

Annual Report 2009-2010



 **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*
P.N. Singh**

*upto July 1, 2010

**w.e.f. July 1, 2010

COMPANY SECRETARY

Vikas Gupta

AUDITORS

Singal Bros. & Associates
Chartered Accountants
New Delhi

A.C. Bhuteria & Co.
Chartered Accountants
Kolkata

BANKERS

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

COST AUDITORS

Vijender Sharma & Associates
Cost Accountants
Delhi

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

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)

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NOTICE

NOTICE is hereby given that the 38th Annual General Meeting of the members of **Shree Krishna Paper Mills & Industries Limited** will be held on Wednesday, the 22nd day of September, 2010 at 10.00 a.m. at Aparna Business Centre, 5 Clive House, Strand Road, Kolkata-700001 (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, 2010 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. D. R. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. L.C. Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditor to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to authorise 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 an Special Resolution:**

"RESOLVED THAT in accordance with the provisions of Section 269 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), and such other necessary approvals as may be applicable, consent of the Company be and is hereby accorded for the re-appointment of Mr. N.K.Pasari, as Managing Director of the Company for a period of one year with effect from 1st January, 2011, without any remuneration for which he has consented.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things which are necessary, incidental and ancillary in this connection or otherwise considered by the Board to be in the best interest of the Company."

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

"RESOLVED in supersession of Resolution No.6 passed in the Annual General Meeting of the Company held on 27th September, 2006 and pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Company Act, 1956 that the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of monies as may be required for the purpose of business of the Company with or without security either in foreign currency and/or in rupee currency as may be deemed necessary, notwithstanding that the monies to be borrowed together with the monies already to be borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board of Directors shall not at any time exceed the limit of Rs. 150 Crores (Rupees One Hundred Fifty Crores only).

RESOLVED FURTHER THAT the Board of the Directors or a Committee thereof of the Company be and is hereby authorised to take all necessary steps as may be necessary, proper and expedient to give effect to this resolution."

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

"RESOLVED in supersession of Resolution No.7 passed in the Annual General Meeting of the Company held on 27th September, 2006 and pursuant to section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 that the consent of the Company be and is hereby accorded to the Board of the Directors of the Company to create charge/s by way of equitable mortgage/hypothecation in addition to the charges already created/to be created by the Company in such form and manner and with such ranking and on such terms as the Board of Directors may determine, on all or any of the movable

and/or immovable properties of the Company wheresoever situated, both present and future, to secure the present and future borrowings of the Company together with power to take over the whole or substantially the whole of the undertaking of the Company or any of its undertakings.

RESOLVED FURTHER THAT the Board of Directors or a Committee thereof be and is hereby authorised to take all necessary steps as may be necessary, proper and expedient to give effect to this resolution."

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to section 293(1)(a) of the Companies Act, 1956 and other applicable provisions, the Board of Directors of the Company be and is hereby authorised to deal, negotiate and dispose of the part of unused additional land situated at Plot No. "SPL-A", RIICO Industrial Area, Village Keshwana, Tehsil Kotputli, Dist. Jaipur and for that purpose to sign, seal and deliver such contracts, deeds or any other instrument that may be considered necessary, usual or proper for the sale, lease or otherwise disposing of the land which according to the Board may be considered beneficial and convenient for the Company.

RESOLVED FURTHER THAT the Board of Directors or a Committee thereof be and is hereby authorised to take all necessary steps as may be necessary, proper and expedient to give effect to this resolution."

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. P.N. Singh, who was appointed as an Additional Director by the Board of Directors and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By order of the Board

New Delhi
14th August, 2010

Vikas 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 01st day of September, 2010 to 08th day of September, 2010 (both days inclusive).
3. In respect of Equity Shares held in physical mode, all Members are requested to notify change in address, if any, to the Company/Registrar & Share Transfer Agent, M/s Link Intime India Private Limited quoting their folio number and changed address with Pin Code. In respect of Equity Shares held in demat mode, all Members are requested to intimate changes with respect to their bank details, mandate, address etc. to their respective Depository Participant.
4. 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.
5. 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.
6. 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.
7. 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.



8. Re-appointment of Directors:

Pursuant to the provisions of Articles of Association, Mr. D. R. Mehta and Mr. L.C. Sharma, 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 AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5:

The present term of appointment of Mr. N.K.Pasari, Managing Director of the Company is expiring on 31st December, 2010. Mr. Pasari has been actively involved in the affairs of the Company and keeping in view of the valuable services, significant contributions and increased responsibilities due to expanding activities of the Company, the Board of Directors considers it appropriate to re-appoint Mr. N.K.Pasari, as Managing Director of the Company for a further period of one year with effect from 1st January, 2011 on, inter alia, the following terms & conditions:-

(i) Tenure of Appointment

For a period of one year commencing from 1st January, 2011

(ii) Other terms of appointment

- a) Keeping in view the present financial position of the Company, no remuneration will be paid to Mr. N.K.Pasari, Managing Director for the present term of appointment for which he has consented.
- b) This appointment may be terminated by Company at any time before the expiry of the term by giving notice of not less than three months in writing. No severance fee shall be paid on such termination. The appointee shall also have the right to relinquish his office at any time before the expiry of the term by giving to the Company notice of not less than three months in writing.

This may be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

Your Directors recommend the resolution for the approval of the Members.

Mr. N.K.Pasari is deemed to be interested or concerned in the resolution as it pertains to his re-appointment. Further, Mr. B.N. Pasari and Mr. B.K.Pasari are also interested or concerned in this resolution, as they are related to each other. No other Director is concerned or interested in this resolution.

Item No. 6

Pursuant to Section 293(1)(d) of the Companies Act, 1956, the Board of Directors cannot, except with the consent of Company in General Meeting, borrow monies, in excess of the aggregate of paid-up capital and its free reserves of the Company, that is to say, reserves not set apart for any specific purpose. The Members, at their Annual General Meeting held on 27th September, 2006 had accorded their consent to the Board of Directors for borrowing upto Rs. 100 Crores. In view of expanding activities of the Company and for additional working capital needs, it may be necessary to enhance the present borrowing limits. The approval of Members is being, therefore, sought pursuant to Section 293(1)(d) of the Companies Act, 1956 to increase the borrowing limits upto Rs. 150 Crores.

Your Directors recommend the resolution for the approval of the Members.

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

Item No. 7

To secure the present and proposed borrowings of the Company from the Banks, the Company has to create mortgages/charges over present and future assets of the Company in favour of the Banks by way of first and/or second charge from time to time.

Pursuant to Section 293(1)(a) of the Companies Act, 1956, the Board of Directors cannot, except with the approval of Company in general meeting, create mortgage/charge over the assets of the Company for securing the borrowings. The approval of Members is being, therefore, sought to mortgage/charge the assets of the Company for the increased borrowing limits.

Your Directors recommend the resolution for the approval of the Members.

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

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

Item No. 8

By order of the Board

The Paper manufacturing unit of the Company is situated at Plot No. "SPL-A", RIICO Industrial Area, Village Keshwana, Tehsil Kotputli, Distt. Jaipur (Rajasthan). The production activities are being carried out only on a small piece of the land and remaining land is lying unused. To reduce the burden of interest and loan on the Company, the Board proposes to dispose off some part of the unused land which is presently mortgaged to the Bankers. The Company has already requested to the Bankers for their approval to sale the said unused land.

New Delhi
14th August, 2010

Vikas Gupta
Company Secretary

Pursuant to Section 293(1)(a) of the Companies Act, 1956, the Board of Directors cannot, except with the consent of Company in general meeting, sell the whole or substantially the whole of the undertaking of the Company. The approval of Members is being, therefore, sought to sell the assets of the Company for reducing financial burden on the Company.

Your Directors recommend the resolution for the approval of the Members.

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

Item No. 9

In terms of Articles of Association of the Company, Mr. P.N. Singh was appointed as an Additional Director on the Board with effect from 01st July, 2010. Pursuant to section 260 of the Companies Act, 1956 he holds office upto the date of this Annual General Meeting and being eligible for appointment as a Director. The Company has received a notice in writing along with the requisite deposit from the member under section 257 of the Companies Act, 1956 proposing the candidature of Mr. P.N. Singh for appointment as a Director of the Company.

Mr. P.N. Singh, aged about 62 years, Bachelor of Technology has served various companies in senior positions. He has been served as Managing Director of Bhopal Paper & Boards Limited, (a joint sector unit with Govt. of Madhya Pradesh). He has vast experience in paper trading and other related areas.

