



SOMA
PAPERS
AND INDUSTRIES LTD.

20th ANNUAL REPORT 2010-11

BOARD OF DIRECTORS

G.S. MANASAWALA

K.G. GUPTA

VIKRAM SOMANI

BHARAT SOMANI

- Executive Director

K.K. SOMANI

- Chairman

BANKERS

Bank of India

AUDITORSJain Maheshwary & Company
Mumbai**REGISTERED AND WORKS OFFICE**

G.D. Somani Marg, Panchak

NASHIK ROAD – 422101

HEAD OFFICEIndian Mercantile Chambers,
3rd Floor, 14 R. Kamani Marg,
Ballard Estate,
MUMBAI – 400001**NOTICE****TO THE MEMBERS**

Notice is hereby given that the Twentieth Annual General meeting of the members of Soma Papers & Industries Limited will be held at the registered office of the company at G.D. Somani Marg, Panchak, Nashik Road – 422101 on Friday, 29th September, 2011 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited annual accounts of the company for the year ended on 31st March, 2011 and the reports of the board of directors and auditors thereon.
2. To appoint a director in place of Shri K.G.Gupta who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint auditors of the company to hold office upto the conclusion of the next annual general meeting and to fix their remuneration and if thought fit, to pass with or without modification, the following resolution as special resolution.

“Resolved that M/s Jain Maheshwary & Company, Chartered Accountants, be and are hereby appointed auditors of the company to hold office upto the conclusion of the next annual general meeting on such remuneration as may be fixed by the board of directors of the company exclusive of travelling and other out of pocket expenses.”

Mumbai
27th August 2011

By order of the Board of Directors
BHARAT SOMANI
EXECUTIVE DIRECTOR

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The register of members and share transfer books of the company will remain closed on 21.09.2011 to 26.09.2011 (both days inclusive).
3. The explanatory statement pursuant to section 173 of the Companies Act, 1956 in respect of business under item No. 3 is annexed hereto.

ANNEXURE TO THE NOTICE

Explanatory statement as required under section 173 of the Companies Act, 1956.

Item No. 3

Special resolution is required for the appointment / reappointment of auditors under Section 224A of the Companies Act, 1956 as more than 25% of the subscribed share capital of the company is jointly held by financial institutions, nationalised banks and insurance companies.

It is proposed to appoint M/s. Jain Maheshwary & Company, Chartered Accountants, Mumbai as auditors of the company. The directors recommend the resolution for your approval.

Mumbai
27st August 2011

By order of the Board of Directors
BHARAT SOMANI
EXECUTIVE DIRECTOR

DIRECTORS' REPORT

TO THE MEMBERS

Your directors are pleased to present their Twentieth annual report together with audited statement of accounts, for the year ended March 31,2011.

OPERATIONS

Your company had to stop its manufacturing activities w.e.f. August 4, 2004, as the same had become totally unviable. It has incurred Profit of Rs. 51.46 Lac during the year under review as against Loss of Rs. 0.84 Lac in the previous year. The balance in the Profit & Loss Account, being loss of Rs. 780.54 Lac, has been carried to the Balance Sheet.

During the year, Company has recovered Rs.34.51 Lacs from GTC, which was written off in earlier years. The company also recovered interest on the same from GTC.

DIVIDEND

It is not possible to recommend payment of Dividend for the year ended March 31, 2011 in view of operational and closure losses incurred by the company for the said year.

SUBSIDIARY COMPANY

The audited accounts and other particulars of your subsidiary company M/S VECRON INDUSTRIES LTD. for the year ended March 31,2011 are attached herewith as required under section 212 of the Companies Act, 1956.

DIRECTORS

Shri K.G.Gupta, Director, retires by rotation and being eligible offers himself for re-appointment.

PUBLIC DEPOSITS

The company has not accepted/invited any amounts of deposits from public during the year under review and hence does not hold such deposits on March 31,2011.

AUDITORS

M/S Jain Maheshwary & Company, Mumbai, who hold office as auditors of your company upto the conclusion of the ensuing Annual General Meeting, are available as auditors of your company for reappointment.

AUDITORS REPORT – DIRECTORS COMMENTS

In view of continues past losses sustained by the company and it being very difficult to revive manufacturing operations, your directors had no other option except to close down the factory. Hence the auditor's qualifications are matters of facts.

1. Regarding non-provision of interest on sales tax loan from SICOM, your directors want to present that as per the SURFAESI Act all secured liabilities have to be cleared from receipt of amount by auction. Hence, no further provision on account of interest has been made in the books.
2. Regarding direct disbursement of funds by bank on our behalf out of auction proceeds, we were able to get some information. Yet at best these figures have to be considered as tentative since no details has been given to us by bank. Further, we inform that bank has never consulted us about disbursement made for

labour payments or payment to the MSEB (an unsecured creditors).

3. As mentioned above, MSEB dues has been settled by bank, MSEB continues to press charges in the court and obtained a decree for Rs.16.81 lacs along with interest @ 6% p.a. from September, 2006. We do not know which is correct.
4. Regarding unsecured creditors M/s. I. B. Enterprises, bank has settled the claim directly without any consent or agreement of the Company.
5. Regarding Bank liabilities, Bank has not provided any details regarding how bank liabilities has been settled by bank themselves.

DIRECTORS RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies Act, 1956 the directors would like to state :-

1. that in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent and 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 loss of the company for the year under review;
3. that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. that the directors had prepared the annual accounts on a going concern basis pending proper valuation of company's assets.

ENERGY CONSERVATION ETC.

The particular for energy conservation etc. are nil in view of closure to company's activities from August 4,2004.

PARTICULARS OF EMPLOYEES

The particulars of employees, as required under section 217 (2A) of the Companies Act, 1956, are Nil.

DIRECTORS REMUNERATION

The Directors having working without any remuneration for last many years. Hence they have proposed nominal remuneration to all executive directors for their time and involvement giving to the Company.

COMPLIANCE CERTIFICATE

The compliance certificate issued by the Companies Secretaries, M/s GMJ Associates is annexed hereto.

Mumbai,
August 27,2011

By order of the Board of Directors
K. K. SOMANI
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE & DEVELOPMENT:

The company was engaged in manufacturing craft papers since its inception at Nashik.

OVERVIEW

Your company had to stop its manufacturing activities w.e.f. August 4, 2004, as the same had become totally unviable due to severe shortage of some raw materials, labour problem, adverse domestic market condition, increasing cost of raw materials and abandonment of import restrictions.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has adequate internal control procedures to commensurate with its size and nature of the business. These business control procedures ensure efficient use and protection of the resources and compliance with the policies, procedures and statutes. The internal control system provides for well-documented policies, guidelines, authorizations and approval procedures and statutory requirements.

PERFORMANCE

During the year, Company has recovered Rs.34.51 Lacs from GTC, which was written off in earlier years. The company also recovered interest on the same from GTC.

HUMAN RESOURCE MANAGEMENT

The relationship with employees in the Company continues to be cordial. We strongly encourage all aspects of self-development.

SAFE HARBOUR CLAUSE

The statement in the Management Discussion and Analysis made above are on the basis of available data as well as certain assumptions regarding economic conditions, applicable securities laws and regulations, govt. policy on paper industry and international forces affecting paper trade. In view of the variables which are likely to affect the performance of the company, the accuracy of the assumptions cannot be guaranteed by the management. Therefore the members are cautioned that the actual performance of the company may vary from the outlook presented hereinabove.

For and on behalf of the Board

Sd/-
(K K SOMANI)
Chairman
Mumbai, August 27, 2011

Corporate Governance Report

1. COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance which has become the integral part of business operations encompasses the key elements such as integrity, transparency, fairness, and adoption of highest standards of business ethics to benefit the interest of the stakeholders. The Company has been practicing the principles of good Corporate Governance by adopting best global practices for corporate governance, disclosure standards while protecting the interests of stakeholders in every business decision. The Company endeavor to achieve high level of transparency, integrity and equity in all its operations, monitors continuously the developments in the areas of Corporate Governance to meet stakeholders aspirations and societal expectations.

2. BOARD OF DIRECTORS

a. Composition

Company is managed by the Board of Directors, which formulates strategies, policies, and procedures and reviews its performance periodically. The Chairman, Krishakumar Somani is a Non-Executive Director. Mr. Bharat Somani is the Whole time Director of the Company and the only Executive Director on the Board. The business of the Company is carried on by the Managing Director under the overall supervision and control of the Board of Directors. There was no pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company during the year under review.

b. The composition of Board and attendance of Directors:

Name (M/s)	Status	Attendance in Board Meetings		Attendance in last AGM held on 28/09/10	Other Director-ships	Committee Members (Chairman)
		Held	Attended	Yes/No		
Krishnakumar Somani	Chairman	4	4	Yes		
Bharat Somai	Whole Time Director	4	4	Yes	-	-
VikramSomani	Director	4	4	Yes	-	-
GovindlalManasawala	Director	4	4	Yes	-	-
Mr. Krishnagopal Gupta	Director	4	4	Yes	-	-

c. Number of Board meetings

The Board Meetings are held at least four times a year one for each quarter. Board of Directors met 4 times during the year 2010-11 viz, 22nd April, 2010 28th August, 2010, 16th November 2010 & 18th January' 2011. The intervene period between two Board meetings was well within the maximum gap of four months as prescribed under Clause-49. The annual calendar of meetings is broadly determined at the beginning of each year.

d. Board Agenda

The meetings are governed by a structured Agenda. All Agenda items are backed by comprehensive background information to enable the Board to take informed decisions. Agenda papers are generally circulated well in advance to the Board Members. The governance include an effective post meeting follow-up, review and reporting process for action taken/pending on the decisions of the Board and the Committees.

