



**16th**  
**ANNUAL REPORT**  
**2009-2010**

# SIMPLEX PAPERS LIMITED

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## Board of Directors

Shri R.L.Saboo  
Shri O.D.Purohit  
Shri S.M.Soni  
Shri D.C.Shrimali  
Shri Girish Bagri  
Smt.Sitalaxmi Narayanan

## Auditors

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

## Bankers

State Bank of India, Mumbai

## Solicitors

Mulla & Mulla & Craigie Blunt & Caroe  
Mumbai

## Registered Office

30, Keshavrao Khadye Marg,  
Sant Gadge Maharaj Chowk,  
Mumbai - 400 011.  
Tel. : 23082951

## Share Transfer Agent

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

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Annual General Meeting of the Company will be held on Wednesday , the 11<sup>th</sup> August, 2010 at 12.00 Noon at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai-400 001.

## NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of Simplex Papers Limited will be held on Wednesday, the 11<sup>th</sup> August, 2010 at 12.00 Noon at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2<sup>nd</sup> Floor, 18/20, Kaikhushru Dubash Marg, Mumbai- 400 001 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri R. L. Saboo, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri D. C. Shrimali, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

By Order of the Board of Directors

Mumbai, May 21, 2010

**S. M. Soni**  
Director

### Registered Office:

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

### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE VALID, SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Members are requested to notify the change in address, if any, immediately to the Company quoting their folio numbers.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 5<sup>th</sup> August, 2010 to Wednesday, 11<sup>th</sup> August, 2010 (both days inclusive)
4. Shri R.L. Saboo and Shri D.C. Shrimali are the Directors retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. They are not related to any Director of the Company.

Brief resume of the Directors seeking re-appointment and other details as stipulated under clause 49 of the Listing Agreement are provided in the Annexure to the Notice.

## SIMPLEX PAPERS LIMITED

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### Details of the Directors seeking re-appointment in the forthcoming Annual General Meeting

Name of Director	Shri R.L.Saboo	Shri D.C.Shrimali
Date of Birth	02.09.1937	07.05.1952
Date of Appointment	29.09.2005	15.07.2007
Experience in specific functional areas	49 years of rich experience in the field of Accountancy, Finance and Banking.	More than 25 years of experience in Paper Industry.
Qualification	B.Com.	B.Com.
Directorships held in other Companies	Simplex Mills Company Limited	None
Committee positions held in other Companies	1. Member of Audit Committee of Simplex Mills Company Limited 2. Member of Investors' Grievance Committee of Simplex Mills Company Limited	None

## SIXTEENTH REPORT OF THE BOARD OF DIRECTORS

To,  
The Members,

Your Directors present their Annual Report, together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2010.

### FINANCIAL RESULTS

	<b>Year ended 31.03.2010 Rs.</b>	Previous Year ended 31.03.2009 Rs.
Profit/(Loss) before Interest, Depreciation and Taxation	<b>(73,70,725)</b>	(2,21,17,990)
Less: Depreciation	<b>1,10,63,151</b>	1,10,63,151
Less: Impairment Loss	<b>7,79,38,318</b>	-
(Loss) before Tax, Prior Period and Extraordinary Items	<b>(9,63,72,194)</b>	(3,31,81,141)
Prior Period Expenses	-	6,74,371
Extraordinary Items	<b>26,08,776</b>	-
(Loss) before Tax	<b>(9,89,80,970)</b>	(3,38,55,512)
Less: Provision for Fringe Benefit Tax	-	33,150
(Loss) after Tax	<b>(9,89,80,970)</b>	(3,38,88,662)
Balance brought forward from previous year	<b>(13,34,42,692)</b>	(9,95,54,030)
Balance carried forward	<b>(23,24,23,662)</b>	(13,34,42,692)

### DIVIDEND

In the absence of profits, your Directors regret their inability to propose any dividend.

### OPERATIONS

Production at Company's Gondia unit is under suspension since September, 2006 due to non-availability of required raw materials. The Management is making efforts to get the allocation of industrial bamboo quota from the concerned authorities. The Management is hopeful of getting the allocation of the bamboo quota and re-start the production with new raw material mix i.e. wood based raw material.

### IMPAIRMENT OF FIXED ASSETS

During the year, the Management has considered the impairment loss of fixed assets as required under the applicable Accounting Standard (AS - 28 "Impairment of Assets"). The impairment loss of Rs. 779.38 lacs has been provided.

### FIXED DEPOSITS

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

### DIRECTORS

Under Article 196 of the Articles of Association of the Company, Shri R.L.Saboo and Shri D.C.Shriali, Directors retires by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

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

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## AUDITORS' REPORT

In reply to the observations of Auditors' in the Annexure to their report for the year 2009-10, the Board of Directors states as follows:

I) With reference to clause 4(e) of Auditor's Report -

The production is under suspension due to non-availability of required raw materials and the Management has evaluated that the plant can be used for production of paper with wood based raw materials. The Management has approached the concern authorities of the state government for the allotment of industrial bamboo quota and lease of unused degraded forest land for commercial plantation of bamboos so that there will be regular supply of raw material. We are hopeful for the allotment of the bamboo quota and to re-start the plant. Based on the viability of the plant with wood based raw materials and efforts of the Management, the accounts have been prepared on a going concern basis.

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

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

III) With reference to the clause x of annexure -

The accumulated losses of the Company have exceeded its Net worth, hence net worth of the Company has been fully eroded at the end of the financial year 2009-2010. The Company has incurred cash losses during the current financial year as well as in the immediately preceding financial year.

### Causes for erosion of Net Worth

The Company has been providing depreciation on all fixed assets though there are no production activities since September 2006 and also during the year under review the Company has provided impairment loss of Rs. 779.38 lacs on fixed assets which has increased the loss for the year and resulted in full erosion of the net worth of the Company.

### Steps for revival

The Management has evaluated the viability of wood based paper manufacturing and has approached to concerned authorities of the state government for the allotment of industrial bamboo quota and lease of unused degraded forest land for commercial plantation of bamboos so that there will be regular supply of raw material. The Management is hopeful for the allotment of the same and to re-start the plant and efforts are being made to make net worth positive.

IV) With reference to the clause xi of annexure -

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

## AUDITORS

M/s Vijay Rungta & Co., Chartered Accountants, retire as Auditors of the Company and are eligible for re-appointment. The Company has received a letter from M/s Vijay Rungta & Co., Chartered Accountants expressing their willingness and eligibility to act as Statutory Auditors of the Company under section 224(1B) of the Companies Act, 1956, if appointed.

## COST AUDIT

As there was no production during the year 2009-10, no cost audit will be required to carry out.

## PARTICULARS OF EMPLOYEES

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

## **CORPORATE GOVERNANCE**

The Company has complied with the mandatory provisions of Corporate Governance as stipulated in the Listing Agreement with the Stock Exchange. A separate report on Corporate Governance along with the requisite Auditors' Certificate is annexed and forms part of this Annual Report.

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

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

## **SECRETARIAL COMPLIANCE CERTIFICATE**

Secretarial Compliance Certificate received from M/s. Manish Ghia & Associates, Practicing Company Secretaries, as required under section 383A of the Companies Act, 1956 for the financial year 2009-10 is annexed and forms part of this Annual Report.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) appropriate accounting policies have been selected and applied consistently, and the judgments and estimates that have been made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2010 and of the loss of the Company for the said period;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.