Your Directors recommend the resolution for the approval of the Members.



DIRECTORS' REPORT

The Board of Directors of your Company is pleased to present its 38th Annual Report and the Audited Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

(Rs. In '000)

	2009-10	2008-09
Sales including export sales	6,13,943	11,88,192
Profit / (Loss) before Interest & Depreciation	(6,771)	94,404
Less: Depreciation	45,751	47,740
Profit/(Loss) before Interest & Taxation	(52,522)	46,664
Less: Interest and financial charges	50,033	61,459
Profit/(Loss) before Taxation	(1,02,555)	(14,795)
Add: Provision for Taxation	17,959	3,212
Profit/ (Loss) after Tax	(84,596)	(11,583)
Balance brought forward from previous years	(65,916)	(54,333)
Balance carried to Balance Sheet	(1,50,512)	(65,916)

The continued effect of Worldwide Global Recession and slow-down in the economy has adversely effected the performance of the Company. It has resulted into increase in losses due to sharp decrease in sales prices, non-availability of corresponding decrease in raw material prices, lower sales volume and unhealthy competition due to unscrupulous/stock-lot imports. The reduction in sales has also been caused by shut-down of Keshwana Plant for modification/renovation.

During the year under review, the Company has been sanctioned Restructuring-cum-Enhancement package under the CDR Mechanism. As projected under package, the Keshwana Unit of the Company has been restarted for production after its modification/renovation. With the help of Restructuring Package, your Directors are hopeful for better performance in the current year.

PREFERENCE SHARES

Your Company has issued 5,00,000 4% Cumulative Redeemable Preference Shares of Rs. 100/- each amounting Rs.50,000 thousands during the year to all the Bankers of the Company in accordance with terms and conditions of the CDR package.

DIVIDEND

The Directors are unable to recommend any dividend on equity shares due to the losses during the year under review. Further, 4% dividend aggregating to Rs. 731 thousands (including dividend distribution tax) on the outstanding 4% cumulative redeemable preference shares has also been accumulated.

CURRENT OUTLOOK

The Paper Industry in India looks extremely positive as the demand for upstream market of paper products is growing up. The improving domestic demand and the rise in global prices together should help Paper Industry to perform better in the coming years. The recovery in the global economy and the buoyancy in the domestic economy mean better demand growth for paper.

CORPORATE GOVERNANCE

Your Directors reaffirm their commitment to the Corporate Governance standards as prescribed by the Securities and Exchange Board of India (SEBI). A separate section on Corporate Governance together with a certificate from the Auditors of the Company regarding full compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchange(s) forms part of Annual Report.

PUBLIC 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 Articles of Association of the Company and the provisions of the Companies Act, 1956, Mr. D. R. Mehta and Mr. L.C. Sharma are retiring by rotation and, being eligible, offer themselves for re-

appointment at the ensuing Annual General Meeting of the Company.

The term of appointment of Mr. N.K. Pasari as Managing Director will expire on 31st December, 2010. The Board proposed to re-appoint him as Managing Director for a further period of 1 year w.e.f. 1st January, 2011 without any remuneration for which he has consented. The resolution for re-appointment has been put up for approval of the members.

Mr. P. N. Singh has been appointed as an Additional Director w.e.f. 01st July, 2010 and Mr. Alok Sinha has resigned from the directorship of the Company. Mr. Alok Sinha was associated with the Company since 2003. The Board placed on record the immense contribution made by Mr. Alok Sinha during his tenure of a Director.

The Board of Directors recommends their appointment/re-appointment.

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

Your Company has been granted a Restructuring Package by Corporate Debt Restructuring (CDR) Cell under the CDR Mechanism vide LOA No. CDR(ABP) No.605/2009-10 dated 17.08.2009 for restructuring of the existing financial assistance and sanction of additional finance to the Company. The CDR Package has been implemented w.e.f. cut-off date i.e. 1st April, 2009 by all the Bankers of the Company. Your Directors are very positive and confident that with the help of CDR Package, the Company is in the process of continuing its operations in a more efficient and cost effective manner making optimum utilization of all its available resources.

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 as at 31st March, 2010 and of the Loss of the Company for that year;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.

COST AUDITORS

Pursuant to Section 233B of the Companies Act, 1956, the Central Government vide their letter no. 52/494/CAB-2000 dated 23/06/2009 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, 2010.

AUDITORS

M/s. Singal Bros. & Associates, Chartered Accountants, New Delhi, the Statutory Auditor of the Company hold office until the conclusion of the forthcoming Annual General Meeting of the Company and are eligible for re-appointment and all the audit process will be done by this firm only in future. The Company has received a letter from them to the effect that their appointment, if made would be within the prescribed limits u/s 224(1B) of the Companies Act, 1956.

The other joint auditor, M/s A.C.Bhuteria & Co, Chartered Accountants, Kolkata have expressed their unwillingness to be re-appointed as Statutory Auditor from the ensuing Annual General Meeting.

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:-



In view of restructuring of debts by the lenders, process improvements carried out for enhancing paper making capacity and operating efficiency, improvement in quality, improving trend in market conditions, business plans, strategies and profitability estimates, the Company is virtually certain of realization of deferred tax assets in future. (refer Note No. 2 of Schedule 19 of Notes on Accounts.)

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**
14th August, 2010 Director Managing Director

ANNEXURE TO DIRECTORS' REPORT

I. CONSERVATION OF ENERGY

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

1. Use of Mustard Husk in place of Coal to reduce carbon emission.
2. Replacement of washer into Poly Disc Filter has resulted in saving of power and increased production.
3. Better utilization of steam and condensation technology in order to save energy.
4. Lower power consumption due to changes in paper machine devices.

FORM A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power and Fuel Consumption	2009-2010	2008-2009
1. Electricity		
(a) Purchased		
Units Consumed (Kwh)	68,65,144	2,07,87,500
Total Amount (Rs.)	3,16,89,167	8,74,28,918
Rate per unit (Rs.)	4.62	4.21
(b) Own Generation (Through Diesel & Gas)		
Units Generated (Kwh)	19,43,585	19,72,571
Units per Ltr. of Diesel & per SCM of Gas	3.29	3.31
Cost per unit (Rs.)	6.83	6.41
2. Coal (D-Grade)		
Quantity (Kg.)	56,755	1,14,74,047
Total Amount (Rs.)	4,56,520	5,13,59,178
Average Rate (Per Kg.)	8.04	4.48
3. Furnace Oil/LDO		
Quantity (Ltrs.)	78,250	1,11,350
Total Amount (Rs.)	18,23,685	32,23,893
Average Rate (Rs.)	23.31	28.95
4. Gas (RNG)		
Quantity (SCM)	6,73,313	8,44,283
Total Amount (Rs.)	1,17,86,973	1,33,10,611
Average Rate (Rs.)	17.51	15.77
5. Mustard Husk		
Quantity (Kg.)	48,40,968	---
Total Amount (Rs.)	1,19,39,272	---
Average Rate (Rs.)	2.47	---
B. Consumption per unit of Production		
Electricity - Unit per MT		
-In Coating unit	126	131
-In Paper Manufacturing unit	926	885
Own Generation (Diesel & Gas) - Unit per MT	241	178
Coal (D-Grade)	9	524
Furnace Oil - Ltrs. per MT	10	10
Gas (RNG) - SCM per MT	86	78
Mustard Husk	763	---



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:
 - Introduction of Higher Capacity Mac Cell Pumps for further improvement.
 - Study on better formation and more efficiency of the machine.
 - Increase in size of Dandy Roll for better formation.
2. Benefits derived as a result of the above R&D:
 - Reduction in consumption of power.
 - Increase in speed of machine and reduction in machine stoppage time.
 - Improvement in quality as well as quantity of production.
3. Future plan of action:
 - Further improvement in speed of machine.
 - Reduction in energy consumption.
 - Control over the idle running hours of machine and equipments.
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.) reduction of manufacturing cost and finishing losses, improvement of quality of paper, product development.
 - Improvement in paper quality viz-a-viz formation of paper.
 - Increase in speed of the machine.
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. The Company is in continuous process for exploring the possibilities of exports in other countries also and accordingly, we hope to increase our export sales. The Company responds immediately on enquiry/information from the prospective buyers.
2. Total Foreign Exchange used and earned:
Expenditure in Foreign Currency : Rs. 50818 thousands
FOB Value of exports : Rs. 2812 thousands

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- 1 Efforts in brief made towards technology absorption, adaptation and innovation.
 - Efforts for further improvement in quality of paper by introducing Head Box Lip change, change in DUO & TRIO vacuum boxes, etc.
 - Efforts for renovating the drives, replacement of gear boxes, replacement of pneumatic clutches, Pinions, couplings etc.
 - Effective environmental monitoring schedules and application of Environmental Management system.

