



Annual Report
2008-09



**Shree Krishna Paper Mills
& Industries Limited**

BOARD OF DIRECTORS

N.K. Pasari (*Managing Director*)
B.N. Pasari
B.K. Pasari
D. R. Mehta
L. C. Sharma
Alok Sinha

COMPANY SECRETARY

Deepak Gupta

AUDITORS

Singal Bros. & Associates
Chartered Accountants
New Delhi

A.C. Bhuteria & Co.
Chartered Accountants
Kolkata

BANKERS

Bank of India
Dena Bank
Catholic Syrian Bank Ltd.
Andhra Bank

COST AUDITORS

Vijender Sharma & Associates
Cost Accountants Delhi

REGISTERED OFFICE

16, India Exchange Place
Kolkata – 700 001

CORPORATE OFFICE

4830/24, Ansari Road
Darya Ganj,
New Delhi-110002

WORKS

T-4, Old Industrial Area
Bahadurgarh – 124 507
(Haryana)

Plot No. "SPL-A"
RIICO Industrial Area,
Vill. Keshwana, Teh. Kotputli
Distt. Jaipur (Rajasthan)

SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd.
A-40, 2nd Floor,
Naraina Industrial Area,
Phase-II, New Delhi-110 028
Ph. 011- 41410592 to 94
Fax. 011-41410591

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NOTICE

NOTICE is hereby given that the 37th Annual General Meeting of the members of Shree Krishna Paper Mills & Industries Limited will be held on Thursday, the 24th day of the September, 2009 at 10.00 a.m. at Aparna Business Centre, 5 Clive House, Strand Road, Kolkata - 700 001 (West Bengal), to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2009 and the Profit & Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. B. N. Pasari, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. B. K. Pasari, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the Conclusion of next Annual General Meeting of the Company and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

5. **To consider, and if thought fit to pass with or without modification(s), the following resolution as a Special Resolution:**

“RESOLVED THAT in terms of Sections 80, 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with the provisions of the Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges, where the Shares of the Company are listed and subject to the consent of all concerned authorities, if and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the

Company and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board of Directors (hereinafter referred to as “the Board”), the consent of the Company be and is hereby accorded to the Board to offer/issue/allot, Cumulative Redeemable Preference Shares (CRPS) of the face value of Rs 100/- (Rupees One Hundred Only) each aggregating to a nominal amount not exceeding Rs 5,00,00,000/- (Rupees Five Cores Only), to be subscribed, by any person or persons, whether or not Shareholders of the Company, (including one or more of the members, promoters, financial institutions, banks, mutual funds, foreign investors, non-resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Multilateral Agencies, Venture Capital fund, Foreign Financial Institutions, Bodies Corporate, Companies, private or public and other entities, whether through public issue, rights issue, private placement, or otherwise, in one or more modes or combinations thereof and in one or more tranches and on such terms and conditions (including the rate of dividend, amount of premium, if any, on redemption, redemption period, manner of redemption and matters incidental thereto) as the Board may in its absolute discretion decide;

RESOLVED FURTHER THAT Shri N. K. Pasari, Managing Director and Shri Deepak Gupta, Company Secretary be and are hereby severally authorised to issue share certificates, to file allotment returns, to file all the necessary documents/ returns and do all such acts, deeds and things which are necessary to give effect to the above decision of the Board.”

By order of the Board

New Delhi
24th August, 2009

Deepak Gupta
Company Secretary

NOTES

1. **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote, on a poll, instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting. A blank Proxy Form is enclosed.**

2. The Register of Members and Share Transfer Books of the Company shall remain closed from 1st day of September, 2009 to 8th day of September, 2009 (both days inclusive).
3. Pursuant to the provisions of Sections 205A (5) of the Companies Act 1956, all unclaimed/unpaid dividend for the year 2001-2002 will be transferred to Investor Education & protection Fund ("the Fund") on or before 3rd November, 2009. Members who have not claimed their dividend for the year 2001-2002 are requested to lodge their claim to Corporate Office of the company situated at 4830/24, Prahlad Street, Ansari Road, Daryaganj, New Delhi-110002 on or before 27th October, 2009. No claim shall be lodged for the unclaimed/unpaid dividend once the same is transferred to the said fund.
4. In respect of Equity Shares held in physical mode, all Members are requested to notify change in address, if any, to the Share Transfer Agent quoting their folio number and changed address with Pin Code. In respect of Equity Shares held in demat mode, all Members are requested to direct, change of address to their respective Depository Participant.
5. Corporate Members intending to send their authorized representatives to attend and vote at the meeting are requested to send a duly certified copy of Board Resolution.
6. Pursuant to Section 109A of the Companies Act, 1956 individual shareholders holding shares of the Company singly or jointly in physical form are entitled to make nomination in respect of shares held by them. The relevant Form 2B can be obtained from the Company on request.
7. All the documents referred to in the accompanying Notice are open for inspection by members at the Registered Office of the Company between 10.00 a.m. To 1.00 p.m. on all Working days up to the date of the Annual General Meeting.
8. **Members desirous of asking any question or seeking any information in the meeting are**

requested to write a letter to the Company Secretary at least seven days before the date of meeting to enable the Management to keep the answer/information ready.

9. Re-appointment of Directors:

Pursuant to the provisions of Articles of Association, Mr. B. N. Pasari and Mr. B. K. Pasari, Directors are retiring by rotation at the ensuing Annual General Meeting of the Company. The brief resumes of all such Directors and other information as per Clause 49 of the Listing Agreement with the Stock Exchanges are given in the Report on Corporate Governance.

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

Item No. 5

The Company has approached Corporate Debt Restructuring (CDR) Cell for the restructuring of its debt under consortium arrangement with the Bankers of the Company. As a part of restructuring proposal and in order to reduce its interest as well as loan burden, it is proposed to issue Cumulative Redeemable Preference Shares (CRPS) to the Bankers of the Company

In term of Section 81 (1A) of the Companies Act, 1956, a public company may offer its shares to persons other than its exiting shareholders if a Special Resolution to that effect is passed in Annual General Meeting. The consent of the members is, therefore, sought to authorise the Board of Directors to issue the Preference Shares in the manner set out in the resolution at item no. 5.

None of the Directors of the Company is any way concern or interested in the proposed resolution.

By order of the Board

New Delhi
24th August, 2009

Deepak Gupta
Company Secretary



DIRECTORS' REPORT

The Board of Directors of your Company is pleased to present its 37th Annual Report and the Audited Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS

(Rs. In '000)

| | 2008-09 | 2007-08 |
|--|-----------|----------|
| Sales including export sales | 11,86,649 | 899,329 |
| Profit / (Loss) before Interest & Depreciation | 94,221 | 7,897 |
| Less: Interest and financial charges | 61,276 | 58,049 |
| Less: Depreciation | 47,740 | 45,846 |
| Profit /(Loss) before Taxation | (14,795) | (95,998) |
| Add: Provision for Taxation | 3,212 | 30,105 |
| Profit/ (Loss) after Tax | (11,583) | (65,893) |
| Charge for transitional provision under AS-15 | - | (2,931) |
| Balance brought forward from previous years | (54,335) | 14,489 |
| Balance carried to Balance Sheet | (65,918) | (54,335) |

During the year under review, the Company has registered app. 32% growth in sales. The sales of the Company have been increased to Rs. 11,86,649 thousands in 2008-09 from Rs. 8,99,329 thousands in 2007-08. The Company has incurred a loss of Rs. 11,583 thousands as compared to a Loss of Rs. 65,893 thousands in the previous year. The losses are mainly due to substantial reduction in sales prices without corresponding decrease in raw material prices. Directors of your Company are hopeful for better position in the current year.

DIVIDEND

The Directors are unable to recommend any dividend due to the losses during the year under review.

CURRENT OUTLOOK

Paper industry in India is the 15th largest paper industry in the world. It provides employment to nearly 1.5 millions people. The Government regards the paper industry as one of the 35 high priority industries of the country. The Indian paper industry at present is very well developed and established. The long term outlook for the Indian Paper Industry is in deed very bright.

CORPORATE GOVERNANCE

As stipulated under Clause 49 of the Listing Agreement, a report on Corporate Governance, Management Discussions and Analysis and Auditor's Certificate certifying compliance of conditions of Corporate Governance is annexed and forms part of the Annual Report.

FIXED DEPOSITS

The Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956 and rules framed there under.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. B. N. Pasari and Mr. B. K. Pasari are retiring by rotation and, being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting of the Company. The Board of Directors recommends their re-appointment.

Mr. A. K. Jhunjhunwala has resigned from the Directorship of the Company w.e.f. 24th March, 2009 due to his pre-occupations. The Directors place on record their appreciation for the services rendered by him during his tenure as Director.

LISTING ON STOCK EXCHANGES

The Equity Shares of the Company are listed at Mumbai and Calcutta Stock Exchanges. The Company's delisting application with Calcutta Stock Exchange is in process since long.

CORPORATE DEBT RESTRUCTURING

In view of continues losses and tight liquidity position due to world wide Global recession, it was very difficult for the Company to have smooth operations

and servicing of debt. To overcome the situation, the Company has submitted a restructuring proposal with Corporate Debt Restructuring Cell subsequent to the year end. The final proposal has been approved by the CDR-EG in their meeting held on 27.07.2009.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, the Directors of your Company hereby confirm that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- ii. the accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Loss of the Company for that period;
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the annual accounts for the financial year ended 31st March, 2009 have been prepared on a going concern basis.

COST AUDITORS

Pursuant to Section 233B of the Companies Act, 1956, the Central Government vide their letter no. 52/494/CAB-2000 dated 26/02/2009 has approved the re-appointment of M/s Vijender Sharma & Associates, Cost Accountants, Delhi for conducting the cost audit of the paper for the financial year ending 31st March, 2009.

AUDITORS

The Statutory Auditors of the Company, M/s. Singal Bros. & Associates, Chartered Accountants, New Delhi and M/s. A. C. Bhuteria & Co., Chartered Accountants, Kolkata hold office until the conclusion of the forthcoming Annual General Meeting of the Company and are eligible for re-appointment. Your Company has received letters from them to the effect that their appointments, if made, would be within the prescribed limits under Section 224 (IB) of the Companies Act, 1956.

AUDITORS' REPORT AND BOARD'S CLARIFICATION

The Notes to the Accounts referred to in the Auditors'

Report are self explanatory and no further explanation is considered necessary. However, the clarifications on the qualifications in the Auditors' Report are as under:-

- a) Regarding deferred tax assets on accounts of unabsorbed depreciations and carry forward losses, the management is confident of adjusting the same against the future earnings of the Company, as further explained in Note No 2 of Schedule 20 of Notes on Accounts.
- b) The default in payment of one term loan instalment alongwith interest payment to the Bankers was due to cash crunch.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The information in respect of above activity required to be disclosed under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure forming part of this report.

PARTICULARS OF EMPLOYEES

Disclosure of details required in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is not applicable as none of the employee was in receipt of remuneration in excess of the limits prescribed therein.

ACKNOWLEDGEMENTS

The Board of Directors acknowledges with gratitude the co-operation and assistance provided to the Company by the Bankers and Government as well as non-Government agencies. Your Directors would like to place on record their appreciation to the Company's Shareholders, Customers, Dealers, Business Associates and Suppliers for their continued support to the Company.

The relationship with the employees remained cordial during the year and your Directors place on record their appreciation for the contribution made by the employees at all levels.

For & on behalf of the Board

New Delhi **D. R. MEHTA** **N. K. Pasari**
24th August 2009 Director Managing Director



ANNEXURE TO DIRECTORS' REPORT

I. CONSERVATION OF ENERGY

Energy Conservation measures taken, Results Achieved & Plans for the future

1. Improvement in power distribution system.
2. VFD installation in various sections has resulted in lower power consumption.
3. Modification in Pumps & chest agitators has resulted into energy saving.
4. Change of Sectional Drive in Paper Machine would result in saving of energy.

