

# **Simplex Papers Limited**



**15th**  
**ANNUAL REPORT**  
**2008-2009**

## SIMPLEX PAPERS LIMITED

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### BOARD OF DIRECTORS

Shri R. L. Saboo  
Shri O. D. Purohit  
Shri K. C. Murarka (Resigned w.e.f. 24.03.2009)  
Shri S. M. Soni  
Shri D. C. Shrimali  
Shri Girish Bagri (Appointed w.e.f. 08.06.2009)  
Smt. Sitalaxmi Narayanan (Appointed w.e.f. 08.06.2009)

### AUDITORS

M/s. Vijay Rungta & Co.  
Chartered Accountants  
Mumbai

### BANKERS

State Bank of India, Mumbai

### SOLICITORS

Mulla & Mulla & Craigie Blunt & Caroe  
Mumbai

### REGISTERED OFFICE

30, Keshavrao Khadye Marg,  
Sant Gadge Maharaj Chowk,  
Mumbai - 400 011.  
Tel. : 2308 2951

### SHARE TRANSFER AGENT

Freedom Registry Limited  
(Formerly - Amtrac Management Services Limited)  
Plot No. 101/102, 19th Street,  
MIDC, Satpur,  
Nashik - 422 007  
Tel.: 0253 - 2354032  
Email: amtrac\_nsk@sancharnet.in

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Annual General Meeting of the Company will be held on Monday, the 10th August, 2009 at 12.00 Noon at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai-400 001.



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## NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of Simplex Papers Limited will be held on Monday, the 10<sup>th</sup> August, 2009 at 12.00 Noon at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2<sup>nd</sup> Floor, 18/20, Kaikhushru Dubash Marg, Mumbai- 400001 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2009 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri S. M. Soni, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

### SPECIAL BUSINESS:

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

“RESOLVED THAT Shri Girish Bagri, who was appointed as an Additional Director of the Company with effect from 08<sup>th</sup> June, 2009 and who, in terms of Section 260 of the Companies Act, 1956 holds such office until this Annual General Meeting and in respect of whom the Company has received notice from a member along with requisite deposit under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT Smt. Sitalaxmi Narayanan, who was appointed as an Additional Director of the Company with effect from 08<sup>th</sup> June, 2009 and who, in terms of Section 260 of the Companies Act, 1956 holds such office until this Annual General Meeting and in respect of whom the Company has received notice from a member along with requisite deposit under Section 257 of the Companies Act, 1956 proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

By Order of the Board of Directors

**S. M. Soni**  
Director

Mumbai, June 08, 2009

### Registered Office:

30, Keshavrao Khadye Marg,  
Sant Gadge Maharaj Chowk,  
Mumbai - 400 011.

## SIMPLEX PAPERS LIMITED

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### **NOTES:**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE VALID, SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
  2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, and forming part of the Notice is annexed hereto.
  3. Members are requested to notify the change in address, if any, immediately to the Company quoting their folio numbers.
  4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 4<sup>th</sup> August, 2009 to Monday, 10<sup>th</sup> August, 2009 (both days inclusive).
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### **Details of the Directors seeking appointment / re-appointment in the forthcoming Annual General Meeting**

Name of Director	Shri S. M. Soni	Shri Girish Bagri	Smt. Sitalaxmi Narayanan
Date of Birth	30.04.1933	27.02.1967	14.10.1972
Date of Appointment	01.12.2006	08.06.2009	08.06.2009
Experience in specific functional areas	More than 51 Years of experience in Textile Industry.	20 years of experience in business and Industry.	Experience in marketing field.
Qualifications	M.Com., LLB, LTI	B.Com.	B.Com.
Directorships held in other Companies	Simplex Mills Company Limited	Simplex Mills Company Limited	1. Shrinathji Flour Mills Private Limited 2. Simplex Mills Company Limited
Committee positions held in other Companies	(a) Member of Audit Committee of : - Simplex Mills Company Limited  (b) Member of Investors' Grievance Committee of: - Simplex Mills Company Limited	Nil	Nil

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**EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE NOTICE DATED JUNE 08, 2009**

**Item No. 4**

The Board of Directors of the Company at their Meeting held on June 08, 2009 appointed Shri Girish Bagri as an Additional Director of the Company, pursuant to Article 182(a) of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 and Shri Girish Bagri holds office upto the date of the ensuing Annual General Meeting. The Company has received a Notice alongwith requisite deposit from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Shri Girish Bagri as a Director of the Company, liable to retire by rotation.

Shri Girish Bagri, is a Commerce Graduate, having 20 years of experience in business and industry. Your Directors are of the view that the Company would be benefited from his knowledge and experience.

None of the Directors except Shri Girish Bagri is concerned or interested in the said Resolution.

The Directors commend the Ordinary Resolution contained at item no. 4 of the accompanying notice for your approval.

**Item No. 5.**

The Board of Directors of the Company at their Meeting held on June 08, 2009 appointed Smt. Sitalaxmi Narayanan as an Additional Director of the Company, pursuant to Article 182(a) of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 and Smt. Sitalaxmi Narayanan holds office upto the date of the ensuing Annual General Meeting. The Company has received a Notice alongwith requisite deposit from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Smt. Sitalaxmi Narayanan as a Director of the Company, liable to retire by rotation.

Smt. Sitalaxmi Narayanan is a Commerce Graduate and has vast experience in the marketing field. Your Directors are of the view that the Company would be benefited from her knowledge and experience.

None of the Directors except Smt. Sitalaxmi Narayanan is concerned or interested in the said Resolution.

The Directors commend the Ordinary Resolution contained at item no. 5 of the accompanying notice for your approval.

By Order of the Board of Directors

**S. M. Soni**  
Director

Mumbai, June 08, 2009

**Registered Office:**

30, Keshavrao Khadye Marg,  
Sant Gadge Maharaj Chowk,  
Mumbai- 400 011.

## SIMPLEX PAPERS LIMITED

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### FIFTEENTH REPORT OF THE BOARD OF DIRECTORS

To,  
The Members,

Your Directors present their Annual Report, together with the Audited Accounts for the year ended 31st March, 2009.

#### FINANCIAL RESULTS

	<b>Year ended 31.03.2009 Rs.</b>	Previous Year ended 31.03.2008 Rs.
Profit/(Loss) before Interest, Depreciation and Taxation	<b>(2,21,17,990)</b>	95,19,445
Less: Interest	-	22,50,513
Less: Depreciation	<b>1,10,63,151</b>	1,01,22,601
Profit/(Loss) before Tax	<b>(3,31,81,141)</b>	(28,53,669)
Less: Provision for Tax	-	-
Provision for Fringe Benefit Tax	<b>33,150</b>	60,000
Deferred Tax Liability/(Assets)	-	(11,08,567)
Profit/(Loss) before Prior Period Adjustment	<b>(3,32,14,291)</b>	(18,05,102)
Prior Period Expenses	<b>6,74,371</b>	-
Profit/(Loss) after Tax	<b>(3,38,88,662)</b>	(18,05,102)
Balance brought forward from previous year	<b>(9,95,54,030)</b>	(9,77,48,928)
Balance carried forward	<b>(13,34,42,692)</b>	(9,95,54,030)

#### DIVIDEND

In view of losses, your Directors do not recommend any dividend for the year ended 31<sup>st</sup> March, 2009.

#### OPERATIONS

Production at Company's Gondia unit is under suspension since September, 2006 due to financial stringency and non-availability of required raw materials. The Company has been granted permission for closure of its Paper Mill at Gondia from the Commissioner of Labour, Maharashtra State, Mumbai under Section 25-O (2) of the Industrial Disputes Act, 1947.

#### FIXED DEPOSITS

The Company has not accepted or renewed any fixed deposits during the year.

#### DIRECTORS

Shri K.C. Murarka resigned from the Directorship of the Company with effect from 24<sup>th</sup> March, 2009. The Board places on record its appreciation for the valuable services rendered by Shri K.C. Murarka during his tenure as a Director of the Company.

Shri Girish Bagri and Smt. Sitalaxmi Narayanan were appointed as Additional Directors of the Company with effect from 08<sup>th</sup> June, 2009 and as per the provisions of Section 260 of the Companies Act, 1956 (Act) holds office upto the date of ensuing Annual General Meeting. The Company has received notices along with requisite deposits from the members of the Company under Section 257 of the Act, proposing their candidature for the office of Directors of the Company.



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Under Article 196 of the Articles of Association of the Company, Shri S.M. Soni, Director retires by rotation at the ensuing Annual General Meeting and, is eligible for re-appointment.

None of the Directors is disqualified under section 274 (1) (g) of the Companies Act, 1956.

#### **AUDITORS' REPORT**

In reply to the observations of Auditors' in the Annexure to their report for the year 2008-09, the Board of Directors states as follows:

- (i) With reference to the clause ix(a) of annexure -

The Company is arranging to make the payment of Rs. 18.57 Lacs of Sales Tax dues.

- (ii) With reference to the clause xi of annexure -

The Company is arranging to make the payment of Rs. 47.59 Lacs of unsecured loan due to a State Financial Institution.

- (iii) With reference to the clause x of annexure -

The accumulated losses of the Company have exceeded 50% of its Net worth as at the end of the financial year 2008-2009. The Company has incurred cash losses during the year under review and has also incurred loss in preceding financial year.

#### **Causes for erosion of Net Worth**

The Company has been incurring losses since inception. The Paper division of "The Simplex Mills Company Limited" (Now known as Simplex Realty Limited) was vested w.e.f. 02<sup>nd</sup> October, 2004 with the Company as per the scheme of arrangement under section 391 to 394 of the Companies Act, 1956 sanctioned by the Hon'ble High Court of Bombay vide their order dated 01<sup>st</sup> July, 2005.

