

STAR PAPER MILLS LIMITED

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

NOTICE TO SHAREHOLDERS

NOTICE is hereby given to the members that the 74th 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 Thursday 19th September, 2013 at 10.00 A.M to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2013 and Statement of Profit & Loss for the financial year ended on that date together with Board of Directors and the Auditors' Report thereon.
2. To appoint a Director in place of Sh. Shiromani Sharma who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sh. M.P. Pinto 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 a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, ,311, 317 & Schedule XIII and such other applicable provisions, if any, of the Companies Act, 1956 and subject to statutory approval(s) as may be required, approval of the members of the company be and is hereby accorded to the re-appointment of Sh. Madhukar Mishra as Managing Director of the company for a period of three (3) years with effect from 1st July 2013 to 30th June, 2016 upon the terms and conditions as set out in the contract entered into between Sh.Mishra and the company, 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 enhance, enlarge, alter or vary the scope and quantum of remuneration, allowances, perquisites, benefits and amenities payable to Sh. Madhukar Mishra, which revision should be in conformity with the relevant provisions of the Companies Act, 1956 including any amendment thereto and/or the rules and regulations made thereunder."

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

"RESOLVED THAT pursuant to the provisions of Sections 309 read with Schedule XIII and such other applicable provisions, if any, of the Companies Act, 1956 and subject to statutory approval(s) as may be required, approval of the members of the company be and is hereby accorded to to pay minimum agreed remuneration to Shri G.P. Goenka, erstwhile whole-time director of the company for the FY 2011-12- Rs. 63.56 lacs plus PF contribution and Gratuity payment as per rules of the company."

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

"RESOLVED THAT pursuant to the provisions of Sections 309 read with Schedule XIII and such other applicable provisions, if any, of the Companies Act, 1956 and subject to statutory approval(s) as may be required, approval of the members of the company be and is hereby accorded to pay minimum agreed remuneration to Shri Madhukar Mishra, managing director of the company for the FY 2010-11 - Rs. 102.04 lacs and for the FY 2011-12 Rs. 105.78 lacs plus PF contribution and Gratuity payment as per rules of the company for the both the years."

On behalf of the Board

**New Delhi
7th Aug., 2013
Registered Office:
Duncan House, 2nd Floor
31 Netaji Subhas Road
Kolkata – 700 001**

**SAURABH ARORA
Company Secretary**

NOTES:

1. The relative Explanatory Statements pursuant to Section 173 (2) of the Companies Act, 1956 in respect of item Nos. 5-7 are annexed hereto.
2. 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.
3. 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.
4. The Register of Members of the Company shall remain closed from Thursday, 12th September, 2013 to Thursday, 19th September, 2013 both days inclusive.
5. 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.
6. Pursuant to the provisions of Section 205A of the Companies Act, 1956, all unclaimed dividends up to and including the year ended 31st March, 2005 have been transferred to the Investor Education and Protection Fund of the Central Government.
7. Members are further requested to notify/send the following to the Registrars and Share Transfer Agents :
 - (i) Intimation of change in address;
 - (ii) Particulars of their bank account, in case the same have not been sent earlier;
 - (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; and
 - iv) Members are requested to register their e-mail addresses with Registrar and Share Transfer Agent (RTA) 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
8. 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 members would recall that at the 71st Annual General Meeting of the Company held on 17th September, 2010, the approval was accorded to the re-appointment of Mr. Madhukar Mishra, as Managing Director of the company for a period of 3 years with effect from 1st July, 2010. The said agreement expired on 30th June, 2013. The Board of Directors in its meeting held on 7th August, 2013 have re-appointed Mr. Madhukar Mishra, as Managing Director of the Company for a further period of 3 years commencing from 1st July, 2013.

In consideration of his services, Mr. Mishra will be entitled to the following remuneration during his tenure (1st July 2013 to 30th June 2016):

(i) Remuneration:

(Rs.)

