The background of the entire page is a textured, light brown surface. Overlaid on this are several large, green handprints, some of which are partially obscured by text and a speech bubble. The handprints are made of a thick, brush-like material, giving them a textured appearance.

Excellence is doing  
something good.  
Then doing it again.  
And again. And again.

Yash Papers Limited

Annual report,  
2010-11

and.  
again.

*German saying*



# What's inside

Chairman's overview /  
Vice chairman's overview **01**

Corporate identity **02**

Managing Director's overview **04**

Business enablers **09**

Management discussion and analysis **11**

Directors' Report **14**

Corporate Governance Report **19**

Auditor's Report **33**

Balance sheet **36**

Profit and loss account **37**

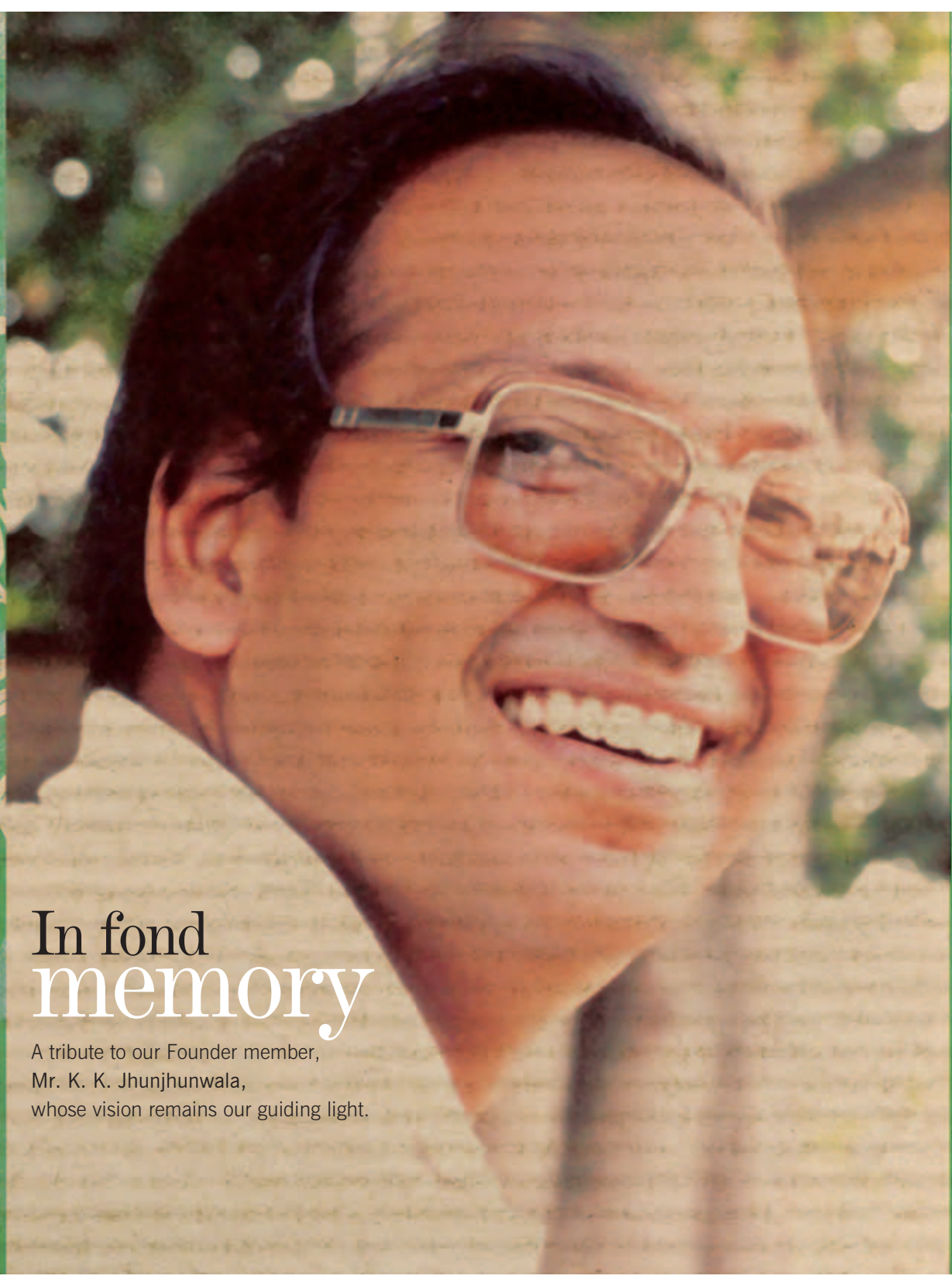
Schedules **38**

Cash flow statement **57**

Notice **59**

## In fond memory

A tribute to our Founder member,  
Mr. K. K. Jhunjhunwala,  
whose vision remains our guiding light.







## Chairman's overview

*Dear Shareholders,*

Our optimism is back!

Even as the large geographies of North America and Europe are witnessing paper demand deceleration, India and China are voraciously consuming paper backed by sustained economic growth, rising incomes, extensive under-penetration and growing urbanisation.

These factors strengthened Yash Papers' performance to peak levels in 2010-11, as we extensively focused on extracting larger value out of our higher volumes.

I am pleased to state that an optimistic future awaits us as we focus on the following activities:

- Work on our wood line to reduce our external dependence on natural resources
- Supply the surplus power that we generate to the state electricity board

- Increase and diversify revenues from merchant pulp sale

- Reduce our energy consumption

Following the government's ban on plastics used in the packaging of tobacco products, we are witnessing a greater demand for paper. This significant development will widen the market for specialised paper products and drive our turnover and profitability in the years to come.

Sincerely,

**G. Narayana**  
Chairman



## Vice Chairman's overview

*Dear Shareholders,*

At Yash Papers, a dedicated team put in a tremendous effort towards improvement despite adverse circumstances.

There have been significant improvements and we will continue to focus on moving ahead.

Yash Papers is a company with high moral and ethical values. It looks to be an innovative organisation with a soul. There is a huge amount of focus that goes into the development of people and the environment. Such a commitment is rare in the industry.

We foresee success in times to come.

There are a number of products and technologies that the Company is working on and I am sure some will see the light of the day, catapulting the organisation into a different league.

With wishes,

**K. D. Pudumjee,**  
Vice Chairman







Doing well is not only about increasing the bottomline.

It is about growing one's business while protecting the environment.

It is about enriching competencies.

At Yash Papers, we are proud to have achieved a balanced interplay of people-planet-profits.

Resulting most visibly in an improved bottomline in 2010-11.





## Identity

- Yash Papers emerged as one of India's largest manufacturers of low grammage unbleached kraft paper
- The Company commenced commercial production in 1983 with an annual installed capacity of 1,940 MT
- It focused on capacity accretion, resulting in a total installed capacity of 39,100 MT today

## Innovation

- Yash Papers has one of the smallest paper units with a conventional chemical recovery system
- The Company is among a few paper units to establish captive cogeneration facilities
- It is among India's first paper units to invest in AC variable frequency drives on rewinders and paper machines

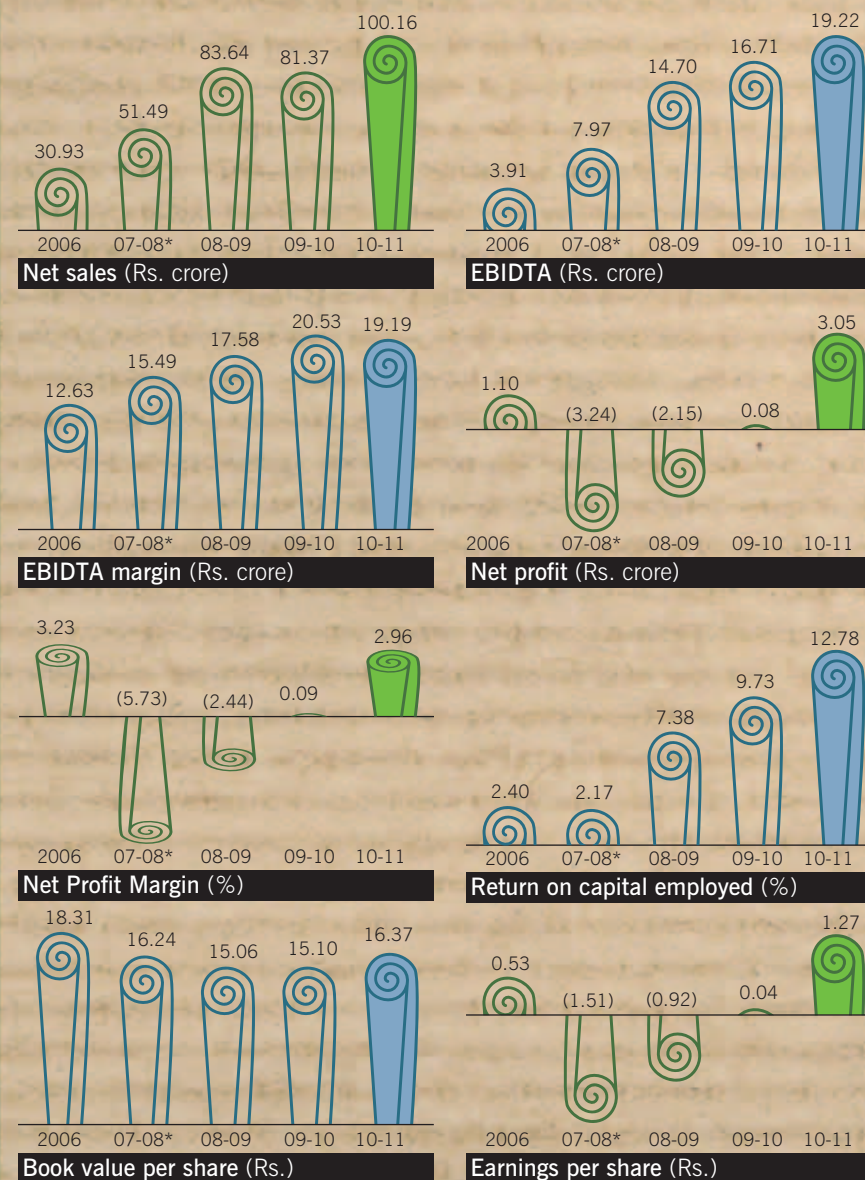
## Location

- Its manufacturing facility is located strategically in Faizabad (Uttar Pradesh), one of India's largest wheat producing belts, facilitating easy access to wheat straw and bagasse (primary raw material resource)
- Its product distribution network spans 36 Indian dealers; it exports to 16 countries

## Products

- Its unbleached kraft paper of various grades (30-60 GSM) is used in *beedi* wrapping, matchboxes, tobacco pouches, PE coating, wax coating, bituminisation, bangles wrapping, glassware wrapping, brassware wrapping, gum tape and interleaving
  - Its packaging/stationery grades (60-80 GSM) are used in grocery bags, envelopes, book covers, gift wrappers and metallised paper
  - Its bleached MG poster paper grades (30-80 GSM) are used in FMCG products (soaps, detergents, food packaging, tea, sugar and salt sachets, cigarette inner liners and tubelight packaging) and pharmaceutical grades (band-aid and medicine packaging)
  - Its coloured kraft orange-shade grades (48-80 GSM) and golden-shade grades (32-40 GSM) are used in envelopes, food packaging, gift wrappers and book covers
- ## Assets
- The Company owns three state-of-the-art paper machines with an integrated pulp mill and a chemical recovery plant
  - It comprises two biomass-based power plants of 2.5 MW and 6 MW, possessing extraction-cum-condensing turbines and rice husk-based boilers

# Exciting present, attractive future







“We are swiftly evolving into a specialty paper specialist with a focus on manufacturing and marketing ‘green’ paper.”

Ved Krishna, Managing Director, looks back to look ahead



## On the performance of 2010-11

Years of steadfast optimism, unwavering operational focus and persistent marketing finally yielded results in 2010-11, with Yash Papers reporting a better performance. While gross turnover crossed the Rs. 100-crore mark for the first time, EBIDTA and net profit grew to their highest-ever levels of Rs. 19.22 crore and Rs. 3.05 crore respectively during the year under report.

## On the highlights of 2010-11

Capacity utilisation of paper machine (PM) 3 increased 22% as compared with the preceding financial year, translating into production and sale of 14,437MT and 14,434 MT of value-added paper. Moreover, the other two PMs also registered a record cumulative production and sale of 15,373 MT and 15,352 MT respectively, enabling us to spread our overheads across a larger output.

## On the key challenges of 2010-11

We faced our share of challenges during the period under report.

**Raw material:** A low raw material inventory due to inadequate liquidity increased resource costs; however, we received encouraging support from suppliers.

**Quality:** Quality issues emerged as we consumed substituted wood fibre with wheat straw for the first time; however, we stabilised assets and embarked on establishing a wood source line to enhance product quality and reduce wheat straw dependence.

## On the significant paper industry trends

The Indian paper industry attracted global attention following the acquisition of Andhra Pradesh Paper Mills by International Paper, the world's largest paper company. This clearly indicates the Indian paper

industry's potential. Besides, there exists a huge demand for superior quality and specialised grade products, the demand for which is growing nearly twice the rate of the country's GDP. Robust demand drove paper price growth by an average of 14% during 2010-11, and players with efficient integrated operations and distribution networks benefited the most.

## On the Company's ability to capitalise on industry opportunities

We are committed to emerge as a specialty paper specialist, producing and marketing environmentally-sustainable products. In line with this, we are focused on the following:

- Develop biodegradable pouch grades for sachet packaging
- Research the use of nanocellulose foam to replace styrofoam for expanded polystyrene
- Improve ashmoh binder to generate additional revenues from sales to cement manufacturers
- Strengthen chemical recovery
- Forge additional tie-ups for raw material resources
- Enhance PM 3 production
- Augment our environmental compliance through solutions for rice husk ash and lime sludge disposal
- Spread the green cover and securitise raw material through the planting of 5 lac seedlings annually

## On the industry's inflection point banning the use of plastic in the packaging of tobacco products

The Indian government finally recognised the environmental and civic hazards arising out of the use of plastic in contemporary packaging. The result was a

landmark judgment banning plastic in the packaging of all tobacco products (*gutkha, pan masala and beedis*). The government is also contemplating pricing all retail plastic bags to curb plastic bag consumption. This is indicative of a trend that has already begun, which we feel will progressively replace the use of plastic in everyday packaging with paper.

## On how Yash Papers is expected to capitalise on this

We intend to capitalise on these developments through the following initiatives over the next two years:

- Introduce two new eco-friendly paper grades to specifically cater to the growing needs of the *gutkha* and *pan masala* industries
- Enlist consultants who specialise in the production of these paper varieties
- Recruit three marketing professionals to enhance concept selling of these paper grades to target industries
- Strengthen our distribution network through a larger number of distributors and dealers who specialise in the retail sales of such products

## On expectations for 2011-12

We expect to achieve a 15% topline and bottomline growth in 2011-12, from the immediately preceding previous year on account of the following initiatives:

- Rising demand for value-added paper
- Stabilised raw material procurement policies
- Senior recruitments, enriching our intellectual capital
- Projected 80% capacity utilisation through asset stability
- Stronger banker support for our working capital needs
- Income from carbon emission reduction credits.



AT YASH PAPERS THE KEY TO  
SUSTAINABLE GROWTH LIES IN  
INTELLECTUAL CAPITAL.

How we invest in our people, how we unleash their capability and how we encourage them to grow, which in turn influences our growth.

Over the years, Yash Papers created a relatively flat management structure, encouraged egalitarian values and trained its people.

The result is an innovation-driven organisation.

Yash Papers' underlying policy is to recruit and retain the best talent through emphasis on core values of trust, continuous learning, joyous environment and teamwork.

**Training :** It formed a grading system, Yash Samriddhi Path, to educate employees about skill sets required and the scope for each within the plant; introduced 'Art of Living' to enhance interaction and reduce stress; followed regular practical training at different levels to improve technical, managerial and spiritual knowledge.

**Performance appraisal:** It follows a self-appraisal system, Lakshya Patra, in which employees do a comparative analysis of their achievements and targets and evaluate themselves at the end of each month along with their supervisors, with a bonus awarded at the end of the year. Soft skills and teamwork are also appraised.

Sustainable growth means creating value for our shareholders and for society by developing products that the market demands – and which also are good for the environment and for the health, safety, and well-being of people everywhere.

– Chad Holliday, CEO, Dupont

# People





Sustainability is a fundamental principle of operation. We see it as a way to deepen our understanding of how to be better to our people, better to our planet and to stay profitable.

– Bob Pedersen, President and CEO, Goodwill Industries of North Central Wisconsin

# Planet

AT YASH PAPERS, WE RECOGNISE THAT WE ARE IN A CHALLENGING BUSINESS WHERE THE OBJECTIVE IS TO MINIMISE THE USE OF NATURAL RESOURCES THROUGH ENVIRONMENTALLY RESPONSIBLE PROCESSES.

Over the years, the Company selected to use various eco-friendly manufacturing options, resulting in a benign environment impact.

These have been some of the Company's priorities:

- Consumption of agro-residue as a raw material
- Investment in two biomass-based power generation units (2.5 MW and 6 MW) to eliminate coal consumption
- Reduction in power consumption from 1,260 kwh/tonne of paper in 2009-10 to 1,110 kwh/tonne in 2010-11
- Investment in caustic soda recycling in our chemical recovery plant (94.3%)
- Compliance with ISO 14001: 2004; received UNFCCC approval for carbon credit for our biomass-based power projects

**Result:** The Company launched a specialised eco-pouch base to replace plastic and polymeric products used in *gutkha*, *pan masala* and other tobacco product packaging.