The Company has agro based paper mill at Gondia and main raw material was rice straw for manufacturing writing paper. However, the Company could not procure enough quantity of rice straw due to shortage of the same and had affected its economic viability. Therefore, the Company had to change the raw material mix from rice straw to waste paper and then to bagasse and wheat straw for production of pulp. This change of raw materials had resulted financial burden on the company as it required installation of additional machineries for raw materials. Though the Government had granted exemption of excise duty to the paper mills using more than 75% pulp of agro residues like bagasse, wheat and rice straw, this concession was gradually reduced from the year 2000-01. The company had incurred huge losses due to steep increase in cost of raw materials and chemicals i.e. caustic soda and liquid chlorine. The cost of transportation had also shot up for getting raw materials. Fall in the production of paper since 2000-01 due to non availability of raw materials has also affected revenue and profitability of the Company. Besides this, the company's financial position was also adversely affected due to heavy interest and depreciation.

#### **Steps for revival**

The Management is evaluating the viability of wood based paper manufacturing facility and for that has approached the State Government for the allotment of industrial bamboo quota and lease of degraded forest land for commercial plantation of bamboos so that there will be regular supply of raw material. The Management is hopeful for the allotment of the same and to re-start the plant.

#### **AUDITORS**

M/s Vijay Rungta & Co., Chartered Accountants, retire as Auditors of the Company and are eligible for re-appointment.

#### **COST AUDIT**

As there was no production during the year 2008-09, no cost audit will be required to carry out.

#### **LISTING AT STOCK EXCHANGE**

The Equity shares of the Company are listed on the Bombay Stock Exchange Limited w.e.f. 23<sup>rd</sup> September, 2008. The annual listing fee for the year 2009-10 has been paid to the exchange.

## **SIMPLEX PAPERS LIMITED**

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### **PARTICULARS OF EMPLOYEES**

During the year under review, there was no employee in receipt of remuneration as prescribed under Section 217(2A) of the Companies Act, 1956.

### **CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Management Discussion and Analysis, Corporate Governance Report and Auditors Certificate regarding compliance of conditions of Corporate Governance are forming part of this Annual Report.

### **PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year under review, the Company has not carried out any manufacturing activity and hence the Directors have nothing to report u/s 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

### **SECRETARIAL COMPLIANCE CERTIFICATE**

Secretarial Compliance Certificate received from M/s. Manish Ghia & Associates, Practicing Company Secretaries, as required under section 383A of the Companies Act, 1956 for the financial year 2008-09 is annexed and forming part of this Annual Report.

### **DIRECTORS' RESPONSIBILITY**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, on the basis of information placed before them, the Directors state that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) appropriate accounting policies have been selected and applied consistently, and the judgments and estimates that have been made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2009 and of the loss of the Company for the said period;
- iii) proper and sufficient care has been taken 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) the annual accounts have been prepared on a going concern basis.

### **ACKNOWLEDGEMENT**

Your Directors place on record their appreciation for the assistance and support extended by all government authorities, banks, consultants, solicitors and shareholders of the company. The directors express their appreciation for the dedicated and sincere services rendered by the employees of the company.

For and on behalf of the Board of Directors

**R.L. Saboo**

**S.M. Soni**  
Directors

Mumbai, June 08, 2009

### **Registered Office:**

30, Keshavrao Khadye Marg,  
Sant Gadge Maharaj Chowk,  
Mumbai - 400011





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## Compliance Certificate

### FORM [SEE RULE 3]

Company Identification No.: L21010MH1994PLC078137

Authorised Share Capital : Rs. 15,00,00,000/-

To,  
The Members,  
**Simplex Papers Limited.**  
30, Keshavrao Khadye Marg,  
Sant Gadge Maharaj Chowk,  
Mumbai - 400 011

We have examined the registers, records, books and papers of **Simplex Papers Limited** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company, for the financial year ended on **31<sup>st</sup> March 2009 (Financial year)**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure `A'** to this certificate, as per the provisions of the Act and rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure `B'** to this certificate, with the Registrar of Companies, Maharashtra, within the time prescribed under the Act and the rules made there under. The Company has paid the necessary additional fees for the documents, which are filed after the time prescribed under the Act. The Company has made an application to Central Government for withdrawal of the requirement of Cost Audit for the paper product of the Company. Further, the Company was not required to file any documents with the Regional Director and Company Law Board or other authorities.
3. The Company, being a Public Limited Company, has the minimum prescribed paid-up share capital. As on 31<sup>st</sup> March 2009, the paid-up capital of the Company was Rs. 3,00,14,750/- and the restrictive provisions of Section 3(1) (iii) of the Act are not applicable.
4. The Board of Directors duly met 5 (five) times on 19<sup>th</sup> June 2008, 26<sup>th</sup> July 2008, 28<sup>th</sup> August 2008, 22<sup>nd</sup> October 2008 and 31<sup>st</sup> January 2009 and as per information and explanation given by the management, proper notices were given and the proceedings were properly recorded and signed including circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members and Share Transfer Register during the year.
6. The Annual General Meeting for the financial year ended **31<sup>st</sup> March 2008** was held on **28<sup>th</sup> August 2008** and as per information and explanation given by the management, the Company has given adequate notice to the members of the Company and the resolutions passed there at were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra - Ordinary General Meeting of the Company was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under Section 295 of the Act.

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9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company is not required to make any entry in the register maintained under Section 301 of the Act.
11. As there were no instances falling under the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or the Central Government as the case may be.
12. The Board of Directors or duly constituted Committee of Directors has approved the issue of duplicate share certificates.
13. The Company has:
  - i) delivered all the share certificates on Transfer and Transmission of Equity Shares held during the financial year in accordance with the provisions of the Act. There was no allotment of securities of the Company during the financial year.
  - ii) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - iii) not been required to post any dividend warrants to the members of the Company as no dividend was declared during the financial year.
  - iv) not been required to transfer any fund to Investors Education and Protection Fund.
  - v) complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. The appointment of Directors retiring by rotation was duly made. There was no appointment of additional director, alternate director and director to fill casual vacancies during the financial year.
15. The Company has not appointed any Managing Director / Whole time Director/ Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company has made an application to Central Government for withdrawal of the requirement of Cost Audit for the paper product of the Company. The Company was not required to take approval of Company Law Board, Regional Director and Registrar of Companies or such other authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms and Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any preference shares or debentures, hence the question of redemption of the same does not arise.
22. There were no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits falling within purview of Sections 58A and 58AA of the Act during the financial year.
24. The amount borrowed by the Company during the financial year ended 31<sup>st</sup> March 2009 is within the borrowing limits of the Company and that necessary resolution as per Section 293(1)(d) of the Act has been passed in duly convened Annual General Meeting of the Company held on 14.09.1995.



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25. The Company has not made any loans and advances, or given guarantees or provided securities to other bodies corporate during the year.
  26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the financial year.
  27. The Company has not altered the provisions of the Memorandum with respect to the Objects of the Company during the financial year.
  28. The Company has not altered the provisions of the Memorandum with respect to Name of the Company during the financial year.
  29. The Company has not altered the provisions of the Memorandum with respect to Share Capital of the Company during the financial year.
  30. The Company has not altered its Articles of Association during the financial year.
  31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year for offences under the Act.
  32. The Company has not received any amount as security from its employees during the financial year.
  33. The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

**For Manish Ghia & Associates**  
*Company Secretaries*

**(MANISH L. GHIA)**  
Partner  
M. No. ACS 7254  
C.P. No. 3531

Place : Mumbai  
Date : 8<sup>th</sup> June, 2009

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**Annexure - "A"**

**Registers maintained by M/s. Simplex Papers Limited**

1. Register of Members u/s.150 of the Act.
2. Register of Index of Members u/s.151 of the Act.
3. Register and Returns u/s.163 of the Act.
4. Register of Contracts, Companies and Firms in which directors are interested u/s. 301 of the Act.
5. Register of Directors u/s.303 of the Act.
6. Register of Directors' Shareholding u/s.307 of the Act.
7. Minutes Book of General Meeting and Board Meetings u/s. 193 of the Act.
8. Register of Shareholders' Attendance.
9. Register of Transfer / Transmission of Shares.

## SIMPLEX PAPERS LIMITED

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### Annexure - "B"

#### Forms and Returns as filed by M/s. Simplex Papers Limited

#### A) With the Registrar of Companies, Maharashtra during the financial year ended on 31<sup>st</sup> March 2009:

Sr. No.	eForm No.	Relevant Section	Description	Date of filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes / N.A.
1.	32	303(2)	Particulars of appointment of Shri Rajendra Prasad Agarwal as Company Secretary of the Company w.e.f. 10.09.2008	11.09.2008	Yes	N.A.
2.	23	192	Particulars of Special Resolution passed under Section 224A of the Companies Act, 1956 for appointment of Statutory Auditors of the Company at Annual General Meeting held on 28 <sup>th</sup> August, 2008.	04.10.2008	No	Yes
3.	23AC/ 23ACA	220(1)	Schedule – VI (Annual Accounts) for the financial year ended 31 <sup>st</sup> March, 2008.	18.10.2008	No	Yes
4.	20B	159	Schedule – V (Annual Return) for the Annual General Meeting held on 28 <sup>th</sup> August, 2008.	01.11.2008	No	Yes
5.	21	394(1)	Filing of copy of order of Hon'ble High Court of judicature at Bombay passed in the matter of Scheme of Arrangement between The Simplex Mills Company Ltd. (now known as Simplex Realty Ltd.), Simplex Paper & Pulp Ltd. (now known as Simplex Papers Ltd.) and Gaalaxy Garments Ltd. (now known as Simplex Mills Company Ltd.)	20.01.2009	Yes	N.A.