3. COMMITTEES OF THE BOARD

The Board has constituted audit committee for smooth and efficient operation of the Company. The terms of reference of the Committees are laid down by the Board from time to time. Meetings of each Board Committees are convened by the Chairman of the respective Committees. The minutes of the meetings of the Committee are placed before the subsequent meeting of the Board. The role, composition of the Committees and other information of the few Committees are provided below:

AUDIT COMMITTEE

The Audit Committee primarily oversees the Company's financial reporting process and disclosure of its financial information to ensure the correctness and adequacy. The Committee provides reassurance to the Board on the existence of effective internal control system.

Terms of Reference

- Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Discussion with internal auditors any significant findings and follow up there on.

Composition

The Audit Committee comprises 4 members, all being Non-executive Directors of which 2 are independent. All members of Audit Committee have sound financial management expertise. During the year, the Committee met on four occasions on 22nd April, 2010, 28th August, 2010, 16th November 2010 & 18th January, 2011.

Attendance		
Name	Meetings held	Meetings attended
Govindlal Manasawala	4	4
Vikram Somani	4	4
Krishnagopal Gupta	4	4

Shareholders Grievances Committee:

The Scope of the Committee is to look in to the matter of share holders grievances in respect of share transfer, transmission, and other related matter.

Attendance		
Name	Meetings held	Meetings attended
Krishnakumar Somani	4	4
GovindlalManasawala	4	4
Krishnagopal Gupta	4	4

4. GENERAL BODY MEETING

Details of past three Annual General Meetings:			
Year	Date	Time	Special Resolutions passed
2007-08	24 th September 08	11.00 am	None
2008-09	28 th September09	11.00 pm	None
2009-10	28 th September 10	11.00 am	None

5. DISCLOSURES

Related party transactions during the year have been disclosed in the annual report else where as required under Accounting Standard-18 issued by the Institute of Chartered Accountants of India. There has been no non-compliance by the Company or penalty or strictures imposed on the Company by the Stock exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last 3 years. In the preparation of the financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies which are consistently applied are set out in the Annexure to Notes to the Accounts.

6. MEANS OF COMMUNICATION

The Financial results of the Company are published innational and local daily new papers.

7. GENERAL SHAREHOLDER INFORMATION

1. Registered Office of the Company

G.D Somani Marg, Panchak

NASHIK ROAD-422101

2. Forthcoming Annual General Meeting

September 2011

3. Financial Calendar -2011-12 (Proposed)	
First quarter results	July 2011
Annual General Meeting	September 2011
Second quarter results	October 2011
Third quarter results	January 2011
Fourth quarter and Annual results	April 2011

4. Book Closure Dates

21st September 2011 to 26th September 2011 (both days inclusive)

5. Listing on Stock Exchanges

The shares of the Company are listed on Bombay Stock Exchanges. The Company is being suspended.

6. Stock Code				
Stock Exchange				Stock Code
Bombay	Stock	Exchange	Limited	516038
PhirozeJeejeebhoy			Towers,	
Dalal			Street,	
Mumbai – 400 001.				

7. Depository Connectivity

National Securities Depository Limited (NSDL)

Central Depository Services (India) Limited (CDSL)

8. Share Transfer System

As per the directions of SEBI, the Company immediately on transfer of shares, sends letters to the investors, in the prescribed format, informing them about the simultaneous transfer and dematerialization option available for the shares transferred in their names.

8. CATEGORIES OF SHAREOWNERS AS ON 31/03/2011

Category	No. of Share owners	No. of Shares Held	Voting Strength (%)

Promoters, Relatives & Associates	8	6,97,801	49.77
Bodies Corporate (Domestic)	38	4,30,597	30.71
Banks, Mutual Funds & Financial Institutions	12	1,59,954	11.41
Foreign Institutional Investors (FIIs)	-	-	-
NRI /OCBs/ Foreign Nationals	7	4,802	0.34
Clearing Member, Trust, Resident (Public & others)	2063	4,57,747	32.65
Total	2128	1402150	100.00

9. COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

Certificate from the Practicing Company Secretary GMJ & Associates Mrs .Alka Modi, Mumbai confirming compliance certificate with the conditions of corporate governance as stipulated under clause 49 of the listing agreement forms part of the Annual Report.

10. ADDRESS FOR COMMUNICATION - REGISTRARS AND SHARE TRANSFER AGENTS

Indian Mercantile Chamber, 3rd Floor, R. KamaniMarg, Ballard Estate, Mumbai 400001

CHIEF EXECUTIVE OFFICER and/or CHIEF FINANCIAL
OFFICER's CERTIFICATION

To,

The Board of Directors of Soma Papers and Industries Ltd.

I, Bharat Somani, Whole Time Director of Soma Papers and Industries Ltd. to the best of my knowledge and belief, pursuant to Clause 49 of the Listing Agreement regarding Corporate Governance Compliance, certify that

1. review of financial statements and the cash flow statement for the year ended 31/03/11 had been done and that to the best of their knowledge and belief:

- i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

2. to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

3. they accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and there are no deficiencies in the design or operation of internal control.

4. they have indicated to the Auditors and the Audit Committee, that there are no

- i. significant changes in internal control during the year
- ii. significant changes in accounting policies during the year
- iii. instances of significant fraud of which they become aware of or the involvement therein, if any, by the management or an employee having a significant role in the company's internal control system.

Sd/-

Bharat Somani

Executive Director

Place: Mumbai

Dated: 27th August, 2011

Auditors' Certificate on Corporate Governance to the Members of Soma Papers and Industries Ltd.

We have examined the compliance of conditions of Corporate Governance of Soma Papers and Industries Ltd. ("the Company"), for the year ended on 31 March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We 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 Jain Maheshwary & Co.
Chartered Accountants

Sd/-
Dharmesh Shah
Partner
27th August, 2011 Membership No. 106620

DECLARATION ON CODE OF CONDUCT

To,
The Members of Soma papers & Industries Ltd.

This is to confirm that Board has laid down a code of conduct for all Board members and senior management of the Company. It is further confirmed that all directors and senior management personnel of the Company have affirmed compliance with the code of conduct of the Company as at March 31, 2011, as envisaged in Clause 49 in the listing Agreement with stock exchanges.

For and on behalf of the Board

Sd/-
(K K SOMANI)
Chairman
Mumbai, August 27, 2011

COMPLIANCE CERTIFICATE

(Under Provison to Sub-Section (1) of Section 383 A)

Registration No. : 11-064085 of 1991
Nominal Capital : Rs. 5,00,00,000/-
Paid-up Capital : Rs. 1,40,21,500/-

To
 The Members,
SOMA PAPERS AND INDUSTRIES LIMITED

I have examined the registers, records, books and papers of **SOMA PAPERS AND INDUSTRIES LIMITED** having its registered office at G. D. Somani Marg, Panchak, Nashik Road – 422 101 as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended on 31st March, 2011. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year :

01. the company has kept and maintained all registers as stated in Annexure "A" to this certificate as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
02. the company has filed the forms and returns as stated in Annexure "B" to this certificate with the Ministry of Company Affairs within the time prescribed under the Act and the rules made thereunder.
03. the company is a public limited company and hence comments are not required.
04. the Board of Directors duly met 4 times on 22nd April, 2010, 28th August, 2010, 16th November, 2010 and 18th January, 2011 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.
05. the company has closed its Register of Members from 24th September, 2010 to 28th September, 2010 and has complied with the provisions of the Act.
06. the Annual General Meeting for the financial year ended on 31st March, 2010 was held on 28th September, 2010 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
07. no extra ordinary general meeting was held during the financial year under scrutiny.
08. the company has not advanced any loan to its Directors and/or persons or firms or companies referred to in the Section 295 of the Act.
09. no contracts were entered during the year attracting the provisions of Section 297 of the Act.
10. the company was not required to make any entries in the register maintained under Section 301 of the Act.
11. as there were no instances falling within the purview of Section 314 of the Act, the company has not obtained any approvals from the Board of Directors, members or Central Government.
12. the company has not issued any duplicate share certificates during the financial year under scrutiny.
13. the company has :
 - i. not made any allotment/transfer/transmission of securities during the financial year.
 - ii. not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - iii. not posted warrants to any member of the company as no dividend was declared during the financial year.
 - iv. no amounts unpaid in dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a year of seven years and hence transferring of the same to the Investor Education and Protection Fund does not arise.
 - v. duly complied with the requirements of Section 217 of the Act
14. the Board of Directors of the company is duly constituted and there was no appointment of directors, additional directors, alternate directors and directors to fill casual vacancy during the financial year under scrutiny.
15. the company has not appointed any Managing Director or Whole-time Director during the financial year under scrutiny.
16. the company has not appointed any sole-selling agents during the financial year under scrutiny.
17. the company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities prescribed under the various provisions of the Act.
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 thereunder.
19. the company has not issued any shares/debentures/other securities during the financial year.

20. the company has not bought back any shares during the financial year under scrutiny.
21. the company has not issued any preference shares/debentures and hence there is no question of redemption of the same.
22. during the year there was no need for the company to keep in abeyance rights to dividend, rights shares and bonus shares.
23. the company has not invited/accepted any deposits falling within the purview of Section 58A during the financial year under scrutiny.
24. the amounts borrowed by the company from Financial Institutions, Banks and Others are within the borrowing limits of the company and that necessary resolutions as per Section 293(1)(d) of the Act have been passed during earlier years.
25. the company has made investments in other bodies corporate in compliance with the provisions of the Act and has made necessary entries 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 notice received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for the offences under the Act.
32. the company has not received any sum from its employees during the year under scrutiny.
33. the provisions of Section 418 of the Act are not applicable to the company during the year under scrutiny.