AT YASH PAPERS, WE BELIEVE THAT PROGRESSIVE INVESTMENTS IN PEOPLE AND THE PLANET SHOULD INEVITABLY LEAD TO PROFITS.

The Company demonstrated this improvement through the following numbers:

- A 22.93% growth in turnover from Rs. 83.87 crore in 2009-10 to Rs 100.31 crore in 2010-11
- A 344.60% increase in net profit from Rs. 0.09 crore in 2009-10 to Rs. 3.05 crore in 2011-12
- The Company improved its net profit margin from 0.09% to 2.96% in 2010-11

**Result:** Post-tax profit grew at a 26.89% CAGR over the past five years ending 2010-11, and the Company touched the Rs. 100-crore mark for the first ever time

Sustainable businesses can lay the foundation for an industrial system that restores nature, eliminates the concept of waste, and creates enduring wealth and social value.

– William McDonough, Author of 'Cradle to Cradle'

# Profits



Business enabler 01

# Marketing

YASH PAPERS POSSESSES A ROBUST DISTRIBUTION NETWORK SUPPORTED BY AN ABLE MARKETING TEAM, STRENGTHENING PRESENCE IN INDIA AND ABROAD.

## Highlights, 2010-11

- Registered sales growth of 12.15% to 29786 MT
- Recorded exports growth of 159% to Rs. 18.73 crore
- Entered four new geographies comprising Italy, Vietnam, Israel and Malaysia
- Added a dealer in Turkey
- Awarded best exporter of the year and 5-star category by the Uttar Pradesh government
- Shifted from generic to customised products used in aluminium foil, soap wrappers, gum tapes, anti-rust paper and shopping bags
- Generated repeat orders from all markets

## Future

- Focus on the manufacture of customised products
- Drive the sales of eco-friendly sachet packaging paper used in *guthka* paper pouches and snacks
- Participate in Paperex 2011 in New Delhi

Business enabler 01

# Research and development

YASH PAPERS CONSISTENTLY FOCUSES ON COST REDUCTION AND QUALITY IMPROVEMENTS WITH THE OBJECTIVE OF STRENGTHENING ITS CUSTOMER SERVICE.

## Highlights, 2010-11

- Commercialised coloured paper in four new shades (yellow, pink, green and blue) on PM 1
- Launched specialised eco-pouch base (EPB) paper as a substitute to plastic and polymeric products used for *guthka*, *pan masala* and other tobacco product packaging
- Developed new export grades comprising MBR (middle east bag ribbed) and MBP (middle east bag plain)
- Used high-quality soap stone fillers to improve paper surface properties
- Deployed dry strength resin to improve product formation, retention and strength, and eliminate fluff formation on the cylinder, resulting in reduced softwood bleached pulp consumption and production costs
- Utilised wet strength resin to improve tear, tensile and burst factors, resulting in reduced consumption of softwood bleached pulp and production costs
- Acquired a new machine, JSR digital

bursting strength tester for PM 2 and 3, to determine paper bursting strength

- Sourced world-class electronic balances for accurate and quick weighing of various fibrous and non-fibrous substances
- Added distilled water preparation equipment to prepare distilled water for laboratory use, eliminating open market dependence, resulting in lower production costs

## Future

- Modify existing paper grade properties to strengthen customer-friendliness
- Rework paper machine engineering to improve paper quality
- Install dandy roll to improve paper formation and physical properties
- Work on front-line research by exploring micro fibrillar cellulose and nano fibrillar cellulose in collaboration with CTP Schwabmuchen, Germany and Dr. Bruce Lyne of Royal Institute of Technology, Department of Surface and Corrosion Science, Stockholm



Business enabler 03

# Operations

YASH PAPERS UTILISES ASSETS OPTIMALLY AND FOCUSES ON CONTINUOUS IMPROVEMENT TO CATER TO DIFFERENT END-PRODUCT USERS.

## Highlights, 2010-11

- Reduced power consumption per tonne of paper manufactured from 1,260 kwh in 2009-10 to 1,110 kwh
- Decreased weight per square variation of the end product from around 9% in 2009-10 to 4%
- Upgraded PM 3 through steam box installation

## Future

- Target to achieve 3S (SEIRI, SEITON and SEISO) TPM level
- Target to achieve 1.5 times productivity from base year 2009.

Business enabler 04

# Quality

YASH PAPERS IS FOCUSED ON PAPER QUALITY CONSISTENCY TO ENHANCE MARKETPLACE ACCEPTABILITY

## Highlights, 2010-11

- Improved paper strength, smoothness, opacity and gloss through the refinement of raw material characteristics
- Added dry and wet strength resins and fillers of low particle size, reducing production costs and rejections
- Received certifications – ISO 9001:2008 (quality management system), ISO 14001:2004 (environment management system), OHSAS 18001:2007 (occupation health and safety assessment series), Food Grade certification GR:GL: 2210000377/2210000378

## Future

- Focus on eco-friendly products
- Incorporate modified versions of wire cloth, felts and specialised chemicals to upgrade paper quality



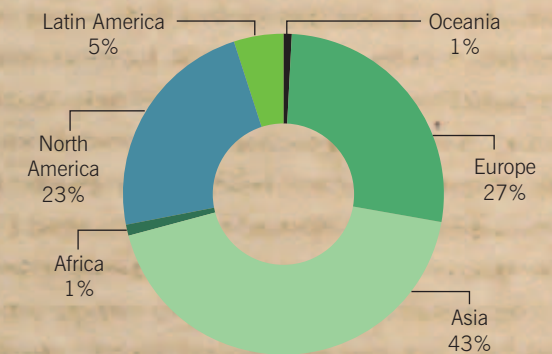


# Management discussion and analysis

## Global paper and paperboard industry

Global paper and paperboard production was estimated at 396 million tonnes (mt) in 2010, with Asia witnessing rapid growth on account of Chinese industrial expansion coinciding with large paper production mills shutting down in North America and Europe. While Asia accounted for around 43% of the world's paper and paperboard production, share of North America and Europe declined to 23% and 27% respectively. Besides, the US paper and paperboard capacity declined 3.1% to 91.05 mt in 2010.

## Region-wise global paper and paperboard production



Source: ForesSTAT, FAO

## Global paper production and growth, 2010

Variety	Production (mt)	% share	Past 5-year CAGR
Tissue	28	7	2.9
Industrial carton board	130	32.9	2.7
Carton board	55	13.9	2.4
Coated	52	13	2.8
Uncoated	66	16.7	2.4
Newsprint	35	8.9	1.4
Others	30	7.6	0.1
<b>Total</b>	<b>396</b>	<b>100</b>	<b>-</b>



## Global paper and board consumption

Paper and paperboard demand was strong in 2010 at 345 mt, with Asia registering 40% of the global consumption, while the EU and North America accounted for about 25% each.

### Estimated consumption of paper and board, 2010

Variety	Production (mt)	% share	Past 5-year CAGR
Tissue	28	7	2.9
Industrial carton board	130	32.9	2.7
Carton board	55	13.9	2.4
Coated	52	13	2.8
Uncoated	66	16.7	2.4
Newsprint	35	8.9	1.4
Others	30	7.6	0.1
<b>Total</b>	<b>396</b>	<b>100</b>	<b>-</b>

## Indian paper industry

The Rs. 30,000-crore Indian paper industry accounts for about 1.6% of the world's paper and paperboard production, providing employment to over 0.12 million directly and 0.34 million indirectly. The paper industry's market size (including newsprint) was estimated at Rs. 317 billion in 2009-10, growing at an 8.8% CAGR from Rs. 208 billion in 2004-05. This enlargement comes on the back of a robust GDP growth of 8.6% in 2010-11, thrust on educational initiatives and industrialisation. Indian demand for paper products such as tissue, filter, copier and coated is growing in double digits.

### Estimated India paper production and growth, 2010-11

Variety	Production (mt)	% share	Past 5-year CAGR
Tissue	0.03	0.2	0.03
Industrial carton board	3.31	28.5	3.31
Carton board	2.2	13.9	2.2
Coated	0.47	4	0.47
Uncoated	3.66	31.5	3.66
Newsprint	1.71	14.7	1.71
Others	0.26	7.6	0.26
<b>Total</b>	<b>11.64</b>	<b>100</b>	<b>-</b>



## Indian paperboard industry

Of the total market size, paperboard accounts for 38.9%, writing and printing paper 43.5%, newsprint 11.2% and specialty paper 6.5% (Source: *Crisil Research*).

Paperboard demand is expected to increase at a 7.8% CAGR from 8.1 mt in 2009-10 to 11.8 mt in 2014-15, owing to strong industrial growth and sustained consumer goods demand.

## Demand and supply

India's paper demand grew at a 6% CAGR to 9.6 mt in 2009-10 from 7.1 mt in 2004-05, while capacity increased by a mere 5.6%. Of the total paper demand, paperboard accounts for 49%, followed by writing and printing paper at 32%, newsprint at 15% and specialty paper at 4%. It is projected that paper demand will grow at a 10.7% CAGR from Rs. 317 billion in 2009-10 to Rs. 526 billion by 2014-15 (Source: *Crisil Research*).

## Production

The top-five Indian paper producers account for 20-23% of the country's total paper capacity with high fragmentation. During 2009-10, operating capacity was 9.8 mt compared with 7.5 mt in 2004-05, growing at a 5.6% CAGR, whereas total production was 8.03 mt compared with 5.8 mt in 2004-05, growing at a 6.6% CAGR.

## Consumption

India is the fastest-growing global paper market and presents exciting opportunities. The country's paper consumption is poised to touch 13.95 mt by 2015-16. India's per paper consumption was 9.6 kg in 2010-11 compared with 9.18 kg in 2009-10, whereas China's per

capita consumption was 64.4 kg and Asia's average stood at around 46 kg. The country's paper consumption is expected to cross 20 mt in the next decade, and in order to meet the rising demand, the domestic industry is expanding capacities. Over the last two years alone, close to 1 mt capacity was added at an investment of around Rs. 8,000 crore (Source: *Financial Express*, 10 January 2011).

## Prices

Pulp prices increased around 30% between January-June 2010, owing to a supply shortfall because of the Chile earthquake. However, with supply restored to pre-earthquake levels, pulp prices witnessed a correction, though average prices in 2010 were 49% higher as compared with 2009. It is expected that pulp and waste paper prices will fall 12-15% in 2011 (Source: *Crisil Research*). Pulp cost remained steady in the USD 650-700 per tonne range much lower compared with USD 840 in the first quarter of 2010 (Source: *Business Standard*, 13 January 2011). Paper prices are estimated to increase by about 7% y-o-y in 2010-11 (Source: *Crisil Research*).

## Growth drivers

**Low per capita consumption:** India's per capita paper consumption is pegged at 9.6 kg, much lower than the world average of 54.3 kg, ensuring room for further consumption.

**GDP growth:** India's GDP grew 8.6% in 2010-11 from 8% in 2009-10, and is projected at 9.25% in 2011-12.

**Rising per capita income:** India's per capita income (at 2004-05 prices) rose from Rs. 33,731 in 2009-10 to Rs. 36,003 in 2010-11, providing strong impetus to indirect paper consumption.

**Export potential:** Owing to shutdown of a large number of North American and European mills due to overcapacity and cost pressures, Indian paper mills are well-placed to capitalise on exports to these geographies.

**Packaging industry:** The Indian packaging industry is estimated at Rs. 70,000 crore, growing at an annual 12-15%, over thrice the growth of the global packaging industry (Source: *The Economic Times*, 26 February 2011). Paperboard demand is directly proportional to packaging industry demand; paperboard demand is expected to increase at a 7.8% CAGR from 8.1 mt in 2009-10 to 11.8 mt in 2014-15, owing to strong industrial growth (10.2% y-o-y during April-September 2010) and sustained consumer goods demand.

**Changing lifestyles:** Use of specialty products (tissue, decorative, electrical-grade, fine printing, cigarette, business and greeting card papers) increased on the back of economic development. Given the high-value of specialty paper products, their consumption is linked with rising living standards and growing per capita incomes. Besides, it is estimated that specialty paper demand will grow at 9% CAGR from 2009-10 to 2014-15 (Source: *Crisil Research*).



# directors' report

*Dear Shareholders,*

Your Directors have the pleasure of presenting the 30th Annual Report together with the audited Statements of Accounts of your Company for the financial year ended 31st March 2011.

## Financial Results:

The summary of the operating results of your Company for the year 2010-11 is given below:

	Current Year ended 31st March 2011	Previous Year ended 31st March 2010
Net Sales	10,015.98	8,137.29
Other Income	502.85	419.00
Increase and Decrease in Stocks	71.97	61.55
Total Expenditure	8,668.53	6,946.92
Interest	1,024.22	1,023.12
Depreciation	634.12	634.78
Profit Before Tax	263.93	13.02
Provision for taxation		
- Current Tax	48.90	2.01
- Deferred Tax	(90.07)	2.41
Net Profit (Net Loss)	305.10	8.60



## Dividend

In view of insufficient profit during the year, Directors have not declared a dividend this year.

## Operations

Your Company has achieved a production of paper and saleable pulp of 29,810 MT and 1,832 MT during the year ended 31st March 2011 against a production of 26,598 MT and 3,603 MT in the previous year ended 31st March 2010.

The Company has achieved sales of paper and saleable pulp of 29,781 MT and 1,785 MT during the year ended 31st March 2011 against sales of 26,505 MT and 3,153 MT in the previous year ended 31st March 2010.

The Company has achieved a gross turnover of Rs.100 crores in the current year against Rs. 84 crores in the previous year.

Reserves as on 31st March 2011 stood at Rs.15 crores as compared to Rs.12 crores of the preceding year 31st March 2010.

## Export

The Company exported 5,479 MT of paper during the year ended 31st March 2011 against 2,384 MT during the previous year ended 31st March 2010.

## Insurance

The properties of your Company comprising buildings, plant and machinery, other assets, stocks, among others, were adequately insured against various risks.

## Outlook

We expect to achieve a high topline in 2011-12. With the adoption of aggressive cost optimisation programmes and the flexibility to produce higher value output from PM I and PM II and high-value poster paper from PM III, we expect to turn in a net profit margin of 15%. This will drive our EPS to Rs. 1.50 in 2011-12, thereby building a strong case for the re-rating of our stock (market price at the close of 31st July 2010 (Rs. 8.67).

Accordingly, your Directors are reasonably confident of achieving much better results in the year 2011-12

## Human Resource And Welfare

The Company considers human resource to be its asset. The Company thus continues to enhance its employees' skills and keep them updated with industry dynamics. We endeavour such that our employees remain satisfied and have the best working environment. We have the most cordial industrial relations. The Directors wish to place on record their deep appreciation for the dedication of the employees and their commitment to performance.

## Fixed Deposits

The Company was holding an aggregate sum of Rs. 249.42 lacs on account of deposits from the public, employees and shareholders as on 31st March 2011. Six depositors did not claim their deposits amounting to Rs. 1.12 lacs which matured during the previous years.

## Directors

Mr. G. Narayana, Dr. Priyabrat Banerjee and Mr. Ramesh Narayan, are the Directors, retiring by rotation and being eligible, offer themselves for reappointment.

## Directors' Responsibility Statement

In terms of Section 217 (2AA) of the Companies Act, 1956, in relation to the financial statement of the Company for the year 2010-11, the Board of Directors hereby state and confirm:

1. That in the preparation of annual accounts, applicable Accounting Standards have been followed;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2011 and of the profit of the Company for the period ended on that date;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the annual accounts on a going concern basis.

## Statement Pursuant To Listing

The equity shares of the Company are listed with the Bombay Stock Exchange Limited, Mumbai. The listing fees have been paid for the Financial Year 2011-12.



### Corporate Governance

A separate report on Corporate Governance pursuant to Clause 49 of the Listing Agreement is furnished as a part of the Directors' Report together with a certificate from the Statutory Auditors confirming compliance with the said Code is annexed to the said report.

### Other Information

The particulars under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure and form part of this report.

None of the employees covered under Section 217 (2A) of the Companies Act, 1956 has gross receipt of Rs. 60,00,000 per annum or Rs. 5,00,000 per month.

### Auditors' Observations

The observations in the Auditor's Report are based on the following Notes:-

1. Note no. B-2 (a) of Schedule-17 regarding pending litigation in respect of Trade Tax and Excise Duty and non provision of demands in respect thereof.
2. Note no. B-20 of Schedule-17 regarding income of Rs. 261.90 Lacs from Certified Emission Reductions (CERs) accrued for the year ended 31st March 2011.

The replies to the above qualifications by the Board of Directors are as below:

1. The Company is confident of favourable disposals of pending appeals; hence no provision is required at this stage.
2. The Company has installed a 6-MW Biomass Cogeneration Power Plant for captive consumption (the project). The project has already been registered with UNFCCC (The United Nations Framework Convention on Climate Change) on 1st April 2007. The project is under CDM (Clean Development Mechanism) verification and final report is awaited. The Company has entered into an Agreement (Emission Reduction Purchase Agreement) with the Belgian State for sale of CERs (Certified Emission Reductions) generated on account of GHG (Green House Gasses) Emission Reduction. In view of forgoing a sum of Rs. 261.90 lacs has been recognised as income towards CERs accrued for the year ended 31st March 2011.