#### B) With the Office of the Regional Director, Mumbai Bench at Mumbai during the financial year ended on 31<sup>st</sup> March 2009: Nil

#### C) With the Office of the Ministry of Corporate affairs (Central Government) at Delhi during the financial year ended on 31<sup>st</sup> March 2009: Nil

The Company has made an application to Central Government for withdrawal of the requirement of Cost Audit for the paper product of the Company on 25.09.2008.

#### D) With any other Authorities as prescribed under the Act, during the financial year ended on 31<sup>st</sup> March 2009: Nil



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## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE AND DEVELOPMENT

India has emerged as the fastest growing paper market in the world showing a 10 per cent growth in per capita paper consumption. From 7.50 kg. per capita consumption in 2007-08, the figure has gone up to 8.30 kg. per capita consumption.

More than Rs. 13,000/- crores of capital expenditure is targeted for capacity expansion, modernisation and enhancement of efficiencies by the IPMA member mills in the next two to three years to add more than 3 million tonnes (mt.) of capacity and improve cost competitiveness.

Pulp and Paper Industry is growing rapidly with an estimated CAGR of 7-8 per cent projected over the next decade. The installed capacity in the country is all set to grow from 9.00 Mt. to 11.20 Mt. per annum by the year 2010.

### OPPORTUNITIES AND THREATS

Paper demand is growing at a healthy rate of 8 per cent per annum due to positive changes in several key socio-economic drivers. India is also becoming a hub for the global publishing and printing industry and needs high-quality paper to suit high-speed machines.

*Forestry and Plantation:* Using degraded forest lands for commercial plantation, if allowed, can change the face of the industry. Large use of Clean Development Mechanism benefits could also be availed. Getting into plantation by setting up large labs to develop new native bio-engineered clones of pulp-wood with higher cellulose content and multiplication thereof through tissue culture are areas where investments would reap rich returns.

### PERFORMANCE

The Paper plant at Gondia, Maharashtra is not in operation since September, 2006 and there was no manufacturing activity during the year under review.

### RISK AND CONCERNS

- i) There is an acute scarcity of the local fibrous raw material which is a major concern.
- ii) Increase in costs of pulp, other inputs like coal and certain chemicals.

### INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has proper and adequate Internal Control system to ensure maintenance of proper accounting records, their accuracy and that all the assets are safeguarded from loss or damage.

### CAUTIONARY STATEMENT

Statement in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable laws or regulations. Actual results could however differ materially from those expressed or implied.

# SIMPLEX PAPERS LIMITED

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## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy of Corporate Governance is aimed to enhance the confidence among shareholders, customers, employees and ensuring a long term relationship of trust by maintaining transparency and disclosures. The Company believes in maintaining highest standards of quality and ethical conduct, in all the activities of the Company. Your Company has complied with requirements of the corporate governance code, disclosure requirements of which are given below.

### 2. BOARD OF DIRECTORS

#### a) Composition

The Board of Directors provides strategic direction and thrust to the operations of the Company. As on 31<sup>st</sup> March, 2009, the Board comprises of three Non-Executive Independent Directors and one Non-Executive Director.

None of the Directors on the Board is a member on more than 10 Committees and the Chairman in more than 5 Committees, across all Companies in which they are Director.

#### b) Attendance at Board meetings and the last AGM

During the year under review, the Board of Directors met 5 (five) times viz. 19<sup>th</sup> June, 2008, 26<sup>th</sup> July, 2008, 28<sup>th</sup> August, 2008, 22<sup>nd</sup> October, 2008 and 31<sup>st</sup> January, 2009.

Details of composition and category of Directors, their attendance at each Board meeting held during the financial year 2008-2009 and at the last Annual General Meeting, their directorships in other companies and membership/chairmanship in committees are as follows:

Name	Category	Attendance at Board Meetings		Directorship in other Public Limited Companies	Membership / Chairmanship in Committees (including Company)		Attendance at A.G.M. held on 28 <sup>th</sup> August 2008
		Held	Attended	Director	Chairman	Member	
Shri R. L. Saboo	Independent	5	5	1	-	4	Yes
Shri O. D. Purohit	Independent	5	5	3	4	-	Yes
Shri K. C. Murarka (upto 24.03.2009)	Independent	5	5	2	-	4	No
Shri S. M. Soni	Independent	5	5	1	-	4	Yes
Shri D. C. Shrimali	Non-Executive	5	1	-	-	-	No

**Note:** Shri Girish Bagri and Smt. Sitalaxmi Narayanan were appointed as Additional Directors of the Company w.e.f. 8<sup>th</sup> June, 2009.

### 3. AUDIT COMMITTEE

The Committee comprises solely of Independent Directors having good knowledge of Finance, Accounts and Company Laws.

The Audit Committee met 4 (four) times viz. 19<sup>th</sup> June, 2008, 28<sup>th</sup> August, 2008, 22<sup>nd</sup> October, 2008 and 31<sup>st</sup> January, 2009 during the year under review. The composition of the Audit Committee and the number of



meetings attended by each member during the year ended 31<sup>st</sup> March, 2009 is as follows :

<b>Name of the Member</b>	<b>Designation</b>	<b>No. of Meetings attended</b>
Shri O. D. Purohit	Chairman	4
Shri K. C. Murarka (upto 24.03.2009)	Member	4
Shri R. L. Saboo	Member	4
Shri S. M. Soni (w.e.f. 24.03.2009)	Member	-

The Company Secretary acts as the secretary to the Committee.

The Audit Committee, as and when considers appropriate, invites the Statutory Auditors and Internal Auditors at the meetings of the Committee.

The terms of reference of this Committee includes those specified under Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956. The brief description of terms of reference are as follows:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment / re-appointment / replacement, if required, of Statutory Auditors, fixation of audit fees and approval of payments for any other services.
- Reviewing with management, the annual financial statements before submission to the Board for approval with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement are included in the Directors' Report in terms of sub-section (2AA) of Section 217 of the Companies Act, 1956.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by the management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of related party transactions.
  - Qualifications in draft audit report.
- Reviewing with management, quarterly financial statements before submission to the Board for approval.
- Reviewing performance of Statutory and Internal Auditors, adequacy of the internal control systems.
- Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Discussion with Internal Auditors of any significant findings and follow-up thereon and reviewing the reports furnished by them.
- Carrying out such other function as may be specifically referred to the Committee by the Board of Directors and/ or other Committees of Directors of the Company.
- Reviewing the Company's financial and risk management policies.

#### **4. REMUNERATION COMMITTEE**

The Company does not have Remuneration Committee at present.

## SIMPLEX PAPERS LIMITED

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The Directors are not paid any remuneration except sitting fees for attending meetings of the Board of Directors of the Company.

### Details of remuneration paid to Directors during the year ended 31.03.2009

(Amount in Rs.)

Name	Salary, Perquisites & Allowances	Commission	Stock option	Sitting fees
Shri R. L. Saboo	Nil	Nil	Nil	2,500
Shri O. D. Purohit	Nil	Nil	Nil	2,500
Shri K. C. Murarka	Nil	Nil	Nil	2,500
Shri S. M. Soni	Nil	Nil	Nil	2,500
Shri D. C. Shrimali	Nil	Nil	Nil	500

### 5. INVESTORS' GRIEVANCE COMMITTEE

The composition of the Investors' Grievance Committee is as follows:

Name of the Member	Designation
Shri O. D. Purohit	Chairman
Shri K. C. Murarka (upto 24.03.2009)	Member
Shri R. L. Saboo	Member
Shri S. M. Soni (w.e.f. 24.03.2009)	Member

The Company Secretary acts as the secretary to the Committee.

The Committee meets as and when required, to deal with the matters relating to monitoring and redressal of complaints from shareholders relating to transfer, non receipt of Annual Report, etc.

The Committee is also empowered to consider and approve the physical transfers, transmissions, transposition, issue of duplicate certificates, consolidation / split renewal of share certificates, etc.

Shri Ramlal Kachhawa is compliance officer of the Company.

Since the date of listing (i.e. 23<sup>rd</sup> September, 2008) 27 (twenty seven) investor service requests/complaints were received and all have been resolved to the satisfaction of the shareholders and no complaint is pending at the end of the year.

### 6. GENERAL BODY MEETINGS

Location, time and date where last three Annual General Meetings were held are given below :

Financial Year	Date of AGM	Time	Location of the Meeting
2005 – 2006	26.09.2006	11.30 A.M.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. D. Marg, Mumbai – 400 001
2006 – 2007	25.09.2007	12.00 Noon	M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. D. Marg, Mumbai – 400 001
2007 – 2008	28.08.2008	12.00 Noon	M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. D. Marg, Mumbai – 400 001

#### Special Resolutions

AGM held on 26.09.2006: No Special Resolution was passed.





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AGM held on 25.09.2007: No Special Resolution was passed.

AGM held on 28.08.2008: For appointment of M/s.Vijay Rungta & Co., Chartered Accountants, as Statutory Auditors of the Company.

No special resolution was put through Postal ballot at the last Annual General Meeting nor is proposed at the ensuing Annual General meeting.

## 7. DISCLOSURES

### a) Related party transactions

Related party transactions are defined as transactions of the Company of material nature, with promoters, directors or with their relatives, its subsidiaries etc. that may have potential conflict with the interest of the Company at large.