FORM A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

| A. Power and Fuel Consumption: | 2008-2009 | 2007-2008 |
|---|--------------------|------------------|
| 1. Electricity | | |
| (a) Purchased | | |
| Units Consumed (Kwh) | 2,07,87,500 | 1,36,69,585 |
| Total Amount (Rs.) | 8,74,28,918 | 6,17,23,509 |
| Rate per unit (Rs.) | 4.21 | 4.52 |
| (b) Own Generation (Through Diesel & Gas) | | |
| Units Generated (Kwh) | 19,72,571 | 19,42,143 |
| Units per Ltr. of Diesel & per SCM of Gas | 3.31 | 3.29 |
| Cost per unit (Rs.) | 6.41 | 5.70 |
| 2. Coal (D-Grade) | | |
| Quantity (Kg.) | 1,14,74,047 | 62,76,645 |
| Total Amount (Rs.) | 5,13,59,178 | 2,41,80,451 |
| Average Rate (Per Kg.) | 4.48 | 3.85 |
| 3. Furnace Oil/LDO | | |
| Quantity (Ltrs.) | 1,11,350 | 1,32,780 |
| Total Amount (Rs.) | 32,23,893 | 31,60,970 |
| Average Rate (Rs.) | 28.95 | 23.81 |
| 4. Gas (RNG) | | |
| Quantity (SCM) | 8,44,283 | 8,76,125 |
| Total Amount (Rs.) | 1,33,10,611 | 1,12,41,488 |
| Average Rate (Rs.) | 15.77 | 12.83 |
| B. Consumption per unit of Production: | | |
| Electricity - Unit per MT | | |
| -In Coating unit | 131 | 136 |
| -In Paper Manufacturing unit | 885 | 1088 |
| Own Generation (Diesel & Gas) - Unit per MT | 178 | 181 |
| Coal (D-Grade) | 524 | 558 |
| Furnace Oil - Ltrs. per MT | 10 | 13 |
| Gas (RNG) - SCM per MT | 78 | 84 |

II. TECHNOLOGY ABSORPTION

FORM B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

A. RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas in which R&D carried out by the Company:
 - Further Study of Effluent Treatment Plant and also provided Sludge Treatment Plant.
 - To improve optical properties of Coated Paper.
 - To achieve higher speed of paper machine to get higher production.
2. Benefits derived as a result of the above R&D:
 - Recycled the treated water for machine washing.
 - Increase in optical properties in Coated Paper and Cast Coated Paper.
 - Improvement in quality of Paper.
3. Future plan of action:
 - To do research for reduction in power cost.
 - Regular monitoring of customer feed back
 - Study to reduce boiler cost.
4. Expenditure on R & D:
Research & Development is carried out in house as well as with the help of external sources also and the expenses incurred on this are booked under general accounting head.

2. Benefits derived as a result of the above efforts, (e.g.) product improvement, reduction in Process losses, cost reduction, product development.
 - Significant control over process losses.
 - Cost reduction in power & fuel.
 - General cleanness of the plant has improved.

3. Technology imported during the last five years:

No specific technology has been imported during the last five years.

III. FOREIGN EXCHANGE EARNINGS & OUTGO

1. Activities relating to exports, initiatives taken to increase exports development of new Export market for products and services and export plans:

During the year under review, the Company has made export to Singapore. Several discussions have been carried out for sale of company's products outside India. Prompt action is being taken on the enquiries received over website. Company is in continuous efforts to establish its export sales.

2. Total Foreign Exchange used and earned :

| | |
|---------------------------------|------------------------|
| Expenditure in Foreign Currency | : Rs. 78,531 thousands |
| FOB Value of exports | : Rs. 1,495 thousands |
| Other Income | : Rs. 66 thousands |

For & on behalf of the Board

| | | |
|-------------------------------|--------------------|---------------------|
| New Delhi | D. R. MEHTA | N. K. Pasari |
| 24 th August, 2009 | Director | Managing Director |

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief made towards technology absorption, adaptation and innovation.
 - Efforts have been made for replacement of husk in place of coal.
 - Continuous study of various pumps and motors to have energy saving.]
 - Development of Electrical Grade Insulation Paper which is highly Technical Product.



MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

After significant growth over a decade, the signs of a slow down were seen in the year 2008 especially in the second half. In the midst of Global recession, India's growth has not remained untouched. Economy woes across the world, prompted by the sub-prime crisis in the USA, have contributed to a slowdown. A fall out of this has been a dramatic fall in the production and sale of paper and paper related products across categories and across national boundaries.

While it is not possible to fully escape the impact of the global financial meltdown, the Indian economy is better placed than many to withstand the shock, given that it is driven more by domestic consumption, has a sound banking system, a young population and a strong savings culture. Therefore, although growth may be relatively muted in the range of 6% to 6.5% for the next couple of years, the future prospects for sustained growth remain very bright.

The Paper Industry plays an important social role. There is a vast potential of expansion for growth of paper industry due to increased emphasis on education and economic growth. With the expected rise in the growth of economy, the Indian Paper Industry is definitely going to be benefited.

Opportunities and Threats

With continued focus on economic growth and positive business environment, the Company foresees good demand of paper in Indian market. The Company will continue its efforts to control costs and improve the quality of its products to compete with other players in the market. The rising economy will also add to industrial growth.

The threat posed by cheaper imports has put the domestic paper industry under tremendous pressure to cut down on prices. Moreover, the demand slump in the domestic market has also become a cause of concern for small and mid-sized paper manufacturing units.

Outlook

Paper industry in India is the 15th largest paper industry in the world. It provides employment to nearly 1.5

millions people. The Government regards the paper industry as one of the 35 high priority industries of the country. The Indian paper industry at present is very well developed and established.

The long term outlook for the Indian Paper Industry is in deed very bright.

Risk & Concerns

The growth of the industry is dependent on economic growth and overall development. Adverse fluctuations in the economy may have negative impact on the growth of the paper industry. The Company's management also recognizes the possible risk and tries to avoid its adverse impact.

Internal Control Systems and their adequacy

The Company has instituted a robust internal control system to support smooth and efficient business operations and effective statutory compliance. In order to improve the reliability and efficiency of business having an impact on financial reporting, the Company has established an internal control systems project by standardizing and documenting major processes and associated key controls.

The Company's Internal Audit department is responsible to independently test the design and operating effectiveness of the internal control system across the Company. This facilitates an objective assurance to the Board and Audit Committee regarding the adequacy and effectiveness of the system. The Internal Audit function, not only monitors the effectiveness of controls but also provides an independent and objective assessment of the overall governance processes in the Company.

Financial Performance with respect to Operational Performance

During the year under review, the Company has registered app. 32% growth in sales. The sales of the Company have been increased to Rs.11,86,649 thousands in 2008-09 from Rs.8,99,329 thousands in 2007-08. The Company has incurred a loss of Rs.11,583 thousands as compared to a Loss of Rs.65,893 thousands in the previous year. The losses are mainly due to substantial reduction in sales prices

without corresponding decrease in raw material prices. Directors of your Company are hopeful for better position in the current year.

Material Developments in Human Resource/ Industrial Relations front

The year under review was challenging for the industry with the slowdown in the economy. Human Resource, now more so than ever had to put its best foot forward and integrate the business with the people, create a sense of buoyancy and bring in a whole new positive behaviour, attitude and approach to the present and the future.

Industrial Relations in the organization continued to be cordial during the year under review. The Company

had 539 employees on its payrolls as on 31st March, 2009.

Cautionary Statement

Statements and information in the Management Discussion and Analysis describing the Company's objectives, estimates and expectations may be "forward looking statements" and should not be construed as a guarantee of performance. The actual performance may differ materially due to economic conditions, changes in Govt. policies, demand and supply situations and other incidental factors which are beyond the control of the Company. The Company undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.



REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Good Corporate Governance emerges from the application of the best and sound management practices and compliance with the law coupled with total adherence to highest norms of business ethics. The Company places great emphasis on values such as empowerment and integrity of its employees, safety of the employees & communities surrounding our plant and facilities, transparency in decision making process and fair & ethical dealings with all, pollution free clean environment and last but not the least, accountability to all the stakeholders.

2. BOARD OF DIRECTORS

The Board of Directors consists of six Directors out of which one is Executive and five are Non-Executive Directors. The Non-Executive Directors bring their wide-ranging experience and provide their independent judgments to the Board's decisions on various matters.

There is no permanent Chairman of the Board and the same is elected by the Board of Directors in their respective meeting. The composition of the Board is as under:-

i) Composition of the Board and Attendance records of Directors

| Name of the Director | Category | No. of Other Directorships Held * | Outside Committee Positions held | | No. of Board Meeting Attended | Attended Last AGM |
|---------------------------------------|----------|-----------------------------------|----------------------------------|----------|-------------------------------|-------------------|
| | | | Member | Chairman | | |
| Mr. N. K. Pasari Managing Director | ED (P) | 05 | Nil | Nil | 14 | No |
| Mr. B. N. Pasari | NED (P) | 10 | Nil | Nil | 15 | No |
| Mr. B. K. Pasari | NED (P) | 07 | Nil | Nil | 06 | Yes |
| Mr. A. K. Jhunjhunwala** | NED (I) | 05 | Nil | Nil | 14 | No |
| Mr. D. R. Mehta | NED (I) | Nil | Nil | Nil | 15 | No |
| Mr. L. C. Sharma | NED (I) | 05 | Nil | Nil | 06 | Yes |
| Mr. Alok Sinha | NED (I) | Nil | Nil | Nil | 14 | No |

* Excludes Directorship in private limited companies.

**Note: Mr. A. K. Jhunjhunwala has resigned from the Directorship of the Company effective from 24th March, 2009.

ED (P) – Executive Director (Promoter), NED (P) - Non-Executive Director (Promoter), NED (I) – Non-Executive Director (Independent).

ii) Number of Board Meetings held

During the year ended 31st March, 2009, Fifteen Board Meetings were held on the following dates:-

07th April, 2008, 30th April, 2008, 09th May, 2008, 31st July, 2008, 26th August, 2008, 24th September, 2008, 08th October, 2008, 22nd October, 2008, 12th November, 2008, 14th January, 2009, 30th January, 2009, 20th February, 2009, 18th March, 2009, 23rd March, 2009 and 25th March, 2009. The maximum time gap between any two Board Meetings was 82 days.

iii) Brief Resume of Directors proposed for re-appointment

As required under Clause 49 of the Listing Agreement, the brief resume of the Directors proposed for re-appointment and other information is furnished below:-

a) **Mr. B. N. Pasari**, aged about 79 years, is a Director of the Company since 1979. He is Matriculate and having very rich experience of 53 years in paper trading business. He is Director in the following companies'

viz. Amer Hotels Ltd, Daily Enterprises Pvt. Ltd., Daily Printing & Enterprises Pvt. Ltd., Bishwanath Traders & Investments Ltd., Pushkar Portfolio & Holdings Ltd., Civil Lines Properties Pvt. Ltd, Ramgarh Infotech Pvt. Ltd & Seven Star Infotech Ltd. He holds 200 Equity Shares in the Company.

b) Mr. B. K. Pasari, aged about 65 years is a Director of the Company since 1974. He is Bachelor of Commerce from Calcutta University and possesses 43 years experience in paper trade. He is Director in the following companies' viz. Bijay Traders & Investment Ltd., Fortune Leasing & Trading Co. Ltd., Konark (India) Ltd., Kiwi Estates Pvt. Ltd., Parameshwar Estates Pvt. Ltd. & Raysinet Kemikal Pvt. Ltd. He does not hold any shares in the Company.