For & on behalf of the Board

New Delhi **D. R. Mehta** **N. K. Pasari**
14th August, 2010 Director Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

The Year 2009 was certainly a challenge for the Pulp & Paper Industry having slow demand and constant pricing pressure. Paper prices experienced a steady fall for most of the year and now appeared to be leveling off. It is expected to have gradual price increase for most grades in the current year.

The Paper Industry has an important role to play in the Indian Economy. The Indian Paper Industry, which is highly power and capital intensive, is broadly divided into three categories- wood based, agro based and recycled waste paper based in terms of raw material and paper, paper board & newsprint in terms of finished goods. Our unit is based on recycled waste paper which is eco-friendly and prevents a large amount of air and water pollution. Increased consumer spending and improvement in conversation technology is expected to be the growth drivers for this industry.

Indian Paper Industry is poised to grow and touch 11.5 million Tons by 2011-12 from 9.8 million Tons in 2009-10 at the growth rate of 8% per annum. Although, per capita consumption has been increased to 9.18 Kg. in 2009-10 as compared to 8.3 Kg. during 2008-09 but still it is on lower side as compared to China and other developed countries.

Opportunities and Threats

With the growth in Country's economy, the Paper consumption in India is bound to expand. The literacy level in India which is on the increase is further said to improve the demand for paper. The Company is in continuous process to control costs & improve its quality for better position.

The major issues confronting India's Pulp & Paper Industry are high cost of production caused by inadequate availability and high cost of raw materials, power cost and environmental challenges. Stock-lots and cheaper imports are also creating pressure on the domestic Paper Industry.

Outlook

The Paper Industry in India looks extremely positive as the demand for upstream market of paper products is growing up. The improving domestic demand and the

rise in global prices together should help Paper Industry to perform better in the coming years. The recovery in the global economy and the buoyancy in the domestic economy mean better demand growth for paper.

Risk & Concerns

The Company imports raw material, which is prone to the foreign exchange fluctuations. However, the Company is in continuous efforts for reducing its cost of raw material without compromising on quality of finished products. Government policies and changing scenario in international and domestic markets are the main causes of risks/concerns. Your Company always gives due care on all these factors and tries to reduce the risk by adopting effective internal control measures.

Internal Control Systems and their adequacy

The Company has an adequate internal control system commensurate with its size and nature of business. It provides for adherence to approved procedures, policies, guidelines and authorization.

In order to ensure that all check and balances are in place and all the internal control systems and procedures are in order, regular and exhaustive internal audit is conducted. All issues and observations of the Internal Auditor are being similarly dealt with and rectified under the close monitoring of the Audit Committee.

Financial Performance with respect to Operational Performance

The continued effect of Worldwide Global Recession and slow-down in the economy has adversely effected the performance of the Company. It has resulted into increase in losses due to sharp decrease in sales prices, non-availability of corresponding decrease in raw material prices, lower sales volume and unhealthy competition due to unscrupulous/stock-lot imports. The reduction in sales has also been caused by shut-down of Keshwana Plant for modification/renovation.

During the year under review, the Company has been sanctioned Restructuring-cum-Enhancement package under the CDR Mechanism. As projected under package, the Keshwana Unit of the Company has been restarted for production after its modification/



renovation. With the help of Restructuring Package, your Directors are hopeful for better performance in the current year.

**Material Developments in Human Resource/
Industrial Relations front**

The Company adopts latest techniques in evaluating the potential of personnel. Training plays a vital role in enhancing the efficiency, productivity and performance of employees. Undertaking in-house training and external programmes are significant functions of Human Resource Department of the Company.

Industrial Relations in the organization continued to be cordial during the year under review. The Company had 445 employees on its payrolls as on 31st March, 2010.

Cautionary Statement

Certain Statements and Information in this section describing the Company's objectives, estimates and expectations may be "forward looking statements" within the meaning of applicable laws and regulations. The actual result 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

Our Company is committed to the adoption of best Governance practices and its adherence in the true spirit, at all times. The high standard of Corporate Governance is maintained by being transparent, accountable and continuous interaction with shareholders, employees, lenders, govt. agencies and all the dealers. In pursuit of these objectives, the policies of the Company are carried out in such a way that the rights and responsibilities of different constituents are defined to enhance long term shareholder value.

2. BOARD OF DIRECTORS

The Board of Directors has an optimum combination of Managing Director, Non-Executive Directors and Independent Directors. The Board comprises of six Directors out of which one is Executive and five are Non-Executive Directors. Non-Executive Directors have considerable exposure in their respective fields and include three Independent Directors.

None of the Directors on the Board is a member in more than 10 Committees and act as a Chairman in more than 5 Committees (as specified in Clause 49), across all the Companies in which he is a Director.

i) Composition of the Board and Attendance Record of Directors

Name/Designation of Directors	Executive/ Non Executive/ Independent	No. of Position held in other companies		No. of Board Meetings Attended	Attendance at Last AGM
		Board*	Committee		
Mr. N.K. Pasari Managing Director	ED (P)	2	NIL	19	No
Mr. B.N. Pasari	NED (P)	9	NIL	19	No
Mr. B.K. Pasari	NED (P)	6	NIL	05	Yes
Mr. D.R. Mehta	NED (I)	NIL	NIL	19	No
Mr. L. C. Sharma	NED (I)	5	NIL	05	Yes
Mr. Alok Sinha**	NED (I)	NIL	NIL	19	No
Mr. P.N. Singh***	NED (I)	2	NIL	No	No

*Excludes Directorship in private limited companies.

**Resigned as a Director of the Company w.e.f. 01st July, 2010

***Appointed as a Additional Director of the Company w.e.f. 01st July, 2010

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, 2010, Nineteen Board Meetings were held on the following dates:-

10th April, 2009, 30th April, 2009, 13th May, 2009, 23rd May, 2009, 03rd June, 2009, 31st July, 2009, 24th August, 2009, 17th September, 2009, 26th September, 2009, 24th October, 2009, 31st October, 2009, 13th November, 2009, 24th November, 2009, 08th December, 2009, 18th January, 2010, 28th January, 2010, 17th February, 2010, 24th February, 2010 and 31st March, 2010. The maximum time gap between any two Board Meetings was 58 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. D.R. Mehta**, aged about 81 years is a Director of the Company since 1993. He did his matriculation in 1944 and is having excellent experience in Insurance Administration. He is a member of Share Transfer Committee, Remuneration and Audit Committee of the Board of the Company. He does not occupy Directorship in any other company.
- b) **Mr. L.C. Sharma**, aged about 55 years, is a Director of the Company since 2002. He is Commerce graduate and having rich experience in paper trading business, finance, accounts and other allied areas. He is a Director in the following companies viz. RDD Paperplast Pvt. Ltd., Poly Cardage Pvt. Ltd., Violet Merchants Pvt. Ltd., Klinton Consultants Pvt. Ltd., Uttarpara Trading Pvt. Ltd. He is a Chairman of Audit Committee and Member of Shareholder/Investor Grievance Committee and Remuneration Committee of the Board of the Company.

3. COMMITTEES OF THE BOARD

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

i) Audit Committee

Your Company has an Audit Committee at the Board level which acts as a link between the Management, the Statutory and Internal Auditors and the Board of Directors and oversees the financial reporting process. The Committee presently comprises of three Non-Executive Directors, all of whom are Independent Directors. During the year, four meetings of the Audit Committee were held on 29th April, 2009, 30th July, 2009, 30th October, 2009 and 27th January, 2010.

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

Sr. No.	Name	Category*	No. of Meetings attended
1.	Mr. L. C. Sharma	NED (I)	4
2.	Mr. D. R. Mehta	NED (I)	4
3.	Mr. Alok Sinha**	NED (I)	4

*NED (I) - Non-Executive Director (Independent)

**Resigned as a Director of the Company w.e.f. 01st July, 2010

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 Company

Secretary acts as the Secretary to the Committee.