## **ACKNOWLEDGEMENT**

Your Directors place on record their appreciation for the assistance and support extended by all government authorities, banks, consultants, solicitors and shareholders of the company.

For and on behalf of the Board of Directors

**S.M. Soni**

**R. L. Saboo**  
Directors

Mumbai, May 21, 2010

**Registered Office:**  
30, Keshavrao Khadye Marg,  
Sant Gadge Maharaj Chowk,  
Mumbai - 400011

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## Compliance Certificate

### FORM [SEE RULE 3]

Company Identification No.: L21010MH1994PLC078137

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

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

We have examined the registers, records, books and papers of **Simplex Papers Limited** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company, for the financial year ended on **31<sup>st</sup> March 2010 (financial year)**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure `A'** to this certificate, as per the provisions of the Act and rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure `B'** to this certificate, with the Registrar of Companies, Maharashtra within the time prescribed under the Act and the rules made there under. The Company has paid the necessary additional fees for the documents, which are filed after the time prescribed under the act. The Company has not filed any documents with the Office of Regional Director, Central Government or other authorities prescribed under the Act.
3. The Company, being a Public Limited Company, has the minimum prescribed paid-up share capital. As on 31<sup>st</sup> March 2010, the paid-up capital of the Company was Rs. 3,00,14,750/- and the restrictive provisions of Section 3(1) (iii) of the Act are not applicable.
4. The Board of Directors duly met **5 (five) times on 27<sup>th</sup> April 2009, 8<sup>th</sup> June 2009, 31<sup>st</sup> July 2009, 31<sup>st</sup> October 2009 and 22<sup>nd</sup> January 2010** and as per information and explanation given by the management, proper notices were given and the proceedings were properly recorded and signed including circular resolutions passed in the Minute Book maintained for the purpose.
5. The Company has closed its Register of Members from 4<sup>th</sup> August 2009 to 10<sup>th</sup> August 2009 (both dates inclusive) during the financial year and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended **31<sup>st</sup> March 2009**, was held on **10<sup>th</sup> August 2009**. As per information and explanation given by the management, the Company has given adequate notice to the members of the Company and the resolutions passed there at were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra - Ordinary General Meeting of the Company was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under Section 295 of the Act.

9. The Company has not entered into any contracts 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 under the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or the Central Government as the case may be.
12. The Board of Directors or duly constituted Committee of Directors has approved the issue of duplicate share certificates.
13. The Company:
  - i) has delivered all the share certificates on lodgment thereof for transfer and transmission or any other purpose in accordance with the provisions of the Act.
  - ii) was not required to deposit any amount in a separate bank account as no dividend was declared during the financial year.
  - iii) was not required to post warrants for dividend to the members of the Company as no dividend was declared during the financial year.
  - iv) was not required to transfer any fund to Investors Education and Protection Fund.
  - v) has complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of retiring director and additional directors was duly made. There was no appointment of Alternate Director or directors to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director / Whole time Director/ Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approval from the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms and companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any preference shares or debentures, hence the question of redemption of the same does not arise.
22. There were no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits falling within purview of Sections 58A and 58AA of the Act during the financial year.
24. The amount borrowed by the Company during the financial year ended 31<sup>st</sup> March 2010 is within the borrowing limits of the Company and that necessary resolution as per Section 293(1)(d) of the Act has been passed in duly convened Annual General Meeting of the Company held on 14<sup>th</sup> September 1995.

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

**For Manish Ghia & Associates**

*Company Secretaries*

**(MANISH L. GHIA)**

Partner

M. No. ACS 7254

C.P. No. 3531

Place : Mumbai

Date : May 21, 2010

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### **Annexure - "A"**

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

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

**Annexure - "B"**

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

**A) With the Registrar of Companies, Maharashtra during the financial year ended on 31<sup>st</sup> March 2010:**

<b>Sr. No.</b>	<b>eForm No.</b>	<b>Relevant Section</b>	<b>Description</b>	<b>Date of filing</b>	<b>Whether filed within prescribed time Yes/No</b>	<b>If delay in filing whether requisite additional fee paid Yes / N.A.</b>
1.	32	303(2)	Particulars of cessation of Shri Kashiprasad Murarka from directorship of the company w.e.f. 24 <sup>th</sup> March 2009.	16.04.2009	Yes	N.A.
2.	32	303(2)	Particulars of cessation of Shri Rajendra Prasad Agarwal as Company Secretary of the company w.e.f. 31 <sup>st</sup> March 2009.	28.04.2009	Yes	N.A.
3.	32	303(2)	Particulars of appointment of Shri Girishkumar D. Bagri and Smt. Sitalaxmi Narayanan as additional Directors of the Company w.e.f. 8 <sup>th</sup> June 2009.	17.06.2009	Yes	N.A.
4.	32	303(2)	Particulars of change in designation of Shri Girishkumar D. Bagri and Smt. Sitalaxmi Narayanan from additional directors to directors w.e.f. 10 <sup>th</sup> August 2009.	21.08.2009	Yes	N.A.
5.	66	383A	Compliance Certificate for the financial year ended 31 <sup>st</sup> March 2009.	01.09.2009	Yes	N.A.
6.	23AC & ACA	220(1)	Schedule – VI (Annual Accounts) for the financial year ended 31 <sup>st</sup> March 2009.	07.09.2009	Yes	N.A.
7.	20B	159 (1)	Schedule – V (Annual Return) for the Annual General Meeting held on 10 <sup>th</sup> August 2009.	06.10.2009	Yes	N.A.

**B) With the Office of the Regional Director, Mumbai Bench at Mumbai during the financial year ended on 31<sup>st</sup> March 2010: Nil**

**C) With the Office of the Ministry of Corporate affairs (Central Government) at Delhi during the financial year ended on 31<sup>st</sup> March 2010: Nil**

**D) With any other Authorities as prescribed under the Act, during the financial year ended on 31<sup>st</sup> March 2010: Nil**

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## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

Indian Paper Industry is an important industrial sector having a bearing on the socio-economic development of the country. Paper industry in India is the 15th largest paper industry in the world and accounts for about 1.6% of the world's production of paper and paperboard. The industry provides employment to more than 0.12 million people directly and 0.34 million people indirectly. Most of the paper mills are in existence for a long time and hence present technologies fall in a wide spectrum ranging from oldest to the most modern.

The paper mills use a variety of raw material viz. wood, bamboo, recycled fibre, bagasse, wheat straw, rice husk, etc.; approximately 35% are based on chemical pulp, 44% on recycled fibre and 21% on agro-residues (Source IPMA).

As per industry estimates, overall paper consumption (including newsprint) has now touched 8.86 million tonnes and per capita consumption is pegged at 8.3 kg. Paper Industry in India is riding on a strong demand and is expected to expand to meet the projected demand of 13 million tonnes by the year 2020.

### **OPPORTUNITIES AND THREATS**

The main growth drivers of paper industry are economic growth, increased literacy rate, increased government spending on education, population and media growth, changing demographics, increase in advertising etc. The said growth drivers augment the demand for paper industry in India.

Increasing imports of low priced paper products from countries like China and Indonesia have made it difficult for small and medium sized manufacturing units to sustain their revenue growth.