For **GMJ ASSOCIATES**
COMPANY SECRETARIES

SD/-
(PARUL MAHESHWARI)
PROPRIETOR
C.P. NO. 5528

PLACE : MUMBAI
DATE : 27th AUGUST, 2011.

Registration No. : 11-064085 of 1991
Nominal Capital : Rs. 5,00,00,000/-
Paid-up Capital : Rs. 1,40,21,500/-

Annexure A**Registers as maintained by the Company**

1. Register of Members U/S. 150.
2. Attendance Register for General Meeting U/S. 174.
3. Minutes Books of General Meetings and Board Meetings U/S. 193.
4. Attendance Register for Board Meetings U/S. 287.
5. Register of Contracts U/S. 301.
6. Register of Directors U/S. 303.
7. Register of Directors Shareholding U/S. 307.
8. Books of Accounts U/S. 209.
9. Register of Charges U/S. 143.
10. Register of Investments U/S 372A.
11. Register of Share Transfer.

Annexure B

Forms and Returns as filed by the company with the Ministry of Company Affairs during the financial year ended on 31st March, 2011.

----- **NIL** -----

AUDITORS' REPORT

To,
The Members of
SOMA PAPERS & INDUSTRIES LIMITED

- We have audited the attached balance sheet of **SOMA PAPERS & INDUSTRIES LIMITED** as at 31st March, 2011, the 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 the financial statements based on our audit.
- We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by Companies (Auditor's report) (Amendment) Order '2004 issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks, as were considered appropriate, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- Further to our comments in the annexure referred to in paragraph 3 above, we report that:
 - 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;
 - 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;
 - The balance sheet, profit and loss account and cash flow statement dealt with in this report are in agreement with the books of account;
 - Subject to what is stated in paragraph (e) below, in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-Section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable; (i) Note 1 in Schedule '20' regarding appropriateness of going concern assumption used for preparing these accounts because the net worth of the Company is fully eroded and the Company is a sick industrial company within the meaning of clause (O) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), the accounts do not include the adjustments that would arise if these assumption had not been used in preparing these accounts.
 - On the basis of representations received from the directors of the Company as at 31st March, 2011 and taken on record by the board of directors, we report that none of the directors is disqualified as at 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to our observations in i) paragraph 4(d) (i) regarding preparation of accounts on the basis of a 'going concern' having consequential impact (presently not determinable) on the loss for the year, reserves and surplus and assets of the Company; ii) non provision of interest on Sales Tax loan (SICOM), Security Deposit (The amount remains ascertained) iii) read together with note 16 to schedule 13 regarding balances of Sundry debtors, sundary creditors Balance with Banks and other advances being subject to confirmations/ reconciliation, if any and other notes appearing in the said Schedule and those appearing elsewhere in the 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;
 - in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2011;
 - in the case of the profit and loss account, of the loss of the Company for the year ended on that date; and
 - in the case of cash flow statement, of the cash flows for the year ended on the date.

FOR JAIN MAHESHWARY & COMPANY
Chartered Accountants

Membership No.: 106620
Mumbai, Dated: 27th August, 2011

Dharmesh Shah
PARTNER

ANNEXURE TO THE AUDITORS' REPORT REFERRED TO
IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

- In respect of its fixed assets:
 - The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - As explained to us, the management has physically verified during the year certain fixed assets in accordance with a phased programme of verification, which in our opinion, is reasonable having regard to the size of the Company and nature of its fixed assets. The discrepancies noticed by the management on such verification were not material and have been properly dealt with in the books of account.
 - As we observed, during the year, the Company has not disposed off substantial part of its fixed assets.
- In respect of its inventories:
 - As informed to us, physical verification of inventory has been conducted by the management at reasonable intervals.
 - In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - As informed to us, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and the same have been properly dealt with in the books of account.
- According to information and explanations given to us, in respect of loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - The Company has not taken unsecured loans, the loan taken in previous year is repaid worth Rs.11,13,492. The Company has given loan worth Rs 5,08,008 (Outstanding as at 31st March, 2010 Rs NIL)
 - The loan taken / given is interest free and other terms conditions of such loans are, prima facie not prejudicial to the interest of the Company.
 - The interest free loan taken / given is repayable on demand.
 - As informed to us, there are no overdue amounts of more than Rs. one lakh in respect of such loan and as such clause 4(iii)(d) of the Companies (Auditor's report) (Amendment) order 2004 is not applicable.
- In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the

- sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
 - In our opinion and according to the information and explanations given to us, the Company has not entered into any transactions that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956.
 - As the company not entered in transactions that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956, no comments are called in respect of clause 4(v)(b) of the Companies (Auditor's report) (Amendment) Order '2004.
- According to information and explanations given to us, the Company has not accepted any deposit from the public during the year.
- There was no internal audit system in the Company during the year.
- As explained to us, the Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Act in the case of the Company.
- According to the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and any other statutory dues, with the appropriate authorities, except the sales tax liability of different states worth Rs.16.46 and deferred sales tax liability along with interest due there on as on 31/03/2007 outstanding for a period of more than six months from date it became payable.
 - According to the records of the Company, there are no dues of sales tax / income tax / custom duty / wealth tax / service tax / cess, which have not been deposited on account of any dispute. The disputed amounts that have not been deposited in respect of excise duty / income tax are as under:

Description	AmountRs.	Period to which it relates	Forum where dispute is pending
Excise duty	234,761	1988-1989	Excise and Gold (Control) Appellate Tribunal
Income Tax	19,38,082	2003-2004	Penalty Proceeding Before CIT (A)

- The accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth and it has incurred cash losses during the current financial year and in immediately preceding financial year.
- According to the information and explanations given to us, the Company has defaulted in repayment of dues to banks, financial institutions and debenture holder.
The details of defaults as at 31st March, 2011 in repayment of dues to the financial institutions, banks and debenture holder are as under:

(Amount in Rs.)

Period of default	Overdue towards	Financial Institution	Banks	*Debenture holder
		Amount of default		
Upto 1 year	Interest Principle	Unascertained Nil	Nil	Nil
More than 1 year and upto 2 years	Interest Principle	Unascertained Nil	Nil	Nil
More than 2 years and upto 5 years	Interest Principle	Unascertained Nil	Nil	Nil
More than 5 years	Interest Principle	Unascertained 2,55,65,564	Nil	Nil

** Refer along with the Auditors report.

*** Interest provided if any, are on estimate basis or considered as unascertained.

- Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/ or advances on the basis of security by way of pledge of shares, debentures, debentures, and other securities
- According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks and financial institutions. According to the information and explanation given to us, we are of the opinion that the terms and conditions thereof are not prima facie, prejudicial to the interest of the company.
- The Company has not taken any term loan during the year.
- According to information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have, prima-facie, have not been used for long-term investments.
- The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- No debentures have been issued by the Company during the year and hence, the question of creating securities in respect thereof does not arise.
- The Company has not raised any money by way of public issue during the year.
- According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.
- In our opinion, and according to information and explanations given to us, no comments are called for in the case of clauses (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's report) (Amendment) Order '2004 as the same are not applicable to the Company during the year.

FOR JAIN MAHESHWARY & COMPANY
Chartered Accountants

Dharmesh Shah
PARTNER

Membership No.: 106620

Mumbai, Dated: 27th August, 2011

BALANCE SHEET AS AT 31st MARCH 2011.

SOURCES OF FUNDS	SCHEDULE	As at		As at	
		Rs.	31/03/2011 Rs.	Rs.	31/03/2010 Rs.
1 SHAREHOLDERS' FUNDS					
Share capital	1	14,021,500		14,021,500	
Reserves & surplus	2	<u>87,36,424</u>		<u>87,364,424</u>	
			101,385,924		101,385,924
2 LOAN FUNDS					
Secured loans					
Unsecured loans	3	<u>29,412,412</u>		<u>29,412,412</u>	
			29,412,412		29,412,412
TOTAL			<u>130,798,336</u>		<u>130,798,336</u>
APPLICATION OF FUNDS					
1 FIXED ASSETS	4				
Gross block		11,563,573		11,551,205	
Less : Depreciation		<u>958,913</u>		<u>928,482</u>	
Net block		<u>10,604,660</u>		<u>10,622,723</u>	
Add : Capital Work-In-Progress		<u>---</u>	10,604,660	<u>-</u>	10,622,723
2 INVESTMENTS	5		-		
3 CURRENT ASSETS, LOANS AND ADVANCES					
Inventories		-		-	
Sundry debtors	6	-		-	
Cash and bank balances	7	46,854,232		38,795,830	
Loans and advances	8	3,724,377		5,594,155	
Total (A)		<u>50,578,609</u>		<u>44,389,985</u>	
LESS:					
4 CURRENT LIABILITIES AND PROVISIONS					
Current liabilities & Provisions	9	8,438,811		7,414,009	
Total (B)		<u>8,438,811</u>		<u>7,414,009</u>	
Net Current Assets (A-B)			42,139,798		36,975,975
5 PROFIT AND LOSS ACCOUNT					
Debit balance as per profit and loss account			<u>78,053,878</u>		<u>83,199,644</u>
TOTAL			<u>130,798,336</u>		<u>130,798,336</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	13				

As per our report of even date attached

FOR JAIN MAHESHWARY & CO.