Details on material significant related party transactions are given in the appended financial statement under notes to the accounts annexed to the financial statements.

### b) Compliance by the Company

The Company has complied with the requirements of the Stock Exchange, Securities and Exchange Board of India (SEBI) and other statutory authorities on all matters relating to capital market during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchange, SEBI or other statutory authorities.

### c) Whistle-blower policy

Though there is no formal Whistle-blower policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken.

### d) Code of Conduct

The Company has laid down a code of conduct for the Directors, Senior Management and Employees of the Company. The code has been posted on the website of the Company. A declaration to the effect that the Directors and Senior Managerial personnel have adhered to the same, signed by the Director of the Company, forms part of this report.

The certificate from Statutory Auditors of the Company on compliance of clause 49 of the Listing Agreement by the Company is also annexed to this report.

### e) Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed Accounting Standards issued by The Institute of Chartered Accountants of India to the extent applicable.

### f) Disclosure of Risk Management

The Company has initiated the risk assessment and minimization procedure.

### g) CEO / CFO Certification

As per requirement of Clause 49 of the Listing Agreement, the certificate from Shri D. C. Shrimali, Director, on the financial statements of the Company for the year ended 31<sup>st</sup> March, 2009 was placed before the Board.

### h) Review of Directors' Responsibility Statement

The Board in its report has confirmed that the annual accounts for the year ended 31<sup>st</sup> March, 2009 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

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### 8. MEANS OF COMMUNICATION

- a) The quarterly, half-yearly, nine months and full year results are published in The Free Press Journal (English edition) and Navshakti (Regional edition).
- b) The Company has its own website [www.simplex-group.com](http://www.simplex-group.com) and has been uploading financial results and quarterly shareholding pattern of the Company along with other relevant information useful to investors on the website.
- c) At present, the Company does not make presentation to Institutional Investors and Analysts.
- d) The Management Discussion and Analysis is given separately in this Annual Report.

### 9. GENERAL INFORMATION FOR SHAREHOLDERS

- i. **Date, time and venue of ensuing Annual General Meeting**  
 Date : Monday, 10<sup>th</sup> August, 2009  
 Time : 12.00 Noon  
 Venue : M. C. Ghia Hall, Bhogilal Hargovindas Building, 2<sup>nd</sup> Floor, 18/20, Kaikhushru Dubash Marg, Mumbai- 400 001
- ii. **Financial Calendar (2009-2010)**  
 i) First Quarterly Results - Upto the end of July, 2009  
 ii) Second Quarterly Results - Upto the end of October, 2009  
 iii) Third Quarterly Results - Upto the end of January, 2010  
 iv) Annual Results - Upto the end of June, 2010
- iii. **Date of Book Closure**  
 From Tuesday, 4<sup>th</sup> August, 2009 to Monday, 10<sup>th</sup> August, 2009 (both days inclusive)
- iv. **Dividend payment date**  
 N.A.
- v. **Listing on Stock Exchange**  
 Bombay Stock Exchange Limited  
 P. J. Towers, Dalal Street, Fort, Mumbai 400 001
- vi. **Stock Code**  
 533019  
**ISIN**  
 INE456H01011
- vii. **Market Price Data**  
 The equity shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) w.e.f. 23<sup>rd</sup> September, 2008. The monthly high and low quotations of shares traded on the BSE from September, 2008 to March, 2009 are as follows:

Month	Volume (No. of shares)	Price (Rs.)		BSE Sensex	
		High	Low	High	Low
September, 2008	92,015	79.20	15.90	15,107.01	12,153.55
October, 2008	2,587	19.65	11.40	13,203.86	7,697.39
November, 2008	1,438	16.20	9.42	10,945.41	8,316.39
December, 2008	290	15.45	10.15	10,188.54	8,467.43
January, 2009	80	15.95	12.80	10,469.72	8,631.60
February, 2009	27	16.48	13.25	9,724.87	8,619.22
March, 2009	6	16.49	14.94	10,127.09	8,047.17



**viii. Registrar and Share Transfer Agent**

Freedom Registry Limited  
 (Formerly - Amtrac Management Services Ltd.)  
 Plot No. 101/102, 19<sup>th</sup> Street,  
 MIDC, Satpur, Nashik - 422 007  
 Phone : (0253) 2354032  
 Fax : (0253) 2351126  
 e-mail: amtrac\_nsk@sancharnet.in

**ix. Share Transfer System**

All shares sent or transferred in physical form are registered by the Registrar and Share Transfer Agent within 30 days of the lodgment, if documents, are found in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares are processed and the confirmations are given to the respective Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 15 days.

**x. Category wise distribution of Equity shareholding as at 31<sup>st</sup> March, 2009**

Category	Number of shares held	Percentage of Shareholding (%)
<b>(A) Shareholding of Promoter and Promoter Group</b>	<b>21,62,179</b>	<b>72.04</b>
<b>(B) Public shareholding</b>		
<b>(1) Institutions</b>		
(a) Mutual Funds/ UTI	361	0.01
(b) Financial Institutions/ Banks	4,843	0.16
(c) Insurance Companies	4,71,690	15.72
<b>(2) Non-Institutions</b>		
(a) Bodies Corporate	11,100	0.37
(b) Individuals -		
i. holding nominal share capital up to Rs.1 lac.	3,41,608	11.38
ii. holding nominal share capital in excess of Rs.1 lac.	-	-
(c) Any other(specify)		
i. Non Residents	6,277	0.21
ii. Director and their relatives	3,417	0.11
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>8,39,296</b>	<b>27.96</b>
<b>TOTAL (A)+(B)</b>	<b>30,01,475</b>	<b>100.00</b>

**Distribution of shareholding as on 31<sup>st</sup> March, 2009**

Category	Number of shareholders	% of total number of shareholders	Total Number of Shares	% of Total Number of Shares
1 to 500	5,971	98.17	2,56,653	8.55
501 to 1,000	58	0.95	39,428	1.31
1,001 to 5,000	40	0.66	79,962	2.66
5,001 to 10,000	1	0.02	5,858	0.20
10,001 & above	12	0.20	26,19,574	87.28
<b>Total</b>	<b>6,082</b>	<b>100.00</b>	<b>30,01,475</b>	<b>100.00</b>

## SIMPLEX PAPERS LIMITED

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### **xi. Dematerialization of shares and Liquidity**

About 90.73% shares have been dematerialized as on 31<sup>st</sup> March, 2009. The Equity shares of the Company are traded on the Bombay Stock Exchange Limited.

The Company has paid the listing fees for the year 2009-2010 to the Bombay Stock Exchange Limited on which its shares are listed.

### **xii. Outstanding ADRS, GDRS, Warrants or any convertible instruments, conversion date and impact on Equity**

The Company has not issued any ADRs, GDRs, warrants or any convertible instruments.

### **xiii. Plant**

Village-Changera,  
Post-Satona  
Balaghat Road,  
Taluka & District-Gondia - 441 614  
Maharashtra

### **xiii. Address for Investor Correspondence**

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address or any other query relating to shares, please write to:

Simplex Papers Limited  
30, Keshavrao Khadye Marg,  
Sant Gadge Maharaj Chowk,  
Mumbai-400 011  
Phone : (022) 2308 2951  
Fax : (022) 2307 2773  
e-mail: [investors@simplex-group.com](mailto:investors@simplex-group.com)  
Website : [www.simplex-group.com](http://www.simplex-group.com)

**OR**

Freedom Registry Limited  
(Formerly -Amtrac Management Services Limited)

#### ***Nashik Processing Unit***

Plot No. 101/102, 19<sup>th</sup> Street,  
MIDC, Satpur, Nashik-422 007  
Phone : (0253) 2354032  
Fax : (0253) 2351126  
e-mail: [amtrac\\_nsk@sancharnet.in](mailto:amtrac_nsk@sancharnet.in)

#### ***Mumbai Administration office***

005, Peninsula Centre,  
Dr. S.S. Rao Road, Lalbaug, Lower Parel,  
Mumbai-400 012  
Tel. (022) 24105685  
e-mail: [vidula@bom3.vsnl.net.in](mailto:vidula@bom3.vsnl.net.in)

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## **DECLARATION**

It is hereby declared that all the Board Members and Senior Management Personnel of the Company have affirmed adherence to and compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2009.

For **Simplex Papers Limited**

Mumbai, June 08, 2009

**S. M. Soni**  
Director



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## CERTIFICATE OF COMPLIANCE FROM THE AUDITORS

To the members of **Simplex Papers Limited**

We have examined the records concerning Compliance of the conditions of Corporate Governance by **Simplex Papers Limited** for the year ended 31<sup>st</sup> March, 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange Limited.

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

In our opinion and based on the information and explanations given to us and the representations made by the management and to the best of our knowledge and belief, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.