### **RISKS AND CONCERNS**

Growth of paper industry in India has been constrained due to high cost of production caused by inadequate availability and high cost of raw materials, power cost and concentration of mills in one particular area. However, Government is taking initiative to formulate the policy measures to remove the bottlenecks of availability of raw materials and infrastructure development.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

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

### **PERFORMANCE**

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

### **CAUTIONARY STATEMENT**

Statements in this report on Management Discussion and Analysis, describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking, considering the applicable laws and regulations. These statements are based on certain assumptions and expectation of future events. Actual results, could, however differ materially from those expressed or implied.

## REPORT ON CORPORATE GOVERNANCE

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

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

### 2. BOARD OF DIRECTORS

#### a) Composition

The Board of Directors provides strategic direction and thrust to the operations of the Company. The Company's Board consist of 6 Members out of which 5 are independent Directors.

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

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

During the year under review, 5 (five) Board Meetings were held. The dates on which the said meetings were held are as follows:

27<sup>th</sup> April, 2009, 8<sup>th</sup> June, 2009, 31<sup>st</sup> July, 2009, 31<sup>st</sup> October, 2009 and 22<sup>nd</sup> January, 2010.

Details of composition and category of Directors, their attendance at each Board meeting held during the financial year 2009 - 2010 and at the last Annual General Meeting, their directorships in other companies and membership/chairmanship in committees are as follows:

Name	Category	Attendance at Board Meetings		Directorship in other Public Limited Companies	Membership / Chairmanship in Committees (including Company)		Attendance at A.G.M. held on 10 <sup>th</sup> August, 2009
		Held	Attended		Chairman*	Member*	
Shri R.L.Saboo	Independent	5	5	1	-	4	Yes
Shri O.D.Purohit	Independent	5	5	4	4	-	No
Shri S.M.Soni	Independent	5	5	1	-	4	Yes
Shri D.C.Shrimali	Non-Executive	5	1	-	-	-	No
Shri Girish Bagri**	Independent	5	4	1	-	-	Yes
Smt. Sitalaxmi Narayanan**	Independent	5	3	1	-	-	Yes

\* Committee positions only of the Audit Committee and Investors' Grievance Committee have been considered.

\*\* Appointed w.e.f 8<sup>th</sup> June, 2009

### 3. AUDIT COMMITTEE

During the year ended 31<sup>st</sup> March, 2010, 5 (five) Audit Committee meetings were held. The dates on which the said meetings were held are as follows:

8<sup>th</sup> April, 2009, 8<sup>th</sup> June, 2009, 31<sup>st</sup> July, 2009, 31<sup>st</sup> October, 2009 and 22<sup>nd</sup> January, 2010.

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The composition of the Audit Committee and the number of meetings attended by each member during the year ended 31st March, 2010 is as follows:

Name of the Member	Designation	No. of Meetings attended
Shri O.D.Purohit	Chairman	5
Shri R.L.Saboo	Member	5
Shri S.M.Soni	Member	5

All the members of the Audit Committee are Independent Non-Executive Directors having good knowledge of Finance, Accounts and Company Laws.

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

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

#### 4. REMUNERATION COMMITTEE

The Company does not have Remuneration Committee at present.

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

Details of remuneration paid to Directors during the year ended 31.03.2010

(Amount in Rs.)

Name	Salary, Perquisites & Allowances	Sitting fees
Shri R.L.Saboo	Nil	2,500/-
Shri O.D.Purohit	Nil	2,500/-
Shri S.M.Soni	Nil	2,500/-
Shri D.C.Shrimali	Nil	500/-
Shri Girish Bagri	Nil	2,000/-
Smt. Sitalaxmi Narayanan	Nil	1,500/-

Details of shares of the Company held by Non-Executive Directors are as below:

Name	No. of equity Shares held
Shri R.L.Saboo	429
Shri O.D.Purohit	24
Shri Girish Bagri	44

#### 5. INVESTORS GRIEVANCE COMMITTEE

During the year ended 31<sup>st</sup> March, 2010, 4(four) Investors Grievance Committee Meetings were held. The dates on which the said meetings were held are as follows:

8<sup>th</sup> June, 2009, 31<sup>st</sup> July, 2009, 27<sup>th</sup> October, 2009 and 22<sup>nd</sup> January, 2010

Name of the Member	Designation	Executive / Independent	Committee Meetings Attended
Shri O.D.Purohit	Chairman	Independent	4
Shri R.L.Saboo	Member	Independent	4
Shri S.M.Soni	Member	Independent	4

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

Shri Ramlal Kachhawa is Compliance Officer of the Company.

#### Investor Relations

The following table shows the nature of complaints received from the shareholders during the year ended 31<sup>st</sup> March, 2010, all of which have been resolved during the year.

Nature of Complaints- Category	No. of Complaints
Others	2

There are no Investors complaints pending as at 31<sup>st</sup> March, 2010.

## SIMPLEX PAPERS LIMITED

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### 6. GENERAL BODY MEETINGS

Location, Time and Date where last three Annual General Meetings were held are given below:

Financial Year	Date of AGM	Time	Location of the Meeting
2006 – 2007	25.09.2007	12.00 Noon	M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. D. Marg, Mumbai – 400 001
2007 – 2008	28.08.2008	12.00 Noon	M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. D. Marg, Mumbai – 400 001
2008 – 2009	10.08.2009	12.00 Noon	M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. D. Marg, Mumbai – 400 001

### Special Resolutions

Annual General Meeting	Date of AGM	Special resolution
13 <sup>th</sup>	25.09.2007	No Special Resolution was passed.
14 <sup>th</sup>	28.08.2008	For appointment of M/s. Vijay Rungta & Co., Chartered Accountants, as Statutory Auditors of the Company.
15 <sup>th</sup>	10.08.2009	No Special Resolution was passed.

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

Resume and other information regarding the directors seeking re-appointment as required by Clause 49(IV)(G)(i) of the Listing Agreement has been given in the Notice of the Annual General Meeting annexed to the Annual Report.

### 7. DISCLOSURES

#### a) Related party transactions

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

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

#### b) Compliance by the Company

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

#### c) Whistle-blower policy

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

#### d) Code of Conduct

The Company has laid down a code of conduct for the Directors and Senior Management Personnel of the

Company. The code has been posted on the website of the Company. A declaration to the effect that the Directors and Senior Managerial Personnel have adhered to the same, signed by the Director of the Company, forms part of this report.

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

**e) Disclosure of Accounting Treatment**

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

**f) Disclosure of Risk Management**

The Company has initiated the risk assessment and minimization procedures.

**g) CEO / CFO Certification**

As per requirement of Clause 49 of the Listing Agreement, the certificate from Shri D. C. Shrimali, Director, on the financial statements of the Company for the year ended 31<sup>st</sup> March, 2010 was placed before the Board.

**h) Review of Directors' Responsibility Statement**

The Board in its report has confirmed that the annual accounts for the year ended 31<sup>st</sup> March, 2010 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

**8. MEANS OF COMMUNICATION**

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

**9. CODE FOR PREVENTION OF INSIDER TRADING**

The Company has adopted a Code for Prevention of Insider Trading in the shares of the Company which is in line with the Model Code as prescribed by the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended. The said code, inter-alia prohibits purchase/sale of shares of the Company by Directors and Employees while in possession of unpublished price sensitive information in relation to the Company.

