

17TH ANNUAL REPORT 2011



*50 Million School...5 Crore Students...
We know the Secret to their Success.*



Innovate ▲ **Interact** ▲ **Involve**



Paper Stationery | Innovative Education

BOARD OF DIRECTORS

Mr. Amrut P. Shah	(Chairman & Managing Director)
Mr. Shantilal P. Shah	(Whole-time Director)
Mr. Hasmukh A. Gada	(Whole-time Director)
Mr. Jagdish J. Kothari	(Non-Executive Independent Director)
Mr. Anuj V. Sukhadia	(Non-Executive Independent Director)
Mr. Bhavin P. Gogri	(Non-Executive Independent Director)
Mr. Nilesh S. Dedhia	(Non-Executive Independent Director up to 27-10-2010)

CHIEF MENTOR	: Mr. Bhagirat B. Merchant
COMPANY SECRETARY	: Ms. Amisha V. Shah
AUDITORS	: M/s Bhuta Shah & Co.
EDUCATION BUSINESS ADVISOR	: Mr. Krishan Khanna, Founder & Trustee of i-watch
BANKERS	: State Bank of India : Industrial Development Bank of India
REGISTERED OFFICE	: 903, Dev Plaza, Opp. Andheri Fire Station, S.V. Road, Andheri (W), Mumbai- 400 058, INDIA
PLANT	: P.I.D.C.O., Mahim Village, Palghar, Dist. Thane, Maharashtra, INDIA
PAPER UNIT	: Village, Sihora, P.O. Khandelwal Nagar, Kanhan- 441 401, Tah.Parseoni, Dist.Nagpur (M.S.) INDIA.
SEZ UNIT	: No. F A1-365&366, Sector No. 4, KASEZ, Gandhidham (Kutch) 370 230, Gujarat, INDIA
SHARE TRANSFER WORK	: M/s Sharex Dynamic (India) Pvt. Ltd. Unit No.1, Luthra Ind. Premises, Andheri-Kurla Road, Safed Pool, Andheri (East), Mumbai-400 072, INDIA

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Performance Highlights

Profit & Loss Account	2010-11	2009-10	2008-09	(₹ in lacs) 2007-08
Net Sales	19191	15029	12970	11080
Other Income	83	124	153	113
Total Income	19274	15154	13123	11193
"Profit before Depreciation, Interest, Tax & Extraordinary Item (PBDIT)"	2448	2165	1649	1525
"Profit before Tax (PBT) (After Extra Ordinary Items)"	1313	1052	582	944
Profit After Tax (PAT)	865	774	562	810
Dividend including Dividend Distribution Tax	168	168	84	84
PBDIT as % Of Total Income	12.7	14.29	12.56	13.62
PAT as % Of Total Income	4.49	5.11	4.28	7.23
EPS (Rs)	1.2	1.08	0.78	1.15
# ROCE %	4.45	4.53	6.13	9.24
* RONW %	8.19	8.09	9.17	14.94

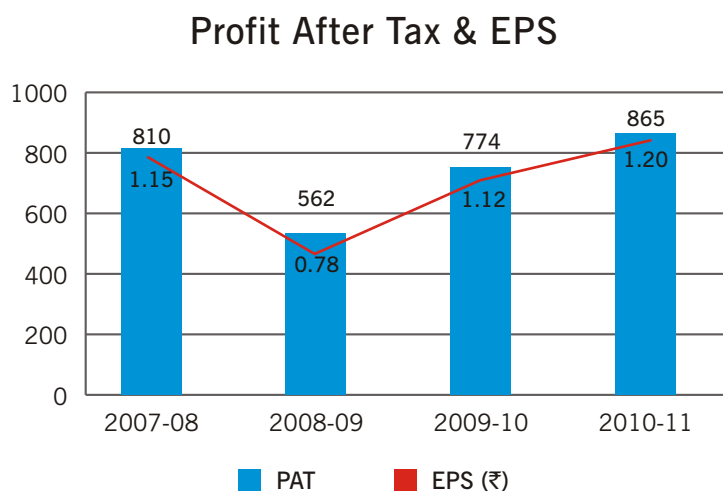
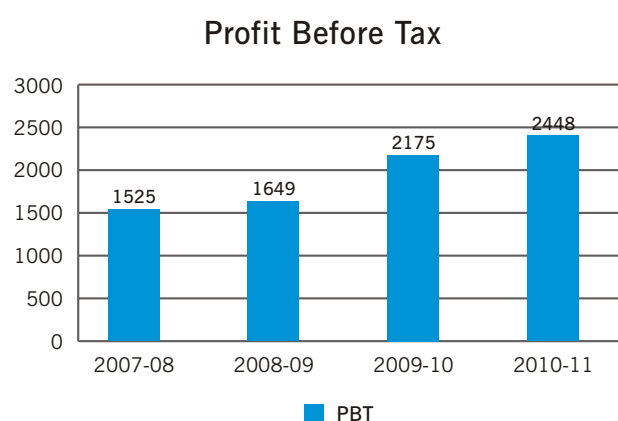
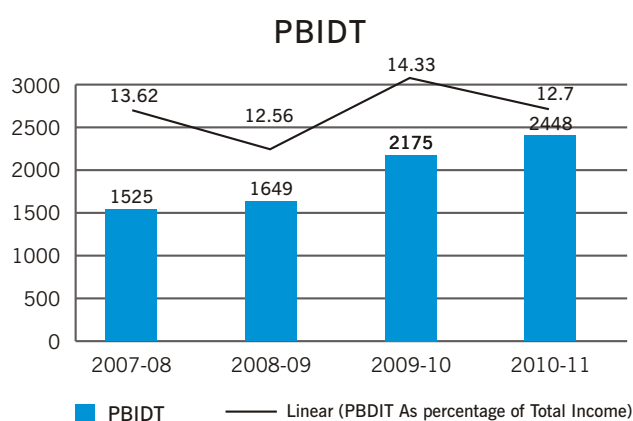
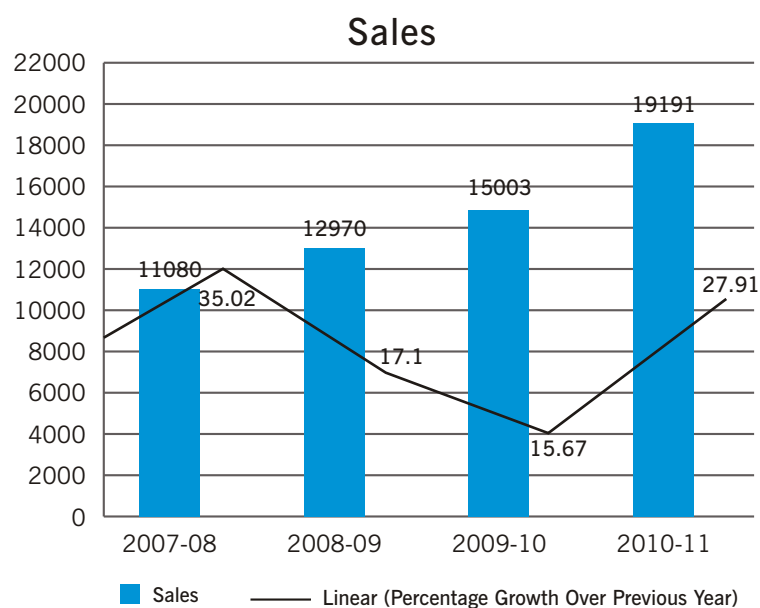
ROCE:- $\frac{\text{Return On Capital Employed} + \text{Net Worth} + \text{Deferred Tax liability} + \text{Loan funds}}{\text{Average Capital Employed} = \frac{\text{Previous year} + \text{Current Year}}{2}}$
 $\frac{(\text{PAT before Extraordinary Items})}{(\text{Average Capital Employed excluding revaluation reserve \& miscellaneous expenditure})}$

*RONW:- $\frac{\text{PAT before Extraordinary Items}}{(\text{Average network worth excluding revaluation reserve and miscellaneous expenditure})}$

Balance Sheet	2010-11	2009-10	2008-09	(₹ in lacs) 2007-08
Share Capital	719	719	719	719
Reserves	9848	9151	8545	8067
Net Worth	10567	9870	9264	8786
Deferred Tax Liability	276	38	208	132
Loan Funds	8605	6971	4416	4215
Capital Employed	19448	17087	13888	13133
Net Fixed Assets	9019	8802	8755	8014
Investment	491	491	--	1
Net Current Assets	9938	7794	5133	5118
Total Assets	19448	17087	13888	13133
Debt: Equity	1.22	0.71	0.47	0.48

Performance Highlights | continued

(₹ in Lacs)



Chairman's Statement



Amrut P. Shah
Chairman & Managing Director

As I look back on the year gone, I am convinced in my belief that India will take its rightful place in the world as a global superpower. Despite crisis and challenges, India's resilience to withstand and weather these adverse challenges is commendable. Having embarked on the journey towards economic development, we must face all challenges and obstacles to ensure that our rightful place in the World should not be compromised.

India's GDF performance continues to be strong and encouraging. The Indian economy is the eleventh largest economy in the world by nominal GDP and has the second largest GDP on PPP basis among emerging economies i.e. USD 3.5 trillion. India is the 4th largest economy in the World with a population of over 1 billion, land area of 3.29 million square kilometers and GDP Growth of 8.5% has opened up new business opportunities to the world in all segments of business.

Sundaram posted good results during financial year 2010-11. Sundaram achieved the net sales of ₹191.91 crores as against ₹150.29 crores of

the previous year, registering a growth of over 27.69%. The profit after tax has been higher at ₹ 865.25 lacs registering a growth of over 37%. It gives me great pleasure to mention that your Company has recommended a dividend of ₹ 0.20 per equity share of face value of ₹1 for this year.

The growth of the paper stationery products directly depends upon the paper industry and the growing demand for education. Indian Paper Industry has welcomed the Union Budget Proposal for the year 2011-12 and also expressed its thanks to Mr. Pranab Mukherjee, Hon'ble Finance Minister for presenting a growth oriented budget, which will definitely fuel growth in the manufacturing sector when is now on the path of economies revival from the earlier worse economic recession. The Indian education sector is estimated to be at USD 28bn in size, and is expected to be USD 47bn over a period of 5-6 years. Private final consumption expenditure on education is on rise. This shows that with an increase in per capita income, people are willing to spend more on education once their basic needs

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Chairman's Statement | continued

of food and clothing are satisfied. Exciting prospects lie ahead for the Indian Education sector. These are the growth engines of paper and stationery industry.

The increasing demand for the quality education and massive government allocation for education segment, K-10 segment is one of the fastest growing segments comprising of approximately USD40billion Indian Education Market. It gives me immense pleasure to announce your Company through its wholly owned subsidiary, namely Sundaram Edusys Pvt. Ltd., has successfully created a Audio-Visual, Animated 100 % syllabus for students of 1 to 10 of Maharashtra SSC Board English, Marathi and Semi English medium. Because of special user friendly features of e-class and through rigorous marketing strategy, the Company has successfully penetrated the e-class into the market and the e-class has received an overwhelming response from private schools, Government Educational Institutes, coaching classes, students and parents. The Company commenced its commercial sales from February 2011 and made a total sale of ₹ 2.50 Crores upto the month of 31st March 2011.

My only mission is to provide quality education to every emerging bud of this nation. Education is every child's birth right and I focus that every child of our Country should get equivalent quality education irrespective of geographies and economic back grounds.

Before I conclude I would like to thank all staff members of your Company for their support and continuous commitment which is enabling us to navigate through the bad and good times. I would

also like to express my gratitude to my colleagues, our customers, business associates, shareholders and member of the Board for their valuable assistance. We will continue to work for enhancement of stakeholder's value and remain committed to justify the faith and trust you have reposed on us.

With warm personal regards...

Amrut P. Shah
Chairman & Managing Director

Notice

To,

The Members,

Sundaram Multi Pap Limited

NOTICE is hereby given that the **SEVENTEENTH** Annual General Meeting of the Members of SUNDARAM MULTI PAP LTD will be held on Friday, 30th September 2011 at 10.00 a.m., at Navinbhai Thakar Hall, Shradhanand Road, Vile Parle (East), Mumbai-400 057, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended on that date and the schedules together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint Director in place of Mr. Jagdish J. Kothari, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company.

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

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

SPECIAL BUSINESS:

5. Increase in the remuneration of Mr. Amrut P. Shah, Managing Director, in excess of the ceiling laid down under Section 309 of the Companies Act, 1956.

To consider and if thought fit, to pass the following resolution as **SPECIAL RESOLUTION**:

“RESOLVED THAT pursuant to Sections 198, 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act and subject to the approval of the Central Government, if required, and subject to such other approvals, permissions and sanctions, if any, as may be required, and subject to the such conditions and modifications, as may be prescribed or imposed by any of the authorities in granting such approvals, permissions and sanctions, the Company hereby accords its approval for increase in remuneration of Mr. Amrut P. Shah, Managing Director of the Company, from ₹ 60.00 lacs p.a. to ₹ 120.00 lacs p.a. for the financial year 2011-12.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to accept such modifications of remuneration, as may be approved by the Central Government and any other authorities and to alter and vary the remuneration subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to the Board of Directors and Mr. Amrut P. Shah.

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

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6. Payment of remuneration to three Executive Directors viz. Mr. Amrut P. Shah, Managing Director, Mr. Shantilal P. Shah, Whole-time Director and Mr. Hasmukh A. Gada, Whole-time Director, put together in excess of the ceiling laid down under Section 309 of the Companies Act, 1956.

To consider and if thought fit, to pass the following resolution as **SPECIAL RESOLUTION**:

“RESOLVED THAT pursuant to Sections 198 and 309 and all other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act and subject to the approval of the Central Government, if required, and subject to such other approvals, permissions and sanctions, if any, as may be required, and subject to the such conditions and modifications, as may be prescribed or imposed by any of the authorities in granting such approvals, permissions and sanctions, the Company hereby accords its approval for the increase in total remuneration of the three Executive Directors viz. Mr. Amrut P. Shah, Managing Director, Mr. Shantilal P. Shah, Whole-time Director and Mr. Hasmukh A. Gada, Whole-time Director, for the financial year 2011-12, as mentioned below:

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

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to accept such modifications of remuneration, as may be approved by the Government of India and any other authorities to alter and vary the remuneration subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to the Board of Directors and aforesaid Directors.

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

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

Amisha V. Shah
Company Secretary

Mumbai on this 08th Day of August 2011

REGISTERED OFFICE:

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

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE, ON POLL, INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY TO BE EFFECTIVE, SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The explanatory statement as required under Section 173(2) of the Companies Act, 1956, in respect of the business set out in Item nos. 5 & 6 above is annexed hereto.
3. Members who hold Shares in dematerialized form are requested to write their Client ID and DP ID Nos. and those who hold shares in Physical form are requested to write their Folio No. in the attendance slip while attending the Meeting for easy identification of attendance at the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 26th September 2011 to Friday, 30th September 2011 (Both days inclusive).
5. Members are requested to
 - I. Write to the Company at least 7 days before the date of the meeting, in case they desire any information as regards to the Audited Accounts for the financial year ended 31st March 2011, so as to enable the Company to keep the information ready.
 - II. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are therefore requested to kindly bring their copy of the Annual Report and the Attendance Slip at the Annual General Meeting.
 - III. Intimate to the Registrar & Transfer Agent (R&TA) of the Company immediately, about any change in their addresses, where the shares are held in electronic form such change is to be informed to the Depository Participant (DP) and not to the Company / R & TA.
 - IV. Quote Registered Folio Number or DP ID/ Client ID in all the correspondence.
 - V. Approach the R&TA of the Company for consolidation of folios.
 - VI. Furnish bank account details to the R&TA / Depository Participant to prevent fraudulent encashment of dividend warrants.
 - VII. Avail of Nomination facility by filling in and forwarding the nomination form to the R&TA, if not already done.
 - VIII. Send all share transfer lodgments (physical mode) / correspondence to the R&TA of the Company M/s Sharex Dynamic (India) Pvt. Ltd, Unit No.1, Luthra Ind. Premises, Andheri-Kurla Road, Safed Pool, Andheri (East), Mumbai- 400 072 upto the date of book closure.
6. For the convenience of the Members, attendance slip is enclosed in the Annual Report. Members/ Proxy Holders/Authorized Representatives are requested to fill in and sign at the space provided therein and submit the same at the venue. Proxy/Authorized Representatives of Members should state on the attendance slip as 'Proxy' or 'Authorized Representative', as the case may be.
7. Corporate Members are requested to forward a certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
8. The Company has listed its shares at Bombay Stock Exchange Ltd., National Stock Exchange of India Ltd., Pune Stock Exchange Ltd., Ahemdabad Stock Exchange Ltd., and all the listing fees, till date, have been paid.

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9. All the documents referred to in the Notice are open for inspection at the Registered Office of the Company between 10.30 a.m. to 12.30 p.m. on all working days except Saturdays, Sundays and Public Holidays until the date of the Annual General Meeting or any adjournment(s) thereof.
10. Members are informed that in case joint holders attend the Meeting, only such joint holder who is higher in the order of names in the Register of Members/Beneficial Holders will be entitled to vote.
11. Mr. Jagdish J. Kothari, Director retires by rotation, being eligible, offers himself for re-appointment. The particulars of re-appointment of Director are given in the Annexure to the Notice.

**Details of the Directors seeking re-appointment in the forthcoming Annual General Meeting
(in pursuance of Clause 49 of the Listing Agreement)**

Name of Director	Mr. Jagdish J. Kothari
Date of Birth	04/11/1954
Date of Appointment	30/03/2003
Expertise in specific functional areas	Having vast knowledge of accountancy, import and export of stationery.
Qualifications	B.Com
Directorship held in other public companies (excluding foreign companies)	Nil
Membership/Chairmanship of Committees of other public companies (includes only Audit Committee and Shareholders'/Investors' Grievance Committee)	Nil
Shareholdings in the Company	Nil

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

Amisha V. Shah
Company Secretary

Mumbai on this 08th Day of August 2011

REGISTERED OFFICE:

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

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

The following Explanatory Statement sets out all material facts relating to the business mentioned under item Nos. 5 and 6 of the accompanying Notice dated 8th August 2011.

Items 5 & 6:

The Members had, at the Annual General Meeting of the Company held on 29th September 2007, approved the re-appointment of Mr. Amrut P. Shah as Managing Director of the Company for a period of 5 years with effect from 1st April 2007 and payment of remuneration to him for his services as Managing Director on the terms and conditions contained in the resolution appointing him as Managing Director.

The Members had, at the Annual General Meeting of the Company held on 29th September 2007, approved the re-appointment of Mr. Shantilal P. Shah as Whole-time Director of the Company for a period of 5 years with effect from 1st April 2007 and payment of remuneration to him for his services as Whole-time Director on the terms and conditions contained in the resolution appointing him as Whole-time Director.

The Members had, at the Annual General Meeting of the Company held on 29th September 2007, approved the re-appointment of Mr. Hasmukh A. Gada as Whole-time Director of the Company for a period of 5 years with effect from 1st April 2007 and payment of remuneration to him for his services as Whole-time Director on the terms and conditions contained in the resolution appointing him as Whole-time Director.

The Members had also authorized the Board of Directors to fix the total remuneration within overall ceiling laid down under Section 309 read with Section I of Part II of Schedule XIII of the Companies Act, 1956.

The Remuneration Committee of our Board at its meeting held on 8th August 2011 recommended increase in remuneration to Managing Director and two Whole-time Directors for the financial year 2011-12, as indicated in the accompanying Notice, which were approved by the Board Directors at the meeting held on 8th August 2011.