Remuneration-head	1st Year	2nd Year	3rd Year
Salary -per month	2,62,000	2,86,000	3,05,000
Special Allowance-per month	2,15,000	2,30,000	2,50,000
Performance Pay -maximum per annum (As may be decided by the Board of Directors based on performance review from year to year)	29,00,000	31,00,000	33,00,000
Office at Residence Allowance-per month	16,000	17,500	18,500

(ii) Perquisites

Mr. Mishra shall be entitled to the following perquisites:

1. Medical: Reimbursement of actual expenses incurred for himself and his family subject to a ceiling of Rs. 15000/- per annum.
2. Provision of two cars with drivers including fuel, running expenses and maintenance with an option to purchase the cars at the written-down value (WDV) as per policy of the company OR Reimbursement to him of EMIs / lease rentals for two cars plus drivers salary, fuel, running expenses and maintenance. (EMI / Lease rentals will be limited to Rs. 21,50,000/- per annum per car.)
3. Communication facilities at residence.
4. Provident fund, leave encashment and personal accident insurance as per the company rules.
5. Gratuity as per the company rules irrespective of any ceiling under any Act/Rules.
6. Free furnished residential accommodation with gas, electricity, water, furnishing and maintenance.
7. Membership fees for two clubs.

(iii) Minimum Remuneration

The above-mentioned remuneration shall be paid and allowed as minimum remuneration to Mr. Madhukar Mishra during the currency of tenure of his office as Managing Director of the company, notwithstanding the absence or inadequacy of profits in any accounting year.

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. Madhukar Mishra 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 74th Annual General Meeting notice is intended to obtain the consent of members in respect of the re-appointment of and remuneration payable to Mr. Madhukar Mishra as Managing Director of the company.

Save and except Mr. Madhukar Mishra, no other director is concerned or interested in the resolution. This may also be treated as compliance under section 302 of the Companies Act.

Statement pursuant to Schedule XIII(Part-II, Section-II) of the Companies Act, 1956

I. General Information																					
1. Nature of Industry	Star Paper Mills Ltd. is an integrated pulp & paper manufacturer with an installed capacity of 75000 tonnes per annum. The company manufactures industrial and cultural paper.																				
2. Date of commencement of commercial production	The company started 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	<p>The financial results for the last three years are as under: (In Lacs)</p> <table><tr><td>Particulars</td><td>FY:2012-13</td><td>FY:2011-12</td><td>FY:2010-11</td></tr><tr><td>Total Income</td><td>27338.13</td><td>23885.26</td><td>26955.23</td></tr><tr><td>EBIDT</td><td>(1618.30)</td><td>(2812.49)</td><td>(165.36)</td></tr><tr><td>Profit before tax</td><td>(3156.32)</td><td>(4240.62)</td><td>(1508.30)</td></tr><tr><td>Profit after tax</td><td>(2954.93)</td><td>(4240.62)</td><td>(1015.17)</td></tr></table>	Particulars	FY:2012-13	FY:2011-12	FY:2010-11	Total Income	27338.13	23885.26	26955.23	EBIDT	(1618.30)	(2812.49)	(165.36)	Profit before tax	(3156.32)	(4240.62)	(1508.30)	Profit after tax	(2954.93)	(4240.62)	(1015.17)
Particulars	FY:2012-13	FY:2011-12	FY:2010-11																		
Total Income	27338.13	23885.26	26955.23																		
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Profit before tax	(3156.32)	(4240.62)	(1508.30)																		
Profit after tax	(2954.93)	(4240.62)	(1015.17)																		
5. Export performance	FOB value of exports Rs. 223.48 lacs: FY 2012-13.																				
6. Foreign Investments or collaboration, if any.	None																				
II. Information about the Managerial Personnel																					
i. Background Details	Sh. Madhukar Mishra																				
ii. Past Remuneration	Sh. Madhukar Mishra, aged 56 years, is Graduate in Science besides having DMS (Management). He has experience of over 35 years in Management, Corporate planning, Finance, Administration and Marketing.																				
iii. Recognition or awards	Basic Salary Rs. 2.25 lacs per month+ Special Allowance Rs. 2 lacs per month + Performance pay not exceeding Rs. 27 lacs per annum + benefits as per the Rules of the company																				
	Sh. Mishra has served as President of Indian Paper Manufacturers' Association, New Delhi besides serving as a members of managing committees of ASSOCHAM, U.P and Indian Chamber of Commerce, Delhi. He has also been a member of Governing Council of Central Pulp & Paper Research Institute (CPPRI) and Development Council for Pulp & Paper Industry. He was also Chairman of a sub-committee of the tax Working Group for Pulp and Paper Industry for 12th Five year plan.																				
iv. Job profile and his suitability	Sh. Madhukar Mishra as Managing Director of the company entrusted with overall management of the company. He has been holding the position of Managing Director since 2001. During his tenure, the company has been recognized and won awards for Environment Safety and Energy efficiency etc.																				