Chartered Accountants

(Dharmesh Shah)

PARTNER

M. No.106620

Mumbai; Dated: August 27, 2011

On behalf of the Board of Directors

G.S. Manaswala - Director

K.G. Gupta - Director

Vikram Somani - Director

Bharat Somani - Executive Director

K.K. Somani - Chairman

Mumbai; Dated: August 27, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

	SCHEDULE	Current Year Rs.	Previous Year Rs.
INCOME			
Sales and income from operations		-	-
Other income	10	10,345,533	233,319
Increase/ (decrease) in stocks		-	-
TOTAL		10,345,533	233,319
EXPENDITURE			
Power and fuel			6,139
Salary & Wages		275,770	-
Administration and other expenses	11	4,893,566	261,336
Interest	12	-	-
TOTAL		5,169,336	267,475
PROFIT			
Profit/(Loss) before depreciation		5,176,197	(34,156)
Less: Depreciation		30,431	49,673
Net profit/(loss) before extraordinary items		5,145,766	(83,829)
Provision for income tax			
Current Tax		-	-
Deferred Tax benefit [Refer note 11 of Schedule 16]		-	-
Net profit/(loss) after tax		5,145,766	(83,829)
Balance carried from earlier year		(83,199,644)	(83,115,815)
Profit/(Loss) available for appropriations		(78,053,878)	(83,199,644)
Transfer from Debenture Redemption Reserve		-	-
Profit / (Loss) after appropriations		(78,053,878)	(83,199,466)
NOTES TO ACCOUNTS			
	13		
Basic and diluted earnings/(loss) per share before exceptional item		3.67	(0.06)
Basic and diluted earnings/(loss) per share after exceptional item		3.67	(0.06)

As per our report of even date attached

FOR JAIN MAHESHWARY & CO.
Chartered Accountants(Dharmesh Shah)
PARTNER
M. No.106620
Mumbai; Dated: August 27, 2011

On behalf of the Board of Directors

G.S. Manaswala - Director
K.G. Gupta - Director
Vikram Somani - Director
Bharat Somani - Executive Director
K.K. Somani - Chairman
Mumbai; Dated: August 27, 2011

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2011

	Rs.	2010-2011 Rs.	Rs.	2009-2010 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit/ (loss) before tax and extraordinary items		5,145,766		(83,829)
ADJUSTMENTS FOR :				
Depreciation	30,431		49,673	
Loss / (Profit) on sale of fixed assets	-			
Provision for Dimulation	-			
Interest	-			
Interest income	(6,876,943)		(2,830)	
Dividend income	(390)		(489)	
		<u>(6,846,902)</u>		<u>46,354</u>
Operating profit before working capital changes		<u>(1701,136)</u>		<u>(37,475)</u>
ADJUSTMENTS FOR WORKING CAPITAL CHANGES :				
Trade and other receivables	2,557,573		1,087,617	
Trade payables and other trade liabilities	<u>1,024,802</u>		<u>44,766</u>	
Cash generated from operations		<u>3,582,375</u>		1,132,383
		<u>1,881,239</u>		<u>1,094,908</u>
Less: Taxes (paid)/ Refund		<u>(687,800)</u>		<u>(2,830)</u>
		<u>1,193,439</u>		<u>1,092,078</u>
Net cash from operating activities		<u>1,193,439</u>		<u>1,092,078</u>
B. CASH FLOW FROM INVESTING ACTIVITIES				
Sale of Investment		-		-
Sale / (purchase) of fixed assets		(12,368)		(6,800)
Dividend received		390		489
Interest received		<u>6,876,943</u>		<u>2,830</u>
Net cash from investing activities		<u>6,864,965</u>		<u>(3,481)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from borrowings(net of repayment)		-		(1,113,492)
Interest paid		-		-
unclaimed dividend paid		-		-
Net cash used in financing activities		<u>-</u>		<u>(1,113,492)</u>
Net increase in cash and cash equivalents (A+B+C)		<u>8,058,402</u>		<u>(24,899)</u>
Cash and cash equivalents - Opening balance		<u>38,759,830</u>		<u>38,820,729</u>
Cash and cash equivalents - Closing balance		<u>46,854,232</u>		<u>38,795,830</u>
Net increase/(decrease) as disclosed above		<u>8,058,402</u>		<u>(24,899)</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS ARE GIVEN IN SCHEDULE 13

As per our report of even date attached
FOR JAIN MAHESHWARY & CO
Chartered Accountants

(Dharmesh Shah)
PARTNER
Mumbai; Dated: August 27, 2011

On behalf of the Board of Directors

G.S. Mansawala - Director
Vikram Somani - Director
Bharat Somani - Executive Director
K. K. Somani - Chairman
Mumbai; Dated: August 27, 2011

SCHEDULES FORMING PART OF ACCOUNTS

	As at 31/03/2011 Rs.	As at 31/03/2010 Rs.
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
5,000,000 Equity shares of Rs. 10/- each	<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed & paid-up		
1,402,150 Equity shares of Rs. 10/- each fully paid-up (includes 1,401,800 equity shares of Rs.10/- each fully paid up issued for consideration other than cash)	<u>14,021,500</u> <u>14,021,500</u>	<u>14,021,500</u> <u>14,021,500</u>
SCHEDULE 2		
RESERVES & SURPLUS		
Share premium account		
Balance as per last year's accounts	11,734,600	11,734,600
Capital Reserve		
Balance as per last year's accounts	3,200,000	3,200,000
Revaluation Reserve	72,429,824	72,429,824
TOTAL	<u>87,364,424</u>	<u>87,364,424</u>
SCHEDULE 3		
UNSECURED LOANS		
Security deposits from dealers	1,042,160	1,042,160
Interest free sales-tax incentive loan	25,565,564	25,565,564
Loan from body corporate	-	-
Interest accrued and due on loan and deposits	83,373	83,373
Interest accrued and due on sales tax loan	<u>2,721,315</u>	<u>2,721,315</u>
TOTAL	<u>29,412,412</u>	<u>29,412,412</u>

SCHEDULE 4

FIXED ASSETS

SR. No.	DESCRIPTION	GROSS BLOCK (AT COST/ BOOK VALUE)				DEPRECIATION				NET BLOCK	
		As at 01/04/2010 Rs.	Additions Rs.	Deductions Rs.	As at 31/03/2011 Rs.	Up to 31/03/2010 Rs.	For the year Rs.	Deductions Rs.	Up to 31/03/2011 Rs.	As at 31/03/2011 Rs.	As at 31/03/2010 Rs.
1	Land (Freehold)	10,535,247	-	-	10,535,247	-	-	-	-	10,535,247	10,535,247
2	Airconditioner	-	12,368	-	12,368	-	653	-	653	11,715	-
3	Office and Other Equipments	292,847	-	-	292,847	234,831	5,930	-	240,761	52,086	58,016
4	Furniture and Fixtures	723,111	-	-	723,111	693,651	23,848	-	717,499	5,612	29,460
	TOTAL	11,551,205	12,368	-	11,563,573	928,482	30,431	-	958,913	10,604,660	10,622,723
	Previous year	11,544,405	6,800	-	11,551,205	878,809	49,673	-	928,482	10,622,723	10,665,596

		As at 31/03/2011 Rs.	As at 31/03/2010 Rs
SCHEDULE 5			
INVESTMENTS			
(Long-term, at cost, unless otherwise stated)			
Trade			
Investments in subsidiary company (Unquoted)			
	In Vecron Industries Ltd. - equity shares of Rs.10/- each, fully paid-up	1,387,700	27,000,000
			27,000,000
Other than trade			
Equity shares of Rs.10/- each fully paid up (Quoted)			
1	Adhunik Synthetics Limited	500	25,000
2	Aluminium Industries Limited	187,500	1,875,000
3	Conway Printers Limited	5,000	250,000
4	Gujarat Composite Limited	4,960	-
5	Titaghur Paper Mills Company Limited	20	850
	Grand total (A+B+C+D)	<u>1,585,680</u>	29,150,850
	Less: Provision for permanent diminution in the value of long term investments.		29,150,850
	TOTAL		<u><u>-</u></u>
Note :	Aggregate Book Value (net of provisions)	Quoted	-
	Aggregate Market Value of quoted investments	2,435	2,435
Note:	Market value of quoted investment for current year was not available hence not included		

SCHEDULE 6**SUNDRY DEBTORS****(Unsecured)**Considered good

Debts for a period exceeding six months

Other debts

Considered doubtful

Debts for a period exceeding six months

Other debts

Less: provision for doubtful debts

TOTAL

-	-	-	-
-	-	-	-
1,020,331	1,020,331	1,037,031	1,037,031
-	<u>1,020,331</u>	-	<u>1,037,031</u>
	<u>(1020,331)</u>		<u>1,037,031</u>
	<u><u>-</u></u>		<u><u>-</u></u>

	As at 31/03/2010 Rs.	As at 31/03/2011 Rs.
SCHEDULE 7		
CASH AND BANK BALANCES		
Cash-in-hand (including cheques in hand Rs. Nil, previous year Rs.68,924/-)	595,576	5,684
Balances with Scheduled Banks		
- In current accounts	46,258,656	38,394,306
- In fixed deposit account	-	395,839
TOTAL	46,854,232	38,795,830

SCHEDULE 8**LOANS AND ADVANCES**

(Unsecured - considered good, unless otherwise stated)

