

# STAR PAPER MILLS LIMITED

Registered Office: Duncan House, 2<sup>nd</sup> Floor, 31 Netaji Subhas Road, Kolkata 700 001

## NOTICE TO SHAREHOLDERS

NOTICE is hereby given to the members that the 73<sup>rd</sup> Annual General Meeting of the members of Star Paper Mills Limited will be held at 'Kalakunj' (Kalamandir Basement), 48, Shakespeare Sarani, Kolkata-700 017 on Friday 21<sup>st</sup>, September, 2012 at 10.45 A.M to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2012 & Statement of Profit & Loss for the financial year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Shrivardhan Goenka, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. C.M. Vasudev, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and 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 pursuant to provisions of Sections 198, 269, 309, 311 and such other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII appended thereto, consent of the members of the Company be and is hereby accorded to ratify the re-appointment of Mr. G.P. Goenka, as Whole-time Director of the Company for a period 15<sup>th</sup> January 2012 to 31<sup>st</sup> March, 2012, upon the terms and conditions as set out in the agreement entered into between the Company and Mr. G.P. Goenka, the main terms of which are set out in the explanatory statement to this notice."

"RESOLVED FURTHER that Board of the Directors of the Company be and are hereby authorized to alter or vary the scope and quantum of remuneration, allowances, perquisites, benefits and amenities payable to Mr. G.P. Goenka , which shall be in conformity with the relevant provisions of the Companies Act, 1956 read with Schedule XIII appended thereto and/or the rules and regulations made there under and/or such guidelines as may be announced by the Central Government from time to time".

The Register of Members of the Company shall remain closed from 14<sup>th</sup> September, 2012 to 21<sup>st</sup> September, 2012 both days inclusive.

Place : New Delhi

Date : 28th May 2012

Registered Office: Duncan House, 2<sup>nd</sup> Floor  
31 Netaji Subhas Road, Kolkata 700 001

On behalf of the board

Saurabh Arora  
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 in his stead. A proxy need not be a member of the Company.
2. Proxy Forms duly completed should be deposited either at the Company's Registered Office or at the office of the Registrars and Share Transfer Agents not less than 48 hours before the commencement of the Meeting.
3. Members desiring any information as regard the Accounts may write to the Company at least seven days before the Annual General Meeting so as to enable the management to keep the information ready at the meeting.

4. Pursuant to the provisions of Section 205A of the Companies Act, 1956, all unclaimed dividends upto and including the year ended 31<sup>st</sup> March, 2004 have been transferred to the Investor Education and Protection Fund of the Central Government.

5. Members are further requested to notify/send the following to the Registrars and Share Transfer Agents :

- (i) Change in their address/mandate/bank details;
- (ii) Particulars of their bank account, in case the same have not been sent earlier, and;
- (iii) Share certificate(s) held in multiple accounts in individual names or joint names in the same order of names, for consolidation of such shareholdings into one account.
- (iv) Members are requested to register their e-mail addresses with Registrars and Share Transfer Agents if shares are held in physical mode or with their Depository Participant (DP) if the holding is in electronic mode to receive documents, notices including Annual Report and other communications in soft mode.

6. Members are encouraged to complete the attached Nomination Form and return the same to the Registrars and Share Transfer Agents who will acknowledge receipt of the Nomination Form and confirm registration of the nomination.

7. Members are requested to produce the enclosed Attendance Slip at the entrance to the Hall and bring their copies of the Annual Report to the Meeting as extra copies will not be supplied.

## **EXPLANATORY STATEMENT**

### **(Pursuant to Section 173(2) of the Companies Act, 1956)**

#### **Item No. 5**

The shareholders may recall that at the 70<sup>th</sup> Annual General Meeting of the Company held on 30<sup>th</sup> September, 2009 they had accorded their approval to the re-appointment of Mr. G.P. Goenka, as Whole-time Director of the company with effect from 15<sup>th</sup> January, 2009 for a period of three (3) years. The tenure of said agreement expired on 14<sup>th</sup> January, 2012. The Board of Directors in its meeting held on 13<sup>th</sup> Feb., 2012 had re-appointed Mr. G.P. Goenka, as Whole-time Director of the company for a period of three (3) years commencing from 15<sup>th</sup> January, 2012 subject to requisite approvals.

However Mr. Goenka subsequently resigned from whole-time directorship of the company w.e.f. 1<sup>st</sup> April, 2012 owing to other pre-occupations and the same was accepted by the Board of Directors. Thus, approval of the members is sought to ratify the re-appointment of Sh. G.P. Goenka as whole-time director of the company for the period 15<sup>th</sup> January 2012 to 31<sup>st</sup> March, 2012.

In consideration of his services, Mr. G.P. Goenka shall be entitled proportionately to the following remuneration for the period 15<sup>th</sup> January 2012 to 31<sup>st</sup> March, 2012

- (i) **Salary**  
Rs. 4,00,000/- (Rupees Four lacs only) per month.
- (ii) **House Rent Allowance**  
Rs. 75,000/- (Rupees Seventy Five Thousand only) per month.
- (iii) **Special Allowance**  
Rs. 30,000/- (Rupees Thirty Thousand only) per month.
- (iv) **Perquisites**  
As per details given below:
  - 1. Medical: Maximum of three months' salary in a block of three years.
  - 2. Leave Travel Assistance: Maximum of two months' salary per annum.
  - 3. Premium of personal accident insurance for a sum assured of Rs. One Crore Only.



4. Provision of two cars with drivers & residential telephone facility for official purposes;
5. Provident Fund, Gratuity, Leave encashment etc. as per the company rules.

(v) **Commission**

Commission in respect of each financial year as may be decided and determined by the Board of Directors of the company from time to time subject to the condition that aggregate remuneration paid to Mr. Goenka shall not exceed the limit prescribed under the Companies Act, 1956.

(vi) **Minimum Remuneration**

Notwithstanding anything to the contrary herein contained, in the event of loss or inadequacy of profits of the Company in any financial year during the term of Mr. Goenka's appointment as Whole Time Director, he shall be entitled to such remuneration as specified above subject to the provisions of the Companies Act, 1956.

Expenditure incurred on perquisites as mentioned above will be evaluated as per the Income Tax Rules, 1962 and in the absence of any such rule, evaluation will be at actual cost.

Apart from the above, the contract with Mr. Goenka sets out the mutual rights and obligations and other administrative details which are common in the case of such appointments.

The resolution set out in Item No. 5 of the accompanying notice of 73<sup>rd</sup> Annual General Meeting is intended to obtain the consent of members to ratify the re-appointment of and remuneration payable to Mr. Goenka as Whole Time Director of the Company for the period 15<sup>th</sup> January 2012 to 31<sup>st</sup> March, 2012.

Save and except Mr. G.P Goenka and Mr. Shrivardhan Goenka, being son of Mr. G.P Goenka, no other director is concerned or interested in the resolution.

Mr. Goenka is promoter director of the company and has been associated with the company since 1986. He is a renowned Industrialist having vast experience of over 50 years in strategic management, marketing & general administration.

The resolution is therefore recommended for the approval of members.

**Statement pursuant to Schedule XIII of the Companies Act, 1956**

I. General Information				
1. Nature of Industry	Star Paper Mills Ltd. has an integrated pulp & paper mill with installed production capacity of 75000 tonnes per annum. The company manufactures varieties of industrial and cultural paper.			
2. Date of commencement of commercial production	The company started off its commercial production in 1938.			
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	N.A			
4. Financial performance based on given indicators	The financial results for the last three years are as under : (In Lacs)			
	Particulars	FY:2011-12	FY:2010-11	FY:2009-10
	Total Income	23885.26	26955.23	26154.16
	EBIDT	(2812.49)	(165.36)	2131.59
	Profit before tax	(4240.62)	(1508.30)	661.66
	Profit after tax	(4240.62)	(1015.17)	833.56
5. Export performance	FOB value of exports Rs. 50.52 lacs: FY 2011-12.			
6. Foreign Investments or collaboration, if any.	None			

<b>II. Information about the Managerial Personnel</b>	Sh. Gouri Prasad Goenka
i. Background Details	<p>Sh. Gouri Prasad Goenka, aged 71 years, is the Chairman &amp; whole time director of the company. He has a vast experience of over 50 years in management, marketing and administration. He has been associated with the company since 1986 as a promoter director and has been instrumental establishing the company a recognized player in the paper Industry. Under his dynamic leadership, the company has performed well in terms of production, turnover, market share etc.</p>
ii. Past Remuneration	Rs. 4 lacs per month+ 18.75 % HRA + 7.5% Special Allowance + Commission-as decided by the Board for each financial year + benefits as per the Rules of the company.
iii. Recognition or awards	Sh. Goenka was President of FICCI for 1999-2000.
iv. Job profile and his suitability	<p>Sh. G.P. Goenka is the Chairman &amp; Whole-time director of the company. His job profile, inter-alia, includes strategic and financial planning, policies formulation, management, acquisitions and expansion, product development marketing etc. subject to the supervision and control of the Board of Directors.</p> <p>As Sh. G.P. Goenka is a experienced entrepreneur in the Industry having expertise in corporate planning, management and leadership, the areas entrusted to him are best suited considering his corporate experience.</p>
v. Remuneration Proposed/Present remuneration	Same as on point (ii) above.
vi. Comparative remuneration profile with respect to Industry	Rs. 10-12 lacs per month
vii Pecuniary relationship	No pecuniary relationship with the company other than the salary drawn and promoter of the company.
<b>III. Other Information :</b>	
1. Reason for loss or inadequate profits :	Cost of production in terms of raw material and power have gone up substantially. Owing to excess production capacity created across the Industry in recent past coupled with tough market conditions, the company could not pass on increased costs onto its customers.
2. Steps taken or proposed to be taken for improvements	The company managed to increase its sanctioned grid power load from 5.3 MW to 9.5 MW in Dec.,11. Besides, capital projects to reduce raw material cost and energy cost such as installation of new agro based Continuous Digester and a 15MV turbine are also in pipeline. Serious efforts are being on for financial arrangement of the projects and also for working capital finance.
3. Expected increase in productivity and profits in measurable terms :	The proposed projects when implemented shall bring substantial reduction in cost of raw material and power & fuel.
<b>IV. Disclosures</b>	
Remuneration Package	<p>Sh. Gouri Prasad Goenka is presently entitled to the following remuneration :</p> <p>a. Salary : at the rate of Rs. 4,00,000/- (Rupees : Four lacs only) per month.</p> <p>b. House Rent Allowance : Rs. 75,000/- (Rupees : Seventy five thousand) per month.</p> <p>c. Special Allowance : Rs. 30,000/- (Rupees : Thirty Thousand only) per month.</p> <p>d. Medical benefit : Reimbursement of actual expenses incurred for himself and his family, subject to a ceiling of three (3) month's salary in a block of three (3) years.</p> <p>e. Leave Travel Assistance : For himself and his family subject to maximum of 2 months salary every year.</p> <p>f. Premium on Personal Accident Insurance : Premium for Personal Accident Insurance for a sum assured of Rs. 1,00,00,000/- (Rupees : One Crore only)</p> <p>g. Provident Fund : The Company's contribution for him to provident fund as per rules of the Company.</p> <p>h. Gratuity : Gratuity as per rules of the company.</p> <p>i. Commission : Commission in respect of each financial year as may be decided and determined by the Board of Directors of the Company from time to time subject to the provisions of the Companies Act, 1956.</p>

## BRIEF PROFILE OF THE DIRECTORS SEEKING RE-APPOINTMENT

(Pursuant to Clause 49 of the Listing Agreement)

Name	Mr. G. P. Goenka	Mr. Srivardhan Goenka	Mr. C. M. Vasudev
Date of Birth	11 <sup>th</sup> Oct., 1940	9 <sup>th</sup> August, 1975	5 <sup>th</sup> April, 1943
Date of Appointment	14 <sup>th</sup> May, 1986	9 <sup>th</sup> September, 2002	22 <sup>nd</sup> June, 2009
Qualifications	B. Sc.	B.Com., MBA (USA)	M.A. (Eco & Physics) I.A.S.
Expertise in specific functional area	General Business Management	General Business Management	Finance & Management
Directorship in Other Companies	Duncan Industries Ltd. Energy Development Co. Ltd. NRC Ltd. Jay Shree Tea & Industries Ltd. Stone India Ltd. Unimers India Ltd.	Continuous Froms (Calcutta) Ltd. Duncans Agro Chemicals Ltd. Duncan Industries Ltd. ISG Traders Ltd. Duncan Tea Ltd. Odyssey Travels Ltd. Subh Shanti Services Ltd. Stone India Ltd.	HDFC Bank Ltd. NDML Ltd. Uttarakhand Jal Vidyut Nigam Ltd. ICRA Management Consultants Ltd. Power Exchange Ltd.
Chairman/Member of Committees* of Board of the directors of other companies in which he is a director	-	-	HDFC Bank Ltd. Power Exchange Ltd. ICRA Management Consulting Services Ltd. (Audit Committee)
Shares held in Star Paper Mills Ltd.	Nil	45500	Nil

\*includes Audit & Shareholders' Grievance Committees.