### Auditors

M/s Kapoor Tandon & Co., Chartered Accountants, Kanpur, retire at the ensuing Annual General Meeting. They have expressed their willingness to continue in office, if re-appointed and have furnished the requisite certificate of their

eligibility pursuant to Section 224(1B) of the Companies Act, 1956.

### Listing on Stock Exchanges

The Company's equity shares are currently listed with Bombay Stock Exchange Limited, Mumbai. The Company has paid the requisite listing fees to the stock exchange for the financial year under review.


### Acknowledgements

Your Directors would like to express their grateful appreciation for overwhelming cooperation and assistance received from the banks, shareholders, vendors, customers and government authorities during the year.

Your Directors also wish to place on record their appreciation for the whole hearted commitment, contribution, sincere and dedicated efforts by the entire Yash team to attain the Company's consistent growth.

For and on Behalf of the Board

Camp : New Delhi  
Date : 10th August 2011

  
**G. Narayana**  
Chairman



# Annexure to Directors' Report

Information Pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

## 1. Conservation of energy

### (A) Energy conservation measures taken

- i) Optimisation of operating frequency of Turbo Generator (Turbine).
- ii) Trimming of pump impellers.
- iii) Rationalisation of motors.
- iv) Stage reduction of feed pumps.
- v) Speed reduction of agitators.
- vi) Installation of smaller feed pump for boiler.
- vii) Process optimisation.
- viii) Utilisation of PM's tertiary reject water in sedimentation tank to reduce water consumption.
- ix) Modification in the hole size of showers in pulp mill.
- x) Insulation in un-insulated steam lines.

### (B) Additional investment and proposals, if any, being Implemented for reduction of consumption of energy

- i) Installation of energy efficient drives for agitators.
- ii) Replacement of cooling tower fan blades and installation of drives for fan.
- iii) Installation of back water filters at paper machine.
- iv) Steam audit by Forbes Marshall.

### (C) Impact of the measures of the above

The implementation of the above measures for energy conservation by the Company has resulted in reduction in power & fuel consumption from 1,220 kwh per MT to 1,170 kwh per MT.

(D) Total energy consumption and energy consumption per unit of production as per prescribed Form A of the annexures in respect of the industries specified in the schedule thereto.

### I. Power and fuel consumption

	Current Year	Previous Year
<b>(a) Electricity</b>		
(i) Purchased unit (lacs)	Nil	Nil
Total amount (Rs. in lacs)	Nil	Nil
Rate / unit (Rs.)	Nil	Nil
<b>(ii) Own generation</b>		
Through Diesel Generator Unit (lacs)	0.27	0.29
Unit per litre of Diesel Oil	5.25	5.09
Cost/Unit (Rs.)	6.48	6.11
Through Steam Turbine Unit (lacs)	394.82	372.29
Unit per MT of fuel (Paddy husk)	992.00*	952.00*
Cost/Unit (Rs.)	2.42	1.70
<b>Note:</b> *Steam Turbine is extraction cum condensing type hence fuel allocation is on an estimated basis.		
(b) Coal Quantity (MT)	Nil	Nil
(c) Furnace Oil Quantity (Kilo litre)	Nil	Nil
(d) Others		
(i) Paddy Husk Quantity (MT)	81,007.00	71,663.00
Total Cost (Rs.in lacs)	1,943.40	1,157.96
Average Rate (Rs.)	2,399.00	1,616.00
(ii) Bagasse/ Pith Quantity (MT)	1,160.00	1,643.00
Total Cost (Rs.in lacs)	9.65	8.31
Average Rate (Rs.)	832.00	506.00



## II Consumption per unit of production of paper

	UOM	Current Year	Previous Year
Electricity	Units	1,325*	1,401*
Furnace Oil	Litre	Nil	Nil
Coal	MT	Nil	Nil
Paddy Husk	MT	1.40**	1.25**
Bagasse Pith	MT	3.00**	3.00**

\* Inclusive of consumption for operation of turbine equipment.

\*\* Bagasse pit is used alongwith the paddy husk as fuel for producing steam which is used for paper manufacturing and power generation hence consumptions are estimated.

## 2. Technology absorption

Efforts made in technology absorption as per prescribed Form B of the Annexure.

### (A) Specific areas in which R&D carried out by the Company

R&D centre is investigating the commercial possibilities of Micro fibrillar Cellulose (MFC) and Nano Fibrillar Cellulose (NFC) in collaboration with CTP Schwabmuchen Germany and Dr. Bruce Lyne, Royal Institute of Technology Department of Corrosion and Surface Science, Drottning Kristinas Vag, Stockholm.

### (B) Benefits derived as a result of the above R&D

By the use of wet and dry strength resins and alkaline sizing (AKD) the quality of paper improved consumption of softwood reduced to significant level. Consequently the cost of production reduced.

### (C) Future plan of action

- To strengthen and continuous improvement in quality through improvement of process parameter and modification in paper machine to reduce production loss and down time.
- To develop new grades of paper.

### (D) Expenditure on R&D

(Rs. in lacs)

	Current Year	Previous Year
(i) Capital	-	-
(ii) Recurring	9.90	9.59
(iii) Total	9.90	9.59
(iv) Total R&D Expenditure as a percentage of total turnover	0.12	0.12

### (E) Technology absorption, adaptation and innovation

- Efforts, in brief, made towards technology absorption, adaptation and innovation:-**  
Installation of pulp cleaning equipment and plain touch rolls on PM - 3.
- Benefits derived as a result of the above efforts e.g. Product improvement, cost reduction, product development, import substitution etc.:-**  
Improving the existing process and product quality, enforcing performance, productivity, cost reduction and reduction in use of imported softwood pulp.
- Imported Technology (Imported during the last five years reckoned from the beginning of the financial year)**  
None

## 3. Foreign exchange earning and outgo

### (A) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans;

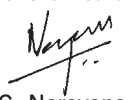
The Company has sustained its thrust on exports.

### (B) Total foreign exchange used and earned

- Used Rs. 6,58,49,331  
(Including Interest Rs. 32,61,722 on FCNRB loan taken from SBI as part of working capital limits.)
- Earned Rs. 18,72,52,390

For and on Behalf of the Board

Camp : New Delhi  
Date : 10th August 2011

  
**G. Narayana**  
Chairman



# corporate governance

## Corporate Governance Compliance Report

In terms of Clause 49 of the Listing Agreement (Clause 49) entered into with the Stock Exchange, the Corporate Governance Compliance Report is provided hereunder:

### 1. Company's Philosophy on Code of Governance

The Company's Philosophy on the Code of Governance as adopted by its Board of Directors:

- Ensure that the quantity, quality and frequency of financial and management information, which the management shares with the Board, fully places the Board Members in control of the Company's affairs.
- Ensure that the Board exercises its fiduciary responsibilities towards shareowners and creditors, thereby ensuring high accountability.
- Ensure that the extent to which the information is disclosed to present and potential investors is maximised.
- Ensure that the decision-making is transparent and documentary evidence is traceable through the minutes of the meeting of the Board/Committees thereof.
- Ensure that the Board, the Management, the Employees and all concerned are fully committed to maximising long-term value to the shareowners and the Company.
- Ensure that the core values of the Company are protected.
- Ensure that the Company positions itself from time to time to be at par with any other world-class company in operating practices.

### 2. Board of Directors:

The Company has a high profiled Board with varied management expertise. The Board's role, functions, responsibility and accountability are known to them due to their vast experience. Directors are provided with well structured and comprehensive agenda papers in advance. All material information is incorporated in the Agenda for facilitating meaningful and focused discussion in the meeting. To enable the Board to discharge its responsibilities effectively, presentation are given on key issues. Moreover, the Board and its committee meeting schedule are circulated to the Board Members in the beginning of the financial year.

During the year, information as mentioned in Annexure-IA to Clause 49 of the Listing Agreement has been placed before the Board for its consideration. In addition to matters statutorily requiring Board's approval, all major decision involving policy formulation, strategy and business plans, new investments, compliance with statutory / regulatory requirements and major accounting provisions are considered by the Board.

Minutes of the Board Meeting/Committees are circulated to Directors and confirmed at subsequent meetings.

#### a) Composition of the Board:

The present Board consists of two Executive Directors and eight Non-Executive Directors. The Non-Executive Directors bring diverse knowledge, experience and expertise through their independent judgment to the deliberations and decisions of the Board. The Non-Executive Directors did not have any material pecuniary relationships or transactions

with the Company during the year 2010-11.

The Company has a Non-Executive Chairman. The Company has 6 Independent Directors which is 60% of the total number of Directors. The Company meets the requirement relating to the Composition of Board of Directors.

#### b) Non-Executive Directors' compensation and disclosures:

The Non-Executive Directors are paid sitting fees as well as commission within the limits prescribed under the Companies Act, 1956. No stock options were granted to Non-Executive Directors during the year under review.

#### c) Other provisions as to Board and Committee:

During the year 2010-11, 07 meeting of the Board of Directors were held 8th May 2010, 12th August, 2010 25th September, 2010, 6th November 2011, 30th January 2011, 6th February 2011 and 28th February 2011. The maximum time gap between any two consecutive meetings did not exceed four months.

None of the Directors on the Board are Members of more than 10 Committees or Chairman of more than 5 Committees across all the Companies in which they are Directors. Necessary disclosures regarding Committee positions in other public companies as on 31st March 2011 have been made by the Directors.

Details of attendance of Directors at Board meeting and at the last Annual General Meeting held on 25th September 2010, with particulars of their other Directorships and Chairman/ Membership of Board Committees of other Companies showing the position as on 31st March 2011 are given below:-



## corporate governance

Name	Designation	Category	Attendance at Board Meetings	Attendance at Last AGM	No. of outside Directorship in Public Limited		No. of Committees and Positions held	
					Director	Chairman	Member	Chairman
Mr. Ved Krishna	Managing Director	Promoter, Executive, Non-Independent	7	Yes	1	1	Nil	Nil
Mrs. Manjula Jhunjunwala	Director	Promoter, Non-Executive, Non-Independent	6	Yes	1	Nil	Nil	Nil
Mr. Yash Krishna	Director	Promoter, Non-Executive, Non-Independent	1	No	Nil	Nil	Nil	Nil
Mr. R. N. Chakraborty	Executive Director	Non-Promoter, Executive, Non-Independent	6	Yes	Nil	Nil	Nil	Nil
Mr. G. Narayana	Director	Non-Promoter, Non-Executive, Independent	5	Yes	2	2*	1	Nil
Mr. G. N. Gupta	Director	Non-Promoter, Non-Executive, Independent	4	Yes	3	1	1	1
Dr. P. Banerjee	Director	Non-Promoter, Non-Executive, Independent	4	No	Nil	Nil	Nil	Nil
Mr. Ramesh Narayan	Director	Non-Promoter, Non-Executive, Independent	5	Yes	Nil	Nil	Nil	Nil
Mr. Basant Kumar Khaitan	Director	Non-Promoter, Non-Executive, Independent	1	Yes	9	1	1	Nil
Mr. K. D. Pudumjee	Director	Non-Promoter, Non-Executive, Independent	4	Yes	Nil	Nil	Nil	Nil

\* Mr. G. Narayana holds the position of Chairman Emeritus in Excel Industries Limited and does not hold the position of Director. This is an honorary life time designation.

Other directorships do not include alternate directorships, directorships of Private Limited Companies, Section 25 Companies and of Companies incorporated outside India. Chairmanships/Memberships of Board Committees include only Audit and Shareholders/Investor Grievance Committees.

Particulars of the Non-Executive Directors who are retiring by rotation and eligible for re-appointment have been given in the attachment to the Notice and their profile is also appearing elsewhere in the Report.

The Company has received declarations on six criteria of independence as prescribed in Clause 49.1.A (iii) of the Listing Agreements from Independent Directors.

No Director of the Company is related to any other Director of the Company.



#### (D) Code of Conduct

- (i) The Board of Directors has laid down Code of Conduct for all Board Members and Senior Management of the Company. The copies of the Code of Conduct as applicable to the Directors as well as Senior Management of the Company are uploaded on the website of the Company [www.yash-papers.com](http://www.yash-papers.com)
- (ii) The Members of the Board of Directors and Senior Management personnel have affirmed the compliance with the Code applicable to them during the year ended 31st March 2011. The Annual Report of the Company contains a Certificate by the Managing Director in this regard.

### 3. Audit Committee

#### (A) Qualified and Independent Audit Committee

The Company complies with the provisions of Section 292A of the Companies Act, 1956 as well as requirements under the listing agreement pertaining to the Audit Committee. Its functioning is as under:

- (i) The Audit Committee presently consists of the 5 Non-Executive Directors, 4 of them are Independent Directors.
- (ii) All members of the Committee are financially literate and having the requisite financial management expertise.
- (iii) The Chairman of the Audit Committee is an Independent Director.
- (iv) The Chairman of the Audit Committee was present at the last Annual General Meeting held on 25th September 2010.
- (v) M/s Kapoor Tandon & Co. has audited the accounts of

the Company from the financial year 2010-11 will continue to audit in future years.

#### (B) Terms of reference

The terms of reference of the Audit Committee include inter-alia:

- i. Review of the quarterly/annual financial results with the management and the statutory auditors.
- ii. Review with the management, statutory auditors and the internal auditors about the nature and scope of audit and of the adequacy of internal control systems.
- iii. Consideration of the reports of the internal auditors and the discussion about their findings with the management and suggesting corrective actions, wherever necessary.
- iv. Authority to investigate into any matter covered by Section 292A of the Companies Act, 1956.
- v. Reviewing the Company's financial and risk management policies.
- vi. Review of the financial reporting process and disclosure of financial information.
- vii. Recommending the appointment of Statutory and Internal Auditors, fixation of audit fee and approval for payment for any other services.
- viii. Reviewing major accounting policies and practices and adoption of applicable Accounting Standards.
- ix. Reviewing the findings of any internal investigations by the Internal Auditors and reporting the matters to the Board.
- x. Reviewing the compliance with Listing Agreement and various other legal requirements concerning financial

statements and related party transactions.

- xi. Disclosure of Contingent liabilities.
- xii. Review the independence of Auditors
- xiii. Ensure that adequate safeguards have been taken for legal compliance both for the Company and its other foreign Subsidiaries.
- xiv. The Company does not have a Whistle Blower Policy.

#### (C) Composition, names of Members and Chairperson, its meetings and attendance:

The Chairman of the Audit Committee is Mr. Gyanendra Nath Gupta. During the year, 4 Audit Committee meetings were held on 8th May 2010, 12th August 2010, 6th November 2010 and 6th February 2011.

The composition of the Audit Committee and number of meetings attended by the members are given below:

Name of Directors	Category	Number of Meetings Held during 2010-11	Meeting Attended
Mr. G. N. Gupta	Independent Non-Executive	4	3
Dr. P. Banerjee	Independent Non-Executive	4	2
Mr. Ramesh Narayan	Independent Non-Executive	4	4
Mr. K. D. Pudumjee	Independent Non-Executive	4	3
Mr. Yash Krishna	Non-Independent Non-Executive	4	1



The Committee meetings are attended by invitation by the Managing Director, Vice President - Finance, Vice President - Marketing, Vice President – R & D, the representatives of Statutory Auditors and representatives of the Internal Auditors. Mr. Sachin K. Srivastava, Manager Legal & Secretarial acts as the Secretary of the Audit Committee.

The internal and statutory auditors of the Company discuss their audit findings and update the Audit Committee and submit their views directly to the Committee. Separate meetings are held with the internal auditors to focus on competence issues and to conduct detailed reviews of the processes and internal controls in the Company.

#### 4. Remuneration Committee

The Company has constituted a Remuneration Committee of the Board to consider the remuneration of the Whole Time Directors which is a part of non-mandatory requirement of the code. The Remuneration Committee comprises of 3 Independent Directors viz. Mr. G. N. Gupta, Chairman of the committee, Dr. P. Banerjee and Mr. Ramesh Narayan members of the Committee.

The Remuneration Committee of the Board recommends the remuneration of the Executive Directors. The remuneration package is governed by the industry pattern and as per the provisions of the Companies Act, 1956. The compensation of Non-Executive Directors is approved at Board Meetings. The sitting fee is not paid to the Executive Directors for attending the Board meetings or committee meetings thereof. The necessary approvals were obtained from shareholders, wherever required.