**10. GENERAL INFORMATION FOR SHAREHOLDERS**

- i. Date, Time and Venue of ensuing Annual General Meeting**
  - Date : Wednesday, 11<sup>th</sup> August, 2010
  - Time : 12.00 Noon,
  - Venue : M. C. Ghia Hall, Bhogilal Hargovindas Building, 2<sup>nd</sup> Floor, 18/20, Kaikhushru Dubash Marg, Mumbai- 400001
  
- ii. Financial Calendar (2010 - 2011)**
  - i) First Quarterly Results - Upto 15<sup>th</sup> August, 2010
  - ii) Second Quarterly Results - Upto 15<sup>th</sup> November, 2010
  - iii) Third Quarterly Results - Upto 15<sup>th</sup> February, 2011
  - iv) Annual Results - Upto 30<sup>th</sup> May, 2011

## SIMPLEX PAPERS LIMITED

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- iii. **Date of Book Closure** From Thursday, 5<sup>th</sup> August, 2010 to Wednesday, 11<sup>th</sup> August, 2010 (both days inclusive)
- iv. **Dividend payment date** N.A.
- v. **Listing on Stock Exchange** Bombay Stock Exchange Limited (BSE)  
P. J. Towers, Dalal Street, Fort, Mumbai - 400 001
- vi. **Stock Code** 533019  
**ISIN** INE456H01011
- vii. **Market Price Data** The monthly high and low quotations of shares traded on the BSE from April, 2009 to March, 2010 are as follows:

Month	Volume (No. of shares)	Price (Rs.)		BSE Sensex	
		High	Low	High	Low
April, 2009	303	16.35	14.80	11,492.10	9,546.29
May, 2009	508	18.90	15.69	14,930.54	11,621.30
June, 2009	1,361	19.70	15.20	15,600.30	14,016.95
July, 2009	6,142	19.50	14.50	15,732.81	13,219.99
August, 2009	4,123	16.95	12.80	16,002.46	14,684.45
September, 2009	12,313	23.20	15.20	17,142.52	15,356.72
October, 2009	6,117	17.25	14.25	17,493.17	15,805.20
November, 2009	2,949	16.38	10.00	17,290.48	15,330.56
December, 2009	10,972	14.60	10.10	17,530.94	16,577.78
January, 2010	18,003	16.35	12.20	17,790.33	15,982.08
February, 2010	4,028	16.75	13.50	16,669.25	15,651.99
March, 2010	2,972	13.00	9.55	17,793.01	16,438.45

viii. **Registrar and Share Transfer Agent**

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

ix. **Share Transfer System**

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

**x. Shareholding Pattern as at 31<sup>st</sup> March, 2010**

Category	Number of shares held	Percentage of Shareholding (%)
<b>(A) Shareholding of Promoter and Promoter Group</b>	<b>21,62,332</b>	<b>72.04</b>
<b>(B) Public shareholding</b>		
<b>(1) Institutions</b>		
(a) Mutual Funds/ UTI	357	0.01
(b) Financial Institutions/ Banks	4,843	0.16
(c) Insurance Companies	4,71,350	15.70
<b>(2) Non-Institutions</b>		
(a) Bodies Corporate	12,556	0.42
(b) Individuals -		
i. holding nominal share capital up to Rs.1 lac.	3,43,256	11.44
ii. holding nominal share capital in excess of Rs.1 lac.	-	-
(c) Others -		
i. Non Residents	6,267	0.21
ii. Director and their relatives	514	0.02
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>8,39,143</b>	<b>27.96</b>
<b>TOTAL (A)+(B)</b>	<b>30,01,475</b>	<b>100.00</b>

**Distribution of shareholding as on 31<sup>st</sup> March, 2010**

Category	Number of shareholders	% of total number of shareholders	Total Number of Shares	% of Total Number of Shares
1 to 500	5,750	97.89	2,48,949	8.29
501 to 1,000	70	1.19	49,036	1.63
1,001 to 5,000	41	0.70	78,058	2.60
5,001 to 10,000	1	0.02	5,858	0.20
10,001 & above	12	0.20	26,19,574	87.28
<b>Total</b>	<b>5,874</b>	<b>100.00</b>	<b>30,01,475</b>	<b>100.00</b>

**xi. Dematerialization of shares and Liquidity**

About 91.10% shares have been dematerialized as on 31<sup>st</sup> March, 2010. The Equity shares of the Company are traded on Bombay Stock Exchange Limited.

The Company has paid the Listing fees for the year 2010 - 2011 to the Bombay Stock Exchange Limited on which its shares are listed.

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

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

**xiii. Plant**

Village - Changer,   
 Post - Satona,   
 Balaghat Road,   
 Taluka & District - Gondia - 441614   
 Maharashtra

## SIMPLEX PAPERS LIMITED

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### xiv. Address for Investor Correspondence

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

Simplex Papers Limited  
30, Keshavrao Khadye Marg,  
Sant Gadge Maharaj Chowk,  
Mumbai 400 011  
Phone : (022) 23082951  
Fax : (022) 23072773  
e-mail: papers@simplex-group.com  
Website : www.simplex-group.com

**OR** Freedom Registry Limited  
(Formerly -Amtrac Management Services Limited)

**Nasik Processing Unit**  
Plot No. 101/102, 19<sup>th</sup> Street,  
MIDC, Satpur, Nasik - 422 007  
Phone : (0253) 2354032  
Fax : (0253) 2351126  
e-mail : amtrac\_nsk@sancharnet.in

**Mumbai Administration office**  
104, BaySide Mall,  
35/C, M.M.Malviya Marg  
Tardeo Road, Haji Ali,  
Mumbai-400 034  
Phone-(022) 23525589, 67432799  
e-mail : helpdesk@freedomregistry.in

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## DECLARATION UNDER CLAUSE 49 (1) (D) OF THE LISTING AGREEMENT

It is hereby declared that all the Board Members and Senior Management Personnel of the Company have affirmed adherence to and compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2010.

For **Simplex Papers Limited**

Mumbai, May 21, 2010

**S. M. Soni**  
Director

## **CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of  
**Simplex Papers Limited**

We have examined the records concerning Compliance of the conditions of Corporate Governance by **Simplex Papers Limited** for the year ended 31<sup>st</sup> March 2010 as stipulated in clause 49 of the Listing Agreement of the said company with the Bombay Stock Exchange Limited.

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

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

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

For **Vijay Rungta & Co.**  
Chartered Accountants  
(Firm Registration No.111427W)

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

Mumbai, May 21, 2010

# SIMPLEX PAPERS LIMITED

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## AUDITORS' REPORT

### TO THE MEMBERS OF SIMPLEX PAPERS LIMITED

1. We have audited the attached Balance Sheet of **Simplex Papers Limited** ('the Company') as at March 31, 2010 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto (all together referred to as 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 ('the Act'), and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
  - c. the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to Section 211(3C) of the Act;
  - e. **Due to continued losses, the net worth of the company has been fully eroded and the production is under suspension since September 2006. In spite of this, the accounts for the year under review have been prepared on the assumption of a going concern basis. This is in view of the efforts made by the management to restart the manufacturing operations with alternative raw materials mix. (Refer note 4 of Schedule 15)**
  - f. on the basis of written representations received by the Company from its directors and taken on record by the Board of Directors, we report that as at the balance sheet date, none of the directors is disqualified from being appointed as a director in terms of clause (g) of subsection (1) of Section 274 of the Act;

- g. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view subject to note 4(e) above:
- i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31<sup>st</sup>, 2010;
  - ii. in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
  - iii. in case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **Vijay Rungta & Co.**  
Chartered Accountants  
(Firm Registration No.111427W)

