



27th annual report 2009|10

COMPANY INFORMATION

BOARD OF DIRECTORS

JAMNAPRASAD MAHESHWARI

Managing Director

HEMANT MEHTA

ARVIND BALDWA

NIKHIL RAJPURIA

NISHANT KUMAR

KIRIT PATEL

COMPANY SECRETARY

YOGESH CHHUNCHHA

AUDITORS

M/S. SHAH MOHNOT SINGHAL & CO.
CHARTERED ACCOUNTANTS, AHMEDABAD

BANKERS

- INDIAN OVERSEAS BANK
- AXIS BANK
- CORPORATION BANK

REGISTERED OFFICE

604, Avdhesh House,
Opp. Shri Guru Govind Gurudwara,
SG Highway, Thaltej, Ahmedabad-380054
Telefax No: [079] 26859223
Email : armspaperltd@gmail.com

REGISTRAR & SHARE TRANSFER AGENTS

SHAREPRO SERVICES (INDIA) PVT. LTD.,
13 AB Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off Andheri-Kurla Road, Sakinaka,
Andheri (E), Mumbai - 400072
Phone No. [022] 67720300, 67720400
Fax No. [022] 28591568

NOTICE

NOTICE is hereby given that the **TWENTY-SEVENTH** Annual General Meeting of the Members of M/S. ARMS PAPER LIMITED will be held on Thursday, the 5th day of August, 2010 at 4:00 p.m. at 604, Avdhesh House, Opp. Shri Guru Govind Gurudwara, Sarkhej - Gandhinagar Highway, Thaltej, Ahmedabad- 380 054 to transact the following business :

ORDINARY BUSINESS

- 1] To receive, consider, approve and adopt the audited Balance Sheet of the Company as at 31st March, 2010 and Profit and Loss Account for the year ended on that date together with Directors' and the Auditors' Report thereon.
- 2] To appoint Directors in place of Shri Arvind Baldwa, who retire by rotation and being eligible, offers himself for re-appointment.
- 3] To appoint Directors in place of Shri Nikhil Rajpuria, who retire by rotation and being eligible, offers himself for re-appointment.
- 4] To reappoint Statutory Auditors of the Company and to fix their remuneration.
- 5] Members holding shares in physical form are requested to notify the change in addresses, their Pin code numbers, email addresses and telephone numbers, if any to the company at its Registered Office or to M/s. Sharepro Services (India) Pvt. Ltd. - Registrar & Share Transfer Agents by quoting their folio numbers. Members holding shares in electronic mode may update such details with their respective Depository Participants. [DPs]
- 6] Members holding shares in physical form can avail of the nomination facility by filing Form 2B (in duplicate) with the Company or its Registrar & Share Transfer Agent which will be made available on request and in case of shares held in dematerialized form, the nomination has to be lodged with their DP.
- 7] Members of the Company who have multiple accounts in identical names or joint accounts in the same order are requested to send all the share certificates to the Registrar & Share Transfer Agents M/s. Sharepro Services (India) Pvt. Ltd. or to the Registered Office of the Company for consolidation of all such shareholdings into one account to facilitate better service.

NOTES :

- 1] A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE, INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2] Members/Proxies should bring the enclosed Attendance Slip duly filled in for attending the meeting along with a copy of the Annual Report. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf in the meeting.
- 3] Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold the shares in physical form are requested to write their Folio Number(s) in the Attendance Slip for attending the meeting.
- 4] The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 30th July, 2010 to Thursday, the 5th August, 2010 (both days inclusive).
- 8] Members desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to address their questions to the Secretary of the Company so as to reach atleast seven days before the date of the meeting, so that the information may be made available at the meeting, to the best extent possible.
- 9] In all correspondence with the Company or with its Share Transfer Agents, members are requested to quote their folio number and in case their shares are held in the dematerialized form, they must quote their client ID and their DP ID Numbers.
- 10] The shares of the Company are in compulsory demat segment. Those members who still continue to hold shares in physical form, are requested to get their shares dematerialized at the earliest.
- 11] Securities and Exchange Board of India vide its circular has made it mandatory for every participant in the securities/capital market to furnish income tax Permanent Account Number (PAN). Accordingly, all the shareholders (including joint holders) holding shares in physical form are requested to submit copy of their PAN Card for the purpose of the transfer to our Registrar & Share Transfer Agents, M/s. Sharepro Services (India) Pvt. Ltd.

- 12] In terms of Clause 49 of the Listing Agreement with the Stock Exchange, a brief resume of the retiring Directors, who are proposed to be appointed/reappointed at this meeting are as under:

Sr. No.	Name of Director	Date of Birth	Date of Appointment	Qualification	Experience	Committee Membership
1.	Shri Arvind Baldwa	30.08.1953	11.10.2007	M.com	17 years as Industrialist	-
2.	Shri Nikhil Rajpuria	10.11.1980	11.10.2007	MBA (U.S.A.)	7 years as Finance Professional	Chairman – Shareholder's /Investor's Grievance Committee and Member – Remuneration Committee

For and on Behalf of the Board of Directors

Place : Ahmedabad
Date : 27th May, 2010

Jamnabprasad Maheshwari
Managing Director

DIRECTORS' REPORT

To,
The Members,
ARMS PAPER LIMITED
AHMEDABAD

Your Directors have pleasure in presenting the 27th Annual Report on the business and operations of the Company together with Audited Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS:

Your company's performance for the financial year 2009-10 is summarized below:

	2009-10	2008-09
	(Rs. in Lacs)	(Rs. in Lacs)
Turn Over and Other Income	2079.26	4051.43
Profit Before Depreciation and Taxes	154.52	200.77
Depreciation	(1.20)	(0.21)
Profit Before Taxes	153.32	200.56
Taxation	(0.69)	(32.55)
Profit After Taxation	152.63	168.01
Add/Less: Prior Period Income	11.62	-
Balance Brought Forward from Last Year	(142.32)	(310.33)
Balance Carried to Balance Sheet	21.93	(142.32)

OPERATIONS:

Your Company has earned a total income from sales and other sources of Rs. 2079.26 Lacs as compared to Rs. 4051.43 Lacs in the previous year. The total expenditure incurred during the year was Rs. 1925.94 Lacs as compared to Rs. 3850.86 in the previous year. A provision of Rs. 0.69 Lacs is made for taxation. The Net Profit after taxation during the year under review is Rs. 152.63 Lacs as compared to Rs. 168.01 in the previous year. Your Company has wiped off the accumulated losses this year and a Credit Balance of Rs. 21.93 Lacs is carried to the Balance Sheet.

DIVIDEND:

With a view to conserve the resources, your Directors have decided not to recommend dividend on equity shares for the year ended 31st March, 2010.

