
(Managing Director)

Ankit Gupta
(Director)

Chartered Accountants
Firm Regn no-006185N

Place : Chandigarh

Yogesh

Dated : 01.09.2012

Monga
(Partner)
Membership
No. 099813

VISHAL PAPERTECH (INDIA) LTD.

(Amount in
Rs.)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

PARTICULARS		Note No.	YEAR ENDED		YEAR ENDED	
			31.03.2012		31.03.2011	
	Income					
	Revenue from operations	2	761,928,869		624,648,345	
	Less : Excise Duty		38,663,776		22,142,408	
				723,265,093		602,505,937
	Other Income	2		2,693,167		1,321,323
				725,958,260		603,827,260
	Expenses					

Cost of Material Consumed	2	466,074,641	378,498,899
Changes in Inventories of finished goods, work in progress and stock in trade	2	(4,584,025)	(3,165,088)
Employee Benefit Expense	2	35,763,246	26,011,700
Finance Cost	2	23,928,342	18,834,553
Depreciation and Amortisation Expense	2	15,059,477	10,546,590
Other Expenses	2	173,288,672	157,180,766
		709,530,353	587,907,420
Profit before Tax		16,427,907	15,919,839
Tax Expense			
Current Tax		3,390,000	3,430,000
Deferred Tax		3,987,900	5,598,808

	MAT Credit Entitlement		(3,390,000)	(3,430,000)
	Profit After Tax		12,440,007	10,321,031
	Earnings per equity share			
	Basic		2	1
	Diluted		2	1
	Significant Accounting Policies	1		
	Notes to Accounts	2		
FOR HANSA METALLICS LTD	-			As per Separate Report of even date annexed.

Mahesh Gupta
Gupta
(Managing Director)
(Director)

Place : Chandigarh

Dated : 01.09.2012

Ankit

**For DATTA SINGLA &
CO**

Chartered Accountants

Firm Regn no-006185N

Yogesh Monga

(Partner)

Membership No. 099813

VISHAL PAPERTECH (INDIA) LTD.

Note No.	PARTICULARS	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
2	SHARE CAPITAL		(Amount in Rs.)
	Authorised Share Capital		
	85,00,000(85,00,000) Equity Shares Of Rs.10/- Each.	85,000,000	85,000,000
		85,000,000	85,000,000
	Issued & Subscribed Share Capital		
	85,00,000(85,00,000) Equity Shares Of Rs.10/- Each.	78,000,000	78,000,000
		78,000,000	78,000,000
	Paid up Share Capital		
	78,00,000 (78,00,000) Equity Shares Of Of Rs.10/- Each.	78,000,000	78,000,000

	Less : Allotment Money in Arrears (Refer Note 2.22)	8,172,500	8,172,500
		69,827,500	69,827,500
2 RESERVE & SURPLUS			
	Statement of Profit & Loss		
	Opening Balance	(9,844,445)	(19,885,907)
	Add: Profit for the Year	12,440,007	10,321,031
		2,595,561	(9,564,875)
	Less: Prior Period Expenses	71,350	279,570
	Closing Balance	2,524,211	(9,844,445)

VISHAL PAPERTECH (INDIA) LTD.

Note No.	PARTICULARS	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
		(Amount in Rs.)			
2	Long Term Borrowings				
		Non Current Portion		Current Maturities	
	Secured				
	Term Loan				
	- From Bank	6,713,742	-	1,937,499	-
	Unsecured				
	Loans and advances from directors	101,228,656	102,561,737	-	-
	Inter Corporate Deposits	37,322,017	15,505,597	3,143,140	2,750,551
	<u>Vehicle Loans</u>				
	-From Banks	1,171,303	638,320	1,342,676	657,806
	-From Others	1,871,797	-	1,102,061	157,527
	(Refer Note 2.31)				

		148,307,516	118,705,654	7,525,376	3,565,884

Note No.	PARTICULARS	AMOUNT AS	AMOUNT AS
		AT 31.03.2012	AT 31.03.2011
2	Long Term Provisions	(Amount in Rs.)	
	Employee Benefits	1,593,292	1,149,094
		1,593,292	1,149,094