**Ajay Rungta**  
Partner  
Membership No: F- 40333  
Mumbai, May 21, 2010

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## **ANNEXURE TO AUDITORS' REPORT**

[Referred to in paragraph 3 of our report of even date to the members of Simplex Papers Limited on the financial statements for the year ended March 31, 2010]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to information and explanation given to us, during the year, the management conducted physical verification of certain fixed assets in accordance with its policy of physical verification in a phased manner. In our opinion, such frequency is reasonable having regard to the size of the Company and the nature of its fixed assets. As explained to us, the discrepancies noticed on physical verification as compared to book records maintained, were not material and have been properly dealt with in the books of account.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off by the company during the year.
- (ii) (a) As explained to us, management conducted physical verification of stocks of raw materials, finished goods and stores and spares at reasonable intervals during the year, as also as at the balance sheet date.
- (b) In our opinion, and according to the information and explanations given to us, the procedures followed by the management for physical verification of inventory during the year, are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of our examination of inventory records, we are of the opinion that the Company has maintained proper records of inventory. Discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.
- (iii) (a) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register

## SIMPLEX PAPERS LIMITED

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maintained under Section 301 of the Act. Consequently, the provisions of sub-clauses (b), (c) and (d) of clause (iii) of paragraph 4 of the Order are not applicable.

- (b) In our opinion and according to the information and explanations given to us, the Company has not availed any loans, secured and unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, the provisions of sub-clauses (f) and (g) of the clause (iii) of paragraph 4 of the order are not applicable.
- (iv) In our opinion and according to information and explanation given to us, during the year under report, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets, and for the sale of goods. Further, on the basis of our examination of books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- (v) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contract or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
- (b) In our opinion and according to the information and explanations given to us, transactions (other than those already dealt with in paragraph (iii) above) made pursuant to contracts or arrangements referred to in (v)(a) above and exceeding the value of Rupees five hundred thousand in respect of each party during the year, have been made at prices which are reasonable having regard to the market prices prevailing at that time, where available.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public, to which the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other provisions of the Companies Act, 1956 or the rules framed there under apply.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company relating to the manufacture of paper products, pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate and complete.
- (ix) (a) According to the information and explanations given to us, the Company was regular during the year in depositing undisputed statutory dues including Provident Fund, Income tax, Wealth Tax, Customs duty and Excise duty with the appropriate authorities. According to the information and explanation given to us, as at the balance sheet date, the Company has not deposited undisputed dues of Sales Tax aggregating Rs.18.57 lacs., which remained unpaid for a period exceeding six months from the date on which they were payable.
- (b) According to the information and explanation given to us, as at the balance sheet date, the Company has not deposited dues of Excise duty aggregating Rs.1,754.45 lacs, on account of the following disputes pending before authorities:

Period to which dues relate	Pending before	Rs. in lacs.
1994-1999	Honbl'e High Court, Mumbai	1,636.72
1991-1992	CESTAT	1.03
1999-2000	Deputy Commissioner	116.70
	<b>Total</b>	<b>1,754.45</b>

- (x) The accumulated losses of the company have exceeded fifty percent of its net worth as at the end of the year covered by our audit. The Company has incurred cash losses during the year under report and has also incurred loss in the preceding financial year.
- (xi) According to the information and explanations given to us, the Company has not committed default in repayment of dues in respect of its bank borrowings. In respect of the unsecured Sales Tax loan from a state financial institution, aggregating Rs.47,58,522/- as at the balance sheet date, which is due for more than six months.
- (xii) In our opinion, and according to the information and explanations given to us, during the year under report, the Company has not granted any loans or advances against security by way of pledge of shares and securities; accordingly, the provisions of clause (xii) of paragraph 4 of the said Order are not applicable.
- (xiii) The Company is not a chit fund / nidhi / mutual benefit fund / society and accordingly, the provisions of clause (xiii) of paragraph 4 of the said Order are not applicable.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities and other investments as its principal business, and accordingly the provisions of clause (xiv) of paragraph 4 of the said Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, as at the balance sheet date, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the Company did not avail any term loans during the year under report. Accordingly, the provisions of clause (xvi) of paragraph 4 of the said Order are not applicable.
- (xvii) In our opinion, and according to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, prima facie, funds raised on a short-term basis have not been used for long-term investments.
- (xviii) According to the information and explanations given to us, during the year under report, the company did not make any preferential allotment of shares to parties listed in the register maintained under section 301 of the Act.
- (xix) The Company has not issued any debentures during the year under report.
- (xx) During the year under report, the company did not raise any money through a public issue; consequently, the provisions of clause (xx) of paragraph 4 of the Order are not applicable.
- (xxi) To the best of our knowledge and belief, and according to the information and explanations given to us, there have been no cases of fraud on or by the Company noticed or reported during the year under report.

**For Vijay Rungta & Co.**  
Chartered Accountants  
(Firm Registration No.111427W)

**Ajay Rungta**  
Partner  
Membership No: F- 40333  
Mumbai, May 21, 2010

# SIMPLEX PAPERS LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule No.	Rs.	31.03.2010 Rs.	Rs.	31.03.2009 Rs.
<b>I SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share Capital	(1)	3,00,44,750	3,00,44,750		
Reserves and Surplus	(2)	-	6,00,15,449		
			<b>3,00,44,750</b>		9,00,60,199
<b>LOAN FUNDS</b>					
Unsecured Loans	(3)	15,20,76,557	14,87,91,824		
			<b>15,20,76,557</b>		14,87,91,824
<b>TOTAL</b>			<b>18,21,21,307</b>		<b>23,88,52,023</b>
<b>II APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>	(4)				
Gross Block		28,42,06,371	28,42,06,371		
Less : Depreciation		6,24,66,309	5,14,03,158		
		<b>22,17,40,062</b>	<b>23,28,03,213</b>		
Less : Impairment Loss		7,79,38,318	-		
			<b>14,38,01,744</b>		23,28,03,213
<b>INVESTMENTS</b>	(5)		12,000		12,000
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
Inventories	(6)	85,11,506	1,33,52,635		
Cash and Bank Balances	(7)	6,44,316	3,78,790		
Other Current Assets	(8)	27,92,547	27,34,948		
Loans and Advances	(9)	13,45,464	13,34,851		
		<b>1,32,93,833</b>	<b>1,78,01,224</b>		
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>					
CURRENT LIABILITIES	(10)	1,36,32,232	1,52,67,035		
PROVISIONS		3,19,559	4,10,544		
		<b>1,39,51,791</b>	<b>1,56,77,579</b>		
Net Current Assets			<b>(6,57,958)</b>		21,23,645
<b>MISCELLANEOUS EXPENDITURE</b> (11) (To the extent not written off or adjusted)			-		39,13,165
<b>PROFIT AND LOSS ACCOUNT</b>		23,24,23,662			
Less : Credit balance in General Reserve		19,34,58,141	3,89,65,521		-
<b>TOTAL</b>			<b>18,21,21,307</b>		<b>23,88,52,023</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS</b> (15)					