FIXED DEPOSITS:

Your Company has neither accepted nor renewed any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.

DIRECTORS:

Shri Arvind Baldwa and Shri Nikhil Rajpuria retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements under Sub section 2AA of Section 217 of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- (1) in the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with the proper explanation relating to material departures, if any.
- (2) the directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the Profit for the year ended on that date.
- (3) the directors to the best of their knowledge and ability have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (4) the directors have prepared the Annual Accounts on a "going concern basis".

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Since the Company is not engaged in any manufacturing activity, particulars under Section 217(1)(e) of the Companies Act, 1956, regarding Conservation of Energy and Technology Absorption are not applicable. There were no foreign exchange transactions during the year.

PARTICULARS OF EMPLOYEES:

The information required as per sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended and forming part of the Directors' Report for the year ended 31st March, 2010 is NIL.

CORPORATE GOVERNANCE:

The Company continues to remain committed for high standards of corporate governance. The report on Corporate Governance as per the requirement of the listing agreement with stock exchanges forms part of this report. The Company has complied with all the requirements of Corporate Governance. The certificate from the statutory auditors of the

Company regarding compliance by the Company of the conditions stipulated under Clause 49 of Listing Agreement is attached to this Report.

Pursuant to Clause 49 of the Listing Agreement, Management Discussion and Analysis Report and Report on Corporate Governance are given as Annexure to this Report.

The Company is in process of implementing the Corporate Governance Voluntary Guidelines 2009, issued by Ministry of Corporate Affairs, in December, 2009.

DEMATERIALISATION:

The shares of the Company are in compulsory demat segment and are available for trading in the depository system of both National Securities Depository Ltd (NSDL) and the Central Depository Services India Ltd (CDSL). As on 31st March, 2010, 5197721 nos. of equity shares forming 94.19% of the equity share capital of the Company stands dematerialized.

LISTING OF SHARES:

The equity shares of the Company are listed on the Bombay Stock Exchange Limited (BSE). The Bombay Stock Exchange Limited has nation wide terminal and therefore, shareholders/investors are not facing any difficulty in trading in the shares of the Company from any part of the country.

Your Company has paid annual listing fees for financial year 2010-11 to Bombay Stock Exchange Limited and annual custodial fees to National Securities Depository Limited and Central Depository Services (India) Limited.

Declaration:

The Board of Directors of the Company have approved and adopted Code of Conduct for the directors and Senior Management Personnel. I hereby declare to the best of my knowledge and belief that, all the Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for during the year.

Place : Ahmedabad
Date : 27th May, 2010

Jamnadas Maheshwari
Managing Director

AUDITORS AND AUDITORS' REPORT:

M/s. Shah Mohnot Singhal & Co., Chartered Accountants the Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received confirmation that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956, and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

Your Directors recommend re-appointment of M/s. Shah Mohnot Singhal & Co., Chartered Accountants as the Statutory Auditors of the Company for the current financial year and fixation of their remuneration.

There is no qualification, observations or adverse comments in the Auditors' Report and hence it does not call for any further explanation.

ACKNOWLEDGEMENT:

Your Directors take this opportunity to acknowledge the co-operation received from Banks, the Reserve Bank of India and other Government Agencies and Shareholders resulting in improved performance during the year under review.

For and on Behalf of the Board of Directors

Place : Ahmedabad
Date : 27th May, 2010

Jamnadas Maheshwari
Managing Director

For and on Behalf of the Board of Directors

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Indian Industry Overview

Indian Paper Industry is the 15th largest in the world and provides employment to 1.3 million people in the country contributing Rs.25 billion worth revenue to the government. The industry has recorded a volume growth of CAGR of 5.47% over the last 3 years. In 2003-04, it recorded a volume growth of 6%, in line with the GDP growth. Indian paper industry has a 1:1 correlation with the economy. Therefore, with the expected GDP growth of minimum 7-8%, the paper sector is expected to record a similar growth rate

Source:IPMA

Company's Performance and Future Outlook

During the year under review, the Company has earned a total income from sales and other sources of Rs. 2079.26 Lacs as compared to Rs. 4051.43 Lacs in the previous year. The total expenditure incurred during the year was Rs. 1925.94 Lacs as compared to Rs. 3850.86 in the previous year. A provision of Rs. 0.69 Lacs is made for taxation. The Net Profit after taxation during the year under review is Rs. 152.63 Lacs as compared to Rs. 168.01 in the previous year. Your Company has wiped off the accumulated losses this year and a Credit Balance of Rs. 21.93 Lacs is carried to the Balance Sheet.

Risk and concerns

There are several risks that every industry faces and the Paper industry has also its own intrinsic risks. In the normal course of business, the Company is also exposed to various risk areas. The Company's risk management aims at identifying and evaluating risks as early as possible and limiting the business losses by taking suitable measures for hedging risks.

These risks have been identified and the Company is aware of the potential for these risks to occur. Due care is being taken to plan and alleviate known-risks as well as proactively identify new risks that may occur.

The key risks that will affect the performance of the Company and are dynamically considered for risk management activities can be elaborated as follows:

- Increasing costs of raw material, transport and storage
- Compliance and regulatory pressures including changes in various laws

The Company Management understands that risks can negatively impact the attainment of both the short-term operational and long-term strategic goals. The Company has a defined risk management strategy in place which includes a Risk Management Team that identifies risks, creates mitigation plans and monitors the occurrence of risk. Appropriate mitigation plans for different risks are created and operationalised across the Company.

Internal Control System and their adequacy

The Company has established suitable internal control systems, which provide reasonable assurance with regard to safeguarding the Company's assets, promoting operational efficiency and ensuring compliance with various legal and regulatory provisions. The Internal Audit Department reviews internal control systems in various business processes and also verifies compliance of the laid down policies and procedures. Reports of the internal auditor are reviewed by the senior management and are also placed before the Audit Committee of the Board. The statutory auditors also review their findings with the senior management and the Audit Committee.

Financial and Operative Performance

The financial and operative performances are already elaborated in Directors' Report which is a part of this report.

Cautionary Statement

Statements in this Report particularly those which relate to "Management Discussion & Analysis" may constitute forward looking statements within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied in the statement since the Company's operation are influenced by many external and internal factors beyond the control of the Company. Important factors that could make a difference to the Company's operation include global and Indian demand-supply conditions, finished goods prices, feed stock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations.

REPORT ON CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement with the Stock Exchanges, a report on Corporate Governance for the year under review is given below:-

1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance has been developed with a tradition of fair and transparent governance and disclosure practices, many of which were in existence even before they were mandated by legislation. Transparency, integrity, professionalism and accountability-based values form the basis of the Company's philosophy for corporate governance. The Company strives to improve the corporate governance practices to meet stakeholders' expectations and strictly complies with regulatory guidelines on corporate governance.