The Constitution of the Audit Committee also meets the requirements under section 292A of the Companies Act, 1956. The terms of reference and powers of the Audit Committee are in keeping with those contained under Clause 49 of the Listing Agreement.

The Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company. It reviews Company's financial reporting process, disclosure of financial information, quarterly/annual financial statements and recommends the appointment of statutory auditors and their fees. The Committee also reviews significant related party transactions, internal control weaknesses and results of operations.

ii) Shareholders' / Investors' Grievance Committee

The Company has an "Investor Grievance Committee" at the Board level to ensure good Corporate Governance and to deal with various matters relating to redressal of shareholders and investor grievances, such as transfer and transmission of shares, issue of duplicate shares, non-receipt of dividend/notices/ Annual Reports, etc. In addition, the Committee looks into other issues including status of dematerialization / rematerialisation of shares and debentures, systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

Mr. Alok Sinha*, the Chairman of the Committee and Mr. L. C. Sharma & Mr. D.R. Mehta, members of the committee are Non-Executive and Independent Directors of the Company. The Committee also recommends measures for overall improvement in the quality of investor services. During the year ended 31st March, 2010, two meetings of the Committee were held on dated 31/12/2009 and 31/03/2010.

*Resigned as a Director of the Company w.e.f. 01st July, 2010

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. L. C. Sharma & 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 Director.

* Resigned as a Director of the Company w.e.f. 01st July, 2010

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, 2010 is as under:-

(Rs. in 000)

Salary #	HRA	Perquisites	Total
361	120	40	521

Salary 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.

(iii) Details of shareholding of Non-executive Directors as on 31st March, 2010 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. D.R. Mehta	Non-Executive Director	0	0
Mr. L. C. Sharma	Non-Executive Director	0	0
Mr. Alok Sinha*	Non-Executive Director	0	0

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

* Resigned as a Director of the Company w.e.f. 01st July, 2010.

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.corpfiling.co.in as required by SEBI as per Corporate Filing & Dissemination 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 till February, 2010 and afterwards Mr. Vikas Gupta, Company Secretary who has also been now appointed and 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 were held:-

Year	Venue of Meeting	Date & Time	Special Resolution Passed
2006-07	Aparna Business Centre, 5 Clive House, Strand Road, Kolkata – 700 001	28th September, 2007, 10.00 A.M.	NIL
2007-08	Aparna Business Centre, 5 Clive House, Strand Road, Kolkata – 700 001	26th September, 2008, 10.00 A.M.	1. Resolution for appointment of Shri Naynesh Pasari as Corporate Advisor of the Company w.e.f. 1st April, 2008 u/s 314(1)(b) of the Companies Act, 1956. 2. Resolution for issuing 14,00,000 Equity Shares on preferential basis to BRL Marketing Pvt. Ltd. u/s 81(1A) of the Companies Act, 1956.
2008-09	Aparna Business Centre, 5 Clive House, Strand Road, Kolkata – 700 001	24th September, 2009, 10.00 a.m.	1. Resolution for issuing 4% Cumulative Redeemable Preference Shares @ Rs. 100/- each aggregating to Rs. 5 Crores.



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.

Note: The Company has paid the Listing Fee to Bombay Stock Exchange Ltd. upto 2010-11.

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. 16 of Schedule 19 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.

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, 2009	14.00	14.00	11,492.10	9,546.29
May, 2009	14.00	13.25	14,930.54	11,621.30
June, 2009	14.00	11.98	15,600.30	14,016.95
July, 2009	13.25	10.85	15,732.81	13,219.99
August, 2009	12.60	11.41	16,002.46	14,684.45
September, 2009	14.17	11.75	17,142.52	15,356.72
October, 2009	17.05	14.87	17,493.17	15,805.20
November, 2009	16.20	16.20	17,290.48	15,330.56
December, 2009	18.30	14.65	17,530.94	16,577.78
January, 2010	15.50	12.95	17,790.33	15,982.08
February, 2010	13.00	11.50	16,669.25	15,651.99
March, 2010	12.60	12.00	17,793.01	16,438.45

Source: www.bseindia.com

8. GENERAL SHAREHOLDER INFORMATION

i) Annual General Meeting:

- Date** : 22nd September, 2010
- Time** : 10.00 A.M.
- Venue** : Aparna Business Centre,
5, Clive House Strand Road,
Kolkata - 700 01

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:-

ii) Financial Calendar (tentative):

Board Meeting to take on record	Schedule
Results for the	
* Quarter ending 30th June, 2010	On or before Aug 14, 2010
* Quarter ending 30th September, 2010	On or before Nov 15, 2010
* Quarter ending 31st December, 2010	On or before Feb 15, 2011
* Quarter ending 31st March, 2011	On or before May 15, 2011

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.com
Contact Persons: Mr. Sapan Kumar Naskar
Mr. Shamwant Kushwaha

iii) Book Closure Date : 01st September, 2010 to
08th September, 2010
(both days inclusive).

vii) Share Transfer System:

iv) Listing on Stock Exchanges:

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

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.

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.

viii) Status of complaints/ queries and their redressal as on 31st March, 2010:-

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

ix) Pending Share Transfers:

No share transfers were pending as on 31st March, 2010.

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, 2010 a total of 8,67,377 Equity Shares representing 9.18 % 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, 2010 was as under:-

Shareholding of Nominal Value in Rs.	Shareholders		Share Amount	
	Number	%age	Rs.	%age
Upto 2500	734	57.89	9,70,840	1.03
2501 to 5000	294	23.19	11,51,760	1.21
5001 to 10000	137	10.80	11,73,630	1.24
10001 to 20000	44	3.47	6,96,870	0.74
20001 to 30000	17	1.34	4,57,380	0.48
30001 to 40000	6	0.47	2,10,040	0.22
40001 to 50000	10	0.79	4,58,510	0.49
50001 to 100000	8	0.63	6,34,430	0.67
100001 & above	18	1.42	8,87,63,430	93.92
Total	1268	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, 2010.

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 Ganj, New Delhi -110 002
Phone: 91-11-23261728, 30180200-201
Fax: 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 14th August, 2010.

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, 2010. 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
14th August, 2010
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, 2010, 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
(Firm Regn No. 002031N)

(Jayant Raheja)
Partner
Membership No. 509487

Date: 14th August, 2010
New Delhi

For A.C. Bhuteria & Co.
Chartered Accountants
(Firm Regn. No. 303105E)

(Mohit Bhuteria)
Partner
Membership No. 56832

Date: 16th August, 2010
Kolkata

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 2010, 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. Attention is drawn to the following:
Deferred Tax Assets amounting to Rs 17,959 thousands for the year and Rs.44,057 thousands upto 31.03.2010 have been recognized in the accounts on the basis of future income projections made by the management, as in the opinion of the management, there is a virtual certainty that sufficient taxable income would be available in future to adjust such deferred tax assets. We are unable to offer our comments on such projections and creation of deferred tax assets and consequent impact thereof, if any, (refer note No.2 of Schedule-19)
5. 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 except otherwise stated in para 4 above;
 - (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, 2010 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 read together with the Significant Accounting Policies and notes thereon and subject to our observations as mentioned in para 4 above regarding deferred tax assets, 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, 2010;
 - 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
(Firm Regn No. 002031N)

For A.C. Bhuteria & Co.
Chartered Accountants
(Firm Regn. No. 303105E)

(Jayant Raheja)
Partner
Membership No. 509487

(Mohit Bhuteria)
Partner
Membership No. 56832

New Delhi
14th August, 2010

Kolkata
16th August, 2010



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 of our Report of even date)

- (i) (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 and the going concern status of the Company is not affected.
- (ii) (a) As per the information and explanations given to us, the inventory (except goods in transit) has been physically verified by the 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 the 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.
- (iii) (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) The Company has taken unsecured loans from two Companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year is Rs. 10,194 thousands and year end balance of loans taken from such parties is Rs. 10,194 thousands.
- (c) In our opinion, the rate of interest and other terms and conditions on which such loans have been taken are not prima facie prejudicial to the interest of the Company.
- (d) The Company is regular in payment of interest, as stipulated and the principal amount is repayable on demand.
- (iv) 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 system.
- (v) (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 each 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.
- (vi) 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. Therefore the provisions of clause 4 (vi) of the said Order are not applicable to the Company.
- (vii) In our opinion, the internal audit system of the Company is commensurate with the size and the nature of its business.

(viii) 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.