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

For **Vijay Rungta & Co.**  
Chartered Accountants

**Ajay Rungta**  
Partner  
Membership No: F-40333

Mumbai, June 08, 2009

## SIMPLEX PAPERS LIMITED

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### AUDITORS' REPORT TO THE MEMBERS OF SIMPLEX PAPERS LIMITED

1. We have audited the attached Balance Sheet of **Simplex Papers Limited** ('the Company') as at March 31, 2009 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto (all together referred to as 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 ('the Act'), and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to Section 211(3C) of the Act;
  - e. Without qualifying our opinion, we draw attention to :

Note No. 5 of schedule 17 of the accounts, in respect of which, we have relied on management representation regarding restarting its operations in near future.
  - f. on the basis of written representations received by the Company from its directors and taken on record by the Board of Directors, we report that as at the balance sheet date, none of the directors is disqualified from being appointed as a director in terms of clause (g) of subsection (1) of Section 274 of the Act;
  - g. in our opinion and to the best of our information and according to the explanations given to us, the said 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 March 31<sup>st</sup>, 2009;
    - ii. in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date;  
and
    - iii. in case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **Vijay Rungta & Co.**  
Chartered Accountants

**Ajay Rungta**  
Partner  
Membership No: F- 40333  
Mumbai, June 08, 2009



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## ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of our report of even date to the members of Simplex Papers Limited on the financial statements for the year ended March 31, 2009]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) According to information and explanation given to us, during the year, the management conducted physical verification of certain fixed assets in accordance with its policy of physical verification in a phased manner. In our opinion, such frequency is reasonable having regard to the size of the Company and the nature of its fixed assets. As explained to us, the discrepancies noticed on physical verification as compared to book records maintained, were not material and have been properly dealt with in the books of account.
  - (c) In our opinion, a substantial part of fixed assets has not been disposed off by the company during the year.
- (ii) (a) As explained to us, management conducted physical verification of stocks of raw materials, finished goods and stores and spares at reasonable intervals during the year, as also as at the balance sheet date.
  - (b) In our opinion, and according to the information and explanations given to us, the procedures followed by the management for physical verification of inventory during the year, are reasonable and adequate in relation to the size of the Company and nature of its business.
  - (c) On the basis of our examination of inventory records, we are of the opinion that the Company has maintained proper records of inventory. Discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.
- (iii) (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 or other parties covered in the register maintained under Section 301 of the Act. Consequently, the provisions of sub-clauses (b), (c) and (d) of clause (iii) of paragraph 4 of the Order are not applicable.
  - (b) In our opinion and according to the information and explanations given to us, the Company has not availed any loans, secured and unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, the provisions of sub-clauses (f) and (g) of the clause (iii) of paragraph 4 of the Order are not applicable.
- (iv) In our opinion and according to information and explanation given to us, during the year under report, there are adequate internal control procedures 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. Further, on the basis of our examination of 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 procedures.
- (v) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contract or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
  - (b) In our opinion and according to the information and explanations given to us, transactions (other than those already dealt with in paragraph (iii) above) made pursuant to contracts or arrangements referred to in (v)(a) above and exceeding the value of Rupees five hundred thousand in respect of each party during

## SIMPLEX PAPERS LIMITED

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the year, have been made at prices which are reasonable having regard to the market prices prevailing at that time, where available.

- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public, to which the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other provisions of the Companies Act, 1956 or the rules framed there under apply.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company relating to the manufacture of paper products, pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Act, 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 determining whether they are accurate and complete.
- (ix) (a) According to the information and explanations given to us, the Company was regular during the year in depositing undisputed statutory dues including Provident Fund, Income tax, Wealth Tax, Customs duty and Excise duty with the appropriate authorities. According to the information and explanation given to us, as at the balance sheet date, the Company has not deposited undisputed dues of Sales Tax aggregating Rs.18.57 lacs., which remained unpaid for a period exceeding six months from the date on which they were payable.
- (b) According to the information and explanation given to us, as at the balance sheet date, the Company has not deposited dues of Excise duty aggregating Rs.1,754.47 lacs, on account of the following disputes pending before authorities:

Period to which dues relate	Pending before	Rs. in lacs.
1994-1999	Honbl'e High Court, Mumbai	1,636.72
1991-1992	CESTAT	1.05
1999-2000	Deputy Commissioner	116.70
	<b>Total</b>	<b>1,754.47</b>

- (x) The accumulated losses of the company have exceeded fifty percent of its net worth as at the end of the year covered by our audit. The Company has incurred cash losses during the year under report and has also incurred loss in the preceding financial year.
- (xi) According to the information and explanations given to us, the Company has not committed default in repayment of dues in respect of its bank borrowings. In respect of the unsecured Sales Tax loan from a state financial institution, aggregating Rs.47,58,522/- as at the balance sheet date, which is due for more than six months.
- (xii) In our opinion, and according to the information and explanations given to us, during the year under report, the Company has not granted any loans or advances against security by way of pledge of shares and securities; accordingly, the provisions of clause (xii) of paragraph 4 of the said Order are not applicable.
- (xiii) The Company is not a chit fund / nidhi / mutual benefit fund / society and accordingly, the provisions of clause (xiii) of paragraph 4 of the said Order are not applicable.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities and other investments as its principal business, and accordingly the provisions of clause (xiv) of





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paragraph 4 of the said Order are not applicable to the Company.

- (xv) According to the information and explanations given to us, as at the balance sheet date, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the Company did not avail any term loans during the year under report. Accordingly, the provisions of clause (xvi) of paragraph 4 of the said Order are not applicable.
- (xvii) In our opinion, and according to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, prima facie, funds raised on a short-term basis have not been used for long-term investments.
- (xviii) According to the information and explanations given to us, during the year under report, the company did not make any preferential allotment of shares to parties listed in the register maintained under section 301 of the Act.
- (xix) The Company has not issued any debentures during the year under report.
- (xx) During the year under report, the company did not raise any money through a public issue; consequently, the provisions of clause (xx) of paragraph 4 of the Order are not applicable.
- (xxi) To the best of our knowledge and belief, and according to the information and explanations given to us, there have been no cases of fraud on or by the Company noticed or reported during the year under report.

For **Vijay Rungta & Co.**  
Chartered Accountants

**Ajay Rungta**  
Partner  
Membership No: F- 40333  
Mumbai, June 08, 2009

## SIMPLEX PAPERS LIMITED

### BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule No.	Rs.	31.03.2009 Rs.	Rs.	31.03.2008 Rs.
<b>I SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share Capital	(1)	3,00,44,750		3,00,44,750	
Reserves and Surplus	(2)	6,00,15,449		9,39,04,111	
			9,00,60,199		12,39,48,861
<b>LOAN FUNDS</b>					
Unsecured Loans	(3)	14,87,91,824		13,70,49,455	
			14,87,91,824		13,70,49,455
			<b>23,88,52,023</b>		<b>26,09,98,316</b>
<b>II APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block	(4)	28,42,06,371		28,42,06,371	
Less : Depreciation		5,14,03,158		4,03,40,007	
		23,28,03,213		24,38,66,364	
Capital Work in Progress and Advances for Capital Expenditure		-		4,77,000	
			23,28,03,213		24,43,43,364
<b>INVESTMENTS</b>					
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>	(5)		12,000		12,000
Inventories	(6)	1,33,52,635		2,74,59,580	
Sundry Debtors	(7)	-		2,11,726	
Cash and Bank Balances	(8)	3,78,790		6,43,236	
Other Current Assets	(9)	27,34,948		19,73,028	
Loans and Advances	(10)	13,34,851		14,35,904	
		1,78,01,224		3,17,23,474	
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>					
CURRENT LIABILITIES	(11)	1,52,67,035		1,99,18,494	
PROVISIONS		4,10,544		3,79,582	
		1,56,77,579		2,02,98,076	
Net Current Assets			21,23,645		1,14,25,398
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)	(12)		39,13,165		52,17,554
			<b>23,88,52,023</b>		<b>26,09,98,316</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (17)</b>					

As per our report of even date attached  
For **Vijay Rungta & Co.**  
Chartered Accountants

**Ajay Rungta**  
Partner  
Membership No. F-40333  
Mumbai, June 08, 2009

For and on behalf of the Board

**R. L. Saboo**  
**S. M. Soni**

Directors  
Mumbai, June 08, 2009



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	2008 - 09 Rs.	2007 - 08 Rs.
<b>INCOME</b>			
Sale of Products		-	30,467
Less: Excise Duty Recovered		-	-
Net Sales		-	30,467
Other Income	(13)	8,89,084	1,49,71,918
(Decrease)/Increase in Process Stocks and Finished Goods	(14)	(1,29,90,000)	74,14,996
		<u>(1,21,00,916)</u>	<u>2,24,17,381</u>
<b>EXPENDITURE</b>			
Manufacturing and other Expenses	(15)	1,00,17,074	1,28,97,936
Depreciation		1,10,63,151	1,01,22,601
Interest	(16)	-	22,50,513
		<u>2,10,80,225</u>	<u>2,52,71,050</u>
<b>Profit/(Loss) before Tax</b>		<b>(3,31,81,141)</b>	<b>(28,53,669)</b>
Provision for Taxes:			
Provision for Fringe Benefit Tax		33,150	60,000
Deferred Tax Liability/(Assets)(Net)		-	(11,08,567)
<b>Profit/(Loss) before Prior Period Adjustments</b>		<b>(3,32,14,291)</b>	<b>(18,05,102)</b>
Prior Period Expenses		6,74,371	-
<b>Profit/(Loss) for the year</b>		<b>(3,38,88,662)</b>	<b>(18,05,102)</b>
Balance brought forward		(9,95,54,030)	(9,77,48,928)
<b>Balance carried to Balance Sheet</b>		<b>(13,34,42,692)</b>	<b>(9,95,54,030)</b>
Basic and diluted earnings per share of Rs.10 each		(11.29)	(0.60)
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (17)</b>			

As per our report of even date attached  
For **Vijay Rungta & Co.**  
Chartered Accountants