2) BOARD OF DIRECTORS:

(a) Composition of Board of Directors:

The Board of Directors of the Company comprises of six directors having an optimum combination of Non-executive Directors and Independent Directors. The Board of Directors of the Company is headed by the Managing Director of the Company and Five other directors. All the directors on the Board are well experienced, competent and highly prominent persons from their respective fields. They take active part at the Board as well as Committee Meetings which add value in the decision making process of the Board. None of the Independent Directors have any pecuniary relationship with the Company and none of the directors is related to each director.

The all details of directors of Company along with the number of directorship and committee membership held by them as on date are as under:

Sr. No.	Name of Director	Category of Directorship	Number of other Directorship	Number of Committee Membership / Chairmanship in the Company
1	Shri Jamnaprasad Maheshwari	Chairman & Managing Director	Nil	Member - Shareholder's /Investor's Grievance Committee
2	Shri Hemant Mehta	Director	1	Member – Audit Committee and Shareholder's /Investor's Grievance Committee
3	Shri Arvind Baldwa	Director	1	---
4	Shri Nikhil Rajpuria	Independent Director	1	Chairman - Shareholder's /Investor's Grievance Committee and Member – Remuneration Committee
5	Shri Nishant Kumar	Independent Director	Nil	Chairman – Audit Committee and Member – Remuneration Committee
6	Shri Kirit Patel	Independent Director	Nil	Chairman – Remuneration Committee and Member – Audit Committee

Note : As provided in Clause 49 of the Listing Agreement, none of the directors is member of more than ten Board Level Committees or the Chairman of more than five Committees.

(b) Number of Board Meetings:

During the year under review, the Board of Directors met seven times on 6th April, 2009; 15th May, 2009; 26th June, 2009; 30th July, 2009; 30th October, 2009; 31st December, 2009 and 29th January, 2010. The maximum gap

between two Board Meetings does not exceed four months as provided in Clause 49 of the Listing Agreement. Adequate information for the businesses to be transacted at Board Meeting are circulated as part of Board papers to enable the Board Members to take appropriate decisions.

(c) Attendance at Board Meetings and Annual General Meeting of the Company:

The attendance of the Directors at the board meetings held during the year under review and at the last Annual General Meeting held on 31st August, 2009 are as under:-

Sr. No.	Name of Director	Number of Board Meeting Attended	Attendance at last AGM
1	Shri Jamnaprasad Maheshwari	7	Yes
2	Shri Hemant Mehta	6	Yes
3	Shri Arvind Baldwa	4	Yes
4	Shri Nikhil Rajpuria	7	Yes
5	Shri Nishant Kumar	7	Yes
6	Shri Kirit Patel	7	Yes

(d) Code of conduct

The Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. All Board Members and Senior Management Personnel are strictly complying with the Code of Conduct. A declaration signed by the Managing Director is attached and forms part of the Annual Report of the Company.

3) COMMITTEES OF THE BOARD

The following committees have been constituted by the Board of Directors:

- (A) Audit Committee
- (B) Remuneration Committee
- (C) Shareholders'/Investors' Grievances Committee

All decisions pertaining to the constitution of the committees, appointment of members and fixing of terms of service for committee members are taken by the Board of Directors. Details on the role and composition of these committees, including the number of meetings held during the financial year and the related attendance, are provided below:-

(A) Audit Committee**(i) Constitution of Committee**

- The composition of the Committee is in conformity with clause 49(II) (A) of the Listing Agreement.
- Shri Nishant Kumar, Chairman of the Audit Committee was present at the Annual General Meeting held

on 31st August, 2009 to reply the shareholders' queries.

- The Audit Committee provides an overview on the reporting process of the Company's financial and accounting mechanism and ensures that disclosures in its financial statements are correct, sufficient and credible.
- The Committee reviews the efficacy of the internal control mechanism and monitors the risk management policies adopted by the Company. The Committee also reviews the report furnished by the internal and statutory auditors and ensures that suitable follow-up actions are taken. Besides, the Committee also examines accounting, taxation and disclosure aspects of all significant transactions.

(ii) Composition of the Committee

The Audit Committee comprises of three Directors viz.:-

Sr. No.	Name of Director	Position held in the Committee
1.	Shri Nishant Kumar	Chairman (Independent Director)
2.	Shri Hemant Mehta	Member (Non-Executive Director)
3.	Shri Kirit Patel	Member (Independent Director)

All the existing members of the Audit Committee possess financial expertise and knowledge. The Company Secretary of the Company acts as the Secretary to the Committee. At the invitation of the Committee, the Managing Director, the Statutory Auditors and the Head of Finance Department do attend the Audit Committee Meetings to answer and clarify the queries raised by the Committee Members.

(iii) Number of Meetings and Attendance of Members in the Meeting :

During the year under review, five meetings of Audit Committee were held on 30th April, 2009; 26th June, 2009; 30th July, 2009; 30th October, 2009 and 29th January, 2010 to consider, discuss and review the quarterly results, annual accounts and other financial matters to be placed before the Board for their approval.

The attendance of the members at the Audit Committee Meetings are as under:-

Sr. No.	Name of Director	Position held in the Committee	No. of Meetings Attended
1.	Shri Nishant Kumar	Chairman	5
2.	Shri Hemant Mehta	Member	5
3.	Shri Kirit Patel	Member	5

(B) Remuneration Committee**(i) Terms of Reference :**

The Remuneration Committee recommends remuneration, promotions, increments etc. for the Managing Director and other Managerial Personnel. The recommendations so made by the Remuneration Committee and confirmed by the Board of Directors are subject to the approval of the shareholders.

(ii) Composition of the Remuneration Committee

The Remuneration Committee comprises of three Independent Directors viz.:-

Sr. No.	Name of Director	Position held in the Committee
1.	Shri Kirit Patel	Chairman
2.	Shri Nikhil Rajpuria	Member
3.	Shri Nishant Kumar	Member

During the year under review, no meeting of the Remuneration Committee was held.

(iii) Details of Remuneration paid to the Directors

Particulars	Shri Jamnadas Maheshwari Chairman & Managing Director
Salary	2,31,000.00
Contribution to Provident Fund	9,360.00
Perquisites	---
TOTAL	2,40,360.00
Service Contract	5 years
Period of Contract	30 th June, 2008 to 29 th June, 2013

(C) Shareholders'/Investors' Grievance Committee**(i) Composition of the Committee**

The Shareholders'/Investors' Grievance Committee comprises of three directors viz.:

Sr. No.	Name of Director	Position held in the Committee
1.	Shri Nikhil Rajpuria	Chairman
2.	Shri Jamnadas Maheshwari	Member
3.	Shri Hemant Mehta	Member

The Company Secretary of the Company is designated as the Compliance Officer as required by SEBI/Listing Agreement.