3. COMMITTEES OF THE BOARD

The Board has constituted the following three Committees for efficient functioning of the Company:-

i) Audit Committee

The Audit Committee of the Board consists of three well qualified non-executive and independent directors. During the financial year ended 31st March, 2009 four meetings of the Audit Committee were held on 29th April, 2008, 30th July, 2008, 21st October, 2008 and 29th January, 2009.

Details of the composition of the Committee and attendance record of members is given below :-

| Sr. No. | Name | Designation | Category | No. of Meetings attended |
|---------|--------------------------|-------------|----------|--------------------------|
| 1. | Mr. L. C. Sharma | Chairman | NED (I) | 4 |
| 2. | Mr. A. K. Jhunjhunwala** | Member | NED (I) | 4 |
| 3. | Mr. D. R. Mehta | Member | NED (I) | 4 |

** Mr. A. K. Jhunjhunwala has resigned from the membership of the committee effective from 24th March, 2009.

The quorum is a minimum of two independent members. The meetings of the Audit Committee are chaired by Mr. L. C. Sharma, a non-executive and independent Director who is having excellent accounting and financial management expertise. The meetings of Audit committee are attended by Statutory Auditors and Head of Accounts and Finance functions of the Company. The Company Secretary acts as the Secretary to the Committee.

The Audit Committee of the Company assists the

Board regarding oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and creditable, recommends the appointment of statutory auditors and their fees, review the quarterly/ annual financial statements before submission to the Board for approval, review the adequacy of internal control system. The committee also reviews the significant related party transactions.

ii) Shareholders' / Investors' Grievance Committee

To ensure good Corporate Governance and to look into the redressal of Shareholders and Investors complaints, the Company has constituted Shareholders' / Investors' Grievance Committee.

Mr. Alok Sinha, the Chairman of the Committee is a non-executive and independent Director of the Company and Mr. A. K. Jhunjhunwala** & Mr. L. C. Sharma are the member of the committee. The terms of reference of the Committee include redressal of shareholders/ investors grievances pertaining to transfer/demat of shares, change of address, non-receipt of annual report etc. The Committee also recommends measures for overall improvement in the quality of investor services. During the year ended 31st March, 2009, only one meeting was held on dated 31/03/2009.

** Mr. A. K. Jhunjhunwala has resigned from the membership of the committee effective from 24th March, 2009.

iii) Remuneration Committee

The Company has formed a Remuneration Committee as stated in the Listing Agreement, consisting of Mr. D. R. Mehta as Chairman, Mr. A. K. Jhunjhunwala** & Mr. Alok Sinha as members of the committee. The remuneration committee works as per the provisions of Schedule XIII to the Companies Act, 1956 in the matter of fixation of remuneration of executive directors.

** Mr. A. K. Jhunjhunwala has resigned from the membership of the committee effective from 24th March, 2009.

4. REMUNERATION TO DIRECTORS

(i) Remuneration to Managing Director

The details of remuneration paid to Mr. N.K. Pasari, Managing Director during the year ended 31st March, 2009 is as under:-



Shree Krishna Paper Mills & Industries Limited

(Amt. in Rs.)

| Basic Salary | HRA | Perquisites # | Total |
|--------------|----------|---------------|----------|
| 3,00,000 | 1,20,000 | 60,990 | 4,80,990 |

Perquisites includes bonus & contribution to provident fund.

ii) Criteria of making payments to Non-executive Directors

The Company does not pay any remuneration or sitting fee to the non-executive Directors. They are entitled to claim the actual out-of-pocket expenses incurred for attending Board Meetings. No sitting fee is paid to non-executive Directors for attending Board Meetings.

iii) Details of shareholding of Non-executive Directors as on 31st March, 2009 is as under

| Name of the Director | Category / Status | No. of Shares held | No. of convertible instruments |
|--------------------------|------------------------|--------------------|--------------------------------|
| Mr. B.N. Pasari | Non-Executive Director | 200 | 0 |
| Mr. B.K. Pasari | Non-Executive Director | 0 | 0 |
| Mr. A. K. Jhunjhunwala** | Non-Executive Director | 0 | 0 |
| Mr. D.R. Mehta | Non-Executive Director | 200 | 0 |
| Mr. L. C. Sharma | Non-Executive Director | 0 | 0 |
| Mr. Alok Sinha | Non-Executive Director | 0 | 0 |

** Mr. A. K. Jhunjhunwala has resigned from the Directorship of the Company effective from 24th March, 2009

The Company does not have any stock option plan for the Directors.

5. MANAGEMENT

The Management Discussion and Analysis on all the matters as specified in Clause 49 of the Listing Agreement has been included and is a part of the Annual Report.

6. SHAREHOLDERS

i) Communication to Shareholders

- The quarterly results are published in the Financial Express (English) and Kalantar (Bengali language) both Kolkata editions.
- The results are simultaneously posted on Company's website i.e. www.skpmil.com. The Company uploads the specified reports on website www.sebiedifar.nic.in as required by SEBI as per Electronic Data Information Filing and Retrieval (EDIFAR) System.
- The results are not sent individually to the shareholders.
- There are no presentations made to the institutional investors or analysts during the year.

ii) Compliance Officers

- The Secretarial Department of the Company headed by Mr. Deepak Gupta, Company Secretary who has also been nominated as the "Compliance Officer" of the Company, attends to all shareholders'/ investors grievances received directly or through SEBI, Stock Exchanges, Department of Company Affairs and other authorities.
- The Company has framed a Code of Internal Procedure under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 to prevent insider trading. Mr. S. K. Agarwal, Vice President (Finance) is the Compliance Officer for complying with the said code.

iii) General Body Meetings

Details of location, time and date of last three Annual General Meetings of the Company are as under:-

| Financial Year | Venue of Meeting | Date & Time | Special Resolution Passed |
|----------------|---|--|---|
| 2005-06 | Aparna Business Centre, 5 Clive House, Strand Road, Kolkata-700 001 | 27 th September, 2006 10.00 A.M. | 1. Resolution for Re-appointment of Shri N. K. Pasari as Managing Director of the Company. 2. Resolution U/s 293 (1) (d) for borrowing monies required for the business upto Rs. 100 Crores. 3. Resolution u/s 293 (1) (a) to create charge by way of equitable mortgage / hypothecation to secure borrowings of the Company. |
| 2006-07 | Aparna Business Centre, 5 Clive House, Strand Road, Kolkata - 700 001 | 28 th September, 2007 10.00 A.M. | NIL |
| 2007-08 | Aparna Business Centre, 5 Clive House, Strand Road, Kolkata - 700 001 | 26 th September, 2008 10.00 A.M. | 1. Special Resolution pursuant to Section 314 (1) (b) of the Companies Act 1956, regarding appointment of Mr. Naynesh Pasari as Corporate Advisor of the Company. 2. Special Resolution pursuant to Section 81 (1A) of the Companies Act, 1956 regarding allotment of 1400000 Equity Shares on Preferential basis. |

There have been no resolutions put through postal ballot during the last year and there is no proposal for passing any resolution through postal ballot in the ensuing Annual General Meeting of the Company.

7. DISCLOSURES

a) There were no materially significant related party transactions between the Company and its Directors & Promoters, which had potential conflict with the interests of the Company at large. The details of related

party transactions during the year have been set out under Note No. 13 of Schedule 20 on "Notes on Accounts".

b) The Company has complied with the requirements of stock exchanges, SEBI and other statutory authorities on matters relating to Capital Markets during the last three years and no penalties or strictures have been imposed on the Company by any of the authorities during the above said period.

c) The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement.

8. GENERAL SHAREHOLDER INFORMATION

i) Annual General Meeting:

Date : 24th September, 2009
Time : 10.00 A.M.
Venue : Aparna Business Centre,
 5, Clive House Strand
 Road, Kolkata - 700 001

ii) Financial Calendar (tentative) :

| Board Meeting to take on record | Schedule |
|---|----------------------------|
| Results for the | |
| * Quarter ending 30 th June, 2009 | Last week of July, 2009 |
| * Quarter ending 30 th September, 2009 | Last week of October, 2009 |
| * Quarter ending 31 st December, 2009 | Last week of January, 2010 |
| * Quarter ending 31 st March, 2010 | Last week of April, 2010 |

iii) Book Closure Date : 1st September, 2009 to
 8th September, 2009
 (both days inclusive).

iv) Listing on Stock Exchanges :

The Equity Shares of the Company are listed on the following two Stock Exchanges:-

| Name & Address of the Stock Exchanges | Stock Code |
|--|------------|
| Bombay Stock Exchange Ltd. Floor 25, P J Towers, Dalal Street Mumbai - 400 001 | 500388 |
| * The Calcutta Stock Exchange Association Ltd. 7, Lyons Range, Kolkata - 700 001 | 29133 |

* The Company's delisting application with Calcutta Stock Exchange is in process since long.

Note: The Company has paid the Listing Fee to Bombay Stock Exchange Ltd. upto 2009-10.

v) Stock Market Data:

The Equity Shares of the Company are traded at the Bombay Stock Exchange Limited (BSE) only. The

performance of the Equity Shares of the Company in comparison to BSE Sensex is given hereunder:-

| Month | Share Prices | | BSE Sensex | |
|-----------------|--------------|-------|------------|-----------|
| | High | Low | High | Low |
| April, 2008 | 17.60 | 14.00 | 17,480.74 | 15,297.96 |
| May, 2008 | 17.25 | 13.65 | 17,735.70 | 16,196.02 |
| June, 2008 | 17.25 | 14.30 | 16,632.72 | 13,405.54 |
| July, 2008 | 14.25 | 12.41 | 15,130.09 | 12,514.02 |
| August, 2008 | 13.65 | 12.35 | 15,579.78 | 14,002.43 |
| September, 2008 | - | - | 15,107.01 | 12,153.55 |
| October, 2008 | - | - | 13,203.86 | 7,697.39 |
| November, 2008 | - | - | 10,945.41 | 8,316.39 |
| December, 2008 | 14.17 | 14.00 | 10,188.54 | 8,467.43 |
| January, 2009 | 13.31 | 13.31 | 10,469.72 | 8,631.60 |
| February, 2009 | 14.65 | 13.97 | 9,724.87 | 8,619.22 |
| March, 2009 | 14.00 | 13.78 | 10,127.09 | 8,047.17 |

Source: www.bseindia.com

vi) Registrar and Share Transfer Agents:

M/s Link Intime India Pvt. Ltd has been appointed as the Registrar and Share Transfer Agents for the equity shares of the Company in physical and electronic form. Shareholders/Investors can direct all correspondence with regard to share transfer, transmission and change of address etc. at their following address:-

Link Intime India Pvt. Ltd.
 A-40, 2nd Floor,
 Naraina Industrial Area,
 Phase-II, New Delhi – 110 028
 Ph. # 011- 41410592 to 94
 Fax # 011- 41410591
 Email Id.: delhi@linkintime.co.in
 Contact Persons: Mr. Sapan Kumar Naskar
 Mr. Shamwant Kushwaha

vii) Share Transfer System:

M/s Link Intime India Pvt. Ltd processes all share transfers/transmissions and then put the same for approval by the Share Transfer Committee of the Company. The meetings of Share Transfer Committee are held at least once in a fortnight. All the physical share certificates are sent to the transferees subsequent to transfer within the prescribed period.

viii) Status of complaints/ queries and their redressal as on 31st March, 2009:-

| Nature of Complaints/queries Received | Number of Complaints / queries | | |
|---------------------------------------|--------------------------------|----------|---------|
| | Received | Resolved | Pending |
| Non-receipt of Annual Report | Nil | Nil | Nil |
| Transfer / Demat related of Shares | Nil | Nil | Nil |
| Non-receipt of Annual Report | Nil | Nil | Nil |
| Change of Address | 02 | 02 | Nil |



Shree Krishna Paper Mills & Industries Limited

ix) Pending Share Transfers:

No share transfers were pending as on 31st March, 2009.

x) Dematerialization of Shares :

SEBI has included the Equity Shares of the Company in the compulsory demat list for all categories of investors. The Company has entered into agreements with NSDL and CDSL for dematerialization of shares. As on 31st March, 2009 a total of 864555 Equity Shares representing 9.15 % of the total paid-up capital of the Company have been dematerialized. Members are advised to get their shares converted into demat mode. The shares of the Company can be traded in demat mode only.