During the year only one remuneration committee meeting was held. The Composition of Remuneration Committee and attendance of each member Director, at the Committee Meetings during the period is as under:

Name of Directors	Position	Remuneration Committee Meetings	
		Held	Attended
Mr. G. N. Gupta	Chairman	1	1
Dr. P. Banerjee	Member	1	1
Mr. Ramesh Narayan	Member	1	1

The details of remuneration paid to all the Directors during the year ended on 31st March 2011 are as follows:

Name of Directors	Service Contract/ Notice period	Remuneration Paid (in Rs.)		
		Sitting Fees	Salaries, perquisites and contribution to Provident Fund	Total
Mr. G. Narayana	Retire by rotation	20,000	Nil	20,000
Mr. K. D. Pudumjee	Retire by rotation	22,000	Nil	22,000
Mr. Ved Krishna	Appointment made for 3 years	Nil	20,85,158	20,85,158
Mr. R. N. Chakraborty	Appointment made for 2 years	Nil	5,95,712	5,95,712
Mrs. Manjula Jhunjhunwala*	Retire by rotation	32,000	4,80,000*	5,12,000
Mr. Yash Krishna	Retire by rotation	6,000	Nil	6,000
Mr. G. N. Gupta	Retire by rotation	22,000	Nil	22,000
Dr. P. Banerjee	Retire by rotation	28,000	Nil	28,000
Mr. Ramesh Narayan	Retire by rotation	28,000	Nil	28,000
Mr. Basant Kumar Khaitan	Retire by rotation	4,000	Nil	4,000
	<b>Total</b>	<b>1,62,000</b>	<b>31,60,870</b>	<b>33,22,870</b>

\* Being wife of Late Mr. K.K. Jhunjhunwala, amount paid as pension in the event of his death

## 5. Shareholders'/Investors' Grievance Committee

The Board has constituted a Shareholders'/Investors' Grievance Committee with Dr. Priyabrat Banerjee as Chairman of the Committee with Mrs. Manjula Jhunjhunwala and Mr. R. N. Chakraborty as Members of the Committee. The Committee has been set up to oversee the performance of the Registrars and Share Transfer Agents with respect to redressal of Shareholders grievances etc. The said Committee would also recommend measures for overall improvement of the quality of Investor Services.

The process of share transfer as well as review of redressal of investors'/shareholders' grievances is undertaken on fortnightly basis by the Registrar and Share Transfer Agents and the Compliance Officer. However, the matters related to issue a fresh Share Certificates would be dealt with by the Shareholders/Investor Grievance Committee.

The Board has delegated the powers to the Registrar and Transfer Agents (RTA) to attend to Share Transfer formalities thrice in months in accordance with Clause 49(IV)(G) and the RTA has convened 20 con-call meetings with the Compliance Officer during the year under review for the purpose.

During the year, 4 meetings of the Shareholders'/Investors' Grievance Committee were held on 20th April, 9th July, 29th October in 2010 and on 18th January in 2011.

The composition of the Shareholders'/Investors' Grievance Committee and number of meetings attended by the Members are given below:

During the year only one remuneration committee meeting was held. The Composition of Remuneration Committee and attendance of each member Director, at the Committee Meetings during the period is as under:

Name of Members	Category	Number of meetings held during 2010-11	Number of Meetings attended
Dr. Priyabrat Banerjee	Independent Non-Executive	4	4
Mrs. Manjula Jhunjhunwala	Independent Non-Executive	4	4
Mr. R. N. Chakraborty	Non-Independent Executive	4	4

### B) Name and Designation of the Compliance Officer

Mr. Sachin Kumar Srivastava, Manager Legal & Secretarial, is the Compliance Officer and can be contacted at:

Yash Papers Limited  
Yash Nagar,  
Faizabad – 224 135  
Uttar Pradesh, India

Tel: +91 – 5278 – 326611/12/13/14  
Fax: +91 – 5278 - 258062  
E-mail: scn@yash-papers.com

### (c) Number of complaints received and redressed during the year 2010-11

Opening Balance	Received during the year 2010-11	Resolved during the year	Closing Balance
0	4	4	0

As required under Clause 47-C of the Listing Agreement, a Certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practising Company Secretary has been submitted to the Stock Exchanges within stipulated time.

### (d) Suspense Account for the Unclaimed Shares

Pursuant to Clause 5A of the Listing Agreement, your Company has opened a Demat Suspense Account with Central Depository Services (India) for transferring 12,921 shares which remained unclaimed out of shares issued pursuant to the public issue offer.

No. of Shareholders as on 1st April 2010	Opening Balance of Shares in Suspense Account	Requests received during the year 2010-11	Shares transferred during the year	No. of Shareholders as on 31st March 2011	Closing Balance of Shares in Suspense Account
19	12,921	0	0	19	12,921



### 6. Disclosures

#### (A) Basis of related party transactions

- (i) The statements containing the transactions with related parties were submitted periodically to the Audit Committee.
- (ii) There are no related party transactions that may have potential conflict with the interest of the Company at large.
- (iii) There were no material individual transactions with related parties during the year, which were not in the normal course of business as well as on an arm's length basis.
- (iv) There is no non-compliance by the Company and no penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital market, during the last three years.

#### (B) Disclosure of Accounting Treatment

During the year, there has been no change in Accounting Standard applicable to the Company.

#### (C) Board Disclosures - Risk Management

The Company has laid down procedures to inform the Board of Directors about the Risk Management and its

minimisation procedures. The Audit Committee and Board of Directors review these procedures periodically.

#### (D) Proceeds from public issues, right issues, preferential issues etc.

The Company did not have any of the above issues during the year under review.

#### (E) Whistle Blower Policy

The Company does not have a Whistle Blower Policy.

#### (F) Secretarial Audit Report

The Company has obtained Secretarial Audit Report from the Company Secretary in practice for compliance with the applicable provisions of the Companies Act, 1956, Listing Agreement, SEBI Regulations on Takeover, Insider Trading and Depositories & Participants. A text of the said Report is annexed elsewhere.

#### (G) Management Discussion and Analysis Report

The management discussion and analysis report have been included separately in the Annual Report to the Shareholders.

#### (H) Shareholders

- (i) The quarterly results made by the Company are put on the Company's website [www.yash-papers.com](http://www.yash-papers.com) under the Investors Section.

- (ii) Mr. G. Narayana, Dr. P. Banerjee and Mr. Ramesh Narayan are retiring by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-election as Non-Executive Directors.

### 7. CEO/CFO Certification

The Managing Director and Chief Financial Officer have certified to the Board in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO/CFO Certification for the financial year ended 31st March 2011, published elsewhere in the Annual Report.

### 8. Compliance on Corporate Governance

The quarterly compliance report has been submitted to the Stock Exchange where the Company's equity shares are listed in the requisite format duly signed by the Compliance officer. Pursuant to the Clause 49 of the Listing Agreement, the Auditor's Certificate in compliance on conditions of Corporate Governance is published elsewhere in the Annual Report.

## 9. General Body Meetings

### (A) Location and time of General Meetings held in the last 3 years

Date	26th September 2008	29th September 2009	25th September 2010
Time	1:00 P.M.	1:00 P.M.	1:00 P.M.
Venue	Hotel Little Chef, 15/198-A, Civil Lines, Kanpur - 208 001	Hotel Little Chef, 15/198-A, Civil Lines, Kanpur - 208 001	Hotel Little Chef, 15/198-A, Civil Lines, Kanpur - 208 001
Details of Special Resolutions passed in the AGM	–	<p>1. Re-appointment of Mr. Ved Krishna, Managing Director for a period of 3 years with effect from 1st August 2009 and fixing of his remuneration under Sections 198, 269, 309 and 311 read with Schedule XIII, of the Companies Act, 1956.</p> <p>2. Increase the authorised share capital of the Company from 30 crores to 60 crores pursuant to Section 31 of the Companies Act, 1956 and Clause 4 of Article of Association of the Company.</p> <p>3. Delisting of Equity shares of the Company from U. P. Stock Exchange Limited, Kanpur in terms of Securities and Exchange Board of India (SEBI) (De-listing of Securities) Guidelines, 2003.</p>	Re-appointment of Mr. R. N. Chakraborty, Executive Director for a period of 2 years with effect from 1st July 2010 and fixing of his remuneration under Sections 198, 269, 309 and 311 read with Schedule XIII, of the Companies Act, 1956.

### (B) Whether Special Resolutions

- (i) Were put through postal ballot last year : No  
 Details of voting pattern : N.A.  
 Person who conduct the postal ballot exercise : N.A.
- (ii) Are proposed to be conducted through Postal Ballot : No

## 10. Means of Communication

The Company regularly interacts with the shareholders through the multiple channels of communication such as publication of results, Annual Report, press releases after the Board Meeting and the Company's website. The Company also informs the Stock Exchanges in a prompt manner, all price sensitive information and all such other matters which in its opinion, are material and relevant for the shareholders.

Quarterly report sent to each household of shareholders. The results of the Company are published in the newspapers.

Quarterly results and in which newspaper normally published in.  
 Hindustan / Rashtriya Sahara (Kanpur edition), Business Standard/ Economic times (All editions)



Any Website where displayed

<http://www.yash-papers.com>

<http://www.corpfilng.co.in/>

Whether it also displays official news releases.

Yes

Whether the website displays the presentations made to institutional investors and to the analysts.

No

## 10. General Shareholder Information

### Annual General Meeting

(i) **Date, Time and Venue:**

24th September 2011 at 1.00 P. M.

Hotel "Little Chef", 15/198-A, Civil Lines,  
Kanpur – 208 001, Uttar Pradesh.

(ii) **Financial Year:**

1st April to 31st March

(iii) **Date of Book Closure:**

12th September 2011 to 24th September 2011  
(both days inclusive)

(iv) **Dividend Payment Date:**

Dividend has not been recommended by the Board.

(v) **Listing:**

Bombay Stock Exchange Limited, Mumbai.

P. J. Towers, Dalal Street, Mumbai – 400 001

The Annual Listing Fees for the financial year 2011-12 has been paid to Stock Exchange.

(vi) **Stock Code:** 516030

### (vii) Market Price Information

a. The reported high and low closing prices during the year ended 31st March 2011 on the Bombay Stock Exchange Limited, where your Company's shares are frequently traded vis-à-vis the Share Index, are given below:

Month	BSE		BSE SENSEX	
	High (Rs.)	Low (Rs.)	High	Low
April 2010	9.15	7.04	18047.86	17276.80
May 2010	8.00	7.12	17536.86	15960.15
June 2010	8.30	7.36	17919.62	16318.39
July 2010	8.78	7.62	18237.56	17395.58
August 2010	8.80	7.38	18475.27	17819.99
September 2010	8.77	7.08	20267.98	18027.12
October 2010	10.80	7.32	20854.55	19768.96
November 2010	10.60	8.35	21108.64	18954.82
December 2010	9.42	8.00	20552.03	19074.57
January 2011	9.03	6.50	20664.80	18038.48
February 2011	7.78	6.36	18690.97	17295.62
March 2011	9.50	6.81	19575.16	17792.17

### b. Performance in comparison to BSE Sensex

The performance of the Company's scrip on the BSE as compared to the Sensex is as under:

	01 April 2010	31 March 2011	% CHANGE
Company Share Price (High)	Rs.9.15	Rs.9.50	3.83
SENSEX (High)	18047.86	19575.10	8.46

### (viii) Register and Share Transfer Agents

The Members are requested to correspond the Company's Registrars & Share Transfer Agents – M/s Skyline Financial Services Private Limited quoting their Folio Number, Client ID and DP ID at the following address:-

Skyline Financial Services Pvt. Ltd.

D-153/A, 1st Floor, Okhla Industrial Area, Phase – 1, New Delhi – 110 020

Tel No.: (011) 26292680/81/82/83 Fax No. : (011) 26292681 • Email: [admin@skylinerta.com](mailto:admin@skylinerta.com)

(ix) Shareholding as on 31st March 2011

(a) Distribution of Shareholding as on 31st March 2011

No. of equity share held	Shareholders		Equity share held	
	Number	% to total	Number	% to total
Upto - 500	12,508	72.42	29,54,664	12.31
501 - 1000	2,883	16.69	24,01,076	10.00
1001 - 2000	972	5.63	15,50,946	6.46
2001 - 3000	283	1.64	7,34,806	3.06
3001 - 4000	129	0.75	4,75,150	1.98
4001 - 5000	141	0.82	6,74,688	2.81
5001 - 10000	193	1.12	14,37,688	5.99
10001 and above	163	0.94	1,37,70,982	57.38
<b>Total</b>	<b>17,272</b>	<b>100.00</b>	<b>2,40,00,000</b>	<b>100.00</b>

(b) Shareholding Pattern as on 31st March 2011

Sl. No.	Categories of Shareholders	As on 31st March 2011		As on 31st March 2010	
		No. of Shares	% to Shares	No. of Shares	% to Shares
1.	Promoters	82,64,892	34.44	82,64,892	34.44
2.	Mutual Funds and UTI	1,000	0.00	1,000	0.00
3.	Banks, Financial Institutions	100	0.00	100	0.00
4.	Central/ State Government	2,11,121	0.88	2,11,121	0.88
5.	Corporate Bodies	8,41,011	3.50	13,80,397	4.127
6.	Individuals	1,45,19,476	60.50	1,40,22,786	60.281
7.	NRIs / OCBs	1,62,400	0.68	1,19,704	0.529
	<b>Total</b>	<b>2,40,00,000</b>	<b>100.000</b>	<b>2,40,00,000</b>	<b>100.000</b>



### (c) Capital of the Company

The authorized and paid-up capital of your Company are Rs 60 crores and Rs. 24 crores respectively as on 31st March 2011. The Company has not changed its share capital (due to right, bonus, preferential issue, IPO, buyback, capital reduction, amalgamation, de-merger etc.) during the year under review.

### (d) Top ten Shareholders as on 31st March 2011

S. No.	Name of the Shareholders	No. of Shares held	%
1.	S. Sathya	3,33,333	1.39
2.	Karan Patni	2,61,891	1.09
3.	Sangeetha S	2,61,300	1.09
4.	Damodar Prasad Agarwal	2,09,284	0.87
5.	United India Insurance Company Limited	2,11,121	0.88
6.	Motilal Oswal Fin. Ser. Ltd.	1,98,332	0.83
7.	Renu Devi Patni	1,55,980	0.65
8.	Chirayush Pravin Vakil	1,28,323	0.53
9.	Angel Broking Limited	1,14,209	0.48
10.	Sarla Argal	1,00,000	0.42

### (x) Dematerialisation of shares and liquidity

2,33,51,523 equity shares have been demated, representing 97.31% of the issued capital as on 31st March 2011. The Company's shares can be traded only in dematerialized form as per SEBI notification. The Company has entered into Agreement with NSDL and CDSL whereby shareholders have the option to dematerialise their shares with either of the depositories. Equity shares are actively traded in BSE.

### (xi) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

### (xii) Plant Locations

Yash Papers Limited

Yash Nagar, Darshan Nagar, Faizabad (U. P.) – 224 135

Ph. (05278) 326611-14; Fax. (05278) 258062

E-mail : info@yash-papers.com

### (xiii) Address for correspondence

The Manager Legal & Secretarial

Yash Papers Limited

Yash Nagar, Darshan Nagar, Faizabad (U. P.) – 224 135

Ph. (05278) 326611-14; Fax. (05278) 258062

E-mail : scn@yash-papers.com

On Behalf of the Board



Ved Krishna

Managing Director

Camp : New Delhi

Date : 10th August 2011

## CEO and CFO Certification


We, Ved Krishna, Managing Director and Anil Kumar Gupta, Vice-President - Finance are responsible for the finance function and we certify that:

- a) We have reviewed the financial statements and cash flow statement for the year ended 31st March 2011 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) That are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March 2011 which are 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 we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee:
  - i) That, there has not been any significant change in internal control over financial reporting during the year under reference;
  - ii) That, there has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - iii) That, we are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Camp : New Delhi  
Date : 10th August 2011

  
Ved Krishna  
Managing Director

for Yash Papers Limited

  
Anil Kumar Gupta  
Vice-President - Finance



## Auditors' Certificate

To  
The Members of  
**Yash papers Limited**

We have examined the compliance of conditions of Corporate Governance by Yash Papers Limited for the year ended on 31st March 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s) in India.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on certification of Corporate Governance (as stipulated in Clause 49 of the listing Agreement) issued by the Institute of Chartered Accountant of India and limited to 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.

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

We state that no investor grievances pending for a period of one month against the Company as per the records maintained by the Company and presented to the Shareholder's/Investor Grievance Committee.

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.

Camp : New Delhi  
Date : 10th August 2011

For **Kapoor Tandon & Co.,**  
*Chartered Accountants*



**(Rajesh Parasramka)**

*Partner*

Membership No.74192

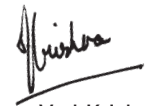
# Declaration Regarding Compliance to Code of Conduct

I hereby confirm that the Company has adopted Code of Conduct for the Board of Directors and Senior Management of the Company.

I hereby declare that the Board of Directors and Senior Management personnel have affirmed compliance with the code of conduct of the Company, in compliance of the requirements of Corporate Governance.

Camp : New Delhi  
Date : 10th August 2011

For Yash Papers Limited



Ved Krishna  
Managing Director

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## Secretarial Audit Report

Company No. : 20-5294  
Nominal Capital: Rs. 60,00,00,000

To,  
**The Shareholders of Yash Papers Limited**

We have audited the relevant books and records of Yash Papers Limited having its Registered Office at 47/81, Hatia Bazar, Kanpur – 208 001 (Uttar Pradesh) and Corporate Office at, Yash Papers Limited, Yash Nagar, Faizabad – 224 135 (Uttar Pradesh) produced before us by the Company and by their registrar and share transfer agents M/s. Skyline Financial Services Private Limited, for the purpose of our Secretarial Audit Report for the financial year ended on 31st March 2011 (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers and records as per the provisions of the Companies Act, 1956 (the Act) and the rules made there under and all entries therein have been duly recorded during the year.
2. The Company has duly filed the forms and returns with the Registrar of Companies and the rules made there under during the year.
3. The Company has given proper notice along with the agenda for convening of Board Meeting, Committee Meetings and Annual General Meeting during the year.
4. The proceedings of the Meetings were properly recorded in the Minutes Books during the year.
5. The Board of Directors of the Company is duly constituted during the year.