(ii) Terms of Reference of the Committee

The Committee supervises the mechanism for redressal of investor grievances and ensures cordial investor relations. Apart from looking into redressal of shareholder's and investor's grievances, the main functions of the Committee are:-

- Transfer/Transmission of shares
- Issue of Duplicate Share Certificate/Dividend Warrants

- c. Complaints relating to non-receipt of Annual Report, Dividend, etc.
- d. Split-up/Consolidation/Sub-division of Shares
- e. Any other query/matter which may be brought forward by the Compliance Officer

The Registrar and Share Transfer Agent – M/s. Sharepro Services (I) Pvt. Ltd. attends to all the Shareholders'/Investors' complaints on regular basis. The routine correspondence and letters received from the shareholders are replied back in time directly by the Compliance Officer whereas the complaints of

serious nature are brought at the meeting and taken care thereof.

(iii) Number of Complaints:

During the year under review, details of the complaints are as under:-

Opening Balance as on 01.04.2009	:	Nil
Complaints received during the year	:	2
Total	:	2
Complaints Redressed during the year	:	2
Closing Balance as on 31.03.2010	:	Nil

4) GENERAL BODY MEETINGS

The details about the Location, Time and Venue of last three Annual General Meetings and Extra Ordinary General Meeting are as under:-

Particulars	Date	Time	Venue
24 th Annual General Meeting	29.09.2007	12.00 am	4th Floor Pushpak, Panchvati Cross Roads, C.G. Road, Ellisbridge, Ahmedabad – 380 006.
25 th Annual General Meeting	18.08.2008	3.00 pm	604, Avdhesh House, Opp. Shri Guru Govind Gurudwara, S.G. Highway, Thaltej, Ahmedabad – 380 054.
Extra Ordinary General Meeting	30.04.2009	4:00 pm	604, Avdhesh House, Opp. Shri Guru Govind Gurudwara, S.G. Highway, Thaltej, Ahmedabad – 380 054.
26 th Annual General Meeting	31.08.2009	3.00 pm	604, Avdhesh House, Opp. Shri Guru Govind Gurudwara, S.G. Highway, Thaltej, Ahmedabad – 380 054.

Note : No Special Resolution was passed at the last three Annual General Meetings of the Company. A Special Resolution was passed at the Extra Ordinary General Meeting of the Company held on 30th April, 2009 for Change of Name. No Resolution was passed through Postal Ballot during the year.

5) DISCLOSURES

There are no materially significant transactions with the related parties that may have potential conflict with Company's interest at large.

There were no cases of non-compliance, penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets during the last three years.

No personnel have been denied access to the Audit Committee.

The Company complies with all the mandatory requirements and one non-mandatory requirement of Clause 49 of Listing Agreement viz. constitution

of Remuneration Committee of the Board of Directors of the Company.

6) CEO CERTIFICATION

A Certificate from the Chief Executive Officer (CEO) on financial statements is issued pursuant to the provisions of Clause 49 of the Listing Agreement and is annexed to the Corporate Governance Report and forms part of the Annual Report.

7) MEANS OF COMMUNICATION

The Board of Directors of the Company approves and takes on record the Un-audited Quarterly Results and Audited Annual Results in the proforma prescribed by the Stock Exchange and announces forthwith the results to all the Stock

Exchanges where the equity shares of the Company are listed. The approved financial results are faxed immediately after the Board Meeting to the Stock Exchanges and are published normally in leading daily newspapers in English and Local Language i.e. Gujarati. During the year under review, details regarding Board Meetings for approving the Quarterly Results are as follows:

Quarterly Results for	Date of Announcement in Board Meeting (F.Y.2009-10)
1 st Quarter ending on 30 th June, 2009	30 th July, 2009
2 nd Quarter ending on 30 th September, 2009	30 th October, 2009
3 rd Quarter ending on 31 st December, 2009	29 th January, 2010
4 th Quarter ending on 31 st March, 2010	27 th May, 2010

8) ADDITIONAL INFORMATION FOR SHAREHOLDERS

1] Annual General Meeting:

The details of the 27th Annual General Meeting to be held is as under:-

Date : 5 th August, 2010
Day : Thursday
Time : 4:00 p.m.
Venue : 604, Avdhesh House, Opp: Guru Govind Gurudwara, Sarkhej – Gandhinagar Highway, Thaltej, Ahmedabad – 380 054.

2] Financial Calendar:

Financial Year: Ending on 31st March of each Year

3] Book Closure Date:

The Shares Transfer books and Register of Members will remain closed from Friday, the 30th July, 2010 to Thursday, the 5th August, 2010 (both days inclusive)

4] Listing on Stock Exchanges:

Name of Stock Exchange where Shares of the Company are Listed	Scrip Code
Bombay Stock Exchange Limited	53297

5] ISIN Number:

Demat ISIN Numbers in NSDL & CDSL for Equity Shares : **INE971A01014**

6] Shares' Prices Data:

Month	High (Rs.)	Low (Rs.)	Volume No. of Shares
April, 2009	10.75	7.33	20,367
May, 2009	14.38	9.70	39,571
June, 2009	15.05	11.71	33,189
July, 2009	14.50	9.46	28,372
August, 2009	10.35	7.21	19,589
September, 2009	12.10	9.70	24,198
October, 2009	11.50	10.10	26,856
November, 2009	11.98	8.60	13,690
December, 2009	10.98	8.20	28,463
January, 2010	17.99	11.52	1,44,705
February, 2010	13.81	9.66	17,003
March, 2010	12.80	10.11	34,900

*the share price data is collected from www.bseindia.com

7] Registrar and Share Transfer Agents:

Entire Share Transfer work and dematerialization / rematerialization work is handled by Registrar & Share Transfer Agents M/s. Sharepro Services (India) Private Limited, Ahmedabad.

During the year under review, M/s. Sharepro Services (India) Private Limited, Ahmedabad has been appointed as the Registrar & Share Transfer Agents in place of M/s. Pinnacle Shares Registry Private Limited, Ahmedabad with effect from 1st March, 2010.

8] Share Transfer System:

The Company's shares are traded in the Stock Exchanges compulsorily in demat mode. The request for dematerialization of shares are also processed by the R & T agent within stipulated period and unloaded with the concerned depositories.