# STAR PAPER MILLS LIMITED

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## NOMINATION FORM

(to be filled in by individual applying singly or jointly)

(TO BE FILLED IN CAPITAL LETTERS)

Registered Folio No. .... ID No. .... DPID No. ....  
I/We ..... and .....  
The holder of ..... shares bearing Distt. Number(s) .....  
..... of ..... wish to make  
a nomination and do hereby nominate the following person (s) in whom all rights of transfer and/or amount  
payable in respect of shares shall vest in the event of my/our death.

### Name & Address of Nominee

Name ..... s/d/w of Shri .....  
Address .....

..... PIN ..... Date of Birth \* .....

(\* to be furnished in case the nominee is a minor)

\*\* The nominee is a minor whose guardian is

Shri/Smt. .... s/d/w of Shri .....  
Address .....

..... PIN .....

\*\* To be deleted if not applical

Signature(s) of shareholder(s) as per specimen signature(s) recorded with the company.

	(1)	(2)	(3)
Name	.....	.....	.....
Address	.....	.....	.....
	PIN .....	PIN .....	PIN .....
Date	.....	.....	.....
Witness	.....	.....	.....
Signature	.....	.....	.....
Date	.....	.....	.....
Name	.....	.....	.....
Address	.....	.....	.....
	PIN .....	PIN .....	PIN .....

(Before filling up the form please read the instructions)

### INSTRUCTIONS :

1. The Nomination can be made by individuals only holding shares on their behalf, singly or jointly. Non-individuals including society, trust, body corporate, partnership firms, karta of hindu undivided family, holder of power of attorney can not nominate. If the shares are held jointly, all joint holders will sign the nomination form.
2. A minor can be nominated by a holder of shares and in that event the name and address of the guardian shall be given by the holder.
3. The nominee shall not be a trust, society, body corporate, partnership firm, karta of Hindu undivided family or a power of attorney holder. A non-resident indian can be a nominee on non-repatriate basis subject to applicable laws.
4. Nomination stands rescinded upon transfer of share(s).
5. Transfer of shares in favour of a nominee shall be valid discharge by a company against the legal heir.
6. Shareholder(s) should sign as per specimen signature(s) recorded with the Company.
7. Shareholders address given here will not be considered for change of address. If any change in address is desired to be recorded, please write a separate letter.

## STAR PAPER MILLS LIMITED

Registered Office: Duncan House, 2<sup>nd</sup> Floor, 31 Netaji Subhas Road, Kolkata 700 001

### ATTENDANCE SLIP

Name .....

Folio No. .... ID No. .... DPID No. ....

No. of Shares held .....

I/We hereby record my/our presence at the 73rd Annual General Meeting of the Company at "Kala Kunj" (Kala Mandir basement), 48, Shakespeare Sarani, Kolkata 700 017 on 21st September, 2012 at 10.45 A.M.

Signature of the attending member/proxy .....

Notes :

1. Shareholder/Proxy wish to attend the meeting must bring the Attendance slip to the meeting and handover the same at the entrance duly signed.
2. Shareholder/Proxy should also bring his copy of the Annual Report to the meeting.

## STAR PAPER MILLS LIMITED

Registered Office: Duncan House, 2<sup>nd</sup> Floor, 31 Netaji Subhas Road, Kolkata 700 001

### PROXY FORM

I/We ..... of ..... a member/members of the above named company hereby appoint ..... of ..... in the district of ..... or failing him ..... of ..... in the district of ..... as my/our proxy to attend and vote for me/us and on my/our behalf at the 73rd Annual General Meeting of the Company, to be held on 21st September, 2012 at 10.45 A.M. and at any adjournment thereof.

Signed this ..... day of ..... 2012.

Registered Folio No. .... ID No. .... DPID No. ....

No. of Shares held .....

Signature .....

Affix Re.  
1 Revenue  
Stamp

Note : The proxy from duly completed must be returned so as to reach the Registered Office of the Company not less than FORTY EIGHT HOURS before the time for holding the meeting.





**STAR PAPER MILLS LIMITED**  
**ANNUAL REPORT 2011-12**



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## ***FORWARD LOOKING STATEMENT***

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statement' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include but are not limited to raw material, cost or availability, demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. G.P. Goenka  
Chairman

Mr. Shiromani Sharma

Mr. Shrivardhan Goenka

Mr. C.M. Vasudev

Mr. M.P. Pinto

Mr. Madhukar Mishra  
Managing Director

## AUDITORS

Lodha & Co.  
Chartered Accountants,  
Kolkata

Mr. Saurabh Arora  
Company Secretary

## BANKERS

Bank of Baroda  
Punjab National Bank

## MILL

Saharanpur - 247001  
(Uttar Pradesh)

## REGISTERED OFFICE

'Duncan House', 2nd Floor, 31, Netaji  
Subhas Road, Kolkata - 700 001

## REGISTRAR AND SHARE TRANSFER AGENTS

Karvy Computershare Private Limited  
17-24, Vittal Rao Nagar, Madhapur,  
Hyderabad-500081  
Tel. : +91 40 44655000

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### Economy & Industry Scenario

Stringent liquidity control measures taken by the Government to tame inflation coupled with the prevailing sense of economic uncertainty particularly in Europe led to a slow-down in the economy. Paper Industry also had built large capacity in the recent past which is yet to be fully absorbed.

There was also a spurt in input costs which could not be fully passed-on to the consumers resulting in reduced margins.

### Growth Opportunities

The last monetary policy announcements indicate a desire to accelerate the growth of economy which will certainly lead to higher demand.

The recent changes in Exchange Rates would favour exports thus providing further fillip to the volume growth for the Industry.

### SWOT analysis

#### Strengths

Along with growth in the economy, demand for the paper is expected to accelerate.

#### Weakness

There is a need for suitable policies to enable the Industry to enhance cultivation of wood and source raw materials at economic rates through industrial plantations. Availability of good quality coal and its price as well as costs of other fuels is also a cause for concern.

#### Opportunities

Continued economic growth of the country will provide ample opportunities for the Industry to expand and grow.

#### Threats

There is continued sense of uncertainty about the prevailing Debt crisis in some of the European countries. Depreciation of Rupee too would lead to inflation particularly for imported fuel which has a cascading effect across the economy.

### Social Farm Forestry

Social Farm Forestry activity is continuing at the same pace as in the past. Under the programme, your company has supported coverage of around 12480 hectare area with active participation of farmers.

This programme helps to augment availability of wood in and around the Plant besides enhancing rural incomes.



## **Risks & Concerns**

Raw materials and energy are the two largest elements of cost for the Industry. While wood and Agro residues supply is limited, country is largely dependent on imports for waste papers. Because of limited supply, global factors and competing end-uses, there has been a sustained increase in the price of these inputs. Similarly, administered prices of coal have been substantially increased.

In addition, developments in the economic sphere both locally as well as globally, unforeseen political and social elements and natural calamities may also impact the industry.

## **Internal Control System**

STAR's management continuously reviews the internal control system and procedure to ensure orderly and efficient conduct of business. The internal control system has been designed to provide for :

- Accurate recording of transactions with internal checks and prompt reporting.
- Adherence to applicable accounting standards and policies.
- Review of capital investments and long term business plans.
- Periodic review to effectively manage working capital.
- Compliance with applicable statutes, policies, listing requirements, and operating guidelines of the company.
- Effective use of resources and safeguard of assets.

## **Financial Performance**

FY 2011-12 was another difficult year full of challenges. The year witnessed global economic uncertainty. Higher inputs cost and lower demand growth coupled with excessive supplies in the market negatively impacted financial performance of the company.

## **Human Resources**

Your company undertakes human resources development programmes as per requirement at all levels. The company from time to time undertakes and imparts training programmes to enhance working skill of the employees.

## **Future Outlook**

Long term prospects of Paper Industry appear promising in view of expected continued GDP growth.

## **Forward Looking Statement**

The Management Discussion & Analysis Report contains forward looking statements based upon the data available with the company, assumptions with regard to global economic conditions, Government policies etc. The company can not guarantee the accuracy of the assumptions and perceived performance of the company in future. Therefore, it is cautioned that the actual results may materially differ from those expressed or implied in the report.



## DIRECTORS' REPORT

Dear Shareholders

The Board of Directors of your company is pleased to place the Directors' Report along with audited financial results of the company for the year ended 31<sup>st</sup> March 2012.

### FINANCIAL PERFORMANCE

#### AUDITED FINANCIAL RESULTS

Particulars	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
Profit before interest and depreciation	(28.13)	(1.65)
Interest and finance charges	2.81	1.67
Depreciation	11.47	11.76
Profit before exceptional and non-recurring items	(42.41)	(15.08)
Exceptional & non-recurring items	-	-
Profit before tax	(42.41)	(15.08)
Provision for Income Tax	-	(4.93)
Profit after taxation	(42.41)	(10.15)
Balance brought forward	52.00	63.06
Available for appropriation :	9.59	52.91
- Transfer to General Reserve	-	-
- Proposed dividend	-	0.78
- Tax on proposed dividend	-	0.13
Balance carried to the Balance Sheet	9.59	52.00



## DIVIDEND

As the company has reported a loss during the current fiscal, your directors do not recommend any dividend for the financial year 2011-12.

## OPERATIONS

### Financial Year 2011-2012

Your company faced an extremely challenging business environment during the year 2011-12. Price of fuel oil rose continuously, administered prices of coal were increased steeply and cost of wood in North India increased more than the other regions. These factors undermined the relative competitive position of your company. These coupled with excess capacity in the Industry, led to both erosion of volumes and margins. Your company has availed enhanced supply of power from the Grid and stopped running of the DG Sets towards the end of the year which provided some respite.

### Financial Year 2012-13 Prospects

With the growth of economy, the expected surplus capacity will be much less and Exchange Rates will enable some Industry players to export more volumes. These are likely to lead to better realisations. Barring further spikes in the key input costs, your company is expected to fare better during the coming year.

## ENVIRONMENT, POLLUTION CONTROL AND SAFETY

STAR has always been conscious of need for environment preservation, quality of products and safe working conditions. Your company is accredited with ISO 14001: 2004 and ISO 9001 : 2008 & IS 18001 : 2007.

Your company's efforts are well recognized as the company has yet again been awarded for environmental excellence as well as Safety in Paper Industry. Your company has all the necessary environmental clearances from the competent authorities.

## SOCIAL FARM FORESTRY

With a view to ensure sustained supply of wood to the Mill and maintain green cover, STAR is continuing to promote pulpwood plantation. Your company has established nurseries in its catchment area with active co-operation of the farmers.

During the year, a total of 324 lacs seedlings were distributed among the farmers covering an estimated area of 12480 hectare. We have given thrust to distribution of fast growing clones.

Social Farm Forestry assists in enhancing rural income besides easing pressure on raw material availability to the company.

## HUMAN RESOURCE AND WELFARE

Your company continue to lay emphasis on regular training to improve employee skills. The company continues to have a cordial and harmonious relations with its employees at all levels. Directors wish to place on record their deep appreciation for dedication of the employees towards the organisation.

## FIXED DEPOSITS

Your Company did not invite any fixed deposits during the year. The fixed deposits outstanding aggregated to 0.02 lacs on 31<sup>st</sup> March, 2012 (Previous year - Rs. 0.12 lacs on 31<sup>st</sup> March, 2011). There was no delay / default in repayment of deposits during the year.

The company has complied with the provisions of section 58-A of the Companies Act, 1956 and rules made thereunder.

## DIRECTORS

Mr. G.P. Goenka was re-appointed as whole-time director of the company w.e.f. 15th January, 2012 for a period of 3 years subject to requisite approval(s). However Mr. Goenka subsequently resigned from whole-time directorship. He continues as 'Chairman' in non-executive capacity with effect from 1st April, 2012.