**Ajay Rungta**  
Partner  
Membership No. F-40333  
Mumbai, June 08, 2009

For and on behalf of the Board

**R. L. Saboo**  
**S. M. Soni**

Directors  
Mumbai, June 08, 2009

## SIMPLEX PAPERS LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	2008 - 09	2007 - 08
	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT/(LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS</b>	<b>(3,31,81,141)</b>	<b>(28,53,669)</b>
<b>Adjustment for :</b>		
Depreciation	1,10,63,151	1,01,22,601
Interest expense (gross)	-	22,50,513
Interest income	(16,016)	(4,22,334)
Balances Written off	(6,89,096)	-
Excess Provision of Gratuity Written back	(10,231)	-
Loss on Sale of Fixed Assets	-	74,383
Capital Advances Written off	4,77,000	-
Stores & Spares Written off	11,16,945	-
Bad Debts	2,11,726	-
Retrenchment Compensation Written Off	13,04,389	13,04,389
	<u>1,34,57,868</u>	<u>1,33,29,552</u>
<b>OPERATING (LOSS)/PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>(1,97,23,273)</b>	<b>1,04,75,883</b>
(Increase)/ Decrease in working capital :		
Trade and other receivables	(6,20,297)	65,57,779
Inventories	1,29,90,000	(68,78,655)
Trade and other Payables	(39,54,320)	(5,23,17,747)
	<u>84,15,383</u>	<u>(5,26,38,623)</u>
<b>CASH GENERATED FROM / (USED IN) OPERATIONS</b>	<b>(1,13,07,890)</b>	<b>(4,21,62,740)</b>
Retrenchment Compensation Paid	-	(65,21,943)
Direct Taxes (Paid)/ Received including Fringe Benefit Tax	(40,570)	(1,16,568)
Prior Period Adjustments (Net)	(6,74,371)	-
<b>NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>(A) (1,20,22,831)</b>	<b>(4,88,01,251)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets/Capital Advances paid	-	(33,500)
Sale of Investments	-	1,42,50,000
Sale of Fixed Assets	-	3,90,000
Interest received	16,016	4,22,334
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>(B) 16,016</b>	<b>1,50,28,834</b>



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	<b>2008 - 09</b>	2007 - 08
	<b>Rs.</b>	Rs.
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Net change in borrowings	<b>1,17,42,369</b>	3,60,48,478
Interest paid	-	(22,50,513)
<b>NET CASH GENERATED FROM /(USED IN) FINANCING ACTIVITIES</b>	<b>1,17,42,369</b>	<b>3,37,97,965</b>
	<b>(C)</b>	
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,64,446)</b>	25,548
	<b>(A+B+C)</b>	
<b>CASH AND CASH EQUIVALENTS - AT START OF THE YEAR</b>	<b>6,43,236</b>	6,17,688
<b>CASH AND CASH EQUIVALENTS - AT END OF THE YEAR</b>	<b>3,78,790</b>	6,43,236
<b>Cash and cash equivalents comprise of :</b>	<b>As on</b>	As on
	<b>31.03.2009</b>	31.03.2008
Cash on hand	<b>3,533</b>	37,242
Balances with Scheduled Banks :		
- in Current accounts	<b>1,47,757</b>	3,78,494
- in Deposit accounts as margin money	<b>2,27,500</b>	2,27,500
	<b>3,78,790</b>	6,43,236
<b>NOTES TO THE ACCOUNTS - SCHEDULE 17</b>		

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As per our report of even date attached  
For **Vijay Rungta & Co.**  
Chartered Accountants

**Ajay Rungta**  
Partner  
Membership No. F-40333  
Mumbai, June 08, 2009

For and on behalf of the Board

**R. L. Saboo**  
**S. M. Soni**

Directors  
Mumbai, June 08, 2009

## SIMPLEX PAPERS LIMITED

### SCHEDULES FORMING PART OF THE BALANCE SHEET

	31.03.2009 Rs.	31.03.2008 Rs.
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
1,50,00,000 Equity Shares of Rs.10 each	<u>15,00,00,000</u>	<u>15,00,00,000</u>
<b>ISSUED SUBSCRIBED AND PAID UP</b>		
30,01,475 (Previous Year 30,01,475) Equity shares of Rs.10 each fully paid up. (of above 15,30,475 Equity Shares of Rs.10 each fully paid up were allotted to the Equityshareholders of Simplex Realty Ltd. pursuant to scheme of arrangement without payment being received in cash)	<u>3,00,14,750</u>	<u>3,00,14,750</u>
Add: Share Forfeited Account	<u>30,000</u>	<u>30,000</u>
	<u><b>3,00,44,750</b></u>	<u><b>3,00,44,750</b></u>
<hr/>		
	31.03.2009 Rs.	31.03.2008 Rs.
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
GENERAL RESERVE	19,34,58,141	19,34,58,141
Less: Debit Balance of Profit & Loss Account	<u>13,34,42,692</u>	<u>9,95,54,030</u>
	<u><b>6,00,15,449</b></u>	<u>9,39,04,111</u>
	<u><b>6,00,15,449</b></u>	<u><b>9,39,04,111</b></u>
<hr/>		
	31.03.2009 Rs.	31.03.2008 Rs.
<b>SCHEDULE 3</b>		
<b>UNSECURED LOANS</b>		
Interest free Sales Tax Loan from Government of Maharashtra	47,58,522	47,58,522
From a Body Corporate	<u>14,40,33,302</u>	<u>13,22,90,933</u>
	<u><b>14,87,91,824</b></u>	<u><b>13,70,49,455</b></u>

## SCHEDULE FORMING PART OF THE BALANCE SHEET

### SCHEDULE 4 FIXED ASSETS

Amount in Rs.

	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As at 1st April 2008	Additions during the year	Deductions during the year	As at 31st March 2009	Upto 31st March 2008	Provided during the year	On Deductions	Upto 31st March 2009	As at 31st March 2009	As at 31st March 2008
Land	1,38,00,000	-	-	1,38,00,000	-	-	-	-	1,38,00,000	1,38,00,000
Buildings	7,93,42,465	-	-	7,93,42,465	82,99,734	23,61,550	-	1,06,61,284	6,86,81,181	7,10,42,731
Plant and Machinery	18,75,31,814	-	-	18,75,31,814	3,11,61,670	84,62,914	-	3,96,24,584	14,79,07,230	15,63,70,144
Electrical Installations	19,50,000	-	-	19,50,000	3,44,490	97,811	-	4,42,301	15,07,699	16,05,510
Fire Services & Sprinkler Installations	1,25,000	-	-	1,25,000	22,083	6,270	-	28,353	96,647	1,02,917
Furniture and Office Equipments	6,07,092	-	-	6,07,092	2,41,847	57,893	-	2,99,740	3,07,352	3,65,245
Vehicles	8,50,000	-	-	8,50,000	2,70,183	76,713	-	3,46,896	5,03,104	5,79,817
Previous Year	28,42,06,371	-	-	28,42,06,371	4,03,40,007	1,10,63,151	-	5,14,03,158	23,28,03,213	24,38,66,364
Capital work-in-progress & Advances for Capital Expenditure	28,47,21,871	33,500	5,49,000	28,42,06,371	3,03,02,023	1,01,22,601	84,617	4,03,40,007	24,38,66,364	25,44,19,848
Total										
									-	4,77,000
									<b>23,28,03,213</b>	<b>24,43,43,364</b>



# SIMPLEX PAPERS LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET

	31.03.2009 Rs.	31.03.2008 Rs.
<b>SCHEDULE 5</b>		
<b>INVESTMENTS</b>		
<b>Long Term Investments In Government Securities, Unquoted Fully Paid</b>		
6 Years National Savings Certificates		
Deposited with various authorities	<u>12,000</u>	<u>12,000</u>
	<b>12,000</b>	<b>12,000</b>

	31.03.2009 Rs.	31.03.2008 Rs.
<b>SCHEDULE 6</b>		
<b>INVENTORIES</b>		
(As valued and certified by the management)		
(i) Stores and Spare Parts - at cost	<b>63,99,206</b>	75,16,151
(ii) Stock in Trade		
(a) Raw Materials - at cost or market rate whichever is lower	<b>1,36,500</b>	1,36,500
(b) Finished Goods - at cost or market rate whichever is lower	<b>1,46,929</b>	1,46,929
(c) Plantation Stock - at market rate	<b>66,70,000</b>	1,96,60,000
	<u><b>69,53,429</b></u>	<u>1,99,43,429</u>
	<b>1,33,52,635</b>	<b>2,74,59,580</b>

	31.03.2009 Rs.	31.03.2008 Rs.
<b>SCHEDULE 7</b>		
<b>SUNDRY DEBTORS</b>		
Debts outstanding for a period exceeding six months	<u>-</u>	<u>2,11,726</u>
	<u>-</u>	<u>2,11,726</u>

	31.03.2009 Rs.	31.03.2008 Rs.
<b>SCHEDULE 8</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	<b>3,533</b>	37,242
With Scheduled Banks		
- in Current Accounts	<b>1,47,757</b>	3,78,494
- in Deposit Accounts as Margin Money	<b>2,27,500</b>	2,27,500
	<u><b>3,75,257</b></u>	<u>6,05,994</u>
	<b>3,78,790</b>	<b>6,43,236</b>