9] Distribution of Holdings as on 31st March, 2010:

No. of Equity Shares held			No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1	-	500	5867	92.99	706971	12.81
501	-	1000	180	2.85	149820	2.72
1001	-	2000	96	1.52	149519	2.71
2001	-	3000	39	0.62	97651	1.77
3001	-	4000	22	0.35	77569	1.41
4001	-	5000	22	0.35	106071	1.92
5001	-	10000	35	0.55	260480	4.72
10001	and above		48	0.76	3970119	71.95
TOTAL			6309	100.00	5518200	100.00

10] Dematerializations of Shares and Liquidity:

As on 31st March, 2010, 94.19% of the total Equity Shares are held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). The details of which is as under:-

Mode of Holding	No. of Shares	% of Holding
NSDL	2580439	46.76
CDSL	2617282	47.43
PHYSICAL	320479	5.81
TOTAL	5518200	100.00

11] Shareholding Pattern of the Company as on 31st March, 2010:

Category	No of Shares Held	% of Share Holding
1) Promoters Holding:		
i. Indian Promoters Relatives & Associates (including Body Corporates)	1922709	34.84
ii. Foreign Promoters	-	-
Sub - Total (A)	1922709	34.84
2) Non Promoters Holding:		
i. Mutual Funds and UTI	-	-
ii. Banks & Financial Institutions	-	-
Sub - Total (B)	-	-
3) Others	3595491	65.16
i. Private Corporate Bodies		
ii. Indian Public		
iii. NRIs / OCBs / FIIs		
Sub -Total (C)	3595491	65.16
Grand Total (A+B+C)	5518200	100.00

12] Address for Correspondence:**a) Company**

Arms Paper Limited
604, Avdhesh House,
Opp. Shri Govind Gurudwara,
Sarkhej-Gandhinagar Highway,
Thaltej, Ahmedabad-380 054

Telefax : [079] 26859223,

Email : armspaperltd@gmail.com

b) Registrar & Share Transfer Agents

Sharepro Services (I) Pvt. Ltd.,
13 AB Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone
Exchange Lane,
Off Andheri-Kurla Road,
Sakinaka, Andheri (E),
Mumbai - 400 072

Phone No. [022] 67720300, 67720400

Fax No. [022] 28591568

For and on Behalf of the Board of Directors

Place: Ahmedabad
Date : 27th May, 2010

Jamnprasad Maheshwari
Managing Director

Certificate by Chief Executive Officer (CEO)

We hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2010 and that to the best of our 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.
- (b) To the best of our knowledge and belief, no transactions entered into by the Company during the year which is fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We further confirm that :
 - (i) there were no significant changes in internal control over financial reporting during the year;
 - (ii) there were no significant changes in accounting policies during the year and
 - (iii) there were no instances of significant fraud of which we are aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For and on Behalf of the Board of Directors

Place : Ahmedabad

Date : 27th May, 2010

Jamnabprasad Maheshwari
Managing Director

**Auditors' Certificate on compliance with the conditions of Corporate Governance under
Clause 49 of the Listing Agreement.**

**To
The Members
Arms Paper Limited**

1. We have reviewed the implementation of Corporate Governance by Arms Paper Ltd. ("the Company") during the year ended 31st March, 2010, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.
2. The compliance of conditions on Corporate Governance is the responsibility of the Management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

3. We state that no major investor grievances are pending for period exceeding one month against the Company as per the records maintained by the Shareholders / Investors Grievance Committee and certified by the Company.
4. On the basis of our review and according to the information and explanations provided to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) with the Stock Exchange have been complied with in all material respect by the Company.

For, Shah Mohnot Singhal & Co.
Chartered Accountants

Place : Ahmedabad
Date : 27th May, 2010

Anandraj Shah
Partner
(M/No. 71066)

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of **ARMS PAPER LIMITED** (the Company), as at March 31, 2010, the Profit and Loss Account and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards required 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 managements, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditors' 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, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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 purposes of our audit;
- (ii) in our opinion, proper book of accounts as required by law have been kept by the company so far as appears from our examination of those 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 the written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274 (1) (g) 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 read together with notes 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 principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - (b) in the case of the Profit and Loss Account, of the PROFIT for the year ended on that date; and
 - (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For, Shah Mohnot Singhal & Co.
Chartered Accountants

Anandraj Shah
Partner
(M/No. 71066)
F. R. No. 003407C

Place : Ahmedabad
Date : 27th May, 2010

ANNEXURE TO THE AUDITORS' REPORT**ANNEXURE referred to in Para 3 of our Report**

- I a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) Fixed assets have been physically verified by the management at reasonable intervals and no discrepancies between physical inventories and book records were noticed on such verification.
- c) No part of fixed assets have been disposed off during the year as would affect going concern status of the Company.
- II There was no stock of finished goods, hence the points relating to physical verification, procedure of physical verification discrepancies noticed on such verification and valuation thereof do not arise.
- III (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, Firms & other parties listed in the Register maintained u/s. 301 of the Companies Act, 1956. Accordingly, clause (iii) (b), (c) & (d) of the order are not applicable.
- (b) The Company has not taken any loans, secured or unsecured from the companies, firms or other parties covered in Register maintained u/s 301 of the Companies Act, 1956. Accordingly, clause (iii) (f) & (g) of the order are not applicable.
- IV In our opinion and according to the information and explanations given to us, there is adequate Internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of Inventory, Fixed Assets and also for the sale of goods and services. During the course of our audit, we have not observed any major weakness in internal controls.
- V In our opinion and according to the information and explanations given to us, there were no transactions with any party covered under section 301 of the companies Act, 1956 that need to be entered into the Register maintained under Section 301 of the Act.
- VI According to the information and explanations given to us, we find that the company has not accepted any public deposits as per Sections 58A and 58AA of the Companies Act, 1956 and the Companies Rules, 1975 with regard to the deposits accepted from the public. To the best of our information and according to the explanations given to us, no order has been passed by the Company Law Board.
- VII In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- VIII As informed to us the maintenance of cost records are not been prescribed by the Central Government to the Company pursuant to Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
- IX According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance and Income Tax applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, VAT, Custom Duty, Excise Duty and Cess were in arrears, as at March 31, 2010 for a period of more than six months from the date they became payable.
- X The Company has no accumulated losses this year. The Company has not incurred cash losses during the Financial Year covered by our audit or in the immediately preceding Financial
- XI Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution or banks.
- XII According to the information and explanations given to us, and the records examined by us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other investments.
- XIII In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the Provisions of Clause 4 (xiii) of the Companies (Auditors, Report) Order, 2003 are not applicable to the Company.
- XIV In our opinion, the Company is not dealing in or trading in Shares. Securities, Debentures and other investments. Accordingly, the Provisions of Clause 4 (xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- XV Based on the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