VISHAL PAPERTECH (INDIA) LTD.			
Note No.	PARTICULARS	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
CURRENT LIABILITIES			
3	Short Term Borrowings	(Amount in Rs.)	
	Secured		
	Working Capital Limit From Banks (Refer Note 2.31)	76,718,517	61,353,381
		76,718,517	61,353,381
3	Trade Payables		
	- For Raw Material	57,211,510	51,962,457
	- Others	12,061,861	9,492,287

		69,273,371	61,454,744
3	Other Current Liabilities		
	Current maturities of Long Term Debts	7,525,376	3,565,884
	Other payables		
	- Statutory Dues	3,048,717	2,502,984
	- Advances From Customers	3,822,255	2,143,211
	- Others	4,407,463	4,258,217
		18,803,811	12,470,296
3	Short Term Provisions		
	Income Tax	3,390,000	3,430,000
	Employee Benefits	213,849	140,975

		3,603,849	3,570,975

VISHAL PAPERTECH (INDIA) LTD.			
Note No.	PARTICULARS	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
CURRENT ASSETS			
2	Inventories	(Amount in Rs.)	
	Raw Materials	18,290,100	1,989,509
	Finished Goods	5,471,382	5,387,057
	Other Misc. Stocks	57,567,591	34,974,050
		81,329,073	42,350,616
2	Trade Receivables		
	Unsecured - Considered Good		
	- Outstanding for a period exceeding six months	5,909,423	15,857,117
	- Others		

		96,314,194	113,210,348
		102,223,617	129,067,464
2	Cash and Cash Equivalents		
	Balances with Banks		
	- In Fixed Deposits Held as Margin Money (Less than 1 year maturity)	1,747,558	-
	- In Current Accounts	5,654,843	1,981,287
	Cash in hand & as Imprest	316,908	845,050
		7,719,310	2,826,338
2	Short Term Loans & Advances		
	Unsecured, considered good		
	Loans & advances to employees	3,475,193	1,033,787

Deposits/Balances with Excise/Sales Tax Authorities	1,601,601	1,002,239
Others Loans & Advances	15,720,994	11,849,278
	20,797,788	13,885,303

VISHAL PAPERTECH (INDIA) LTD.			
Note No.	PARTICULARS	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
REVENUE			
2	Revenue from operations	(Amount in Rs.)	
	Sale of products	761,928,869	624,648,345
		761,928,869	624,648,345
2	Other Income		
	Interest Income	33,954	-
	Other Misc. Income	2,659,213	1,321,323
		2,693,167	1,321,323
VISHAL PAPERTECH (INDIA) LTD.			

Note No.	PARTICULARS	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
EXPENSES			
2	Cost of material consumed	(Amount in Rs.)	
	Raw Materials consumed		
	Opening Stock	12,911,709	15,663,256
	Add : Purchases	479,943,428	363,966,701
		492,855,136	379,629,957
	Less : Closing Stock	37,711,713	12,911,709
		455,143,423	366,718,248
	Packing Materials Consumed		
	Opening Stock	1,840,700	2,032,476
	Add : Purchases	14,840,496	11,588,875
		16,681,196	13,621,351

	Less : Closing Stock	5,749,978	1,840,700
		10,931,218	11,780,651
		466,074,641	378,498,899
2	Changes in inventories of Finished Goods Work in Progress and Stock in trade		
	Stock at Close- Work in Process	13,350,000	8,850,300
	Stock at Close-Finished	5,471,382	5,387,057
		18,821,382	14,237,357
	Stock at commencement- Work in Process	8,850,300	6,320,620
	Stock at commencement-Finished	5,387,057	4,751,649
		14,237,357	11,072,269
	Increase/Decrease in stock	(4,584,025)	(3,165,088)

2	Employee Benefit expenses		
	Salaries, Wages & Allowances	33,820,426	25,036,700
	Director's Remuneration	1,942,820	975,000
		35,763,246	26,011,700

VISHAL PAPERTECH (INDIA) LTD.