v. Remuneration Proposed	As given in Explanatory statement of Item no. - 5
vi. Comparative remuneration profile with respect to Industry	The remuneration of Mr. Mishra, as proposed, are not higher than what is being drawn by managerial personnel in other companies of the Industry.
vii. Pecuniary relationship	No pecuniary relationship with the company other than the salary drawn.
III. Other Information:	
1. Reason for loss or inadequate profits	Cost of production in terms of raw material, power & fuel, chemicals etc. have gone up substantially. However, the company could not fully pass on increased cost on to its customers owing to prevalent economic conditions.
2. Steps taken or proposed to be taken for improvements	The company has formulated a proposal to reduce its raw material and power cost. The proposal includes installation of agro based pulp line and modification to Boiler. The funding proposal for above projects is at the advance stage with a term lender.
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.
IV. Disclosures	
Remuneration Package	As given in Explanatory statement of Item no. - 5.

Item No. 6

The members would recall that Sh. G.P. Goenka was appointed as whole-time director of the company for the period 15th Jan., 2009 to 14th Jan. 2012 at the 70th AGM held on 30th Sept., 2009 and re-appointed for the period 15th Jan., 2012 to 31st March 2012 at the 73rd AGM held on 21st Sept., 2012 upon terms and conditions including remuneration as set out in the explanatory statements to the Notices calling the above annual general meetings. The remuneration payable to Shri Goenka was 'minimum agreed remuneration' irrespective of inadequacy of profits/losses to the company during the currency of his tenure.

As the company reported a loss for the year FY 2011-12, permission of the Central Government was sought to pay the minimum agreed remuneration to Sh. Goenka for the FY 2011-12, which was denied for want of remuneration committee resolution and members' special resolution.

In view of above, the company formed a remuneration committee comprising non-executive independent directors. The remuneration committee in its meeting held on 8th Feb., 2013 approved payment of minimum agreed remuneration to Sh. G.P. Goenka for the FY 2011-12. The Board also approved payment of aforesaid remuneration to Shri Goenka for the FY 2011-12 in its meeting held on 8th Feb., 2013.

The minimum agreed remuneration having been approved by the Remuneration Committee and the Board, needs approval of the Shareholders.

Approval of the shareholders is therefore recommended for payment of Rs. 63.56 lacs plus PF contribution and Gratuity payment as per rules of the company to Sh. G.P. Goenka for the FY 2011-12 subject to receipt of required statutory approval(s).

Save and except Sh. G.P. Goenka and Sh. S.V. Goenka being his relative, no other director is concerned or interested in the resolution.

Item No. 7

The members would recall that Sh. Madhukar Mishra was appointed as managing director of the company for a period of 3 years from 1st July, 2010 to 30th June, 2013 at the 71st AGM held on 17th Sept., 2010 upon terms and conditions including remuneration as set out in the explanatory statement to the Notice calling the above annual general meeting.

The remuneration payable to Shri Mishra was 'minimum agreed remuneration' irrespective of inadequacy of profits/losses to the company during the currency of his tenure.