Mr. Shrivardhan Goenka and Mr. C.M. Vasudev are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

## PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars regarding energy conservation, technology absorption and foreign exchange earnings/outgo pursuant to Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are furnished as Annexure-I to this Report.

## PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended regarding employees is given in Annexure to this report. However as per provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the annual report is being sent to all the members of the company excluding the aforesaid information. Any member interested in obtaining such information may write to the Secretary at the company's registered office address.

## DIRECTORS' RESPONSIBILITY STATEMENT

As required under the provisions of Section 217(2AA) Directors Responsibility Statement on the preparation and presentation of these accounts is as per Annexure-II to this Report.



## CORPORATE GOVERNANCE

A separate report on corporate governance, together with a certificate from the statutory auditors confirming compliance with corporate governance requirements has been annexed as Annexure-III to this annual report.

## AUDITORS

M/s Lodha & Co. Chartered Accountants, retire at the ensuing Annual General Meeting. They have expressed their willingness to continue in office, if re-appointed and have furnished the requisite certificate of their eligibility pursuant to Section 224(1B) of the Companies Act, 1956.

## AUDITORS' REPORT

The qualification of the Auditors in their report read with relevant notes on the financial statements as mentioned below are self-explanatory :

(a) Non-provision of diminution in the value of investment, if any, -Note no. 13 (b) of the Balance Sheet.

(b) Managerial remuneration - Note no. 22 (a) of Statement of Profit and Loss.

## COST AUDIT

Pursuant to Section 233-B of the Companies Act, 1956, M/s R.J. Goel & Co., Cost Accountants, New Delhi have been appointed to audit the cost accounts for the financial year 2011-12.

## LISTING ON STOCK EXCHANGES

The Company's equity shares are listed with The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Ltd. (NSE). The Company has paid the requisite listing fees to the stock exchanges for the financial year under review.

## ACKNOWLEDGEMENTS

The Board place on record their gratitude to the Company's customers, dealers, suppliers, Government, financial institutions, banks and employees for their valuable support to the Company.

For and on behalf of the Board

Place : New Delhi  
Date : 28th May 2012

G. P. Goenka  
Chairman

## ANNEXURE-I

Information pursuant to section 217 (1) (e) of the Companies Act-1956 ,read with the Companies ( Disclosure of particulars in the Report of Board of Directors ) Rules,1988.

### A. PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.

(a) The Company has taken the following measures for conservation of energy:

- Installation of energy efficient pumps & Motors.
- Installation of VFDs at various locations .
- Installation of energy efficient luminaries.
- Installation of auto temperature control system on Paper Machine-II.
- Optimization of pump operations and impeller sizes.
- Increased recovery of condensate.
- Installation of two higher capacity coolers in evaporator plant resulted in improvement in vacuum system.

(b) Additional investments and proposals, if any, being implemented for reduction in consumption of energy :

- Optimisation of Refining operations.
- Modification in chip feeding system to reduce dust in chips.

(c) Impact of measures (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

- Reduction in power generation cost
- Reduction in power & steam consumption

(d) Total energy consumption and energy consumption per unit of production (as per 'Form-A' of the annexure to the rules)-annexed

### B. TECHNOLOGY ABSORPTION

Information as per Form 'B' of the annexure to the rules annexed.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

i Activities related to exports; initiatives taken to increase exports; development of new export markets for product and services and export plans :

As the plant is located far-off the port, incidence of freight is higher which renders exports relatively less remunerative for your company. Therefore no initiatives to increase exports or develop a new export market were called for.

ii

Earnings -	Rs. 50.52 Lacs
Outgo-	Rs. 496.94 Lacs





## FORM A

Particulars		Year ended 31st March 2012	Year ended 31st March 2011
<b>A. POWER &amp; FUEL CONSUMPTION</b>			
<b>1. Electricity</b>			
<b>a. Purchased</b>			
Units	(Kwh in lakhs)	386.21	234.16
Total Amount	(Rs. in lakhs)	2104.45	1291.73
Tariff Rate/Unit	(Rs.)	5.45	5.52
<b>b. Own Generation Through</b>			
<b>(i) Steam Turbine</b>			
Units (Gross)	(Kwh in lakhs)	282.79	395.85
Units (Net)	(Kwh in lakhs)	275.82	385.59
Units per MT of Coal	(Kwh)	2046	1685
Cost/Unit	(Rs.)	3.18	3.92
<b>(ii) Power Generating Sets</b>			
Units (Gross)	(Kwh in lakhs)	208.45	416.06
Units (Net)	(Kwh in lakhs)	195.59	394.95
Units per MT of Coal	(Kwh)	4154	4440
Cost/Unit	(Rs.)	9.22	7.20
<b>2. Coal (Specify quality and where used)</b>			
Grade :- B & C used in Boilers			
Quantity	(MT)	45080	55313
Total Cost	(Rs. in lakhs)	2935.47	2533.77
Average Cost	(Rs./MT)	6512	4581
<b>3. Agro Residue</b>			
Quantity	(MT)	29701	30328
Total Cost	(Rs. in lakhs)	491.30	492.65
Average Cost	(Rs./MT)	1654	1624
<b>4. Fuel Oil</b>			
Quantity	(MT)	8319	13283
Total Cost	(Rs. in lakhs)	3185.81	3787.11
Average Cost	(Rs./MT)	38296	28512
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>			
Product-Paper	(MT)	56147	69150
Electricity	(Kwh)	1527	1513
Fuel Oils	(MT)	0.15	0.19
Coal	(MT)	0.80	0.80
Agro Residue	(MT)	0.53	0.44

## FORM B

### A. RESEARCH AND DEVELOPMENT (R&D)

Department of Science and Industrial Research (DSIR) under , Ministry of Science and Technology, Government of India recognizes the in-house Research & Development (R&D) unit of the Company. Your company undertook the following R&D activities during the year under review:

#### 1. The major areas in which the company carried in-house R&D projects are as under :

- ▣ Development of high brightness paper.
- ▣ Development of new colours in coloured grades of paper.
- ▣ Study of different kinds of wood to assess suitability for use as raw material .
- ▣ Introduction of AKD sizing on various grades of paper.
- ▣ Tree improvement programme to develop high yielding species.

#### 2. Benefits derived as a result of above R&D projects

- ▣ Product improvement for better market acceptability.
- ▣ Tree improvement and productivity enhancement measures including distribution of high yielding clones resulted in enhancement of wood resources .
- ▣ Reduction in sizing cost in some grades of paper.

#### 3. Future Plan of Action

- ▣ Development of new grades for laminate Industry.
- ▣ Exploring possibility to use agro based fibre as raw material to partly replace conventional wood.

#### 4. Expenditure on R&D-

	Rs. in lacs
a) Capital	55.08
b) Revenue	84.47
c) Total	139.55
d) R&D Expenditure as a percentage of total Turnover	0.58%

### B. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

Efforts made, in brief, towards Technology absorption, adaptation & innovation and benefits derived are as under :

- a) Installation of 0.25 MM imported slotted basket for PM-2 pressure screen resulted in improvement in quality of the product.
- b) Up-gradation of Hot Stock Screen & feeding screened pulp to both washing streets resulted in good quality of unbleached pulp and also power saving by the stoppage of old screens and old pulp thickeners. As a result, there was improvement in quality of the product.
- c) Installation of solid couch roll in place of suction couch roll for PM-1 resulted in saving of power in vacuum pumps and thereby reduction in energy costs.



**Information related to Imported Technology :**

- |     |  |      |
|-----|--|------|
| (a) | Technology imported  | None |
| (b) | Year of import & country   | N.A  |
| (c) | Has technology been fully absorbed?  | N.A  |
| (d) | If not fully absorbed, areas where it has not taken place, reasons there for and future plans of action. | N.A  |

For and on behalf of the Board

Place : New Delhi  
Date : 28th May 2012

G. P. Goenka  
Chairman

## ANNEXURE-II

### DIRECTORS' RESPONSIBILITY STATEMENT

As required under the provisions of Section 217(2AA) of the Companies Act, 1956 the Board wishes to confirm that :

1. In preparation of accounts, applicable accounting standards have been followed .
2. Such accounting policies as were reasonable and prudent were selected in preparing the accounts and these were applied consistently. Further judgements and estimates that were reasonable and prudent were also made in the course of preparing the accounts so as to give a true and fair view of the Company's state of the affairs as at the end of the financial year and its (profit) for financial year ended 31st March, 2012.
3. Proper and sufficient care was taken for the maintenance of proper accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
4. The accounts have been prepared on going concern basis.

For and on behalf of the Board

Place : New Delhi  
Date : 28th May 2012

G. P. Goenka  
Chairman



## ANNEXURE III

### REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

The Directors present the Company's report on Corporate Governance for the financial year ended 31<sup>st</sup> March, 2012.

#### I. Company's philosophy on Corporate Governance

Corporate governance is a continuous journey that seeks to provide an enabling environment to harmonize the goals of maximizing the stakeholder value. STAR believes that good corporate governance is essential to achieve long term corporate goals and to enhance stakeholders' value. The company endeavors to ensure that highest standards of ethical conduct are met throughout the organisation.

#### II. Board of Directors

The management of the company is controlled by a competent Board of directors comprising of an optimum combination of Executive, Non-executive and Independent directors. The Board monitors performance of the company, receives and approves policies, strategies and evaluate management performance. The Board ensures legal and ethical conduct and accurate financial reporting.

##### (a) Composition

The Board of Directors consists of Six (6) directors including executive directors. None of the directors except Whole-Time Director and the Managing Director were paid any remuneration other than the sitting fees for the meetings of the Board and the Committees attended by them.

The following is the composition of the Board of Directors as on 31<sup>st</sup> March, 2012.

Director	Category of Director	Total No. of Directorships in other companies (*)	Total No. of Memberships/ Chairmanships of Committees in other companies (**)
<b>Executive Director :</b>			
Sh. G.P. Goenka***	Chairman cum Whole Time Director	6	Nil
Sh. Madhukar Mishra	Managing Director	2	Nil
<b>Non-Executive Directors :</b>			
Sh. Shiromani Sharma	Independent Director	2	2
Sh. Shrivardhan Goenka	Promoter Director	8	Nil
Sh. C.M. Vasudev	Independent Director	3	3
Sh. M.P. Pinto	Independent Director	7	3



\* excludes Directorships in Indian Private Limited Companies, Foreign Companies, Companies under Section 25 of the Companies Act, 1956, memberships of Managing Committees of various Chambers/Bodies and Alternate Directorships.

\*\* represents Memberships / Chairmanships of Audit Committee & Shareholders / Investors Grievance Committee only.

\*\*\* resigned from whole-time directorship and re-designated as 'Chairman' w.e.f. 1<sup>st</sup> April, 2012.

### **(b) Meetings and Attendance**

During the financial year ended 31<sup>st</sup> March, 2012, Five (5) meetings of the Board of Directors were held on 30<sup>th</sup> May, 2011, 11<sup>th</sup> Aug, 2011, 29<sup>th</sup> September 2011, 14<sup>th</sup> November, 2011 and 13<sup>th</sup> February 2012.

#### **Attendance of Directors at Board Meetings and Last Annual General Meeting :**

Director Name	No. of Board Meetings attended	Attendance at Last Annual General Meeting
		Yes/No
Sh. G.P. Goenka	5	Yes
Sh. Shiromani Sharma	5	Yes
Sh. Srivardhan Goenka	2	Yes
Sh. C. M. Vasudev	5	Yes
Sh. Madhukar Mishra	5	Yes
Sh. M. P. Minto	4	Yes

### **III. Code of Conduct**

A code of Conduct for all its Board Members and Senior Management personnel for avoidance of conflict of interest has been laid down and is available on the Company's website. Necessary declarations affirming compliance have been received during the period since it has been in force. There were no material personal interest/personal benefits received by the Board Members/Senior Management personnel, which could lead to potential conflict of interest with the Company as a result of their position.

### **IV. Committees of the Board**

The Board of Directors has constituted two Committees the Audit Committee and the Shareholders/ Investors Grievance Committee.

#### **(i) Audit Committee**

The Company has set up the Audit Committee in accordance with the requirements of Section 292A of the Companies Act, 1956 and the terms of reference are in conformity with clause 49 of the listing agreement



**Composition**

The composition of the Audit Committee as on 31st March, 2012 is as under :

S. No.	Name of the Director	Designation	No. of Meetings attended
1.	Sh. Shiromani Sharma	Chairman	4
2.	Sh. S.V. Goenka	Member	1
3.	Sh. C.M. Vasudev	Member	4

During the financial year ended 31<sup>st</sup> March, 2012, Four (4) Audit Committee meetings were held on 30<sup>th</sup> May, 2011, 11<sup>th</sup> Aug, 2011, 14<sup>th</sup> November, 2011 and 13<sup>th</sup> February 2012.