Central Excise Act, 1944	Service Tax	716	10-09-2004 to 31-03-2007	Jt. Commissioner (Excise)
Central Excise Act, 1944	Service Tax	770	01-04-2005 to 30-09-2005	Jt. Commissioner (Excise)
Central Excise Act, 1944	Excise Duty	329208	19-01-2004 to 31-03-2009	Commissioner (Excise)
DGFT Udhog Bhawan	Advance Licence	21528	04-01-2001	DGFT
LADT	Sales Tax	16259	Various years	Hon'ble Supreme Court

- (ix) (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, Customs 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, 2010.
- (b) According to the records of the Company, the dues outstanding in respect of Income Tax, Sales Tax, Service Tax, Custom Duty, Wealth Tax, Excise Duty and Cess on account of any dispute, are as follows:

(Rs. in thousands)

Nature of the Statute	Nature of dues	Amount	Period to which the amount relates	Forum where dispute is pending
Custom Act, 1962	Custom Duty	22814	2002-2003	Hon'ble High Court, Jaipur.
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	Commissioner Appeal (Excise)
Central Excise Act, 1944	Excise Duty	662	September, 2007 to March, 2008	Commissioner Appeal (Excise)
Central Excise Act, 1944	Service Tax	540	2006-2008	Dy. Commissioner (Excise)
Central Excise Act, 1944	Excise Duty	8713	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 31-03-2008	Cess Appellate Committee
Central Excise Act, 1944	Service Tax	338	1997-98 to 1998-99	Commissioner (Excise)

- (x) *The Company has accumulated losses as per books of account at the end of the financial year which is more than 50% of its net worth. Reference is further drawn to Note No. 2 of Schedule 19 regarding recognition of Deferred Tax Assets impact whereof is not ascertainable at this stage. The Company has incurred cash losses during the current financial year but has not incurred cash losses in the immediately preceding financial year.*
- (xi) 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 banks, financial institutions and debenture holders as the rescheduling of the terms and conditions of loans has been approved by the Bankers in terms of LOA No. CDR(ABP)No.605/2009-10 dated 17.08.2009 issued by the CDR.
- (xii) 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.
- (xiii) In our opinion, the Company is not a chit fund or a Nidhi / mutual benefit fund/ society. Therefore the provisions of clause 4 (xiii) of the said Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore the provisions of clause 4 (xiv) of the said Order are not applicable to the Company.
- (xv) 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.



- (xvi) According to the information and explanations given to us, the Company has utilized the term loans during the year for the purpose for which they were raised.
- (xvii) 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.
- (xviii) 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.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) 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 **For A. C. Bhuteria & Co.**
Chartered Accountants Chartered Accountants
(Firm Regn No. 002031N) (Firm Regn. No. 303105E)

(Jayant Raheja) **(Mohit Bhuteria)**
Partner Partner
Membership No. 509487 Membership No. 56832

New Delhi Kolkata
14th August, 2010 16th August, 2010

BALANCE SHEET AS AT 31ST MARCH 2010

	SCHEDULE NO.	Rs. ('000)	
		AS AT 31.03.2010	AS AT 31.03.2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	144,517	94,517
Reserves & Surplus	2	45,763	45,763
Loan Funds			
Secured Loans	3	475,471	404,820
Unsecured Loans	4	83,570	77,970
		<u>749,321</u>	<u>623,070</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	751,270	687,949
Less: Depreciation		338,724	293,264
Net Block		<u>412,546</u>	<u>394,685</u>
Investments	6	122	122
Deferred Tax Assets		44,057	26,098
Current Assets, Loans & Advances			
Inventories	7	150,058	154,067
Sundry Debtors	8	31,789	75,887
Cash & Bank Balances	9	15,577	12,371
Loans & Advances	10	78,267	72,839
		<u>275,691</u>	<u>315,164</u>
Less: Current Liabilities and Provisions	11		
Current Liabilities		121,667	170,162
Provisions		11,940	8,753
		<u>133,607</u>	<u>178,915</u>
Net Current Assets		<u>142,084</u>	<u>136,249</u>
Profit and Loss Account		<u>150,512</u>	<u>65,916</u>
		<u>749,321</u>	<u>623,070</u>

Significant Accounting Policies & Notes on Accounts 19
Schedule 1 to 11 & 19 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
(Jayant Raheja)
Partner
Membership No. 509487
New Delhi
14th August, 2010

For A.C. Bhuteria & Co.
Chartered Accountants
(Mohit Bhuteria)
Partner
Membership No. 56832
Kolkata
16th August, 2010

N.K. Pasari
Managing Director
D.R. Mehta
Director
Vikas Gupta
Company Secretary



Shree Krishna Paper Mills & Industries Limited

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2010

	SCHEDULE NO.	YEAR ENDED 31.03.2010	Rs. ('000) YEAR ENDED 31.03.2009
INCOME			
Sales	12	617,241	1,188,946
Less:- Excise Duty		3,298	754
		<u>613,943</u>	<u>1,188,192</u>
Other Income	13	4,767	6,574
Increase/(Decrease) in Stock	14	(28,765)	28,721
		<u>589,945</u>	<u>1,223,487</u>
EXPENDITURE			
Consumption of Raw Materials		425,045	799,814
Purchases of Finished Goods		884	6,399
Manufacturing Expenses	15	85,398	206,330
Personnel Expenses	16	53,023	81,063
Administrative, Selling and Distribution Expenses	17	32,366	35,477
Interest & Financial Charges	18	50,033	61,459
Depreciation		45,751	47,740
		<u>692,500</u>	<u>1,238,282</u>
Profit/(Loss) before Taxation		(102,555)	(14,795)
Less: Provision for Taxation			
Fringe Benefit Tax		-	(754)
Deferred Tax		17,959	3,971
Wealth Tax		-	(18)
Income Tax Adjustment		-	13
Profit/(Loss) After Tax		(84,596)	(11,583)
Balance brought forward from previous years		(65,916)	(54,333)
		<u>(150,512)</u>	<u>(65,916)</u>
Balance Carried to Balance Sheet		(150,512)	(65,916)
Basic and Diluted Earning Per Share (Rs) (Nominal value per share Rs. 10/-)		(9.03)	(1.34)

Significant Accounting Policies & Notes on Accounts 19
Schedule 12 to 19 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
14th August, 2010

Kolkata
16th August, 2010

Vikas Gupta
Company Secretary

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

	YEAR ENDED 2009-2010	Rs.(' 000) YEAR ENDED 2008-2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Tax	(102,555)	(14,795)
Adjustment for:		
Depreciation	45,751	47,740
Interest and Financial Charges	50,033	61,459
Interest Received	1,464	(1,386)
Loss on Sale of Assets	138	360
Profit on Sales of Assets	(1,047)	-
Foreign Exchange Fluctuation	(251)	-
Subsidy	(1,641)	(4,473)
Priod Period Adjustments	1,346	(353)
Bad Debts	375	17
Provision for Doubtful Debt W/back	(252)	(5)
Excise Duty on Stock	68	76
Operating Profit Before Working Capital Changes	(6,571)	88,640
Adjustment for:		
Inventories	4,009	(56,128)
Sundry Debtors	43,725	(36,723)
Loan & Advances	(4,975)	(1,177)
Current liabilities and provisions	(58,088)	41,256
Cash Generated/(Used) In Operations	(21,900)	35,868
Direct Tax Paid	(158)	(1,086)
Net Cash Flow From Operating Activities (A)	(22,058)	34,782
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(67,741)	(8,983)
Sale Proceeds of Fixed Assets	5,038	82
Interest Received	(1,464)	1,386
Net Cash Used in Investing Activities (B)	(64,167)	(7,515)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Preference Shares	50,000	-
Proceeds from Share Capital Incl. Securities Prem.	-	22,204
Proceeds from Long Term Borrowings	102,292	(40,015)
Re-payment of Term Loan	(20,000)	-
Proceeds from Unsecured Loans	14,995	20,001
Working Capital Loan from Banks	(45,767)	20,067
Proceeds (Repayment) of Vehicle Loan	-	(308)
Interest and Financial Charges	(12,089)	(55,630)
Net Cash Used in Financing Activities (C)	89,431	(33,681)
Net Increase/(Decrease) in Cash and Cash Equivalent (A+B+C)	3,206	(6,414)
Cash & Cash Equivalent as at 01-04-2009	12,371	18,785
Cash & Cash Equivalent as at 31-03-2010	15,577	12,371