As per our report of even date attached

For **Vijay Rungta & Co.**

Chartered Accountants

**Ajay Rungta**

Partner

Membership No. F-40333

Mumbai, May 21, 2010

For and on behalf of the Board

**S. M. Soni**

**R. L. Saboo**

Directors

Mumbai, May 21, 2010

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule No.	2009-10 Rs.	2008-09 Rs.
<b>INCOME</b>			
Sale of Products		-	-
Less: Excise Duty Recovered		-	-
Net Sales		-	-
Other Income	(12)	16,27,533	8,89,084
(Decrease)/Increase in Process Stocks and Finished Goods	(13)	(45,91,929)	(1,29,90,000)
		<u>(29,64,396)</u>	<u>(1,21,00,916)</u>
<b>EXPENDITURE</b>			
Manufacturing and other Expenses	(14)	44,06,329	1,00,17,074
Depreciation		1,10,63,151	1,10,63,151
Impairment Loss (Refer Note 6 of Schedule 15)		7,79,38,318	-
		<u>9,34,07,798</u>	<u>2,10,80,225</u>
<b>(Loss)/Profit Before Tax, Prior Period &amp; Extraordinary Items</b>		<b>(9,63,72,194)</b>	<b>(3,31,81,141)</b>
Prior Period Adjustments		-	6,74,371
Extraordinary Items (Refer Note 3 of Schedule 15)		26,08,776	-
<b>(Loss)/Profit Before Tax</b>		<b>(9,89,80,970)</b>	<b>(3,38,55,512)</b>
Provision for Fringe Benefit Tax		-	33,150
<b>(Loss)/Profit After Tax</b>		<b>(9,89,80,970)</b>	<b>(3,38,88,662)</b>
Balance brought forward		(13,34,42,692)	(9,95,54,030)
<b>Balance carried to Balance Sheet</b>		<b><u>(23,24,23,662)</u></b>	<b><u>(13,34,42,692)</u></b>
Basic and diluted earnings per share of Rs.10 each (Refer Note 10 of Schedule 15)		(32.98)	(11.29)
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (15)</b>			

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

**Ajay Rungta**  
Partner  
Membership No. F-40333  
Mumbai, May 21, 2010

For and on behalf of the Board

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

Directors  
Mumbai, May 21, 2010

# SIMPLEX PAPERS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Rs.	2009-10 Rs.	Rs.	2008-09 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>NET PROFIT/(LOSS) BEFORE TAX, PRIOR PERIOD</b>				
<b>ADJUSTMENT AND EXTRAORDINARY ITEMS</b>		<b>(9,63,72,194)</b>		<b>(3,31,81,141)</b>
<b>Adjustment for :</b>				
Depreciation	1,10,63,151		1,10,63,151	
Impairment Loss	7,79,38,318		-	
Interest income	(23,907)		(16,016)	
Balances Written off	(14,82,516)		(6,89,096)	
Excess Provision of Gratuity Written back	-		(10,231)	
Capital Advances Written off	-		4,77,000	
Stores & Spares Written off	-		11,16,945	
Value Loss of Raw Material	1,36,500		-	
Bad Debts	-		2,11,726	
Retrenchment Compensation Written Off	13,04,389		13,04,389	
		<b>8,89,35,935</b>		<b>1,34,57,868</b>
<b>OPERATING (LOSS)/PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>(74,36,259)</b>		<b>(1,97,23,273)</b>
(Increase)/ Decrease in working capital :				
Trade and other receivables	(67,444)		(6,20,297)	
Inventories	47,04,629		1,29,90,000	
Trade and other Payables	(2,43,272)		(39,54,320)	
		<b>43,93,913</b>		<b>84,15,383</b>
<b>CASH GENERATED FROM / (USED IN) OPERATIONS</b>		<b>(30,42,346)</b>		<b>(1,13,07,890)</b>
Direct Taxes (Paid)/ Received including Fringe Benefit Tax		(769)		(40,570)
Prior Period Adjustments (Net)		-		(6,74,371)
<b>NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>(A)</b>	<b>(30,43,115)</b>		<b>(1,20,22,831)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Interest received		23,907		16,016
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>(B)</b>	<b>23,907</b>		<b>16,016</b>

	2009-10 Rs.	2008-09 Rs.
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Net change in borrowings	32,84,734	1,17,42,369
<b>NET CASH GENERATED FROM /(USED IN) FINANCING ACTIVITIES</b>	<b>32,84,734</b>	<b>1,17,42,369</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,65,526</b>	<b>(2,64,446)</b>
<b>CASH AND CASH EQUIVALENTS - AT START OF THE YEAR</b>	<b>3,78,790</b>	<b>6,43,236</b>
<b>CASH AND CASH EQUIVALENTS - AT END OF THE YEAR</b>	<b>6,44,316</b>	<b>3,78,790</b>
<b>Cash and cash equivalents comprise of :</b>	<b>As on 31.03.2010</b>	<b>As on 31.03.2009</b>
Cash on hand	8,904	3,533
Balances with Scheduled Banks :		
- in Current accounts	4,01,171	1,47,757
- Fractional Shares Current account	16,741	-
- in Deposit accounts as margin money	2,17,500	2,27,500
	<b>6,44,316</b>	<b>3,78,790</b>

**NOTES TO THE ACCOUNTS - SCHEDULE 15**

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

**Ajay Rungta**  
Partner  
Membership No. F-40333  
Mumbai, May 21, 2010

For and on behalf of the Board

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

Directors  
Mumbai, May 21, 2010

# SIMPLEX PAPERS LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET

	31.03.2010 Rs.	31.03.2009 Rs.
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
1,50,00,000 Equity Shares of Rs.10 each	<u>15,00,00,000</u>	<u>15,00,00,000</u>
<b>ISSUED SUBSCRIBED AND PAID UP</b>		
30,01,475 Equity shares of Rs.10 each fully paid up. (Previous Year 30,01,475) (of above 15,30,475 Equity Shares of Rs.10 each fully paid up were allotted to the Equity shareholders of Simplex Realty Ltd. pursuant to scheme of arrangement without payment being received in cash)	3,00,14,750	3,00,14,750
Add: Share Forfeited Account	<u>30,000</u>	<u>30,000</u>
	<u>3,00,44,750</u>	<u>3,00,44,750</u>

	Rs.	31.03.2010 Rs.	Rs.	31.03.2009 Rs.
<b>SCHEDULE 2</b>				
<b>RESERVES AND SURPLUS</b>				
GENERAL RESERVE	19,34,58,141		19,34,58,141	
Less: Debit Balance of Profit & Loss Account to the extent of General Reserve	<u>19,34,58,141</u>		<u>13,34,42,692</u>	
		-		<u>6,00,15,449</u>
		-		<u>6,00,15,449</u>

	31.03.2010 Rs.	31.03.2009 Rs.
<b>SCHEDULE 3</b>		
<b>UNSECURED LOANS</b>		
Interest free Sales Tax Loan from Government of Maharashtra	47,58,522	47,58,522
From a Body Corporate	<u>14,73,18,035</u>	<u>14,40,33,302</u>
	<u>15,20,76,557</u>	<u>14,87,91,824</u>

## SCHEDULES FORMING PART OF THE BALANCE SHEET

### SCHEDULE 4 FIXED ASSETS

Amount in Rs.