**(ii) Shareholders/Investors Grievance Committee**

The Committee oversees redressal of shareholder and investor grievances, like transfer of shares, non-receipt of Annual Report, dividends and approves of sub-division, transmission, issue of duplicate shares etc. The Company Secretary acts as the Secretary to the Committee.

**Composition**

In the financial year 2011-12, the composition of the Committee was as under :

Name of the Director	Category
Mr. Shiromani Sharma - Chairman	Non-Executive, Independent
Mr. Madhukar Mishra	Executive

**V. Remuneration of Directors**

Remuneration of Managing Director and Whole-Time Director is determined by the Board of Directors. Remuneration of Non-Executive Directors was restricted to only sitting fees for attending meetings of the Board, Audit Committee and Shareholders/Investor Grievance Committee meetings.

The details of remuneration of the directors for the financial year ended 31<sup>st</sup> March, 2012 are as under:

Director	Salary #	Perquisites and other benefits ##	Setting Fees	(Rs.)
				Total
Mr. G.P. Goenka	51,14,839	17,04,304	-	68,19,143
Mr. Shiromani Sharma	-	-	1,30,000	1,30,000
Mr. Shrivardhan Goenka	-	-	30,000	30,000
Mr. C.M. Vasudev	-	-	90,000	90,000
Mr. M.P. Pinto	-	-	40,000	40,000
Mr. M. Mishra	78,00,000	31,01,823	-	1,09,01,823
<b>Total</b>			<b>2,90,000</b>	<b>1,80,10,966</b>

# Salary also includes allowances, performance pay and commission on net profits, if any.

## Perquisites and other benefits include contribution to Provident and other funds but exclude Company's contribution to Gratuity Fund.

The non-executive directors are not holding any shares in the company except 45,500 Equity Shares held by Mr. Shrivardhan Goenka.

Apart from the above, none of the Non-Executive Directors had any pecuniary relationship or transactions with the Company.

#### **Service contracts, severance fees and notice period**

The appointment of the Executive Directors is governed by resolutions passed by the Board of Directors and the shareholders of the company, which covers the terms and conditions of such appointment.

There is no separate provision for payment of severance fee under the resolutions governing the appointment of Executive Director. Statutory provisions however will apply in case of severance of service. The appointments are terminable by six months' notice from either side.

## **VI. Disclosures**

There were no materially significant related party transactions which may have potential conflict with the interest of the company at large. All related party transactions during the year under reference were in the ordinary course of business and on arm's length basis. The Board periodically reviews risk management policy of the company. There was no non-compliance during the last three years by the company on any matter relating to the Capital Markets. There were no penalties, strictures passed on the Company by stock exchanges/SEBI or any Statutory Authority. There were no pecuniary relationships or transactions with Non-Executive Directors.



## VII. Means of communication

The quarterly results of the Company were announced within 45 days of the end of each quarter , except for March 2012 and the audited results were announced within 60 days of the close of the financial year; such results were published normally in the 'The Financial Express', and 'Aajkal'. The Management Discussion and Analysis Report forms part of the Annual Report. The financial results of the Company is provided at the website [www.starpapers.com](http://www.starpapers.com).

## (VIII) Shareholder Information

### 73<sup>rd</sup> AGM details

Date	Venue	Book Closure Dates	Time
21 <sup>st</sup> Sept., 2012	'KalaKunj' (Kalamandir basement), 48, Shakespeare Sarani, Kolkata 700 017	14.9.12 to 21.9.12	10.45 A.M.

### Registrar & Share Transfer Agents :

The Company's Registrar and Share Transfer Agent is Karvy Computershare Pvt. Ltd.

### Address for correspondence :

17-24, Vittal Rao Nagar, Madhapur, Hyderabad 500 081

**Telephone** : 040-44955000/ 44655178

**Fax** : 040-23420859

**e-mail** : [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

The Shareholders holding shares in the electronic form should address their correspondence, except those relating to dividend, to their respective Depository Participants.

### Compliance Officer

Mr. Saurabh Arora, company secretary is the Compliance Officer under Clause 47 of the listing agreement.

### Transfer System

The Registrars and Share Transfer Agents process every fortnight requests for approving share transfers. The processing activities with respect to requests received for share transfer are completed within 7-10 days from the date of receipt of request.'

There were no shares pending for transfer as on 31<sup>st</sup> March, 2012.

### Compliance certificate of the Auditors

The Company has obtained certificate from the statutory auditors certifying compliance of conditions of corporate governance as stipulated in Clause 49 of the listing agreement and the same is annexed.

The certificate will also be sent to the stock exchanges along with the Annual Report that will be filed by the Company.

### Dematerialization of Shares and Liquidity

The shares of the Company can be traded in dematerialized form with both NSDL (National Securities Depository Ltd.) and CDSL (Central Depository Services (India) Ltd.)

As on 31st March, 2012, a total of 1,44,42,076 shares of the Company, which form 92.53% of the share capital, stand dematerialized. The processing activities with respect to the requests received for dematerialization are completed within 3-5 days from the date of receipt of request.

Under the depository system, the International Securities Identification Number (ISIN) allotted to the company is INE 733A01018.

### Shareholders Complaints

No complaint is pending at close of the financial year.

### Distribution of Shareholding as on 31st March, 2012

Slab	No. of Shareholders		No. of Equity Shares	
	Total	% of Shareholders	Total	% to share capital
1-500	9002	87.07	1153746	7.39
501-1000	625	6.04	522423	3.35
1001-2000	362	3.50	560069	3.59
2001-3000	127	1.23	332455	2.13
3001-4000	52	0.50	187905	1.20
4001-5000	29	0.28	135337	0.87
5001-10000	54	0.52	407975	2.61
10001 and above	89	0.86	12308440	78.86
Total	10340	100.00	15608350	100.00



Category of Shareholders as on 31<sup>st</sup> March, 2012

Category	No. of Shares	% of Shareholding
Promoter Group	8282219	53.05
Financial Institutions	701900	4.50
Banks and Mutual Funds	4116	0.03
Insurance Companies	558667	3.58
Non Resident Indian (NRI)	91923	0.59
Clearing Member (NSDL & CDSL)	9257	0.06
Public - Bodies Corporate	783467	5.02
- Individuals	5175801	33.16
- Others	1000	0.01
<b>Total</b>	<b>15608350</b>	<b>100.00</b>

Monthly high and low quotations of shares traded on the listed stock exchanges

Month	NSE		BSE	
	High	Low	High	Low
<b>2011</b>				
April	27.55	23.10	28.45	24.30
May	27.40	22.55	26.00	22.55
June	24.50	20.00	25.00	20.20
July	25.40	21.10	24.00	21.25
August	24.65	17.00	26.45	16.65
September	26.90	20.50	27.00	19.95
October	27.00	21.35	26.30	21.10
November	24.50	19.15	24.55	19.05
December	20.00	13.50	20.50	13.95
<b>2012</b>				
January	31.60	14.00	19.25	14.10
February	25.80	16.30	19.50	15.30
March	31.40	15.80	18.05	14.80

### Listing on stock exchanges

The Company's Equity Shares are currently listed with the Stock Exchange, Mumbai (BSE) and the National Stock Exchange of India Ltd. (NSE) under Stock Codes '516022' and 'STARPAPER' respectively, The Company has paid the requisite listing fees to the stock exchanges for the financial year 2011-12.

Registered Office :  
Duncan House, 2nd Floor  
31, Netaji Subhas Road  
Kolkata-700 001

Plant location :  
Seth Baldeodas Bajoria Road  
Saharanpur -247 001  
Uttar Pradesh

Branches at :  
(i) 2nd Floor, Express Building  
9-10, Bahadur Shah Zafar Marg,  
New Delhi-110 008  
  
(ii) 23, Mauji Colony,  
Malviya Nagar  
Jaipur-302 017

### Financial Calendar 2012-13

The next financial year of the Company is 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013

The schedule of approving the Financial Results of the Company is given below:-

S. No.	Financial Results	Date for approving the Results (Tentative)
1.	First quarter results	Latest by 14th August
2.	Second quarter and half yearly results	Latest by 14th November
3.	Third quarter results	Latest by 14th February
4.	Fourth quarter & Annual results	Latest by 30th May

### Details of Past Three Annual General Meetings

Year	Venue	Date	Time
2010-11	Kala Kunj, 48, Shakespeare Sarani Kolkata 700 017	29.09.2011	10.45 A.M.
2009-10	Kala Kunj, 48, Shakespeare Sarani Kolkata 700 017	17.09.2010	11.15 A.M.
2007-09	Kala Kunj, 48, Shakespeare Sarani Kolkata 700 017	30.09.2009	10.30 A.M.



**Postal Ballot**

No special resolution requiring a postal ballot was placed before the last Annual General Meeting. Similarly, no special resolution requiring a postal ballot is being proposed at the forthcoming Annual General Meeting.

**Declaration of Managing Director under Clause 49(1)(D)(ii) of the Listing Agreement**

I hereby declare that to the best of my knowledge & belief, all the members of the Board and the senior management personnel of the company have affirmed their respective compliance with the code of conduct of the company for the financial year ended 31<sup>st</sup> March, 2012.

Place : New Delhi

Date : 28th May, 2012

**Madhukar Mishra**  
Managing Director



## Auditors' Certificate on compliance of conditions of Corporate Governance

To The Members of Star Paper Mills Limited

1. We have examined the compliance of the conditions of Corporate Governance by Star Paper Mills Limited for the year ended 31<sup>st</sup> March 2012 as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was carried out in accordance with the Guidance Note on certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement) issued by the Institute of Chartered Accountants of India and limited to the procedures and implementation thereof, adapted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statement of the company.
3. In our opinion and to the best of our information and explanations given to us and representations made by the Directors and the management, we certify that the company has complied in all material respects with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement. The Company has established risk assessment and minimization procedures which are being implemented / formalized.
4. We further report that such compliance is neither an assurance to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For Lodha and Co.  
Chartered Accountants  
Firm ICAI Registration No: 301051E

Place : Kolkata  
Date : 28th May, 2012

H S Jha  
Partner  
Membership Number : 55854



## AUDITORS' REPORT

### TO THE MEMBERS OF STAR PAPER MILLS LIMITED

We have audited the attached Balance Sheet of Star Paper Mills Limited as at 31st March 2012 and also Statement of Profit and Loss 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.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

I. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 ("the order") issued by the Central Government in exercise of the powers conferred by section 227(4A) of the Companies Act, 1956("the Act") and according to the information and explanations given to us and on the basis of such checks as we considered appropriate, we state that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is regular programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. There were no material discrepancies with regard to book records in respect of the assets verified during the year.
- (c) During the year, the Company has not disposed off substantial part of its fixed assets.
- (ii) (a) The inventory has been physically verified by the management at regular intervals during the year. In our opinion and according to the information and explanations given to us, the frequency of verification is reasonable.
- (b) In our opinion, the procedure for the physical verification of the inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. As explained to us, discrepancies noticed on physical verification of inventory were not material.
- (iii) (a) According to information and explanations given to us the company had given unsecured loans to two companies listed in the register maintained under Section 301 of the Act. The maximum amount involved during the year was Rs.64.96 lacs and the year-end balance of such loans was Rs. Nil

- (b) In our opinion, the rate of interest and other terms and conditions on which the unsecured loans as mentioned in (a) above were prima facie not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us, the principal amount and interest in respect of loan granted as mentioned above are repayable on demand. These loans have been fully repaid.
- (d) As informed to us, having regards to terms and conditions of the loan as mentioned above, there is no overdue amount outstanding in respect of such loans. However, interest has not been recovered regularly and at the year end outstanding interest were Rs.8.20 lacs.
- (e) As informed to us, the Company has taken unsecured loans from a company covered in the register maintained under section 301 of the Act. The maximum amount of such loans during the year was Rs.325 lacs and the year-end balance was Rs.321.24 lacs.
- (f) In our opinion, the rate of interest and other terms and conditions of such loan are not prima facie prejudicial to the interest of the Company.
- (g) According to the information and explanations given to us, the company has been regular in repayment of the principal amount and interest thereon as applicable.
- (iv) In our opinion there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that transactions that need to be entered into the register maintained under section 301 of the Act, have been so entered.
- (b) Based on the audit procedures applied by us and according to the information and explanations given to us, the transactions made pursuant of contracts or arrangements' exceeding the value of Rs.5 lacs in respect of a party has been made at prices which are reasonable having regard to prevailing market prices.
- (vi) The Company has not accepted any deposits from the public under Section 58A, 58AA or any other relevant provision of the Act and the rules framed there under.
- (vii) In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of



the Act in respect of the Company's product and are of the opinion that prima facie the prescribed records have been made and maintained. However, we have not carried out any detailed examination of such records with a view to determine whether they are accurate or complete.