PARTICULARS		YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
2	Finance Cost		
	Interest Expense	23,473,698	18,667,033
	Other Borrowing Cost	454,644	167,521
		23,928,342	18,834,553

2	Other expenses		
	Manufacturing Expense		
	Power, Fuel, Oil & Lubricants	128,683,801	115,255,917
	Stores & Spares	16,547,251	16,489,628
	Testing Charges	169,179	23,843
		145,400,231	131,769,388
	Repair & Maintenance		
	-Plant & Machinery	1,308,529	1,904,632
	-Electricals	1,015,094	92,667
	-Building	200,518	14,774
		2,524,141	2,012,073
	Administrative Expenses		
	Auditors remuneration		
	-As Statutory Auditor	100,000	60,000
	-For Tax Audit	25,000	15,000
	-Service Tax on above		

	-	7,725
Computer Exp.	126,419	136,310
Consultancy Charges	481,786	315,244
Donation	44,484	82,753
General Expenses	999,870	555,620
Office Expenses	174,306	126,550
Insurance	591,713	482,571
Membership & Subscription	81,140	55,046
Postage & Telegram	188,515	156,237
Telephone Expenses	1,057,825	1,016,401
Printing & Stationary	235,975	229,353
Rates, Fees & Taxes	1,314,027	283,127
Service Tax	-	35,536
Vehicle Running & Maintenance	1,376,017	1,471,973
Interest & Penalties paid	65,832	462,561
Loss on Sale/Disposal of Fixed Assets	551,354	995,576

Travelling & Conveyance

2,735,598

2,239,410

Diwali Exp.

204,025

-

Freight & Cartage (Outward)

11,691,132

11,285,991

Advertisement & Publicity

1,555,278

784,701

Commission on Sales

570,797

210,644

Discount Allowed

1,193,207

2,390,975

TOTAL

25,364,299

23,399,304

GRAND TOTAL

173,288,672

157,180,766

VISHAL PAPERTECH (INDIA) LTD.			
Note No.	PARTICULARS	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
2	DEFERRED TAX ASSETS		(Amount in Rs.)
	Deferred Tax Liabilities Arising On Account Of Depreciation	17,499,246	13,341,921
A	TOTAL	17,499,246	13,341,921
	Deferred Tax Assets Arising On Account Of : Unabsorbed Depreciation/Business Loss For Tax Purposes	26,246,004	34,897,125
	Provision for Gratuity	1,807,141	1,290,069
B	TOTAL	28,053,145	36,187,194
	NET DEFERRED TAX ASSETS (B-A)	10,553,899	22,845,273
	TAX IMPACT	3,424,200	7,412,100

VISHAL PAPERTECH (INDIA) LTD.

Note No. 2.9

(Amounts in Rs.)

SCHEDULE OF FIXED ASSETS AS AT 31ST MARCH, 2012

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening Balance	ADDITIONS DURING THE PERIOD	SALES/ * ADJUSTMENT	TOTAL	UP TO -	During The Year	Adjustment	Total	31.03.2012	31.03.2011
Land & Land Devp.	7,707,244	-	-	7,707,244	-	-	-	-	7,707,244	7,707,244
Building	35,311,803	6,571,623	-	41,883,426	12,684,067	1,289,160	-	13,973,227	27,910,199	22,627,736
Plant & Machinery	198,370,240	49,073,840	-	247,444,079	116,001,616	12,261,865	-	128,263,481	119,180,598	82,368,624
Electrical Install.	21,025,066	12,400	-	21,037,466	18,772,594	444,291	-	19,216,885	1,820,581	2,252,472
Boiler	5,678,019	-	-	5,678,019	5,678,018	-	-	5,678,018	1	1
Weighing Machine	523,119	-	-	523,119	523,118	-	-	523,118	1	1
Lab. Equipments	415,201	8,700	-	423,901	322,416	13,072	-	335,488	88,413	92,785
Office Equipments	1,260,897	761,014	-	2,021,911	682,408	172,944	-	855,352	1,166,559	578,489
Vehicles	5,767,075	7,760,817	2,244,120	11,283,772	1,440,137	703,320	852,766	1,290,691	9,993,081	4,326,938
Tools & Dies	30,148	-	-	30,148	30,147	-	-	30,147	1	1
Computers	915,480	260,450	-	1,175,930	564,742	99,849	-	664,591	511,339	350,738
Furniture & Fixture	757,970	852,984	-	1,610,954	430,222	74,976	-	505,198	1,105,757	327,749
Security Deposits	2,512,600	3,161,706	-	5,674,306	-	-	-	-	5,674,306	2,512,600

	280,274,861	68,463,534	2,244,120	346,494,275	157,129,484	15,059,477	852,766	171,336,195	175,158,080	123,145,377
Previous Year	247,652,852	36,543,886	3,921,876	280,274,861	149,509,194	10,546,590	#####	157,129,484	123,145,377	98,143,658