The Company's ISIN No. : INE 970C01012

xi) Distribution of Shareholding:

The distribution of shareholding as on 31st March, 2009 was as under:-

| Shareholding of | Shareholders | | Share Amount | |
|-----------------|----------------------|---------------|--------------------|---------------|
| | Nominal Value in Rs. | Number | %age | Rs. |
| Upto 5000 | 1024 | 80.56 | 21,48,030 | 2.27 |
| 5001 to 10000 | 142 | 11.17 | 12,06,370 | 1.28 |
| 10001 to 20000 | 44 | 3.47 | 6,96,180 | 0.73 |
| 20001 to 30000 | 17 | 1.33 | 4,64,190 | 0.50 |
| 30001 to 40000 | 6 | 0.48 | 2,10,040 | 0.22 |
| 40001 to 50000 | 10 | 0.79 | 4,61,450 | 0.49 |
| 50001 to 100000 | 8 | 0.63 | 6,22,000 | 0.66 |
| 100001 & above | 20 | 1.57 | 8,87,08,540 | 93.85 |
| Total | 1271 | 100.00 | 9,45,16,800 | 100.00 |

xii) Outstanding GDRs/ADRs /Warrants etc :

The Company has no outstanding GDRs/ADRs/Warrants or any convertible instruments as on 31st March, 2009.

xiii) Plant Location :

Coating Division:

T-4, Old Industrial Area,
Bahadurgarh - 124 507
Haryana State

Paper Division:

Plot No. "SPL-A" RIICO Industrial Area,
Village - Keshwana, Tehsil - Kotputli,
Distt. Jaipur (Rajasthan)

Xiv) Address for correspondence:

Shree Krishna Paper Mills & Industries Ltd.
4830/24, Prahlad Street,
Ansari Road, Darya Gunj,
New Delhi -110 002.
Phone Nos.: 91-11-23261728, 30180200 – 201
Fax No.: 91- 11-23266708
Website: www.skpmil.com
e-mail ID : info@skpmil.com

xv) CEO/CFO Certification:

As required by clause 49 of the Listing Agreement, the Certificate duly signed by Mr. N.K. Pasari, Managing Director and Mr. S.K. Agarwal, Vice President (Finance) of the Company was placed before the Board of Directors at its meeting held on 24th August, 2009.

xvi) Compliance of Code of Conduct:

Your Company has laid down a Code of Conduct for all Board Members and Senior Management as stipulated in Clause 49 1 (D) of the Listing Agreement All Board Members and the Senior Management personnel have affirmed their compliance with the said Code of Conduct for the financial year ended 31st March, 2009. The declaration signed by Mr. N. K. Pasari, Managing Director is given hereunder:-

Declaration under clause 49 1 (D) for compliance with Code of Conduct

As per the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, the Company has laid down a Code of Conduct for its Board of Directors and Senior Management.

I, N. K. Pasari, Managing Director of the Company confirm the compliance of this Code of Conduct by all the members of the Board and Senior Management personnel.

For Shree Krishna Paper Mills & Industries Ltd

New Delhi
24th August, 2009

N. K. Pasari
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of,
Shree Krishna Paper Mills & Industries Limited

We have examined the compliance of conditions of Corporate Governance by Shree Krishna Paper Mills & Industries Limited for the year ended 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and 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 are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

For Singal Bros. & Associates
Chartered Accountants

(Jayant Raheja)
Partner
Membership No. 509487

New Delhi
24th August, 2009

For A.C. Bhuteria & Co.
Chartered Accountants

(Mohit Bhuteria)
Partner
Membership No. 56832

Kolkata
25th August, 2009



AUDITORS' REPORT

To the Members of

Shree Krishna Paper Mills & Industries Limited

1. We have audited the attached Balance Sheet of **Shree Krishna Paper Mills & Industries Limited** as at 31st March 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) (The Order) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 ('The Act'), we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

- (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
- (e) On the basis of written representations received from the Directors of the Company and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts *subject to Note No. 2 of schedule 20 regarding our inability to comment on the appropriateness of recognition of Deferred Tax Assets as at the year end amounting to Rs. 26,098 thousand based on future profitability projections as to whether such basis of recognition complies with the definition of virtual certainty, as required by Accounting Standard 22 on "Taxes on Income" and read together with the Significant Accounting Policies and notes thereon* give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:-
 - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - ii) In the case of Profit and Loss Account, of the Loss of the Company for the year ended on that date; and
 - iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Singal Bros. & Associates
Chartered Accountants

(Jayant Raheja)
Partner
Membership No. 509487

New Delhi
24th August, 2009

For A. C. Bhuteria & Co.
Chartered Accountants

(Mohit Bhuteria)
Partner
Membership No. 56832

Kolkata
25th August, 2009

ANNEXURE TO THE AUDITORS' REPORT

- (Referred to in Paragraph 3 of our Report of even date)
1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The fixed Assets have been physically verified by the management during the year based on a phased programme of verification which in our opinion is reasonable having regard to the size of the Company and nature of its business. No material discrepancies were noticed on such physical verification.
(c) The Company has not disposed off a substantial part of its fixed assets during the year.
 2. (a) As per the information and explanations given to us, the inventory (except goods in transit) has been physically verified by management during the current year. In our opinion, the frequency of such verification is reasonable.
(b) As per the information and explanations given to us, the procedures for the physical verification of inventories followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) As per the information and explanations given to us, the Company is maintaining proper records of inventory. Discrepancies identified on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
 3. (a) As informed to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (b) to (d) of the Order are not applicable.
(b) As informed to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (f) and (g) of the Order are not applicable.
 4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control systems.
 5. (a) In our opinion and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangement that need to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been entered into the register maintained under section 301 of the Companies Act, 1956 in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market price at the relevant time except in cases where comparison could not be made in the absence of similar transactions with other parties.
 6. As per the information and explanations given to us, the Company has not accepted any deposits from the public of the nature which attracts the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act 1956, and the rules made there- under.
 7. In our opinion, the internal audit system of the Company is commensurate with the size and the nature of its business.
 8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of paper industries and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
 9. (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities to the extent applicable and there are no undisputed statutory dues payable for a period of more than six



months from the date they becoming payable as at 31st March ,2009.

- (b) According to the information and explanations given to us, there are no dues in respect of Income-Tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess to the extent applicable that have not been deposited with the appropriate authorities on account of any dispute except the following:

| Name of the statute | Nature of dues | Amount (Rs. in thousand) | Period to which the amount relates | Forum where dispute is pending |
|--------------------------|----------------|---------------------------|------------------------------------|----------------------------------|
| The Custom Act, 1962 | Custom Duty | 22814 | 2002 - 2003 | Hon'ble High Court Jaipur. |
| Central Excise Act, 1944 | Excise Duty | 38 | 23-12-2006 to 16-04-2007 | Commissioner Appeal (Excise) |
| Central Excise Act, 1944 | Excise Duty | 85 | 06-06-2005 to 02-02-2007 | Commissioner Appeal (Excise) |
| Central Excise Act, 1944 | Excise Duty | 580 | December, 2006 to July, 2007 | Commissioner Appeal (Excise) |
| Central Excise Act, 1944 | Excise Duty | 600 | November, 2006 to July, 2007 | Commissioner Appeal (Excise) |
| Central Excise Act, 1944 | Excise Duty | 3844 | 02-03-2004 to 13-04-2007 | Additional Commissioner (Excise) |
| Central Excise Act, 1944 | Excise Duty | 662 | September, 2007 to March, 2008 | Assistant Commissioner, (Excise) |
| Central Excise Act, 1944 | Service Tax | 540 | Various Years | Assistant Commissioner, (Excise) |
| Central Excise Act, 1944 | Excise Duty | 11198 | Various Years | Commissioner (Excise) |
| Pollution Control Board | Water Cess | 97 | 01-06-2007 to 31-03-2008 | Cess Appellate Committee |
| Pollution Control Board | Water Cess | 107 | 01-04-2008 to 30-11-2008 | Cess Appellate Committee |
| Central Excise Act, 1944 | Service Tax | 338 | 1997-98 to 1998-99 | Commissioner (Excise) |
| Central Excise Act, 1944 | Service Tax | 716 | 10-09-2004 to 31-03-2006 | Commissioner (Excise) |
| Central Excise Act, 1944 | Service Tax | 770 | 2004 - 2005 | Commissioner (Excise) |
| Central Excise Act, 1944 | Excise Duty | 313557 | 19-01-2004 to 30-09-2008 | Commissioner (Excise) |

10 The Company has accumulated losses as per books of account at the end of the financial year which is less than 50% of its Net worth. Reference is further drawn to Note No. 2 of schedule 20 regarding recognition of Deferred Tax Assets impact whereof is not ascertainable at this stage. The Company has not incurred cash losses during the current financial year but has incurred cash losses in the immediately preceding financial year.

11. As per books and records maintained by the Company and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its debenture holders, but has defaulted in payment of one term loan installment along with interest payable to bankers of Rs. 20,000 thousands and Rs. 2,444 thousands respectively and the same has been

repaid in the month of June, 2009 with a delay of 60-90 days.

12. According to the information and explanations given to us, the Company has not granted loan and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a Nidhi / mutual benefit fund/ society. Therefore the provisions of clause 4 (xiii) of the said Order are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore the provisions of clause 4 (xiv) of the said Order are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions.
16. The Company has not obtained any Term Loans during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short-term basis have, prima facie, not been used for long term investment.
18. The Company has not made any preferential allotment of shares during the year to any parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us by the management which have been relied upon by us , no fraud on or by the Company has been noticed or reported during the year.