- XVI During the period no term loans from Bank / Financial Institutions taken & so no comments are required to express.
- XVII Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment, and vice versa.
- XVIII In our opinion and according to the information given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained u/s 301 of the Companies Act, 1956 during the Year.
- XIX During the Period Covered by our audit report, the Company has not issued any debentures.
- XX The Company has not raised any money by public issue during the year.
- XXI During the course of our examinations of the books of account carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For, Shah Mohnot Singhal & Co.
Chartered Accountants

Anandraj Shah
Partner
(M/No. 71066)
F. R. No. 003407C

Place : Ahmedabad
Date : 27th May, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

		(Rupees)	
	SCHEDULE	AS AT 31.03.2010	AS AT 31.03.2009
SOURCES OF FUNDS :			
Shareholders' Funds			
Share Capital	1	55040000	55040000
Reserves and Surplus	2	7661025	5467796
		<u>62701025</u>	<u>60507796</u>
Loan Funds			
Secured Loans	3	12288098	25595664
		<u>12288098</u>	<u>25595664</u>
Deferred Tax Liabilities		<u>73832</u>	<u>4427</u>
Total		<u><u>75062955</u></u>	<u><u>86107887</u></u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	741929	79300
Less : Depreciation		<u>141693</u>	<u>21831</u>
Net Block		<u>600236</u>	<u>57469</u>
Investments		-	-
Current Assets, Loans and Advances			
Sundry Debtors	5	16088023	155867291
Cash and Bank Balance	6	60060	2866171
Loans and Advances	7	59967780	42516605
		<u>76115863</u>	<u>201250067</u>
Current Liabilities and Provisions			
Current Liabilities	8	1653144	129431351
Net Current Assets		<u>74462719</u>	<u>71818716</u>
Profit & Loss Account		-	14231702
Total		<u><u>75062955</u></u>	<u><u>86107887</u></u>
Accounting Policies & Notes on Accounts	16		

As per our attached report of even date

For, Shah Mohnot Singhal & Co.
Chartered AccountantsAnandraj Shah
Partner
(M/No. 71066)
F. R. No. 003407CPlace : Ahmedabad
Date : 27th May, 2010

For and on behalf of the Board of Directors

Jamanaprasad P Maheswari
Managing DirectorHemant Mehta
DirectorYogesh Chhunchha
Company SecretaryPlace : Ahmedabad
Date : 27th May, 2010

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

		(Rupees)	
	SCHEDULE	YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2009
INCOME :			
Sales & Services	9	206531537	409153803
Other Income	10	1394713	439477
Increase/(Decrease) in Stock	11	-	(4450000)
Total		207926250	405143280
EXPENDITURE :			
Purchase	12	186471217	373799399
Administrative Expenses	13	1633218	5617429
Selling & Distribution Expenses	14	1418398	1151357
Financial Expenses	15	2951362	4497972
Depreciation		119862	20685
Total		192594057	385086842
Profit / (Loss) before Taxation		15332194	20056438
Add/Less :			
Less : Provision for Deferred Tax		(69405)	(3254714)
Less : Provision for Taxation		(2372909)	(2155705)
Add : Mat Credit Entitlement		2372909	2155705
Profit / (Loss) after Taxation		15262789	16801724
Add / Less Prior Period Income		1162142	-
Balance brought forward		(14231702)	(31033426)
Profit / loss carried to Balance Sheet		2193229	(14231702)
Earning Per Share - Basic & Diluted (Face Value Rs. 10/- share)		2.98	3.05

Accounting Policies & Notes on Accounts

16

As per our attached report of even date

For and on behalf of the Board of Directors

For, Shah Mohnot Singhal & Co.
Chartered Accountants

Jamanaprasad P Maheswari
Managing Director

Hemant Mehta
Director

Anandraj Shah
Partner
(M/No. 71066)
F. R. No. 003407C

Yogesh Chhunchha
Company Secretary

Place : Ahmedabad
Date : 27th May, 2010

Place : Ahmedabad
Date : 27th May, 2010

SCHEDULE FORMING PART OF ACCOUNTS

	As At 31.03.2010 Rupees	As At 31.03.2009 Rupees
SCHEDULE - 1 Share Capital :		
Authorised :		
6000000 Equity Shares of Rs. 10/- each	60000000	60000000
Issued, Subscribed and Paid up :		
5518200 Equity Shares of Rs. 10/- each fully paid up	55182000	55182000
Less : Calls In Arrears (Others)	142000	142000
Total	55040000	55040000

SCHEDULE - 2 Reserves And Surplus :

Capital Reserve:		
Balance as per Last Year	5467796	5467796
Profit & Loss Account	2193229	-
Total	7661025	5467796

SCHEDULE - 3 Secured Loan :

From Bank		
- Cash Credit - Indian Overseas Bank (Secured against hypothecation of Stock and Bookdebts)	11893171	25595664
Vehicle Loan		
- From Finance Company	394927	-
Total	12288098	25595664

SCHEDULE - 4 Fixed Assets

Assets	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 01.04.09	Addition	Deduction	As at 31.03.10	As at 01.04.09	For the period	Adjust- ment	Upto 31.03.10	As at 31.03.10	As at 31.03.09
Computer	43500	17500	-	61000	16802	16739	-	33541	27459	26698
Air Conditioner	30000	-	-	30000	4150	3596	-	7746	22254	25850
Office Equipment	5800	-	-	5800	879	685	-	1564	4236	4921
Vehicle	-	645129	-	645129	-	98842	-	98842	546287	-
Total	79300	662629	-	741929	21831	119862	-	141693	600236	57469
Previous Year	30025282	34300	29980282	79300	19248260	20685	19247114	21831	57469	10777022

	As At 31.03.2010 Rupees	As At 31.03.2009 Rupees
SCHEDULE - 5 Sundry Debtors :		
(Unsecured, considered good, unless otherwise stated.)		
Exceeding Six Months	-	86509154
Others	16088023	69358137
Total	16088023	155867291

SCHEDULE - 6 Cash And Bank Balances :

Cash on Hand	1678	3273
Balance with Scheduled Banks:		
- In Current Account	26558	100
- Fixed Deposit with interest accrued there on	19509	2850483
Deposit with Other Bank:		
- Axis Bank Ltd - Current Account	12315	12315
(Maximum Bal. during the year Rs. 12315/-, P.Y. Rs. 12315/-)		
Total	60060	2866171

SCHEDULE - 7 Loans And Advances :

(Unsecured, considered good, unless otherwise stated)		
Advances recoverable in cash or kind	54959740	42398400
Advance Income Tax & TDS	5008040	118205
Total	59967780	42516605