VISHAL PAPERTECH (INDIA) LIMITED

SIGNIFICANT ACCOUNTING POLICIES:

1.1 Basis for preparation of financial statements

- i. The financial statements of *Vishal Papertech (India) Limited* (“ the Company ”) have been prepared and presented to comply with the historical cost conventions in accordance with the Indian Generally Accepted Accounting Principles (GAAP), mandatory Accounting Standards referred to in the Companies (Accounting standards) Rule 2006 issued by the Central Government in exercise of the power conferred under sub-section (1) (a) of Section 642 read with sub section (3C) of Section 211 & sub-section (1) of Section 210 A to the extent applicable and the provisions of the Companies Act, 1956 and on the basis of going concern.
- ii. The company follows accrual method of accounting.

1.2 Uses of Estimates

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

1.3 Fixed Assets and Depreciation

- i. Fixed Assets have been stated at cost net of Cenvat/Value Added Tax availed, but inclusive of attributable costs of bringing the asset to their working condition for their intended use less depreciation and impairment loss, if any.
- ii. Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

1.4 Impairment of Fixed Assets

Fixed assets possessed by the company are treated as corporate assets and are not Cash Generating Unit as per Accounting Standard-28 issued by the Institute of Chartered Accountants of India. In the opinion of management there is no impairment of the fixed assets of the company.

1.5 Accounting for Government Grants

Government Grants related to specific fixed assets are accounted for on receipt basis. Grants received are deducted from the gross value of fixed assets concerned in arriving at their book value.

Grants related to specific expense are booked on accrual basis and deducted from the related expense.

1.6 Foreign Currency Transaction

a. Initial Recognition

Transactions denominated in foreign currencies are recorded at the rates prevailing on the date of the transaction.

b. Conversion

Monetary assets and liabilities denominated in foreign currencies, as at the balance sheet date, not covered by forward exchange contracts, are translated at year end rates.

c. Exchange Differences

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

1.7 Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit and Loss account.

1.8 Inventories

- i. Raw materials, Stores and Spares and Packing material
Lower of Cost and Net Realizable value. Cost of inventory comprises all cost of purchase and other cost incurred in bringing the inventories to their present location and condition.
- ii. Finished Goods and work in process
Lower of cost and net realizable value. Cost includes direct material, labour and proportion of manufacturing overheads. Cost of finished goods includes excise duty.

1.9 Revenue Recognition

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from product sales is stated exclusive of returns, sales tax and inclusive of excise duty. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

1.10 Provision for Current Tax and Deferred Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred Tax resulting from “timing difference” between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on balance sheet date.

1.11 Provisions, Contingent Liabilities and Contingent Assets

Provisions 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 statements.

1.12 Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating lease. Lease payments under operating leases are recognised as an expense in the profit and loss account on a straight line basis over the lease term.

1.13 Employee Benefits

i) Short Term Employee Benefits:

Employee benefits payable fully within twelve months of rendering the service are classified as short term employee benefit and are recognized in the period in which the employee renders the related service.

ii) Post Employment Benefits (Defined Contribution Plans)

Contributions to the Provident Fund, which is a defined contribution scheme, is recognized as an expense in the profit and loss account in the period in which the contribution is due.

Expenses on leave Encashment is paid in the same year.

VISHAL PAPERTECH (INDIA) LIMITED**NOTES TO ACCOUNTS:****2.22 The Detail of Shareholder Holding More Than 5% Equity Shares**

Particulars	AS AT 31.03.2012		AS AT 31.03.2011	
	No. Of Shares Held	% age Of Shareholding	No. Of Shares Held	% age Of Shareholding
Mahesh Gupta	2690700	34.50	2690700	34.50
Rohini Gupta	637400	8.17	637400	8.17

Reconciliation of no. of shares outstanding is given below:

Particulars	31.03.2012	31.03.2011
Equity shares at the beginning of the year	78,00,000	78,00,000
Issued during the year	Nil	Nil
Equity shares at the close of the year	78,00,000	78,00,000

2.23 a) Contingent Liabilities

S.No.	Particulars	31.03.2012	31.03.2011
i)	Claims against the company not acknowledged as debts:- -Direct & Indirect Taxes	Nil	Nil
ii)	Bank Guarantees	Nil	Nil

iii)	Other money for which the company is contingently liable	Nil	Nil
------	--	-----	-----

b) Commitments

S.No.	Particulars	31.03.2012	31.03.2011
i)	Estimated amount of contracts remaining to be executed on capital account and not provided for	Nil	Nil
ii)	Uncalled liability on shares and other investments partly paid	Nil	Nil
iii)	Other commitments	Nil	Nil

2.24 Current Assets, Loans & Advances

In the opinion of the Directors of the company the current assets, loans and advances are approx. of the value as stated if realized in the ordinary course of business and are subject to confirmation.