## SCHEDULES FORMING PART OF THE BALANCE SHEET

	31.03.2009		31.03.2008
	Rs.		Rs.
<b>SCHEDULE 9</b>			
<b>OTHER CURRENT ASSETS</b>			
Interest Accrued but not due	6,047		3,821
Sundry Deposits	27,28,901		19,69,207
	<u>27,34,948</u>		<u>19,73,028</u>
<hr/>			
	31.03.2009		31.03.2008
	Rs.		Rs.
<b>SCHEDULE 10</b>			
<b>LOANS AND ADVANCES</b>			
(Unsecured, considered good)			
Advances recoverable in cash or in kind or for value to be received			
Advance payment of Income-tax/ Fringe Benefit tax and Tax deducted at source	5,80,142		5,39,572
Other Advances	5,44,700		6,86,323
Balances with Excise Authorities	2,10,009		2,10,009
	<u>13,34,851</u>		<u>14,35,904</u>
<hr/>			
	31.03.2009		31.03.2008
	Rs.	Rs.	Rs.
<b>SCHEDULE 11</b>			
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
<b>A. Current Liabilities</b>			
Sundry Creditors	10,28,264		48,45,908
(Refer note 3 of Schedule 17)			
Other Liabilities	1,42,38,771		1,50,72,586
	<u>1,52,67,035</u>		<u>1,99,18,494</u>
<b>B. Provisions</b>			
Provision for Gratuity	90,985		93,173
Provision for Fringe Benefit Tax	3,19,559		2,86,409
	<u>4,10,544</u>		<u>3,79,582</u>
	<u>1,56,77,579</u>		<u>2,02,98,076</u>
<hr/>			
	31.03.2009		31.03.2008
	Rs.		Rs.
<b>SCHEDULE 12</b>			
<b>MISCELLANEOUS EXPENDITURE</b>			
(to the extent not written off or adjusted)			
Retrenchment Compensation	52,17,554		65,21,943
Less : Amortised during the year	13,04,389		13,04,389
	<u>39,13,165</u>		<u>52,17,554</u>

## SIMPLEX PAPERS LIMITED

### SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	2008-09 Rs.	2007-08 Rs.
<b>SCHEDULE 13</b>		
<b>OTHER INCOME</b>		
Excess Provision of Gratuity Written back	10,231	-
Miscellaneous Income	8,62,837	1,45,49,584
Interest Income	16,016	4,22,334
	<u>8,89,084</u>	<u>1,49,71,918</u>

	Rs.	2008-09 Rs.	Rs.	2007-08 Rs.
<b>SCHEDULE 14</b>				
<b>(DECREASE)/INCREASE IN FINISHED GOODS</b>				
<b>Closing Stock</b>				
Finished Goods	<u>68,16,929</u>	68,16,929	<u>1,98,06,929</u>	1,98,06,929
Less:				
<b>Opening Stock</b>				
Finished Goods	<u>1,98,06,929</u>	1,98,06,929	<u>1,23,91,933</u>	1,23,91,933
(Decrease) /Increase in Stock		<u>(1,29,90,000)</u>	<u>74,14,996</u>	74,14,996

	Rs.	2008-09 Rs.	Rs.	2007-08 Rs.
<b>SCHEDULE 15</b>				
<b>MANUFACTURING AND OTHER EXPENSES</b>				
1. Payments to and provisions for Employees :				
Salaries, Wages, Bonus and Ex-gratia	2,09,500		26,32,633	
Gratuity	8,043		39,77,146	
Leave Benefit	-		2,32,165	
Contribution to Provident and other Funds	12,240		2,30,858	
Welfare Expenses	<u>22,763</u>		<u>1,18,804</u>	
		<b>2,52,546</b>		71,91,606
2. Operating and Other Expenses :				
Stores and Spare Parts Consumed (Including Value loss of Rs.11,16,945/-)	12,04,642		71,433	
Excise Duty [net of recovery of Rs. NIL (Previous Year Rs. Nil)]	-		7,45,602	
Repairs to				
Buildings	-		1,605	
Machinery	<u>14,988</u>		<u>13,866</u>	



## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	2008-09		2007-08
	Rs.	Rs.	Rs.
<b>SCHEDULE 15 (Contd.)</b>			
Insurance	3,73,018		5,82,627
Rent	1,22,424		2,23,094
Rates and Taxes	1,89,716		1,92,916
Security Charges	9,49,276		8,51,089
Travelling and Conveyance Expenses	3,08,203		2,16,632
Advertisements	1,44,603		3,294
Postage, Telegrams, Stationary and Printing	1,11,830		1,07,443
Bad Debts	2,11,726		-
Bank Charges/Commission	18,911		71,870
Professional Fees	10,88,659		6,07,494
Sundry Expenses	5,38,321		4,62,643
Stamp Duty & other charges	26,63,026		-
(Refer note 4 of Schedule 17)			
Capital Advances written off	4,77,000		-
Amortisation of Retrenchment Compensation	13,04,389		13,04,389
		<b>97,20,732</b>	<b>54,55,997</b>
3. Payments to Auditors :			
Audit Fees	20,000		1,00,000
Tax Audit	-		25,000
In Other Capacity	10,000		-
Reimbursement of Expenses and Service Tax	3,296		15,450
		<b>33,296</b>	<b>1,40,450</b>
4. Directors' Sitting Fees		<b>10,500</b>	<b>10,500</b>
5. Discount, Commission and Brokerage on Sales		-	25,000
6. Loss on Sale of Fixed Assets		-	74,383
		<b>1,00,17,074</b>	<b>1,28,97,936</b>

	2008-09		2007-08
	Rs.		Rs.
<b>SCHEDULE 16</b>			
<b>INTEREST</b>			
On Working Capital		-	12,90,880
On Others		-	9,59,633
		-	22,50,513

# SIMPLEX PAPERS LIMITED

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## SCHEDULE 17

### I. SIGNIFICANT ACCOUNTING POLICIES :

The accounts have been prepared in accordance with the accounting principles generally accepted in India and are in line with the relevant provisions of the Companies Act, 1956.

**(a) System of Accounting :**

The Company adopts the accrual basis in the preparation of the accounts except insurance claims and sales tax refunds.

**(b) Fixed Assets :**

All fixed assets (including assets taken on hire purchase) are carried at cost. The cost of fixed assets includes expenses incidental to acquisition. Interest on specific borrowings, obtained for the purposes of acquiring fixed assets is capitalized upto the date of commissioning of the assets.

**(c) Capital Work-in-progress :**

Capital Work-in-progress is carried at cost, comprising of direct cost, related incidental expenses and interest on borrowings there against.

**(d) Investments :**

Long Term Investments are valued at cost less provision for permanent diminution( if any) in the value of such investments.

**(e) Inventories :**

Stores and spare parts are valued at cost. Process stock is valued at estimated cost. Raw materials are valued at cost or market rate, whichever is lower. Finished products are valued at cost or market rate whichever is lower. Plantations that have grown up and are in saleable condition (i.e. ready to sale) as on the balance sheet date have been recognized as stock in trade and valued at market rate.

**(f) Revenue Recognition :**

Sales of goods are recognized on dispatch of goods to customers, or when substantial risks and rewards of ownership are transferred by the Company. Sales are inclusive of excise duty and exclude sales tax.

**(g) Borrowing Costs :**

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are considered as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**(h) Export Sales :**

Export sales in foreign currency are accounted at the exchange rates prevailing on the dates of the transactions.

**(i) Foreign Exchange Transactions :**

Transactions in foreign currency are recorded at the exchange rate prevailing at the time of the transaction. As at the balance sheet date, monetary assets and liabilities denominated in foreign currency are reported at closing rates. Gains or losses on settlement / restatement of foreign currency transactions are recognized in the Profit and Loss account in the period in which they arise.



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## SCHEDULE 17 (Contd.)

**(j) Depreciation :**

Depreciation has been provided on all fixed assets (excluding Furniture, Fixtures and Equipments) on straight-line method and on Furniture, Fixtures and Equipments on the written down value basis at rates prescribed in Schedule XIV to the Companies Act, 1956.

**(k) Retirement Benefits :**

The liability on account of gratuity and leave encashment is based on actuarial valuation.

**(l) Deferred Taxation :**

Deferred Tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Assets are recognized only to the extent there is a reasonable certainty of realization, except for unabsorbed depreciation and business loss, in respect of which deferred tax asset is recognized only if the Company is virtually certain of having sufficient taxable income in future against which the loss/depreciation can be set off.

**(m) Impairment of Assets :**

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

**(n) Miscellaneous Expenditure (to the extent not written off or adjusted) :**

Retrenchment Compensation paid to workers is treated as deferred revenue expenditure and amortised over a period Five Years.

## II. NOTES TO THE ACCOUNTS :

1. Contingent liabilities not provided for:
  - (a) Claims against the Company not acknowledged as debts Rs.1,861.33 lacs (including Excise Rs.1,754.47 lacs). (Previous year Rs.1,851.33 lacs- including Excise Rs.1,754.47 lacs).
  - (b) Bills discounted, Letters of Credit, Letters of Guarantee Rs. Nil (Previous year Rs. 2.18 lacs).
2. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.Nil (Previous year Rs.10.74 lacs).
3. The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.
4. During the year the Company has paid Rs.26.63 Lacs of stamp duty (including interest) on account of demerger of Paper division from "The Simplex Mills Co. Ltd." (Now known as Simplex Realty Limited), and vested with the company as per the Scheme of Arrangement u/s 391 to 394 of the Companies Act, 1956 sanctioned by the Honorable High Court of Bombay vide their order dated 01 July, 2005.
5. There was no production during the year as the production is under suspension since September, 2006 due to financial stringency and non availability of required raw materials. The management is evaluating various alternative viz. different raw materials mix and hope to re-start the production at the earliest.

## SIMPLEX PAPERS LIMITED

### SCHEDULE 17 (Contd.)

6. The Company continues to carry the inventory of Plantations that have grown up and are in saleable condition (i.e. ready to sale) as on the balance sheet date have been recognized as stock in trade and valued at market price amounting to Rs.66.70 lacs (Previous year Rs.196.60 lacs).