(ix) (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding, as at 31<sup>st</sup> March 2012 for a period of more than six months from the date they became payable.

(b) According to the records of the Company and according to the information and explanation given to us by the management, the details of disputed statutory dues are as below:

Name of the Statute	Name of the Dues	Forum where dispute is pending	Period to which the amount relate (Financial Year)	Amount (Rs. in Lacs)
The Uttar Pradesh Trade Tax Act, 1948	Sales Tax	Additional Commissioner (Appeals)	2000 - 01	0.28
		- do -	2007 - 08	141.24
		Trade Tax Tribunal	2004 - 07	1.32
The Uttar Pradesh Trade Tax Act, 1948	Entry Tax	Additional Commissioner (Appeals)	2007 - 09	22.82
The Uttar Pradesh VAT Act, 2008	VAT	Additional Commissioner (Appeals)	2007 - 10	47.78
UP Krishi Utpadan Mandi Adhiniyam 1965	Mandi Tax	High Court	1.1193 - 31.12.2003	176.12
The Central Sales Tax Act, 1956	Sales Tax	High Court	1986 - 91 1996 - 97	69.10 8.59
		Additional Commissioner (Appeals)	1995 - 1996	477.93
		Tribunal	2005 - 07	0.90
The Income Tax Act 1956	Income Tax	Commissioner (Appeals)	2008 - 09	370.99

- (x) The Company does not have any accumulated losses. The Company has incurred cash losses during the year covered by our audit and had incurred cash losses in the immediately preceding financial year. The effect of unquantified qualification has not been taken into consideration for the purpose of making comment in respect of this clause.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that during the year the Company has not defaulted in repayment of dues to financial institutions, bank or debenture holders.
- (xii) Based on our examination of documents and records and according to information and explanations given to us, we are of the opinion that the Company has not granted loans 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. Accordingly, the provisions of clause 4 (xiii) of the 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. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- (xv) The Company has not given guarantees for loans taken by others from bank or financial institutions.
- (xvi) As per the information and explanation given to us, the Company has not availed fresh term loan during the year.
- (xvii) According to the information and explanations given to us and on overall examination of the Balance Sheet of the company, we report that short-term funds amounting to Rs.2,764.73 lacs have been used for long-term investments, i.e. for acquisition of fixed assets/funding losses to the company.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- (xix) The Company has not issued any debenture during the period. Accordingly, the provisions of clause 4 (xix) of the Order are not applicable to the Company.
- (xx) The company has not raised money by public issues during the period.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.



- II. Attention is invited to the following Notes regarding:
- a) *non-provision of diminution in value of investment, as stated in Note 13b ; and*
  - b) *payment of managerial remuneration amounting to Rs.64.51 lacs which is subject to approval of the Central Government. (Note 22a)*
- III. *We further report that impact with respect to the Notes given in paragraph II above cannot be ascertained and commented by us.*
- IV. Further to above, we report that:
- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
  - (v) On the basis of information available with the company and written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2012 from being appointed as directors in terms of section 274(1) (g) of the Act ;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the financial statements, *subject to our remarks as given in Para II above whereby as given in Para III above, we are unable to ascertain and indicate the impact thereof on these accounts*, give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) in the case of the balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2012;
    - b) in the case of the statement of profit and loss, of the loss for the year ended on that date; and
    - c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For Lodha and Co.  
Chartered Accountants  
Firm ICAI Registration No: 301051E

H S Jha  
Partner  
Membership Number : 55854

Place : Kolkata  
Date : 28th May, 2012

# **BALANCE SHEET as at 31st March, 2012**

(Rs. in Lacs)

Particulars	Note No	As at 31st March 2012	As at 31st March 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	1,560.83	1,560.83
Reserves and Surplus	3	6,829.43	11,070.05
		8,390.26	12,630.88
<b>Non -Current Liabilities</b>			
Long term borrowings	4	-	4.54
Deferred Tax Liabilities (Net)	5	2,344.62	2,344.62
Other Long term Liabilities	6	832.37	832.00
Long term provisions	7	726.75	767.29
		3,903.74	3,948.45
<b>Current Liabilities</b>			
Short term borrowings	8	2,044.95	1,514.41
Trade payables	9	4,203.39	1,899.14
Other Current liabilities	10	1,333.86	1,427.32
Short term provisions	11	96.84	182.63
		7,679.04	5,023.50
<b>Total</b>		<b>19,973.04</b>	<b>21,602.83</b>
<b>ASSETS</b>			
<b>Non Current assets</b>			
Fixed assets:			
Tangible assets	12	11,152.97	12,122.65
Capital work-in-progress		207.48	255.93
Non Current investments	13	3,578.89	3,578.89
Long term loans and advances	14	119.39	121.39
		15,058.73	16,078.86
<b>Current assets</b>			
Inventories	15	2,869.28	3,234.79
Trade receivables	16	702.49	948.72
Cash and Cash Equivalents	17	150.78	111.76
Short term loans and advances	18	1,191.76	1,228.70
		4,914.31	5,523.97
<b>Total</b>		<b>19,973.04</b>	<b>21,602.83</b>

## **Significant Accounting Policies**

1

The accompanying notes are an integral part of financial statement

## **As per our report of even date**

**For Lodha & Co.**  
Chartered accountants

**On behalf of the Board**

**H S Jha**  
Partner

**G.P. Goenka**  
Chairman

**Place : New Delhi**  
**Date : 28th May, 2012**

**Saurabh Arora**  
Company Secretary

**Madhukar Mishra**  
Managing Director

**Shiromani Sharma**  
**C.M. Vasudev**  
**M.P. Pinto**  
Directors



# STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	Note No	Year ended 31st March 2012	Year ended 31st March 2011
<b>REVENUE FROM OPERATIONS</b>			
Sales of Paper		24,070.69	27,105.22
Less: Excise Duty		1,243.83	1,146.56
Sales (Net)		22,826.86	25,958.66
Operating Revenues			
Other Income	19	1,058.40	996.57
<b>Total Revenue</b>		<b>23,885.26</b>	<b>26,955.23</b>
<b>EXPENDITURE</b>			
Cost of Raw Material Consumed	20	9,404.44	10,281.24
Changes in Inventories of Finished goods, Stock in Process and Stock in Trades	21	(19.61)	(514.70)
Employees Benefits Expenses	22	2,398.39	2,572.15
Finance Costs	23	280.91	166.58
Depreciation and Amortization Expenses	12	1,147.22	1,176.36
Other Expenses	24	14,914.53	14,781.90
<b>Total Expenses</b>		<b>28,125.88</b>	<b>28,463.53</b>
<b>Profit Before Tax</b>		<b>(4,240.62)</b>	<b>(1,508.30)</b>
<b>Tax Expense</b>			
- Current Tax		-	-
- Deferred Tax		-	(493.13)
<b>Profit / (Loss) for the year</b>		<b>(4,240.62)</b>	<b>(1,015.17)</b>
<b>Earning per Equity Share of Rs. 10/- each</b>	33		
- Basic and Diluted in Rupees		27.17	(6.50)

## Significant Accounting Policies

1

The accompanying notes are an integral part of financial statement

## As per our report of even date

For Lodha & Co.  
Chartered accountants

H S Jha  
Partner

Place : New Delhi  
Date : 28th May, 2012

Saurabh Arora  
Company Secretary

G.P. Goenka  
Chairman

Madhukar Mishra  
Managing Director

On behalf of the Board

Shiromani Sharma  
C.M. Vasudev  
M.P. Pinto  
Directors



## Notes on Financial Statements for the year ended 31st March, 2012

### 1. Significant Accounting Policies

#### (a) Basis of preparation of Financial Statements

The accounts have been prepared under the historical cost convention and in accordance with the provisions of the Companies Act, 1956 and Accounting Standards notified vide Companies (Accounting Standards) Rules, 2006. Accounting policies unless specifically stated to be otherwise, are consistent and in consonance with generally accounting principles.

#### (b) Use of Estimates

The preparation of financial statements require the management to make estimates and assumption that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities and assets as at the balance sheet date and the reported amounts of income and expenses during the year. Difference between the actual results and the estimates are recognised in the year in which the results become known/materialise.

#### (c) Fixed Assets and Depreciation

a) Fixed assets are stated at cost of acquisition/construction. Cost includes borrowing cost and pre-operative expenses as allocated to the fixed assets.

b) Capital Work-in-progress includes Machinery to be installed, Construction and Erection Materials, Advances etc.

#### (d) Depreciation

a) Depreciation has been provided for as per Schedule XIV of the Companies Act, 1956, on written down value method and in respect of plant and Machinery acquired on or after 1.4.76, on straight-line method. Certain plants have been considered as continuous process on technical evaluation.

b) Machinery Spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are amortised over the useful life of the respective fixed assets and the amount amortised is included under stores and spares consumed.

#### (e) Impairment of Fixed Assets

Fixed Assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognised, whenever the carrying amounts of assets exceeds recoverable amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing the value in use, the estimated future cash flows from the use of assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof is adjusted to the carrying value of the respective assets.

#### (f) Investments

Long-term investments are stated at cost less provisions, if any, for diminution in the values thereof, other than temporary.

#### (g) Inventories

i) Inventories are valued at cost or estimated net realisable value, whichever is lower. The value of inventories other than raw materials is determined on weighted average basis. The value of raw materials is determined by first in first out method. Cost of raw materials includes expenses incurred for procuring the same. Cost in respect of finished goods, stock in process and wrapper represents manufacturing cost and does not include interest, selling and distribution and certain administrative overheads.

ii) Customs duty on materials in bond and excise duty on finished goods lying in the factory as at the year-end is considered as cost for valuation of stocks.

#### (h) Revenues and Other Income

i) Revenue is being recognised on accrual basis.

ii) All expenses, claims, Interest on overdue debts/demands and other incomes to the extent ascertainable and considered payable or receivable as the case may be, have been accounted for.



**(i) Sales**

Sales are recognised on passing of the property in the goods as per the terms of the sales, irrespective of actual delivery. Sales include excise duty and incidental charges but rebates, discounts and Sales Tax/Value Add Tax (VAT) are excluded there from.

**(j) Foreign Currency Transactions**

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of the transaction. Foreign currency monetary assets and liabilities at the year end are translated using closing exchange rates. The loss or gain thereon and also on the exchange differences on settlement of foreign currency transactions during the year are recognised as income or expenses and are adjusted to the profit and loss account under respective heads of accounts.

Exchange differences arising with respect to forward contracts other than those entered into, to hedge foreign currency risk on unexecuted firm commitments or of highly probable forecast transactions are recognized in the year in which they arise and the difference between the forwards rate and exchange rate at the date of transaction is recognized as income / expense over the life of the contract.

Keeping in view the announcement of Institute of Chartered Accountants of India dated March 29, 2008 regarding accounting for derivatives, mark to market losses on all other derivatives contracts (other than forward contracts dealt as above) outstanding as at the year end, are recognized in the accounts.

**(k) Employee Benefits**

Employee benefits are accrued in the year services are rendered by the employees. Contribution to defined contribution schemes such as Provident Fund etc. are recognized as and when incurred. Long term employee benefits under defined benefit scheme such as contribution to gratuity, leave etc. are determined at close of the year at present value of the amount payable using actuarial valuation techniques. Actual gains and losses are recognised in the year when they arise.

**(l) Income Taxes**

Provision for tax is made for both current and deferred taxes. Current tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing differences, which are capable of reversal in subsequent years are recognised using tax rates and tax laws, which have been enacted or substantively enacted. Deferred tax assets other than in respect of carried forward losses or unabsorbed depreciation are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realized. In case of carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is "virtual certainty" that such deferred tax assets can be realized against future taxable profits.

**(m) Provision, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are disclosed by way of notes to accounts. Contingent assets are neither recognised nor disclosed in the financial statements.

**(n) Borrowing Cost**

Borrowing costs, that are attributable to the acquisition or construction of qualifying asset, are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for use. All other borrowing costs are charged to revenue.