6. The Company has obtained all the necessary approvals from the Board and Shareholders as required by the Act during the year.
7. The Company has complied with the provisions of section 58A of the Act read with Companies (Acceptance of Deposit) Rules, 1975 during the year.
8. The Company has complied with the provisions of section 154 of the Act during the year.
9. The Company has delivered all the certificates on lodgment thereof for transfer or any other purpose in accordance with the provisions of the Act during the year.
10. The Company has not declared any dividend during the year.
11. The Company has transferred the unclaimed/unpaid dividend to Investor Education and Protection Fund in compliance with the provisions of section 205C of the Act during the year.
12. The Company has paid remuneration to the Managing Director, Commission to the Non-Executive Independent Directors and sitting fees to the Directors of the Company in terms of section 198, 269,309 read with Schedule XIII of the Act.
13. The Company has not appointed any sole selling agent in terms of section 294 of the Act during the year.
14. The Company has not given any loan in terms of section 295 of the Act during the year.
15. The Company has not entered into any transactions, which falls under section 297 of the Act during the year.
16. The Directors have disclosed their interest in terms of section 299 of the Act.
17. The Company has not appointed any person as a place of profit in terms of section 314 of the Act during the year.
18. The Company has complied with the provisions of section 372A of the Act.
19. The Company has complied with the applicable provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 during the year.
20. The Company has complied with the applicable provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992 during the year.
21. The Company has complied with the applicable provisions of SEBI (Depositories and Participants) Regulations, 1996 during the year.
22. The Company has received four investor complaints/queries during the year under review and no complaints/queries were pending for redressal as on 31st March 2011.

**Adesh Tandon & Associates**  
*Practicing Company Secretaries*



**Adesh Tandon**

FCS No. 2253

CP No. 1121

Camp : New Delhi

Date : 10th August 2011

## Auditors' Report

To The Members of  
Yash Papers Limited

We have audited the attached Balance Sheet of Yash Papers Limited as at 31st March 2011 and also the Profit and Loss Account and the Cash Flow Statement for the financial year ended on that date annexed thereto. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order, 2003 (the Order) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 (the Act), we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the Order.
3. Further to our comments in the annexure referred to in paragraph 2 above, we report that:
  - a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of these books;
  - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the applicable Accounting Standards referred to in Section 211 (3C) of the Act;

- e. On the basis of written representations received from the Directors as on 31st March 2011 and taken on record by the Board of Directors, none of the Director is disqualified as on 31st March 2011 from being appointed as Director in terms of Section 274 (1)(g) of the Act.
- f. We draw reference to:  
Note no. B-20 of Schedule-17 regarding income of Rs. 261.90 Lacs from Certified Emission Reductions (CERs) accrued for the financial year ended March 2011.
- g. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Notes thereon, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
  - ii. In the case of the Profit and Loss Account, of the profit of the Company for the financial year ended on that date; and
  - iii. In the case of the Cash Flow Statement, of the cash flows for the financial year ended on that date.

For Kapoor Tandon & Co.,  
Chartered Accountants  
Firm Registration No. 000952C



**Rajesh Parasramka**  
Partner

Camp : New Delhi  
Date : 10th August 2011

Membership No. 074192



## Annexure to the Auditors' Report

(Referred to in paragraph 2 of our report of even date on the financial statements for the financial year ended 31st March 2011 of **Yash Papers Limited**):

In terms of the information and explanations given to us and also on the basis of such checks as we considered appropriate, we state that:

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- b) All the fixed assets have not been physically verified by the management during the year but there is regular programme of physical verification, which in our opinion is reasonable, having regard to the size of the Company and the nature of fixed assets. No material discrepancies have been noticed in respect of the assets physically verified during the year.
- c) The Company has not disposed off substantial part of fixed assets during the year.
- ii. a) The inventories of the Company have been physically verified by the management at regular interval during the year. In our opinion, the frequency of verification is reasonable.
- b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) The Company is maintaining proper records of inventories. As explained to us, the discrepancies noticed on verification were not material in relation to the operations of the Company.
- iii. a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Act.
- b) Accordingly, the provisions of Clause iii. (b), (c) and (d) of the Order are not applicable to the Company.
- c) The Company has taken interest free unsecured loan from a Director. The maximum amount and year-end balance of such loan was Rs. 35.00 lacs. Further to aforesaid the Company has accepted fixed deposit from Director(s) and other parties listed in the register maintained under Section 301 of the Act. The year-end balance was Rs. 28.67 lacs from 12 such parties.
- d) In our opinion, the terms and conditions on which loans have been taken are, prima facie, not prejudicial to the interest of the Company.
- e) The Company is regular in repaying the principal amount and interest.
- iv. In our opinion, there is adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. a) In our opinion, particulars of contracts or arrangements referred in Section 301 of the Act have been entered in the register required to be maintained under that section.
- b) In our opinion, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion, the Company has complied with the provisions of Section 58A and 58AA of the Act and the rules framed there under for the deposits accepted from the public.
- vii. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- viii. We have broadly reviewed the books of account and records maintained by the Company pursuant to the Rules framed by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Act and are of the opinion that, prima facie, the prescribed records have been made and maintained. We have not, however, made a detailed examination of the said accounts and records with a view to determine whether they are accurate or complete.
- ix. a) According to the books and records produced and examined by us, the Company is generally regular in depositing undisputed Statutory dues including Provident Fund, Investors Education and Protection Fund, Income Tax, Sales/Trade Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues as applicable with the appropriate authorities and no undisputed amount payable in respect of aforesaid statutory dues were outstanding as at 31st March 2011 for a period of more than six months from the date they become payable.

- b) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty, Cess and Service Tax which have not been deposited on account of any dispute, except mentioned as below:

Name of the Statute	Nature of the dues	Amount (Rs. in Lacs)	Year(s) to which relates	Forum where pending
The Central Excise Act, 1944	Disallowance of CENVAT Credit	238.98	2009-10	CESTAT, New Delhi
	Service Tax on GTA (Freight)	1.25	2004-05 & 05-06	CESTAT, New Delhi
	Disallowance of CENVAT Credit	1.05	2007-08	CESTAT, New Delhi
Income Tax Act, 1961	Interest and other Income earned out of public issue proceeds assessed as Income from Other Sources	4.13	2006-07	Commissioner of Income Tax (Appeal), Kanpur

- x. The Company does not have accumulated losses of as at the end of the financial year. The Company has not incurred any cash loss in the current financial year as well as in the immediately preceding financial year.
- xi. According to the information and explanations given to us, the Company has been generally regular in repaying its dues to the banks except some delays due to the financial difficulties. Repayment of Installments in respect of term loans amounting to Rs. 244.56 lacs and interest amounting to Rs. 183.52 lacs outstanding as at 31st March 2011 has since been paid.
- xii. The Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund and nidhi/mutual benefit fund/society.

- Accordingly, the provisions of Clause xiii of the Order are not applicable to the Company.
- xiv. The Company is not a dealer or trader in securities. Accordingly, the provisions of Clause xiv of the Order are not applicable to the Company.
- xv. The Company has not given any guarantees for loans taken by others from banks or financial institution
- xvi. In our opinion, the term loans have been applied for the purposes for which they were obtained.
- xvii. According to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- xviii. As the Company has not made any preferential allotment of shares during the year, Clause xviii of the Order is not applicable to the Company.
- xix. The Company has not issued any debentures during the year.
- xx. As the Company has not raised any money by way of public issue during the year, clause xx of the Order is not applicable to the Company.
- xxi. Based on the audit procedures performed and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Kapoor Tandon & Co.,  
Chartered Accountants  
Firm Registration No. 000952C



**Rajesh Parasramka**  
Partner

Camp : New Delhi  
Date : 10th August 2011

Membership No. 074192



# Balance Sheet


As at 31st March, 2011

Amount in Rupees

	Schedule No.	Current Year ended 31-03-2011	Previous Year ended 31-03-2010
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a. Capital	1	240,000,000	240,000,000
b. Reserves and Surplus	2	152,824,044	392,824,044
<b>2. Loan Funds</b>			
a. Secured Loans	3	848,348,782	850,886,454
b. Unsecured Loans	4	41,693,622	890,042,404
3. Deferred Tax Liability (See Note no. B-18 of Schedule 17)			939,000
<b>Total</b>		<b>1,283,805,448</b>	<b>1,247,736,357</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
a. Gross Block	5	1,356,079,808	1,350,058,055
b. Less: Depreciation		381,367,568	318,610,379
c. Net Block		974,712,240	1,031,447,676
d. Capital Work in Progress		6,600,298	981,312,538
			1,038,047,974
<b>2. Investments</b>	6		5,935
<b>3. Current Assets, Loans and Advances</b>			
a. Inventories	7	218,142,435	188,893,273
b. Sundry Debtors	8	105,272,809	66,990,326
c. Cash and Bank Balances	9	18,658,310	13,220,139
d. Other Current Assets		94,734,000	65,481,000
e. Loans and Advances	10	31,694,794	35,695,895
<b>Total 'A'</b>		<b>468,502,348</b>	<b>370,280,633</b>
Less: Current Liabilities and Provisions			
a. Liabilities	11	161,238,880	159,708,107
b. Provisions	12	6,282,493	2,396,078
<b>Total 'B'</b>		<b>167,521,373</b>	<b>162,104,185</b>
Net Current Assets (A-B)			300,980,975
<b>4. Miscellaneous Expenditure (To the extent not written off or adjusted)</b>			
Authorised Capital Increase Fee			1,506,000
<b>Total</b>		<b>1,283,805,448</b>	<b>1,247,736,357</b>
Significant Accounting Policies and Notes on Accounts	17		

The Schedules referred to above form an integral part of the Balance Sheet.  
As per our report of even date attached.

For Kapoor Tandon & Co.  
Chartered Accountants


  
Rajesh Parasramka  
Partner


Membership No. 74192

Camp: New Delhi  
Date: 10th August 2011

  
Ved Krishna  
Managing Director

For and on behalf of the Board

  
R. N. Chkraborty  
Executive Director

  
Anil Kumar Gupta  
Vice President-Finance


## Profit and Loss Account For the year ended 31st March, 2011

Amount in Rupees

	Schedule No.	Current Year ended 31-03-2011	Previous Year ended 31-03-2010
<b>1. INCOME</b>			
a. Sales		1,031,039,654	838,741,257
Less: Excise Duty		29,441,466	25,011,824
			813,729,433
b. Other Income	13	50,285,294	41,900,488
c. Increase/(Decrease) in Stocks	14	7,196,885	6,155,389
<b>Total 'A'</b>		<b>1,059,080,367</b>	<b>861,785,310</b>
<b>2. EXPENDITURE</b>			
a. Raw Material Consumed	15	311,056,452	249,950,563
b. Manufacturing, Administrative, Selling and Distribution Expenses	16	658,219,246	547,054,174
c. Depreciation on Fixed Assets		63,411,873	63,478,163
<b>Total 'B'</b>		<b>1,032,687,571</b>	<b>860,482,900</b>
<b>3. PROFIT/(LOSS) BEFORE TAX (A-B)</b>		26,392,796	1,302,410
Provision for Taxation			
– Current Tax		4,890,000	201,000
– Deferred Tax		(9,007,000)	241,000
<b>4. PROFIT/(LOSS) AFTER TAX</b>		30,509,796	860,410
Income Tax relating to earlier year Credit/(Debit)		(136)	(66,039)
Balance of Profit/(Loss)		30,509,660	794,371
Balance brought forward from Previous Year		(16,827,194)	(17,621,565)
<b>5. PROFIT AVAILABLE FOR APPROPRIATION</b>		13,682,466	(16,827,194)
Appropriations		–	–
Balance carried to Balance Sheet		13,682,466	(16,827,194)
<b>6. EARNING PER SHARE (EPS)</b>			
Net Profit/(Loss)	(A)	30,509,796	860,410
Weighted average no. of equity shares	(B)	24,000,000	24,000,000
EPS - Basic and Diluted	(A/B)	1.27	0.04
(Nominal value - Rs. 10/- per Share)			
Significant Accounting Policies and Notes on Accounts	17		

The Schedules referred to above form an integral part of the Profit and Loss Account.  
As per our report of even date attached.

For Kapoor Tandon & Co.  
Chartered Accountants

  
Rajesh Parasramka  
Partner


Membership No. 74192


Camp: New Delhi

Date: 10th August 2011

  
Ved Krishna  
Managing Director

For and on behalf of the Board

  
R. N. Chkraborty  
Executive Director

  
Anil Kumar Gupta  
Vice President-Finance



## Schedules forming part of Balance Sheet

		Amount in Rupees	
		As at 31-03-2011	As at 31-03-2010
<b>Schedule 1 SHARE CAPITAL</b>			
<b>Authorised</b>			
5,60,00,000 Equity Shares of Rs.10/- each		560,000,000	560,000,000
4,00,000 Preference Shares of Rs.100/- each		40,000,000	40,000,000
<b>Total</b>		<b>600,000,000</b>	<b>600,000,000</b>
<b>Issued, Subscribed and Paid Up</b>			
2,40,00,000 Equity Shares of Rs. 10/- each fully paid up		240,000,000	240,000,000
Of the above :			
568,000 Equity Shares have been allotted as fully paid up Bonus Shares by capitalisation of reserves			
<b>Total</b>		<b>240,000,000</b>	<b>240,000,000</b>
<b>Schedule 2 RESERVES AND SURPLUS</b>			
<b>A. Capital Reserve</b>			
Balance as per last Account		6,819,550	6,819,550
<b>B. Securities Premium</b>			
Balance as per last Account		77,322,028	77,322,028
<b>C. General Reserve</b>			
Balance as per last Account	55,000,000		38,172,806
Less: Debit Balance in Profit & Loss Account As per account annexed	-	55,000,000	16,827,194
<b>D. Profit And Loss Account</b>			
As per Account annexed		13,682,466	-
<b>Total</b>		<b>152,824,044</b>	<b>122,314,384</b>

## Schedules forming part of Balance Sheet

Amount in Rupees

	As at 31-03-2011	As at 31-03-2010
<b>Schedule 3 SECURED LOANS</b>		
<b>A. Term Loans</b>		
<b>From Banks</b>		
(a) United Bank of India	243,386,051	243,784,687
(b) Oriental Bank of Commerce	160,990,977	183,079,308
(c) Union Bank of India	124,500,148	142,082,071
(d) UCO Bank	106,317,789	121,680,501
(e) State Bank of India	320,620	498,981
<b>B. Working Capital Loans</b>		
(a) State Bank of India	182,085,954	129,910,144
(b) Oriental Bank of Commerce	30,747,243	29,850,762
<b>Total</b>	<b>848,348,782</b>	<b>850,886,454</b>

### Notes:

- Term Loans repayable during next 12 months are Rs. 1,212.82 lacs (Rs. 1,097.31 lacs).
- Working Capital Loan from SBI include NIL (Rs. 457.43 Lacs) being FCNR(B) Demand Loan of NIL (USD 18.00 lacs) and Rs. 186.63 lacs (NIL) being Buyers Credit of USD 4.18 lacs (NIL).
- Term Loan outstanding include interest accrued and due thereon.

#### DETAILS OF SECURITY GIVEN AGAINST LOANS

##### A. FOR TERM LOANS to Banks - for (a) to (d)

first charge - hypothecation, ranking pari-passu, of fixed assets, plant and machinery and other immoveable properties (both present and future) and equitable mortgage of land and building;

second charge - hypothecation, ranking pari-passu, of entire current assets (both present and future); corporate guarantee of two companies, pledge of equity shares held by a company and Managing Director and personal guarantee of Managing Director

to Banks - for (e)

hypothecation of vehicle financed.

##### B. FOR WORKING CAPITAL LOANS

to Banks - for (a) to (b)

first charge-hypothecation, ranking pari-passu, of book debts, stock of raw materials, finished goods, stock in process, consumable stores and spares and other current assets (both present and future);

second charge - hypothecation, ranking pari-passu, of entire fixed assets (both present and future); personal guarantee of two Directors.