The proposed remuneration of ₹120.00 lacs for the financial year 2011-12 payable to Mr. Amrut P. Shah, Managing Director, exceed the limit of 5% of the net profit under Section 309(3) of the Companies Act, 1956 and as calculated in the manner as provided under Section 198 of the Act. Further, the total remuneration proposed to be paid to all the three Directors exceeds the ceiling of 10% of the net profit under Section 309 (3) of the Companies Act, 1956. Due to inadequacy of net profit to pay the remuneration as mentioned above, the Company has to apply to the Central Government as per the provisions of Clause C of Section II of Part II of Schedule XIII of the Companies Act, 1956. Your Directors recommend these resolutions as Special Resolutions for approval of the Members.

The following additional information as required by Schedule XIII to the Companies Act, 1956 is given below:

I. GENERAL INFORMATION:

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

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(4) Financial Performance:

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

(₹ in Lacs)

Particulars	Year ended 31st March				
Financial Parameters	2011	2010	2009	2008	2007
Turnover	19191.04	15029.49	12893.02	11151.73	8246.90
Net Profit (as Computed under Section 309(5) of the Companies Act, 1956)	865.26	774.25	561.98	809.74	415.42
Net Profit (as per Profit & Loss Account)	865.26	774.25	561.98	809.74	415.42
Amount of Dividend Paid/payable (Equity)	143.74*	143.74	71.86	71.87	71.00
Rate of dividend declared in % (Equity)	20%*	20%	10%	10%	20%

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

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

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

During the year 2010-2011 the Company has earned Net Foreign Exchange Earnings of ₹ 2212.87 Lacs. There is no foreign collaboration.

(6) Foreign Investments or Collaborations, if any:

The total holdings of foreign institutional investors is 49,00,000 Equity shares of ₹1/- each constituting 6.82% of the Paid up Equity Share Capital. There is no foreign collaboration.

II. INFORMATION ABOUT THE APPOINTEE:

A) Mr. Amrut P. Shah:

1. Background details: Mr. Amrut P. Shah, Promoter, is the Managing Director of the Company. He brings with him more than 26 years' experience in the business of paper stationery manufacturing. He started his career at a tender age of 20 years in the notebook manufacturing and marketing. He is associated with the Company since incorporation i.e. from 1995, till date.

2. Past Remuneration:

(₹ in Lacs)

Period		Salary
From	To	
01/04/2006	31/03/2007	18.00
01/04/2007	31/03/2008	24.00
01/04/2008	31/03/2009	24.00
01/04/2009	31/03/2010	60.00
01/04/2010	31/03/2011	60.00

3. Recognition/Awards:

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

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

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

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

4. Job Profile and Suitability:

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

5. Remuneration paid/proposed:

		(₹ in Lacs)
Period		Salary
From	To	
01/04/2011	31/03/2012	120.00

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

Mr. Amrut P. Shah brings with him almost 3 decades of experience in the business of paper stationery manufacturing. He started his career at a tender age of 20 years in the notebook manufacturing and marketing that provided him the opportunity to understand complete intricacies of this business like sourcing raw materials, complete manufacturing processes like printing, ruling, cutting, folding, pinning, pasting and packing and selling to various retail outlets in and around vicinity. He launched himself as an independent manufacturer in the year 1985 with his brother Mr. Shantilal P. Shah and in very second year of operation achieved three important milestones viz. pioneered the concept of long books, drawing book with laminated cover and the soft cover laminated notebooks. He also has in-depth knowledge of the

paper industry that helps the business greatly, paper being the principal raw material. He has built an uncanny relationship with the paper manufacturers over last 26 years which has ensured consistent supplies of the required paper for manufacturing various paper stationery. His all encompassing knowledge of paper stationery manufacturing business and his successful track record have made him the most respectable figure in the Industry.

Sundaram is strong Brand in Education stationary market in western India for almost 3 decades. In Maharashtra it is one of the top two brands with 15% market share. The Company's existing capacity of conversion of paper into various paper stationery product stands at 25000 tonnes of paper and 4500 tonnes of boards per annum. Mr. Amrut P. Shah strived hard to place our Company in a prominent position and his role since 1995 in turning our Company to one of the reputed and branded paper stationery manufacturing companies in the State of Maharashtra. He has transformed his vision of e-learning by launching "e-class", through its wholly owned subsidiary i.e. Sundaram Edusys Pvt. Ltd., which is 100 % syllabus based quality digital animation content for State Board K-10 segment of Maharashtra State in English, Marathi and Semi-English medium.

The turnover of our Company, as per the audited accounts, for the year ended 31.03.2011 was ₹ 191.91 Crores. There are 142 employees on the roll as on date. Considering the size of the Company, turnover, growth in the Company's business and the profile of the Managing Director, the proposed remuneration is comparable, if not, lower than the levels prevailing in the industry.

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

Mr. Amrut P. Shah, Managing Director of the Company and Mr. Shantilal P. Shah, Whole-time Director, are related to each other. Mr. Amrut P. Shah does not have any pecuniary relationship, directly or indirectly with the Company or managerial personnel except to the extent of his shareholdings in the equity share capital of the Company and the salary drawn by him as Managing Director. Mr. Amrut P. Shah holds 1,23,95,163 Equity Shares of ₹ 1/- each.

B) Mr. Shantilal P. Shah

1. Background details:

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

2. Past Remuneration:

(₹ in Lacs)		
Period		Salary
From	To	
01/04/2006	31/03/2007	12.00
01/04/2007	31/03/2008	18.00
01/04/2008	31/03/2009	18.00
01/04/2009	31/03/2010	30.00
01/04/2010	31/03/2011	30.00

3. Job Profile and Suitability:

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

4. Remuneration paid/ proposed:

		(₹ in Lacs)
Period		Salary
From	To	
01/04/2011	31/03/2012	60.00

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

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

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

The turnover of our Company, as per the audited accounts, for the year ended 31.03.2011 was ₹ 191.91 crores. There are 142 employees on the roll as on date. Considering the size of the Company, turnover and the profile of the Whole-time Director, the proposed remuneration is comparable, if not lower than the levels prevailing in the industry.

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

Mr. Shantilal P. Shah, Whole-time Director, and Mr. Amrut P. Shah, Managing Director of the Company, are related to each other. Mr. Shantilal P. Shah does not have any pecuniary relationship, directly or indirectly with the Company or managerial personnel except to the extent of his shareholdings in the equity share capital of the Company and the salary drawn by him as Whole-time Director. Mr. Shantilal P. Shah holds 1,09,83,263 Equity Shares of ₹ 1/- each.

C) Mr. Hasmukh A. Gada

1. Background details:

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

2. Past Remuneration:

		(₹ in Lacs)
Period		Salary
From	To	
01/04/2006	31/03/2007	06.00
01/04/2007	31/03/2008	09.00
01/04/2008	31/03/2009	12.00
01/04/2009	31/03/2010	12.00
01/04/2010	31/03/2011	12.00

3. Job Profile and Suitability:

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

4. Remuneration paid/ proposed:

		(₹ in Lacs)
Period		Salary
From	To	
01/04/2011	31/03/2012	30.00

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

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

"Sundaram" is strong Brand in Education stationary market in western India for the last 26 years. In Maharashtra, it is one of the top two brands with 15% market share. The Company's existing capacity of conversion of paper into various paper stationery product stands at 25000 tonnes of paper and 4500 tonnes of boards per annum. The turnover of our Company, as per the audited accounts, for the year ended 31.03.2011 was ₹ 191.91 crores. There are 142 employees on the roll as on date. Considering the size of the Company, turnover and the profile of the Whole-time Director, the proposed remuneration is comparable, if not lower than the levels prevailing in the industry.

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

Mr. Hasmukh A. Gada, Whole-time Director of the Company, and Mr. Amrut P. Shah, Managing Director, are related to each other. Mr. Hasmukh A. Shah does not have any pecuniary relationship, directly or indirectly with the Company or managerial personnel except to the extent of his shareholdings in the equity share capital of the Company and the salary drawn by him as Whole-time Director. Mr. Hasmukh A. Gada holds 16,99,000 Equity Shares of ₹1/- each.

III. OTHER INFORMATION:

1. Reasons for loss or inadequacy of profits:

The turnover of the Company for the year 2010-11 is ₹ 19191.04 Lacs as against ₹ 15029.49 Lacs for the year 2009-2010, thus registering a growth of 27.69%. There is no loss in the Company. The net profit of the Company for the year 2010-11 is ₹ 865.26 Lacs as against ₹ 774.25 Lacs for the year 2009-2010, thus registering a growth of 11.75%. Thus, there is a growth of net profit of the Company. However, the net profit of the Company falls short for the computation of the ceilings of the remuneration to the managerial personnel.

2. Steps taken or proposed to be taken for improvement:

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

3. Expected increase in productivity and profits in measurable terms:

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

IV DISCLOSURES:

1. Remuneration Policy:

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

2. Details of remuneration payable to the Directors for the year ended 31st March 2012:

(i) Executive Directors:

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

* subject to necessary approvals

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

(ii) Non-Executive Directors:

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

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

The Board of Directors recommends the resolutions set out in Items Nos.5 & 6 of the accompanying Notice for your approval.

The Explanatory Statement together with the accompanying notice may be treated as an abstract of the change in terms and conditions of re-appointment of Mr. Amrut P. Shah, Managing Director of the Company, Mr. Shantilal P. Shah, Whole-time Director and Mr. Hasmukh A. Gada, Whole-time Director, pursuant to Section 302 of the Companies Act, 1956.

Notes:

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

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

Amisha V. Shah
Company Secretary

Mumbai on this 08th Day of August 2011

REGISTERED OFFICE:

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

Note :

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to furnish your email id to the (RTA) M/s SHAREX DYNAMIC (INDIA) PVT LTD. Unit-1, Luthra Ind Premises, E.M.Vasanji Marg, Safed Pool, Andheri Kurla Road, Andheri East, Mumbai 400072.

Directors' Report

To,

The Members,

Sundaram Multi Pap Limited

Your Directors are pleased to present the Seventeenth Annual Report of the Company with Audited Balance Sheet and Statements of Accounts for the year ended 31st March 2011.

FINANCIAL HIGHLIGHTS:

The financial highlights of the Company are as follows:

		(₹ in lakhs)
Particulars	2010-11	2009-10
Total Income	19274.32	15154.06
Profit before interest, depreciation & amortization	2448.04	2165.45
Less: Interest	687.70	646.85
Depreciation	337.10	320.51
Amortization	109.40	145.86
Profit before extraordinary item & tax	1313.84	1052.22
Less: Extra ordinary item	-	-
Profit before tax	1313.84	1052.22
Less: Net provision for tax	475.51	250.81
Less: Short provision for earlier year	(26.93)	27.16
Profit after tax	865.26	774.25
Add: Balance brought forward from previous year	2996.35	2432.50
Balance available for disposal	3861.61	3206.75
Which the directors appropriate as follow:		
Proposed Dividend	143.74	143.74
Dividend tax	24.43	24.43
Transfer to general reserve	78.21	42.24
Balance to be carried forward	3615.23	2996.34

DIVIDEND:

Your Directors are pleased to recommend a dividend of ₹ 0.20/- per equity share of ₹ 1/- each (@20%) for the financial year ended 31st March 2011.

The total dividend outgo amounts to ₹ 1,43,73,720/- exclusive of Dividend Tax of ₹ 24,42,814/- to be paid by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Paper Stationery Business:

Industry Structure & Developments

The Paper Stationery and the notebook industry is the real indication of a Country's industriousness. More

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notebooks sold means more people are reading, writing and learning. It is a high growth industry driven by investments in education at the primary, secondary and tertiary level. The notebook industry has immense potential and is witnessing sea changes by moving away from the commodity market towards the branded product market. Government's thrust on education is giving push to the growth in the notebook industry. The Government of India is the prime mover through its various flagship schemes like 'Sarva Siksha Abhiyan'. Finance Minister has proposed an allocation of ₹ 52,057 crore in education sector, which is an increase of 24 per cent over the current year. For the year 2011-12, the existing operational norms of Sarva Shiksha Abhiyan have been revised and have proposed to allocate ₹ 21,000 crore which is 40 per cent higher than ₹ 15,000 crore allocated in the Budget for 2010-11. With the Government's emphasis on education, the number of student enrollments is increasing annually, and the industry is growing in sync.

With the student population of approximately 400 million in India, it makes education one of the biggest business opportunities, provided such opportunities are seized innovatively. Your Company has been in educational field for last 17 years and the promoters are in this business for more than 25 years, which gives your Company a place of pride in the school paper stationery business vertical. The growth of the paper stationery business is directly depended on the consumption expenditure on education which is on rise. With an increase in per capita income and growing awareness about education, people are willing to spend more on education once their basic needs of food and clothing are satisfied. This paves way for tremendous growth in the paper stationery business.

The organized sector, of which your Company is one of the prime players, has 10% of market share, while the rest 90% is with the unorganized sector. The production of the organized sector is completely consumed by the market and faces no competition from unorganized sector on account of economies of scale, modern manufacturing facilities, top class quality and round the year availability of products. The organized sector particularly has made rapid progress in modernizing its manufacturing facilities by installing state of the art high speed and fully automatic printing equipments and your Company has especially taken meaningful advantage of modernizing its plant in last couple of years which has enabled itself making inroads into neighboring States.

Opportunities & Threats:

The growing awareness of education amongst the masses, increasing emphasis of the Government of India over education and budgetary allocation on education, various programs of the Government and other social organizations on eradication of illiteracy, etc. are important features for the growth of the paper stationery and notebook business of the Company. Your Company is having the most modern and up to date manufacturing facilities to cater to the increasing demand for the quality paper stationery products. "Sundaram" is strong Brand in Education stationary market in western India for the last 25 years. In Maharashtra it is one of the top two brand with 15% market share. Sundaram has total 1200 wholesaler's distribution network with reach from tier 1 cities to Tier 2, Tier 3 & rural areas.

Your Company has successfully penetrated the markets in the State of Maharashtra, Goa, Gujarat, Madhya Pradesh, Chattisgarh, Karnataka and Kerala.

The entry barriers for any Company to set up a plant of the size of your Company at current market prices, is an inherent advantage for established players like 'Sundaram'.

The raw material prices particularly of paper could have an effect on margins. However, being an established Company and its relationship with its reputed suppliers of paper for over fifteen years, your

Directors' Report | continued

company have no problems in getting timely uninterrupted supplies of paper which is an important element in school paper stationery business.

Risks & Concerns

Increase in input costs:

The recent increase in prices of inputs is a matter of concern. We are confident in passing on such increases to customers.

Production & Sales Volumes:

Exercise Books: As against the production of 13.91 crores Exercise Books during the previous year, your Company produced 13.56 crores Exercise books during the year ended on 31st March, 2011. Sales during the Financial Year ended 31st March, 2011 was 13.30 crores Exercise Books as against 11.50 crores Exercise books during the previous year.

Paper: As against the production of 4391.83 tones of white paper during the previous year, Company produced 3991.15 tones of white paper through trial runs, for the year ended 31st March 2011. Sales during the Financial Year ended 31st March, 2011 was 4306.657 tones of white paper as against 4531 tones in the previous year.

Trading: As against 5462 M.T. of copier paper and other during the pervious year, Company sold 16138 M.T. during the Financial Year ended 31st March, 2011

Financial performance

The gross turnover of Exercise books for the year ended on 31st March 2011 was ₹ 119.95 crores as compared to ₹119.40 crores during the previous year. The gross turnover of white paper and kraft paper was ₹ 8.08 crores as compared to ₹ 12.12 crores during the previous year. The gross trading turnover of eco friendly copier paper during year ended on 31st March 2011 was ₹ 64.74 crores as compared to ₹ 19.27 Crores during last year. The profit before tax was ₹ 13.13 crores as compared to ₹ 10.52 crores during the previous year.

Outlook:

As stated earlier, demand for the school stationery products is expected to remain firm and your Company would be able to maintain its growth consistantly.

Future Plans:

Your Company has brought a new land at the existing plant at Palghar on which the construction of new plant has started. The existing plant has a fully automatic production line of the exercise books and we have installed additional one at the existing plant. The Company plans to install two more such fully automatic production line of the exercise books. The Company will reap the benefits of the productivity and profitability from the same from the financial year 2012-13.

Also the existing old units at Palghar plant are under renovation and will be in full fledge operations by Back to School 2012.

The research team of your Company is also engaged in doing study over setting a project for production of various innovative recycling products.

Paper Mill:

Your Company has completed the upgradation of machine at the Paper Mill at Nagpur by setting up a new modern machine. The Company has successfully started the commercial production, and foresees a very positive impact of the same by the Financial Year 2012-13.

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Subsidiary:

Sundaram Edusys Private Limited

Sundaram Edusys is first of its kind in India to create 100 % syllabus based quality digital animation content for State Board K-10 segment of Maharashtra State in English, Marathi and Semi-English medium. Sundaram Edusys has World class Animation studio with strong animators and professional teachers which has enable it to develop world class 2D, 3D content for easy learning solutions on "e-class" Platform for K-10 students in Maharashtra State for English, Marathi and Semi-English medium.

Digital Education Content is one of the fastest growing segment comprising of \$40bn Indian Education Market. There are only 3-4 bigger players nationally. Other players in the market work on concept based content borrowed from third party source. There is no real competition in terms of quality and cost.

The Company has been successful in penetrating the market and "e-class" has got an overwhelming response from the market. Through its rigorous marketing efforts the Company has successfully reached many reputed schools, coaching classes and also has become a preference of every individual parent and student.

The Company has commenced its commercial sales from February 2011 and in a short span has achieved a net sales of ₹ 2.50 Crores as on March 2011.

"e-class" needs rigorous marketing to convince various buyers of its ease and convenience of stress free teaching and learning and to shift from traditional method of learning to an advance method of learning. The Company's business involves installation of a large number of computer systems and other electronic equipments across various geographies. Such electronic equipments are prone to hardware/software malfunction, virus attacks, hacking and technological obsolescence. If any such events occur, we run risk of disruption of our operations. The Company is exposed to the risk of piracy which will result in loss of revenue.

CONSOLIDATED FINANCIAL STATEMENTS:

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

INTERNAL CONTROLS & THEIR ADEQUACY

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

HUMAN RESOURCES & INDUSTRIAL RELATIONS

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

Industrial relations of the Company were cordial during the year.

Directors' Report | continued

FIXED DEPOSITS:

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

UNCLAIMED DIVIDEND:

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

Accounting Year	Total amount unclaimed (in ₹)
2005-06	55,399
2006-07	55,482
2007-08	1,82,459
2008-09	54,448
2009-10	67,650

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

BANKS & FINANCIAL INSTITUTIONS:

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

CORPORATE SOCIAL RESPONSIBILITY:

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

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

DIRECTORS:

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

On the recommendation of the Remuneration Committee, the Board has proposed to increase the remuneration of Mr. Amrut P. Shah, Managing Director, from ₹ 60.00 lacs p.a. to ₹ 120.00 lacs p.a., of Mr. Shantilal P. Shah, Whole-time Director, from ₹ 30.00 lacs p.a. to ₹ 60.00 lacs p.a. and of Mr. Hasmukh A. Gada, Whole-time Director, from ₹ 12.00 lacs p.a. to ₹ 30.00 lacs p.a., subject to the prior approval of the Central Government and the members at the Annual General Meeting of the Company.

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

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DIRECTORS RESPONSIBILITY STATEMENT:

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

- a) The Company has followed the applicable standards in the preparation of the Annual Accounts and there had been no material departure;
- b) The Directors had selected the accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the aforesaid period;
- c) The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts on a going concern basis.