SCHEDULE - 8 Current Liabilities & Provisions :**a) Current Liabilities**

- Bills Payable	-	18997783
Sundry Creditors		
- Due to Micro Small & Medium Enterprises	-	-
- For Goods and Expense	585193	292262
- Advance received from Customers	9140	107679898
- Statutory Liability	1058811	2461408
Total	1653144	129431351

SCHEDULE - 9 Sales & Services :

Software Sales	-	33075000
Paper Sales	196289301	376078803
Commission Income (TDS of Rs. 1129719)	10242236	-
Total	206531537	409153803

	As At 31.03.2010 Rupees	As At 31.03.2009 Rupees
SCHEDULE - 10 Other Income :		
Interest on Fixed Deposits (TDS Rs. 7590 P.Y. Rs. 36,674)	61739	150763
Interest Income Others (TDS Rs. 159778 P.Y. Rs. 59,935)	1332974	285437
Interest on I.T. Refund	-	3277
Total	1394713	439477
SCHEDULE- 11 Increase / (Decrease) In Stock		
Opening Stock - Software	-	4450000
Closing Stock - Software	-	-
Increase / (Decrease) In Stock	-	(4450000)
SCHEDULE - 12 Purchases :		
Paper	186471217	373799399
Total	186471217	373799399
SCHEDULE - 13 Administrative Expenses :		
Employees Emoluments	374697	269738
Directors' Remunertaion	240360	142520
Advertisement Charges	43903	62410
Audit Fees	60665	60514
Conveyance Expenses	15369	3110
Electricity Expenses	39027	51158
Filing Fees	3500	6800
Fringe Benefit Tax	-	1211
Insurance Expenses	44127	70643
Legal & Professional Expenses	22250	272221
Listing Fees	97078	31798
Miscellaneous / Office Expenses	36454	3925
Petrol Expenses	36666	-
Postage & Telegram Expenses	72923	40046
Printing & Stationery	77140	103318
Professional Tax	2300	2500
Registrar & Transfer Fees	1130	36302
Rent, Rates & Taxes	241692	233197
Vat Expenses	197824	2984806
Repairs & Maintenance vehicle	9315	-
Repairs & Maintenance/Soc Maintenance.	7428	22179
Software Consultancy	-	1210000
Telephone Expenses	9370	9033
Total	1633218	5617429
SCHEDULE - 14 Selling & Distribution Expenses :		
Freight & Forwarding Paper Sales	1418398	1151357
Total	1418398	1151357
SCHEDULE - 15 Financial Expenses :		
Interest to Bank	2426457	3952948
Bank Charges	481388	545024
Interest Expenses - Others	43517	-
Total	2951362	4497972

SCHEDULE – 16 NOTES FORMING PART OF THE ACCOUNTS**1) Significant Accounting Policies****I. Basis of Preparation of Financial Statements:**

The financial statements are prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting Principles comprising the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956. The company follows mercantile system of accounting and recognizes significant items of income and expenditure on an accrual basis. The accounting policies are consistent with those applied in the prior year.

II. Revenue Recognition:

Income & Expenditure are recognized and accounted on Accrual Basis. Revenue is recognized when significant risk and rewards of ownership of the goods sold are transferred to the customer. Revenue represents the invoice value of goods and services provided to third parties net of discounts.

Revenue in respect of Contracts for services is recognized on completion of services.

III. Fixed Assets & Depreciation:

Fixed Assets are stated at cost, after reducing accumulated depreciation until the date of the balance sheet. Direct costs are capitalized until the assets are ready for use and include financing costs relating to any specific borrowing attributable to the acquisition of the fixed assets.

Depreciation is provided on written down value method at the rates specified in schedule XIV to the Companies Act, 1956. Depreciation on addition is provided from the month of installation & depreciation on sale of Assets is provided till the month of sale.

IV. Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

V. Taxes on Income:

A provision for current tax has been made at the current tax rate based on assessable income or on the basis of section 115JB of the I.T. Act, 1961 (MAT), whichever is higher.

A provision for Deferred Tax is made for all timing differences arising between taxable income and accounting income at current enacted tax rates.

Deferred Tax Assets are recognized only if there is reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying value at each balance sheet date.

VI. Segment Reporting:

The Company deals in only one segment i.e. Trading in Paper and hence requirement of Accounting Standard 17 "Segment Reporting" issued by ICAI is not applicable.

VII. Earnings Per Share

The Company reports Earning Per Share (EPS) in accordance with Accounting Standard -20 on Earning Per Share. Basic EPS is computed by dividing net profit for the year by weighted number of Equity Shares outstanding during the year.

VIII. Cash Flow Statement

The Cash Flow Statement is prepared by the "Indirect method" set out in Accounting Standard 3 on Cash Flow Statement and presented Cash Flow by Operating, Investing and Financial Activities of the company.

Cash and Cash equivalents presented in Cash Flow Statements consist of cash on hand and demand deposits with banks.

2) Notes on Accounts

- i. The previous year's figures have been recast/restated, wherever necessary, to conform to the current year's classification.

- ii. During the year the name of company has been changed to ARMS PAPER LTD vide fresh certificate of incorporation consequent upon change of name dated 14th May, 2009 by the Registrar of Companies, Gujarat. The new Corporate Identity Number is L21098-GJ1983-PLC006041.

iii. Contingent Liabilities:

Guarantee amounting to Rs 15000 (P.Y. Rs. 2865000) given by the Bankers in favor of various parties.

iv. Managerial Remuneration:

The Remuneration to Managing Director of the Company has been paid as agreed to, which is lower than the permissible minimum remuneration as provided in Schedule XIII of the companies Act, 1956. As such, Computation of net profit under section 349 of the companies Act, 1956 has not been given.