Note: Figures in braket represent outflow

In terms of our attached audit report	For and on behalf of the board	
For Singal Bros. & Associates Chartered Accountants (Jayant Raheja) Partner Membership No. 509487 New Delhi 14th August, 2010	For A.C. Bhuteria & Co. Chartered Accountants (Mohit Bhuteria) Partner Membership No. 56832 Kolkata 16th August , 2010	N. K. Pasari Managing Director D.R. Mehta Director Vikas Gupta Company Secretary



SCHEDULES FORMING PART OF BALANCE SHEET

	AS AT 31.03.2010	Rs. ('000) AS AT 31.03.2009
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 (94,51,680) Equity Shares of Rs. 10/- each fully paid-up in cash	94,517	94,517
5,00,000 (NIL) 4% Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up in cash (Redeemable at par on or before 31st March, 2017)	50,000	-
	<u>144,517</u>	<u>94,517</u>
SCHEDULE 2 - RESERVES & SURPLUS		
Capital Reserve	2,534	2,534
Securities Premium	43,229	43,229
	<u>45,763</u>	<u>45,763</u>
SCHEDULE -3 - SECURED LOANS		
From Banks:-		
Term Loans	291,012	259,963
Interest Accrued & Due	-	2,443
Funded Interest Term Loans	40,145	-
Working Capital Term Loans	47,667	-
Cash Credit Facilities	96,647	142,414
	<u>475,471</u>	<u>404,820</u>
<ol style="list-style-type: none"> 1. Term Loans from Banks are secured by first pari - passu charge on all movable and immovable property (other than Current Assets) of Kotputli unit, both present and future. Further, the Term Loans are also secured by way of second charge on the Current Assets of the Company. 2. Cash Credit facilities from the Banks are secured by first pari - passu charge on the stock and book debts and all other current assets of the Company. These facilities are also secured by second pari - passu charge on the entire movable and immovable assets of the Company, both present and future. 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. As per terms & conditions of CDR package, 48,20,400 Equity shares held by the promoters have been pledged with the Bankers 6. Term loan repayable within one year Rs.NIL (Rs.NIL). 		
SCHEDULE -4- UNSECURED LOANS (Long Term)		
Loans from Bodies Corporate	82,214	67,219
Interest Accrued & Due	1,356	10,751
	<u>83,570</u>	<u>77,970</u>

SCHEDULE-5 FIXED ASSETS

Rs. ('000)

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	Cost As at 1-4-2009	Additions During the year	Deductions / Adjustments	Total Cost As At 31-3-2010	Up to 31-3-2009	During the year	Written Back	Up to 31-3-2010	W.D.V As at 31-3-2010	W.D.V As at 31-3-2009
Land (Lease hold)	21,447	-	3,953	17,494	-	-	-	-	17,494	21,447
Land (Free hold)	11,409	-	-	11,409	-	-	-	-	11,409	11,409
Buildings	130,814	-	-	130,814	29,573	4,343	-	33,916	96,898	101,241
Plant & Machineries	509,161	67,107	-	576,268	255,224	40,348	-	295,572	280,696	253,937
Furniture & Fixtures	2,140	-	-	2,140	1,355	125	-	1,480	660	785
Office Equipments	2,828	6	-	2,834	1,355	121	-	1,476	1,358	1,473
Computers	4,028	113	-	4,141	3,301	220	-	3,521	620	727
Motor Car & Other Vehicles	6,122	515	467	6,170	2,456	594	291	2,759	3,411	3,666
Total	687,949	67,741	4,420	751,270	293,264	45,751	291	338,724	412,546	394,685
Previous Year	677,454	11,233	738	687,949	245,820	47,740	296	293,264	394,685	-

	AS AT	Rs. ('000)
	31.03.2010	AS AT
		31.03.2009

SCHEDULE - 6 - 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.

-

-

[Aggregated Market value of quoted shares Rs.2 thousands (Rs.2 thousand)]

Other Investments - Unquoted (At cost)

21,000 (21,000) Equity Shares of Rs. 10/- each fully paid-up of Bishwanath Industries Ltd.

120

120

122

122

SCHEDULE-7-INVENTORIES

(As taken, valued and certified by the Management)

Raw Materials including goods in transit

99,711

77,185

Finished Goods

25,998

55,934

Stores & Spare Parts including goods in transit

17,373

15,143

Work -in - Process

6,806

5,786

Waste Paper

170

19

150,058

154,067

SCHEDULE-8-SUNDRY DEBTORS

(Unsecured)

Debt outstanding for a period exceeding six months

 Considered good

4,335

535

 Considered Doubtful

1,874

2,127

6,209

2,662

Less: Provision for Doubtful Debts

1,874

2,127

4,335

535

Other Debts - Considered Good

27,454

75,352

31,789

75,887



Shree Krishna Paper Mills & Industries Limited

	AS AT 31.03.2010	Rs. ('000) AS AT 31.03.2009
SCHEDULE-9-CASH & BANK BALANCES		
Cash in hand	136	201
Balance with Scheduled Banks:		
In Current Accounts	3,853	3,773
In Fixed Deposit including Interest Accrued	11,588	8,378
Un-paid Dividend Accounts	-	19
	<u>15,577</u>	<u>12,371</u>
SCHEDULE -10- LOANS & ADVANCES (Unsecured, considered good unless otherwise stated)		
Advance Recoverable in cash or in kind or for value to be received	33,537	36,054
Duty Recoverable	23,019	19,299
Security Deposits with Parties	12,693	10,067
Sales Tax Recoverable	7,580	5,901
Advance Income Tax (Net of Provisions)	1,438	1,518
	<u>78,267</u>	<u>72,839</u>
SCHEDULE-11- CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors		
(a) Micro, Small & Medium Enterprises	-	-
(b) Other Creditors	78,364	122,749
Deposits from Dealer & Contractors	13,390	15,042
Other liabilities for expenses, services etc.	21,500	23,484
Advance from Customers	6,802	8,868
Interest accrued but not due	1,611	-
Unclaimed Dividend	-	19
	<u>121,667</u>	<u>170,162</u>
Provisions		
For Employees benefit	11,940	8,753
	<u>133,607</u>	<u>178,915</u>

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	YEAR ENDED 31.03.2010	Rs. ('000) YEAR ENDED 31.03.2009
SCHEDULE - 12 - SALES		
Sales (Including Export Sales)	656,899	1,272,561
Less: Rebate & Discounts	39,658	83,615
	617,241	1,188,946
SCHEDULE - 13 - OTHER INCOME		
Interest Received Gross [TDS Rs.139 thousands (Rs.268 thousands)]		
From Fixed Deposits	772	664
From Security Deposits	619	618
From Sundry Debtors	40	104
From Others	33	-
Insurance claims received	31	310
Provision for Doubtful Debt W/back	252	5
Profit on sale of Fixed Assets	1,047	-
Foreign Exchange Fluctuations	249	-
Sales Tax Subsidy	1,641	4,473
Perior Period Adjustment	-	353
Misc. Income	83	47
	4,767	6,574
SCHEDULE - 14 - INCREASE/(DECREASE) IN STOCK		
Opening Stock		
Finished Goods	55,934	25,169
Work-in-Process	5,786	7,748
Waste Paper	19	101
	61,739	33,018
Closing Stock		
Finished Goods	25,998	55,934
Work-in-Process	6,806	5,786
Waste Paper	170	19
	32,974	61,739
Increase / (Decrease) in Stock	(28,765)	28,721
SCHEDULE - 15 - MANUFACTURING EXPENSES		
Stores and Spare Parts	4,601	8,239
Packing Materials	8,003	20,472
Power & Fuel	69,774	167,957
Repair & Maintenance:		
Machinery	2,709	8,285
Building	93	1,217
Others	218	160
	85,398	206,330
SCHEDULE - 16 - PERSONNEL EXPENSES		
Salaries, Wages & Bonus	48,635	74,563
Contribution to P.F. & Others	3,293	4,764
[Admn. Charges Rs.352 thousands (Rs.464 thousands)]		
Staff Welfare Expenses	1,095	1,736
	53,023	81,063