As the company had reported a loss for both the FY 2010-11 and 2011-12, permission of the Central Government was sought to pay the minimum agreed remuneration to Sh. Mishra for the above years, which was denied for want of remuneration committee resolution and members' special resolution.

In view of above, the company formed a remuneration committee comprising non-executive independent directors. The remuneration committee in its meeting held on 8th Feb., 2013 approved payment of minimum agreed remuneration to Sh. Mishra for the FY 2010-11 and 2011-12. The Board also approved payment of aforesaid remuneration to Shri Mishra for the above two years in its meeting held on 8th Feb., 2013.

The minimum agreed remuneration having been approved by the Remuneration Committee and the Board, needs approval of the Shareholders.

Approval of the shareholders is therefore recommended for payment of Rs. 102.04 lacs for the FY 2010-11 and Rs. 105.78 for the FY 2011-12 lacs plus PF contribution and Gratuity payment as per rules of the company for the both the years to Sh. Madhukar Mishra subject to receipt of required statutory approval(s).

Save and except Sh. Madhukar Mishra, no other director is concerned or interested in the resolution.

BRIEF PROFILE OF THE DIRECTORS SEEKING RE-APPOINTMENT

(In pursuance of Clause 49 of the Listing Agreement)

Name	Mr. Shiromani Sharma	Mr. M.P. Pinto	Mr. Madhukar Mishra
Date of Birth	5th July 1933	27th May, 1943	5th April, 1957
Date of Appointment	29th June 1993	29th Jan., 2010	1st July, 2001
Qualifications	M. Sc., I.A.S	M.A, M.PA (USA).	B. Sc., DMS (Management)
Expertise in specific functional area	General Business Management	Finance & Management	Business Management, Administration & Marketing
Directorship in other companies	Ginni International Ltd. LML Ltd.	I.L. & F.S. Ltd. Gateway Distriparks Ltd. Gateway Distriparks (Kerala) Ltd. Ashoka Buildcon Ltd. Tolani Shipping Ltd. SCI Fobes Ltd. Principal Trustee Co.	-
Chairman/Member of Committees* of Board of the directors of other companies in which he is a director	Ginni International Ltd. LML Ltd. Star Paper Mills Ltd. (Audit Committee)	I.L. & F.S. Ltd. Gateway Distriparks Ltd. Gateway Distriparks (Kerala) Ltd. Ashoka Buildcon Ltd. Principal Trustee Co. (Audit Committee)	-
Shares held in Star Paper Mills Ltd.	Nil	Nil	Nil

*includes Audit and Shareholders' Grievance Committees

STAR PAPER MILLS LIMITED

Registered Office: Duncan House, 2nd 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 74th Annual General Meeting of the company at "Kala Kunj" (Kala Mandir basement), 48, Shakespeare Sarani, Kolkata 700 017 on Thursday 19th September, 2013 at 10.00 A.M.

Signature of the attending member/proxy

Notes:

1. Shareholder/Proxy wish to attend th meeting must bring the Attendance slip to the meting 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, 2nd Floor, 31 Netaji Subhas Road, Kolkata - 700 001

PROXY FORM

I/We..... ofa 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 74th Annual
General Meeting of the Company, to be held on Thursday 19th September, 2013 at 10.00 A.M and at any adjournment
thereof.

Signed thisday of2013.

Registered Folio No. ID No. DPID No.

No. of Shares hld

Signature

Affix Re.
1 Revenue
Stamp

Note: The proxy form 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 meting.



STAR PAPER MILLS LIMITED
ANNUAL REPORT
2012-13



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Forward Looking Statement

Statement in this report that describes 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 difference 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 litigations, 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 & SHARE TRANSFER AGENT

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



MANAGEMENT DISCUSSION & ANALYSIS REPORT

Economy & Industry Scenario

Policy-decisions have supported a modest growth pickup in some emerging market economies, although others continue to struggle with weak external demand and domestic bottlenecks. United States, the world's largest economy is experiencing a slow recovery while other emerging economies such as Brazil, the Russian Federation, India, China, and South Africa are growing somewhat less than they did in previous year. European countries are facing particularly difficult economic management decisions with challenging political and social ramifications.