## Schedules forming part of Balance Sheet

Amount in Rupees

	As at 31-03-2011	As at 31-03-2010
<b>Schedule 4 UNSECURED LOANS</b>		
A. Fixed Deposits [Repayable within one year Rs. 46,42,254 (Rs. 99,20,230)]	24,941,524	21,089,519
B. Other Loans		
From a Company	13,252,098	–
From a Director	3,500,000	3,500,000
<b>Total</b>	<b>41,693,622</b>	<b>24,589,519</b>

## Schedule 5 FIXED ASSETS

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.03.2010	Additions	Sales/ discarded	As at 31.03.2011	Upto 31.03.2010	For the year	Deduction/ Adjustment	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
<b>Tangible</b>										
1. Land Free Hold (incl. Site Development)	14,324,593	–	–	14,324,593	–	–	–	–	14,324,593	14,324,593
2. Land Lease Hold	20,031,377	–	–	20,031,377	667,237	222,566	–	889,803	19,141,574	19,364,140
3. Factory Building	177,924,044	489,970	–	178,414,014	28,403,142	5,945,646	–	34,348,788	144,065,226	149,520,902
4. Non Factory Building	26,879,267	35,250	–	26,914,517	3,297,418	437,239	–	3,734,657	23,179,860	23,581,849
5. Plant & Machinery	987,661,832	5,340,657	258,723	992,743,766	246,489,042	50,489,678	75,137	296,903,583	695,840,183	741,172,790
6. Electric Installation & Fittings	98,497,975	971,462	12,911	99,456,526	24,453,970	4,681,701	9,280	29,126,391	70,330,135	74,044,005
7. Furniture & Fittings	4,575,450	44,104	6,979	4,612,575	2,905,039	184,995	6,630	3,083,404	1,529,171	1,670,411
8. Office Equipment	7,656,520	206,446	227,215	7,635,751	4,834,607	513,262	200,278	5,147,591	2,488,160	2,821,913
9. Motor Car & Other Vehicles	9,369,951	236,839	797,147	8,809,643	4,837,094	525,947	363,359	4,999,682	3,809,961	4,532,857
<b>Intangible</b>										
10. Computer Software	3,137,046	–	–	3,137,046	2,722,830	410,839	–	3,133,669	3,377	414,216
<b>Total</b>	<b>1,350,058,055</b>	<b>7,324,728</b>	<b>1,302,975</b>	<b>1,356,079,808</b>	<b>318,610,379</b>	<b>63,411,873</b>	<b>654,684</b>	<b>381,367,568</b>	<b>974,712,240</b>	<b>1,031,447,676</b>
Previous Year	1,334,967,964	30,393,378	15,303,287	1,350,058,055	257,398,306	63,478,163	2,266,090	318,610,379	1,031,447,676	–
Capital Work in Progress [Including Rs. 42.21 lacs (Rs. 42.21 lacs) towards advances for capital expenditure].									6,600,298	6,600,298



## Schedules forming part of Balance Sheet

Amount in Rupees

	As at 31-03-2011	As at 31-03-2010
<b>Schedule 6 INVESTMENTS (Non Trade) - Quoted</b>		
<b>Long Term Investments</b>		
Pudumjee Pulp & Paper Mills Ltd. 100 Equity Shares of Rs.10 each fully paid up	4,400	4,400
Rana Mohindra Papers Ltd. 100 Equity Shares of Rs.10 each fully paid up	380	380
Mukerian Papers Ltd. 100 Equity Shares of Rs.10 each fully paid up	600	600
Rama Newsprint & Papers Ltd. 100 Equity Shares of Rs.10 each fully paid up	555	555
<b>Total</b>	<b>5,935</b>	<b>5,935</b>
Total cost of quoted investments	5,935	5,935
Aggregate Market value of quoted investments	<b>4,055</b>	<b>4,170</b>

## Schedule 7 INVENTORIES

(As taken, valued and certified by the management)

A. Stores and Spares	142,937,820	100,654,704
B. Loose Tools	202,694	215,966
C. Finished Goods	14,072,688	11,204,976
D. Pulp	22,523,314	19,324,140
E. Raw Material	26,772,496	49,204,049
F. Work in Process	5,351,926	4,221,927
G. Scrap	4,800,000	3,500,000
H. Import Entitlements/licence (DEPB)	1,481,497	567,511
<b>Total</b>	<b>218,142,435</b>	<b>188,893,273</b>

## Schedules forming part of Balance Sheet

Amount in Rupees

	As at 31-03-2011	As at 31-03-2010
<b>Schedule 8 SUNDRY DEBTORS</b>		
(Unsecured - considered good)		
Over six months	6,402,487	61,731
Other debts	98,870,322	66,928,595
<b>Total</b>	<b>105,272,809</b>	<b>66,990,326</b>

<b>Schedule 9 CASH AND BANK BALANCES</b>		
<b>A. Cash Balances</b>		946,405
i. Cash in hand	5,084,097	945,272
ii. Stamps/Cheque in hand	14,939	5,099,036
<b>B. Balance With Scheduled Bank on</b>		12,273,734
i. Current Accounts	211,674	474,659
ii. Fixed Deposit (Margin Money)	12,465,081	10,653,881
iii. Unpaid Dividend Accounts	642,671	905,346
iv. Unpaid Share Application Money Account	239,848	13,559,274
<b>Total</b>	<b>18,658,310</b>	<b>13,220,139</b>

<b>Schedule 10 LOANS AND ADVANCES</b>		
(Unsecured - considered good)		
A. Advances recoverable in cash or in kind or for value to be received	31,601,539	32,700,902
B. Security Deposits	93,255	93,255
C. Advance Income Tax less provisions		2,901,738
Advance Tax (including FBT)	-	12,857,738
Less: Provisions	-	9,956,000
<b>Total</b>	<b>31,694,794</b>	<b>35,695,895</b>

## Schedules forming part of Balance Sheet

Amount in Rupees

	As at 31-03-2011	As at 31-03-2010
<b>Schedule 11 LIABILITIES</b>		
A. Sundry Creditors		
– Due to Micro/Small Enterprises	–	–
– Other Creditors	97,187,765	119,991,939
[Include amounts payable to capital goods supplier Rs. 38.70 Lacs (Rs. 260.78 Lacs)]		
B. Investor Education and Protection Fund (No amount is due for transfer)		
i. Unclaimed Dividend	643,716	905,246
ii. Unclaimed Matured deposits	84,096	67,976
iii. Interest accrued on unclaimed matured Deposits	26,594	19,994
iv. Unpaid Share application money	239,848	239,848
C. Advance from Customers	11,425,903	11,779,050
D. Security Deposit from Customers	33,900,000	13,100,000
E. Other Liabilities	15,777,859	11,327,773
F. Interest accrued but not due	1,953,099	2,276,281
<b>Total</b>	<b>161,238,880</b>	<b>159,708,107</b>

## Schedule 12 PROVISIONS

A. Income Tax less Advance Tax			–
Provision (including FBT)	14,846,000		–
Less: Advance Tax (including TDS)	14,113,843	732,157	–
B. Excise Duty on Finished Goods		885,236	18,368
C. Gratuity		2,070,230	503,704
D. Leave Encashment		2,594,870	1,874,006
<b>Total</b>		<b>6,282,493</b>	<b>2,396,078</b>



## Schedules forming part of Profit and Loss Account

	Amount in Rupees	
	As at 31-03-2011	As at 31-03-2010
<b>Schedule 13 OTHER INCOME</b>		
A. Income from CERs (Certified Emission Reductions)	26,190,000	27,047,680
B. Miscellaneous Income	10,182,081	8,244,344
C. Interest on Fixed Deposit & Others [Including TDS Rs. 81,605 (Rs. 1,44,170)]	845,990	1,814,888
D. Profit on Fixed Assets sold	150,719	606,151
E. Self Consumed	86,536	874,795
F. Export Incentive (DEPB)	8,531,801	3,097,630
G. Dividend on investment (Non trade)	150	125
H. Rent Received	52,875	43,250
I. Exchange Fluctuation	4,245,142	171,625
<b>Total</b>	<b>50,285,294</b>	<b>41,900,488</b>
<b>Schedule 14 INCREASE/(DECREASE) IN STOCKS</b>		
Stock at Commencement		
i. Finished Goods	11,204,976	11,205,954
ii. Pulp	19,324,140	13,397,114
iii. Work In Process	4,221,927	3,992,586
<b>Total 'A'</b>	<b>34,751,043</b>	<b>28,595,654</b>
Stock at Close		
i. Finished Goods	14,072,688	11,204,976
ii. Pulp	22,523,314	19,324,140
iii. Work In Process	5,351,926	4,221,927
<b>Total 'B'</b>	<b>41,947,928</b>	<b>34,751,043</b>
Increase/(Decrease) 'B-A'	<b>7,196,885</b>	<b>6,155,389</b>
<b>Schedule 15 RAW MATERIAL CONSUMED</b>		
Opening Stock	49,204,049	58,376,398
Add: Purchases	288,624,899	240,778,214
	<b>337,828,948</b>	<b>299,154,612</b>
Less: Closing Stock	26,772,496	49,204,049
Raw Material Consumed	<b>311,056,452</b>	<b>249,950,563</b>

## Schedules forming part of Profit and Loss Account

Amount in Rupees

	As at 31-03-2011	As at 31-03-2010
<b>Schedule 16 MANUFACTURING, ADMINISTRATIVE, SELLING AND DISTRIBUTION EXPENSES</b>		
Salary, Wages and Bonus	51,589,343	44,318,786
Contribution to Provident and Other Funds	5,555,220	5,226,921
Workmen and Staff Welfare	2,716,655	3,243,583
Chemicals Consumed	128,320,889	111,953,676
Power and Fuel	210,272,015	128,465,589
Consumption of Stores and Spares	31,476,702	36,803,299
Rent	212,807	205,892
Printing and Stationery	1,008,042	1,687,774
Rates and Taxes	645,932	1,244,907
Postage, Telegram and Telephone	1,666,189	2,103,725
Repairs to :		24,432,348
Machinery	15,426,152	18,390,914
Building	1,452,347	1,280,396
Others	3,812,653	4,761,038
Insurance	1,522,519	1,272,454
Excise Duty provided on stocks - increase/(decrease)	866,868	2,568
Legal and Professional Charges	2,883,084	7,629,158
Payment to Statutory Auditors :		458,814
Audit Fee (including Tax Audit Fee)	152,500	152,500
Other Professional Services	164,000	127,750
Reimbursement of Expenses	199,085	178,564
Cost Audit Fee	37,500	22,500
Bank Charges	3,811,711	5,221,125
Interest on:		102,313,210
Term Loan and Fixed Deposits	78,996,383	83,761,971
Others	23,425,630	18,551,239
Directors' Remuneration	3,322,870	3,077,063
Travelling and Conveyance	8,204,860	8,887,858
Subscription and Donation	303,779	482,906
Commission on Sale - other	13,784,015	11,870,569
Packing and Forwarding	51,702,813	34,699,556
Advertisement	281,149	330,161
Exchange Fluctuation	957,830	4,845,748
Miscellaneous Expenses	1,888,279	3,344,103
Loss on Fixed Assets sold/discarded	166,872	1,414,725
Loss in Derivative Transaction	5,000,000	-
Loss on Sale of Raw Material		593,391
Cost of Sales	8,513,225	915,887
Less: Sales	2,964,980	322,496
ETP Operation Expenses	844,308	901,765
<b>Total</b>	<b>658,219,246</b>	<b>547,054,174</b>

# Schedules forming part of the Accounts

## Schedule 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

### A. SIGNIFICANT ACCOUNTING POLICIES:

#### 1. Basis of Preparation of Financial Statements

The accounts are prepared on accrual basis under the historical cost convention and to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

#### 2. Use of Estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets and liabilities on the balance sheet date and the revenues and expenses during the year. Difference, if any, between the actual and the estimate is recognised in the year in which the same are acknowledged/materialised.

#### 3. Fixed Assets

Fixed assets are stated at cost (of acquisition/construction, as the case may be), net of CENVAT and subsidy, less accumulated depreciation and accumulated impairment losses, if any. All costs including borrowing costs up to the date of commissioning of related assets and all direct and indirect expenses attributable to the assets are capitalised. (Also refer Para A-12 & A-18 on borrowing costs and CENVAT)

#### 4. Intangible Assets

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and impairment losses, if any. [Also refer Para 6 (iii)]

#### 5. Capital work in progress

Capital work in progress comprises cost of fixed assets not yet commissioned, incidental pre-operative expenses, borrowing costs and advances for capital expenditure.

#### 6. Depreciation/Amortisation

- i. Depreciation on fixed assets is provided on Straight Line Method at the rates specified under Schedule XIV to the Companies Act, 1956. Fixed assets costing below Rs. 5,000 are fully depreciated in the year of addition. Depreciation is provided on pro-rata basis with reference to the date of addition/deletion in respect of addition to/deletion from fixed assets.
- ii. Leasehold land is amortised over the period of lease.
- iii. Computer Software being intangible asset is amortised over a period of five years on Straight Line Method.

#### 7. 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 Company estimates the “recoverable amount” of asset. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than the “carrying amount”, the carrying amount is reduced to its recoverable amount. If at the Balance Sheet date there is an indication that a previously assessed/impaired loss no longer exists, the recoverable amount is reassessed and the asset is reflected at recoverable amount.

#### 8. Investments

Long-term investments are stated at cost. A provision for diminution is made if in the opinion of the management, the diminution is other than temporary.

#### 9. Inventories

- i. Inventories other than scrap and import entitlements/license are valued at lower of cost or net realisable value. For this purpose cost is determined as under:
  - a. Raw materials and paddy husk : Weighted Average Cost
  - b. Work in process: Direct cost method (estimated basis)



## Schedules forming part of the Accounts

### Schedule 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

- c. Pulp: Direct cost method (estimated basis)
  - d. Finished goods: Direct cost method
  - e. Stores (excepting paddy husk), spares and loose tools: FIFO method
- ii. Scraps and Import entitlements/licence (DEPB) are valued at estimated realisable value.

#### 10. Revenue Recognition

- i. Sales are recognised on despatch of goods to customers. Sales are net of discount/ rebate and sales tax but include excise duty.
- ii. Export Incentives (DEPB etc.) are recognised when certainty of receipt is established.
- iii. All other incomes are accounted for on accrual basis.

#### 11. Foreign Currency Transactions

Outstanding foreign currency assets and liabilities, other than those covered by Forward Exchange Contract, are translated at the exchange rate prevailing as on Balance Sheet date. Foreign exchange asset/liability covered by Forward Exchange Contract are translated at the rate prevailing at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognised over the life of contract. Gains or loss on these assets and liabilities are recognised in the Profit and Loss Account except in case of long-term liabilities, where they relates to acquisition of fixed assets, in which case they are adjusted to the carrying cost of respective assets.

#### 12. Borrowing costs

Borrowing costs that are attributable to the acquisition/construction of qualifying assets are capitalised as part of cost of such assets. A qualifying asset is an asset that requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the year in which they are incurred.

#### 13. Government grants

Government grants related to fixed assets are adjusted with the gross block/cost of fixed assets and grants of revenue nature are adjusted with the respective expenditure/treated as income as the case may be.

#### 14. Employee Benefits

- a) Company's contributions to Provident Fund and Family Pension Fund are charged to Profit and Loss Account.
- b) Provision for gratuity is determined on the basis of actuarial valuation at the end of the year and is debited to the profit and loss account each year.
- c) Provision for leave encashment (treated as short-term in nature) is done on the basis of leaves accrued as at the end of the year.
- d) Termination benefits are recognised as an expense as and when incurred.

#### 15. Research and Development expenditure

Expenditure of revenue nature is charged to Profit and Loss Account and that of capital nature is capitalised as fixed assets.

#### 16. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in respect of obligations where, based on the evidences available, their existence at the Balance Sheet date is considered probable. Contingent liabilities are disclosed by way of notes on accounts in respect of obligations where, based on the evidences available, their existence at the Balance Sheet date is considered not probable. Contingent assets are not recognised in the accounts.

## Schedules forming part of the Accounts

### Schedule 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### 17. Taxes on Income

Provision for tax on income for the year (i.e. current tax) is made after considering the various deductions/relief admissible under the Income Tax Act, 1961. Provision for tax effect of timing difference (i.e. Deferred Tax) is made in accordance with the provisions of the Accounting Standard 22, Accounting for Taxes on Income (AS-22) issued by the Institute of Chartered Accountants of India.

18. CENVAT credit availed in respect of capital goods is adjusted from cost of assets and in respect of other items is adjusted from related expenses.

19. Prior period items, if material, are shown separately.

#### B. NOTES

1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)

Rs. Nil

(Rs. NIL)

2. Contingent Liability not provided for:

Rupees in lacs

	Current Year	Previous Year
a. Claims against the Company not acknowledged as debt:		
i. Excise duty	241.28	(2.47)
ii. Trade tax	4.26	(4.62)
iii. Income tax	4.13	(12.50)
iv. Others	249.55	(3.03)
b. Custom duty in respect of future export obligation in accordance with Exim Policy	NIL	(24.97)
c. Guarantee given by banks	20.13	(20.13)
d. Letter of credits	342.34	(272.66)
e. Loss on derivative (Structured USD/CHF option)	NIL	(158.95)

Above claims are likely to be decided in favour of the Company, hence not provided for.

3. In the opinion of the Board and to the best of their knowledge and belief the value on realisation of the current assets, loans and advances, if realised, in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet. The provisions for all known liabilities are adequate and not in excess of amount considered reasonably necessary.

4. Confirmation of balances with sundry debtors/creditors, loans and advances and other parties have not been received in few cases.

#### 5. Disclosure in terms of AS 15 (Employee Benefits):

Defined Contribution Plan – Provident Fund and Family Pension Fund

Contribution to recognised Provident Fund and Family Pension Fund amounting to Rs. 39.89 lacs (Rs. 34.82 lacs) was recognised as an expense and included in Schedule 16 "Contribution to Provident and Other Funds".