Shree Krishna Paper Mills & Industries Limited

	YEAR ENDED 31.03.2010	Rs. ('000) YEAR ENDED 31.03.2009
SCHEDULE - 17 - ADMINISTRATIVE, SELLING AND DISTRIBUTION EXPENSES		
Rent	149	268
Rates & Taxes	379	393
Vehicle Running & Maintenance	1,318	1,439
Insurance	1,271	1,852
Electricity & Water Charges	623	604
Travelling & Conveyance	4,278	5,111
Forwarding & Delivery Charges (Net)	3,626	4,960
Printing & Stationery	1,011	1,212
Postage, Telegrams, Telephones etc.	1,179	1,800
Advertisement	125	132
Legal & Professional Charges	2,076	1,385
Cost Auditor Remuneration:		
Audit Fee	44	21
Certification Fee	21	21
Auditors Remuneration:		
Audit Fee	66	67
Tax Audit Fee	14	15
Taxation Matters	47	10
Company Law Matters	-	33
Others	13	16
Out of pocket Expenses	6	5
Managing Director's Remuneration	521	481
Bank Charges	251	584
Fee & Subscriptions	370	442
Miscellaneous Expenses	524	714
Donation	10	8
Cash Discount	8,653	11,012
Sales Promotion Expenses	959	603
Loss on Sale of Fixed Assets	138	360
Brokerage & Commission	2,905	1,836
Bad Debts	375	17
Excise Duty on Stock (Net)	68	76
Prior Period Adjustments	1,346	-
	<u>32,366</u>	<u>35,477</u>
SCHEDULE - 18 - INTEREST & FINANCIAL CHARGES		
Interest on Loans for Fixed Periods	38,992	37,803
Interest on Others	6,055	18,879
Financial charges	4,986	4,777
	<u>50,033</u>	<u>61,459</u>

SCHEDULE 19: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES

(a) **Basis of Accounting**

The Company follows the mercantile system of accounting and recognizes 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.

(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 exchange rates prevailing on the date of the 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 & Loss Account.

(h) **Borrowing Costs**

Borrowing Costs relating to acquisitions/construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

(i) **Custom Duty**

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

(j) **Revenue Recognition**

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection:

- i. Sales are disclosed net of sales tax / vat and sales returns.
- ii. Interest income from parties, insurance claim, excise and other claims / refunds are recognized when there is a reasonable certainty of ultimate collection on the ground of prudence.
- iii. Grants and subsidies are recognized when there is reasonable certainty that the grant/subsidy will be received and all the attaching conditions will be complied with.

(k) **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 recognised as expenses in the period in which the employee renders the related services.



- ii) Post Employment Plans:
 - 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 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 Profit & 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 at measuring the liability is the Projected Unit Credit (PUC) 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 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.

(l) Provisions, Contingent Liabilities and Contingent Assets

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.

Contingent Assets are neither recognized nor disclosed in the financial statements.

(m) Earning per Share

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

(n) Taxation

Income Tax comprises current tax and deferred tax. Current 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 or substantially enacted tax rates. Deferred tax assets are recognised only if there is reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

(o) 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 recognised 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.10,677 thousands (Rs. 10,196 thousands).
 - (b) Letter of Credit issued by the banks on behalf of the Company Rs. 4,392 thousands (Rs. 28,724 thousands).
 - (c) Claims not acknowledged as debts by the Company to the extent ascertainable Rs. 1,958 thousands (Rs. 1,958 thousands).
 - (d) Arrears of 4% Cumulative Redeemable Preference Shares dividend (including dividend distribution tax) of Rs. 731 thousands (Rs. NIL).
 - (e) Estimated amount of contracts remaining to be executed on capital commitment (net of advance) Rs.15,665 thousands (Rs.25,754 thousands).

- (f) The Company is in receipt of show cause notices for Rs.4,06,861 thousands (Rs. 3,55,946 thousands) from the Central Excise & Custom, DGFT, Service Tax department and other authorities. Replies to show cause notices have been submitted and adjudication is pending with the department.
- (g) 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. 44,057 thousands (Rs. 26,098 thousands) and is confident that subsequent realisation of the deferred tax assets created is virtually certain in the near future based on 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>2009-2010</u>	<u>2008-2009</u>
i) Depreciation on fixed assets	(37,287)	(38,166)
ii) Deferred tax assets on account of unabsorbed depreciation/business loss	81,344	64,264
Total	<u>44,057</u>	<u>26,098</u>

3. Managing Director's Remuneration:

	<u>2009-2010</u>	<u>2008-2009</u>
Salary & Bonus	325	325
House Rent Allowance	120	120
Contribution to Provident Fund	36	36
Monetary value of perquisites	40	--
Total	<u>521</u>	<u>481</u>

The above excludes the provision for gratuity as the same is done on accrual basis for the Company as a whole.

4. The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under Micro, Small & Medium enterprises development Act, 2006) claiming their status as micro, small or medium enterprises. Consequently, the amount paid/payable to the parties during the year is nil.
5. Employee Benefits

a) Post Retirement Benefits: Defined Contribution Plans

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

SL No.	Particulars	2009-10	2008-09
1.	Contribution to Employee's Provident Fund	1,030	1,585
2.	Contribution to Employee's Family Pension Fund	1,273	1,842
	Total	2,303	3,427

b) Defined Benefit Plans

		Gratuity (Funded)		Leave Encashment (Unfunded)	
		2009-10	2008-09	2009-10	2008-09
i.	Changes in the Present Value of Obligation				
a.	Present value of Obligation at the beginning of the year.	7,550	6,699	2643	2183
b.	Interest Cost	544	536	190	175
c.	Past Service Cost	NIL	NIL	NIL	NIL
d.	Current Service Cost	1,049	813	648	735
e.	Curtailment Cost/(Credit)	NIL	NIL	NIL	NIL
f.	Settlement Cost/(Credit)	NIL	NIL	NIL	NIL
g.	Benefits Paid	(582)	(704)	(658)	(603)
h.	Actuarial (Gain)/Loss	1,775	206	222	153
i.	Present value of obligation at the end of the year.	10,336	7,550	3045	2643



ii.	Changes in the Fair Value of Plan Assets				
a.	Present value of Plan Assets at the beginning of the year	1,440	1,559	NIL	NIL
b.	Expected Return on Plan Assets	130	141	NIL	NIL
c.	Actuarial Gain/(Loss)	(24)	(15)	NIL	NIL
d.	Employer's Contributions	477	459	NIL	NIL
e.	Employee's Contributions	NIL	NIL	NIL	NIL
f.	Benefits paid	(582)	(704)	NIL	NIL
g.	Fair Value of Plan Assets at the end of the year	1,441	1,440	NIL	NIL
iii.	Amount recognised in the Balance Sheet and reconciliation of the Present Value of obligation and the Fair value of Assets				
a.	Present Value of Obligation at end of the year	10,336	7,550	3045	2643
b.	Fair Value of Plan Assets at the end of the year	1,441	1,440	NIL	NIL
c.	Net (Asset)/Liability recognised in the Balance Sheet	8895	6110	3045	2643
iv.	Expenses recognised in the Profit & Loss Account				
a.	Current Service Cost	1,049	813	648	735
b.	Past Service Cost	NIL	NIL	NIL	NIL
c.	Interest Cost	544	536	190	175
d.	Expected Return on Plan Assets	(130)	(140)	NIL	NIL
e.	Curtailment Cost/(Credit)	NIL	NIL	NIL	NIL
f.	Settlement Cost /(Credit)	NIL	NIL	NIL	NIL
g.	Net Actuarial (Gain)/Loss	1,799	220	222	153
h.	Employee's Contribution	NIL	NIL	NIL	NIL
i.	Total Expenses recognised in the Profit & Loss Account	3,262	1,429	1060	1063
v.	Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at end of the year.	%	%	%	%
a.	Government of India Securities	NIL	NIL	NIL	NIL
b.	Corporate Bonds	NIL	NIL	NIL	NIL
c.	Special Deposits Scheme	NIL	NIL	NIL	NIL
d.	Equity Shares of Listed Companies	NIL	NIL	NIL	NIL
e.	Property	NIL	NIL	NIL	NIL
f.	Insurer Managed Funds	100	100	NIL	NIL
g.	Others	NIL	NIL	NIL	NIL
vi	Investment details of Plan Assets				
	Actual return on Plan Assets	106	125	NIL	NIL
vii	Actuarial Assumption				
a.	Interest Rate	9	9	NIL	NIL
b.	Discount Rate	7.90	7.20	7.90	7.20
c.	Expected Rate of Return on Plan Assets	9	9	NIL	NIL
d.	Salary Escalation Rate	10	5	10	5
e.	Retirement Age (Years)	58	58	58	58

6. Disclosure under Clause 32 of Listing Agreement
 Since the Company has not given any Loans and advances in the nature of Loans to its subsidiary and the subsidiary has not acquired any shares of the company, no disclosures under 32 of the Listing Agreement are required.
7. During the year, the Company has been sanctioned a Restructuring Package by Corporate Debt Restructuring Cell vide LOA No. CDR(ABP) No.605/2009-10 dated 17.08.2009 under the CDR Mechanism, for restructuring of the existing financial assistance and sanction of additional finance to the Company. The

CDR Package has been implemented w.e.f. cut-off date i.e 1st April 2009 by all the Bankers in the manner and as per terms and conditions set out in the Letter of Approval (LOA). The Bankers will have the right to reverse the waivers/sacrifices in case of events of default as set out in LOA. The CDR proposal includes rescheduling of existing term loans, sanction of new term loans, additional working capital finance, reduction in interest rates, carving out of working capital limits and funding of interest. As per terms & conditions of CDR package, 48,20,400 equity shares held by the Promoters of the Company have been pledged with the Bankers.