AUDITORS' REPORT:

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

Subject to Schedule 'P', note no.2 (vi) regarding revision in estimate for the amount of amortization of brand whereby the Company has amortised Brand @15% instead of 30% as prescribed in the accounting policy, due to which, amortization is short accounted by ₹ 10,939,612/- resulting into increase in profit by ₹ 10,939,612/- and value of Brand by ₹ 10,939,612/-.

To this the Directors' have to reply that the Company paid a purchase consideration on acquisition of paper Mills at Nagpur; in excess of book value / market value of physical assets. As per accepted accounting practice and prevailing Accounting standards (AS) it was treated as Goodwill/ Brand. The Company is required to amortise such asset over a period of 5 years, as per AS-14.

The Management considered operations at Nagpur paper mills. It was thought appropriate to reduce an amount of amortisation with consideration to data/status of the paper mills.

The Company has revised its estimate within provisions/ parameters specified in AS- 14. It is in interests of the Company and done prudently. It does not disturb true and fair view of our Annual accounts.

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

AUDITORS:

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

COST AUDITORS:

In accordance with the order from the Central Government, cost accounts are maintained in respect of product 'Paper'. M/s SNM Associates, Cost Auditors, Nagpur are appointed as the Cost Auditors for the financial year 2011-2012.

CORPORATE GOVERNANCE:

The company has been proactive in following the principles and practices of good corporate governance. The company has taken adequate steps to ensure that the conditions of Corporate Governance as

Directors' Report | continued

stipulated in clause 49 of the Listing Agreements of the Stock Exchanges are complied with.

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

DEPOSITORIES:

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

PERSONNEL:

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

INSURANCE:

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:

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

Form A:

Part A. Conservation of Energy:

	2011	2010
I) Electricity: -		
(a) Purchased:		
Unit (In Lacs)	22.29	36.75
Total Amount (₹ Lacs)	109.15	177.60
Rate /Unit (₹)	4.90	4.83
(b) Own generation: -	NIL	NIL
Units (in Kwh)		
Total amount (₹ In Lacs)		
Rate /unit (₹)		
II) Coal:-		
Quantity (Tones)	2485 M.T.	2878 MT
Total Cost (₹ Lacs)	83.47	67.65
Average Rate (₹)	3359.00	2350.00
III) Furnace Oil	NIL	NIL
IV) Rice Husk		
Quantity (Tones)		503 M.T.
Total Cost (₹ Lacs)		6.51
Average Rate (₹)		1295

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Part B. Consumption per Unit of Production:

Particular	Consumption per Unit of Production
Electricity	558.60 Unit Per ton.
Coal/Rice Husk	0.623 M.T. per ton

B. Technology Absorption, Adaptation and innovation:

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

C. Foreign Exchange Earnings and Outgoings:

	(₹ in Lacs)	
	2010-11	2009-10
Foreign Exchange Earnings:	2022.64	2671.16
Foreign Exchange Outgoings:	2.32	51.77

ACKNOWLEDGEMENTS:

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

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

Amrut P. Shah
Chairman & Managing Director

Mumbai on this 08th Day of August 2011

Report On Corporate Governance

(Pursuant to clause 49 of the listing agreement)

1. Company's philosophy on Corporate Governance Code:

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

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

2. Composition of Board of Directors:

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

Sr. No.	Name of the Director(s)	Category	No. of Board Meetings Attendance	Attended Last AGM	No. of Other Directorship#	#No. of other Committees	
						Chairman	Member
1	Mr. Amrut P. Shah.	Executive-Chairman & Managing Director, Promoter	12	Yes	4	NIL	3
2	Mr. Shantilal P. Shah	Executive Director, Promoter	12	Yes	3	NIL	NIL
3	Mr. Hasmukh A. Gada	Executive Director, Promoter	12	Yes	3	NIL	NIL
4	Mr. Nilesh S. Dedhia* (upto 27th October 2010)	Non-Executive Director, Independent	5	No	NIL	NIL	NIL
5	Mr. Jagdish J. Kothari	Non-Executive Director, Independent	5	Yes	NIL	NIL	NIL
6	Mr. Anuj V. Sukhadia	Non-Executive Director, Independent	5	Yes	1	NIL	NIL
7	Mr. Bhavin P. Gogri** (appointed w.e.f. 30th July 2010)	Non-Executive Director, Independent	7	Yes	NIL	NIL	NIL

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

Number of Board Meetings held during the financial year 2010-2011 was twelve. The dates on which these Meetings were held are 26.04.2010, 14.05.2010, 21.05.2010, 30.07.2010, 27.10.2010, 09.12.2010, 22.12.2010, 27.12.2010, 28.01.2011, 08.02.2011, 11.03.2011, 25.03.2011.

* Mr. Nilesh S. Dedhia had resigned with effect from 27.10.2010

** Mr. Bhavin P. Gogri was appointed with effect from 30.07.2010

Report On Corporate Governance | continued

Details of Directors being reappointed:

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

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

Details of Director seeking re-appointment at the forthcoming Annual General Meeting are given in the annexure to the notice calling Annual General Meeting.

Mr. Jagdish J. Kothari, aged 57 years is a B.Com graduate with a vast knowledge of accountancy, import and export of stationery.

3. Audit Committee:

Terms of reference & composition:

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

Your Audit Committee consists of three members. All the members are Non Executive Independent Directors. The Managing Director, Wholtime Directors and Auditors are invitees to the meeting and Company Secretary of the Company is the Secretary of the Audit Committee. The total number of meetings held during the year was four on 21.05.2010, 30.07.2010, 27.10.2010 and 08.02.2011 respectively. Mr. Jagdish J, Kothari was Chairman of the Committee till 30.07.2010 and attended two meetings. Mr. Bhavin P. Gogri was elected as the Chairman of the Committee thereafter and attended two meetings. Mr. Anuj V. Sukhadia, Member, attended 4 meetings and Mr. Nilesh S. Dedhia, Member attended 2 meetings. Mr. Bhavin P. Gogri was appointed with effect from 30.07.2010 and Mr. Nilesh S. Dedhia had resigned with effect from 27.10.2010.

4. Remuneration Committee:

Your Remuneration Committee consists of three members. All the members are Non Executive Independent Directors. During the year no meeting was held.

5. Shareholders/Investors Grievances Committee:

Your Shareholders/Investors Grievances Committee consists of three members. All the members are Non Executive Independent Directors. The total number of meetings held during the year was four on 21.05.2010, 30.07.2010, 27.10.2010 and 08.02.2011 respectively. Mr. Jagdish J, Kothari was Chairman of the Committee till 30.07.2010 and attended two meetings. Mr. Bhavin P. Gogri was elected as the Chairman of the Committee thereafter and attended two meetings. Mr. Anuj V. Sukhadia, Member, attended 4 meetings and Mr. Nilesh S. Dedhia, Member attended 2 meetings. Mr. Bhavin P. Gogri was appointed with effect from 30.07.2010 and Mr. Nilesh S. Dedhia had resigned with effect from 27.10.2010.

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

The Company received nil investor complaints during the year.

Report On Corporate Governance | continued

6. GENERAL BODY MEETINGS:

Financial Year	Date	Whether Special Resolution Passed	Time	Venue
2007-2008	27.09.2008	No	10.00 A.M.	Navinbhai Thakar Auditorium,
2008-2009	29.09.2009	No	10.00 A.M.	Shradhanand Road, Vile Parle (E),
2009-2010	03.09.2010	Yes	10.00 A.M.	Mumbai- 400 057.

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

Date **Particulars**

03.09.2010 i) Alteration in Articles of Association of the Company by insertion of Article 18 after the existing Article 17 and subsequent re-numbering of the articles.

7. Disclosures:

- During the year rent of ₹1.83 lacs was paid to Mrs. Nayna S. Shah, wife of Mr. Shantilal P. Shah.
 - During the year salary of ₹12 lacs was paid to Mr. Raichand P. Shah, brother of Mr. Amrut P. Shah and Mr. Shantilal P. Shah.
 - During the year advertisement expenses of ₹16.91 lacs was paid to M/s. Salt Advertising, proprietor of which, Ms. Riddhi Gala, is daughter of Mr. Amrut P. Shah.
 - Your Company has complied with all the provisions of the Companies Act, 1956, Rules and Regulations of the said Act, SEBI Guidelines, Stock Exchange Regulations and rules and regulations of other Statutory Authorities and there were no strictures, penalties imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last 3 years.
- (b) Company has not adopted the Whistle Blower Policy.

8. CEO/CFO Certification:

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

9. Means of Communication:

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

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10. GENERAL SHAREHOLDER'S INFORMATION:

AGM Day, Date	: Friday, September 30, 2011
Time	: 10.00 a.m.
Venue	: Navinbhai Thakar Hall, Shradhanand Road, Vile Parle (E), Mumbai- 400 057, India
Financial Year	: 2010-2011
Book Closure Date	: September 26, 2011 to September 30, 2011 (both inclusive)
Rate of Dividend recommended	: Re.0.20 per share
Listing on Stock	: Bombay Stock Exchange Ltd. : National Stock Exchange of India Ltd. : Pune Stock Exchange Ltd. : Ahmedabad Stock Exchange Ltd.
Listing fees are paid for Bombay Stock Exchange Ltd., National Stock Exchange of India Ltd., Pune Stock Exchange Ltd, Ahmedabad Stock Exchange Ltd.	
Stock Code	: BSE 533166 NSE - SUNDARAM PSE - SVN MV-160180 ASE - 57469/SUNDRMVL
Demat ISIN No	: INE108E01023
Outstanding ADR/GDR	: The Company has not issued any ADR/GDRs.

Report On Corporate Governance | continued

Market Price as per Bombay Stock Exchange Data:

Year	Month	Price		Volume Traded
		High ₹	Low ₹	
2010	April	54	46	3140526
	May	52	45	3963283
	June	52.35	47.20	3044640
	July	50.90	45.50	1992783
	August	52	43.55	3435995
	September	48.50	43.10	1502959
	October	49.95	44.10	3556539
	November	48.95	42.80	3306882
	December	48	42.05	3139297
2011	January	50.00	42.75	2354013
	February	47.00	39.85	3004855
	March	48.00	42.00	3354132

Registrar and Share Transfer Agents

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

Tel Nos: 022-28515606, 28515644

Fax No. : 022-28512885

E-mail : sharexindia@vsnl.com

Plant Location:

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

Paper Unit:

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

SEZ Unit:

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

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Distribution of Shareholding:

DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2011

Category	No. of Shares held	% of Holding
A. PROMOTER'S HOLDING		
1 PROMOTERS		
Indian Promoters	44416194	61.80
Foreign Promoters	0	0
2 Person acting in Concert	0	0
Sub Total	44416194	61.80
B. NON PROMOTER'S HOLDING		
3 INSTITUTIONAL INVESTORS		
a Mutual Funds and UTI	0	0
b Banks, Insurance Companies, Financial Institutions, Central/State Govt.Inst/Non Govt. Inst	10503	0.02
c Foreign Institutional Investors	5558530	7.73
Sub Total	5569033	7.75
4. OTHERS		
a Private Corporate Bodies	6861104	9.55
b Indian Public	14521897	20.20
c NRI's / OCB's	265429	0.37
d Any Other: Clearing Member	234934	0.33
Sub Total	21883364	30.45
GRAND TOTAL	71868591	100

Report On Corporate Governance | continued

Distribution of Shareholding as on 31st March 2011.

No. of Equity shares held	No. of Share Holders	% of total Shareholders	No. of Shares held	% of Total Share Capital
Upto 5000	3760	91.77	2102991	2.93
5001-10000	99	2.42	828192	1.15
10001-20000	76	1.86	1162856	1.62
20001-30000	34	0.83	872560	1.21
30001-40000	11	0.27	396475	0.55
40001-50000	13	0.32	603519	0.84
50001-100000	27	0.66	2227748	3.10
100001 and above	77	1.88	63674250	88.60
Total	4097	100	71868591	100

Dematerialisation of shares and liquidity

As on 31.03.2011, 93.35% of the paid up share capital of the Company has been dematerialized.

INVESTOR RELATION

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

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

Tel Nos : 022-28515606, 28515644

Fax No. : 022-28512885

E-mail : sharexindia@vsnl.com

(OR) directly to the Company to:

The Company Secretary

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

Tel Nos.: 022- 67602200; Fax Nos.: 022- 67602244, 67602255

11. CODE OF CONDUCT

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

All the Board Members and Senior Management Personnel of the Company have affirmed compliance

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with the applicable code of conduct for the year ended 31st March, 2011. The declaration from Mr. Amrut P. Shah, Managing Director, regarding the affirmation of the compliance for the year ended 31st March, 2011, is enclosed and forms part of this report.

12. OTHER REQUIREMENTS:

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

Declaration from the Managing Director & CEO

Under clause 49(D)(ii) of the Listing Agreement

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the year ended 31st March, 2011.

Mumbai on this 08th Day of August 2011

Amrut P. Shah
Managing Director & CEO

Auditor's Certificate On Corporate Governance

To,

The Members of

SUNDARAM MULTI PAP LIMITED

We have examined the compliance conditions of Corporate Governance procedures by Sundaram Multi Pap Limited during the year ended 31st March, 2011 with the relevant records and documents maintained by the Company, furnished to us for our examination and the report on Corporate Governance as approved by the Board of Directors, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with the stock exchange(s).

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 opinion on the financial statement of the Company.

On the basis of above and according to the information and explanation given to us, in our opinion, the Company has complied with in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement with the Stock Exchanges.

As required by the Guidance Note on Certification on Corporate Governance issued by the Institute of Chartered Accountants of India, we state that no investor grievance is pending for a period exceeding one month against the Company as at 31st March 2011 as per the certificate received from the Registrar and Share Transfer Agents and taken on record by the Investor's Grievance Committee of the Company.

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

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

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

Mumbai on this 28th Day of May 2011

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STANDALONE FINANCIAL STATEMENTS

Auditor's Report

To,
THE MEMBERS,
SUNDARAM MULTI PAP LIMITED.

1. We have audited the attached Balance Sheet of SUNDARAM MULTI PAP LIMITED (the Company) as at 31st March 2011, Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) Amendment Order 2004 (hereinafter referred to as "the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account, as required by the law have been kept by the Company in so far as it appears from our examination of the books;
 - c) The Balance Sheet, 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, Profit and Loss Account and Cash Flow Statement comply with the accounting standards referred to in sub-section 3(c) of section 211 of the Companies Act, 1956.
 - e) Based on the written representations received from the directors of the Company as on 31st March, 2011 and taken on record by the Board of Directors, we report that, none of the directors are prima-facie, disqualified as on 31st March, 2011 from being appointed as directors of the Company in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to note no. vi regarding revision in estimate for the amount of amortization of brand whereby the Company has amortised Brand @15% instead of 30% as prescribed in the accounting policy. Due to such revision, amortisation is short accounted by Rs. 10,939,612/- resulting into increase in profit by Rs. 10,939,612/- and value of Brand by Rs. 10,939,612/-, read together with other notes on accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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Auditor's Report | continued

- (i) in the case of Balance Sheet, of the State of Affairs of the Company as at 31st March, 2011,
- (ii) in the case of Profit and Loss Account, of the Profit for the year ended on that date and
- (iii) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

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

Mumbai on this 28th Day of May 2011

Annexure To The Auditor's Report

ANNEXURE referred to in paragraph (3) of our report of even date on the Accounts for the year ended 31st March 2011 of SUNDARAM MULTI PAP LIMITED.

- (i) (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets.
- (b) In our opinion and according to the explanations given to us, these assets have been physically verified by the management during the year in a phased manner, which is reasonable, having regard to the size of the Company and nature of the assets. No material discrepancies were noticed on such verification.
- (c) No substantial part of fixed assets has been disposed off during the year which will affect the going concern principle.
- (ii) (a) As explained to us, the inventory of the Company has been physically verified by the management at reasonable intervals during the year.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventories and no material discrepancies have been noticed on physical verification conducted by the management. The discrepancies noticed on verification between physical inventories and book records have been properly dealt with in the books of account.
- (iii) (a) The Company has granted unsecured loans to a subsidiary company. The maximum amount involved during the year is 1371.94 Lacs. And the year-end balance of loan granted to such party is Rs. 1371.94 Lacs.
- (b) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions on which loans have been given to the company are not, prima facie, prejudicial to the interest of the Company.
- (c) There is no stipulation for repayment of the above loans. Therefore, the question of repayment being regular does not arise.
- (d) There is no stipulation for repayment of the above loans. Therefore, the question of overdue amount does not arise.
- (e) The company has not taken any loan from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii) clause no. f and g of the Order are not applicable.
- (iv) In our opinion and according to the information and explanation given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods. During the course of our audit, no major weakness has been observed in the internal control system.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of the contracts or arrangements that need to be entered into the register maintained under section 301 have been so entered.

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Annexure To The Auditor's Report | continued

- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contract or arrangements entered in the contracts maintained under section 301 of the Companies Act, 1956 exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at that time.
- (vi) According to the information given to us, the Company has not accepted any deposit from public as defined under section 58A and 58AA of the Companies Act, 1956 and the rules framed there under, during the year under review and as such reporting under this clause is not applicable.
- (vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- (viii) Pursuant to the order made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, in respect of the 'paper' product of the Company and according to the information and explanations given to us, we are of the opinion that prima facie the Company has made and maintained prescribed accounts and records. We have not carried out detailed examination of the same. As per the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for other products of the Company.
- (ix) (a) According to the information and explanation given to us and according to the books and records produced and examined by us, the Company has been regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Income Tax, Sales Tax, Service Tax, Wealth Tax, Excise duty / cess and any other statutory dues, to the extent wherever applicable, with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31-03-2011 for a period of more than six months from the date they become payable.
- (b) As explained to us and according to the records of the Company, there were no disputes pending in respect of Income tax, Wealth Tax, Service Tax, Excise Duty / Cess, Customs duty and other statutory dues applicable to the Company as on 31-3-2011 except normal assessment and appellate proceedings as per the Income Tax Act, 1961.
- (x) The Company neither has accumulated losses at the end of the year nor has incurred cash losses during the current and the immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given to us, the Company has not defaulted in repayment of outstanding dues to any financial institution or banks during the year except Deferred Sales Tax loan of Rs. 20,64,441/- (Principal Rs. 4,19,000/- & Interest Rs. 16,45,441/-) from SICOM. The Company has made an application to the Government of Maharashtra under Amnesty Scheme for the waiver of the interest. The application is still under process.
- (xii) According to the information and explanation given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, considering the nature of the business carried on during the year, the Company is not a chit fund or nidhi / mutual benefit fund / society. In view of the above, the said clause (xiii) is not applicable to the company.