If crisis risks do not materialize and financial conditions continue to improve, global growth could be stronger than projected. However, downside risks remain significant, including renewed setbacks in the Euro area and risks of near-term fiscal consolidation in the United States.

After a strong growth following the global economic crisis in the year 2008, the domestic paper consumption has witnessed a slow down since 2011. The slowdown in the Indian economy that began in the second quarter of 2011- 12, when the growth rate declined to 6.7 per cent from a level of 8.0 per cent in the first quarter, continued in subsequent quarters.

Growth Opportunities

India's paper industry is expected to grow at 6 to 7 percent year over year with the packaging industry poised to grow at a slightly higher pace. Continued budgetary support for the education sector, growth in sectors like fast-moving consumer goods (FMCG), pharmaceuticals, cosmetics, and organized retailing etc. are the main drivers of demand for the paper and packaging products.

SWOT analysis

Strengths

Given the low per capita consumption, a growing domestic economy presents enormous long-term growth opportunity for the Industry.

Weakness

Rise in demand for wood, including from sectors other than Paper, coupled with long cultivation cycle, have led to a spurt in prices over the last few years.

Since there is conspicuous absence of Government policies favoring Industrial plantations, securing wood supplies at competitive prices will be Industry's biggest challenge. Cost, quality and availability of Coal from domestic sources is another area of concern.

Opportunities

Rising income levels are expected to lead to newer application/products which will not only provide growth opportunities but also present avenues for Technological advances.

Threats

Prevailing volatility in Global economic outlook, resultant currency movement and deceleration of domestic growth are some of the threats which may impact the Industry.

Social farm forestry

Momentum of the Social Farm Forestry activity has been maintained during the year. Your Company stepped- up the production and distribution of clones.

Risks & Concerns

Paper Industry has witnessed a very steep input cost inflation in recent times. Other factors like slowdown in economic growth, policy-changes, unforeseen political and social developments, natural calamities may also impact the paper Industry.

Internal Control System

The management continuously reviews the internal control systems and procedures to ensure conduct of business effectively and efficiently. The internal control systems have been designed in such manner to ensure the following:

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

Financial Performance

The company has performed better compared to last financial year and will strive to improve further during the current year.

Human Resources

Skill development and induction of fresh talent are key elements of your ompan Human Resources improvement activity.

Future Outlook

Long term outlook for the Paper Industry remains upbeat. However, spurt in input costs and domestic growth are areas of concern.

Forward Looking Statements

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 Directors are pleased to present the Directors' Report along with audited financial results of the company for the year ended 31st March 2013.

FINANCIAL PERFORMANCE

AUDITED FINANCIAL RESULTS

(Rs. in Cr.)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Profit before interest and depreciation	(16.19)	(28.13)
Interest and finance charges	4.11	2.81
Depreciation	11.26	11.47
Profit before exceptional and non-recurring items	(31.56)	(42.41)
Exceptional & non-recurring items	-	-
Profit before tax	(31.56)	(42.41)
Provision for Income Tax	(2.01)	-
Profit after taxation	(29.55)	(42.41)
Balance brought forward	9.59	52.00
Available for appropriation:	(19.96)	9.59
- Transfer to General Reserve	-	-
- Proposed dividend	-	-
- Tax on proposed dividend	-	-
Balance carried to the Balance Sheet	(19.96)	(9.59)

DIVIDEND

The Board of Directors do not recommend any dividend for the financial year 2012-13 taking into consideration reported loss for the year.

OPERATIONS

Financial Year 2012-13

During the year, your company took many steps to increase volume and control costs particularly for reducing energy consumption and optimising fuel mix. While 12% volume growth was achieved and cash losses curtailed by 30% but losses could not be completely eliminated. Cumulative impact of input cost increases could not be fully passed on in finished goods prices.