8. The Company has issued 5,00,000 4% Cumulative Redeemable Preference Shares, in cash, of Rs. 100/- each amounting Rs. 50,000 thousands during the year to all the Company's Banker as per CDR Package.
9. During the year, the Keshwana unit of the Company was under shut down for approx. 6 months for certain modification/renovation. The expenses to the tune of Rs. 11,553 thousands specifically attributable to construction or acquisition to fixed assets, have been capitalized, as per details given below:

Particulars	Amount (Rs. In thousands)
Personnel Expenses	6,592
Manufacturing Expenses	2,920
Administrative Expenses	2,041
TOTAL	11,553

10. In the opinion of the Management, the Current Assets, Loans and Advances have a value on realization in ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.
11. The debit/credit balances of Sundry Creditors, Sundry Debtors and Loans & 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.
12. 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.
13. During the year, modification/renovation of the Keshwana unit was done by the Company which has resulted into increase in installed capacity from 30,000 TPA to 36,000 TPA.
14. 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	2009-2010		2008-2009	
		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.	36000	N.A.	30000

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

CLASS OF GOODS	UNIT	OPENING STOCK		PRODUCTION	PURCHASE		TURNOVER		CLOSING STOCK	
		QTY.	VALUE		QTY.	QTY.	VALUE	QTY.	VALUE.	QTY.
COATED PAPER	Tons	453.629 (305.049)	18759 (12675)	6688.079 (9538.906)	- (-)	- (-)	6814.514 (9390.326)	330185 (480430)	327.194 (453.629)	14627 (18759)
WASTE PAPER	Tons	3.241 (18.214)	19 (101)	572.669 (736.192)	- (-)	- (-)	547.633 (751.165)	3208 (4545)	28.277 (3.241)	170 (19)
PAPER	Tons	1339.553 (295.458)	30339 (10370)	6347.063 (21898.485)	53.030 (113.576)	884 (6399)	7494.048 (20967.966)	181239 (591650)	245.598 (1339.553)	5527 (30339)
TSP	Sq. Mtr (in Lacs)	12.24 (4.14)	6836 (2124)	181.13 (194.22)	- (-)	- (-)	182.48 (186.12)	97521 (107581)	10.89 (12.24)	5844 (6836)
MISC. SALES	N.A.	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	5088 (4740)	- (-)	- (-)

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



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C) Consumption of Raw Materials

Item	Unit	2009 - 2010		2008 - 2009	
		Quantity	Value	Quantity	Value
Base Paper	Tons	6478.959	2,51,155	8776.598	3,45,061
Chemicals	Tons	3149.187}		4906.957}	
	Ltrs.	10015.000}	84,146	13300.000}	1,19,447
Waste Paper	Tons	8484.272	89,744	27065.103	3,35,306
			4,25,045		7,99,814

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

ITEMS	2009 - 2010		2008 - 2009	
	Value	%	Value	%
RAW MATERIALS				
Indigenous	3,83,576	90.24	6,97,674	87.23
Imported	41,469	9.76	1,02,140	12.77
	4,25,045	100.00	7,99,814	100.00
STORES & SPARES				
Indigenous	4,016	87.28	7,031	85.34
Imported	585	12.72	1,208	14.66
	4,601	100.00	8,239	100.00

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

	2009-2010	2008-2009
i. Expenses incurred in Foreign Currency on account of:		
a. Foreign Travel	183	495
b. Consultancy	NIL	NIL
ii. CIF Value of Imports:		
a. Import of Raw Materials	43,644	75,894
b. Stores & Spare Parts	180	2,907
c. Capital Goods	6,811	185
iii. Earning in Foreign Currency on account of:		
a. F.O.B. value of Exports	2,812	1,495
b. Other	NIL	66

15. 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	2009-2010	2008 - 2009
Profit/(Loss) after Tax	(84,596)	(11,583)
Arrears of Preference Dividend including Dividend Tax	(731)	-
Profit/(Loss) attributable to shareholders	(85,327)	(11,583)
Weighted average number of Equity Shares	94,51,680	86,69,214
Earnings per share (Rs.)- Basic and Diluted	(9.03)	(1.34)
Nominal Value of an Equity Share (Rs.)	10	10

16. 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	Amer Hotels Ltd	Bishwanath Industries Ltd.
Gopala Sales Pvt. Ltd.	Bishwanath Traders & Investments Ltd.	

iv) Details of transactions with the related parties.

Nature of transactions	2009-2010			2008-2009		
	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	521	-	-	481	-	-
Consultancy Charges						
Mr. Naynesh Pasari	-	-	-	-	300	-
Rent Paid/Payable						
Laxmi Traders	-	-	54	-	-	54
Amer Hotels Ltd.	-	-	72	-	-	72
Interest Paid/Payable						
Bishwanath Industries Ltd.	-	-	2914	-	-	2,419
Bishwanath Traders & Inv. Ltd.	-	-	325	-	-	325
Gopala Sales Pvt. Ltd.	-	-	1200	-	-	911
Sale of goods						
Bishwanath Traders & Inv. Ltd.	-	-	247	-	-	9386
Laxmi Traders	-	-	108	-	-	-
Loans Taken						
Bishwanath Industries Ltd.	-	-	12495	-	-	-
Gopala Sales Pvt. Ltd.	-	-	500	-	-	16,500
Loan Repaid						
Gopala Sales Pvt. Ltd	-	-	500	-	-	6,500
Commission Paid						
Laxmi Traders	-	-	291	-	-	-
Closing Balances (Payable)						
Expenses Payable	28	-	-	57	22	-
Laxmi Traders	-	-	316	-	-	54
Bishwanath Traders & Inv. Ltd.	-	-	5260	-	-	5762
Bishwanath Industries Ltd	-	-	50673	-	-	46,672
Gopala Sales Pvt. Ltd.	-	-	10092	-	-	10,079

17. Figures in bracket represents previous year figures.

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

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



Shree Krishna Paper Mills & Industries Limited

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

	Rs.(' 000)
I. Registration Details	
Registration No.	28518
State Code	21
Balance Sheet Date	31-03-2010
II. Capital Raised during the year	
Public Issue	NIL
Bonus Issue	NIL
Rights Issue	NIL
Private Placement (Preference Shares)	50,000
III. Position of Mobilization and Deployment of Funds	
Total Liabilities	749,321
Total Assets	749,321
Sources of Funds	
Paid-up Capital	144,517
Reserves & Surplus	45,763
Secured Loans	475,471
Unsecured Loans	83,570
Application of Funds	
Net Fixed Assets	412,546
Investments	122
Net Current Assets	142,084
Deferred Tax Assets	44,057
Profit & Loss Account	150,512
IV. Performance of Company	
Turnover (Including other income)	618,710
Total Expenditure	721,265
Profit / (Loss) Before Tax	(102,555)
Profit / (Loss) After Tax	(84,596)
Earning Per Share (Rs.)	(9.03)
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	Chrome Paper
Item Code No. (ITC Code)	48119093
Product Description	Thermal Paper

In terms of our attached audit report

For Singal Bros. & Associates
Chartered Accountants
(Jayant Raheja)
Partner
Membership No. 509487
New Delhi
14th August, 2010

For A.C. Bhuteria & Co.
Chartered Accountants
(Mohit Bhuteria)
Partner
Membership No. 56832
Kolkata
16th August, 2010

For and on behalf of the board

N. K. Pasari
Managing Director
D.R. Mehta
Director
Vikas Gupta
Company Secretary