For Singal Bros. & Associates
Chartered Accountants

(Jayant Raheja)
Partner
Membership No. 509487

New Delhi
24th August, 2009

For A.C. Bhuteria & Co.
Chartered Accountants

(Mohit Bhuteria)
Partner
Membership No. 56832

Kolkata
25th August, 2009

BALANCE SHEET AS AT 31ST MARCH 2009

| | SCHEDULE NO. | Rs.('000) | |
|--|-----------------|---------------------|---------------------|
| | | AS AT 31.03.2009 | AS AT 31.03.2008 |
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Share Capital | 1 | 94,517 | 80,517 |
| Reserves & Surplus | 2 | 45,763 | 37,559 |
| Loan Funds | | | |
| Secured Loans | 3 | 404,821 | 425,567 |
| Unsecured Loans | 4 | 77,970 | 55,408 |
| | | <u>623,071</u> | <u>599,051</u> |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross Block | 5 | 687,949 | 677,454 |
| Less : Depreciation | | <u>293,264</u> | <u>245,820</u> |
| Net Block | | 394,685 | 431,634 |
| Add : Capital Work - in - Progress | 6 | - | 2,250 |
| | | <u>394,685</u> | <u>433,884</u> |
| Investments | 7 | 122 | 122 |
| Current Assets , Loans & Advances | | | |
| Inventories | 8 | 154,067 | 97,939 |
| Sundry Debtors | 9 | 75,887 | 39,164 |
| Cash & Bank Balances | 10 | 12,371 | 18,785 |
| Loans & Advances | 11 | 74,410 | 67,674 |
| | | <u>316,735</u> | <u>223,562</u> |
| Less : Current Liabilities and Provisions | 12 | <u>180,487</u> | <u>134,979</u> |
| Net Current Assets | | 136,248 | 88,583 |
| Deferred Tax Assets | | 26,098 | 22,127 |
| Profit & Loss Account | | <u>65,918</u> | <u>54,335</u> |
| | | <u>623,071</u> | <u>599,051</u> |

Significant Accounting Policies & Notes on Accounts 20
Schedule 1 to 12 & 20 form an integral part of the Balance Sheet

In terms of our attached audit report

For and on behalf of the Board

For Singal Bros. & Associates
Chartered Accountants

For A.C. Bhuteria & Co.
Chartered Accountants

N. K. Pasari
Managing Director

(Jayant Raheja)
Partner
Membership No. 509487

(Mohit Bhuteria)
Partner
Membership No. 56832

D.R. Mehta
Director

New Delhi
24th August, 2009

Kolkata
25th August, 2009

Deepak Gupta
Company Secretary



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2009

| | <u>SCHEDULE NO.</u> | <u>YEAR ENDED 31.03.2009</u> | <u>Rs.('000) YEAR ENDED 31.03.2008</u> |
|---|-------------------------|----------------------------------|--|
| INCOME | | | |
| Sales | 13 | 1,187,403 | 932,461 |
| Less :- Excise Duty | | 754 | 33,132 |
| | | <u>1,186,649</u> | <u>899,329</u> |
| Other Income | 14 | 6,574 | 5,465 |
| Increase/(Decrease) in Stock | 15 | 28,721 | 10,942 |
| | | <u>1,221,944</u> | <u>915,736</u> |
| EXPENDITURE | | | |
| Consumption of Raw Materials | | 799,814 | 642,794 |
| Purchase of Finished Goods | | 6,399 | 11,044 |
| Manufacturing Expenses | 16 | 206,330 | 142,704 |
| Personnel Expenses | 17 | 81,063 | 76,321 |
| Administrative, Selling and Distribution Expenses | 18 | 34,117 | 34,976 |
| Interest & Financial Charges | 19 | 61,276 | 58,049 |
| Depreciation | | 47,740 | 45,846 |
| | | <u>1,236,739</u> | <u>1,011,734</u> |
| Profit/(Loss) before Taxation | | (14,795) | (95,998) |
| Less : Provision for Taxation | | | |
| - Fringe Benefit Tax | | (754) | (800) |
| - Deferred Tax | | 3,971 | 30,413 |
| - Wealth Tax | | (18) | - |
| - Income Tax Adjustment | | 13 | 492 |
| Profit/(Loss) After Tax | | <u>(11,583)</u> | <u>(65,893)</u> |
| Balance brought forward from previous years | | (54,335) | 14,489 |
| Charge for transitional provision under 'AS 15' | | - | (2,931) |
| Balance Carried to Balance Sheet | | <u>(65,918)</u> | <u>(54,335)</u> |
| Earning Per Share (Rs.) | | (1.34) | (8.18) |

Significant Accounting Policies & Notes on Accounts 20

Schedule 13 to 20 form an integral part of the Profit & Loss Account

In terms of our attached audit report

For and on behalf of the Board

For Singal Bros. & Associates
Chartered Accountants

For A.C. Bhuteria & Co.
Chartered Accountants

N. K. Pasari
Managing Director

(Jayant Raheja)
Partner
Membership No. 509487

(Mohit Bhuteria)
Partner
Membership No. 56832

D.R. Mehta
Director

New Delhi
24th August, 2009

Kolkata
25th August, 2009

Deepak Gupta
Company Secretary

SCHEDULES FORMING PART OF BALANCE SHEET

| | AS AT 31.03.2009 | Rs.('000) AS AT 31.03.2008 |
|--|---------------------|----------------------------------|
| SCHEDULE - 1 - SHARE CAPITAL | | |
| Authorised | | |
| 1,50,00,000 (1,50,00,000) Equity Shares of Rs. 10/- each | 150,000 | 150,000 |
| 5,00,000 (5,00,000) Preference Shares of Rs. 100/- each | 50,000 | 50,000 |
| | <u>200,000</u> | <u>200,000</u> |
| Issued, Subscribed & Paid-up | | |
| 94,51,680 (80,51,680) Equity Shares of Rs. 10/- each fully paid-up in cash | 94,517 | 80,517 |
| | <u>94,517</u> | <u>80,517</u> |
| SCHEDULE - 2 - RESERVES & SURPLUS | | |
| Capital Reserve B/F | 2,534 | 2,534 |
| Securities Premium | | |
| As per Last Balance Sheet | 35,025 | |
| Add:- Received during the year | 8,204 | 35,025 |
| | <u>43,229</u> | |
| | <u>45,763</u> | <u>37,559</u> |
| SCHEDULE -3 - SECURED LOANS | | |
| From Banks : | | |
| Term Loans | 259,963 | 299,978 |
| Interest Accrued & Due | 2,444 | 2,934 |
| Cash Credit Facilities | 142,414 | 122,347 |
| Vehicle Loan | - | 308 |
| | <u>404,821</u> | <u>425,567</u> |
| <ol style="list-style-type: none"> 1. Term Loans from Banks are secured by first pari - passu charge on all the block assets of Kotputli unit. Further, the Term Loans are also collaterally secured by way of second charge on stocks and book debts of the Company. 2. Cash Credit facilities from the Banks are secured by first pari - passu charge on the stock and book debts. These facilities are also collaterally secured by second pari - passu charge on all the block assets of the Kotputli Unit. 3. All fund based & non fund based limits are collaterally secured by block assets of Bahadurgarh Unit. 4. The above facilities from the Banks are further guaranteed by personal guarantee of Promoter Directors of the Company. 5. Term loan repayable within one year Rs.NIL (Rs.40,000 Thousands). 6. Vehicle loan repayable within one year Rs. NIL (Rs.308 Thousands). | | |
| SCHEDULE - 4 - UNSECURED LOANS | | |
| Loans from Corporate Bodies | 67,219 | 47,218 |
| Interest Accrued & Due | 10,751 | 81,90 |
| | <u>77,970</u> | <u>55,408</u> |



Shree Krishna Paper Mills & Industries Limited

SCHEDULE - 5 - FIXED ASSETS

Rs. ('000)

| Particulars | GROSS BLOCK (AT COST) | | | | DEPRECIATION | | | | NET BLOCK | |
|-----------------------------|-----------------------|---------------------------|--------------------------|-----------------------------|------------------|-----------------|--------------|------------------|------------------------|------------------------|
| | Cost As at 1-4-2008 | Additions During the Year | Deductions / Adjustments | Total cost As At 31-03-2009 | Up to 31-03-2008 | During the Year | Written Back | Up to 31-03-2009 | W.D.V As at 31-03-2009 | W.D.V As at 31-03-2008 |
| Land (Lease hold) | 21,447 | - | - | 21,447 | - | - | - | - | 21,447 | 21,447 |
| Land (Free hold) | 11,409 | - | - | 11,409 | - | - | - | - | 11,409 | 11,409 |
| Buildings | 130,053 | 761 | - | 130,814 | 25,228 | 4,345 | - | 29,573 | 101,241 | 104,825 |
| Plant & Machineries | 499,980 | 9,181 | - | 509,161 | 212,870 | 42,354 | - | 255,224 | 253,937 | 287,110 |
| Furniture & Fixtures | 2,134 | 6 | - | 2,140 | 1,228 | 127 | - | 1,355 | 785 | 906 |
| Office Equipments | 2,692 | 136 | - | 2,828 | 1,235 | 120 | - | 1,355 | 1,473 | 1,457 |
| Computers | 3,873 | 155 | - | 4,028 | 3,084 | 217 | - | 3,301 | 727 | 789 |
| Motor Cars & Other Vehicles | 5,866 | 994 | 738 | 6,122 | 2,175 | 577 | 296 | 2,456 | 3,666 | 3,691 |
| Total | 677,454 | 11,233 | 738 | 687,949 | 245,820 | 47,740 | 296 | 293,264 | 394,685 | 431,634 |
| Previous Year | 656,373 | 26,921 | 5,840 | 677,454 | 201,339 | 45,846 | 1,365 | 245,820 | 431,634 | - |

| | |
|-------------------|-------------------|
| <u>AS AT</u> | <u>AS AT</u> |
| <u>31.03.2009</u> | <u>31.03.2008</u> |

SCHEDULE-6-CAPITAL WORK - IN - PROGRESS

| | | |
|-----------------------------|---|--------------|
| Building under construction | - | 761 |
| Machinery under erection | - | 1,489 |
| | - | <u>2,250</u> |

SCHEDULE-7- INVESTMENTS

Long Term

Trade Investments - Quoted (At Cost)

| | | |
|--|---|---|
| 300 (300) Equity Shares of Rs.10/- each fully paid up of Sarda Papers Ltd. | 2 | 2 |
| 300 (300) Equity Shares of Rs.10/- each fully paid up of Soma Paper Ltd. | - | - |
| [Market value of Quoted Shares Rs. 2 Thousands (Rs.2 Thousands)] | | |

Other Investments - Unquoted (At cost)

| | | |
|--|------------|------------|
| 21,000 (21,000) Equity Shares of Rs. 10/- each fully paid-up of Bishwanath Industries Ltd. | 120 | 120 |
| | <u>122</u> | <u>122</u> |

SCHEDULE-8- INVENTORIES

(As taken, valued and certified by the Management)

| | | |
|---|----------------|---------------|
| Raw Materials including goods in transit | 77,185 | 52,695 |
| Finished Goods | 55,934 | 25,169 |
| Stores & Spare Parts including goods in transit | 15,143 | 12,226 |
| Work -in - Process | 5,786 | 7,748 |
| Waste Paper | 19 | 101 |
| | <u>154,067</u> | <u>97,939</u> |

SCHEDULE-9- SUNDRY DEBTORS

(Unsecured)

Debt outstanding for a period exceeding six months

| | | |
|-------------------------------------|---------------|---------------|
| Considered Good | 535 | 724 |
| Considered Doubtful | 2,127 | 2,132 |
| | <u>2,662</u> | <u>2,856</u> |
| Less : Provision for Doubtful Debts | 2,127 | 2,132 |
| | 535 | 724 |
| Other Debts - Considered Good | 75,352 | 38,440 |
| | <u>75,887</u> | <u>39,164</u> |

| | AS AT 31.03.2009 | Rs.('000) AS AT 31.03.2008 |
|--|---------------------|----------------------------------|
| SCHEDULE-10-CASH & BANK BALANCES | | |
| Cash in hand | 201 | 334 |
| Balance with Scheduled Banks: | | |
| In Current Accounts | 3,773 | 3,874 |
| In Fixed Deposit including Interest Accrued | 8,378 | 14,543 |
| Un-paid Dividend Accounts | 19 | 34 |
| | 12,371 | 18,785 |
| SCHEDULE -11- LOANS & ADVANCES | | |
| (Unsecured, considered good unless otherwise stated) | | |
| Advance Recoverable in cash or in kind or for value to be received | 36,053 | 32,279 |
| Duty Recoverable | 19,299 | 15,281 |
| Security Deposits with Parties | 10,067 | 11,963 |
| Income Tax & Sales Tax Recoverable | 8,991 | 8,151 |
| | 74,410 | 67,674 |
| SCHEDULE-12- CURRENT LIABILITIES & PROVISIONS | | |
| Current Liabilities | | |
| Sundry Creditors | | |
| (a) Micro, Small & Medium Enterprises | - | - |
| (b) Other Creditors | 122,749 | 74,174 |
| Deposits from Dealer & Contractors | 15,042 | 17,029 |
| Other liabilities for expenses, services etc. | 23,484 | 30,746 |
| Advance from Customers | 8,868 | 4,098 |
| Investor Education and Protection Fund shall be credited by the following amount, as and when due | | |
| - Unclaimed Dividend | 19 | 34 |
| | 170,162 | 126,081 |
| Provisions | | |
| For Fringe Benefit Tax & Wealth Tax | 1,572 | 1,575 |
| For Employees Benefits | 8,753 | 7,323 |
| | 180,487 | 134,979 |



SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

| | <u>YEAR ENDED</u> <u>31.03.2009</u> | <u>Rs.('000)</u> <u>YEAR ENDED</u> <u>31.03.2008</u> |
|--|--|--|
| SCHEDULE- 13- SALES | | |
| Sales (Including Export Sales Less return) | 1,272,561 | 1,019,673 |
| Less: Rebate & Discounts | 85,158 | 87,212 |
| | <u>1,187,403</u> | <u>932,461</u> |
| SCHEDULE-14 - OTHER INCOME | | |
| Interest Received Gross [TDS Rs. 268 Thousand (Rs. 409 Thousand)] | | |
| From Fixed Deposits | 664 | 810 |
| From Security Deposits | 618 | 672 |
| From Sundry Debtors | 104 | 151 |
| From others | - | 3 |
| Insurance claims received | 310 | 256 |
| Excess Provision W/off | - | 680 |
| Provision for doubtful Debt W/back | 5 | - |
| Sales Tax Subsidy | 4,473 | 2,800 |
| Prior Period Adjustment | 353 | - |
| Misc. Income | 47 | 93 |
| | <u>6,574</u> | <u>5,465</u> |
| SCHEDULE-15- INCREASE/(DECREASE) IN STOCK | | |
| Opening Stock | | |
| Finished Goods | 25,169 | 18,838 |
| Work-in-Process | 7,748 | 3,140 |
| Waste Paper | 101 | 98 |
| | <u>33,018</u> | <u>22,076</u> |
| Closing Stock | | |
| Finished Goods | 55,934 | 25,169 |
| Work-in-Process | 5,786 | 7,748 |
| Waste Paper | 19 | 101 |
| | <u>61,739</u> | <u>33,018</u> |
| Increase / (Decrease) in Stock | <u>28,721</u> | <u>10,942</u> |
| SCHEDULE-16- MANUFACTURING EXPENSES | | |
| Stores and Spare Parts | 8,239 | 11,718 |
| Packing Materials | 20,472 | 14,336 |
| Power & Fuel | 167,957 | 111,381 |
| Repair & Maintenance : | | |
| Machinery | 8,285 | 3,959 |
| Building | 1,217 | 582 |
| Others | 160 | 728 |
| | <u>206,330</u> | <u>142,704</u> |

| | YEAR ENDED 31.03.2009 | Rs.('000) YEAR ENDED 31.03.2008 |
|---|--------------------------|---------------------------------------|
| SCHEDULE-17- PERSONNEL EXPENSES | | |
| Salaries, Wages & Bonus | 73,134 | 68,912 |
| Contribution to P.F. & Others [Admn. Charges Rs. 464 Thousand (Rs. 454 Thousand)] | 6,193 | 5,950 |
| Staff Welfare Expenses | 1,736 | 1,459 |
| | 81,063 | 76,321 |

SCHEDULE-18- ADMINISTRATIVE, SELLING AND DISTRIBUTION EXPENSES

| | | |
|-------------------------------------|---------------|---------------|
| Rent | 268 | 246 |
| Rates & Taxes | 393 | 343 |
| Vehicle Running & Maintenance | 1,439 | 1,653 |
| Insurance | 1,852 | 1,982 |
| Electricity & Water Charges | 604 | 579 |
| Travelling & Conveyance | 5,111 | 4,238 |
| Forwarding & Delivery Charges (Net) | 4,960 | 7,338 |
| Printing & Stationery | 1,212 | 1,280 |
| Postage, Telegrams, Telephones etc. | 1,800 | 1,923 |
| Advertisement | 132 | 93 |
| Legal & Professional Charges | 1,393 | 1,777 |
| Cost Auditor Remuneration: | | |
| Audit Fee | 21 | 21 |
| Certification Fee | 21 | 36 |
| Auditors Remuneration: | | |
| Audit Fee | 60 | 60 |
| Tax Audit Fee | 13 | 13 |
| Income Tax Matters | 10 | - |
| Certification Fee | 49 | 28 |
| Auditor out of pocket Expenses | 5 | 4 |
| Managing Director's Remuneration | 481 | 481 |
| Bank Charges | 767 | 640 |
| Miscellaneous Expenses | 1,157 | 923 |
| Prior Period Adjustment | - | 26 |
| Donation | 8 | 5 |
| Cash Discount | 11,305 | 9,953 |
| Sales Promotion Expenses | 603 | 519 |
| Loss on Sale of Fixed Assets | 360 | 815 |
| Bad Debts | 17 | - |
| Excise Duty | 76 | - |
| | 34,117 | 34,976 |

SCHEDULE - 19 - INTEREST & FINANCIAL CHARGES

| | | |
|-------------------------------------|---------------|---------------|
| Interest on Loans for Fixed Periods | 37,803 | 34,571 |
| Interest on Others | 18,879 | 17,536 |
| Financial charges | 4,594 | 5,942 |
| | 61,276 | 58,049 |



SCHEDULE 20 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

- i. The Company follows the mercantile system of accounting and recognises Income and Expenditure on accrual basis except otherwise stated. The accounts are prepared on historical cost basis except in case of certain fixed assets which have been stated at revalued amounts, as a going concern, and are in accordance with applicable Accounting Standards in India.
- ii. Interest income from parties, Insurance Claim, Excise and other claims / refunds are recognised when there is a reasonable certainty of ultimate collection on ground of prudence.

(b) FIXED ASSETS

Fixed Assets are stated at cost including freight & other attributable expenses, net of modvat (wherever recoverable) and includes amounts added on revaluation, less accumulated depreciation.

(c) CAPITAL WORK-IN-PROGRESS

Capital Work-in-Progress is stated at cost and includes expenditure incurred in connection with the fixed assets and pending allocation on acquisition of fixed assets.

(d) DEPRECIATION

Depreciation on Fixed Assets has been provided according to the straight line method as per rates given in Schedule XIV of the Companies Act, 1956.

(e) INVESTMENTS

Long term investments are stated at cost less provision, if any, for diminution in the value, which is other than temporary in the opinion of the management.

(f) INVENTORIES

Inventories are valued on the following basis:

- i. Inventories of Raw Materials and Stores & Spares are valued at cost, arrived at on FIFO basis or net realizable value, whichever is lower.
- ii. Stock-in-Process are valued at raw material costs.
- iii. Finished Goods are valued at lower of cost or net realizable value.
- iv. Waste Paper is valued at lower of cost or net realizable value.

(g) TRANSACTIONS IN FOREIGN CURRENCY

- a) Transactions are recorded at the exchange rates prevailing on the date of transaction.
- b) Foreign currency designated assets, liabilities including fixed assets are restated at the year end rates and the resultant gain or loss is taken to Profit and Loss Account.

(h) CUSTOM DUTY

Custom Duty on imported materials is accounted for as and when the liability arises.

(i) RAW MATERIAL CONSUMPTION

Costs of Raw Material consumed are net of modvat benefits available (wherever recoverable).

(j) EMPLOYEE BENEFITS

i) Short term Employee Benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits which include benefits like salary, wages and performance incentives, and are recognized as expenses in the period in which the employee renders the related service.

ii) Post Employment Benefits

a) Defined Contribution Plans

The Company has Defined Contribution Plans for post employment benefits in the form of Provident Fund for all employees which is administered by Regional Provident Fund Commissioner. Provident Fund is classified as a defined contribution plan as the Company has no further obligation beyond making the contributions. The Company's contributions to Defined Contribution Plans is charged to the Profit and Loss Account as and when incurred.

b) Defined Benefit Plan

Funded Plan : The Company has a defined benefit plan for post employment benefit in the form of Gratuity

which is administered through Life Insurance Corporation of India (LIC). Liability for the above defined benefit plan is provided on the basis of valuation as at the Balance Sheet date, carried out by an independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit Method.

c) Other Long Term Employee Benefit

Liability for Compensated Absences is provided on the basis of valuation as at the Balance Sheet date carried out by an independent actuary. The Actuarial valuation method used for measuring the liability is the Projected Unit Credit Method.

iii) Termination benefits are recognized as an expense as and when incurred.

iv) The Actuarial gains and losses arising during the year are recognized in the Profit and Loss Account.

(k) PROVISIONS AND CONTINGENT LIABILITIES

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

Contingent liabilities not admitted by the Company are not provided for in the Accounts but are disclosed by way of Notes in NOTES ON ACCOUNTS.

(l) EARNING PER SHARE

The earning in ascertaining the Company's EPS comprises the net profit after tax and includes the post tax effect of any extraordinary items. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

(m) TAXATION

Income Tax comprises current tax, deferred tax & fringe benefit tax. Current tax and fringe benefit tax is the amount of tax payable as determined in accordance with the provisions of Income Tax Act, 1961. A provision is made for deferred tax for all timing difference arising between taxable income and income at currently enacted tax rates. Deferred Tax Assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance sheet date.

(n) IMPAIRMENT OF ASSETS

At each Balance sheet date, the Company assesses whether there is any indication that any assets may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the assets exceeds the recoverable amount, an impairment loss is recognized in the accounts to the extent the carrying amount exceeds the recoverable amount.

B) NOTES ON ACCOUNTS

1. Contingent Liabilities not provided for:-

- (a) Guarantees given by the banks on behalf of the Company Rs.10,196 thousands (Rs.13,196 thousands).
- (b) Letter of Credit issued by the banks on behalf of the Company Rs. 28,724 thousands (Rs.8,131 thousands).
- (c) Estimated amount of contracts remaining to be executed on capital commitment (net of advance) Rs. 25,754 thousands (Rs. 665 thousands).
- (d) The Company is in receipt of show cause notices for Rs.3,55,946 thousands (Rs.2,67,033 thousands) from the Central Excise & Custom/ Service Tax Department and other Authorities. Replies to show cause notices have been submitted and adjudication is pending with the department.
- (e) The Company has deposited Rs.25,000 thousands in the year 2005-2006 under protest with the Custom Department, Jaipur (Rajasthan) and the matter is sub-judice.