2.25 Particulars of payments made to auditors for

i.	Audit Fees	Rs.1,00,000.00
ii.	Tax Audit Fees	Rs 25,000.00
iii.	Service Tax	Rs. 15,450.00

2.26 Related Party Disclosures

Related party disclosures as required under Accounting Standard on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below :-

a) Relationship

i) Subsidiary Companies

NIL

ii) Joint Ventures and Associates

NIL

iii) Key Management Personnel (Managing Director/Whole-time directors)

Mahesh Gupta

Vidya Sagar

Ankit Gupta

Harinder Kumar Goyal

Yash Pal Goyal

Satya Pal Singh

iv) Relative of the Key Management Personnel*

Krishan Mohan

Krishna Devi

Krishan Mohan HUF

Mohan Parkash

Mohan Parkash HUF

Mahesh Gupta HUF

Ram Gopal HUF

Rohini Gupta

Suman Gupta

Suraj Bhan Gupta

Suraj Bhan & Bros

Suraj Bhan Gupta HUF

Sunita Gupta
Sangeeta Jain

v) **Entities over which key management personnel/their relatives are able to exercise significant influence***

Babu Ram Ram Gopal
Vishal Paper Industries
Vishal Paper Mills Limited
Vishal Coaters Limited
DSG Papers Private Limited
Vishal Paper & Board Mills (P)Ltd

* With whom the company had transactions.

b) **The following transactions were carried out with related parties in the ordinary course of business.**

(Rs.In Lacs)

Sr. No.	PARTICULARS	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
i.	Directors Remuneration	19.43	9.75
ii.	Unsecured Loans - Acceptance	1140.10	646.27
iii.	Unsecured Loans - Repayment	1123.43	692.45
iv.	Interest	57.98	44.89
v.	Purchase of Raw Material & Other Items	75.74	24.49

2.27 Income Tax

Current Tax

Provision for Income tax has been made as per
Income-tax Act, 1961.

Deferred Tax

In compliance with Accounting Standard (AS-22) relating to "Accounting on Taxes on Income" issued by the Institute of Chartered Accountants of India, Deferred Tax Liability accruing during the year aggregating to Rs 39.87 lacs has been recognized in the Statement of Profit & Loss.

2.28 Expenditure in Foreign Currency

(Rs. In Lacs)

	Particulars	2011-2012	2010-2011
(a)	CIF Value of Imports		
1.	Raw Material (Rs in lacs)	-	-
2.	Capital Goods and Stores & Spares	-	-
(b)	Expenditure in Foreign Currency - Others	2.35	3.76
(c)	Remittances in Foreign Currency		
1.	Raw Material (Rs in lacs)	-	-
2.	Capital Goods	-	-
(d)	Earnings in Foreign Currency- NIL		

2.29 EMPLOYEE BENEFITS

As per Accounting Standard 15 “Employee Benefits”, the disclosures as defined in the Accounting Standard are given below: -

Defined Benefit Plans: The amounts recognized in respect of Gratuity - as per Actuarial valuation.

Particulars	Gratuity	
	As at 31.3.2012	As at 31.3.2011
1. Change in Benefit Obligation		
Liability at the beginning of the year	12,90,069.00	-
Interest Cost	1,09,656.00	-

Past Service Cost (Non Vested Benefits)	-	1,26582.00
Past Service Cost (Vested Benefits)	-	9,68,471.00
Current Service Cost	3,10,027.00	1,95,016.00
Benefit paid	-	-
Actuarial (Gain)/Loss	21,17,168.00	-
Liability at the end of the year	18,07,141.00	12,90,069.00