Loans to subsidiary company (considered doubtful)	43,188,386	43,188,386	43,188,386
Loans to subsidiary company (considered good)	-	-	1,482,810
Advances recoverable in cash or in kind or for value to be received	43,188,386 (87,492)	-	508,008
Other Advances	520,738		3,400,000
Deposits	2,400,000		203,337
Advance income tax and tax deducted at source	891,137		48,782,541
TOTAL	46,912,769		43,188,386
Less: Provision for doubtful loan to subsidiary company C/f	(43,188,386)		5,594,155
	3,724,377		

SCHEDULE 9**CURRENT LIABILITIES & PROVISIONS****Current Liabilities:**

Bills payable	427,785	427,785	
Sundry creditors	5,442,401	4,497,189	
Advance from customers	519,221	519,221	
Other current liabilities	2,049,404	1,969,814	7,414,009

Provisions:

	-	-	
TOTAL	8,438,811	7,414,009	

	Current Year Rs.	Previous Year Rs.
SCHEDULE 10		
OTHER INCOME		
<u>Interest from:</u>		
- Customers and others (tax deducted at source Rs.NIL/- Previous Year Rs.31,543/-)	6,876,943	2,830
Dividend Income	390	489
Bad Debts Recovery	3,451,500	-
Miscellaneous Receipts	-	-
Provision for Doubtful Debt reversed	16,700	230,000
TOTAL	10,345,533	233,319
SCHEDULE 11		
ADMINISTRATION AND OTHER EXPENSES		
Conveyance	45,821	130
Auction Expenses	-	-
Repairs & Maintenance to Other	1,249,933	4,114
Rates,taxes and fees	144,000	-
Payment to auditors		
Tax Audit Fees	20,000	16,544
Printing & Stationary	9,548	993
Postage & telegram	10,481	115
Dmat Charges	29,880	20,865
Selling expenses	13,789	-
Service Charges	25,630	970
Telephone expenses	41,430	4,911
Directors Remunerations	90,000	-
Legal and Professional Charges	595,200	208,758
Bank Charges	11	415
Motor car expenses	144,000	-
Miscellaneous expenses	2,468,061	3,520
Travelling Expenses	5,782	-
TOTAL	4,893,566	261,336

	Current Year Rs.	Previous Year Rs.
SCHEDULE 12		
INTEREST		
On debentures	-	-
On other loans	-	-
TOTAL	<u>-</u>	<u>-</u>

SCHEDULE 19**PRIOR YEAR (EXPENDITURE)/INCOME**

Interest	-	-
Chemical Consumption (Octroi)	-	-
	<u>-</u>	<u>-</u>

SCHEDULE 13**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****A. SIGNIFICANT ACCOUNTING POLICIES****1. System of accounting**

The accounts are prepared on the basis of historical cost convention, in accordance with the applicable accounting standards and on the accounting principles of a going concern though the business was not carried on during the year.

2. Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Land in the hands of Company is shown at revalued amount.

3. Depreciation

a) Depreciation on fixed assets is provided on straight-line method at the rates and in the manner specified in Schedule XIV to the Companies Act 1956.

b) Depreciation on assets added/disposed off during the year has been provided for on pro-rata basis with reference to the month of addition/disposal.

c) Continuous process plants as defined in Schedule XIV to the Companies Act, 1956 have been considered.

4. Investments

Investments of the long-term nature are stated at cost less diminution in value wherever the decline is other than a temporary decline.

5. Inventories

Inventories if any, are valued at lower of the cost and estimated net realisable value. Cost of inventories is computed on weighted average basis. Finished goods and work-in-progress if any, include costs of conversion and other cost incurred in bringing the inventories to their present location and condition.

6. Revenue recognition

Income and expenditure are recognised and accounted on accrual basis, except in case of significant uncertainties.

7. Retirement benefits

There were no employees on the role of Company, hence, no provision towards gratuity, superannuation, and other retirement liabilities has been made.

8. Foreign currency transactions

Transaction denominated in foreign currency if any, are recorded using the exchange rate prevailing at the date of transaction. Assets and liabilities denominated in foreign currency as at balance sheet date are converted at the exchange rates prevailing at that date. Exchange differences other than those relating to acquisition of fixed assets are recognised in the profit and loss account. Exchange differences relating to purchase of fixed assets are adjusted to carrying cost of fixed assets.

9. Expenditure during construction period

Expenditure during construction period are included under capital work in progress and the same is allocated to the respective fixed assets on the completion of construction.

10. Research and development

Revenue expenses in respect of research and development are charged to profit and loss account and capital expenditure of such nature are added to the cost of fixed assets in the year in which they are incurred.

11. Taxation

Provision for current tax is made on the basis of the estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961. In view of the previous years carry forward losses, management is of the view that not to make any provision for tax as well as fringe benefit tax.

The deferred tax for timing differences between the book profits and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is virtual certainty that these would be realized in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date. In view of the losses provision for deferred tax has not been provided.

12. Provision and contingent liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made

13. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

B. NOTES TO ACCOUNTS

1. The net worth of the Company is fully eroded and the Company is a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), for which a reference has been made to the Board of Industrial and Financial Reconstruction (BIFR) under Section 15 of SICA.

2. As per scheme of arrangement sanctioned by the Bombay High Court under Section 391 and 394 of Companies Act, 1956 made between Shree Vindhya Paper Mills Ltd and the Company, the coating division of Shree Vindhya Paper Mills Ltd. with its assets, investments, liabilities and reserves as at 31st December, 1991 has been transferred to and vested with the Company with effect from 1st January, 1992. However, certain assets and liabilities of the said division before its transfer though reflected in the accounts are yet to be transferred in the name of the Company.

3. Contingent liability not provided for in respect of:

	As at 31/03/2011	As at 31/03/2010
a) Claims against Company not acknowledged as debts.	437,567	437,567
b) Guarantee given to financial institution for loans taken by its employees.	48,454	48,454
c) Bank guarantee to constituents and others.	1,360,000	1,360,000
d) Corporate Guarantee given to financial institutions and banks on behalf of Vecron Industries Ltd. (a wholly owned subsidiary Co.	25,000,000	25,000,000
e) Liability as may arise for non-payment of wages, PF, Gratuity and other labour dues since the date of closure of factory, as the case filed by the workers union in Nashik Labour Court.	Amt. Unascertained	Amt. unascertained
f) Liability as may arise due to non-compliance of certain fiscal statute.	Amt. unascertained	Amt. unascertained
g) Income Tax Penalty Demand	19,38,082	19,38,082
h) Liability for interest on deferred sales tax liability.	Amt. unascertained	Amt. unascertained

4. a) The bank has auctioned the Land. Factory Premises, Plant and machinery, Inventory and other assets lying at Nasik in previous year, which was approved by the Debt Recovery Tribunal. On the basis of correspondence received from the bank, auction proceeds received bank has been utilised directly by bank to repay Bank Cash Credit Liabilities, Debentures with interest, Electricity Charges, deposit given to Labour Court for Labour Settlement and other related expenses. The documentary evidences for such payments made not available with the Company. The accounting of the above transaction has been done on the basis of correspondence taken place with bank. No confirmations from banks, debenture holders, electricity department or labour court have been received against the proceeds received.

b) Interest income on Balance amount of auction money, lying with bank not provided since bank has not provided any interest on such amount.

5. Sales Tax Incentive loan became payable w.e.f. 4th August, 2004 as per terms of its sanction due to closure of factory / business. The liability is shown under the head "Unsecured Loan" instead of "Current Liability". Since, the management of the view of to settle the liability with Sales tax interest on the mount due has not been provided in the books of accounts.

6. Security deposit received from the dealers shown under the head "Unsecured Loan" though there is no business has been carried out during the year. The management is of the opinion that such liability is payable in due course. Interest on deposit is not payable hence not provided.

7. There were no amounts due to Small Scale and / or Ancillary Industrial suppliers on account of principal and / or interest as at the end of year. This disclosure is based on the information available with the Company regarding the status of the suppliers as defined under the Interest on Delayed Payments of Small Scale and Ancillary Industrial undertaking Act, 1993.

8. Payments to and provisions for employees includes remuneration paid to executive directors:

	Current Yr. (Rs.)	Previous Yr. (Rs.)
Directors Remunerations	90,000	NIL

9. Additional information required pursuant to provisions of para 3, 4C, 4D of part II of Schedule VI of the Companies Act, 1956.

	Current Yr. (Rs.) (MT)	Previous Yr. (Rs.) (MT)
Licensed and installed capacities:		
i. Licenced capacity	-	17,000
ii. Annual installed capacity on triple shift basis as determined by the management-Coated and speciality paper and board.	NA	NA

Since the factory as well as Plant and Machinery has been sold out information required as per para 9 is Nil.

Earnings in foreign currency
FOB value of exports (Rupee payment) — —

10. The Company has closed the business, hence segment reporting is not applicable.

11. The secondary segment, i.e. 'geographical segments by location of customers' is not applicable.

12. Related party disclosures:

Related party relationships:

a) Subsidiary Company
(Enterprises where control exists) : Vecron Industries Limited
b) Key management personnel : Mr. Vikram Somani
Mr. Bharat Somani

c) Enterprise in which Key management personnel have significant influence. : SRS Trading & Agencies P. Ltd.

Notes:

1. The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS-18) 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India and the same have been relied upon by the auditors.

2. The relationships as mentioned above pertain to those related parties with whom transactions have taken place during the year (except where control exists, in which case the relationships are disclosed irrespective of exact transactions).