## Schedules forming part of the Accounts

### Schedule 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

#### Defined Benefit Plan - Gratuity

Company's Gratuity Trust is administered through the Life Insurance Corporation of India (LIC). Contributions are provided on the basis of actuarial valuation as per the Projected Unit Credit (PUC) method and included in Schedule 16 "Contribution to Provident and Other Funds". The details are as under:

		Rupees in lacs	
		2010-11	2009-10
I.	Net Asset/Liability recognised in the Balance Sheet		
1.	Present value of obligations as at the year end	95.33	85.75
2.	Fair value of Plan Assets – B	74.63	80.71
3.	Funded status [Surplus/(Deficit)]	(20.70)	(5.04)
4.	Net asset/(liability) recognised in Balance Sheet	(20.70)	(5.04)
II	Expense recognised in Profit and Loss Account		
1.	Current Service Cost	9.37	10.37
2.	Interest Cost	7.07	5.05
3.	Expected returns on plan assets	(6.45)	(4.92)
4.	Net Actuarial Losses/(Gains)	5.68	1.85
5.	Past Service Cost (Plan amendments)	NIL	5.10
6.	Expenses recognised in Profit and Loss Account	15.67	17.45
III	Change in Present Value of Obligations during the year		
1.	Opening Present Value of Obligation	85.75	63.11
2.	Current Service Cost	9.37	10.37
3.	Interest Cost	7.07	5.05
4.	Actuarial Losses/(Gains)	5.32	3.14
5.	Plan Amendments	NIL	5.10
6.	Benefits Paid	(12.18)	(1.02)
7.	Closing Defined Benefit Obligation	95.33	85.75
IV	Change in fair value of Plan Assets during the year		
1.	Opening fair value of plan assets	80.71	61.49
2.	Expected Return	6.45	4.92
3.	Actuarial (Losses)/Gains	(0.35)	1.28
4.	Contributions by employer	NIL	14.04
5.	Benefits Paid	(12.18)	(1.02)
6.	Closing fair value of plan asset	74.63	80.71
V	Principal actuarial assumptions		
1.	Discount rate (per annum compounded)	8.00%	8.25%
2.	Expected rate of return on Plan Assets	8.00%	8.00%
3.	Rate of increase in salaries	5.00%	5.00%
VI	The employees are assumed to retire at the age of 58 years		
VII	The mortality rates considered in accordance with the standard table LIC (1994-96) ultimate.		
VIII	Withdrawal rate is assumed at 2%		



## Schedules forming part of the Accounts

### Schedule 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### 6. Disclosure in terms of AS 28 (Impairment of Assets)

Recoverable amount of the assets or the recoverable amount of the cash generating unit to which the asset belongs is not less than the carrying amount; hence no provision is required on account of impairment of assets as on the date of Balance Sheet.

#### 7. Disclosure in terms of AS 29 (Provisions, Contingent Liabilities and Contingent Assets)

The Company has recognised contingent liabilities as disclosed in Note No. B-2 above and as such no provision is required to be made. No provision was outstanding as at the beginning and at the end of the period.

#### 8. Disclosure in terms of Clause 32 of the Listing Agreement

The Company has not granted any loan/advances in the nature of loan as stipulated in Clause 32 of the Listing Agreement with the Stock Exchanges.

#### 9. Additional information as required under paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 are as under:

a. Details for each class of goods manufactured, sold and stocks during the period  
(as certified by the management)

i. Capacity

Product	Unit	Licensed Capacity	Installed Capacity
Kraft, Writing Printing and other uncoated Paper	MT	50,600	39,100
		(50,600)	(39,100)

ii. Production, sales and stocks of finished goods:

Class of Goods	Unit	Opening Stock		Production Quantity
		Quantity	Value (Rs.)	
Kraft and Poster paper	MT	458	1,12,04,976	29,810
		(418)	(1,12,05,954)	(26,598)
Pulp	MT	1,500	1,93,24,140	1,832
		(1,050)	(1,33,97,114)	(3,603)

Self Consumed		Closing Stock		Sales	
Quantity	Value(Rs.)	Quantity	Value (Rs.)	Quantity	Value (Rs.)
5*	86,536	482	1,40,72,688	29,781	99,13,44,053
(53*)	(8,74,366)	(458)	(1,12,04,976)	(26,505)	(77,62,51,728)
NIL	NIL	1,547	2,25,23,314	1,785	3,96,95,601
(**)	(429)	(1,500)	(1,93,24,140)	(3,153)	(6,24,89,529)

\* Includes NIL (44 MT) aggregating to Rs. NIL (Rs. 7,38,977) for re-pulping

\*\* Quantity less than 1MT.

## Schedules forming part of the Accounts

### Schedule 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

#### b. Raw material consumed

Raw material	Unit	Current year		Previous Year	
		Quantity (MT)	Amount (Rs.)	Quantity	Amount (Rs.)
Bagasse	MT	19,667	4,61,44,698	9,504	2,14,58,656
Old Gunny/Jute Goods	MT	5,005	2,35,71,083	2,862	1,21,88,031
Wheat Straw	MT	51,533	15,70,17,735	62,406	15,83,92,395
Imported Pulp	MT	2,062	8,42,21,961	2,052	5,71,72,504
Waste Paper/Cutting	MT	6	1,00,975	NIL	NIL
Finished Goods Re-pulped	MT	NIL	NIL	44	7,38,977
<b>Total</b>			<b>31,10,56,452</b>		<b>24,99,50,563</b>

**Note:** Consumption includes wastage during processing of wheat straw (dust) 6,283 MT (5,169 MT), Old Gunny/Jute Goods (dust) 275 MT (39 MT) and bagasse (pith) 4,798 MT (1,643 MT) used as fuel.

#### c. Value of material consumed

	Imported value		Indigenous value	
	Rs.	%	Rs.	%
i. Raw Material	8,42,21,961 (5,71,72,504)	27.08 (22.87)	22,68,34,491 (19,27,78,059)	72.92 (77.13)
ii. Stores & Spares	73,28,665 (61,15,307)	4.59 (4.11)	15,24,68,926 (14,26,41,668)	95.41 (95.89)

	Current year (Rs.)	Previous Year (Rs.)
<b>d. CIF Value of Imports</b>		
i. Capital goods	NIL	(NIL)
ii. Raw materials and consumables	6,09,77,626	(5,24,65,096)
<b>e. Remittance Foreign Currency on account of Dividend</b>	NIL	(NIL)
<b>f. Earnings in Foreign Exchange</b>		
FOB Value of Exports	18,72,52,390	(7,24,11,320)
<b>g. Expenditure in Foreign Currency</b>		
i. Travelling	4,93,030	(4,77,852)
ii. Interest – Others	32,61,722	(70,75,322)
iii. Commission on Export Sale	54,57,181	(11,51,410)
iv. Foreign Bank Charges	5,23,562	(2,05,805)
v. Others	5,93,391	(NIL)

## Schedules forming part of the Accounts

### Schedule 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### h. Foreign Currency Exposure Outstanding (hedged and un-hedged) as at the year end is as under:

##### i. Exposure Hedged by Forward Exchange Contract:

Nature of Exposure	Underlying Risk Coverage	Currency	Current Year	Previous Year
FCNR(B) Demand Loan	USD / INR	USD	NIL	10,00,000

##### ii. Un-hedged Foreign Currency Exposure:

Nature of Exposure	Underlying Risk	Currency	Current Year	Previous Year
Buyers Credit	USD/INR	USD	4,17,979	NIL
Outstanding Export Bills	USD/INR	USD	3,91,564	1,76,697
Outstanding Export Bills	AUD/INR	AUD	43,629	40,348
Outstanding Export Bills	EURO/INR	EURO	NIL	14,885
Outstanding Import Bills	USD/INR	USD	1,05,428	4,01,374
Advance for Spares	USD/INR	USD	NIL	9,641
Receivable of CERs	EURO/INR	EURO	14,95,517	10,82,071
Advance from Customer	USD/INR	USD	62,247	NIL

10. Fixed Deposit Receipts of Rs. 30,000 (Rs. 30,000) are pledged with the Assistant Commissioner, Trade Tax (Assessment), Faizabad as security and fixed deposit receipts for Rs. 5,05,000 (Rs. 5,05,000) are pledged with the banks against the guarantees given to the Commissioner, Customs, Mumbai/Kanpur.

11. Fixed Deposits include Rs. 16,38,161 (Rs. 16,88,161), Interest accrued but not due include Rs. 3,90,534 (Rs. 2,84,776) and other liabilities include Rs. 2,88,898 (Rs. 2,38,129) due to Directors.

12. Advances include Rs. 3,81,937 (Rs. 1,88,722) due to a Director. Maximum amount outstanding at any time during the year was Rs. 3,96,100 (Rs. 12,21,670).

#### 13. Directors' Remuneration:

	Amount in Rupees	
	Current year	Previous Year
a. Salary	26,62,150	(24,15,123)
b. Contribution to Provident Fund *	18,720	(17,940)
c. Compensation/Pension	4,80,000	(4,80,000)
d. Sitting fee	1,62,000	(1,64,000)
Total	33,22,870	(30,77,063)
e. Value of perquisites (as per the Income Tax Rules)	1,74,443	(1,59,099)

\* Directors are also covered under the Companies Group Gratuity Policy along with other employees of the Company. Contributions made for Directors have not been considered since the amount is not ascertained individually.



## Schedules forming part of the Accounts

### Schedule 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

14. As the Company's business activity falls within a single segment viz. 'Paper', the disclosure requirements of Accounting Standard 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

15. Interest on term loan and fixed deposits include Rs. 1,95,603 (Rs. 1,61,835) paid to Directors on fixed deposits accepted by the Company.

16. Related parties disclosures as required under Accounting Standard 18 "Related Parties Disclosure" issued by the Institute of Chartered Accountants of India are given as below:

a. List of related parties with whom transactions have taken place during the year:

i. Key management personnel and relatives:

Mr. Ved Krishna (Managing Director), Mr. R. N. Chakraborty (Executive Director), Mrs. Manjula Jhunjunwala (Director), Mrs. Shailja Krishna (relative)

ii. Entities & Associates

Megha Agro Products Limited, Satori Global Limited (formerly Satori Global Private Limited) and M/s Jingle Bell Nursery School Society.

b. Transactions with related parties

i. Key management personnel and their relatives

	Amount in Rupees	
	Current year	Previous Year
Directors Remuneration	31,60,870	(29,13,063)
Rent paid	48,000	(48,000)
Fixed deposits received	NIL	(9,00,000)
Fixed deposits repaid	50,000	(NIL)
Interest paid on fixed deposits	1,26,116	(89,290)
Fixed deposits at the Balance Sheet date	10,08,341	(10,58,341)
Accrued interest at the Balance Sheet date	2,03,383	(89,832)
Unsecured loans at the Balance Sheet date	35,00,000	(35,00,000)
Salary	2,76,471	(2,19,882)

## Schedules forming part of the Accounts

### Schedule 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

ii. With related entities and associates

	Amount in Rupees	
	Current year	Previous Year
Satori Global Limited		
– Rent received	24,000	(24,000)
– Payable at the Balance Sheet date	14,71,992	(5,22,475)
– Commission paid on Sale	18,99,705	(7,52,941)
Megha Agro Products Limited		
– Paid for vehicle hire charges	1,44,000	(1,44,000)
– Receivable at the Balance Sheet date	5,37,024	(6,62,092)
Jingle Bell Nursery School Society		
– Fixed deposit received	76,22,020	(60,46,057)
– Fixed deposit repaid	63,35,759	(47,40,114)
– Interest paid on fixed deposit	12,46,580	(12,35,829)
– Fixed deposit at the balance sheet date	1,21,56,428	(1,08,70,167)
– Accrued interest at the balance sheet date	25,47,602	(29,54,465)

- Note:** a. Details of remuneration to directors are given in note B-13 above.  
b. No amounts pertaining to related parties have been written off or provided for as doubtful assets.

17. The Company has not received any intimation from suppliers regarding status under Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosure required under the Act could not be compiled and disclosed.

18. The Deferred Tax Liability comprises of tax effect of timing differences on account of:

	Amount in Rupees	
	As on 31.03.2011	As on 31.03.2010
<b>Deferred Tax Liabilities</b> on account of		
– Higher depreciation claimed under tax laws	14,31,85,000	15,44,12,000
Sub Total `A'	14,31,85,000	15,44,12,000
Deferred Tax Assets on account of		
– Unabsorbed depreciation	13,63,48,000	14,32,44,000
– Expenses allowable in subsequent periods	1,66,000	1,79,000
– MAT Credit	57,32,000	10,43,000
Sub Total `B'	14,22,46,000	14,44,66,000
Net Deferred Tax Liability (A- B) @	9,39,000	99,46,000
Net increase/(decrease) in liability debited/(credited) to Profit and Loss Account	(90,07,000)	2,41,000

@ In accordance with clause 29 of AS 22 Deferred Tax Assets and Deferred Tax Liability have been set off.

## Schedules forming part of the Accounts

### Schedule 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

19. Income tax assessment has been completed upto the assessment year 2008-09.
20. A sum of Rs. 261.90 lacs (Rs. 270.48 lacs) has been recognised as income accrued for the year ended 31st March 2011 based on Agreement (Emission Reduction Purchase Agreement) with Belgian State for sale of CERs (Certified Emission Reductions) generated from the 6-MW Cogeneration Power Plant Project registered as CDM (Clean Development Mechanism) with UNFCCC (The United Nations Framework Convention on Climate Change). Total amount receivable as at the year end Rs. 947.34 lacs has been disclosed as Other Current Assets in the Balance Sheet.
21. During the year, the Company has made an out of court settlement in respect of disputed Derivative transaction (Structured USD/CHF Option) entered into with ICICI Bank Ltd (the bank) in the year 2007-08. As per the settlement, the Company has paid a sum of Rs. 50.00 lacs to the bank against full and final settlement of disputed demand of Rs. 165.68 lacs (Unwinding Charges Rs. 55.84 lacs, Mark to Market valuation of outstanding exposure Rs. 64.12 lacs and interest accrued thereon Rs. 45.72 lacs). Rs 50.00 lacs paid as per the said settlement has been disclosed separately as 'Loss in Derivative Transaction' in Schedule 16.

22. Intangible Assets – Expenditure on Research and Development (AS 26)

(Amount in Rs.)

Capital Expenditure	NIL	NIL
Revenue Expenditure (included in Miscellaneous Expenses in Schedule-16)	9,89,863	9,59,378

23. Miscellaneous Expenditure Rs. 15.06 lacs represent the fee paid to the Registrar of Companies for increasing the Authorised Capital of the Company and the same will be transferred to Securities Premium Account on issue of shares.
24. Figures in bracket pertain to previous year and have been regrouped/rearranged wherever necessary to make them comparable.
25. The Balance Sheet abstract and Company's general business profile as required by Part IV of Schedule VI to the Companies Act, 1956 are given in the annexure attached.

Signatures to Schedules 1 to 17

As per our report of even date attached.

For Kapoor Tandon & Co.

Chartered Accountants



Rajesh Parasramka

Partner

Membership No. 74192

Camp: New Delhi

Date: 10th August 2011



Ved Krishna

Managing Director

For and on behalf of the Board



R. N. Chkraborty

Executive Director



Anil Kumar Gupta

Vice President-Finance



# Balance Sheet Abstract

## Annexure to the Notes to the Accounts

### Balance Sheet Abstract and Company's General Business Profile (Information pursuant to Part IV of Schedule VI of the Companies Act, 1956)

#### I. Registration Details

Registration No. 

0	5	2	9	4
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 Balance Sheet Date 

3	1	0	3	2	0	1	1
---	---	---	---	---	---	---	---

 State Code 

2	0
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#### II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue 

N	I	L
---	---	---

 Rights Issue 

N	I	L
---	---	---

  
 Bonus Shares 

N	I	L
---	---	---

 Private Placement 

				N	I	L
--	--	--	--	---	---	---

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

Total Liabilities	<table border="1"><tr><td>1</td><td>2</td><td>8</td><td>3</td><td>8</td><td>0</td><td>5</td></tr></table>	1	2	8	3	8	0	5	Total Assets	<table border="1"><tr><td>1</td><td>2</td><td>8</td><td>3</td><td>8</td><td>0</td><td>5</td></tr></table>	1	2	8	3	8	0	5
1	2	8	3	8	0	5											
1	2	8	3	8	0	5											
<b>Sources of Funds</b>		Reserves and Surplus	<table border="1"><tr><td>1</td><td>5</td><td>2</td><td>8</td><td>2</td><td>4</td></tr></table>	1	5	2	8	2	4								
1	5	2	8	2	4												
Paid-up Capital * including Preferential warrant money)	<table border="1"><tr><td>2</td><td>4</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></table>	2	4	0	0	0	0	Unsecured Loans	<table border="1"><tr><td></td><td>4</td><td>1</td><td>6</td><td>9</td><td>3</td></tr></table>		4	1	6	9	3		
2	4	0	0	0	0												
	4	1	6	9	3												
Secured Loans	<table border="1"><tr><td>8</td><td>4</td><td>8</td><td>3</td><td>4</td><td>9</td></tr></table>	8	4	8	3	4	9	Investments	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td>6</td></tr></table>						6		
8	4	8	3	4	9												
					6												
Deferred Tax Liability	<table border="1"><tr><td></td><td></td><td></td><td>9</td><td>3</td><td>9</td></tr></table>				9	3	9	Miscellaneous Expenditure	<table border="1"><tr><td></td><td></td><td>1</td><td>5</td><td>0</td><td>6</td></tr></table>			1	5	0	6		
			9	3	9												
		1	5	0	6												
<b>Application of Funds</b>		Accumulated Losses	<table border="1"><tr><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L								
			N	I	L												
Net Fixed Assets	<table border="1"><tr><td>9</td><td>8</td><td>1</td><td>3</td><td>1</td><td>2</td></tr></table>	9	8	1	3	1	2										
9	8	1	3	1	2												
Net Current Assets	<table border="1"><tr><td>3</td><td>0</td><td>0</td><td>9</td><td>8</td><td>1</td></tr></table>	3	0	0	9	8	1										
3	0	0	9	8	1												