Annexure To The Auditor's Report | continued

- (xiv) According to information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. The investments have been held by the Company in its own name.
- (xv) According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans raised during the year by the Company have been applied for the purpose for which the said loans were obtained, where such end use has been stipulated by the lenders.
- (xvii) According to the information and explanation given to us and on the overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investments. No long term funds have been used to finance short term assets except working capital.
- (xviii) Company has not made any preferential allotment of shares during the year to companies, firms, parties covered in the register maintained u/s. 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) In our opinion and according to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

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

Mumbai on this 28th Day of May 2011

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Balance Sheet

SUNDARAM MULTI PAP LTD. BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	Schedule	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	71,868,591	71,868,591
Reserves & Surplus	B	984,816,358	915,107,137
		1,056,684,949	986,975,728
LOAN FUNDS	C		
Secured		726,418,216	682,169,878
Unsecured		134,152,911	14,974,905
		860,571,127	697,144,783
DEFERRED TAX LIABILITY		27,556,578	24,614,178
TOTAL		1,944,812,654	1,708,734,689
APPLICATION OF FUNDS			
FIXED ASSETS	D		
Gross Block		979,180,499	967,012,190
Less: Depreciation		163,080,417	118,708,954
NET BLOCK		816,100,082	848,303,236
Capital Work-in-progress		85,842,821	31,893,054
		901,942,903	880,196,290
INVESTMENTS	E	49,050,000	49,050,000
CURRENT ASSETS, LOANS & ADVANCES	F		
Inventories		541,257,656	320,859,170
Sundry Debtors		377,314,996	479,221,455
Cash & Bank Balances		16,502,358	30,288,694
Loans & Advances		269,645,814	121,745,269
		1,204,720,824	952,114,588
Less: CURRENT LIABILITIES & PROVISIONS	G	-	-
Current Liabilities		122,830,041	129,164,157
Provisions		88,071,032	43,462,032
		210,901,073	172,626,189
NET CURRENT ASSETS		993,819,751	779,488,399
TOTAL		1,944,812,654	1,708,734,689
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS	P		

As per our report of even date attached

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

CA Mitesh Kothari
Partner
Membership No. 110822

Mumbai on this 28th Day of May 2011

For and on behalf of the Board

Amrut P. Shah
Chairman & Managing Director

Shantilal P. Shah
Whole-time Director

Hasmukh A. Gada
Whole-time Director

Amisha V. Shah
Company Secretary

Profit & Loss Account

SUNDARAM MULTI PAP LTD. PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

Particulars	Schedule	Year Ended 31st March, 2011 ₹	Year Ended 31st March, 2010 ₹
INCOME	H		
SALES			
Local		1,706,557,346	1,223,495,227
Export		221,287,618	284,536,477
Gross Sales		1,927,844,964	1,508,031,704
Less: Excise Duty		8,740,888	5,081,850
Total Sales		1,919,104,076	1,502,949,854
OTHER INCOME		8,327,823	12,456,284
TOTAL		1,927,431,899	1,515,406,138
EXPENDITURE			
Materials Consumed	I	1,631,366,479	1,063,886,097
(Increase)/Decrease in Stocks	J	(203,232,428)	5,307,784
Manufacturing Expenses	K	139,531,727	132,576,434
Selling & Distribution Expenses	L	51,991,221	49,436,645
Payment to Employees	M	30,214,845	21,987,192
Administrative Expenses	N	32,755,595	25,666,322
Total Expenditure		1,682,627,438	1,298,860,474
Profit Before Interest, Depreciation & Tax (PBDIT)		244,804,461	216,545,664
Interest & Financial Cost	O	68,770,614	64,685,020
Profit Before Depreciation & Tax (PBDT)		176,033,848	151,860,644
Depreciation		33,710,497	32,051,859
Amortisation of Intangibles		10,939,612	14,586,149
		44,650,109	46,638,008
Profit Before Tax		131,383,739	105,222,636
Less Provision For Tax			
Current Tax		44,609,000	21,249,998
Deferred Tax		2,942,400	3,830,631
Short Provision of Earlier years		(2,693,418)	2,716,181
Profit after Tax		86,525,756	77,425,826
Add: Balance Brought Forwarded from earlier years		299,634,974	243,250,182
Profit available for Appropriations		386,160,730	3,20,676,008
Appropriations:			
Proposed Dividend		14,373,720	14,373,720
Dividend Distribution Tax		2,442,814	2,442,814
Transfer to General Reserve		7,821,000	4,224,500
Balance carried to Balance Sheet		361,523,196	299,634,974
Basic & Diluted EPS (in Rs.)		1.20	1.08
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS	P		

As per our report of even date attached

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

CA Mitesh Kothari
Partner
Membership No. 110822

Mumbai on this 28th Day of May 2011

For and on behalf of the Board

Amrut P. Shah
Chairman & Managing Director

Shantilal P. Shah
Whole-time Director

Hasmukh A. Gada
Whole-time Director

Amisha V. Shah
Company Secretary

Cash Flow

SUNDARAM MULTI PAP LTD. CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	April 1, 2010-March 31, 2011 ₹		April 1, 2009-March 31, 2010 ₹	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit / (Loss) before Tax and Extraordinary items		131,383,739		105,222,638
Adjustment for :				
Depreciation	44,650,109		46,638,005	
Interest Income	(15,743,846)		(908,759)	
Dividend Income	(7,500)		(7,500)	
Interest Paid	84,514,460		65,593,779	
(Profit)/Loss on Sale of Assets (Net)	74,854		(1,069,616)	
		113,488,077		110,245,909
		244,871,815		215,468,548
Operating profit before working capital changes				
Adjustment for :				
Sundry Debtors	101,906,459		(238,479,899)	
Adjustment for Stock	(220,398,486)		37,090,297	
Other loans & Advances	(115,196,344)		(37,190,659)	
Current Liabilities & Provisions	(3,640,699)		(14,598,620)	
		(237,329,069)		(253,178,881)
Cash generated from operations		7,542,746		(37,710,333)
Direct Taxes paid(Net)		(32,704,202)		(10,703,050)
NET CASH FLOW OPERATING ACTIVITIES		(25,161,456)		(48,413,383)
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(12,730,809)		(165,098,004)	
Investment in Capital WIP	(53,949,767)		109,703,883	
Sales of Fixed Assets	209,000		5,076,346	
Interest Received	15,743,846		908,759	
Investments (Purchased)/Sale	-		(49,000,000)	
Dividend Received	7,500		7,500	
NET CASH FLOW FROM INVESTING ACTIVITIES		(50,720,230)		(98,401,516)
CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from Borrowings	163,426,344		245,129,176	
Interest Paid	(84,514,460)		(65,593,779)	
Dividend Paid (Incl. of Tax)	(16,816,534)		(8,408,267)	
NET CASH FLOW FROM FINANCING ACTIVITIES		62,095,350		171,127,129
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)		(13,786,336)		24,312,230
Cash and Cash equivalents at beginning of the year	30,288,694		5,976,464	
Cash and Cash equivalents at end of the year	16,502,358		30,288,694	
Net Increase/ (Decrease)		(13,786,336)		24,312,230

Cash Flow

Note:

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

As per our report of even date attached
For **Bhuta Shah & Co.**
Chartered Accountants
(Registration No. 101474W)

CA **Mitesh Kothari**
Partner
Membership No. 110822

Mumbai on this 28th Day of May 2011

For and on behalf of the Board

Amrut P. Shah
Chairman & Managing Director

Shantilal P. Shah
Whole-time Director

Hasmukh A. Gada
Whole-time Director

Amisha V. Shah
Company Secretary

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SUNDARAM MULTI PAP LTD. SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2011

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SCHEDULE A: SHARE CAPITAL		
AUTHORISED		
200,000,000 Equity Shares of Re. 1/- each	200,000,000	200,000,000
ISSUED, SUBSCRIBED & PAID UP		
71,868,591 Equity Shares of Re. 1/- fully paid	71,868,591	71,868,591
SCHEDULE B: RESERVES & SURPLUS		
Capital Reserve	700,000	700,000
Securities Premium	610,151,163	610,151,163
	610,851,163	610,851,163
General Reserve	4,621,000	396,500
Add: Transfer from Profit and Loss Account	7,821,000	4,224,500
	12,442,000	4,621,000
Profit & Loss Account	361,523,196	299,634,974
	373,965,196	304,255,974
	984,816,359	915,107,137
SCHEDULE C: LOAN FUNDS		
SECURED LOANS		
Term Loans		
Union Bank Of India	1,238,379	116,451,128
State Bank Of India	164,410,661	-
Vehicle Loans	3,363,034	5,642,721
Sub-total	169,012,074	122,093,849
(The Above loans are secured by mortgage/hypothecation of related immovable/movable assets of the Company and Personal Gaurantee of three Directors. Vehicle Loans are secured by hypothecation of related vehicles.) (Term Loans includes ₹ 549.25 Lacs repayable within one year)		
Working Capital Loans		
Cash Credit from Union Bank Of India	57,077,375	555,547,386
Cash Credit from State Bank Of India	500,328,767	-
Export Bill Discount from Union Bank Of India	-	4,528,642
Sub-total	557,406,142	560,076,028
(Working Capital Loans from Banks are secured by hypothecation of stocks and book debts ranking pari-passu between them and also mortgage/hypothecation of related Immovable and Movable Fixed Assets of the Company ranking First pari-passu Charge between them and Personal Gaurantee of three Directors.)		
TOTAL	726,418,216	682,169,878

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SUNDARAM MULTI PAP LTD. SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE D: FIXED ASSETS AS ON 31st MARCH, 2011

(Amount in ₹)

PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK		
	As on 1st April, 2010	Additions During the Year	Deductions During the Year	As on 31st MAR, 2011	As on 1st April, 2010	For the Year	Deductions During the Year	As on 31st MAR, 2011	As on 31st MAR, 2010
Tangible Assets:									
Building	217,377,165	4,501,937	-	221,879,102	15,965,933	7,266,988	-	23,232,922	201,411,232
Computer	3,849,563	643,825	-	4,493,388	1,997,193	680,387	-	2,677,580	1,852,370
Furniture & Fixture	64,553,892	3,583,438	-	68,137,330	11,395,739	4,163,424	-	15,559,163	53,158,153
Motor Car	19,754,470	730,693	-	20,485,163	4,831,467	1,921,205	-	6,752,672	14,923,003
Plant & Machinery	406,427,116	3,270,916	562,500	409,135,532	60,285,050	19,322,797	278,646	79,329,201	346,142,066
Scooter	419,126	-	-	419,126	234,337	39,817	-	274,154	184,789
Tempo	3,325,031	-	-	3,325,031	2,120,011	315,879	-	2,435,889	1,205,020
Land	178,375,081	-	-	178,375,081	-	-	-	178,375,081	178,375,081
Intangible Assets :									
Brand	72,930,746	-	-	72,930,746	21,879,224	10,939,612	-	32,818,836	51,051,522
TOTAL	967,012,190	12,730,809	562,500	979,180,499	118,708,954	44,650,109	278,646	163,080,417	848,303,236
Previous Year	807,630,493	165,098,003	5,716,306	967,012,190	73,780,524	46,638,006	1,709,576	848,303,236	733,849,969

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SUNDARAM MULTI PAP LTD. SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2011

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
UNSECURED LOANS		
Sales Tax Loan	13,679,510	12,910,464
Inter Corporate Deposit	118,408,960	-
Term Loan From SICOM	2,064,441	2,064,441
	134,152,911	14,974,905
SCHEDULE E: INVESTMENTS		
Long Term, Trade		
Unquoted		
In Subsidiary:		
49,00,000 Equity Shares of ₹ 10/- each fully paid up of Sundaram Edusys Private Limited (Previous Year: 49,00,000)	49,000,000	49,000,000
In Others:		
5,000 Equity Shares of ₹ 10/- each fully paid up of Abhyudaya Co-operative Bank Ltd. (Previous Year: 5,000 Shares)	50,000	50,000
	49,050,000	50,000
SCHEDULE F: CURRENT ASSETS, LOANS & ADVANCES		
(A) CURRENT ASSETS		
(a) Inventories (As taken, valued & certified by the mangement)		
Raw Materials	195,210,997	199,279,243
Semi-Finished Goods	202,163,814	22,199,885
Finished Goods	103,985,808	80,717,309
Stores & Packing Material	25,269,230	18,662,734
Trading Goods	14,627,808	-
	541,257,656	320,859,170
(b) Sundry Debtors (Unsecured, considered good)		
Debts outstanding for a period exceeding six months	41,276,106	107,304,186
Other Debts	336,038,890	371,917,269
	377,314,996	479,221,455
(c) Cash & Bank Balances		
(i) Cash on Hand	2,857,324	1,688,292
(ii) With Scheduled Banks		
-In Current Accounts	13,076,834	27,136,223
-In Deposit Accounts	152,763	1,113,504

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SUNDARAM MULTI PAP LTD. SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2011

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
-In Unpaid Dividend Accounts	415,437	350,674
	16,502,358	30,288,694
(d) LOANS & ADVANCES (Unsecured, considered good)		
(a) Inter-Corporate Loans	-	8,700,000
(b) Loan To Subsidiary *	137,194,246	5,242,712
(c) MAT Credit Entitlement	9,500,000	9,500,000
(d) Deposits	3,317,064	3,718,564
(e) Prepaid Expenses	10,968,489	6,558,706
(f) Advances recoverable in cash or in kind and/or for value to be received	43,011,513	68,353,377
(g) Other Current Assets	56,239,126	18,044,654
(h) Advances to Creditors	9,415,375	1,627,256
	269,645,813	107,802,557
SCHEDULE G: CURRENT LIABILITIES & PROVISIONS		
(A) CURRENT LIABILITIES		
Sundry Creditors	103,015,930	103,408,891
Advance from Customers	7,482,729	2,690,397
Other Liabilities towards Extraordinary Item	4,455,434	12,093,302
Outstanding Statutory Liabilities	5,135,833	9,106,739
Outstanding Expenses	2,324,678	1,514,153
Unpaid Dividend **	415,437	350,674
SUB TOTAL (A)	122,830,041	129,164,157
(B) PROVISIONS		
Provision for Tax	69,263,201	24,654,201
Proposed Dividend	14,373,720	14,373,720
Provision for Dividend Distribution Tax	2,442,814	2,442,814
Provision for Gratuity	1,991,297	1,991,297
SUB TOTAL (B)	88,071,032	43,462,032
TOTAL (A) + (B)	210,901,073	172,626,189

* : Loan given to Sundaram Edusys Private Limited maximum balance outstanding during the year is ₹13,71,94,246/- (P.Y. ₹52,42,712/-)

** : There are no dues which needs to be credited into Investor Education and Protection Fund under section 205C of the Companies Act, 1956 as at 31st March 2011

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SUNDARAM MULTI PAP LTD.

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SCHEDULE H: INCOME		
SALES		
(A) Local		
ai) Sales (TDS Rs. Nil, Previous Year ₹ 50725/-)	1,059,093,342	1,030,696,980
a ii) Trading Sales	647,464,004	192,798,247
SUB TOTAL (A)	1,706,557,346	1,223,495,227
(B) Export		
bi) Sales	221,813,666	280,879,424
b ii) Exc Fluctuation on Exports	(526,048)	3,657,053
SUB TOTAL (B)	221,287,618	284,536,477
TOTAL SALES (A) + (B)	1,927,844,964	1,508,031,704
OTHER RECEIPTS		
Royalty Income (TDS Nil P.Y. ₹ 72,201/-)	-	1,439,180
Sales Tax Refund	-	365,299
Profit on Sale of Assets (Net)	-	1,218,225
Dividend	7,500	7,500
Export Incentives	1,384,869	3,236,201
Duty Drawback	6,798,399	4,814,708
Miscellaneous Income	101,000	114,218
Profit on Forex Derivatives	-	194,419
Sundry Balance W/Off	36,055	1,066,534
TOTAL OTHER RECEIPTS	8,327,823	12,456,284
SCHEDULE I: MATERIALS CONSUMED		
(A) Raw Material Consumed		
Opening Stock	189,157,078	238,208,990
Add: Purchases	959,925,504	789,426,206
Transport Inward	47,609,101	43,893,670
	1,196,691,683	1,071,528,866
Less: Closing Stock	195,210,997	189,157,078
SUB TOTAL (A)	1,001,480,687	882,371,788
(b) Cost of Trading Sales	629,885,792	181,514,309
TOTAL MATERIAL CONSUMED (A) + (B)	1,631,366,479	1,063,886,097

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SUNDARAM MULTI PAP LTD.

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SCHEDULE K: (INCREASE)/DECREASE IN STOCKS		
Opening Stock-Finished Goods	80,717,309	87,589,612
Opening Stock-Semi-Finished Goods	22,199,885	20,635,366
Less: Closing Stock-Finished Goods	103,985,808	80,717,309
Less: Closing Stock-Semi-Finished Goods	202,163,814	22,199,885
	(203,232,428)	5,307,784
SCHEDULE L: MANUFACTURING EXPENSES		
Electricity Expenses	9,875,731	16,237,349
Factory Wages	11,243,831	12,385,201
Job Work Expenses	30,571,089	31,746,471
Machinery Maintenance	4,116,557	3,272,319
Other Manufacturing Expenses	1,562,368	5,445,384
Security Charges	972,085	930,509
Service Tax	1,170,365	1,192,268
Stores & Packing Material Consumed	80,019,701	61,366,933
	139,531,727	132,576,434
SCHEDULE M: SELLING & DISTRIBUTION EXPENSES		
Advertisement & Sales Promotion	7,802,604	8,002,711
Freight, Clearing & Forwarding Charges	28,607,896	29,581,505
Loading & Unloading Charges	5,851,765	4,612,258
Commission Charges	9,728,956	7,240,171
	51,991,221	49,436,645
SCHEDULE N: PAYMENT TO EMPLOYEES		
Salaries & Wages	16,421,704	8,239,138
Contribution to PF, Gratuity & Other Funds	2,375,670	2,888,135
Directors' Remuneration	10,200,000	10,200,001
Staff Welfare	1,217,471	659,919
	30,214,845	21,987,192
SCHEDULE O: ADMINISTRATIVE CHARGES		
Amalgamation Expenses	1,128,625	2,263,606
Donation	4,897,644	827,600
Electricity Expenses	884,915	412,014
Insurance Charges	7,176,894	4,032,394
Legal, Professional & Consultancy Charges	3,912,842	5,976,612
Loss on Sale of Assets (Net)	74,854	148,609
Motor Car Expenses	1,462,662	948,100

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SUNDARAM MULTI PAP LTD.

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
Remuneration to Statutory Auditors	1,968,775	774,805
Rent, Rates & Taxes	2,182,847	2,113,818
Repairs & Maintenance	1,807,908	696,604
Miscellaneous Expenses	5,138,745	4,970,950
Travelling Expenses	2,118,884	2,501,211
	32,755,595	25,666,322
SCHEDULE P: INTEREST & FINANCIAL CHARGES		
Interest Charges	84,040,149	60,481,925
Less: Interest Capitalised	5,800,538	463,404
	78,239,611	60,018,521
Bank and Finance Charges	1,482,609	5,575,258
Loss on Forex Derivatives	4,792,239	-
	84,514,460	65,593,779
Less : Interest Received (TDS Rs. 1443793/-, Previous Year ₹ 41411/-)	15,743,846	908,759
	68,770,614	64,685,020

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Sundaram Multi Pap Limited

Schedules Forming Part of the Financial Statements for the Year Ended March 31, 2011

SCHEDULE 'P': NOTES TO ACCOUNT:

1. SIGNIFICANT ACCOUNTING POLICIES :

i. Accounting Conventions:

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

ii. Use of Estimates:

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

iii. Fixed Assets:

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

iv. Depreciation / Amortisation:

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

v. Investment:

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

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

vi. Valuation of Inventories:

Raw materials, stores and packing materials are valued at lower of cost or net realizable value. Cost is assigned on FIFO basis. Semi - finished goods are valued at raw material cost plus proportionate manufacturing overheads. Finished goods are valued at lower of the cost or net realizable value.