**Notes on Financial statements for the year ended 31st March, 2012**

**As at 31st March  
2012**

**(Rs. in Lacs)  
As at 31st March  
2011**

**2. SHARE CAPITAL**

**Authorised**

10,000 (Previous Year : 10,000) 5% Cumulative Tax Free Redeemable Preference Shares of Rs. 100 each	10.00	10.00
39,800,000 (Previous Year : 39,800,000) Equity Shares of Rs. 10 each	3,980.00	3,980.00
100,000 (Previous Year 100,000) 'A' Equity Shares of Rs. 10 each	10.00	10.00
	<u>4,000.00</u>	<u>4,000.00</u>

**Issued**

15,511,250 (Previous Year : 15,511,250) Equity Shares of Rs. 10 each	1,551.12	1,551.12
100,000 (Previous Year 100,000) 'A' Equity Shares of Rs. 10 each	10.00	10.00
	<u>1,561.12</u>	<u>1,561.12</u>

**Subscribed & Paid-up**

15,508,350 (Previous Year : 15,508,350) Equity Shares of Rs. 10 each	1,550.83	1,550.83
100,000 (Previous Year 100,000) 'A' Equity Shares of Rs. 10 each	10.00	10.00
	<u>1,560.83</u>	<u>1,560.83</u>
	<b>No. of Shares</b>	<b>No. of Shares</b>

<b>Shareholders holding more than 5% shares :</b>		
Albert Trading Company Pvt. Ltd.	905,200	905,200
ISG Traders Ltd	5,350,019	5,385,019



**Notes on Financial Statements for the year ended 31st March, 2012**

<b>3. RESERVES AND SURPLUS</b>	<b>As at 31st March 2012</b>	<b>(Rs. in Lacs) As at 31st March 2011</b>
<b>Capital Reserve</b>		
As per Last Balance Sheet	3.20	3.20
<b>Capital Redemption Reserve</b>		
As per Last Balance Sheet	50.00	50.00
<b>Securities Premium Account</b>		
As per Last Balance Sheet	4,459.50	4,459.50
<b>General Reserve</b>		
As per Last Balance Sheet	1,357.06	1,357.06
<b>Surplus :</b>		
As per Last Balance Sheet	5,200.29	6,306.16
Add : Profit/Loss) for the year transferred from Statement of Profit & Loss	(4,240.62)	(1,015.17)
Less : Appropriations -		
Proposed Dividend on Equity shares	-	78.04
[Dividend per share Rs. Nil (Previous year Re. 0.50 per equity shares)]		
Tax on Dividend	-	12.66
<b>Balance at the end of the year</b>	<b>959.67</b>	<b>5,200.29</b>
<b>Total</b>	<b>6,829.43</b>	<b>11,070.05</b>

## Notes on Financial Statements for the Year Ended 31st March, 2012

4. LONG TERM BORROWING	As at 31st March 2012	(Rs. in Lacs) As at 31st March 2011
Secured :		
Long Term maturities of finance lease obligations	-	4.54
<b>Total</b>	<b>-</b>	<b>4.54</b>

## 5. DEFERRED TAX LIABILITY (NET)

<b>Deferred Tax Liability</b>		
Depreciation difference	2,804.40	3,019.63
<b>Sub Total</b>	<b>2,804.40</b>	<b>3,019.63</b>
<b>Deferred Tax Assets</b>		
Carry Forward Losses and Unabsorbed Depreciation	134.59	228.14
Expenses allowable on payment basis and others	325.19	446.87
<b>Sub Total</b>	<b>459.78</b>	<b>675.01</b>
<b>Deferred Tax Liability Net</b>	<b>2,344.62</b>	<b>2,344.62</b>

## 6. OTHER LONG TERM LIABILITIES

<b>Deposits :</b>		
(i) from whole sellers	755.16	750.66
(ii) from others	77.21	81.34
<b>Total</b>	<b>832.37</b>	<b>832.00</b>

**Note :** As per the understanding from the parties as above, these deposits have been classified as long term.

## 7. LONG TERM PROVISIONS

<b>Provision for Employees Benefit</b>		
Provision for Gratuity	291.27	297.28
Provision for Leave Encashment	71.59	78.79
Provision for Pension	363.89	391.22
<b>Total</b>	<b>726.75</b>	<b>767.29</b>



## Notes on Financial statements for the year ended 31st March, 2012

	As at 31st March 2012	(Rs. in Lacs) As at 31st March 2011
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### 8. SHORT TERM BORROWINGS

<b>Secured -</b>		
<b>Working Capital Loans :</b>		
from banks	1,723.21	1,513.91
<b>Unsecured -</b>		
<b>Others :</b>		
from other parties	321.74	0.50
(from ISG & Others)		
<b>Total</b>	<b>2,044.95</b>	<b>1,514.41</b>

**Note :** Working Capital facility from Banks are secured by way of Hypothecation of Stocks of finished goods, raw materials, chemicals stores, other materials including those in transit, book debts both present and future and the charge on fixed assets of the company, ranking pari-passu in favour of the banks

### 9. TRADE PAYABLES

Creditors for capital expenditure	159.96	159.96
Others	4,043.43	1,739.18
<b>Total</b>	<b>4,203.39</b>	<b>1,899.14</b>

**Note :** Based on information so far available in respect of MSME (as defined in "The Micro, Small and Medium Enterprises Development Act 2006) there is no delay in payment of dues to such enterprises during the year and there is no such dues payable at the end of the year.

### 10. OTHER CURRENT LIABILITIES

Interest accrued but not due on loans	3.71	1.69
Unpaid Dividend **	13.42	17.50
Unclaimed Liability in respect of redeemed preference shares**	0.99	1.14
Employee Related Dues	622.95	407.11
Other Payables *	692.79	999.88
<b>Total</b>	<b>1,333.86</b>	<b>1,427.32</b>

\* Includes statutory dues, security deposits and advances from customers

\*\* These figures does not include any amounts, due and outstanding, to be credited to Investor

Education and Protection Fund.

### 11. SHORT TERM PROVISIONS

<b>Provision for Employees Benefit:</b>		
Provision for Leave Encashment	21.15	17.00
Provision for Pension	29.58	27.26
Proposed Dividend	-	78.04
Tax on Dividend	-	12.66
Other Provisions	46.11	47.67
<b>Total</b>	<b>96.84</b>	<b>182.63</b>

## 12. FIXED ASSETS

(Rs. in lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2011	Additions during the year	Sale/Adjust ments during the year	As on 31.03.2012	Upto 31.03.2011	For the Year	Sale/Adjust ments during the year	Upto 31.03.2012	As on 31.03.2012	As on 31.03.2011
Land	20.99	-	-	20.99	-	-	-	-	20.99	20.99
Buildings	826.05	-	-	826.05	556.31	22.64	-	578.95	247.10	269.95
Railway Siding	6.83	-	-	6.83	6.76	0.01	-	6.77	0.06	0.07
Machinery	24,161.39	179.91	38.84	24,302.46	12,423.89	1,102.84	36.43	13,490.30	10,812.16	11,737.31
Furniture and Fittings	226.35	1.17	2.65	224.87	188.51	7.15	1.81	193.85	31.02	37.84
Vehicles	151.43	-	6.30	145.13	94.92	14.58	6.01	103.49	41.64	56.49
<b>Total</b>	<b>25,393.04</b>	<b>181.08</b>	<b>47.79</b>	<b>25,526.33</b>	<b>13,270.39</b>	<b>1,147.22</b>	<b>44.25</b>	<b>14,373.36</b>	<b>11,152.97</b>	<b>12,122.65</b>
<b>Previous Year</b>	<b>25,165.53</b>	<b>250.01</b>	<b>22.50</b>	<b>25,393.04</b>	<b>12,112.15</b>	<b>1,176.36</b>	<b>18.12</b>	<b>13,270.39</b>	<b>12,122.65</b>	

Note : Gross block and Net block of Buildings include flat acquired under joint ownership with others at New Delhi amounting Rs. 55.30 Lacs and Rs. 36.69 Lacs. (Previous period Rs. 55.30 Lacs and Rs. 38.62 Lacs) respectively.



	As at 31st March 2012	(Rs. in Lacs) As at 31st March 2011
<b>13. INVESTMENTS</b>		
Non-Current Investments :		
(Long Term other than Trade)		

**a) QUOTED**

ISG Traders Limited	3,578.89	3,578.89
1,745,786 (Previous Year:1,745,786) Fully paid Equity Shares of Rs.10 each		
	<u>3,578.89</u>	<u>3,578.89</u>
Aggregate amount of:		
Quoted Investments	3,578.89	3,578.89
	<u>3,578.89</u>	<u>3,578.89</u>

**Note :** Market quotation in respect of Non-traded shares are not available since long, there fore the market value of these investments has not been stated.

- b)** The company has investments in ISG Traders Ltd. (ISG) and ISG has, in turn, investments which from part of group's controlling interest in several companies. In addition, ISG has other investments in other classes of assets. Considering the fact that the company's investments in ISG is of long term in nature, revenue recognition with respect to diminution, if any, in the value of investments in ISG has not been considered necessary.

**14. LONG TERM LOANS AND ADVANCES**

(Unsecured -considered good unless otherwise stated)		
Capital Advances	0.37	2.37
Deposits	84.02	84.02
Loans and Advances to Related parties	35.00	35.00
<b>TOTAL</b>	<u>119.39</u>	<u>121.39</u>



**Notes on Financial statements for the year ended 31st March, 2012**

**(Rs. in Lacs)**

**As at 31st March  
2012**

**As at 31st March  
2011**

**15. INVENTORIES**

Raw Materials (Valued at Cost)	327.64	533.13
Raw Materials in Transit	32.04	27.58
Chemicals ( Valued at cost)	165.64	174.64
Work in Progress ( Valued at cost)	444.34	404.77
Finished Goods(Valued at Market price)	1,197.95	1,217.91
Stores and spares ( Valued at cost)	697.01	873.76
Stores and Spares parts in Transit	3.55	1.14
Loose Tools ( Valued at Cost )	1.11	1.86
	<b>2,869.28</b>	<b>3,234.79</b>

**16. TRADE RECEIVABLES**

<b>Outstanding for exceeding Six months</b>		
- Considered good		
Secured	27.86	48.93
Unsecured	53.64	10.41
	<b>81.50</b>	<b>59.34</b>
<b>Other Debts</b>		
- Considered good		
Secured	278.59	379.02
Unsecured	342.40	510.36
	<b>620.99</b>	<b>889.38</b>
<b>Total</b>	<b>702.49</b>	<b>948.72</b>

**Note :** The classification between period exceeding six months and less than six months has been made assuming that generally such amounts become due on dispatch itself.