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

Total Income	<table border="1"><tr><td>1</td><td>0</td><td>5</td><td>1</td><td>8</td><td>8</td><td>3</td></tr></table>	1	0	5	1	8	8	3	Total Expenditure	<table border="1"><tr><td>1</td><td>0</td><td>2</td><td>5</td><td>4</td><td>9</td><td>0</td></tr></table>	1	0	2	5	4	9	0
1	0	5	1	8	8	3											
1	0	2	5	4	9	0											
Profit before Tax	<table border="1"><tr><td></td><td>2</td><td>6</td><td>3</td><td>9</td><td>3</td></tr></table>		2	6	3	9	3	Profit after Tax	<table border="1"><tr><td>3</td><td>0</td><td>.</td><td>5</td><td>1</td><td>0</td></tr></table>	3	0	.	5	1	0		
	2	6	3	9	3												
3	0	.	5	1	0												
Earnings per Share ( In Rs.)	<table border="1"><tr><td></td><td></td><td>1</td><td>.</td><td>2</td><td>7</td></tr></table>			1	.	2	7	Dividend rate @ %	<table border="1"><tr><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L		
		1	.	2	7												
			N	I	L												

#### V. Generic Names of three Principal Products of the Company (as per monetary terms)

1. Item Code No. (ITC Code)	<table border="1"><tr><td>4</td><td>8</td><td>0</td><td>4</td><td>3</td><td>1</td><td>.</td><td>0</td><td>0</td></tr></table>	4	8	0	4	3	1	.	0	0	Product Description	Kraft Paper in rolls or sheets
4	8	0	4	3	1	.	0	0				
2. Item Code No. (ITC Code)	<table border="1"><tr><td>4</td><td>8</td><td>0</td><td>2</td><td>5</td><td>5</td><td>.</td><td>9</td><td>0</td></tr></table>	4	8	0	2	5	5	.	9	0	Product Description	Paper weighing 40gsm but less than 150gsm
4	8	0	2	5	5	.	9	0				
3. Item Code No. (ITC Code)	<table border="1"><tr><td>4</td><td>7</td><td>0</td><td>6</td><td>9</td><td>2</td><td>.</td><td>0</td><td>0</td></tr></table>	4	7	0	6	9	2	.	0	0	Product Description	Pulp
4	7	0	6	9	2	.	0	0				

For Kapoor Tandon & Co.  
Chartered Accountants

*Rajesh*  
Rajesh Parasramka  
Partner  
Membership No. 74192

Camp: New Delhi  
Date: 10th August 2011

*Ved Krishna*  
Ved Krishna  
Managing Director

For and on behalf of the Board  
*R. N. Chkraborty*  
R. N. Chkraborty  
Executive Director

*Anil Kumar Gupta*  
Anil Kumar Gupta  
Vice President-Finance

## Cash Flow Statement

For the year ended 31st March, 2011

Rupees in Thousand

	Current Year ended 31-03-2011		Previous Year ended 31-03-2010	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit before tax		26,393		1,302
Adjustment for:				
Depreciation	63,412		63,478	
Profit on Sale of Fixed Assets	(151)		(606)	
Interest Income	(846)		(1,815)	
Interest Expenses	102,422		102,313	
Loss on Sale of Fixed Assets/Investments	167	165,004	1,415	164,785
Operating Profit before Working Capital changes		191,397		166,087
Adjustment for:				
Inventories	(29,249)		(10,284)	
Trade and Other Receivables	(37,183)		31,073	
Other Assets	(29,253)		(24,199)	
Trade Payable and Other Liabilities	5,417		25,104	
Income Tax Paid (Including tax on dividend)	(1,988)	(92,256)	(443)	21,251
Cash generated from operations		99,141		187,338
Interest Received		846		1,815
<b>Net Cash From Operating Activities</b>		<b>99,987</b>		<b>189,153</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets (Including CWIP)		(7,325)		(32,038)
Sale of Fixed Assets		632		12,228
Sale of Investments		-		-
<b>Net Cash Used In Investing Activities</b>		<b>(6,693)</b>		<b>(19,810)</b>

## Cash Flow Statement (Contd.) For the year ended 31st March, 2011

Rupees in Thousand

	Current Year ended 31-03-2011	Previous Year ended 31-03-2010
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest Paid	(102,422)	(102,313)
Fee for increase in Authorised Capital	–	(1,506)
Increase/(Decrease) in Working Capital Loans	53,072	8,700
Increase/(Decrease) in Unsecured Loans	17,104	4,344
Increase/(Decrease) in Term Loans	(55,610)	(79,644)
Dividend Paid	–	–
<b>Net Cash (Used in)/from Financing Activities</b>	<b>(87,856)</b>	<b>(170,419)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>5,438</b>	<b>(1,076)</b>
<b>Cash and Cash Equivalents (Opening Balance)</b>	<b>13,220</b>	<b>14,296</b>
<b>Cash and Cash Equivalents (Closing Balance)</b>	<b>18,658</b>	<b>13,220</b>

(Refer Schedule-9, Cash and Bank balances)

### Note:

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statements, issued by the Institute of Chartered Accountants of India.

As per our report of even date attached.

For Kapoor Tandon & Co.

Chartered Accountants



Rajesh Parasramka

Partner

Membership No. 74192

Camp: New Delhi

Date: August 10, 2011



Ved Krishna  
Managing Director

For and on behalf of the Board



R. N. Chkraborty  
Executive Director



Anil Kumar Gupta  
Vice President-Finance



# notice



Regd. Office: 47/81, Hatia Bazar, Kanpur-208001

NOTICE is hereby given that the 31st Annual General Meeting of the members of Yash Papers Limited will be held on Saturday, the 24th September 2011 at 1:00 P.M. at Hotel Little Chef, 15/198 - A, Civil Lines, Kanpur – 208 001, Uttar Pradesh, to transact the following businesses:

## Ordinary Business:

- To receive, consider and adopt the audited Profit and Loss Account for the year ended on 31st March 2011 and the Balance Sheet as at that date and the reports of the Board of Directors and the Auditors thereon.
- To appoint a Director in place of Mr. G. Narayana, who retires by rotation and, being eligible, offers himself for reappointment.
- To appoint a Director in place of Dr. Priyabrat Banerjee, who retires by rotation and, being eligible, offers himself for reappointment.
- To appoint a Director in place of Mr. Ramesh Narayan, who retires by rotation and, being eligible, offers himself for reappointment.
- To appoint Statutory Auditors and to fix their remuneration.

By Order of the Board

**Ved Krishna**

Managing Director

Camp : New Delhi  
Date : 10th August 2011

## NOTES:

- A member entitled to attend and vote is entitled to appoint a proxy to attend and vote at the meeting instead of himself/herself and the proxy need not be a member of the Company.** Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of limited companies, societies, among others, must be supported by appropriate resolution/authority, as applicable.
- The relevant details as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges, of persons seeking reappointment as Directors under Item Nos. 2, 3 and 4 of the Notice, are annexed hereto.
- Members who hold shares in dematerialised form are requested to bring their DP ID and Client ID numbers for easy identification by attendance at the meeting.
- The Register of Members and the Share Transfer Books of the Company shall remain closed from 12th September 2011 to

24th September 2011 (both days inclusive).

- Members holding shares in physical form are requested to inform the change of their registered address to our Registrar and Transfer Agent (RTA), M/s Skyline Financial Services Private Limited at its 246, 1st Floor, Sant Nagar, East of Kailash, New Delhi – 110 065 by quoting their folio number.
- Pursuant to provisions of Section 205A(5) of the Companies Act, 1956, dividends which remain unpaid/unclaimed for a period of seven years from the date of transfer of the same to the Company's unpaid dividend account will be transferred to the Investor Education and Protection Fund (IEP Fund) established by the central government. The following are the details of the dividends paid by the Company and respective due dates for claim by the shareholders:

Dividend Type	For the Financial Year ended	Date of Payment	Last date for claim	Due for Transfer on
Final	31st December 2004	9th April 2005	10th May 2012	11th May 2012

Further the Company shall not be in a position to entertain the claims of the shareholders for the unclaimed dividends which have been transferred to the credit of Investor Education Protection Fund.

In view of the above, the shareholders are advised to send all the unencashed dividend warrants pertaining to the above years to our RTA for revalidation or issuance of Demand Draft in lieu thereof and encash them before 'the due dates for transfer to the Investor Education Protection Fund'.

- Company's equity shares are listed at Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001.

- Members desirous of obtaining any information with regard to the annual report, are requested to write to the Company's Corporate Office at Faizabad at least ten days before the date of Annual General Meeting so that the information can be made available at the meeting.
- Company has been allotted **ISIN No. INE551D01018**. Members are requested to approach their DPs for dematerialisation of equity shares of the Company.
- All material documents referred to in notice are open for inspection by the members on all working days between 11:00 AM to 1:00 PM at the Registered Office of the Company.

- As per the provisions of the Companies Act, 1956, facility for making nominations is available to the shareholders and fixed deposit holders in respect of the shares or deposits held by them. The nominations can be made by filing the prescribed Form No. 2B. Such form may be requisitioned from the Company.
- scn@yash-papers.com has been designated for the purpose of registering complaints by investor, pursuant to Clause 47(f) of the Listing Agreement.
- Members/Proxies are requested to bring the attendance slip duly filled in along with their copies of annual report in the meeting.

## notice

14. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" (Circular No.17/2011 dated 21st April 2011 and Circular No. 18/2011 dated 9th April 2011), allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices /documents to its shareholders through electronic mode to the registered e-mail address of shareholders. From current year onwards, we will send all documents like General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report, among others, in electronic form to shareholders, to their e-mail address provided by them and made available to us by the depositories. In case they desire to receive the above mentioned documents in physical form or in case of any change in their e-mail id, they are requested to contact the Company or the Company's Registrar and Transfer Agent mentioning their client ID and latest e-mail address.

Name	Mr. Gattu Narayana	Dr. Priyabrat Banerjee	Mr. Ramesh Narayan
Age	70 Years	63 Years	50 Years
Date of Joining the Board	12th December 1995	2nd March 1985	25th January 2007
Qualification	Graduate in Electrical & Electronic Engineering & Postgraduate in Management Studies	B.Sc., BMS	B.Com., M.Com., L.L.B., F.C.A
Experience in Specific Functional Area	Management Consultant	Medical Practitioner	An Eminent Chartered Accountant.
Director in Other Companies	1) Excel Industries Limited (Chairman Emeritus and does not holds the office of Director) 2) Laopala RG Glass Limited 3) Punjab Chemicals & Corp Protection Limited (Chairman & Director) 4) Aryan Paper Mills Limited	Nil	Nil
Membership in Committees of other Companies	Laopala RG Glass Limited (Audit Committee Member)	Nil	Nil
Shareholding in Yash Papers Limited	Nil	1418	Nil
Relationship with other Directors	Nil	Nil	Nil

Camp : New Delhi  
Date : 10th August 2011

By Order of the Board



Ved Krishna  
Managing Director



Regd. Office: 47/81, Hatia Bazar, Kanpur-208001

### PROXY

I/We..... of .....in the district of .....being a member/members of Yash Papers Limited, hereby appoint ..... of ..... in the district of ..... or failing him/her .....of ..... in the district of ..... as my/our proxy to attend and vote for me/us on my/our behalf at the 31st Annual General Meeting of the Company to be held on Saturday, the 24th day of September, 2011 at 1:00 P.M and at any adjournment thereof

Signed this ..... day of ..... 2011.

Signature .....

Re. 1/-  
Revenue  
Stamp

Folio No. .... DPID ..... Client ID ..... No. of Shares .....

Note: The Proxy form duly completed and signed should be deposited at the Registered/Corporate Office of the Company, not later than 48 hours before the time of the meeting.



Regd. Office: 47/81, Hatia Bazar, Kanpur-208001

### ATTENDANCE SLIP

To be handed over at the entrance of Meeting Hall

I hereby record my presence at the 31st Annual General Meeting of the Company at Hotel Little Chef, 15/198, Civil Lines, Kanpur - 208 001 on Saturday, the 24th day of September, 2011 at 1:00 P.M.

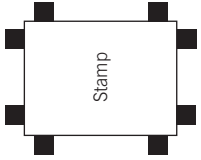
Name of the Member ..... Folio/Client ID No. .... No. of Shares .....

Name of the Proxy/Representative (In Block Letters) (To be filled in if the Proxy/Representative attends instead of the Member) .....

SIGNATURE OF THE MEMBER OR PROXY/REPRESENTATIVE

To open cut here

To open cut here



Stamp

To,  
The Manager Legal & Secretarial  
**Yash Papers Limited**  
Yash Nagar, Darshan Nagar  
Faizabad-224135  
Uttar Pradesh  
Phone : 05278-326611-14

SECOND FOLD

SENDER'S NAME AND ADDRESS

FIRST FOLD

To open cut here





Regd. Office: 47/81, Hata Bazar, Kanpur-208001

Dear Shareholder,

**Reg.: Green Initiative in Corporate Governance – Electronic Mode of Service of documents**

As you might be aware, the Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in Corporate Governance" thereby allowing Companies to serve documents to its shareholders through electronic mode vide its circulars dated 21st April, 2011 and 29th April, 2011.

Environment conservation and sustainable development are continuously on your Company's radar and therefore your Company supports MCA in this initiative.

The Board of Directors of the Company has considered & approved the same in their meeting held on 9th May 2011. The same was also being informed to the Bombay Stock Exchange Limited, Mumbai on May 9, 2011 and published in Jansandesh Times (Hindi; Kanpur edition) on 10th May 2011 and Business Standard on 11th May 2011 (English, all edition).

Accordingly, it is proposed that henceforth documents such as Notices of General Meeting(s), Annual Reports and other shareholders communications will be sent electronically to the e-mail address provided by you and/or made available to the Company by the Depositors.

Shareholders holding shares in Physical Form may register / change their e-mail address with the Company by returning this Business Reply Inland Letter duly filled in at the Company's Corporate Office Address.

Shareholders holding shares in Demat mode are requested to update their e-mail ID with their Depository Participant.

If you still wish to receive the above documents in physical form, the same shall be made available upon receipt of a request from you.

Shareholders are also requested to keep the Company/ their Depository Participant informed of any change in their e-mail address. In case of no request of change of e-mail is received, the Company shall continue to send the Notices of General Meeting(s), Annual Reports and other Shareholders communications on the latest registered e-mail id with the Company / Depository.

Further, as the Company's Shares are traded at Stock Exchanges in dematerialized form only, therefore, you are advised, in your own interest, to get your shares dematerialized through any of the Depository Participants in your vicinity at the earliest to avail the benefits of dematerialization and avoid the risks associated with keeping your securities in physical mode.

We solicit your valuable co-operation and support in our endeavor to contribute our bit to the environment.

Thanking you,

for Yash Papers Limited

Sachin K. Shivastava  
Manager, Legal & Secretarial

<b>Folio No. / DP ID / Client ID</b> .....	
<b>Name of the 1st Register holder</b> .....	
<b>Name of Joint Holders)</b> .....	
<b>E-mail Address (to be registered)</b> .....	
<b>Contact Nos.</b> .....	
<b>Date:</b> .....	<b>Signature :</b> .....

For any further query / assistance/suggestions, please contact Secretarial Department at:

**Corporate Office:**

The Manager, Legal & Secretarial  
Yash Papers Limited,  
Yash Nagar, Darshan Nagar,  
Faizabad – 224 135  
Uttar Pradesh

**Telephone:** +91 5278-326611

+91 5278-326612

+91 5278-326613

+91 5278-326614

**Fax:** +91 5278-258062

**Website:** www.yash-papers.com

**E-mail:** scm@yash-papers.com

# Corporate information

## Board of Directors

Mr. G. Narayana, *Chairman*

Mr. K. D. Pudumjee, *Vice Chairman*

Mr. Ved Krishna, *Managing Director*

Mr. R. N. Chakraborty, *Executive Director*

Mrs. Manjula Jhunjhunwala, *Director*

Mr. G. N. Gupta, *Director*

Dr. P. Banerjee, *Director*

Mr. Yash Krishna, *Director*

Mr. Basant Kumar Khaitan, *Director*

Mr. Ramesh Narayan, *Director*

## Bankers

State Bank of India

United Bank of India

Oriental Bank of Commerce

Union Bank of India

UCO Bank

## Auditors

Kapoor Tandon & Co.

Chartered Accountants

24/57, Birhana Road

Kanpur – 208001

## Registered office

47/81, Hatia Bazar,

Kanpur – 208001

## Works and corporate office

Yash Nagar,

Faizabad – 224135, Uttar Pradesh

Phone: 05278 326611-14

Fax No: 05278- 258062

Website: [www.yash-papers.com](http://www.yash-papers.com)

Email: [info@yash-papers.com](mailto:info@yash-papers.com)

## Registrar and Share Transfer Agent

Skyline Financial Services Pvt. Ltd.

D-153/A, 1st Floor

Okhla Industrial Place Phase – 1,

New Delhi – 110020

Phone: 011-226292682/ 83 / 84

Fax: 011-26292681

Email: [admin@skylinerta.com](mailto:admin@skylinerta.com)

## Disclaimer

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.



# BOOK-POST



Yash Nagar, Faizabad 224135.

Phone: 05278 326611-14

Visit us at [www.yash-papers.com](http://www.yash-papers.com)

Email: [info@yash-papers.com](mailto:info@yash-papers.com)