2. Expenses recognized in		
the Profit and Loss Account		
Current Service Cost	3,10,027.00	1,95,016.00
Past Service Cost (Non Vested Benefits)	-	1,26,582.00
Past Service Cost (Vested Benefits)	-	9,68,471.00
Interest Cost	1,09,656.00	-
Actuarial (Gain)/Loss	-	-
Expenses recognized in		
the Profit and Loss Account	12,90,069.00	12,90,069.00
3. Actuarial Assumptions		
Discount Rate	8.50%	8.25%
Salary Escalation Rate	6%	6%
Retirement Age	58 Years	
Withdrawal Rates		
Mortality	Indian Assured Lives Mortality (1994-96)	

2.30 Earnings Per Share

PARTICULARS	UNIT	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
Profit After Tax	Rs	1,24,40,007	1,03,21,031
No of Shares Outstanding			
Basic	Nos.	78,00,000	78,00,000
Diluted	Nos.	78,00,000	78,00,000
No of Weighted Average equity shares			
Basic	Nos.	78,00,000	78,00,000
Diluted	Nos.	78,00,000	78,00,000
Nominal value of equity shares	Re.	10.00	10.00
Earnings per Share			
-Basic	Rs.	1.59	1.32
-Diluted	Rs.	1.59	1.32

2.31. Secured Loans

- I Term Loans from Oriental Bank of Commerce (excluding vehicle loans) are secured by first charge on the gross block of the company (existing & future) including land & building, machinery and second pari-passu charge over all current assets of the company and personal guarantees of the directors.
- II. Working Capital Limits from Oriental Bank of Commerce. are secured on first pari-passu charge on stocks of raw materials, stock in process, finished goods, stores & spares and receivables of the company, second pari-passu charge over all the fixed assets of the company, existing & future, along with equitable mortgage of factory land and building but excluding value of vehicles financed and personal guarantees of the directors.
- III. Vehicle Loans are secured against hypothecation of respective vehicles.
- IV. a) **Maturity Profile of Term Loans**

Particulars	Maturity Profile		
	(Rs. In Lacs)		
	1-2 years	2-5 years	Beyond 5 years
From Banks	67.14	-	-
From Others	35.51	35.11	NIL

b) Maturity Profile of Vehicle Loans

Particulars	Maturity Profile		
	(Rs. In Lacs)		
	1-2 years	2-5 years	Beyond 5 years
From Banks	9.09	2.62	NIL
From Others	12.26	6.46	NIL

c) Unsecured Loans

From Directors and their relatives: -

The Company has received Unsecured Loans from Directors and their relatives. These loans are interest bearing and are repayable on demand.

Inter-Corporate Deposits: -

The inter-corporate deposits are also interest bearing. However, no fixed maturity period has been provided for the inter-corporate deposits.

2.32 In the opinion of the management of the Company, there are no micro, small and medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2012. The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of the information available with the Company and have been relied upon by the statutory auditors of the Company.

**2.33 Segment Reporting
Business Segments**

The Company operates only in the business segment of “Paper & Paper Board Products”, and in the opinion of the management the inherent nature of activities in which it is engaged are governed by the same set of risks and reward. As such the activities are identified as single segment in accordance with the Accounting Standard (AS-17) issued under Companies (Accounting standards) Rule 2006, as amended upto date.

2.34 Raw Material Consumed (in lacs)

Sr.No	Particulars	Value(Rs in lacs)	2011-2012 (%age)	Value (Rs in lacs)	2010-2011 (%age)
1.	Imported	-	-	-	-
2.	Indigenous	4660.75	100	3784.99	100

2.35 Previous year figures have been re-grouped and re-arranged wherever considered necessary. The figures in Balance Sheet and Profit & Loss account have been reflected in nearest rupee.

FOR DATTA SINGLA & CO.
CHARTERED ACCOUNTANTS
 Firm Regn No- 006185N

PLACE : CHANDIGARH
 DATE : 01.09.2012

YOGESH MONGA
PARTNER
 M. No. 099813

CORPORATE GOVERNANCE REPORT :

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

Corporate Governance is the combination of voluntary practice and compliance with laws and regulations leading to effective control and management of the company. The company believes that good corporate governance contemplates that corporate actions balance the interest of all stockholders and satisfy the tests of accountability, transparency and fair play. The company believes that all its operations and actions must be directed towards overall share holder value.

2. BOARD OF DIRECTORS :

The Board of Directors consists of Seven Directors.