**17. CASH AND BANK BALANCES**

Cash in hand	11.37	9.24
Cheques in hand	2.24	6.03
Balances with Scheduled Banks		
- Current Accounts	6.32	7.79
- Unpaid Dividend Accounts	13.46	17.54
- Margin Money Accounts (Under Lien)	107.21	58.95
- Fixed Deposits with more than 12 months maturity	10.18	12.21
	<b>150.78</b>	<b>111.76</b>



## Notes on Financial statements for the year ended 31st March, 2012

18. SHORT TERM LOANS AND ADVANCES	As at 31st March	(Rs. in Lacs) As at 31st March
	2012	2011
Balances with Customs & Central Excise	73.10	118.29
Deposits with Govt. authorities & Others	60.03	60.88
Loans & Advances to related parties	8.20	144.25
Advance payment of Income Tax including deduction at source (net of provisions)	79.49	32.27
MAT Credit Entitlement	92.68	92.68
Other Loans and Advances	878.26	780.33
	<b>1,191.76</b>	<b>1,228.70</b>

19. OTHER INCOME	For the Year ended	(Rs. in Lacs) For the Year ended
	31st March 2012	31st March 2011
Sale of Scrap etc.	422.81	316.02
Profit on Sale/Discard of Fixed Assets(Net)	25.25	2.12
Liabilities and balances no longer required	458.24	509.90
Foreign Exchange Fluctuation	-	7.86
Interest Received	16.53	27.36
(Tax deducted at source Rs1.79 Lacs,previous year Rs1.20 lacs)		
Miscellaneous Receipts *	135.57	133.31
	<b>1,058.40</b>	<b>996.57</b>
Miscellaneous receipts includes " sale of clonal plants"	87.44	49.57

## 20. COST OF RAW MATERIAL CONSUMED

Wood,Bamboo and Wood waste	8,801.79	9,140.30		
Waste Paper and wood pulp	602.65	1,140.94		
	<b>9,404.44</b>	<b>10,281.24</b>		
<b>Raw Material</b>	Rs. In Lacs	%	Rs. In Lacs	%
Indigenous	8,912.68	94.77%	9,480.72	92.11%
Imported	491.76	5.23%	800.42	7.79%
	<b>9,404.44</b>	<b>100.00%</b>	<b>10,281.24</b>	<b>100.00%</b>

**Notes on Financial statements for the year ended 31st March, 2012**
**(Rs. in Lacs)**
**21. DECREASE (INCREASE) IN STOCKS**
**For the Year ended  
31st March 2012**
**For the Year ended  
31st March 2011**

<b>Opening Stock:</b>		
Stock in Process	404.77	341.09
Finished Paper	1,217.91	766.89
	<u>1,622.68</u>	<u>1,107.98</u>
<b>Closing Stock:</b>		
Stock in Process	444.34	404.77
Finished Paper	1,197.95	1,217.91
	<u>1,642.29</u>	<u>1,622.68</u>
	<u>(19.61)</u>	<u>(514.70)</u>

**22. Employees Benefits Expenses**

Salaries, Wages and Bonus	2,013.24	2,151.26
Contribution to:		
Provident and Other Funds	191.20	227.97
Employees State Insurance	60.94	66.07
Workmen and Staff Welfare Expenses	133.01	126.85
	<u>2,398.39</u>	<u>2,572.15</u>

a) In view of the inadequacy of profit, excess remuneration of Rs. 64.51 lacs (including Rs. 44.90 lacs for current year) of Whole-time Director and Managing Director is subject to approval of Central Government under clause C of Section II of Part II of Schedule XIII of Companies Act 1956. The remuneration payable to them is the minimum remuneration, approved by the shareholders in the event of absence or inadequacy of profits. Application for Central Government approval has already been made.

b) As per Accounting Standard 15 "Employee benefit", the disclosures as defined in the Accounting Standard are given below :

Contribution to defined contribution Plans for the year are as under :

	<b>2011-2012</b>	<b>2010-2011</b>
Employers Contribution to Provident Fund	137.82	134.97

**Defined Benefit Scheme**

(i) The employees gratuity fund scheme is defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognises each year of service as giving rise to additional unit of employees benefit entitlement and measures each unit separately to build up the final obligation. The obligation for pension and leave encashment is recognised in the same manner as gratuity.

Expenses recognized during the Year ended March 31, 2012	Gratuity (funded)		Pension (non-funded)		Leave Encashment (non-funded)	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
1. Current Service Cost	35.83	33.13	5.45	6.10	11.13	10.23
2. Interest Cost	64.81	56.05	31.88	31.66	6.57	6.05
3. Expected return on plan assets	(45.51)	(47.06)	-	-	-	-
4. Past Service Cost due to revision in gratuity limit	-	11.06	-	-	-	-
5. Actuarial Losses / (Gains)	(16.14)	110.31	(22.33)	(15.45)	6.54	14.40
Total Expenses	38.99	163.49	15.00	22.31	24.24	30.68
Less : Adjustment due to revision in wage rate (Refer Note (ii) below)	-	(88.09)	-	-	-	-
Total Expenses recognized during the Year ended 31.03.2012	38.99	75.40	15.00	22.31	24.24	30.68
<b>Change in the obligation during the Year ended March 31, 2012</b>						
1. Present value of Defined Benefit Obligation at the beginning of the year	874.74	805.59	418.48	436.95	95.79	94.15
2. Current Service Cost	35.83	33.13	5.45	6.10	11.13	10.23
3. Interest Cost	64.81	56.05	31.88	31.66	6.57	6.05
4. Plan Amendments due to revision in gratuity limit	-	11.06	-	-	-	-
5. Benefit Paid	(129.14)	(136.27)	(40.01)	(40.78)	(27.29)	(29.04)
6. Actuarial (Gains / Losses)	(10.61)	105.18	(22.33)	(15.45)	6.54	14.40
Present value of Defined Benefit Obligation at the beginning of the year	835.63	874.74	393.47	418.48	92.74	95.79

## Notes on Financial statements for the year ended 31st March, 2012

	Gratuity (funded)		Pension (non-funded)		Leave Encashment (non-funded)	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>Change in Assets during the Year ended March 31, 2012</b>						
1. Plan Assets at the beginning of the year	577.46	571.80	-	-	-	-
2. Contribution by Employer	45.00	100.00	40.01	40.78	27.29	29.04
3. Expected return on plan assets	45.51	47.06	-	-	-	-
4. Benefit Paid	(129.14)	(136.27)	(40.01)	(40.78)	(27.29)	(29.04)
5. Actuarial Gains/(Losses)	5.53	(5.13)	-	-	-	-
Plan Assets at the end of the year	544.36	577.46	-	-	-	-
<b>Reconciliation of Net Asset / (Liability) recognized in the Balance Sheet during the Year ended March 31, 2012</b>						
1. Net Asset/(Liability) at beginning of the year	(297.28)	(233.79)	(418.48)	(436.95)	(95.79)	(94.15)
2. Employer Expenses	38.99	163.49	15.00	22.31	24.24	30.68
3. Employer Contributions	45.00	100.00	40.01	40.78	27.29	29.04
4. Net Asset/(Liability) at the end of the year	(291.27)	(297.28)	(393.47)	(418.48)	(92.74)	(95.79)
<b>Actuarial Assumptions</b>						
1. Discount Rate	8.60%	8.00%	8.60%	8.00%	8.60%	8.00%
2. Expected Rate of Return on Plan Assets	8.60%	8.00%	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Note : Assumptions related to future salary increases, attrition, interest rate for discount and overall expected rate of return on Assets have been considered based on relevant economic factors such as inflation, market growth and other factors applicable to the year over which the obligation is expected to be settled.

ii) Disclosure in terms of para 120(n) of AS 15 (Revised AS - 15)

Particulars	Gratuity Funded (Rs. in Lacs)			
	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009
1. Defined Benefit obligation at end of the period	(835.63)	(874.74)	(805.59)	(759.23)
2. Plan Assets at end of the period	544.36	577.46	571.80	545.66
3. Surplus / (Deficit)	(291.27)	(297.28)	(233.79)	(213.57)
4. Experience Gain / (Loss) adjustments on plan liabilities	(7.23)	(118.72)	(101.10)	(18.21)
5. Experience Gain / (Loss) adjustments on plan assets	5.53	5.13	4.84	(0.23)

c) Salary/Wages Rs. 35.50 Lacs (Previous year Rs. 38.15 Lacs) Provident Fund and Employee State Insurance Rs. 1.97 Lacs (Previous year Rs. 1.93 Lacs), Stores & components and repairs Rs 196.34 Lacs (Previous year Rs. 351.35 Lacs), Rent Rs. 3.15 Lacs (Previous year 4.83 Lacs), and Insurance Rs. 0.05 Lacs (Previous year Rs. 55 Lacs) have been classified functionally under other heads of accounts.

23. INTEREST AND FINANCE CHARGES	(Rs. in Lacs)	
	For the year ended 31st March 2012	For the year ended 31st March 2011
On Debentures and Fixed Loans	-	10.93
On Working Capital	246.14	126.37
On Other Accounts	69.16	47.19
	315.30	184.49
Less: Interest Income(Gross) on overdue debtors		
(Tax deducted at source Rs 4.77 Lacs; previous year Rs.2.43 Lacs)	41.96	29.26
	273.34	155.23
Finance Charges	7.57	11.35
	<b>280.91</b>	<b>166.58</b>

## Notes on Financial statements for the year ended 31st March, 2012

(Rs. in Lacs)

24. Other Expenses	For the Year ended 31st March 2012	For the Year ended 31st March 2011
Chemicals and Dyes consumed	2,959.45	3,229.33
Stores and Components consumed (Refer Note below)	847.00	989.46
Power and Fuel	8,921.07	8,473.14
Repair & Maintenance :		
- Buildings	89.07	106.03
- Machinery	522.76	475.42
- Others	10.24	6.41
Rent	108.60	103.09
Rates and Taxes	39.94	46.07
Excise Duty on Stocks (Net)	9.80	29.89
Insurance(Net of recoveries)	21.73	3.61
Packing, Selling & Distribution Expenses	293.88	298.91
Charity and Donations	0.61	2.42
Directors' Fees	2.90	3.10
Research and Development Expenses	84.47	62.99
Professional Charges	153.42	138.38
Foreign Exchange Fluctuation	22.85	-
Miscellaneous Expenses	826.74	813.65
	<b>14,914.53</b>	<b>14,781.90</b>
Note:		
<b>Stores and Components Consumed</b>		
	<b>Rs. In Lacs</b> <b>%</b>	<b>Rs. In Lacs</b> <b>%</b>
Indigenous	847.00      100%	989.46      100%
Imported	-      -	-      -
	<b>847.00      100%</b>	<b>989.46      100%</b>

## 25. AUDITORS RENUMERATION

Statutory Audit Fee	5.62	5.62
Fee for Tax audit	1.50	1.50
Fee for Certificates and Review	2.67	1.83
Cost Audit Fee	0.50	0.35
	<b>10.29</b>	<b>9.30</b>



## Notes on Financial statements for the year ended 31st March, 2012

26. Foreign currency exposure outstanding as on 31.03.2012 which has not been hedged Rs. 252.92 Lacs (Previous year Rs. 150.94 Lacs)

	(Rs. in Lacs)	
27. CIF Value of Imports	For the Year ended 31st March 2012	For the Year ended 31st March 2011
Raw Material	440.94	562.77
Components, Spare Parts and Machinery	47.76	80.49

## 28. Expenditure Incurred in Foreign Currency

- Travelling	6.81	0.55
- Professional fee and Technical Services	1.36	0.64
- Others	0.07	0.15

## 29. Earning in Foreign exchange

FOB Value of Export	50.52	30.42
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## 30. Related Party disclosures as identified by the management in accordance with the Accounting Standard 18 :

### (a) Key Management Personnel and their relatives

Mr. G. P. Goenka (Chairman)

Mr. Shrivardhan Goenka (Director & son of the Chairman)

Mr. M. Mishra (Managing Director)

Mrs. M. Mishra (Wife of Managing Director)

### (b) Associates/Group Companies :

#### (i) With whom the Company had transactions

Duncans Industries Limited, Duncans Tea Limited, Gujarat Carbon and Industries Limited, NRC Limited, Andhra Cements Limited (erstwhile associate company), Silent Valley Investment Company Limited, Kavita Marketing Private Limited, ISG Traders Limited, Subh Shanti Services Limited, Sewand Investments Private Limited, Stone India Limited, Odyssey Travels Limited, Unimers India Limited

#### (ii) Others

Albert Trading Company Private Limited, Bargate Communications Private Limited, Boydell Media Private Limited, Continuous Forms (Calcutta) Limited, Dail Consultants Limited, Duncans Agro Chemicals Limited, North India Fertilisers Ltd., Duncans Tea House Pvt. Limited, Infratech Software Services Private Limited, Julex Commercial Company Limited, Leyden Leasing and Financial Services Limited, Marleybone Travels and Resorts Private Limited, Stone Solar Private Limited, Octave Technologies Private Limited, Orchard Holdings Private Limited, Pentonville Software Limited, Santipara Tea Company Limited, Skylight Trading Company Limited, Sprint Trading Company Limited, Stone Intermodal Private Limited

## Notes on Financial statements for the year ended 31st March, 2012

The parties listed in (ii) above, though are not required to be disclosed as per the requirement of AS-18, have been included hereinabove in view of the requirement of Clause 32 of the Listing Agreement.

The aggregate amount of transactions with the related parties as mentioned in (a) above is as below.