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Unrealized profit, if any, in inter unit transaction is eliminated to the extent possible.

vii. Revenue Recognition:

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

viii. Export Incentives:

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

ix. Retirement Benefits:

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

x. Foreign Currency Transactions:

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

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

xi. Borrowing Cost:

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

xii. Provision for Taxes:

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

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

xiii. Impairment of Fixed Assets:

At each balance sheet date, the Company reviews the carrying amount of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such

indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

xiv. Leases:

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

xv. Financial Derivatives Hedging Transaction:

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

xvi. Contingent Liability:

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

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

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

2. NOTES TO ACCOUNTS:

i. Contingent Liability: Nil

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

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

iv. Managerial Remuneration:

Remuneration to managing director and whole time directors for the year is ₹ 1,02,00,000/- (Previous Year ₹ 1,02,00,000/-).

Since the remuneration paid to managerial personnel is within the limits prescribed under Schedule XIII, calculation of Managerial Remuneration is not given.

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v. Auditors Remuneration:

Particulars	(Amount in ₹)	
	Current Year	Previous Year
Audit fees	375,000	330,900
Tax Audit fees	262,875	110,300
Income Tax Matters	1,000,000	280,000
Others	330,900	38,605
Branch Audit Fees	---	15,000
Total	1,968,775	774,805

vi. In view of revised estimate for the amount of amortization of Brand accounted on amalgamation of companies at Nagpur (Paper Mill), the Company has amortised Brand @15% instead of 30% as prescribed in the accounting policy. Due to such revision, amortisation is short accounted by Rs. 10,939,612/- resulting into increase in profit by Rs. 10,939,612/- and value of Brand by Rs. 10,939,612/-

vii. Disclosure under MSMED Act, 2006:

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

viii. Employee Benefits:

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

- 1) Valuation Date : 31st March, 2011
- 2) Valuation Method : Projected Unit Credit Method
- 3) Mortality Rate : LIC (1994-96) Ultimate
- 4) Withdrawal Rate : 1% to 3% depending on age
- 5) Discount Rate : 8% p.a.
- 6) Salary Escalation : 8%

ix. Segment Reporting:

Primary Segment (Business):

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

(Amount in ₹)

a) Secondary Segment (Geographical):

Sr. No.	Segment	Domestic	Overseas	Total
	Particulars			
1)	Revenue	1,697,816,458	221,287,618	1,919,104,076
2)	Segment Assets	2,098,241,196	57,472,530	2,155,713,726
3)	Addition to Fixed Assets	130,588,01	Nil	130,588,01

Schedules | continued

xi. Related Party Disclosures:

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

Relationship	Name	Nature
Wholly owned Subsidiary	Sundaram Edusys Private Limited	Company
Key Management Personnel (KMP)	Mr. Amrut P. Shah	Chairman & Managing Director
	Mr. Shantilal P. Shah	Whole-time Director
	Mr. Hasmukh A. Gada	Whole-time Director
Relatives of KMP	Mr. Raichand P. Shah	Brother of Amrut P. Shah
	Mrs. Nayna S. Shah	Wife of Shantilal P. Shah
Enterprises over which relatives of KMP have significant influence	M/s. Salt Advertising	Proprietor, Ms. Ridhi Gala is daughter of CMD

b) Transactions with Related Parties:

(Amount in ₹)

Particulars	Wholly Owned Subsidiary	KMP	Relatives of KMP	Enterprises over which relatives of KMP have significant influence
Investment in Equity Shares of Sundaram Edusys Private Limited	(-) 49,000,000	- (-)	- (-)	- (-)
Loan Given to Sundaram Edusys Private Limited	155,179,894 (52,42,712)	- (-)	- (-)	- (-)
Repayment of Loan Given to Sundaram Edusys Private Limited	3,010,000 (-)	- (-)	- (-)	- (-)
Remuneration		10,200,000	1,200,000	
Details are as under:	-	(10,200,000)	(1,200,000)	
Mr. Amrut P. Shah	(-)	6,000,000 (60,00,000)		
Mr. Shantilal P. Shah		3,000,000 (30,00,000)		
Mr. Hasmukh A. Gada		1,200,000 (1,200,000)		-
Mr. Raichand P. Shah			1,200,000 (1,200,000)	(-)
Rent Paid	-	-	183,000	-
Nayna S. Shah	(-)	(-)	(1,83,000)	(-)
Advertisement	-	-	-	1,690,681
M/s. Salt Advertising	(-)	(-)	(-)	(566,504)

Figures in bracket reflects previous year's amount.

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c) Outstanding Balances of Related Parties:

(Amount in ₹)

Particulars	Wholly Owned Subsidiary	KMP	Relatives of KMP	Enterprises over which relatives of KMP have significant influence
Recoverables	137,194,245 (5,242,711)	- (-)	- (108,552)	- (-)
Payables	137,194,245 (-)	1,173,744 (4,513)	322,146 (61,513)	126,094 (231,561)
Investments	49,000,000 (49,000,000)	- (-)	- (-)	- (-)

xi. Computation of Basic and Diluted Earnings per share:

Particulars	Current Year	Previous Year
Net Profit After Tax available to equity shareholders (in ₹)	86,525,756	77,425,826
Number of Equity Shares (in no's)	7,18,68,591	7,18,68,591
Basic and diluted earnings per share (Face Value-₹ 1/-) (in ₹)	1.20	1.08

xii. Deferred Tax:

The company has recognized, net deferred tax liability as under:

(Amount in ₹)

Particulars	Current Year	Previous Year
Liability related to fixed assets	28,202,643	25,275,637
Less: Asset related to gratuity	(646,076)	(661,459)
Net deferred tax liability as at year end	27,556,567	24,614,178
Less: Opening net deferred tax liability	24,614,178	20,783,547
Net deferred tax liability charged to Profit & Loss Account	2,942,400	3,830,631

xiii. Additional information pursuant to paragraphs 3,4C and 4D of part II of Schedule VI of the Companies Act, 1956.

- a) Licensed Capacity : Not Available
- b) Installed Capacity : 36,000 Tons

Schedules | continued

c) Details of Production and Sales of Finished Goods:

Class of goods	Unit of measure	Production / Purchase Qty.	Sales Qty.	Sale Value (₹ in Lacs)
Exercise Books	In Pcs	135,680,480 (139,183,407)	133,075,992 (115,059,966)	11,995.03 (11,940.33)
Paper	Kgs	3,991,151 (4,391,830)	4,306,657 (4,531,501)	808.78 (1,212.00)
Trading				6,474.64 (1927.98)
Total	--			19278.45 (15080.31)

Figures in bracket reflects previous year's amount.

d) Details of opening & closing stock of Finished Goods:

Class of Goods	Opening Stock				Closing Stock			
	Current Year		Previous Year		Current Year		Previous Year	
	Qty	₹(in Lacs)	Qty	₹(in Lacs)	Qty	₹(in Lacs)	Qty	₹(in Lacs)
Exercise Books	5,225,382.52	699.86	8,675,484.00	708.23	6,949,340.00	1,028.80	5,225,382.52	699.86
Paper	320,738.11	107.32	501,101.00	167.67	45,926.00	11.06	320,738.11	107.32
Trading of Copier Paper & Others	0.00	0.00	0.00	0.00	349,535.50	146.28	0.00	0.00
Total		807.18		875.90		1,186.14		807.18

e) Value of Raw Material Consumed:

Particulars	Current Year		Previous Year	
	Amount (₹ In Lacs)	%	Amount (₹ In Lacs)	%
Raw Materials (Paper & Paper Boards)				
(i) Imported	75.79	0.46	101.74	0.96
(ii) Indigenous	9,939.01	60.92	8,721.98	81.98
Trading Goods				
(i) Imported	-	-	-	-
(ii) Indigenous	6,298.86	38.61	1,815.14	17.06
Total	16,313.66	100	10,638.86	100

Schedules | continued

xiv. Expenditure and Earnings in Foreign Currency: (₹ in Lacs)

Particulars	Current Year	Previous Year
F.O.B value of Exports	2,022.64	2,648.16
C.I.F Value of Imports:		
Raw Materials	98.52	101.74
Expenditure:		
Traveling Expenses	2.32	7.54
Branch Expenses	-----	20.04

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

As per our report of even date attached
For Bhuta Shah & Co.
Chartered Accountants
(Registration No. 101474W)
CA Mitesh Kothari
Partner
Membership No. 110822
Mumbai on this 28th Day of May 2011

For and on behalf of the Board

Amrut P. Shah
Chairman & Managing Director

Shantilal P. Shah
Whole-time Director

Hasmukh A. Gada
Whole-time Director

Amisha V. Shah
Company Secretary

Balance Sheet Abstract

STATEMENT PURSUANT TO PART III OF SCHEDULE VI OF THE COMPANY ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

1 Registration

Registration No. L 21098MH1995PLC086337

Balance Sheet Date 31032011

2. Capital Raised During The Year : (Amount ₹ In. Lacs)

Public Issue NIL Right Issue NIL

Bonus Issue NIL Private Placement NIL

3. Position Raised Mobilisation And Deployment Of Fund (Amount ₹ In. Lacs)

Total Liabilities 21557.14 Total Assets 21557.14

Sources Of Fund

Paid up capital 718.69 Reserved & surplus 9848.16

Secured loans 7264.18 Unsecured loans 1341.53

Other Liabilities (Deferred Tax) 275.57

Application Of Funds

Net Fixed Assets 9019.42 Investments 490.50

Net Current Assets 9938.20 Miscellaneous Exp 0.00

Accumulated losses 0.00

4. Performance Of Company (Amount ₹ In. Lacs)

Turnover 19191.04 Total Expenditure 16826.27

Profit/loss Before Tax 1313.84 Profit/Loss after Tax 865.26

Earning/ Share in ₹ 1.20 Dividend Rate % 20

5. Generic Names Of Three Principal Products/ Services Of The Company (As per monetary terms)

Item code no (ITC CODE) 4820, 4802

For and on behalf of the Board

Amrut P. Shah
Chairman & Managing Director

Shantilal P. Shah
Whole-time Director

Hasmukh A. Gada
Whole-time Director

Amisha V. Shah
Company Secretary

**STANDALONE
FINANCIAL STATEMENTS OF
SUNDARAM EDUSYS PVT. LTD.
(A WHOLLY OWNED SUBSIDIARY)**

Directors' Report

To,

The Members,

Sundaram Edusys Private Limited

The Directors of your Company have pleasure in presenting herewith the **Second** Annual Report of your Company together with the audited Balance Sheet and Statements of Accounts for the year ended 31st March 2011.

1. FINANCIAL HIGHLIGHTS & OPERATIONS:

The Financial Highlights of the Company are as follows:

Particulars	(Amount in ₹)	
	2010-11	2009-10
Total Income	25,006,535	--
Profit/(Loss) before interest, depreciation & Tax	(22,713,421)	--
Less: Interest & Financial Cost	3,114,954	--
Profit/(Loss) before Depreciation & Tax	(25,828,375)	--
Less: Less: Depreciation	2,344,660	--
Less: Deferred Tax	(9,135,835)	--
Profit/(Loss) after Tax	(19,037,200)	--
Add: Balance Brought Forward from earlier years	Nil	--
Appropriations	Nil	--
Balance carried to Balance sheet	(19,037,200)	--

During the Financial Year 2010-11, The Company has started the commercial production in the month of February and earned total revenue of ₹ 25,006,535.

2. INDUSTRY OVERVIEW, OPPORTUNITIES AND RISK CONCERNS:

• Ideology of Education Industry:

In the present era of globalization, liberalization and privatization, education is viewed as an input to empowerment, social justice and survival of individual and nation. Further, India seems an ideal market because of demographics (young population) and an economy focused on services (instead of industrial production like China) which makes education a key factor, illustrated by Indian presence in sectors like software, generic pharmaceuticals and other areas that require high level of education.

Originally based on the British system of education, the education sector in India has evolved over the last few decades into a large, fragmented and multi-faceted industry and has become the current hot sector for private equity. There is about USD 40 billion market for private institutions. Over USD 300 million has been invested in Education ventures since 2006, and more than USD 800 million investment is being planned over next 12 month.

• Favorable Government Initiative/ opportunities:

The Government has taken several measures to improve education at elementary level in the country, the major one being the implementation of the Right of Children to Free and Compulsory Education Act (RTE),

Directors' Report | continued

2009. Further it has proposed to increase the education expenditure to 5% of GDP from the current 3%. As an aggressive action the Finance Minister has proposed an allocation of INR 52,057 crore in education sector, which is an increase of 24% over the current year. For the year 2011-12, the existing operational norms of Sarva Shiksha Abhiyan have been revised and have proposed to allocate INR 21,000 crore which is 40% higher than INR 15,000 crore allocated in the Budget for 2010-11. Out of this allocation 6% has been reserved for Maharashtra state.

In the 11th 5 year plan Government has primarily focused on ICT in schools and an amount of ₹ 5000 Crore has been allocated for providing ICT infrastructure in schools. This amount would be used for setting up a networked computer lab in each school. Every school will also have a technology classroom, with audio visual equipment for enhancing the learning. A dedicated programme for content creation as per the curriculum will be undertaken as an integral part of this initiative. This revamped scheme of ICT in schools will be implemented in partnership with the States and Private providers.

- **Market Opportunity:**

As a result of the present scenario and massive government allocation for education segment, K-10 segment is one of the fastest growing segments comprising of approximately USD 40 billion Indian Education Market. Nationally there are only 3-4 bigger players and your Company is one of them. There is no real competition in terms of quality and cost.

Further in the State of Maharashtra there are 5363 English Medium schools and 82,451 Marathi medium schools having SSC Board and your Company is the only player in India to create 100% syllabus based quality digital animation for state board (1st to 10th Segment) of Maharashtra State in English, Marathi and Semi-English Medium. Your Company has great future having target of approximately over 2.2 crore students across 1,06,000 schools in Maharashtra with additional 5,00,000 coaching classes and 40,000 private tutor. Currently your Company is focusing in the state of Maharashtra however; there exists the great potential for your Company to be nationwide provider of educational content under the brand name “e-class”.

- **Timely Action:**

Grabbing this huge opportunity your Company has developed “e-class”, a 100 % syllabus based quality digital animation content and has tied up with world class animation studios and well experienced and trained animators and professional teachers. This has enable it to develop world class 2D, 3D content for easy learning solutions on “e-class” platform for students in 1st to 10th standard Maharashtra State for English, Marathi and Semi-English Medium.

The Company has commenced its commercial production and sales from February 2011 and with the wide marketing and distribution network and strong advertisement strategy, “e-class” has been advertised on Hoardings, Buses, Radio, and back cover of “Sundaram” notebooks which has wide direct coverage to consumer as there is a sales record of 3 lacs books per day. As a result, the Company had total revenue of ₹ 25,006,535 in the short span and has successfully reached many reputed schools, coaching classes and also has become the preference of individual parent and student. Seeing the present market scenario and the positive response from the satisfied consumers your Directors are optimistic about the growth of the Company in future.

- **Threat and Risk**

On the other hand the Company is exposed to the risk of piracy and misuse of educational content developed, which can result in loss of revenue. However your Company has taken necessary steps to

Directors' Report | continued

protect the content from piracy. Also the Company's Performance largely depends on the Government's policies on education and allocation of budget towards education. Any adverse change in the Government's policies towards education will materially affect the performance of the Company. Further the Company's business involves installation of large number of computer system and other electronic equipments. Such electronic equipments are prone to hardware/ software malfunction, virus attacks, hacking and technological obsolescence. If any such event occurs, we run the risk of disruption of our operations.

3. DIVIDEND:

Due to inadequacy of profit during the period under consideration, your Directors are unable to declare any dividend.

4. TRANSFER TO RESERVES:

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

5. MATERIAL CHANGES AND COMMITMENTS:

The Year 2010-11 has been the year of action for the Company. During the year under review the Company launched the educational content under the brand name "e-class" for English, Marathi and Semi-Emglish medium in Maharashtra and started the commercial production from February 2011.

There have been no such changes or commitments affecting the financial position from the end of the financial year 2010-2011 till date of this report as may be deemed to be material enough to affect the financial position of the Company, otherwise than in the normal course of business. The Company has no subsidiary.

6. DIRECTORS:

Mr. Shantilal P. Shah, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. The Board of Directors recommends his name for your approval.

Ms. Riddhi A. Shah was appointed by the Board as an Additional Director of the Company under Section 260 of the Companies Act 1956 w.e.f. 1st March 2011 and was appointed as a Director of the Company in compliance with the provisions of Section 257 of the Companies Act 1956 by the members in their meeting held on 30th March 2011.

Mr. Chirag K. Gala and Ms. Riddhi A. Shah have been appointed as the Whole-time Director of the Company for a period of 3 years w.e.f. 1st April 2011 in compliance with the provisions of Section 198, 269 read with schedule XIII of the Act.

None of the Directors of your Company are disqualified as per the provision of Section 274(1)(g) of the Companies Act, 1956.

7. AUDITOR'S REPORT:

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

8. AUDITORS:

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

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9. COMPLIANCE CERTIFICATE:

The Compliance Certificate issued by M/s Hemanshu Kapadia & Associates, Practicing Company Secretary, as required under section 383A of the Companies Act, 1956 is attached to this report as *Annexure I*.

10. INSURANCE:

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

11. FIXED DEPOSITS:

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

12. HOLDING COMPANY:

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

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

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

- **Details of Energy Conservation:**

This clause is not applicable to the Company during the financial year under consideration.

- **Technology Absorption:**

This clause is not applicable to the Company during the financial year under consideration.

- **Foreign Exchange Earnings and Outgo:**

	(₹ in Lacs)	
	2010-11	2009-10
Foreign Exchange Earnings:	Nil	Nil
Foreign Exchange Outgo:	4.25	Nil

14. PARTICULARS OF EMPLOYEES:

There were no employees of the Company during the financial year 2010-2011, as are required to be mentioned under Section 217 (2A). Therefore the statement for the same is not attached.

15. DIRECTORS RESPONSIBILITY STATEMENT:

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

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed and there had been no material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

Directors' Report | continued

(iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The Directors have prepared the annual accounts on a going concern basis.

16. ACKNOWLEDGEMENTS:

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

By Order of the Board,
For Sundaram Edusys Private Limited

Amrut P. Shah
Chairman

Mumbai on this 07th Day of August 2011

REGISTERED OFFICE:

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

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Compliance Certificate

CIN: U80212MH2009PTC194231

Annexure-I

Nominal Capital: ₹10,00,00,000/-

To,

The Members,

Sundaram Edusys Private Limited

903, Dev Plaza, Opp. Andheri Fire Station, S. V. Road,

Andheri (West), Mumbai 400 058

We have examined the registers, records, books and papers of **Sundaram Edusys Private 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 31st March 2011. 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 period:

1. The Company has kept and maintained all the registers as stated in **Annexure 'A'** to this Certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in the **Annexure 'B'** to this Certificate, with the Registrar of Companies within the time prescribed under the Act and Rules made there under. The Company has paid additional filing fees for documents / returns filed after the prescribed time. The Company has not filed any document with the Regional Director, Central Government, Company Law Board or other authorities during the financial year.
3. The Company being a Private Limited Company has the minimum prescribed paid-up share capital and its maximum number of members during the said financial year were 2 (Two) excluding its present and past employees and the Company during the period under scrutiny:
 - i. has not invited public to subscribe for its shares or debentures; and
 - ii. has not invited or accepted any deposits from persons other than its members, directors or relatives.
4. The Board of Directors duly met Nine (9) times during the period i.e. on 5th April 2010, 21st May 2010, 29th July 2010, 21st October 2010, 1st November 2010, 7th February 2011, 1st March 2011, 8th March 2011 and 21st March 2011, respectively, and in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the year under scrutiny.
6. The Annual General Meeting for the first financial year ended 31st March 2010 was held on 1st September 2010 after giving notices to the Members of the Company and the resolution passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. One Extra-ordinary General Meeting was held during the year on 30th March 2011 after giving

Compliance Certificate | continued

- notices to the Members of the Company and resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
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.
 9. The Company has not entered into any contract falling within the purview of Section 297 of the Act.
 10. The Company has made necessary entries in the register maintained under section 301 of the Act.
 11. As there were no instances falling within the preview of Section 314 of the Act, the Company has not obtained any approval from the Board of Directors and Members and the Central Government. However, approval from the Central Government was received for the application made in the previous financial year ended 31st March 2010 under section 314 of the Act.
 12. The Company has not issued any duplicate share certificate during the year under scrutiny.
 13. (i) There was no allotment/transfer/transmission during the year under scrutiny.
(ii) The Company has not deposited any amount in separate Bank as no dividend was declared during the year under scrutiny.
(iii) The Company was not required to post warrants to any member of the Company as no dividend was declared during the period under scrutiny.
(iv) The Company was not required to transfer any amount to Investor Education and Protection Fund since there was no unpaid/unclaimed dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon.
(v) The Company has complied with the requirement of Section 217 of the Act.
 14. The Board of Directors of the Company is duly constituted. There were appointments of one Additional Director and a Director during the year under scrutiny, which was duly made. However, there was no appointment of Alternate Directors and Directors to fill Casual Vacancies.
 15. The appointment of Whole-time Directors during the year under scrutiny has been made in compliance with the provisions of Section 269 read with Schedule XIII of the Act. However, the Company has not appointed any Managing Director/ Manager during the year under scrutiny.
 16. The Company has not appointed any sole-selling agent during the year under scrutiny.
 17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director and other authorities under the various provisions of the Act, during the year under scrutiny.
 18. The Directors have disclosed their interest in other firms/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 year under scrutiny.
 20. The Company has not bought back any shares during the year under scrutiny.
 21. Since the Company has not issued any Preference Shares or Debentures the question of

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redemption do not arise.