Transaction with related parties :

Particulars	Subsidiary	Related parties Enterprise in which Key management personnel have significant influence	Key management personnel	Total
Managerial Remuneration	---	---	---	---
	(--)	(--)	(--)	(--)
Loan taken	--	(--)	(--)	(--)
	(--)			
Loan given	--	12,455	--	12,455
	(--)	(5,08,008)	(--)	(5,08,008)
Loan repaid	--	--	--	--
	(--)	(11,13,492)	(--)	(11,13,492)
Bal. receivable as at year end	43,188,386	5,20,463	--	43,78,849
	(43,188,386)	(--)	(--)	(43,696,394)
Bal. payable as year end	--	--	--	--
	(--)	(--)	(--)	(--)
Provision for Doubtful loan	43,188,386	--	--	43,188,386
	(43,188,386)	(--)	(--)	(43,188,386)

Note :- Figures in brackets pertain to the previous year.

13 Earning Per Shares :-

a) Earnings / (loss) before exceptional item

	Current year (Rs)	Previous year (Rs)
Net profit / (loss) after tax available for equity shareholders	51,45,766	(83,829)
Weighted average number of equity shares outstanding during the year	1,402,150	1,402,150
Basic and diluted earnings / (loss) per share	3.67	(0.06)
Nominal value of share	10.00	10.00

b) Earnings / (loss) per share after exceptional item :-

	Current year (Rs)	Previous year (Rs)
Net profit / (loss) after tax available for equity shareholders	51,45,766	(83,829)
Weighted average number of equity shares outstanding during the year	1,402,150	1,402,150
Basic and diluted earnings / (loss) per share	3.67	(0.06)
Nominal value of share	10.00	10.00

14. As per the Accounting standard AS-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the deferred tax assets (net) arising during the previous year on account of timing difference. Having regard to the net worth of the Company being fully eroded and the Company is a Sick industrial company within the meaning of SICA and uncertainty as to whether the Company can continue as a going concern as mentioned in note 1 above, the deferred tax assets has not been recognised during the year.

15. The Company has received a favourable award against GTC Industries Ltd. (GTC) given by the Arbitral Tribunal directing GTC to pay Rs. 32.51 lacs with interest @ 15% p.a. from 01.01.1997 till payment plus Rs. 2.00 lacs for cost of arbitration proceedings in the matter of merger of Raighadh Paper Mills Ltd. (RPL) with the Company and take over of Premier Paper Mills Ltd. (PPML) by the Company, as a composite deal on the terms and conditions mentioned in the agreement dated 13.12.1995 made by the Company with GTC. During the year Company has received the amount and considered as income.

16. In the opinion of the management, current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and provision for all known and determined liabilities are adequate and not in the excess of the amount reasonably stated. The balances in case of sundry creditors, debtors and banks are subject to confirmation and reconciliations. The differences if any, as may arise will be accounted for on receipt of such information / reconciliation.

17. Research and Development expenses debited in other heads of accounts:

	Current Year Rs.	Previous Year Rs.
Depreciation	NIL	NIL

18. Previous year figures have been regrouped and rearranged, wherever necessary.

19. The balance sheet abstract and Company's general business profile as per GSR No. 388(E) [F. No. 3/24/93-CLV], Dated 15/05/1995, issued by the Department of Company Affairs, Ministry of Law, Justice and Company Affairs is given in Annexure 'A'.

Signature to schedules '1' to '13'

FOR JAIN MAHESHWARY & CO.
Chartered Accountants

(Dharmesh Shah)
PARTNER

Mumbai, Dated: 27th August, 2011

On behalf of the Board of Directors
G. S. Mansawala - Director
K. G. Gupta - Director
Vikram Somani - Director
Bharat Somani - Executive Director
K. K. Somani - Chairman

Mumbai, Dated: 27th August, 2011

ANNEXURE 'A'
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(As per GSR No. 388(E) [F No. 3/24/94-CLV] dated 15/05/1995)

I. Registration Details		
Registration No. :	64085	State Code: 11
Balance Sheet Date	31/03/2011	
II. Capital raised during the year		(Amount in Rs. Thousands)
Public Issue (Net of allotment money in arrears)		NIL
Rights Issue		NIL
Bonus Issue		NIL
Private Placement		NIL
III. Position of Mobilisation and Deployment of Funds		(Amount in Rs. Thousands)
Total Liabilities		1,30,798
Total Assets		1,30,798
Sources of Funds		
Paid-up Capital		14,021
Reserves & Surplus		87,364
Secured Loans		Nil
Unsecured Loans		29,412
Application of Funds		
Net Fixed Assets (including capital work-in-progress / capital advances)		10,623
Investments		Nil
Deferred Tax Assets (net)		Nil
Net Current Assets		36,976
Accumulated Losses		83,200
IV. Performance of Company		(Amount in Rs. Thousands)
Turnover (including other income)		2.33
Total Expenditure		3.17
(Net of increase/decrease in stocks)		
Profit / (loss) before tax		(0.84)
Profit / (loss) after tax		(0.84)
Earning per share in Rs.- Before exceptional item		(0.06)
- After exceptional item		(0.06)
(Face value Rs. 10)		
Dividend rate (%)		Nil
V. Generic Names of Three Principal Products / Services of the Company		(As per monetary terms)
i. Item Code No. (ITC Code)		481010
Product Description		Coated Paper
ii. Item Code No. (ITC Code)		480920
Product Description		Self Copy Paper

To the Members

Your directors submit their 25th Annual Report together with audited accounts for the year ended 31st March, 2011 as follows.

Financial results

The company has incurred loss of Rs.22,598/- for the year under review. The same has been carried forward to balance sheet along with brought forward Loss of Rs. 5,69,995,262/-.

Legal proceedings

All the Assets of the Company, including Industrial Land, Plant & Machinery and Residential premises, situated at Silvassa, were auctioned and sold by the Debt Recovery Tribunal I on 16-05-2007. The money realised during the process has been shared by the Corporation Bank and Assts Reconstruction Co India Ltd (ARCIL), right holder of ICICI Bank.

Directors' responsibility statement:

In terms of section 217 (2AA) of the Companies Act 1956, the directors would like to state that :-

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed.
- b. The directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for the year under review.
- c. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safe guarding 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.

Directors

Mr. Vikram Somani, director of the Company retires by rotation and being eligible, offers himself for re-appointment.

Auditors remarks

The Remarks of the Auditor are self explanatory and do not call any further comments.

Auditors

M/s. J. K. Lahoti & Co., Chartered Accountants, auditors of the company retire, at the conclusion of ensuing annual general meeting and being eligible, offer themselves for reappointment.

Energy conservation

Details of power and fuel consumption as required under section 217(1) (e) of the Companies Act, 1956 are nil as the company's activities are closed.

Compliance certificate from practicing company secretary

Practicing Company Secretary has been appointed to carry out secretarial audit as required u/s 383A of the Companies Act 1956, as amended by the Companies (Amendment) Act 2000. The compliance certificate of the said secretary is attached to this report.

Particulars of employees:

The particulars of employees as required under section 217 (2A) of the Companies Act, 1956 are nil.

By Order of the Board

Bharat Somani
Director

Vikram Somani
Director

Mumbai, Jul 12, 2011

COMPLIANCE CERTIFICATE

(Under Provision to Sub-Section (1) of Section 383 A)

Registration No. : 54-00109 of 1996
Nominal Capital : Rs.3,50,00,000/-
Paid-up Capital : Rs.1,38,77,000/-

To
 The Members,
VECRON INDUSTRIES LIMITED

I have examined the registers, records, books and papers of **VECRON INDUSTRIES LIMITED** having its registered office at Plot No. 2, Government Industrial Estate, Piparia, Silvassa (U. T.) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended on 31st March, 2011. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year :

01. the company has kept and maintained all registers as stated in Annexure "A" to this certificate as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
02. the company has duly filed the forms and returns as stated in Annexure "B" to this certificate with the Ministry of Company Affairs within the time prescribed under the Act and the rules made thereunder.
03. the company is a public limited company and hence comments are not required .
04. the Board of Directors duly met 4 times on 3rd June, 2010, 2nd Spetember, 2010, 23rd Dec, 2010 and 9th March, 2011 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.
05. the company has not closed its Register of Members during the year under scrutiny.
06. the Annual General Meeting for the financial year ended on 31st March, 2010 was held on 29th September, 2010 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
07. no extra ordinary general meeting was held during the financial year under scrutiny.
08. the company has not advanced any loan to its Directors and/or persons or firms or companies referred to in Section 295 of the Act.
09. The company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
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 purview of Section 314 of the Act, the company has not obtained any approvals from the Board of Directors, members or Central Government.
12. the company did not issue any duplicate share certificates during the financial year under scrutiny.
13. the company has :
 - i. not made any allotment/transfer/transmission of securities during the financial year.
 - ii. not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - iii. not posted warrants to any member of the company as no dividend was declared during the financial year.
 - iv. no amounts unpaid in dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years and hence transferring of the same to the Investor Education and Protection Fund does not arise.
 - v. duly complied with the requirements of Section 217 of the Act.
14. the Board of Directors of the company is duly constituted and there was no appointment of directors, additional directors, alternate directors and directors to fill casual vacancy during the financial year under scrutiny.
15. the company has not appointed any Managing Director or Whole time Director during the financial year under scrutiny.
16. the company has not appointed any sole-selling agents during the financial year under scrutiny.
17. the company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such other authorities prescribed under the various provisions of the Act.
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 thereunder.
19. the company has not issued any shares/debentures/other securities during the financial year under scrutiny.
20. the company has not bought back any shares during the financial year under scrutiny.