Particulars	2009-10 (Rs.)	2008-09 (Rs.)
Salary	231000.00	135500.00
Cont. to P.F.	9360.00	7020.00
Total	240360.00	142520.00

v. Auditor's Remuneration includes:

Particulars	2009-10 (Rs.)	2008-09 (Rs.)
Audit Fees	38605.00	38605.00
Taxation Matter	11030.00	11236.00
Other Services	11030.00	10673.00
Total	60665.00	60514.00

vi. Deferred Tax Liability:

As required by the Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountant of India, the company has provided for deferred tax liability during the year amount to Rs 0.69 Lakhs (P.Y. 0.04 Lakhs)

Particulars	2009-10 (Rs.)	2008-09 (Rs.)
Opening Deferred Tax Liability	0.04	-
Add: Effect of Timing Difference on account of Depreciation	0.69	0.04
Balance Deferred Tax Liability	0.73	0.04

vii. Related Party Disclosures

A. Related party disclosures, as required by AS-18, "Related Party Disclosures", are given below:

(a) List of Related Parties and Relationships:

I. Promoter Group Company: Nil.

II. Key Management Personnel:

Shri Jamna Prasad Maheshwari
Shri Hemant Chinubhai Mehta
Shri Arvind Baldwa

Managing Director
Director
Director

(b) Disclosure of Related Party Transactions

Particulars	2009-10 (Rs.)	2008 - 09 (Rs.)
Directors Remuneration	240360	142520

- viii.** In the opinion of the Board, the Current Assets, Loans & Advances are approximately of the value stated, if realized in the ordinary course of business. The provisions for depreciation and for all known Liabilities are adequate and not in excess of the amount reasonably necessary.
- ix.** Information pursuant to provisions of paragraph 3 & 4 of Part II, Schedule VI of the Companies Act, 1956.
- a) Particular in respect of Purchase and sales of paper dealt in by the company (Trading Activity).

Particulars	2009-2010		2008-2009	
	Qty (KGS)	Amount (Rs.)	Qty (KGS)	Amount (Rs.)
Opening stock	Nil	Nil	Nil	Nil
Purchase	5674297	186471217	9785843	373799399
Sales	5674297	196289301	9785843	376078803
Closing stock	Nil	Nil	Nil	Nil

Particulars	2009-10 (Rs.)	2008-09 (Rs.)
b) Expenditure in foreign currency on Travelling and other expenditure	-	-
c) Earnings in foreign currency from Software Development Services	-	-

x. Earning Per Share (EPS)

Particulars	31.03.2010	31.03.2009
a. Weighted average number of shares at the beginning and end of the year	5504000	5504000
b. Net Profit after tax (Rupees)	16424931	16801724
c. Basic and Diluted Earning Per Share (Rupees)	2.98	3.05

xii. Information pursuant of provisions of Part IV of Schedule VI to the Companies Act, 1956:

BALANCE SHEET ABSTRACT AND A COMPANY'S GENERAL BUSINESS PROFILE:

I Registration Details

Registration No	<input type="text" value="6041"/>	State Code	<input type="text" value="04"/>
Balance Sheet Date	<input type="text" value="31.03.2010"/>		

II Capital Raised during the year (Amount in Thousands)

Public Issue	<input type="text" value="NIL"/>	Right Issue	<input type="text" value="NIL"/>
Bonus Issue	<input type="text" value="NIL"/>	Private Placement	<input type="text" value="NIL"/>

III Position of Mobilisation and Deployment of Funds (Amount in Thousands)

Total Liabilities	<input type="text" value="75063"/>	Total Assets	<input type="text" value="75063"/>
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Sources of Funds:

Paid up Capital	<input type="text" value="55040"/>	Reserves & Surplus	<input type="text" value="7661"/>
Secured Loans	<input type="text" value="12288"/>	Deferred Liability	<input type="text" value="74"/>

Application of Funds:

Net Fixed Assets	<input type="text" value="600"/>	Investments	<input type="text" value="NIL"/>
Net Current Assets	<input type="text" value="74463"/>	Misc. Expenditure	<input type="text" value="NIL"/>

IV Performance of Company (Amount in thousands)

Total Income	<input type="text" value="207926"/>	Total Expenditure	<input type="text" value="192594"/>
Profit Before Tax	<input type="text" value="15332"/>	Profit After Tax	<input type="text" value="16425"/>
Earning per Share in Rs.	<input type="text" value="2.98"/>	Dividend Rate %	<input type="text" value="NIL"/>

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

Item Code No. (ITC Code)	<input type="text" value="480400"/>
Products Description	<input type="text" value="PAPER"/>

As per our attached report of even date

For, Shah Mohnot Singhal & Co.
Chartered Accountants

Anandraj Shah
Partner
(M/No. 71066)
F. R. No. 003407C

Place : Ahmedabad
Date : 27th May, 2010

For and on behalf of the Board of Directors

Jamanaprasad P Maheswari
Managing Director

Hemant Mehta
Director

Yogesh Chhunchha
Company Secretary

Place : Ahmedabad
Date : 27th May, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31-3-2010

	2009-2010 (Rs. in Lacs)	2008-2009 (Rs. in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit (Loss) before Tax	153.32	200.57
Adjustments for :		
Loss on sale of fixed asset/investment(Net)	-	-
Depreciation and amortization	1.20	0.21
Adjustments of earlier years	11.73	-
Operating Profit before Working Capital changes	166.25	200.78
Adjustments for		
Increase/Decrease in Trade Debtors	1397.88	(1401.23)
Increase/Decrease in Current Liability	(1277.98)	(3.30)
Increase /Decrease in Stock	-	44.50
Increase in Deposits	-	(0.41)
Cash Generated from Operations	286.15	(1159.66)
Net Cash from operating Activities (A)	286.15	(1159.66)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Increase/Decrease in Loans & advances	(174.51)	824.51
Proceeds on sale of fixed assets/investment	(6.62)	(0.34)
Sale of fixed assets/investment	-	107.33
Increase/Decrease in Deferred Tax Assets	-	-
Net Cash (used in)/Surplus from investing activities (B)	(181.13)	931.50
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase/Decrease in Borrowings	(133.08)	255.96
Call in arrears received	-	-
Net cash (used in)/surplus form financing activities (C)	(133.08)	255.96
Net Cash increase in Cash & Cash equivalents (A+B+C)	(28.06)	27.80
Cash & Cash equivalents at the beginning of the year	28.66	0.86
Cash & Cash equivalents at the end of the year	0.60	28.66

As per our attached report of even date

For, Shah Mohnot Singhal & Co.
Chartered Accountants

Anandraj Shah
Partner
(M/No. 71066)
F. R. No. 003407C

Place : Ahmedabad
Date : 27th May, 2010

For and on behalf of the Board of Directors

Jamanaprasad P Maheswari
Managing Director

Hemant Mehta
Director

Yogesh Chhunchha
Company Secretary

Place : Ahmedabad
Date : 27th May, 2010

AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of Arms Paper Limited for the year ended 31st March, 2010. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of listing agreements with the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 27th May, 2010 to the members of the Company.

For, Shah Mohnot Singhal & Co.
Chartered Accountants

Place : Ahmedabad.
Date : 27th May, 2010

Anandraj Shah
Partner
(M/No. 71066)
F. R. No. 003407C

BOOK-POST

Address for Correspondence:

The Company Secretary

ARMS PAPER LTD

604, Avdhesh House, Opp GuruGovind Gurudwara, S.G. Highway, Thaltej, Ahmedabad - 380054

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