22. There were no transactions 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 including any unsecured loans falling within the purview of Section 58A of the Act during the year under scrutiny.
24. The amounts borrowed by the Company from the Holding Company during the year under scrutiny are within the borrowings limits of the Company.
25. The Company has not made any Loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's Registered Office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum of Association with respect to Share Capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
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 period under scrutiny, for offences under the Act.
32. The Company has not received any money as security deposit from its employees during the year under scrutiny.
33. The Company has deposited with in time the contribution towards the Provident Fund during the year under scrutiny.

For Hemanshu Kapadia & Associates

Hemanshu Kapadia

Proprietor

C.P. No. 2285

Mumbai on this 28th Day of May 2011

Compliance Certificate | continued

Annexure A

Registers as maintained by the Company

Statutory Registers:

1. Register of Members u/s 150
2. Register of Directors u/s 303
3. Register of Directors Shareholding u/s 307
4. Register of Charges u/s 143
5. Register of Contract u/s 301
6. Register of Share Transfer u/s 108
7. Register of disclosure of interest u/s 301(3).
8. Minutes Books of Board & General Meetings u/s 193.
9. Books of Accounts u/s 209
10. Register of Fixed Assets

Other Registers:

11. Register of Directors' Attendance
12. Register of Shareholders' Attendance

Note: The Company has not maintained the following registers as it was informed that there were no entries / transactions to be recorded therein:

1. Register of Securities Bought Back u/s 77A
2. Register and Index of Debenture Holders u/s 152
3. Foreign Registers of Members or Debenture Holders u/s 157
4. Register of Renewed and Duplicate Certificates under Rule 7 of the Companies (Issue of Share Certificates) Rules, 1960

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Compliance Certificate | continued

Annexure B

Forms and Returns as filed by the Company with Registrar of Companies during the period ending 31st March 2011

Sr. No	Form No./ Return	Filed under section	For	Date of filing	Whether filed within Prescribed Time Yes/ No	If delay in filing whether requisite additional fee paid Yes/ No
1	23AC & 23ACA	220 (1)	Annual Accounts for the financial year ended 31st March 2010.	21/09/2010 P52606191	Yes	N. A.
2	20B	159 (1)	Annual Return as on the date of Annual General Meeting i.e. 1st September 2010.	21/09/2010 P52606621	Yes	N. A.
3	66	383A(1)	Compliance Certificate for the financial year ended on 31st March 2010.	15/09/2010 P52334422	Yes	N. A.
4	66	383A(1)	Compliance Certificate for the financial year ended on 31st March 2010.	20/09/2010 P52572245 (Revised)	Yes	N. A.
5	Form 32	303 (2)	For appointment of Director w.e.f. 01/09/2010	23/09/2010 A94609609	Yes	N. A.
6	Form 23	293(1)(d)	Registering special resolution	20/09/2010 A94364767	Yes	N. A.
7	Form 2	75 (1)	Return of Allotment	21/05/2010 A85575900	No	Yes

Auditor's Report

To,

The Members,

Sundaram Edusys Private Limited

1. We have audited the attached Balance Sheet of SUNDARAM EDUSYS PRIVATE LIMITED (the Company) as at 31st March 2011, Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) Amendment Order 2004 (hereinafter referred to as "the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account, as required by the law have been kept by the Company in so far as it appears from our examination of the books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report is in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the accounting standards referred to in sub-section 3(c) of section 211 of the Companies Act, 1956.
 - e) Based on the written representations received from the directors of the Company as on 31st March, 2011 and taken on record by the Board of Directors, we report that, none of the directors are prima-facie, disqualified as on 31st March, 2011 from being appointed as directors of the Company in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes on accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of Balance Sheet, of the State of Affairs of the Company as at 31st March, 2011,

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Auditor's Report | continued

- ii) in the case of Profit and Loss Account, of the Loss for the year ended on that date, and
- ii) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

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

Mumbai on this 28th Day of May 2011

Annexure To The Auditor's Report

ANNEXURE referred to in paragraph (3) of our report of even date on the Accounts for the year ended 31st March 2011 of Sundaram Edusys Private Limited.

- (i) (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets.
- (b) In our opinion and according to the explanations given to us, these assets have been physically verified by the management during the year in a phased manner, which is reasonable, having regard to the size of the Company and nature of the assets. No material discrepancies were noticed on such verification.
- (c) No substantial part of fixed assets has been disposed off during the year which will affect the going concern principle.
- (ii) (a) As explained to us, the inventory of the Company has been physically verified by the management at reasonable intervals during the year.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventories and no material discrepancies have been noticed on physical verification conducted by the management. The discrepancies noticed on verification between physical inventories and book records have been properly dealt with in the books of account.
- (iii) (a) In our opinion and according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under 301 of the Companies Act. Accordingly, paragraph 4(iii) clause no. b, c and d of the Order are not applicable.
- (e) The company has taken unsecured loan from a holding company. The maximum amount involved during the year is Rs. 1371.94 Lacs. And the year-end balance of loan taken from such party is Rs. 1371.94 Lacs.
- (f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from company are not, prima facie, prejudicial to the interest of the company.
- (g) There is no stipulation for repayment of the above loans. Therefore, the question of repayment being regular does not arise.
- (iv) In our opinion and according to the information and explanation given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods. During the course of our audit, no major weakness has been observed in the internal control system.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of the contracts or arrangements that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contract or arrangements entered in the contracts maintained under

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Annexure To The Auditor's Report | continued

section 301 of the Companies Act, 1956 exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at that time.

- (vi) According to the information given to us, the Company has not accepted any deposit from public as defined under section 58A and 58AA of the Companies Act, 1956 and the rules framed there under, during the year under review and as such reporting under this clause is not applicable.
- (vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any products of the Company.
- (ix) (a) According to the information and explanation given to us and according to the books and records produced and examined by us, the Company has been regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Income Tax, Sales Tax, Service Tax, Wealth Tax, Excise duty / cess and any other statutory dues, to the extent wherever applicable, with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31-03-2011 for a period of more than six months from the date they become payable.
(b) As explained to us and according to the records of the Company, there were no disputes pending in respect of Income tax, Wealth Tax, Service Tax, Excise Duty / Cess, Customs duty and other statutory dues applicable to the Company as on 31-3-2011.
- (x) The Company has accumulated losses at the end of the year amounting to Rs.19,037,200/- and has incurred cash losses of Rs. 24,996,175/- during the current financial year. The Company neither has accumulated losses nor has incurred cash losses in the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of dues to a financial institution or bank.
- (xii) According to the information and explanation given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, considering the nature of the business carried on during the year, the Company is not a chit fund or nidhi / mutual benefit fund / society. In view of the above, the said clause (xiii) is not applicable to the company.
- (xiv) According to information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the company has not raised any term loan during the year and hence the question of its utilization does not arise.
- (xvii) According to the information and explanation given to us and on the overall examination of the balance sheet of the company, we report that no term loans are raised by the company.
- (xviii) Company has not made any preferential allotment of shares during the year to companies, firms, parties covered in the register maintained u/s. 301 of the Companies Act, 1956.

Annexure To The Auditor's Report | continued

- (xix) The Company has not issued any debenture during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) In our opinion and according to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

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

Mumbai on this 28th Day of May 2011

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Balance Sheet

SUNDARAM EDUSYS PRIVATE LIMITED BALANCE SHEET AS AT 31st MARCH, 2011

Particulars	Schedule	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	49,000,000	49,000,000
Reserves & Surplus		-	-
		49,000,000	49,000,000
LOAN FUNDS	B		
Secured		-	-
Unsecured		137,194,246	5,242,712
		137,194,246	5,242,712
TOTAL		186,194,246	54,242,712
APPLICATION OF FUNDS			
FIXED ASSETS	C		
Gross Block		89,329,955	-
Less: Depreciation		2,344,660	-
NET BLOCK		86,985,295	-
Capital Work-in-progress		21,208,722	67,656,889
		108,194,017	67,656,889
DEFERRED TAX ASSETS		9,135,835	-
INVESTMENT		-	-
CURRENT ASSETS, LOANS & ADVANCES	D		
Inventories		28,668,556	153,550
Sundry Debtors		16,002,271	-
Cash & Bank Balances		3,492,600	48,252
Loans & Advances		9,695,667	4,187,288
		57,859,094	4,389,090
Less: CURRENT LIABILITIES & PROVISIONS	E		
Current Liabilities		8,031,900	18,635,467
Provisions		-	-
		8,031,900	18,635,467
NET CURRENT ASSETS		49,827,194	(14,246,377)
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Preliminary Expenses		-	832,200
Profit & Loss Account (Debit Balance)		19,037,200	-
TOTAL		186,194,246	54,242,712
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS	K		

As per our report of even date attached
For Bhuta Shah & Co.
Chartered Accountants
(Registration No. 101474W)

CA Mitesh Kothari
Partner
Membership No. 110822

Mumbai on this 28th Day of May 2011

For and on behalf of the Board

Amrut P. Shah
Chairman

Chirag K. Gala
Whole-time Director

Riddhi A. Shah
Whole-time Director

Profit & Loss Account

SUNDARAM EDUSYS PRIVATE LIMITED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

Particulars	Schedule	Year Ended 31st March, 2011 ₹	Year Ended 31st March, 2010 ₹
INCOME			
SALES			
Local		24,268,035	-
Trading		7 38,500	-
TOTAL		25,006,535	-
EXPENDITURE			
Materials Cost	F	3 ,923,206	-
(Increase)/Decrease in Stock		-	-
Job Work Expenses		1,378,787	-
Selling & Distribution Expenses	G	1 9,566,948	-
Payment to Employees	H	7 ,563,846	-
Administrative Expense	I	14,454,969	-
Preliminary Expenses W/Off		8 32,200	-
Total Expenditure		47,719,956	-
Profit Before Interest, Depreciation & Tax (PBDIT)		(22,713,421)	-
Interest & Financial Cost	J	3,114,954	-
Profit Before Dep & Tax (PBDT)		(25,828,375)	-
Depreciation	C	2,344,660	-
		2,344,660	-
Profit Before Tax		(28,173,035)	-
Less Provision For Tax			
Current Tax		-	-
Deferred Tax		(9,135,835)	-
Short Provision of Earlier years		-	-
Profit/(Loss) after Tax		(19,037,200)	-
Add: Balance Brought Forwarded from earlier years		-	-
Profit /(Loss) available for Appropriations		(19,037,200)	-
Appropriations		-	-
Balance carried to Balance Sheet		(19,037,200)	-
Basic & Diluted EPS (in ₹)		(0.39)	-
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS	K		

As per our report of even date attached
For Bhuta Shah & Co.
Chartered Accountants
(Registration No. 101474W)

CA Mitesh Kothari
Partner
Membership No. 110822
Mumbai on this 28th Day of May 2011

For and on behalf of the Board

Amrut P. Shah
Chairman

Chirag K. Gala
Whole-time Director

Riddhi A. Shah
Whole-time Director

Cash Flow

SUNDARAM EDUSYS PRIVATE LIMITED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	April 1, 2010-March 31, 2011 ₹		April 1, 2009-March 31, 2010 ₹	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit / (Loss) before Tax and Extraordinary items		(28,173,034)		-
Adjustment for :				
Depreciation	2,344,660		-	
Interest Income	-		-	
Preliminary Expenses W/off	832,200		-	
Interest Paid	3,114,954		-	
Profit/ (Loss) on Sale of Fixed Assets	-		-	
		6,291,814		-
		(21,881,220)		-
Operating profit before working capital changes				
Adjustment for :				
Sundry Debtors	(16,002,271)		-	
Inventories	(28,515,006)		-	
Other loans & Advances	(5,508,379)		(4,187,288)	
Current Liabilities & Provisions	(6,916,307)		14,948,207	
		(56,941,964)		10,760,919
Cash generated from operations		(78,823,184)		10,760,919
Taxes paid (net of refund)		-		-
NET CASH FLOW OPERATING ACTIVITIES		(78,823,184)		10,760,919
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(89,329,955)		-	
Sale of Fixed Assets	-		-	
Investment in Capital Work In Progress	46,448,167		(27,577,073)	
Pre- Operative expenses Awaiting capitalisation	-		(40,233,366)	
			(832,200)	
NET CASH FLOW FROM INVESTING ACTIVITIES		(42,881,788)		(68,642,639)
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Loan From Holding Company	131,951,534		5,242,712	
Proceeds from Share Capital			49,000,000	
Interest Paid	(3,114,954)		-	
NET CASH FLOW FROM FINANCING ACTIVITIES		128,836,579		54,242,712
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)		7,131,608		(3,639,008)
Cash and Cash equivalents at beginning of the year	(3,639,008)		-	
Cash and Cash equivalents at end of the year	3,492,600		(3,639,008)	
Net Increase/ (Decrease)		7,131,608		(3,639,008)

Cash Flow | continued

Note:

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

As per our report of even date attached
For **Bhuta Shah & Co.**
Chartered Accountants
(Registration No. 101474W)

CA Mitesh Kothari
Partner
Membership No. 110822
Mumbai on this 28th Day of May 2011

For and on behalf of the Board

Amrut P. Shah
Chairman

Chirag K. Gala
Whole-time Director

Riddhi A. Shah
Whole-time Director

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SUNDARAM EDUSYS PRIVATE LIMITED SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2011

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SCHEDULE A: SHARE CAPITAL		
AUTHORISED		
10,000,000 Equity Shares of ₹ 10/- each	100,000,000	1 00,000,000
ISSUED, SUBSCRIBED & PAID UP		
49,00,000 Equity Shares of ₹ 10/- fully paid up (Fully held by the Holding Company M/s Sundaram Multi Pap Limited)	49,000,000	49,000,000
	49,000,000	49,000,000
SCHEDULE B: UNSECURED LOANS		
Loan From Holding Company	137,194,246	5,242,712
	137,194,246	5,242,712
SCHEDULE D: CURRENT ASSETS, LOANS & ADVANCES		
(A) CURRENT ASSETS		
(a) Inventories (As taken, valued & certified by the management)		
Raw Materials	25,164,003	153,550
Trading Goods	3,504,553	-
	28,668,556	153,550
(b) Sundry Debtors (Unsecured, considered good)		
Debts outstanding for a period exceeding six months	-	-
Other debts	16,002,271	-
	16,002,271	-
(c) Cash & Bank Balances		
(i) Cash on Hand	1,545,481	5,675
(ii) With Scheduled Banks		
-In Current Accounts	1,947,119	42,577
	3,492,600	48,252
(d) LOANS & ADVANCES (Unsecured, considered good)		
Deposits	2,453,200	2,070,000
Prepaid Expenses	944,241	-
Advances recoverable in cash or in kind and/or for value to be received	1,688,473	2,117,288
Advances to Creditors	4,609,753	-
	9,695,667	4,187,288

SUNDARAM EDUSYS PVT. LTD.
SCHEDULES TO BALANCE SHEET

SCHEDULE C - FIXED ASSETS

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.10	Additions During the Year	Deductions During the Year	As at 31.03.11	As at 01.04.10	For the Year	Deductions During the Year	As at 31.03.11	As at 31.03.10	
(A) Tangible Assets										
Computers	-	3,658,262	-	3,658,262	-	98,834	-	98,834	3,559,428	
Furniture & Fixtures	-	7,799,970	-	7,799,970	-	82,290	-	82,290	7,717,680	
(B) Intangible Assets										
Knowledge										
Based Content	-	77,871,723	-	77,871,723	-	2,163,536	-	2,163,536	75,708,187	
TOTAL	-	89,329,955	-	89,329,955	-	2,344,660	-	2,344,660	86,985,296	
Previous Year	-	-	-	-	-	-	-	-	-	

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SUNDARAM EDUSYS PRIVATE LIMITED
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2011

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SCHEDULE E: CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	6,052,945	14,502,683
Advance from Customers	1,314,595	-
Outstanding Statutory Liabilities	664,360	445,524
Book Overdraft with Bank	-	3,687,260
	8,031,900	18,635,467

Schedules | continued

SUNDARAM EDUSYS PRIVATE LIMITED

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SCHEDULE F: MATERIALS CONSUMED		
(A) Raw Material Consumed		
Opening Stock	153,550	-
Add: Purchases	2 8,658,040	-
Transport Inward	6,174	-
	2 8,817,764	-
Less: Closing Stock	25,164,003	-
TOTAL MATERIAL CONSUMED	3,653,761	-
(B) Cost Of Trading Goods	269,445	-
MATERIALS CONSUMED	3,923,206	-
SCHEDULE G: SELLING & DISTRIBUTION EXPENSES		
Advertisement & Sales Promotion	19,555,722	-
Other Selling Expenses	11,226	-
	19,566,948	-
SCHEDULE H: PAYMENT TO EMPLOYEES		
Salaries & Wages	6,605,708	-
Contribution to PF, Gratuity & Other Funds	42,246	-
Directors' Remuneration	600,000	-
Staff Welfare	315,892	-
	7,563,846	-
SCHEDULE I: ADMINISTRATIVE CHARGES		
Electricity Expenses	211,609	-
Legal, Professional & Consultancy Charges	6,520,601	-
Remuneration to Statutory Auditors	50,000	-
Rent, Rates & Taxes	3,266,226	-
Repairs & Maintenance	852,261	-
Miscellaneous Expenses	1,607,855	-
Travelling Expenses	1,946,417	-
	14,454,969	-
SCHEDULE J: INTEREST & FINANCIAL CHARGES		
Interest On Loan from Holding Company	14,438,187	-
Less: Interest Capitalised	11,323,233	-
INTEREST & FINANCIAL CHARGES	3,114,954	-

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Sundaram Edusys Private Limited

Schedules Forming Part of the Financial Statements for the Year Ended March 31, 2011

SCHEDULE 'K': NOTES TO ACCOUNT:

1. SIGNIFICANT ACCOUNTING POLICIES :

i. Accounting Conventions:

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

ii. Use of Estimates:

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

iii. Fixed Assets:

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

iv. Depreciation / Amortisation:

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

v. Investment:

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

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

vi. Valuation of Inventories:

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

vii. Revenue Recognition:

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

viii. Retirement Benefits:

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

ix. Foreign Currency Transactions:

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

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

x. Borrowing Cost:

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

xi. Provision for Taxes:

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

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

xii. Impairment of Fixed Assets:

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

xiii. Leases:

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

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xiv. Contingent Liability:

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

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

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

2. NOTES TO ACCOUNTS:

i. The company has started commercial operations from 1st February, 2011. Hence, excess of expenses, other than selling and distribution expenses, incurred up to 31st January, 2011, over the sales made during such trial period are capitalised on pro-rata basis to the allocable assets.

ii. **Contingent Liability:** Nil

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

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

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

vi. **Managerial Remuneration:**

Remuneration to director for the year is ₹ 6,00,000/- (Previous Year Rs. Nil).

vii. **Auditors Remuneration:**

(Amount in ₹)

Particulars	Current Year
Audit fees	40,000
Others	10,000
Total	50,000

viii. **Disclosure under MSMED Act, 2006:**

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

ix. **Segment Reporting:**

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

Schedules | continued

x. Related Party Disclosures:

a) List of related parties:

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

b) Transactions with Related Parties

Particulars	Amount in ₹	
	Holding Company	KMP
Issue of Equity Shares to Sundaram Multi Pap Limited	- (49,000,000)	-
Loan Received from Sundaram Multi Pap Limited	137,194,245 (5,242,712)	- -
Remuneration	-	600,000
Mr. Chirag K. Gala	(-)	(-)

c) Outstanding Balances of Related Parties:

Particulars	Amount in ₹	
	Holding Company	KMP
Payables	137,194,245 (5,242,712)	44,380 (-)

xi. Computation of Basic and Diluted Earnings per share:

Particulars	Amount in ₹	
	Current Year	Previous Year
Net Profit After Tax available to equity shareholders (in ₹)	(19,037,200)	-
Number of Equity Shares (in no's)	49,000,000	49,000,000
Basic and diluted earnings per share (Face Value-₹ 10/-) (in ₹)	(0.39)	-

xii. i. Deferred Tax:

In compliance with Accounting Standard (AS-22) relating to "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, the company has recognized, the net deferred tax asset as under:

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Particulars	(Amount in ₹)	
	Current Year	Previous Year
Asset related to losses and preliminary expenses	12,015,907	--
Less: Liability related to fixed assets	(2,880,072)	--
Net deferred tax asset as at year end and credited to Profit & Loss Account	9,135,835	--

xiii. Additional information pursuant to paragraphs 3,4C and 4D of part II of Schedule VI of the Companies Act, 1956.