21. the company has not issued any preference shares/debentures and hence there is no question of redemption of the same.
22. during the year there was no need for the company to keep in abeyance right to dividend, rights shares and bonus shares.
23. the company has not invited/accepted any deposits falling within the purview of Section 58A of the Act during the financial year under scrutiny.
24. the amounts borrowed by the company from Financial Institution, Banks and others are within the borrowing limits of the company and that necessary resolutions as per Section 293 (1) (d) of the Act have been passed during earlier years.
25. the company has not made any loans or investments, 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 notice received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for the offences under the Act.
32. the company has not received any sum as security from its employees during the year under scrutiny.
33. the provisions of Section 418 of the Act are not applicable to the company during the year under scrutiny.

For **GMJ & ASSOCIATES**
COMPANY SECRETARIES
(ALKA MODI)
PARTNER
C.P. NO. 5419

PLACE : MUMBAI
DATE : 12st JULY, 2011.

Reg.: **VECRON INDUSTRIES LIMITED**

Registration No. : 54- 00109 of 1996
Nominal Capital : Rs. 3,50,00,000
Paid-up Capital : Rs. 1,38,77,000/-

Annexure A

Registers as maintained by the Company

1. Register of Members U/S. 150.
2. Attendance Register for General Meetings U/S. 174.
3. Minutes Books of General Meetings and Board Meetings U/S. 193.
4. Attendance Register for Board Meetings U/S. 287.
5. Register of Contracts U/S. 301.
6. Register of Directors U/S. 303.
7. Register of Directors Shareholding U/S. 307.
8. Register of Share Transfer.
9. Books of Accounts U/S. 209.

Annexure B

Forms and Returns as filed by the company with the Ministry of Company Affairs during the financial year ended on 31st March, 2007.

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 add fee paid Yes/No.
01.	CCin FormNo66	383A	the year ended 31-3-09	6-5-10	No	Yes
02.	BS & P & L Acc. in Form No. 23AC & 23ACA.	220	the year ended 31-3-09	7-5-10	No	Yes
03.	Annual Return in Form No. 20B	159	as on the dt of the AGM held on 29-9-09	17-5-10	No	Yes
04.	CC in Form No. 66	383A	the year ended 31-3-10	2-12-10	No	Yes
05.	BS & P & L Acc. in Form No. 23AC & 23ACA.	220	the year ended 31-3-10	2-12-10	No	Yes
06.	Annual Return in Form No. 20B	159	as on the dt of the AGM held on 29-9-10	2-12-10	No	Yes

AUDITORS REPORT

To the members of
VECRON INDUSTRIES LTD.

1. We have audited the attached Balance Sheet of **VECRON INDUSTRIES LTD.** as at 31 March 2011 and also the Profit & Loss Account 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 the 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 from any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, 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:
 - (i) 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.
 - (ii) In our opinion, proper books of accounts as require by law have been kept by the company so far as appears from our examination of such books.
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act 1956.
 - (v) On the basis of written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) 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. 4 for non-provision of depreciation of Rs.4,248,424/-, Note No. 7 for non-provision of bad & doubtful debts amounting to Rs.31,98,934/-, Note No. 8 for non-provision of interest payable to institutions and banks, and other notes and accounting policies appearing in schedule XVI thereon 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 principle generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2011.
 - (b) In the case of the Profit and Loss account, of the loss for the year ended on that date.

For J.K. Lahoti & Co.
Chartered Accountants
FRN 105508W

(J.K.Lahoti)
Proprietor
M. No.16655

Mumbai, Jul 12, 2011

ANNEXURE TO THE AUDITORS' REPORT

Re: VECRON INDUSTRIES LTD.

Referred to in paragraph 3 of our report of even date,

1. The company has maintained proper records showing full particulars including quantitative details and location of the fixed assets.
2. All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regards to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
3. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. The procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
6. The following are the particulars of loans taken by the company from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956:

SR. No.	Name of Party	Relationship with the Company	Amount ₹	Year end Balance ₹
1	Soma Papers & Industries Ltd.	Holding Company	27,351	4,32,40,260

7. The following are the particulars of loans granted by the company to companies, firms and other parties covered in the register maintained under section 301 of the companies Act, 1956:

SR. No.	Name of Party	Relationship with the Company	Amount ₹	Year end Balance ₹
		NIL		

8. In our opinion the rate of interest and other terms and conditions on which loans have been taken from / granted to companies, firms or other parties listed in the registers maintained under Section 301 are not, prima facie, prejudicial to the interest of the company. However, no interest has been charged or granted on the above loans taken / granted.
9. The company is regular in repaying the amounts as stipulated and has been regular in the payment of Interest except as above. The parties have repaid the principal amounts as stipulated and have been regular in the payment of interest.
10. There is no overdue amount of loans taken from or granted to companies, firms or other parties listed in the registers maintained under section 301 of the Companies Act, 1956.
11. In our opinion and according to the information and explanations given to us, there are adequate control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
12. 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 transactions that need to be entered into the register maintained under Section 301 have been so entered.
13. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakhs rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
14. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 with regards to the Deposits accepted from the public. No order has been passed by National Company Law Tribunal. However during the year under report the company has not accepted deposits under Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975.
15. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
16. As the activity of the Company has been closed down hence clause regarding deposition of statutory dues with appropriate authority is not applicable.
17. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding, as at 31st March, 2011 for a period of more than six months from the date they became payable.
18. According to the records of the company, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Cess, which have not been deposited on account of any dispute except Rs. 51606/- for sales tax for the period 1996-97 which is pending on account of appeal filed before higher authorities.
19. The accumulated losses of the company are more than fifty percent of its net worth. The company has incurred cash loss of Rs. 22,598/- during the financial year covered by our audit.
20. Based on our examination of documents and records, we are of the opinion that the company has maintained adequate records where the company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
21. Based on our examination of records and evaluation of the related internal controls, we are of the opinion that proper records have been maintained of the transaction and contracts and timely entries have been made in those records. We also report that the company has held the shares, securities, debentures and other securities in its own name.
22. The company has not given any guarantee for loans taken by others from bank or financial institutions.
23. The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
24. During the period covered by our audit report, the company has issued debentures.
25. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.
26. Other clauses of the said order are not applicable to the Company.

For J.K. Lahoti & Co.
Chartered Accountants
FRN 105508W

(J.K.Lahoti)
Proprietor
M. No. 16655

Mumbai, Jul 12, 2011

Balance Sheet as at 31st March, 2011

	Schedule No.	As at 31/03/2011	As at 31/03/2010
SOURCES OF FUNDS			
<u>Shareholders Funds:</u>			
Equity Capital	I	13,877,000	13,877,000
Reserves & Surplus	II	-	-
<u>Loan Funds:</u>			
Secured Loans	III	-	-
Unsecured Loans	IV	43,240,260	43,212,909
		<u>57,117,260</u>	<u>57,089,909</u>
APPLICATION OF FUNDS			
<u>Fixed Assets:</u>			
Gross Block	V	-	-
Depreciation		-	-
Net Block		-	-
<u>Investments</u>			
		-	-
<u>Current Assets, Loans & Advances</u>			
Inventories	VI	-	-
Sundry Debtors	VII	-	-
Cash & Bank Balances	VIII	125,368	123,982
Loans & Advances	IX	-	-
		<u>125,368</u>	<u>123,982</u>
<u>Less: Current Liabilities & Provisions</u>			
Current Liabilities	X	3,370	6,738
Net Current Assets		121,998	117,244
<u>Miscellaneous Expenditure</u> (To the extent not written off or adjusted)			
	XI	-	-
Profit & Loss Accounts		56,995,262	56,972,665
		<u>57,117,260</u>	<u>57,089,909</u>
Notes to Accounts & Significant Accounting Policies	XVI		

As per our report of even date

for J.K. Lahoti & Co.

Chartered Accountants
FRN105508WJ.K. Lahoti
Proprietor
M.No. 16655
Mumbai, July 12, 2011

On behalf of the Board

Bharat Somani:Director

Vikram Somani :Director

Mumbai, July 12, 2011

Profit & Loss Account for the year ended 31st March, 2011

	Schedule No.	As at 31/03/2011	As at 31/03/2010
INCOME			
Other Income	XII	-	-
Increase/(Decrease) in Stock	XIII	-	-
		<u>-</u>	<u>-</u>
EXPENDITURE			
Raw Materials	XIV	-	-
Employees remuneration and benefits		-	-
Administrative & Other Expenses	XV	22,598	9,368
Loss Due to DRT Auction Sale (Refer note 4&5)		-	-
Amortisation of Lease Premium		-	-
		<u>22,598</u>	<u>9,368</u>
Net Profit/(Loss) before Tax		(22,598)	(9,368)
Provision for Taxation		-	-
Net Profit/(Loss) after Tax		(22,598)	(9,368)
TDS for earlier years adjusted			
Add/(Less): Brought forward from Previous Year		(56,972,665)	(56,963,297)
Net Profit/(Loss) carried to Balance Sheet		(56,995,262)	(56,972,665)
As per our report of even date for J.K. Lahoti & Co. Chartered Accountants FRN105508W			On behalf of the Board
J.K. Lahoti Proprietor M.No. 16655 Mumbai, July 12, 2011			Bharat Somani:Director
			Vikram Somani :Director

Schedules forming part of the Balance Sheet and Profit & Loss Account 31st March, 2011