Prospects for FY 2013-14

Paper consumption is closely linked to economic growth as well as human development. While India accounts for 16% of the Global population, our Paper Industry has a share of only 1.6% , clearly indicating the huge growth potential.

An improvement in demand and increase in finished goods prices was observed in later part of the year 2012-13. If this trend persists, barring any unforeseen developments, your company expects better performance in the coming year. However, continued spurt in raw material, energy and chemical costs are still a cause of concern.

Your company has identified a number of cost reduction initiatives which once implemented would ease input cost pressure leading to better financial performance. STAR will continue to strive for better operational and financial performance in the coming period.

ENVIRONMENT, POLLUTION CONTROL AND SAFETY

The company has implemented policies and systems to preserve environment and provide safe working conditions. STAR is accredited with ISO 14001: 2004, ISO 9001 : 2008 & ISO 18001 :2007.

The company has been once again awarded for environmental excellence and Safety in Paper Industry reflecting commitment of the company in safety and environment preservation. The company has all the required environmental clearances from the competent authorities.

SOCIAL FARM FORESTRY

As in the past, the company continues to assist pulpwood plantation with active co-operation of the farmers. Number of seedlings and clones distributed as well as area covered were higher than the previous year.

This initiative is of immense importance to increase rural economy and enhance availability of wood in your company's catchment area.

HUMAN RESOURCES

It has been policy of the company to attach paramount importance to the selection, induction and development of employees. Your company continues to enjoy cordial and harmonious Industrial relations.



FIXED DEPOSITS

The company did not invite any fixed deposits during the year. There were no outstanding fixed deposits as on 31st March, 2013 (Rs. 0.02 lac as on 31st March, 2012).

The company is in compliance with the provisions of the Companies Act, 1956 and rules made thereunder in respect of deposits.

DIRECTORS

Mr. Shiromani Sharma and Mr. M.P. Pinto 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, along with a certificate from the statutory auditors confirming the compliance with corporate governance requirements has been annexed as Annexure-III to Directors' 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 the diminution in value of investment - Note no. 12(b) of the Balance Sheet.
- b) provision of managerial remuneration - Note no. 21(a) of Statement of Profit & Loss.

COST AUDIT

M/s R.J. Goel & Co., Cost Accountants, New Delhi have been appointed to audit the cost accounts for FY 2012-13 pursuant to Section 233-B of the Companies Act, 1956.

LISTING ON STOCK EXCHANGES

Your company's equity shares are listed with National Stock Exchange of India Ltd. (NSE) and The Stock Exchange, Mumbai (BSE). The company has paid the listing fees to the stock exchanges for the financial year 2012-13.

ACKNOWLEDGEMENTS

The Board of Directors wish to thank the investors, bankers, dealers, suppliers, Government authorities and employees for their co-operation.

For and on behalf of the Board

Place : New Delhi
Date : 24th May , 2013.

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 VFDs at various locations .
- ♦ Installation of energy efficient luminaries.
- ♦ Optimization of vacuum pump operations.
- ♦ Increased recovery of condensate.

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

- ♦ Optimisation of Turbine operations.
- ♦ Optimisation of Refining operations.

(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:

No special initiative to increase exports or develop a new export market was undertaken during the year considering higher freight cost.