(Rs. in Lacs)

Particulars	For the Year ended 31st March 2012	For the Year ended 31st March 2011
<b>Managerial Remuneration</b>		
-Mr. G. P. Goenka	68.19	65.72
-Mr. M.Mishra	109.02	105.01
<b>Expenditure</b>		
-Rent		
Mrs. M. Mishra	18.00	18.00
<b>Outstanding</b>		
-Security Deposit Given		
Mrs. M. Mishra	6.00	6.00
<b>-Remuneration Payable</b>		
-Mr. G. P. Goenka	-	34.00
-Mr. M.Mishra	28.56	28.56

The aggregate amount of transactions with the related parties as mentioned in (b) (i) above is as below :

(Rs. in Lacs)

Particulars		
<b>Transactions during the year:</b>		
<b>A. Income</b>		
<b>Sales</b>		
ISG Traders Limited	-	6.43
<b>Interest</b>		
ISG Traders Limited	-	6.66
Subh Shanti Services Limited	5.90	7.22
Silent Valley Investment Company Limited	2.31	4.05
<b>Services Rendered (Netted with Miscellaneous Expenditure)</b>		
Duncans Industries Limited	3.27	2.49
Andhra Cements Limited	0.22	0.54
National Rayon Corpn. Ltd.	0.29	0.46
Others	-	-
<b>B. Expenditure</b>		
<b>Miscellaneous Expenditure:</b>		
Duncans Industries Limited	4.80	4.80
<b>Services Received</b>		
Odyssey Travels Ltd.	0.44	8.25
Duncans Industries Limited	0.14	0.24
ISG Traders	121.45	121.35
<b>Rent</b>		
Kavita Marketing Private Limited *	2.40	2.40
Duncans Industries Limited	2.40	2.40
<b>Interest</b>		
ISG Traders Limited	2.33	1.72
<b>C. Loans Paid</b>		
ISG Traders Limited	-	50.00
<b>D. Loans Repaid</b>		
ISG Traders Limited	44.86	61.00
<b>E. Loans Taken</b>		
ISG Traders Limited	325.00	-
<b>F. Loans Realised</b>		
Silent Valley Investment Company Limited	22.50	-
Subh Shanti Services Limited	42.46	-

## Notes on Financial statements for the year ended 31st March, 2012

(Rs. in Lacs)

### G. Security Refunded

Silent Valley Investment Company Limited	22.50	0.00
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### H. Outstanding

<b>Loan Given</b>		
Silent Valley Investment Company Limited	-	22.50
ISG Traders Limited	3.76	-
Subh Shanti Services Limited	-	42.46
<b>Loan Taken</b>		
ISG Traders Ltd.	325.00	-
<b>Interest Receivable</b>		
Silent Valley Investment Company Limited	2.30	11.18
ISG Traders Limited	-	-
Subh Shanti Services Limited	5.90	68.11
<b>Interest Payable</b>		
ISG Traders Limited	2.14	-
<b>Security Deposit received</b>		
ISG Traders Limited	5.00	27.50
<b>Security Deposit Given</b>		
Kavita Marketing Private Limited *	35.00	35.00
Sewand Investments Private Limited.	5.00	5.00
<b>Debtor/Debit Balance</b>		
Duncans Industries Limited	0.02	0.02
Duncans Tea Limited	2.07	2.07
National Rayon Corp. Limited	0.33	0.54
Andhra Cements Limited	0.98	0.77
Others	0.04	0.04
<b>Creditor/ Credit Balances</b>		
Duncans Industries Limited	8.31	0.67
ISG Traders Limited	7.32	44.88
Subh Shanti Services Limited	-	0.07
<b>Investment In Shares</b>		
ISG Traders Limited	3,578.89	3,578.89

\* a company in which one of the director is a director

**Note :** (a) In respect of the above parties, there is no provision for doubtful debts as on 31.03.2012 and no amount has been written off or written back during the year in respect of debts due from/to them.

(b) The above related party information is as identified by the management and relied upon by the auditors

### 31. Disclosure required vide clause 32 of the listing agreement

(a) Amount of loans/advances in the nature of loans outstanding from Associate/Group companies as at the year ended 31st March 2012

Name of the Company	Year ended 31st March 2012	(Rs. in Lacs) Maximum during the year
Silent Valley Investment Company Limited	2.31	35.99
Subh Shanti Services Limited	5.99	116.47

b) Investment by loanee companies in the shares of the company :-

Name of the Company	Year ended 31st March 2012		Maximum during the year	
	No. of Shares	(Rs. in Lacs)	No. of Shares	(Rs. in Lacs)
Silent Valley Investment Company Limited	771,000	202.77	771,000	378.94
ISG Traders Ltd.	5,350,019	1,416.25	5,385,019	3,646.73



## Notes on Financial statements for the year ended 31st March, 2012

(Rs. in Lacs)

### 32. Contingent Liabilities

31.03.2012

31.03.2011

<b>A</b> In respect of various demands raised, which in the opinion of the management are not tenable and are under appeal at various stages :		
1. Sales Tax including Trade Tax	551.26	556.68
2. Entry Tax	-	237.50
3. Market Fee	176.00	-
4. Excise Duty	40.93	7.22
5. Electric Duty	2.70	2.70
6. Employees State Insurances Corp. ( On Good Work Bonus)	4.90	4.90
7. Sales Tax on Royalty	69.10	-
8. Liability for entry tax on fuel	169.83	-
9 Liability in respect of Railway Plot Rent	201.14	-
<b>B</b> Workers Claims	70.82	71.22
<b>C</b> Income Tax	370.99	-

Note : Future cash out flow in respect of A to C is dependent upon the outcome of judgments' decisions

### 33. Earnings Per Share

Net profit / (Loss) attributable to equity shareholders (Rs. in lacs)	(4,240.62)	(1,015.17)
Weighted average number of equity shares issued	15,608,350	15,608,350
Basic and diluted earnings per share (Rs.) (Face value Rs 10 per share)	(27.17)	(6.50)

34. Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs. 0.04 Lacs (Previous year Rs. 26.07 Lacs).

35. The company is engaged primarily in the business of "Paper" and all other activities are incidental thereto. Further, the company sells primarily in the domestic market where its operations are governed by the same set of risks and returns and the overseas sales are insignificant. Accordingly the separate primary and secondary segment reporting disclosure as envisaged in Accounting Standards (AS-17) on Segment Reporting is not applicable to the company.

36. Figures have been given in Rupees Lacs and have been rounded off to the nearest thousand.

37. Previous year figures have been regrouped / reclassified to confirm with current year presentation, whenever considered necessary

As per our report of even date

For Lodha & Co.  
Chartered accountants

On behalf of the Board

H S Jha  
Partner

G.P. Goenka  
Chairman

Place : New Delhi  
Date : 28th May, 2012

Saurabh Arora  
Company Secretary

Madhukar Mishra  
Managing Director

Shiromani Sharma  
C.M. Vasudev  
M.P. Pinto  
Directors



**CASH FLOW STATEMENT for the year ended 31st, March 2012**

(Rs. in Lacs)

	Year ended 31st March 2012	Year ended 31st March 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before Tax	(4,240.62)	(1,508.30)
<b>Adjustments for :</b>		
Depreciation	1,147.22	1,176.36
Loss/(Profit) on sale of Fixed Assets	(25.25)	(2.12)
Liabilities & balance no longer required	(458.24)	(509.90)
Foreign Exchange Fluctuation	22.85	(7.86)
Interest Received	(58.49)	(56.62)
Interest & Financing Charges (net)	315.30	195.85
<b>Operating Profit before Working Capital Changes</b>	<b>(3,297.23)</b>	<b>(712.59)</b>
<b>Adjustments for :</b>		
Trade and Other Receivables	260.92	(131.87)
Inventories	365.51	(257.00)
Trade and Other Payables	2,544.87	444.31
<b>Cash generated from Operations</b>	<b>(125.93)</b>	<b>(657.15)</b>
Income Tax (Paid)/Refund (Net)	47.22	(24.60)
<b>Net Cash from Operating Activities</b>	<b>(78.71)</b>	<b>(681.75)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(132.63)	(202.14)
Sale of Fixed Assets	28.79	6.49
Interest Income	129.96	57.48
<b>Net Cash from Investing Activities</b>	<b>26.12</b>	<b>(138.17)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long Term Borrowings	(4.54)	(138.64)
Short Term Borrowings	530.54	1,235.64
Foreign Exchange Fluctuation	(22.85)	7.86
Dividend Paid	(78.04)	(122.18)
Dividend tax	(12.66)	(19.45)
Interest paid	(320.85)	(197.92)
<b>Net Cash from Financing Activities</b>	<b>91.60</b>	<b>765.31</b>
<b>Net Increase/Decrease in cash &amp; Cash Equivalents</b>	<b>39.02</b>	<b>(54.60)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>111.76</b>	<b>166.36</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>150.78</b>	<b>111.76</b>

This is the cash flow statement referred to in our report of even date

 For Lodha & Co.  
Chartered accountants

 H S Jha  
Partner

 Place : New Delhi  
Date : 28th May, 2012

 Saurabh Arora  
Company Secretary

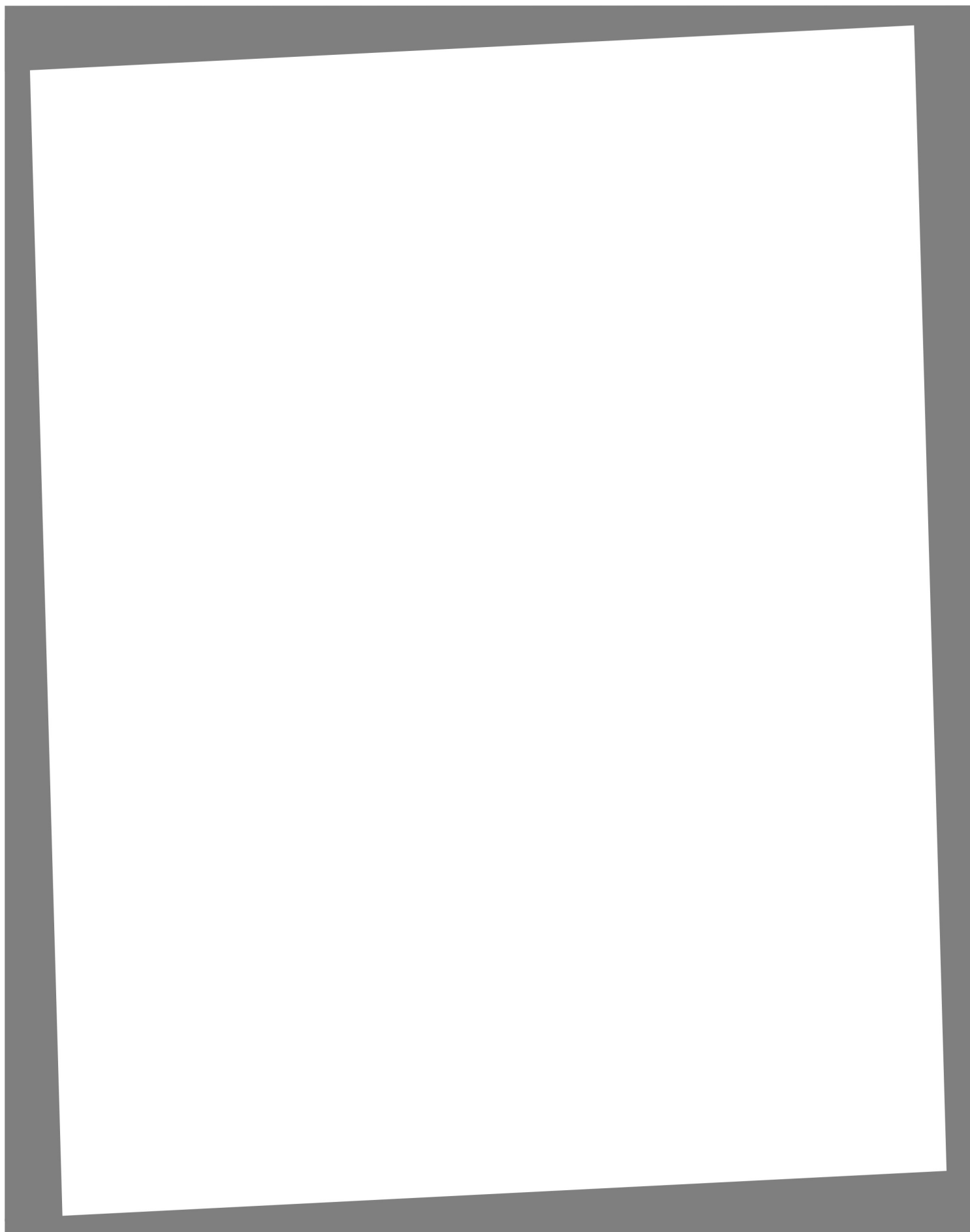
 G.P. Goenka  
Chairman

 Madhukar Mishra  
Managing Director

On behalf of the Board

 Shiromani Sharma  
C.M. Vasudev  
M.P. Pinto  
Directors

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**STAR PAPER MILLS LIMITED**

Registered Office : Duncan House, 2nd Floor, 31 Netaji Subhas Road, Kolkata-700 001