	<i>As at</i> 31/03/2011	<i>As at</i> 31/03/2010
<u>SCHEDULE I</u>		
Share Capital		
<u>Authorised Capital</u>		
35,00,000 equity shares of Rs.10.- each	35,000,000	35,000,000
<u>Issued, Subscribed & Paid-up</u>		
13,87,700 equity shares of Rs.10.- each fully paid up	13,877,000	13,877,000
(13,87,700 equity shares of Rs.10.- each fully paid up are held by Soma Papers & Industries Ltd., the holding company)		
<u>SCHEDULE II</u>		
Reserves & Surplus	-	-
Share Premium Account	-	-
<u>SCHEDULE III</u>		
Secured Loans	-	-
<u>SCHEDULE IV</u>		
Unsecured Loans		
Interest free loan from holding company, Soma Papers & Industries Ltd.	43,240,260	43,212,909
<u>SCHEDULE VI</u>		
Inventories	-	-
<u>SCHEDULE VII</u>		
Sundry Debtors (Unsec - considered good)	-	-
<u>SCHEDULE VIII</u>		
Cash & Bank Balances		
Cash-in-hand	124	124
HDFC Bank	12,935	11,549
Fixed Deposit (Corporation Bank)	112,309	112,309
State Bank of India (Sales Tax Deposit)	125,368	123,982
<u>SCHEDULE IX</u>		
Loans & Advance	-	-

	<i>As at</i> 31/03/2011	<i>As at</i> 31/03/2010
<u>SCHEDULE X</u>		
Current Liabilities		
Liabilities for Expenses	3,370	6,738
	<u>3,370</u>	<u>6,738</u>
<u>SCHEDULE XI</u>		
Miscellaneous Expenditure (To the extent not written off or adjusted)		
Rehabilitation Expenses	-	-
Preliminary Expenses	-	-
Pre-operative Expenses	-	-
Deferred Revenue Expenses	-	-
	<u>-</u>	<u>-</u>
Less: Written off during the year	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<u>SCHEDULE XII</u>		
Other Income		
Interest	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<u>SCHEDULE XIII</u>		
Increase/(Decrease) in Stock		
Closing Stock		
- Finished Goods	-	-
- Work-in-Progress	-	-
	<u>-</u>	<u>-</u>
Less: Opening Stock		
- Finished Goods	-	-
- Work-in-Progress	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<u>SCHEDULE XIV</u>		
Raw Materials consumed / Written Off		
Opening Stock	-	-
Add: Purchases	-	-
Less: Closing Stock	-	-
	<u>-</u>	<u>-</u>
Chemicals consumed		
Opening Stock	-	-
Add: Purchases	-	-
Less: Closing Stock	-	-
	<u>-</u>	<u>-</u>
Stores & Spares, Furnace Oils, Packing Materials Written Off	-	-
Total Raw Materials & Chemical Consumption	<u>-</u>	<u>-</u>

As at
31/03/2011

As at
31/03/2010

SCHEDULE XV

Administrative & Other Expenses

Audit Fees

3,370

3,370

Bank Charges

-

58

General Expenses

245

1,975

Legal & Professional

5,483

3,965

ROC Fees

13,500

-

22,598

9,368

VECRON INDUSTRIES LIMITED

SCHEDULE XVI

Significant Accounting Policies and Notes annexed to and forming part of the Accounts for the year ended 31 March 2011.

1. Significant Accounting Policies:

- a. **Accounting Policies:** The financial statements have been prepared in accordance with generally accepted accounting principles as well as the requirements of the Companies Act 1956. The significant policies are as follows
- b. **Fixed Assets:** Fixed Assets have been valued at cost less depreciation.
- c. **Inventories:** Inventories are valued at lower of the cost and estimated net realisable value.
- d. **Income and Expenses:** Income and expenditure are accounted on accrual basis except wherever stated otherwise.
- e. **Depreciation:** Depreciation has been provided on fixed assets as per the rate mentioned, on Straight Line Method (SLM), in Schedule XIV of the Companies Act 1956.
- f. **Foreign Currency Transactions:** In respect of import of goods, the transaction in foreign currency is recorded in rupees by applying to the foreign currency amount, the exchange rate prevailing at the time of transaction. Amount short or excess remitted in credited or debited to exchange difference account.
- g. **Revenue recognition:**
 - ♦ Purchases are accounted at net of trade discount, cash discount and commission receivable.
 - ♦ Sales are exclusive of excise duty
 - ♦ The liability for gratuity is accounted on cash basis
- h. **Miscellaneous Expenditure:** Miscellaneous expenditure is written off in ten equal annual instalments commencing from the year of commercial production.

2. The Company was registered as Sick Industrial Undertaking u/s 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act 1985 on 3.9.1998. Since then, the Board of Industrial Financial Reconstruction (BIFR) vide their order dated 7.8.2001 and Appellate Authority for Industrial and Financial Reconstruction (AAIFR) vide order dated 31.10.2001 have recommended for winding up of the Company to the concerned High Court for further necessary action.

3. Contingent Liabilities not provided for in respect of:
 - a. Sales Tax demand in appeal Rs. 51,606 for the period 1996-97.
 - b. Corporation Bank has filed the suit against the Company for their dues of Rs. 4,91,14,993/- against which decree has been issued.

4. Estimated amount of contracts remaining to be executed on capital account not provided for Rs. Nil (previous year Rs. Nil).

5. Balance with Soma Papers & Industries Ltd. (holding Co.) is subject to reconciliation and confirmation.

6. In compliance with the requirements of Accounting Standard 2, 'Valuation of Inventories which is mandatory from 1 April 1999, the Company has provided Excise Duty/Custom Duty liability on stocks lying in bonded warehouse as on the Balance Sheet date and included the same in the value of such stocks. This has no impact on the results for the year.

7. As per the accounting Standard 22 " Accounting for the Taxes on Income" issued by the "the Institute of Chartered Accountants of India" (ICAI) where an enterprise has unabsorbed depreciation or carried forward losses under the law, Deferred Tax assets should be recognised only to the extent that there is a virtual certainty supported by convincing evidence against which such deferred Tax assets can be realised. Since the company's accumulated losses have eroded its net worth and there is no virtual certainty that future taxable income will be available. And moreover company has been declared sick unit u/s 3(1)(o) of the Sick Industrial (Special Provisions) Act, 1985 on 03/09/1998. Since then the Board of Industrial Financial Reconstruction (BIFR) vide their order dated 07/08/2001 and Appellate Authority for Industrial and financial Reconstruction (AAIFR) vide order dated 31/10/2001 have recommended for the winding up of the company to the concerned High court for further necessary action. Hence no deferred Tax Assets have been recognised in the books.

8. Earning per share	
Net Loss for the Year	Rs 22,598/-
No. of Equity Shares	13,87,700 shares
Basic & diluted EPS	(0.016)
Nominal value of equity shares	Rs.10/-per share

9. Since the company has not carried out any manufacturing and trading activities, the information in Part II of Schedule 6 of the Companies Act, 1956 are not applicable.

10. Previous year's figures are regrouped or rearranged wherever considered necessary.

11. The Balance Sheet abstract and company's general business profile is given in Annexure A.

By Order of the Board

For J.K. Lahoti & Co.
Chartered Accountants
FRN 105508W

Bharat Somani
Director

J.K. Lahoti
Proprietor
M. No.16655
Mumbai, Jul 12, 2011

Vikram Somani
Director

Balance Sheet Abstract & General Business Profile**I Registration Details**

Registration No.	109
State Code	54
Balance Sheet Date	31/03/2011

II Capital raised during the Year

Public Issue	-
Rights Issue	-
Bonus Issue	-
Private Placement	-

III Position of Mobilisation and Development of Funds

Total Liabilities	57,117,260
Total Assets	57,117,260

Sources of Funds

- Paid-up Capital	13,877,000
- Reserves & Surplus	-
- Secured Loans	-
- Unsecured Loans	43,240,260

Application of Funds

- Net Fixed Assets	-
- Investments	-
- Net Current Assets	121,998
- Miscellaneous Expenditure	-
- Accumulated Losses	56,995,262

IV Performance of Company

Turnover	-
Total Expenditure	22,598
Profit/(Loss) before Taxation	(22,598)
Profit/(Loss) after Taxation	(22,598)
Earning per Share	(0.016)
Dividend Rate (%)	-

V Generic Names of Three Principal Products/ Services of the Company (as per monetary terms)

Item Code No. (ITC Code)	321210
Product Description	Stamping Foils
Item Code No. (ITC Code)	392036
Product Description	Metallised Films
Item Code No. (ITC Code)	481099
Product Description	Release Paper

Regd Office : G D Somani Marg, Panchak, Nashik Road 400 101, Maharashtra

PROXY FORM

I/We _____

of _____

being a member/members of Soma Papers & Industries Limited appoint Mr./Mrs/Ms _____

_____ of _____

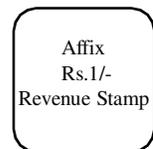
or failing him Mr / Mrs / Ms _____

or failing him Mr / Mrs / Ms _____

as my/our proxy to attend and vote for my / our behalf at the 20th ANNUAL GENERAL MEETING of the Company, to be held on 29th September, 2011 at 11.00 a.m. and at any other adjournment thereof.

Signed this _____ day of _____ 2011

Member's Folio Number _____



Signature

Note : The Proxy must be deposited at the Registered Office at G D Somnai Marg, Panchak, Nashik Road - 422 101, Maharashtra, not less than 48 hours before the time for holding the meeting.

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