The composition of Board of Directors and other relevant details are given below:

Name of the Director	Category	No. of Board Meetings attended	Attendance at last AGM	No. of other directorships	No. of Board Committees
Mr. Mahesh Kumar Gupta	Managing Director	7	Yes	1	2
Mr. Ankit Gupta	Whole Time Director	6	Yes	2	1
Mr. Vidya Sagar	Director	5	Yes	2	2
Mr. Yash	Independent	5	Yes	1	2

Paul Goyal	Director				
Mr. Harinder Goyal	Independent Director	4	No	Na	2
Mr Satya Pal Singh	Whole Time Director	3	No	Na	Na
Mr Ajay Kumar Arora	Director			7	

During the financial year ended 31.03.2012, Seven Board Meetings were held. There was not a gap of more than four months between two board meetings. The minutes of the meeting are entered in the minutes book within 30 days of end of each meeting. No independent director has any material pecuniary interest in the Company. The company has held seven Board meeting during the financial year. The members of Board have access to all the information of the Company.

Annual general meeting of the company for last financial year was held on 30.09.2011. No extra ordinary general meeting was held during the financial year.

3 AUDIT COMMITTEE:

The Board has defined the scope of Audit committee to cover the all areas provided in Companies Act, 1956 and Listing Agreement with the Stock Exchange. The terms of reference of the Audit Committee are given below :

- (a) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- (b) Recommend the appointment, reappointment and replacement of auditors.
- (c) Recommending and approval of payments of statutory auditors for various assignments.
- (d) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956

- ii. Changes, if any, in accounting policies and practices and reasons for the same
- iii. Major accounting entries involving estimates based on the exercise of judgment by management
- iv. Significant adjustments made in the financial statements arising out of audit findings
- v. Compliance with listing and other legal requirements relating to financial statements
- vi. Disclosure of any related party transactions
- vii. Qualifications in the draft audit report.
 - (e) Reviewing, with the management, the quarterly financial statements before submission to the board for approval
 - (f) Reviewing, with the management, the statement of uses / application of funds raised through public issue, rights issue, preferential issue, etc.
 - (g) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
 - (h) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 - (i) Discussion with internal auditors on any significant findings and follow up there on.
 - (j) Reviewing the findings of internal investigations by the internal auditors into the requisite matters
 - (k) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain area of concern.
 - (l) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
 - (m) Discussion with internal auditors of any significant findings and follows up thereon.

The audit committee comprises of three directors namely Mr. Harinder Goyal, Mr. Mahesh Gupta and Mr. Yash Paul Goyal. Mr. Yash Paul Goyal is the Chairman of the audit committee.

Details of meeting of Audit Committee

Four meetings of audit committee were held during the financial year.

Name of the Members of Audit committee	No. of meetings held	No. of Meetings attended
Mr. Harinder Goyal	4	3
Mr. Mahesh Kumar Gupta	4	4
Mr. Yash Paul Goyal	4	4

The gap between two meetings of the audit committee is not more than four months.

3. REMUNERATION COMMITTEE

The company has constituted a Remuneration Committee. The Members of the remuneration committee are Mr. Yash Paul Goyal, Mr. Harinder Goyal and Mr. Ajay Arora. During the financial year the remuneration committee meeting was held once. The Company has no pecuniary relationship or transactions with its non - executive directors. No meeting of remuneration committee was convened in the last financial year.

Details of remuneration of directors during the year ended 31st March, 2012 are given below

Name of the Director	Salary	Perquisites & Commission	Total
Sh. Mahesh Gupta	100000		100000
Sh. Ankit Gupta	75000		75000
Sh. Satya Pal Singh	35000		35000

No sitting fees was paid to any director in the last financial year.

**4. SHAREHOLDERS/INVESTORS GRIEVANCES/ SHARE TRANSFER
COMMITTEE :**

The followings are the members of the committee.

Mr. Mahesh Kumar Gupta
Mr. Ankit Gupta

Meetings of the committee were regularly held during the financial year. The committee met to approve the transfer of shares and to redress the shareholders grievances. The share certificates submitted for dematarlisation were also approved by the committee. Some shares of the Company are in physical form. There were no pending transfers and there is no complaint pending as on 31/03/2012.

Brief information on the Directors proposed for reappointment

Mr. Harinder Kumar Goyal and Mr. Vidya Sagar, Directors are liable to retire by rotation and being eligible they have offered themselves for reappointment. Mr. Harinder Kumar Goyal is a Chartered Accountant and has business experience of 30 years. Mr. Vidya Sagar is post graduate and has more that 20years of business experience.