- a) Licensed Capacity : Not Available
b) Installed Capacity : Not Available
c) Details of Sales & Closing stock of Finished Goods:

Class of Goods	Sales				Closing Stock			
	Current Year		Previous Year		Current Year		Previous Year	
	Qty	₹(in Lacs)	Qty	₹(in Lacs)	Qty	₹(in Lacs)	Qty	₹(in Lacs)
E-class	NA	242.68	NA	NA	NA	Nil	NA	NA
Educational Aids	NA	7.39	NA	NA	NA	Nil	NA	NA
Total		250.07		NA		Nil		NA

- d) Value of Raw Material Consumed:

Particulars	Current Year		Previous Year	
	Amount (₹ In Lacs)	%	Amount (₹ In Lacs)	%
Hardware				
(i) Imported	-		NA	NA
(ii) Indigenous	36.53	93.14	NA	NA
Educational Aids				
(i) Imported	-	-	NA	NA
(ii) Indigenous	2.69	6.86	NA	NA
Total	39.23	100	NA	NA

xiv. Expenditure and Earnings in Foreign Currency:

(₹ in Lacs)

Particulars	Current Year	Previous Year
F.O.B value of Exports	Nil	Nil
C.I.F Value of Imports:		
Raw Materials	Nil	Nil
Expenditure:		
Traveling Expenses	4.25	-

Schedules | continued

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

As per our report of even date attached
For **Bhuta Shah & Co.**
Chartered Accountants
(Registration No. 101474W)

CA **Mitesh Kothari**
Partner
Membership No. 110822
Mumbai on this 28th Day of May 2011

For and on behalf of the Board

Amrut P. Shah
Chairman

Chirag K. Gala
Whole-time Director

Riddhi A. Shah
Whole-time Director

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Balance Sheet Abstract

STATEMENT PURSUANT TO PART III OF SCHEDULE VI OF THE COMPANY ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

1 Registration

Registration No. U80212MH2009PTC194231

Balance Sheet Date 31032011

2. Capital Raised During The Year : (Amount ₹ In. Lacs)

Public Issue NIL Right Issue NIL

Bonus Issue NIL Private Placement NIL

3. Position Raised Mobilisation And Deployment Of Fund (Amount ₹ In. Lacs)

Total Liabilities 1942.26 Total Assets 1942.26

Sources Of Fund

Paid up capital 490.00 Reserved & surplus NIL

Secured loans 0.00 Unsecured loans 1371.94

Other Liabilities (Deferred Tax) NIL

Application Of Funds

Net Fixed Assets 1081.94 Investments NIL

Net Current Assets 498.27 Miscellaneous Exp NIL

Accumulated losses 190.37

4. Performance Of Company (Amount ₹ In. Lacs)

Turnover 250.06 Total Expenditure 531.80

Profit/loss Before Tax -281.73 Profit/Loss after Tax -190.37

Earning/ Share in ₹ NIL Dividend Rate % NIL

5. Generic Names Of Three Principal Products/ Services Of The Company (As per monetary terms)

Item code no (ITC CODE) NIL Product Description EDUCATION

for and on behalf of the Board

Amrut P. Shah
Chairman

Chirag K. Gala
Whole-time Director

Riddhi A. Shah
Whole-time Director

CONSOLIDATED FINANCIAL STATEMENTS

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Auditor's Report

TO THE BOARD OF DIRECTORS OF
SUNDARAM MULTI PAP LTD.

1. We have audited the attached Consolidated Balance Sheet of SUNDARAM MULTI PAP LIMITED ("the Company") and its subsidiary SUNDARAM EDUSYS PRIVATE LIMITED (together referred to as "Group") as at March 31, 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirement of Accounting Standard AS 21 'Consolidated Financial Statements', notified by the Companies (Accounting Standard) Rules, 2006.
4. Based on our audit and on the other financial information of the components and to the best of our information and explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
 - (b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

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

Mumbai on this 28th Day of May 2011

Balance Sheet

SUNDARAM MULTIPAP LTD CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011

Particulars	Schedule	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	71,868,591	71,868,591
Reserves & Surplus	B	965,779,159	915,107,137
		1,037,647,750	986,975,728
LOAN FUNDS C			
Secured		726,418,216	682,169,878
Unsecured		134,152,911	14,974,906
		860,571,127	697,144,784
DEFERRED TAX LIABILITY		18,420,743	24,614,178
TOTAL		1,916,639,620	1,708,734,690
APPLICATION OF FUNDS			
FIXED ASSETS	D		
Gross Block		1,068,510,454	967,012,190
Less: Depreciation		165,425,077	118,708,954
NET BLOCK		903,085,377	848,303,236
Capital Work-in-progress		107,051,543	99,549,943
		1,010,136,920	947,853,179
INVESTMENTS	E	50,000	50,000
CURRENT ASSETS, LOANS & ADVANCES	F		
Inventories		569,926,212	321,012,720
Sundry Debtors		393,317,268	479,221,455
Cash & Bank Balances		19,994,958	30,336,946
Loans & Advances		142,147,234	120,689,845
		1,125,385,672	951,260,966
Less: CURRENT LIABILITIES & PROVISIONS	G		
Current Liabilities		130,861,941	147,799,624
Provisions		88,071,032	43,462,032
		218,932,973	191,261,656
NET CURRENT ASSETS		906,470,699	759,999,311
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Preliminary Expenses		-	832,200
TOTAL		1,916,639,620	1,708,734,690
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS	P		

As per our report of even date attached
For Bhuta Shah & Co.

Chartered Accountants
(Registration No. 101474W)

CA Mitesh Kothari
Partner

Membership No. 110822

Mumbai on this 28th Day of May 2011

For and on behalf of the Board

Amrut P. Shah
Chairman & Managing Director

Shantilal P. Shah
Whole-time Director

Hasmukh A. Gada
Whole-time Director

Amisha V. Shah
Company Secretary

Profit & Loss Account

SUNDARAM MULTI PAP LTD. CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

Particulars	Schedule	Year Ended 31st March, 2011 ₹	Year Ended 31st March, 2010 ₹
INCOME	H		
SALES			
Local		1,731,563,881	1,223,495,227
Export		221,287,618	284,536,477
Gross Sales		1,952,851,499	1,508,031,704
Less: Excise Duty		8,740,888	5,081,850
Total Sales		1,944,110,611	1,502,949,854
OTHER INCOME		8,327,823	12,456,284
TOTAL		1,952,438,434	1,515,406,138
EXPENDITURE			
Materials Consumed	I	1,635,289,685	1,063,886,097
(Increase)/Decrease in Stocks	J	(203,232,428)	5,307,784
Manufacturing Expenses	K	140,910,514	132,576,434
Selling & Distribution Expenses	L	71,558,169	49,436,645
Payment to Employees	M	37,778,691	21,987,192
Administrative Expenses	N	47,210,564	25,666,322
Preliminary Expenses W/Off		832,200	-
Total Expenditure		1,730,347,394	1,298,860,474
Profit Before Interest, Depreciation & Tax (PBDIT)		222,091,040	216,545,664
Interest & Financial Cost	O	71,885,568	64,685,020
Profit Before Depreciation & Tax (PBDT)		150,205,473	151,860,644
Depreciation		36,055,157	32,051,859
Amortisation of Intangibles		10,939,612	14,586,149
		46,994,769	46,638,008
Profit Before Tax		103,210,704	105,222,636
Less Provision For Tax			
Current Tax		44,609,000	21,249,998
Deferred Tax		(6,193,435)	3,830,631
Short Provision of Earlier years		(2,693,418)	2,716,181
Profit after Tax		67,488,556	77,425,826
Add: Balance Brought Forwarded from earlier years		299,634,974	243,250,182
Profit available for Appropriations		367,123,530	320,676,008
Appropriations:			
Proposed Dividend		14,373,720	14,373,720
Dividend Distribution Tax		2,442,814	2,442,814
Transfer to General Reserve		7,821,000	4,224,500
Balance carried to Balance Sheet		342,485,996	299,634,974
Basic & Diluted EPS (in ₹)		0.94	1.08
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS	P		

As per our report of even date attached
For Bhuta Shah & Co.

Chartered Accountants
(Registration No. 101474W)

CA Mitesh Kothari
Partner

Membership No. 110822

Mumbai on this 28th Day of May 2011

For and on behalf of the Board

Amrut P. Shah
Chairman & Managing Director

Shantilal P. Shah
Whole-time Director

Hasmukh A. Gada
Whole-time Director

Amisha V. Shah
Company Secretary

Cash Flow

SUNDARAM MULTI PAP LTD. CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

Particulars	April 1, 2010-March 31, 2011 ₹		April 1, 2009-March 31, 2010 ₹	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit / (Loss) before Tax and Extraordinary items		103,210,704		105,222,638
Adjustment for :				
Depreciation & Amortisation	46,994,769		46,638,005	
Interest Income	(15,743,846)		(908,759)	
Dividend Income	(7,500)		(7,500)	
Preliminary Expenses W/off	832,200		-	
Interest Paid	87,629,414		65,593,779	
(Profit) / Loss on Sale of Fixed Assets	74,854		(1,069,616)	
		119,779,891		110,245,909
		222,990,595		215,468,548
Operating profit before working capital changes				
Adjustment for :				
Sundry Debtors	85,904,188		(238,479,899)	
Inventories	(248,913,492)		37,090,297	
Other Loans & Advances	11,246,812		(36,135,236)	
Current Liabilities & Provisions	(10,557,006)		4,036,847	
		(162,319,498)		(233,487,991)
Cash generated from operations		60,671,097		(18,019,443)
Direct Taxes Paid (Net)		(32,704,202)		(10,703,050)
NET CASH FLOW OPERATING ACTIVITIES		27,966,895		(28,722,493)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(102,060,765)		(165,098,004)	
Investment in Capital WIP	(7,501,600)		82,126,810	
Sale of Fixed Assets	209,000		5,076,346	
Interest Received	12,628,892		908,759	
Pre- Operative expenses awaiting capitalisation	-		(40,233,366)	
Dividend Received	7,500		7,500	
NET CASH FLOW FROM INVESTING ACTIVITIES		(96,716,974)		(117,211,955)
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Preliminary Expenses Paid	-		(832,200)	
Proceeds from Borrowings	163,426,344		245,129,176	
Dividend Paid (Incl. of Tax)	(16,816,534)		(8,408,267)	
Interest Paid	(84,514,460)		(65,593,779)	
NET CASH FLOW FROM FINANCING ACTIVITIES		62,095,350		170,294,930

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Cash Flow

SUNDARAM MULTI PAP LTD. CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

Particulars	April 1, 2010-March 31, 2011 ₹		April 1, 2009-March 31, 2010 ₹	
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)		(6,654,729)		24,360,482
Cash and Cash equivalents at beginning of the year	26,649,686		5,976,464	
Cash and Cash equivalents at end of the year	19,994,957		30,336,946	
Net Increase/ (Decrease)		(6,654,729)		24,360,482

Note:

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

As per our report of even date attached
For **Bhuta Shah & Co.**
Chartered Accountants
(Registration No. 101474W)
CA Mitesh Kothari
Partner
Membership No. 110822
Mumbai on this 28th Day of May 2011

For and on behalf of the Board

Amrut P. Shah
Chairman & Managing Director

Shantilal P. Shah
Whole-time Director

Hasmukh A. Gada
Whole-time Director

Amisha V. Shah
Company Secretary

Schedules

SUNDARAM MULTI PAP LTD.

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SCHEDULE A: SHARE CAPITAL		
AUTHORISED		
200,000,000 Equity Shares of ₹ 1/- each	200,000,000	300,000,000
ISSUED, SUBSCRIBED & PAID UP		
71,868,591 Equity Shares of ₹ 1/- fully paid up	71,868,591	71,868,591
SCHEDULE B: RESERVES & SURPLUS		
Capital Reserve	700,000	700,000
Securities Premium	610,151,163	610,151,163
	610,851,163	610,851,163
General Reserve	4,621,000	396,500
Add: Transfer from Profit and Loss Account	7,821,000	4,224,500
	12,442,000	4,621,000
Profit & Loss Account	342,485,996	299,634,974
	354,927,996	304,255,974
	965,779,159	915,107,137
SCHEDULE C: LOAN FUNDS		
SECURED LOANS		
Term Loans		
Union Bank Of India	1,238,379	116,451,128
State Bank Of India	164,410,661	-
Vehicle Loans	3,363,034	5,642,721
Sub-total	169,012,074	122,093,849
(The Above loans are secured by mortgage/hypothecation of related immovable/ movable assets of the Company and Personal Gaurantee of three Directors. Vehicle Loans are secured by hypothecation of related vehicles.) (Term Loans includes Rs. 549.25 Lacs repayable within one year)		
Working Capital Loans		
Cash Credit from Union Bank Of India	57,077,375	555,547,386
Cash Credit from State Bank Of India	500,328,767	-
Export Bill Discount from Union Bank Of India	-	4,528,642
Sub-total	557,406,142	560,076,028
(Working Capital Loans from Banks are secured by hypothecation of stocks and book debts ranking pari-passu between them and also mortgage/hypothecation of related Immovable and Movable Fixed Assets of the Company ranking First pari-passu Charge between them and Personal Gaurantee of three Directors.)		
TOTAL	726,418,216	682,169,878

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SUNDARAM MULTI PAP LTD.
SCHEDULE D: FIXED ASSETS AS ON 31st MARCH, 2011

SCHEDULE C - FIXED ASSETS

(Amount in ₹)

Assets	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 01.04.10	Additions During the Year	Deductions During the Year	As at 31.03.11	As at 01.04.10	For the Year	Deductions During the Year	As at 31.03.11	As at 31.03.10
Tangible Assets:									
Building	217,377,165	4,501,937	-	221,879,102	15,965,933	7,266,988	-	198,646,181	201,411,232
Computer	3,849,563	4,302,087	-	8,151,650	1,997,193	779,221	-	5,375,236	1,852,370
Furniture & Fixture	64,553,892	11,383,408	-	75,937,300	11,395,739	4,245,714	-	60,295,847	53,158,153
Motor Car	19,754,470	730,693	-	20,485,163	4,831,467	1,921,205	-	13,732,491	14,923,003
Plant & Machinery	406,427,116	3,270,916	562,500	409,135,532	60,285,050	19,322,797	278,646	329,806,331	346,142,066
Scooter	419,126	-	-	419,126	234,337	39,817	-	144,972	184,789
Tempo	3,325,031	-	-	3,325,031	2,120,011	315,879	-	889,141	1,205,020
Land	178,375,081	-	-	178,375,081	-	-	-	178,375,081	178,375,081
Intangible Assets:									
Brand (Goodwill)	72,930,746	-	-	72,930,746	21,879,224	10,939,612	-	40,111,910	51,051,522
Knowledge Based Content	-	77,871,723	-	77,871,723	-	2,163,536	-	75,708,187	-
TOTAL	967,012,190	102,060,764	562,500	1,068,510,454	118,708,954	46,994,769	278,646	903,085,378	848,303,236
Previous Year	807,630,493	165,098,003	5,716,306	967,012,190	73,780,524	46,638,006	1,709,576	848,303,236	733,849,969

Schedules | continued

SUNDARAM MULTI PAP LTD.

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
UNSECURED LOANS		
Sales Tax Loan	13,679,510	12,910,464
Inter Corporate Deposit	118,408,960	-
Term Loan From SICOM	2,064,441	2,064,442
	134,152,911	14,974,906
SCHEDULE E: INVESTMENTS		
Long Term, Trade		
Unquoted		
5,000 Equity Shares of ₹ 10/- each fully paid up of Abhyudaya Co-operative Bank Ltd. (Previous Year: 5,000 Shares)	50,000	50,000
	50,000	50,000
SCHEDULE F: CURRENT ASSETS, LOANS & ADVANCES		
(A) CURRENT ASSETS		
(a) Inventories (As taken, valued & certified by the mangement)		
Raw Materials	220,375,000	199,432,793
Semi-Finished Goods	202,163,814	22,199,885
Finished Goods	103,985,808	80,717,309
Stores & Packing Material	25,269,230	18,662,734
Trading Goods	18,132,361	-
	569,926,212	321,012,720
(b) Sundry Debtors (Unsecured, considered good)		
Debts outstanding for a period exceeding six months	41,276,106	107,304,186
Other Debts	352,041,162	371,917,269
	393,317,268	479,221,455
(c) Cash & Bank Balances		
(i) Cash on Hand	4,402,805	1,693,967
(ii) With Scheduled Banks		
-In Current Accounts	15,023,953	27,178,800
-In Deposit Accounts	152,763	1,113,504
-In Unpaid Dividend Accounts	415,437	350,674
	19,994,958	30,336,946
(d) LOANS & ADVANCES (Unsecured, considered good)		
(a) Inter-Corporate Loans	-	8,700,000
(b) MAT Credit Entitlement	9,500,000	9,500,000
(c) Deposits	5,770,264	5,788,564
(d) Prepaid Expenses	11,912,730	6,558,706

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SUNDARAM MULTI PAP LTD.