	GROSS BLOCK			DEPRECIATION			Impairment Loss Provided during the Year	NET BLOCK	
	As at 1st April 2009	Additions during the year	As at 31st March 2010	Upto 31st March 2009	Provided during the year	Upto 31st March 2010		As at 31st March 2010	As at 31st March 2009
Land	1,38,00,000	-	<b>1,38,00,000</b>	-	-	-	-	<b>1,38,00,000</b>	1,38,00,000
Buildings	7,93,42,465	-	<b>7,93,42,465</b>	1,06,61,284	23,61,550	<b>1,30,22,834</b>	<b>2,73,21,088</b>	<b>3,89,98,543</b>	6,86,81,181
Plant, Machinery, Electrical Installations and Fire Services	18,96,06,814	-	<b>18,96,06,814</b>	4,00,95,238	85,66,995	<b>4,86,62,233</b>	<b>5,06,17,230</b>	<b>9,03,27,351</b>	14,95,11,576
Furniture and Office Equipments	6,07,092	-	<b>6,07,092</b>	2,99,740	57,893	<b>3,57,633</b>	-	<b>2,49,459</b>	3,07,352
Vehicles	8,50,000	-	<b>8,50,000</b>	3,46,896	76,713	<b>4,23,609</b>	-	<b>4,26,391</b>	5,03,104
	<b>28,42,06,371</b>	-	<b>28,42,06,371</b>	<b>5,14,03,158</b>	<b>1,10,63,151</b>	<b>6,24,66,309</b>	<b>7,79,38,318</b>	<b>14,38,01,744</b>	<b>23,28,03,213</b>
Previous Year	28,42,06,371	-	28,42,06,371	4,03,40,007	1,10,63,151	5,14,03,158	-		

31.03.2010  
Rs.

31.03.2009  
Rs.

### SCHEDULE 5 INVESTMENTS

#### Long Term Investments In Government Securities, Unquoted Fully Paid

6 Years National Savings Certificates  
Deposited with various authorities

**12,000**  
**12,000**

**12,000**  
**12,000**

Rs. 31.03.2010  
Rs.

Rs. 31.03.2009  
Rs.

### SCHEDULE 6 INVENTORIES

(As valued and certified by the management)

(i) Stores and Spare Parts

**62,86,506**

63,99,206

(ii) Stock in Trade

(a) Raw Materials - at cost or market rate whichever is lower

-

1,36,500

(b) Finished Goods

- at cost or market rate whichever is lower

**25,000**

1,46,929

(c) Plantation Stock - at market rate

**22,00,000**

66,70,000

**22,25,000**

**69,53,429**

**85,11,506**

**1,33,52,635**

# SIMPLEX PAPERS LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET

	31.03.2010		31.03.2009
	Rs.	Rs.	Rs.
<b>SCHEDULE 7</b>			
<b>CASH AND BANK BALANCES</b>			
Cash on hand		8,904	3,533
With Scheduled Banks			
- in Current Accounts	4,01,171		1,47,757
- Fractional Shares Current Account	16,741		-
- in Deposit Accounts as Margin Money	2,17,500		2,27,500
		<u>6,35,412</u>	<u>3,75,257</u>
		<u>6,44,316</u>	<u>3,78,790</u>
<hr/>			
	31.03.2010		31.03.2009
	Rs.		Rs.
<b>SCHEDULE 8</b>			
<b>OTHER CURRENT ASSETS</b>			
Interest Accrued but not due		7,435	6,047
Sundry Deposits		27,85,112	27,28,901
		<u>27,92,547</u>	<u>27,34,948</u>
<hr/>			
	31.03.2010		31.03.2009
	Rs.		Rs.
<b>SCHEDULE 9</b>			
<b>LOANS AND ADVANCES</b>			
(Unsecured, considered good)			
Advances recoverable in cash or in kind or for value to be received			
Advance payment of Income-tax/ Fringe Benefit tax and Tax deducted at source		5,80,911	5,80,142
Other Advances		5,66,555	5,44,700
Balances with Excise Authorities		1,97,998	2,10,009
		<u>13,45,464</u>	<u>13,34,851</u>
<hr/>			
	31.03.2010		31.03.2009
	Rs.		Rs.
<b>SCHEDULE 10</b>			
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
<b>A. Current Liabilities</b>			
Sundry Creditors	3,09,409		10,28,264
(Refer note 2 of Schedule 15)			
Other Liabilities	1,33,22,823		1,42,38,771
		<u>1,36,32,232</u>	<u>1,52,67,035</u>
<b>B. Provisions</b>			
Provision for Gratuity	-		90,985
Provision for Fringe Benefit Tax	3,19,559		3,19,559
		<u>3,19,559</u>	<u>4,10,544</u>
		<u>1,39,51,791</u>	<u>1,56,77,579</u>

## SCHEDULE FORMING PART OF THE BALANCE SHEET

	31.03.2010 Rs.	31.03.2009 Rs.
<b>SCHEDULE 11</b>		
<b>MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)		
Retrenchment Compensation	39,13,165	52,17,554
Less : Amortised during the year	<u>39,13,165</u>	<u>13,04,389</u>
(Refer note 3 of Schedule 15)	<u>-</u>	<u>39,13,165</u>

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	2009-10 Rs.	2008-09 Rs.
<b>SCHEDULE 12</b>		
<b>OTHER INCOME</b>		
Excess Provision of Gratuity Written back	-	10,231
Miscellaneous Income	1,21,110	1,73,741
Sundry Balances Written back	14,82,516	6,89,096
Interest Income	<u>23,907</u>	<u>16,016</u>
	<u>16,27,533</u>	<u>8,89,084</u>

	Rs.	2009-10 Rs.	Rs.	2008-09 Rs.
<b>SCHEDULE 13</b>				
<b>(DECREASE)/INCREASE IN FINISHED GOODS</b>				
<b>Closing Stock</b>				
Finished Goods	<u>22,25,000</u>		<u>68,16,929</u>	
		22,25,000		68,16,929
Less:				
<b>Opening Stock</b>				
Finished Goods	<u>68,16,929</u>		<u>1,98,06,929</u>	
		68,16,929		1,98,06,929
(Decrease) /Increase in Stock		<u>(45,91,929)</u>		<u>(1,29,90,000)</u>

# SIMPLEX PAPERS LIMITED

## SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	Rs.	2009-10 Rs.	Rs.	2008-09 Rs.
<b>SCHEDULE 14</b>				
<b>MANUFACTURING AND OTHER EXPENSES</b>				
1. Payments to and provisions for Employees :				
Salaries,Wages,Bonus and Ex-gratia	-		2,09,500	
Gratuity	7,091		8,043	
Leave Benefit	25,500		-	
Contribution to Provident and other Funds	-		12,240	
Welfare Expenses	-		22,763	
		<b>32,591</b>		2,52,546
2. Operating and Other Expenses :				
Stores and Spare Parts Consumed [Including Value loss of Rs.Nil. (Previous year Rs.11.17 Lacs)]	80,159		12,04,642	
Repairs to Machinery	3,088		14,988	
Insurance	4,20,007		3,73,018	
Rent	20,479		1,22,424	
Rates and Taxes	6,84,035		2,91,972	
Security Charges	8,07,340		9,49,276	
Travelling and Conveyance Expenses	21,136		3,08,203	
Advertisements	32,984		1,44,603	
Postage, Telegrams, Stationary and Printing	89,766		1,11,830	
Bad Debts	-		2,11,726	
Bank Charges/Commission	17,750		18,911	
Professional Fees	4,77,685		10,88,659	
Sundry Expenses	2,33,830		4,36,065	
Stamp Duty & other charges	-		26,63,026	
Value Loss of Raw Material	1,36,500		-	
Capital Advances written off	-		4,77,000	
Amortisation of Retrenchment Compensation	13,04,389		13,04,389	
		<b>43,29,148</b>		97,20,732
3. Payments to Auditors :				
Audit Fees	20,000		20,000	
In Other Capacity	10,000		10,000	
Reimbursement of Expenses and Service Tax	3,090		3,296	
		<b>33,090</b>		33,296
4. Directors' Sitting Fees		<b>11,500</b>		10,500
		<b>44,06,329</b>		1,00,17,074

## SCHEDULE 15

### I. SIGNIFICANT ACCOUNTING POLICIES:

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

#### (i) System of Accounting:

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

#### (ii) Fixed Assets:

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

#### (iii) Capital Work-in-progress:

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

#### (iv) Investments:

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

#### (v) Inventories:

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

#### (vi) Revenue Recognition:

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

#### (vii) Borrowing Costs:

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

#### (viii) Depreciation:

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

#### (ix) Retirement Benefits:

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

# SIMPLEX PAPERS LIMITED

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## SCHEDULE 15 (Contd.)