7. Erosion in the Net Worth of the Company

The accumulated losses of the Company have exceeded 50% of its Net worth as at the end of the financial Year 2008-09.

8. In accordance with the Accounting Standard (AS-15) (Revised 2005) Employee Benefits, actuarial valuation was done in respect of the defined benefit plan of gratuity based on the following assumptions:

	<b>2008 - 09</b>
<b>Actuarial Assumptions</b>	
Discount Rate	7.00%
Salary Escalation Rate	5.00%
Attrition Rate	0.00%
<b>Gratuity</b>	
<b>A. Changes in value of obligations</b>	<b>(Rs.)</b>
Liability at the beginning of the year	82,942
Interest Cost	6,221
Current Service Cost	10,168
Benefit Paid	-
Actuarial (Gain)/Loss on Obligations	(8,346)
Liability at the end of the year	90,985
<b>B. Amount recognized in the Balance Sheet</b>	
Present Value of Defined Benefit Obligation as at the year end	90,985
Fair Value of Plan Assets as at the year end	-
(Liability)/Net Asset recognized in the Balance Sheet	**(90,985)
**Included in Provisions (Refer Schedule 11)	
<b>C. Expenses recognized in the Profit &amp; Loss account</b>	
Interest Cost	6,221
Current Service Cost	10,168
Net Actuarial (Gain)/Loss recognized	(8,346)
Expenses recognized in Profit & Loss account	8,043

9. Break-up of deferred tax assets/(liability) (net):

(Rs. in Lacs)

Deferred Tax effect of	<b>31-Mar-09</b>	31-Mar-08
	<b>Deferred Tax Asset/ (Liability)</b>	Deferred Tax Asset/ (Liability)
1 Related to Fixed assets	(99.50)	2.99
2 Disallowances under Income Tax Act	14.09	8.45
3 Carried forward Losses & Unabsorbed Depreciation	339.30	-
<b>* Deferred tax Assets/(Liability) - net</b>	<b>253.89</b>	11.44

\*Deferred tax asset for the year ended 31st March 2009 has not been recognised in accordance with the accounting policy.



**SCHEDULE 17 (Contd.)**

<b>10. Earnings Per Share:</b>	<b>2008-09</b>	2007-08
(a) Numerator used for calculating basic and diluted earnings per share – Profit/(Loss) after Tax - Rs.	<b>(3,38,88,662)</b>	(18,05,102)
(b) Weighted average number of shares used as denominator for calculating basic and diluted earning per share	<b>30,01,475</b>	30,01,475
(c) Nominal value of shares (Rs. per share)	<b>10/-</b>	10/-
(d) Basic/Diluted earning per share- Rs.	<b>(11.29)</b>	(0.60)

11. The Company's activities are classified as belonging to a single business segment of manufacture and trading in Paper products. The Company's operations are largely limited to India.

12. Related Party Disclosure (As identified by the Management) :

- (a) Related Party Relationship during the year  
Controlling Company                      Simplex Realty Limited
- (b) Transaction with Related Party

(Rs. in Lacs)

Type of Related Party	Description of the nature of the transactions	Volume of transactions during 2008-09	Volume of transactions during 2007-08	As on 31-Mar-09 Receivable/ (Payable)	As on 31-Mar-08 Receivable/ (Payable)
Controlling Company	Loan	<b>(117.42)</b>	(823.60)	<b>(1,440.33)</b>	(1,322.91)

13. Additional information pursuant to the provisions of paragraphs 3 & 4 of part II of Schedule VI to the Companies Act, 1956 as certified by the Management.

		<b>01.04.2008 to 31.03.2009</b>		01.04.2007 to 31.03.2008	
	Unit	Quantity	Value Rs.	Quantity	Value Rs.
(a) Turnover*:					
Paper	Kgs.	-	-	1,693	30,467
			-		30,467
<b>* including excise duty</b>					
(b) (i) Opening stock of Finished Goods					
Paper	Kgs.	<b>5,060</b>	<b>1,46,929</b>	6,753	1,77,218
Plantation	Nos.	<b>1,01,500</b>	<b>1,96,60,000</b>	1,03,000	1,22,14,715
			<b>1,98,06,929</b>		1,23,91,933
(ii) Closing stock of Finished Goods:					
Paper	Kgs.	<b>5,060</b>	<b>1,46,929</b>	5,060	1,46,929
Plantation	Nos.	<b>61,000</b>	<b>66,70,000</b>	1,01,500	1,96,60,000
			<b>68,16,929</b>		1,98,06,929

## SIMPLEX PAPERS LIMITED

SCHEDULE 17 (Contd.)	01.04.2008 to 31.03.2009		01.04.2007 to 31.03.2008		
	Value Rs.		Value Rs.		
(c) CIF Value of direct imports:					
Raw Materials	Nil		Nil		
Spare Parts	Nil		Nil		
(d) Earnings in Foreign Exchange	Nil		Nil		
(e) Licensed and Installed capacity and Production (as certified by the management and accepted by auditors, it being a technical matter).					
(i) Capacity:	Unit	Licensed	Installed	Licensed	Installed
(a) Pulp	M.tonnes	12,000	9,000	12,000	9,000
(b) Paper & Paper board	M.tonnes	12,000	9,000	12,000	9,000
(ii) There was no Production during the year.					

14. Information required pursuant to Part - IV of Schedule VI to the Companies Act, 1956 is annexed hereto.

15. Previous Year's figures have been regrouped wherever necessary to conform to this year's presentation.

As per our report of even date attached

For **Vijay Rungta & Co.**

Chartered Accountants

**Ajay Rungta**

Partner

Membership No. F-40333

Mumbai, June 08, 2009

For and on behalf of the Board

**R. L. Saboo**

**S. M. Soni**

Directors

Mumbai, June 08, 2009





**Information as required under Part IV of Schedule VI to the Companies Act, 1956  
Balance Sheet Abstract and Company's General Business Profile**

**I Registration Details**

Registration No. : 078137  
State Code : 11  
Balance Sheet Date : 31st March, 2009

**II Capital raised during the year ( Amount in Rs. Thousands)**

Public Issue : Nil  
Right Issue : Nil  
Bonus Issue : Nil  
Private Placement : Nil

**III Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)**

Total Liabilities	2,38,852	Total Assets	2,38,852
Sources of Funds			
Paid-up Capital	30,045	Reserves & Surplus	60,015
Unsecured Loans	1,48,792		
Application of Funds			
Net Fixed Assets	2,32,803	Investments	12
Net Current Assets	2,124	Misc. Expenditure	3,913

**IV Performance of the Company (Amount in Rs. Thousands)**

Turnover & Other Income	(12,101)	Total Expenditure	21,080
Loss Before Tax	(33,181)	Loss After Tax	(33,889)
		(after considering prior period adjustments)	
Earnings per share Rs.	(11.29)	Dividend @ %	Nil

**V. Generic Names of Principal Products / Services of Company ( as per monetary terms)**

Product Description	Item Code No. (ITC Code)
Printing & Writing Paper	4802.9

For **Vijay Rungta & Co.**  
Chartered Accountants

**Ajay Rungta**  
Partner  
Membership No. F-40333  
Mumbai, June 08, 2009

For and on behalf of the Board

**R. L. Saboo**  
**S. M. Soni**

Directors  
Mumbai, June 08, 2009

**SIMPLEX PAPERS LIMITED**

**NOTES**



## SIMPLEX PAPERS LIMITED

Registered Office: 30, Keshavrao Khadye Marg, Sant Gadge Maharaj Chowk, Mumbai - 400 011

### ATTENDANCE SLIP

I hereby record my presence at the 15<sup>th</sup> ANNUAL GENERAL MEETING held on Monday, the 10th August, 2009 at 12.00 Noon at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai-400 001.

DP. ID. No. \_\_\_\_\_

Client I.D. No. \_\_\_\_\_

Folio No. \_\_\_\_\_

Full Name of Member \_\_\_\_\_

Signature \_\_\_\_\_

Full Name of Proxy (in Block Letters) \_\_\_\_\_

Signature \_\_\_\_\_

- 1) Members/Proxy holders are requested to bring the attendance slip duly completed when they come to the Meeting and hand them over at the entrance after affixing their signatures on them.
- 2) Members/Proxy holders should bring their copy of the Annual Report for reference at the Meeting.



## SIMPLEX PAPERS LIMITED

Registered Office: 30, Keshavrao Khadye Marg, Sant Gadge Maharaj Chowk, Mumbai - 400 011

### PROXY FORM

I/We \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

\_\_\_\_\_ being a member(s) of the above named Company,

hereby appoint \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

or failing him/her \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

as my/our Proxy to vote for me/us on my/our behalf at the 15<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held on Monday, the 10<sup>th</sup> August, 2009 at 12.00 Noon At M. C. Ghia Hall, Bhogilal Hargovindas Building, 2<sup>nd</sup> Floor, 18/20, Kaikhushru Dubash Marg, Mumbai-400 001.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009

Signed by the said,

DP. ID. No. \_\_\_\_\_

Client I.D. No. \_\_\_\_\_

Folio No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Affix  
Re. 1.00  
Revenue  
Stamp  
(Signature)

Notes:

- i) The Proxy form must be lodged at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
- ii) The Proxy need not be a Member.

Book - Post

*If undelivered, please return to:*

**Simplex Papers Limited**  
30, Keshavrao Khadye Marg,  
Sant Gadge Maharaj Chowk,  
Mumbai - 400 011.