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
(e) Advances recoverable in cash or in kind and/or for value to be received	44,699,986	70,470,665
(f) Other Current Assets	56,239,126	18,044,654
(g) Advances to Creditors	14,025,128	1,627,256
	142,147,234	120,689,845
SCHEDULE G: CURRENT LIABILITIES & PROVISIONS		
(A) CURRENT LIABILITIES		
Sundry Creditors	109,068,875	117,911,574
Advance from Customers	8,797,324	2,690,397
Other Liabilities towards Extraordinary Item	5,119,794	12,538,826
Outstanding Statutory Liabilities	5,135,833	9,106,739
Outstanding Expenses	2,324,678	1,514,153
Book Overdraft with Bank	-	3,687,260
Unpaid Dividend **	415,437	350,674
SUB TOTAL (A)	130,861,941	147,799,624
(B) PROVISIONS		
Provision for Tax	69,245,201	24,654,201
Proposed Dividend	14,373,720	14,373,720
Provision for Dividend Distribution Tax	2,442,814	2,442,814
Provision for Gratuity	1,991,297	1,991,297
SUB TOTAL (B)	88,053,032	43,462,032
TOTAL (A) + (B)	218,914,973	191,261,656

** : There are no dues which needs to be credited into Investor Education and Protection Fund under section 205C of the Companies Act, 1956 as at 31st March 2011

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SUNDARAM MULTI PAP LTD.

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SCHEDULE H: INCOME		
SALES		
(A) Local		
ai) Sales (TDS Rs. Nil, Previous Year ₹ 50725/-)	1,083,361,377	1,030,696,980
a ii) Trading Sales	648,202,504	192,798,247
SUB TOTAL (A)	1,731,563,881	1,223,495,227
(B) Export		
bi) Sales	221,813,666	280,879,424
b ii) Exc Fluctuation on Exports	(526,048)	3,657,053
SUB TOTAL (B)	221,287,618	284,536,477
TOTAL SALES (A) + (B)	1,952,851,499	1,508,031,704
OTHER RECEIPTS		
Royalty Income (TDS Nil P.Y. ₹ 72,201/-)	-	1,439,180
Sales Tax Refund	-	365,299
Profit on Sale of Assets (Net)	-	1,218,225
Dividend	7,500	7,500
Export Incentives	1,384,869	3,236,201
Duty Drawback	6,798,399	4,814,708
Miscellaneous Income	101,000	114,218
Profit on Forex Derivatives	-	194,419
Sundry Balance W/Off	36,055	1,066,534
TOTAL OTHER RECEIPTS	8,327,823	12,456,284
SCHEDULE I: MATERIALS CONSUMED		
(A) Raw Material Consumed		
Opening Stock	189,310,628	238,208,990
Add: Purchases	988,583,544	789,426,206
Transport Inward	47,615,275	43,893,670
	1,225,509,447	1,071,528,866
Less: Closing Stock	220,375,000	189,157,078
SUB TOTAL (A)	1,005,134,447	882,371,788
(b) Cost of Trading Sales	630,155,237	181,514,309
TOTAL MATERIAL CONSUMED (A) + (B)	1,635,289,685	1,063,886,097

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SUNDARAM MULTI PAP LTD.

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SCHEDULE K: (INCREASE)/DECREASE IN STOCKS		
Opening Stock-Finished Goods	80,717,309	87,589,612
Opening Stock-Semi-Finished Goods	22,199,885	20,635,366
Less: Closing Stock-Finished Goods	103,985,808	80,717,309
Less: Closing Stock-Semi-Finished Goods	202,163,814	22,199,885
	(203,232,428)	5,307,784
SCHEDULE L: MANUFACTURING EXPENSES		
Electricity Expenses	9,875,731	16,237,349
Factory Wages	11,243,831	12,385,201
Job Work Expenses	31,949,876	31,746,471
Machinery Maintenance	4,116,557	3,272,319
Other Manufacturing Expenses	1,562,368	5,445,384
Security Charges	972,085	930,509
Service Tax	1,170,365	1,192,268
Stores & Packing Material Consumed	80,019,701	61,366,933
	140,910,514	132,576,434
SCHEDULE M: SELLING & DISTRIBUTION EXPENSES		
Advertisement & Sales Promotion	27,358,326	8,002,711
Freight, Clearing & Forwarding Charges	28,607,896	29,581,505
Loading & Unloading Charges	5,851,765	4,612,258
Commission Charges	9,728,956	7,240,171
Other Selling Expenses	11,226	-
	71,558,169	49,436,645
SCHEDULE N: PAYMENT TO EMPLOYEES		
Salaries & Wages	23,027,412	8,239,138
Contribution to PF, Gratuity & Other Funds	2,417,916	2,888,135
Directors' Remuneration	10,800,000	10,200,001
Staff Welfare	1,533,363	659,919
	37,778,691	21,987,192

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SUNDARAM MULTI PAP LTD.

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SCHEDULE O: ADMINISTRATIVE CHARGES		
Amalgamation Expenses	1,128,625	2,263,606
Donation	4,897,644	827,600
Electricity Expenses	1,096,524	412,014
Insurance Charges	7,176,894	4,032,394
Legal, Professional & Consultancy Charges	10,433,443	5,976,612
Loss on Sale of Assets (Net)	74,854	148,609
Motor Car Expenses	1,462,662	948,100
Remuneration to Statutory Auditors	2,018,775	774,805
Rent, Rates & Taxes	5,449,073	2,113,818
Repairs & Maintenance	2,660,169	696,604
Miscellaneous Expenses	6,746,600	4,970,950
Travelling Expenses	4,065,301	2,501,211
	47,210,564	25,666,322
SCHEDULE P: INTEREST & FINANCIAL CHARGES		
Interest Charges	95,363,382	60,481,925
Less: Interest Capitalised	17,123,771	463,404
	78,239,611	60,018,521
Bank and Finance Charges	1,482,609	5,575,258
Loss on Forex Derivatives	4,792,239	-
	84,514,460	65,593,779
Less : Interest Received	12,628,892	908,759
	71,885,568	64,685,020

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Sundaram Multi Pap Limited

Schedules Forming Part of the Financial Statements for the Year Ended March 31, 2011

SCHEDULE 'P': NOTES TO ACCOUNT:

1. PRINCIPLES OF CONSOLIDATION:

The Consolidated Financial Statements relate to Sundaram Multi Pap Limited (the Company) and its wholly owned subsidiary Sundaram Edusys Private Limited.

Basis of Preparation:

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

Principles of Consolidation:

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

2. SIGNIFICANT ACCOUNTING POLICIES :

i. Accounting Conventions:

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

ii. Use of Estimates:

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

iii. Fixed Assets:

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

iv. Depreciation / Amortisation:

Depreciation on fixed assets is provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956 or estimates made by the management. Depreciation on addition/deletion of assets during the year is provided on pro-rata basis. Brand is amortised over a

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period of four subsequent years on a systematic basis as decided by the management at the rate of 10% in first year, 20% in second year, 30% in third year and 40% in fourth year.

v. Investment:

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

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

vi. Valuation of Inventories:

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

vii. Revenue Recognition:

i. The Company recognizes revenue on sale of products upon dispatch to the customer or when delivered to the ocean carrier for export sales, which is when risks and rewards of ownership are passed to the customer. Sales are shown net of returns, discounts, excise duty and sales tax.

ii. Export turnover include exchange rate difference arising on realization.

iii. Dividend income on investment is accounted for in the year in which the right to receive the payment is established.

iv. Interest income is recognized on the time proportion basis.

viii. Export Incentives:

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

ix. Retirement Benefits:

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

x. Foreign Currency Transactions:

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

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

xi. Borrowing Cost:

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

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& loss Account.

xii. Provision for Taxes:

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

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

xiii. Impairment of Fixed Assets:

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

xiv. Leases:

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

xv. Financial Derivatives Hedging Transaction:

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

xvi. Contingent Liability:

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

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

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

3. NOTES TO ACCOUNTS:

i. Contingent Liability: Nil

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

iii. Balances of certain sundry debtors, sundry creditors, loans and advances are subject to confirmations / reconciliation and consequential adjustments, if any. The management does not

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expect any material difference affecting the current year's financial statements on such reconciliation / adjustments.

- iv. The company has changed the estimate of useful life of Brand purchased on amalgamation of companies at Nagpur (Paper Mill) to six years and accordingly decided that such Brand to be amortised over a period of five subsequent years after amalgamation, on a systematic basis at the rate of 10% in first year, 20% in second year, 15% in third year, 25% in fourth year and 30% in fifth year. During the year, as per earlier policy. But due to change in policy such amount is ₹ 10,939,612 This has resulted into increase in profit by ₹ 10,939,612

v. **Disclosure under MSMED Act, 2006:**

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

vi. **Employee Benefits:**

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

- 1) Valuation Date : 31st March, 2011
- 2) Valuation Method : Projected Unit Credit Method
- 3) Mortality Rate : LIC (1994-96) Ultimate
- 4) Withdrawal Rate : 1% to 3% depending on age
- 5) Discount Rate : 8% p.a.
- 6) Salary Escalation : 8%

vii. **Segment Reporting:**

a) **Primary Segment (Business):**

The Company operates in business segment of :-
manufacture and sale of exercise note books and paper.
Development and sale of software for educational content.

b) **Secondary Segment (Geographical):**

(Amount in ₹)

Sr. No.	Segment	Domestic	Overseas	Total
	Particulars			
1)	Revenue	1722822993	221,287,618	1944110611
2)	Segment Assets	2078100062	57,472,530	2135572592
3)	Addition to Fixed Assets	102388756	Nil	102388756

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viii. Related Party Disclosures:

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

Relationship	Name	Nature
Wholly owned Subsidiary	Sundaram Edusys Private Limited	Company
Key Management Personnel (KMP)	Mr. Amrut P. Shah	Chairman & Managing Director
	Mr. Shantilal P. Shah	Whole-time Director
	Mr. Hasmukh A. Gada	Whole-time Director
Relatives of KMP	Mr. Raichand P. Shah Mrs. Nayna S. Shah	Brother of Amrut P. Shah Wife of Shantilal P. Shah
Enterprises over which relatives of KMP have significant influence	M/s. Salt Advertising	Proprietor, Ms. Ridhi Gala is daughter of CMD

- b) Transactions with Related Parties:

(Amount in ₹)

Particulars	Wholly Owned Subsidiary	KMP	Relatives of KMP	Enterprises over which relatives of KMP have significant influence
Investment in Equity Shares of Sundaram Edusys Private Limited	(-) 49,000,000	- (-)	- (-)	- (-)
Loan Given to Sundaram Edusys Private Limited	155,179,894 (52,42,712)	- (-)	- (-)	- (-)
Repayment of Loan Given to Sundaram Edusys Private Limited	3,010,000 (-)	- (-)	- (-)	- (-)
Remuneration Details are as under:	-	10,200,000 (10,200,000)	1,200,000 (1,200,000)	-
Mr. Amrut P. Shah	(-)	6,000,000 (60,00,000)	-	-
Mr. Shantilal P. Shah	-	3,000,000 (30,00,000)	-	-
Mr. Hasmukh A. Gada	-	1,200,000 (1,200,000)	-	-
Mr. Raichand P. Shah	-	-	1,200,000 (1,200,000)	(-)
Rent Paid	-	-	183,000	-
Nayna S. Shah	(-)	(-)	(1,83,000)	(-)
Advertisement	-	-	-	1,690,681
M/s. Salt Advertising	(-)	(-)	(-)	(566,504)

Figures in bracket reflects previous year's amount.

Schedules | continued

c) Outstanding Balances of Related Parties:

(Amount in ₹)

Particulars	Wholly Owned Subsidiary	KMP	Relatives of KMP	Enterprises over which relatives of KMP have significant influence
Recoverables	137,194,245 (5,242,711)	- (-)	- (108,552)	- (-)
Payables	137,194,245 (-)	1,173,744 (4,513)	322,146 (61,513)	126,094 (231,561)
Investments	49,000,000 (49,000,000)	- (-)	- (-)	- (-)

ix. Computation of Basic and Diluted Earnings per share:

Particulars	Current Year	Previous Year
Net Profit After Tax available to equity shareholders (in ₹)	67,488,556	77,425,826
Number of Equity Shares (in no's)	7,18,68,591	7,18,68,591
Basic and diluted earnings per share (Face Value-₹ 1/-) (in ₹)	0.94	1.08

x. Deferred Tax:

In compliance with Accounting Standard (AS-22) relating to "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, the company has recognized in the Profit & Loss Account, the net deferred tax liability as under:

(Amount in ₹)

Particulars	Current Year	Previous Year
Liability related to fixed assets	31,082,715	25,275,637
Less: Asset related to gratuity	(12,661,983)	(661,459)
Net deferred tax liability as at year end	18,420,732	24,614,178
Less: Opening net deferred tax liability	24,614,178	20,783,547
Net deferred tax liability charged to Profit & Loss Account	6,193,446	3,830,631

Schedules | continued

xii. Additional information pursuant to paragraphs 3,4C and 4D of part II of Schedule VI of the Companies Act, 1956.

a) Licensed Capacity : Not Available

b) Installed Capacity : 36,000 Tons

c) Details of Production and Sales of Finished Goods:

Class of goods	Unit of measure	Production / Purchase Qty.	Sales Qty.	Sale Value (₹ in Lacs)
Exercise Books	In Pcs	135,680,480 (139,183,407)	133,075,992 (115,059,966)	11,995.03 (11,940.33)
Paper	Kgs	3,991,151 (4,391,830)	4,306,657 (4,531,501)	808.78 (1,212.00)
Trading				6,474.64 (1927.98)
Total	--			19278.45 (15080.31)

Figures in bracket reflects previous year's amount.

d) Details of opening & closing stock of Finished Goods :

Class of Goods	Opening Stock				Closing Stock			
	Current Year		Previous Year		Current Year		Previous Year	
	Qty	₹(in Lacs)	Qty	₹(in Lacs)	Qty	₹(in Lacs)	Qty	₹(in Lacs)
Exercise Books	5,225,382.52	699.86	8,675,484.00	708.23	6,949,340.00	1,028.80	5,225,382.52	699.86
Paper	320,738.11	107.32	501,101.00	167.67	45,926.00	11.06	320,738.11	107.32
Trading of Copier Paper & Others	0.00	0.00	0.00	0.00	349,535.50	146.28	0.00	0.00
Total		807.18		875.90		1,186.14		807.18

e) Value of Raw Material Consumed:

Particulars	Current Year		Previous Year	
	Amount (₹ In Lacs)	%	Amount (₹ In Lacs)	%
Raw Materials (Paper & Paper Boards)				
(i) Imported	75.79	0.46	101.74	0.96
(ii) Indigenous	9,939.01	60.92	8,721.98	81.98
Trading Goods				
(i) Imported	-	-	-	-
(ii) Indigenous	6,298.86	38.61	1,815.14	17.06
Total	16,313.66	100	10,638.86	100

Schedules | continued

xiii. Expenditure and Earnings in Foreign Currency:

(₹ in Lacs)

Particulars	Current Year	Previous Year
F.O.B value of Exports	2,022.64	2,648.16
C.I.F Value of Imports:		
Raw Materials	98.52	101.74
Expenditure:		
Traveling Expenses	6.57	7.54
Branch Expenses	20.04

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

As per our report of even date attached
For **Bhuta Shah & Co.**
Chartered Accountants
(Registration No. 101474W)
CA **Mitesh Kothari**
Partner
Membership No. 110822
Mumbai on this 28th Day of May 2011

For and on behalf of the Board

Amrut P. Shah
Chairman & Managing Director

Shantilal P. Shah
Whole-time Director

Hasmukh A. Gada
Whole-time Director

Amisha V. Shah
Company Secretary

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Statement pursuant to section 212 of the Companies Act, 1956 relating to subsidiary companies as on March 31, 2011.

Name of the subsidiary	Financial Year ending of the subsidiary	Number of equity share held	Extent of holding	For Financial year of the subsidiary		For the previous Financial Year since it became a subsidiary	
				Profit / (losses) so far it concerns the member of the holding company and not dealt with in the books of account of the holding company	Profit / (losses) so far it concerns the member of the holding company and dealt with in the books of account of the holding company	Profit / (losses) so far it concerns the member of the holding company and not dealt with in the books of account of the holding company	Profit / (losses) so far it concerns the member of the holding company and dealt with in the books of account of the holding company
1	2	3	4	5	6	7	8
Sundaram Edusys Pvt. Ltd.	3/31/2011	4900000 equity share of ₹ 10 Each fully paid	100%	Nil	Nil	Nil	Nil

Name of the Company	Share Capital	Reserves	Total Assets	Total Liabilities	Details of Investment	Turnover	Profit Before Taxation	Provision for Taxation	Amt in ₹	Proposed Dividend
									Profit / (Loss) After Taxation	
Sundaram Edusys Pvt. Ltd.	49,000,000	Nil	1,94,226,146	1,94,226,146	Nil	25,006,535	(28,173,035)	(9,135,835)	(19,037,200)	Nil

SUNDARAM MULTI PAP LIMITED

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

ATTENDANCE SLIP

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

I hereby record my presence at the 17th Annual General Meeting of the Company to be held on Friday, 30th September 2011 at 10.00 a.m., at Navinbhai Thakar Hall, Shradhanand Road, Vile Parle (East), Mumbai- 400 057.

NAME AND ADDRESS OF THE SHARE HOLDER _____

Folio No. / DPID - CLIENT ID _____

NAME OF THE PROXY (IN CAPITAL LETTERS) _____

No. of Shares held _____

I here record my presence at the meeting

Signature of Member / Proxy

SUNDARAM MULTI PAP LIMITED

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

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 attend and
vote for me/us on my/our behalf at the 17th Annual General Meeting of the Company to be held on Friday,
30th September 2011 at 10.00 a.m., at Navinbhai Thakar Hall, Shradhanand Road, Vile Parle (East),
Mumbai- 400 057.

Signed this _____ day of _____ 2011.

Reg. Folio No. _____

No. of Shares _____

Affix
₹ 1
Revenue
stamp

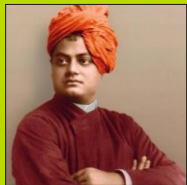
Signature across the stamp

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

* Strike out whichever is not desired.

NOTE : 1. The Proxy Form must be deposited at the Registered Office of the Company situated at 903, Dev Plaza, Opp. Andheri Fire Station, S.V. Road, Andheri (West), Mumbai- 400 058, not less than 48 hours before the time for holding of the aforesaid Meeting(s).

2. The Proxy need not be a member of the Company.



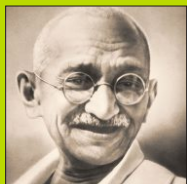
"If a child cannot go to the school then the school must come to the child."

-Swami Vivekanand



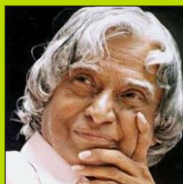
"विद्ये विना मति गेली, मति विना निती गेली,
निती विना गर्ती गेली, गर्ती विना वित्त गेले,
वित्ते विना शुद्र खचले, इतके अनर्थ एका अविद्येने केले."

-महात्मा ज्योतिबा फुले.



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

-Mahatma Gandhi



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

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



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

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



Based on my 44 years experience in business and social work the ultimate solution to a Nation's progress rests on the EDUCATION and VOCATIONAL TRAINING of its people.

Chairman of I Watch
-Mr.Krishan Khanna



Education Revolution

REGISTERED OFFICE

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

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