### (x) Deferred Taxation:

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

### (xi) Impairment of Assets:

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

### (xii) Provisions & Contingent Liabilities:

Provisions are recognised in respect of probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

### (xiii) Miscellaneous Expenditure (to the extent not written off or adjusted):

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

## II. NOTES TO THE ACCOUNTS:

### 1. Contingent liabilities not provided for:

Claims against the Company not acknowledged as debts Rs.1,873.62 lacs (including Excise Rs.1,754.45 lacs). (Previous year Rs.1,861.33 lacs- including Excise Rs.1,754.47 lacs).

2. The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.
3. Retrenchment Compensation paid to workers hitherto was treated as deferred revenue expenditure and one fifth of the amount was amortised over a period of 5 years. Unamortised balance at the end of the current year of Rs.26.09 Lacs has been amortised in compliance with the Accounting Standard-15 "Employee Benefits (Revised)" and same has been shown under extraordinary items in the Profit and Loss Account.
4. There was no production during the year as the production is under suspension since September 2006 due to non availability of required raw materials. The management is evaluating various alternative (viz. different raw materials mix) to re-start the production at the earliest.
5. The Company continues to carry the inventory of Plantations that have grown up and are in saleable condition (i.e. ready to sale) as on the balance sheet date have been recognized as stock in trade and valued at market price amounting to Rs.22.00 lacs (Previous year Rs.66.70 lacs).
6. As required under Accounting Standard on 'Impairment of Assets' (AS-28) issued by the Institute of

**SCHEDULE 15 (Contd.)**

Chartered Accountants of India, the Company has made Provision for Impairment of Fixed Assets amounting to Rs. 779.38 lacs during the year, as the recoverable amount of the fixed assets is less than carrying amount as stated in the books.

7. During the current financial year the net worth of the Company has been fully eroded due to continuous loss and Provision for Impairment Loss of Fixed Assets.
8. In accordance with the Accounting Standard (AS-15) (Revised) Employee Benefits, actuarial valuation was done in respect of the defined benefit plan of gratuity based on the following assumptions:

	2009-10	2008-09
<b>Actuarial Assumptions</b>		
Discount Rate	-	7.00%
Salary Escalation Rate	-	5.00%
Attrition Rate	-	0.00%
<b>Gratuity</b>		
<b>A. Changes in value of obligations</b>	<b>(Rs.)</b>	<b>(Rs.)</b>
Liability at the beginning of the year	<b>90,985</b>	82,942
Interest Cost	-	6,221
Current Service Cost	-	10,168
Benefit Paid	<b>90,985</b>	-
Actuarial (Gain)/Loss on Obligations	-	(8,346)
Liability at the end of the year	-	90,985
<b>B. Amount recognized in the Balance Sheet</b>		
Present Value of Defined Benefit Obligation as at the year end	-	90,985
Fair Value of Plan Assets as at the year end	-	-
(Liability)/Net Asset recognized in the Balance Sheet	-	**(90,985)
**Included in Provisions (Refer Schedule 10)		
<b>C. Expenses recognized in the Profit and Loss account</b>		
Interest Cost	-	6,221
Current Service Cost	-	10,168
Net Actuarial (Gain)/Loss recognized	-	(8,346)
Expenses recognized in Profit and Loss account	-	8,043

No actuarial valuation was required for the year as there was no employee as on 31st March, 2010.

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

Deferred Tax effect of	31-Mar-10 Deferred Tax Asset/ (Liability)	31-Mar-09 Deferred Tax Asset/ (Liability)
1 Related to Fixed assets	<b>(93.16)</b>	(99.50)
2 Disallowances under Income Tax Act	<b>13.80</b>	14.09
3 Carried forward Losses & Unabsorbed Depreciation	<b>357.47</b>	339.30
<b>* Deferred tax Assets/(Liability) - net</b>	<b>278.11</b>	253.89

\*Deferred tax asset for the year ended 31st March, 2010 has not been recognised in accordance with the accounting policy.



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**SCHEDULE 15 (Contd.)**

	<u>01.04.2009 to 31.03.2010</u>	<u>01.04.2008 to 31.03.2009</u>
(c) CIF Value of Direct Imports: Raw Materials	<b>Rs.</b> <b>Nil</b>	<b>Rs.</b> <b>Nil</b>
(d) Earnings in Foreign Exchange	<b>Nil</b>	<b>Nil</b>

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(e) Licensed and Installed capacity and Production (as certified by the management and accepted by auditors, it being a technical matter).

(i) Capacity:	Unit	Licensed	Installed	Licensed	Installed
(a) Pulp	M.tonnes	<b>12,000</b>	<b>9,000</b>	12,000	9,000
(b) Paper & Paper board	M.tonnes	<b>12,000</b>	<b>9,000</b>	12,000	9,000

(ii) There was no Production during the year.

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

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

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

**Ajay Rungta**  
Partner  
Membership No. F-40333  
Mumbai, May 21, 2010

For and on behalf of the Board

**S. M. Soni**

**R. L. Saboo**

Directors  
Mumbai, May 21, 2010

## SIMPLEX PAPERS LIMITED

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

#### I Registration Details

Registration No.	:	78137
State Code	:	11
Balance Sheet Date	:	31st March, 2010

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

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

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

Total Liabilities	1,82,121	Total Assets	1,82,121
Sources of Funds			
Paid-up Capital	30,045	Unsecured Loans	1,52,076
Application of Funds			
Net Fixed Assets	1,43,802	Investments	12
Net Current Assets	(658)	Accumulated Losses	38,965

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

Turnover & Other Income	(2,964)	Total Expenditure	93,408
Loss Before Tax	(98,981)	Loss After Tax	(98,981)
(after considering extraordinary items)			
Earnings per share Rs.	(32.98)	Dividend @ %	Nil

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

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

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

### ATTENDANCE SLIP

I hereby record my presence at the 16<sup>th</sup> ANNUAL GENERAL MEETING held on Wednesday, the 11<sup>th</sup> August, 2010 at 12.00 Noon at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai-400 001.

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

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

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

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

Signature \_\_\_\_\_

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

Signature \_\_\_\_\_

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



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

### PROXY FORM

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

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

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

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

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

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

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

as my/our Proxy to vote for me/us on my/our behalf at the 16<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held on Wednesday, the 11<sup>th</sup> August, 2010 at 12.00 Noon at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2<sup>nd</sup> Floor, 18/20, Kaikhushru Dubash Marg, Mumbai-400 001.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Signed by the said,

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

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

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

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

Affix  
Re.1.00  
Revenue  
Stamp  
(Signature)

Notes:

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





Book - Post

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