2. The Company has accounted for deferred tax assets of Rs. 26,098 thousands (Rs. 22,127 thousands) and is confident that subsequent realization of the deferred tax assets created is virtually certain in the near future based on the existing business model, future business plans of the Company and its profitability projections. Further, break-up of deferred tax assets (liabilities) is as under :-

| Deferred Tax Assets/(Liabilities) | <u>2008-2009</u> | <u>2007-2008</u> |
|--|----------------------|----------------------|
| (i) Depreciation on Fixed Assets | (38,166) | (40,937) |
| (ii) Deferred tax assets on account of unabsorbed depreciation/business loss | <u>64,264</u> | <u>63,064</u> |
| Total | <u>26,098</u> | <u>22,127</u> |



Shree Krishna Paper Mills & Industries Limited

| | | |
|--------------------------------------|------------------|------------------|
| 3. Managing Director's Remuneration: | 2008-2009 | 2007-2008 |
| Salary & Bonus | 325 | 325 |
| House Rent Allowance | 120 | 120 |
| Contribution to Provident Fund | 36 | 36 |
| Total | 481 | 481 |

4. Disclosure of the amount due to the Micro, Small & Medium Enterprises (on the basis of the information and records available with the Company)

| Sr. No. | Particulars | As at 31 st March, 2009 | As at 31 st March, 2008 |
|---------|--|------------------------------------|------------------------------------|
| 1. | The principal amount and the interest due thereon remaining unpaid to any Micro/Small supplier principal amount Interest thereon | NIL | NIL |
| 2. | The interest paid by the buyer as above along with the amount of payments made beyond the appointed date during each accounting year. | NIL | NIL |
| 3. | The amount of interest due and payable for the period of delay in making payments (which has been but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006. | NIL | NIL |
| 4. | The amount of interest accrued and remaining unpaid at the end each accounting year. | NIL | NIL |
| 5. | The amount of further interest remaining due and payable even in the succeeding year until such date when the interest dues as above are actually paid to the Small/Micro Enterprises. | NIL | NIL |

5. Employee Benefits

a) Post Retirement Benefits : Defined Contribution Plans

The Company has recognized the following amounts in the Profit and Loss Account for the year:

| SL No. | Particulars | 2008-09 | 2007-08 |
|--------|--|---------|---------|
| 1. | Contribution to Employee's Provident Fund | 1,585 | 1,446 |
| 2. | Contribution to Employee's Family Pension Fund | 1,842 | 1,900 |
| | Total | 3,427 | 3,346 |

b) Defined Benefit Plan- Gratuity

| i. | Changes in the Present Value of Obligation | 2008-09 | 2007-08 |
|----|--|---------|---------|
| a. | Present value of Obligation as at the beginning of the year. | 6,699 | 6,061 |
| b. | Interest Cost | 536 | 485 |
| c. | Past Service Cost | NIL | NIL |
| d. | Current Service Cost | 813 | 757 |
| e. | Curtailement Cost/(Credit) | NIL | NIL |
| f. | Settlement Cost/(Credit) | NIL | NIL |
| g. | Benefits Paid | (704) | (818) |
| h. | Actuarial (Gain)/Loss | 206 | 214 |
| i. | Present value of obligation as at the end of the year. | 7,550 | 6,699 |

| ii. | Changes in the Fair Value of Plan Assets | 2008-09 | 2007-08 |
|-----|---|---------|---------|
| a. | Present value of Plan Assets as at the beginning of the year. | 1,559 | 1,819 |
| b. | Expected Return on Plan Assets | 141 | 158 |
| c. | Actuarial Gain/(Loss) | (15) | (25) |
| d. | Employer's Contributions | 459 | 424 |
| e. | Employee's Contributions | NIL | NIL |
| f. | Benefits paid | (704) | (817) |
| g. | Fair Value of Plan Assets as at the end of the year. | 1,440 | 1,559 |

| iii. | Amount recognized in the Balance Sheet including a reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets | 2008-09 | 2007-08 |
|-------------|--|----------------|----------------|
| a. | Present Value of Funded Obligation as at end of the year | 7,550 | 6,699 |
| b. | Fair Value of Plan Assets as at the end of the year | 1,440 | 1,559 |
| c. | Funded (Asset)/Liability recognized in the Balance Sheet | 6,110 | 5,140 |
| d. | Present Value of unfunded obligation as at end of the year | NIL | NIL |
| e. | Unrecognized Past Service Cost | NIL | NIL |
| f. | Unrecognized Actuarial (Gains)/Losses | NIL | NIL |
| g. | Unfunded Net Liability recognized in the Balance Sheet | NIL | NIL |

| iv. | Expenses recognized in the Profit & Loss Account | 2008-09 | 2007-08 |
|------------|---|----------------|----------------|
| a. | Current Service Cost | 813 | 757 |
| b. | Past Service Cost | NIL | NIL |
| c. | Interest Cost | 536 | 485 |
| d. | Expected Return on Plan Assets | (140) | (158) |
| e. | Curtailment Cost/(Credit) | NIL | NIL |
| f. | Settlement Cost/(Credit) | NIL | NIL |
| g. | Net Actuarial (Gain)/Loss | 220 | 239 |
| h. | Employee's Contribution | NIL | NIL |
| i. | Total Expenses recognized in the Profit & Loss Account | 1,429 | 1,323 |

| v. | Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at end of the year. | 2008-09 (%) | 2007-08 (%) |
|-----------|---|------------------------|------------------------|
| a. | Government of India Securities | NIL | NIL |
| b. | Corporate Bonds | NIL | NIL |
| c. | Special Deposits Scheme | NIL | NIL |
| d. | Equity Shares of Listed Companies | NIL | NIL |
| e. | Property | NIL | NIL |
| f. | Insurer Managed Funds | 100 | 100 |
| g. | Others | NIL | NIL |

- c) The overall expected rate of return on assets is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.
- d) The actual return on Plan Assets is Rs. 125 Thousands (Rs.133 Thousands)
- e) Following are the Principal Actuarial Assumptions used as at the Balance Sheet date:

| SL No. | Particulars | 2008-09 (%) | 2007-08 (%) |
|---------------|--|------------------------|------------------------|
| a. | Interest Rate | 9 | 9 |
| b. | Discount Rate | 7.20 | 8 |
| c. | Expected Rate of Return on Plan Assets | 9 | 9 |
| d. | Salary Escalation Rate | 5 | 5 |

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

- f) Retirement Age :- 58 years (58 years)

6. Sundry debtors includes amount due from the Company under the same management as per Section 370(1B) of the Companies Act, 1956 :-

| Particulars | As at 31/03/2009 | As at 31/03/2008 |
|--|-----------------------------|-----------------------------|
| Name of the Party | Closing Balance | Closing Balance |
| M/s Bishwanath Traders & Investment Ltd. | - | 3,966 |



Shree Krishna Paper Mills & Industries Limited

7. Disclosure of loans / advances and investments in its own shares by the listed companies, their subsidiaries etc. (as certified by the management)

| SL No. | Particulars | Outstanding Balance as on 31 st March, 2009 | Maximum Balance outstanding during the year |
|--------|---|--|---|
| 1. | Loans and advances in the nature of loans to subsidiaries | - (-) | - (-) |
| 2. | Loans and advances in the nature of loans to associates | - (-) | - (-) |
| 3. | Loans and advances in the nature of loan where there is a) No repayment schedule or repayments beyond seven years b) No Interest or interest below Section 372 A of the Companies Act, 1956 | - (-) | - (-) |
| 4. | Loan and advances in the nature of loans to firms/ companies in which directors are interested | - (-) | - (-) |
| 5. | Investments by the loanee in the shares of parent Company and Subsidiary Companies, when the Company has made a loan or advance in the nature of loan. | - (-) | - (-) |

8. In the opinion of the Management, the Current Assets, Loan and Advances have a value on realisation in ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.
9. The debit/credit balances of Sundry Creditors, Sundry Debtors and Loan & Advances are subject to reconciliation/confirmation, although confirmations have been sent after the close of the year. In the opinion of the management, there shall be no material impact on the financial statements of any adjustments, if any, arising on such confirmation /reconciliation.
10. The Company's current business activity has only one primary reportable segment viz. paper. Hence "Segment Reporting", under AS -17 is not required. The Secondary segment is also not relevant as exports sale is insignificant.
11. Information pursuant to the provisions of paragraphs 3, 4C & 4D of part-II of Schedule VI of the Companies Act, 1956. Quantitative and other information regarding:

A) Licensed & Installed Capacity

(as certified by the management and relied upon by the auditors, being a technical matter)

| Particulars | Unit | 2008 - 2009 | | 2007 - 2008 | |
|-------------------------|------|-------------------|--------------------|-------------------|--------------------|
| | | Licensed Capacity | Installed Capacity | Licensed Capacity | Installed Capacity |
| Coated Paper | TPA | N.A. | 12000 | N.A. | 12000 |
| Thermal Sensitive Paper | TPA | N.A. | 2000 | N.A. | 2000 |
| Paper | TPA | N.A. | 30000 | N.A. | 30000 |

B) Turnover & Stock, Purchase & Production of Finished Goods

| CLASS OF GOODS | UNIT | OPENING STOCK | | PRODUCTION QTY. | PURCHASE | | TURNOVER | | CLOSING STOCK | |
|----------------|---------------------|----------------------|-------------------|--------------------------|----------------------|-------------------|--------------------------|------------------------|-----------------------|--------------------|
| | | QTY. | VALUE | | QTY. | VALUE | QTY. | VALUE | QTY. | VALUE |
| COATED PAPER | Tons | 305.049 (246.509) | 12,675 (6,693) | 9538.906 (9104.035) | - (-) | - (-) | 9390.326 (9045.495) | 4,79,412 (4,27,417) | 453.629 (305.049) | 18,759 (12,675) |
| WASTE PAPER | Tons | 18.214 (16.075) | 101 (98) | 736.192 (741.892) | - (-) | - (-) | 751.165 (739.753) | 4,545 (5,525) | 3.241 (18.214) | 19 (101) |
| PAPER | Tons | 295.458 (270.747) | 10,370 (9,814) | 21898.485 (11252.929) | 113.576 (208.673) | 6,399 (11,044) | 20967.966 (11436.891) | 5,91,172 (3,76,866) | 1339.553 (295.458) | 30,339 (10,370) |
| TSP | Sq.Mtr (in Lacs) | 4.14 (5.53) | 2,124 (2,331) | 194.22 (205.67) | - (-) | - (-) | 186.12 (207.06) | 1,07,534 (1,18,595) | 12.24 (4.14) | 6,836 (2,124) |
| MISC. SALES | N.A. | - (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 4,740 (4,058) | - (-) | - (-) |

Note :- Turnover includes adjustments for shortage/excess etc. and the effects of reduction of inventory to realizable value.

C) Consumption of Raw Materials

| Items | Unit | 2008 - 2009 | | 2007 - 2008 | |
|-------------|-------|-------------|-----------------|-------------|-----------------|
| | | Quantity | Value | Quantity | Value |
| Base Paper | Tons | 8776.598 | 3,45,061 | 8931.250 | 3,30,443 |
| Chemicals | Tons | 4906.957} | | 5724.174} | |
| | Ltrs. | 13300.000} | 1,19,447 | 14700.000} | 1,01,835 |
| Waste Paper | Tons | 27065.103 | 3,35,306 | 14546.222 | 2,10,516 |
| | | | <u>7,99,814</u> | | <u>6,42,794</u> |

D) Value of Raw Materials and Stores & Spares Consumed & Percentage of each to the Total Consumption

| Items | 2008 - 2009 | | 2007 - 2008 | |
|----------------------------|-----------------|---------------|-----------------|---------------|
| | Value | % | Value | % |
| RAW MATERIALS | | | | |
| Indigenous | 6,97,674 | 87.23 | 5,33,942 | 83.07 |
| Imported | 1,02,140 | 12.77 | 1,08,852 | 16.93 |
| | <u>7,99,814</u> | <u>100.00</u> | <u>6,42,794</u> | <u>100.00</u> |
| STORES & SPARES | | | | |
| Indigenous | 7,031 | 85.34 | 11,589 | 98.90 |
| Imported | 1,208 | 14.66 | 129 | 1.10 |
| | <u>8,239</u> | <u>100.00</u> | <u>11,718</u> | <u>100.00</u> |

E) Value of Imports, Expenditure and Earning in Foreign Currencies

| | <u>2008-2009</u> | <u>2007-2008</u> |
|--|------------------|------------------|
| i. Expenses incurred in Foreign Currency on account of | | |
| a. Foreign Travel | 495 | 81 |
| b. Consultancy | NIL | 526 |
| ii. CIF Value of Imports | | |
| a. Import of Raw Materials | 74,944 | 65,315 |
| b. Stores & Spare Parts | 2,907 | 340 |
| c. Capital Goods | 185 | 1,030 |
| iii. Earning in Foreign Currency on account of | | |
| a. F.O.B. value of Exports | 1,495 | - |
| b. Other | 66 | 75 |

12. Earning Per Share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 – "Earnings per share". Basic/diluted earnings per share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year.

| Particulars | 2008-2009 | 2007-2008 |
|--|-----------|-----------|
| Net Profit (Loss) attributable to shareholders | (11,583) | (65,893) |
| Weighted average number of Equity Shares used in computing basic/diluted earning per share | 86,69,214 | 80,51,680 |
| Basic/diluted earnings per share | (1.34) | (8.18) |
| Nominal value per share (Rs.) | 10 | 10 |



Shree Krishna Paper Mills & Industries Limited

13. Related party disclosures under Accounting Standard (AS) 18.

All related parties have been identified by the Management and relied upon by the auditors. There are no related parties where control exists.

i) Key Management Personnel :

Mr. N.K. Pasari - Managing Director

ii) Relative of Key Managerial Personnel:

Mr. Naynesh Pasari - Son of Managing Director

iii) Enterprises where Key Management Personnel /Relative of Key Managerial Personnel has significant influence :

Laxmi Traders

Kashyap Comm. P. Ltd.