II. Earnings - Rs. 223.48 Lacs

Outgo- Rs. 509.23 Lacs

FORM - A

Particulars		Year ended 31st March, 2013	Year ended 31st March, 2012
A. POWER & FUEL CONSUMPTION			
1 Electricity			
(a) Purchased			
Units (Kwh in Lakhs)		578.21	386.21
Total Amount (Rs. in Lakhs)		3659.43	2104.45
Tariff Rate/Unit (Rs.)		6.33	5.45
(b) Own Generation Through			
(i) Steam Turbine			
Units (Gross) (Kwh in Lakhs)		323.37	282.79
Units (Net) (Kwh in Lakhs)		311.65	275.82
Units per MT of Coal (Kwh)		2642	2046
Cost/Unit (Rs.)		2.51	3.18
(ii) Power Generating Sets			
Units (Gross) (Kwh in Lakhs)		22.29	208.45
Units (Net) (Kwh in Lakhs)		21.18	195.59
Units per MT of Fuel Oil (Kwh)		4321	4154
Cost/Unit (Rs.)		10.21	9.22
2. Coal (Specify quality and where used)			
Grade:- B & C used in Boilers			
Quantity (MT)		34214	45080
Total Cost (Rs. in Lakhs)		2272.82	2935.47
Average Cost (Rs./MT)		6643	6512
3. Agro Residue			
Quantity (MT)		56978	29701
Total Cost (Rs. in Lakhs)		1062.00	491.30
Average Cost (Rs./MT)		1864	1654
4. Fuel Oil			
Quantity (MT)		2486	8319
Total Cost (Rs. in Lakhs)		1097.07	3185.81
Average Cost (Rs./MT)		44124	38296
B. CONSUMPTION PER UNIT OF PRODUCTION			
Product - Paper (MT)		63180	56147
Electricity (Kwh)		1462	1527
Fuel Oils (MT)		0.04	0.15
Coal (MT)		0.54	0.80
Agro Residue (MT)		0.90	0.53



FORM - B

A. RESEARCH AND DEVELOPMENT (R&D)

Department of Science and Industrial Research (DSIR), Ministry of Science and Technology, Government of India recognizes our in-house Research & Development (R&D) Department. STAR undertook the following R & D activities during the FY 2012-13:

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

- ♦ Development of new varieties of writing and printing paper.
- ♦ Development of low GSM coloured absorbent paper.
- ♦ Development of new colours in coloured grade of paper.
- ♦ Study of different kinds of wood to assess suitability for use as raw material .
- ♦ Introduction of Alkaline 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 in catchment area.
- ♦ 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.
- ♦ Development of TD coated paper.
- ♦ Development of high strength improved padding paper.

4. Expenditure on R&D-

Rs. in lacs

a) Capital	Nil
b) Revenue	85.40
c) Total	85.40
d) R&D Expenditure as a percentage of total Turnover	0.31%

B. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

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

- a) Modification in feeding system of Cheema Boiler for increased use of bagasse.
- b) Modification in bleaching system for quality improvement.

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 thereof and future plans of action. | N.A |

For and on behalf of the Board

Place : New Delhi
Date : 24th May , 2013

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, 2013.
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 : 24th May , 2013

G. P. Goenka
Chairman

ANNEXURE- III

REPORT ON CORPORATE GOVERNANCE (Pursuant to Clause 49 of the Listing Agreement)

The Board of Directors present Report on Corporate Governance for the financial year ended 31st March , 2013.

I. Company's philosophy on Corporate Governance

Corporate Governance is a commitment to values and ethical business conduct. Your company is also committed to adopt and adhere to best corporate governance practices and continuously benchmarking itself towards each such practice. STAR believes that best Board practices, transparent disclosures and shareholder empowerment are key for creating shareholder value. The company understand its fiduciary role and responsibility towards its shareholders and strives hard to meet their expectations.

II. Board of Directors

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 composition of Board of Directors is governed by the Companies Act, 1956 and listing agreement with stock exchanges. The Board has a strength of Six (6) directors. All directors other than the managing director are non-executive directors. The Board has three independent directors .The Chairman of the Board is non-executive director.

The following is the composition of the Board of Directors as on 31st March , 2013:

Director	Category of Director	Total No. of Directorships in other companies (*)	Total No. of Memberships/ Chairmanships of Committees in other companies (**)
Executive Director:			
Sh. Madhukar Mishra	Managing Director	2	Nil
Non - Executive Directors:			
Sh. G.P. Goenka	Chairman /Promoter Director	5	Nil
Sh. Shiromani Sharma	Independent Director	2	2
Sh. S.V. Goenka	Promoter Director	5	Nil
Sh. C.M. Vasudev	Independent Director	8	4
Sh. M.P. Pinto	Independent Director	7	6



*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.