Details of Annual/Extra Ordinary General Meeting :

The annual general meeting of the Company for the last financial year was held on 30th September 2011 at Registered Office. No Extra Ordinary General Meeting was convened during the year and nor any resolution was passed through postal ballot.

YEAR	DATE OF AGM	TIME	PLACE
2008-09	30th September 2009	10.00 a.m.	Regd office

2009-10	30 th 2010	September	10.00 a.m	Regd office
2010-2011	30 th 2011	September	10.00 a.m.	Regd office

Disclosures

(a) Transactions with related party:

The company has not entered into any materially significant related party transactions during the period under review that may have potential conflict with the interest of the company.

(b) Accounting treatment

In preparation of the financial statements the company has followed the accounting standards issued by Institute of Chartered accountants of India and has applied the standard accounting policies.

© Penalties and Non Compliances

There have been no instances of any penalties imposed on the company on any matter relating to the capital market. The Board receives a certificate of compliance of the applicable laws from the Managing director in every Board meeting.

(d) The certificate of compliance of various statutory laws have been taken from the Managing Director.

Means of Communication

The communication with the shareholders at large is through annual report, publication of quarterly results and press releases in newspaper. The Company send annual reports to all the shareholders. The notices of convening of general meetings are published in the newspaper. The Board of directors approves the quarterly results within 45 days of end of each quarter. The financial results are being sent to stock exchange through courier, internet and fax. Quarterly results are also regularly published in the newspaper papers in accordance with the requirement of the Listing Agreement.

SHARE HOLDER INFORMATION :

Share holder information :

Annual General Meeting : Village Mubarikpur, Tehsil Derabassi,

Distt SAS Nagar

Book closure:

The company's register of member and share transfer books will remain closed from 27th September 2011 to 30th September 2011 (Both days inclusive).

Details of stock exchanges:

The shares of the company are listed in following Stock Exchanges.

Bombay Stock Exchange Limited

The shares of the company are being traded at Bombay Stock Exchange and the company is regular in paying its annual listing fees.

Stock code

The stock code of BSE is 531981.

Regd Office & Works

Village Mubarikpur, Tehsil Derabassi,

Distt SAS Nagar,

Mohali. (Punjab)

MANAGEMENT DISCUSSIONS AND ANALYSIS

Demand:

The domestic demand of paper and Paperboard is increasing rapidly. The demand is expected to rise more due to improved socio economic development and other factors.

Supply:

The demand of the paper are mainly met by small and medium scale factories which are based in western part of the country. The Large mills are south India based. The main sources of raw material in the papers industry are wood, agro waste and waste paper.

Opportunities, threats and risks:

We operate in a competitive environment as our principal products are papers and boards. Players in this market generally compete with each other on key attributes such as technical competence, quality of products, pricing and track record. We compete with our competitors on the basis of our track record of quality, technical competence and distribution channels.

Cost Audit:

The Central Govt has ordered the cost audit of the company. The cost audit is conducted as per cost audit rules.

Internal Control System:

The company has very effective internal control system. All the assets of the Company are properly safeguarded. The use of assets is properly recorded. The internal control system is properly documented. The system is reviewed and updated by the management periodically. The finding and suggestions of internal control are reviewed by the Board of Directors & Audit Committee and they make sure that internal control system is properly complied with

Human Resources and Industrial relation:

The company is maintaining very cordially relations with all concerned people. With the change in management, new faces have been inducted in the company. The relations with banks and other statutory departments are also very cordial.

CORPORATE GOVERNANCE CERTIFICATE

TO THE MEMBERS OF VISHAL PAPERTECH INDIA LIMITED

We have examined the compliance of conditions of Corporate Governance by Vishal Papertech India Limited for the year ended 31st March 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange.

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

In our opinion and to the best of our information and according to the examinations 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 Company as per the information produced before us.

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

Date : 01/09/2012
Place: Chandigarh

Sd/-
Kanwaljit Singh
Company Secretary

DECLARATION REGARDING COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT

The Company has framed a specific Code of Conduct for the members of the Board of Directors and the Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement.

The Company has, in respect of the financial year ended March 31, 2012, received from the members of the Board of Directors and the Senior Management Personnel a declaration of compliance with the Code of Conduct as applicable to them.

Date :01/09/2012

Place: Regd office

Mahesh Gupta
Managing Director cum Compliance officer