Amer Hotels Ltd.

Bishwanath Industries Ltd.

Bishwanath Traders & Investment Ltd.

Gopala Sales Pvt. Ltd.

iv) Details of transactions with the related parties.

| Nature of transactions | 2008- 2009 | | | 2007 - 2008 | | |
|---|--------------------------|---------------------------|----------------------------|--------------------------|---------------------------|----------------------------|
| | Referred in (i) above | Referred in (ii) above | Referred in (iii) above | Referred in (i) above | Referred in (ii) above | Referred in (iii) above |
| Remuneration | | | | | | |
| Mr. N. K. Pasari | 481 | - | - | 481 | - | - |
| Consultancy Charges | | | | | | |
| Mr. Naynesh Pasari | - | 300 | - | - | - | - |
| Rent Paid/Payable | | | | | | |
| Laxmi Traders | - | - | 54 | - | - | 60 |
| Amer Hotels Ltd. | - | - | 72 | - | - | 72 |
| Interest Paid/Payable | | | | | | |
| Bishwanath Industries Ltd. | - | - | 2,419 | - | - | 2,157 |
| Bishwanath Traders & Investment Ltd. | - | - | 325 | - | - | 325 |
| Kashyap Comm. Pvt. Ltd. | - | - | 325 | - | - | 323 |
| Gopala Sales Pvt. Ltd. | - | - | 911 | - | - | - |
| Sale of goods | | | | | | |
| Bishwanath Traders & Investment Ltd. | - | - | 9,386 | - | - | 55,492 |
| Loans Taken | | | | | | |
| Bishwanath Industries Ltd. | - | - | - | - | - | 9,000 |
| Kashyap Comm. Pvt. Ltd. | - | - | - | - | - | 1,000 |
| Gopala Sales Pvt. Ltd. | - | - | 10,000 | - | - | - |
| Closing Balances | | | | | | |
| - Payables | | | | | | |
| Expenses Payable | 54 | 22 | - | 25 | - | - |
| Laxmi Traders | - | - | 54 | - | - | 108 |
| Bishwanath Traders & Investment Ltd. | - | - | 5,762 | - | - | 5,347 |
| Bishwanath Industries Ltd | - | - | 46,672 | - | - | 44,801 |
| Kashyap Comm. Pvt. Ltd. | - | - | 5,511 | - | - | 5,260 |
| Gopala Sales Pvt. Ltd. | - | - | 10,079 | - | - | - |
| - Receivable | | | | | | |
| Bishwanath Traders & Investment Ltd | - | - | - | - | - | 3,966 |

14. Figure in bracket represents previous year figures

15. Comparative corresponding figures for the previous year have been regrouped and/ or re-arranged wherever considered necessary.

16. All the figures are rounded off to the nearest thousands.

**17. INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

| | <u>Rs.(' 000)</u> |
|--|-------------------|
| I. Registration Details | |
| Registration No. | 28518 |
| State Code | 21 |
| Balance Sheet Date | 31/3/2009 |
| II. Capital Raised during the year | |
| Public Issue | NIL |
| Bonus Issue | NIL |
| Rights Issue | NIL |
| Private Placement Including Securities Premium | 22,204 |
| III. Position of Mobilization and Deployment of Funds | |
| Total Liabilities | 623,071 |
| Total Assets | 623,071 |
| Sources of Funds | |
| Paid-up Capital | 94,517 |
| Reserves & Surplus | 45,763 |
| Secured Loans | 404,821 |
| Unsecured Loans | 77,970 |
| Application of Funds | |
| Net Fixed Assets | 394,685 |
| Investments | 122 |
| Net Current Assets | 136,248 |
| Deferred Tax Assets | 26,098 |
| Profit & Loss Account | 65,918 |
| IV. Performance of Company | |
| Turnover (Including other income) | 1,193,223 |
| Total Expenditure | 1,208,018 |
| Profit / (Loss) Before Tax | (14,795) |
| Profit / (Loss) After Tax | (11,583) |
| Earning Per Share (Rs.) | (1.34) |
| Dividend Rate (%) | Nil |
| V. Generic Names of Three Principal Products/Services of Company (as per the monetray terms) | |
| Item Code No.(ITC Code) | 48010090 |
| Product Description | News Print Paper |
| Item Code No. (ITC Code) | 48101330 |
| Product Description | Chromo Paper |
| Item Code No. (ITC Code) | 48119093 |
| Product Description | Thermal Paper |

In terms of our attached audit report

For and on behalf of the Board

For Singal Bros. & Associates
Chartered Accountants

For A.C. Bhuteria & Co.
Chartered Accountants

N. K. Pasari
Managing Director

(Jayant Raheja)
Partner
Membership No. 509487

(Mohit Bhuteria)
Partner
Membership No. 56832

D.R. Mehta
Director

New Delhi
24th August, 2009

Kolkata
25th August, 2009

Deepak Gupta
Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

| | <u>2008-2009</u> | Rs.(' 000) <u>2007-2008</u> |
|---|------------------|--------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit / (Loss) Before Tax | (14,795) | (95,998) |
| Adjustment for : | | |
| Depreciation | 47,740 | 45,846 |
| Interest and Financial Charges | 61,276 | 58,049 |
| Interest Received | (1,386) | (1,636) |
| Loss on Sale of Assets | 360 | 815 |
| Priod Period Adjustment | (353) | 26 |
| Bad Debts | 17 | - |
| Provision for Doubtful Debt W/back | (5) | - |
| Excise Duty on Stock | 76 | - |
| Excess Prov. W/off | - | (680) |
| Operating Profit Before Working Capital Changes | <u>92,930</u> | <u>6,422</u> |
| Adjustment for : | | |
| Inventories | (56,128) | 5,653 |
| Sundry Debtors | (36,723) | (7,426) |
| Loan & Advances | (5,650) | 46,667 |
| Current liabilities and provisions | 41,256 | 8,413 |
| Cash Generated/(Used) In Operations | <u>35,685</u> | <u>59,729</u> |
| Direct Tax Paid | (1,086) | (1,128) |
| Net Cash Flow From Operating Activities (A) | <u>34,599</u> | <u>58,601</u> |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets (Including CWIP) | (8,983) | (25,796) |
| Sale Proceeds of Fixed Assets | 82 | 3,660 |
| Interest Received | 1,386 | 1,636 |
| Net Cash Used in Investing Activities (B) | <u>(7,515)</u> | <u>(20,500)</u> |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Issue of Share Capital Incl. Securities Prem. | 22,204 | - |
| Proceeds from Long Term Borrowings | (40,015) | 57 |
| Proceeds from Unsecured Loans | 20,001 | 7,500 |
| Working Capital Loan from Banks | 20,067 | 7,330 |
| Proceeds (Repayment) of Vehicle Loan | (308) | (786) |
| Interest and Financial Charges | (55,447) | (52,946) |
| Net Cash Used in Financing Activities (C) | <u>(33,498)</u> | <u>(38,845)</u> |
| Net Increase/(Decrease) in Cash and Cash Equivalent (A+B+C) | <u>(6,414)</u> | <u>(744)</u> |
| Cash & Cash Equivalent as at 01-04-2008 | 18,785 | 19,529 |
| Cash & Cash Equivalent as at 31-03-2009 | 12,371 | 18,785 |

Note : Figures in braket represent outflow

| | |
|---|---|
| In terms of our attached audit report | For and on behalf of the Board |
| <p>For Singal Bros. & Associates Chartered Accountants</p> <p>(Jayant Raheja) Partner Membership No. 509487</p> <p>New Delhi 24th August, 2009</p> | <p>For A.C. Bhuteria & Co. Chartered Accountants</p> <p>(Mohit Bhuteria) Partner Membership No. 56832</p> <p>Kolkata 25th August, 2009</p> |
| | <p>N. K. Pasari Managing Director</p> <p>D.R. mehta Director</p> <p>Deepak Gupta Company Secretary</p> |



Shree Krishna Paper Mills & Industries Limited

Registered Office : 16, India Exchange Place, Kolkata - 700 001

ATTENDANCE SLIP

PLEASE FILL IN ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. Joint shareholder may obtain additional slip on request.

| | | | |
|-------------------------|--|-----------------------|--|
| D.P. Id* | | Folio No. | |
| Client Id* | | No. of Share/(s) held | |
| NAME OF THE SHAREHOLDER | | NAME OF THE PROXY | |

I hereby record my presence of 37th ANNUAL GENERAL MEETING of the Company held on Thursday, the 24th September, 2009 at 10.00 a.m. at Aparna Business Centre, 5 Clive House, Strand Road, Kolkata - 700 001.

SIGNATURE OF THE MEMBER / PROXY

*Applicable for Members holding shares in electronic form.

.....TEAR HERE.....

TEAR HERE



Shree Krishna Paper Mills & Industries Limited

Registered Office : 16, India Exchange Place, Kolkata - 700 001

PROXY FORM

| | | | |
|------------|--|-----------------------|--|
| D.P. Id* | | Folio No. | |
| Client Id* | | No. of Share/(s) held | |

I/We..... of being a member/members of the above Company hereby appoint..... of or failing him of.....

as my/our proxy to attend and vote for me/us and on my/our behalf at the 37th ANNUAL GENERAL MEETING of the Company to be held on Thursday, the 24th September, 2009 or at any adjournment thereof at Aparna Business Centre, 5 Clive House, Strand Road, Kolkata - 700 001.

Signed this day of 2009.



(Signature)

*Applicable for Members holding shares in electronic form.

NOTE : The Proxy in order to be effective should be duly stamped, completed, signed and must be deposited at the Registered Office of the Company not less than FORTY EIGHT HOURS before the time of holding the aforesaid meeting. The Proxy need not be a member of the Company.



Shree Krishna Paper Mills & Industries Limited

(An ISO 9001 : 2000 Certified Company)
(Coating Division)



FM 89654

Products

Coating Division

Coated Papers -
C1s (Chromo Paper), C2s (Art Paper)



Thermal Sensitive Paper



Cast Coated Paper



Paper Division

(100% Recycled Eco-friendly)

Writing & Printing Paper
News Print
Electrical Grade Insulation Paper
Abrasive Paper



Units

Coating Division

T/4 Industrial Area,
Bahadurgarh-124 507, Haryana

Paper Division

Plot No. SPL-'A', RIICO Industrial Area
Kotputli, Jaipur- 303 108

Head Office

4830/24, Prahlad Street, Ansari Road
Darya Ganj, New Delhi - 110 002
Tel.: 91-11-23267253,30180200,30121736
Fax: 91-11-23266708 • Email: info@skpmil.com

Visit us at : www.skpmil.com

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& Industries Limited**

(An ISO 9001: 2000 Certified Company)

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