(b) Meetings and Attendance

During the financial year ended 31st March, 2013, Five (5) meetings of the Board of Directors were held on 28th May, 2012, 8th Aug, 2012, 21st September 2012, 9th November, 2012 and 8th February 2013.

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. S.V. Goenka	2	Yes
Sh. C.M. Vasudev	4	Yes
Sh. Madhukar Mishra	5	Yes
Sh. M.P. Pinto	4	No

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 three Committees – Audit Committee, Shareholder/ Investor Grievances Committee and the Remuneration committee.

(i) Audit Committee

The Company has the Audit Committee of the Board pursuant to Section 292A of the Companies Act, 1956 and its terms of reference are in conformity with Clause 49 of the listing agreement entered into with the stock exchanges. On occasions statutory auditors, Internal auditors and cost auditors are invited to the Committee meetings. The company secretary acts as the secretary to the committee.

Composition

The composition of the Audit Committee as on 31st March, 2013 is as under :

Sl. No	Name of the Director & Designation	Category	No. of meetings attended during FY 2012-13
1	Sh. Shiromani Sharma-Chairman	Non- executive, Independent	4
2	Sh. S.V. Goenka-Member	Non- executive, non-Independent	1
3	Sh. C.M. Vasudev-Member	Non- executive, Independent	3

During the financial year ended 31st March, 2013, four (4) Audit Committee meetings were held on 28th May, 2012, 8th Aug, 2012, 9th November, 2012 and 8th February 2013.

(ii) Shareholders/Investors Grievance Committee

The shareholder/ investor grievance committee seeks to redress shareholder/ investor grievances like non-receipt of Annual Report, dividend etc., approves transfer/ transmission/ sub-division/consolidation of shares, issue of duplicate share certificate , de-materialization/re-materialization of shares etc. The company secretary acts as the secretary to the committee.

Composition

The composition of the Committee is as under :

Sl. No	Name of the Director & Designation	Category
1	Sh. Shiromani Sharma - Chairman	Non- Executive, Independent
2	Sh. Madhukar Mishra-Member	Executive

(iii) Remuneration Committee

The Board has formed a committee named as 'Remuneration committee' of the Board on 9th Nov., 2012 to inter-alia determine on behalf of the Board, the company's policy on remuneration of the executive director(s) and approve remuneration package of executive director(s) in accordance with the requirement of the applicable law. The company secretary acts as the secretary to the committee.

Composition

The composition of the Committee is as under:

Sl. No	Name of the Director & Designation	Category
1	Sh. C.M. Vasudev- Chairman	Non- Executive, Independent
2	Sh. Shiromani Sharma - Member	Non- Executive, Independent
3	Sh. M.P. Pinto-Member	Non- Executive, Independent



V. Remuneration of Directors

Remuneration of executive director(s) is determined and recommended by the remuneration committee and approved by the Board of Directors. Remuneration of Non-Executive Directors is restricted to sitting fees for attending meetings of the Board and/or sub-committees of the Board.

The details of remuneration of the directors for the financial year ended 31st March, 2013 are as under:

(Rs.)

Director	Salary#	Perquisites and other benefits##	Sitting Fees	Total
Sh. G.P. Goenka	--	--	50,000	50,000
Sh.. Shiromani Sharma	--	--	1,40,000	1,40,000
Sh. S.V. Goenka	--	--	30,000	30,000
Sh. C.M. Vasudev	--	--	70,000	70,000
Sh. M.P. Pinto	--	--	50,000	50,000
Sh. M. Mishra	78,00,000	32,87,877	-	1,10,87,877
Total			3,40,000	1,14,27,877

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.

None of the directors except Sh. S.V. Goenka (holding 45,500 equity shares) holds any shares in the company. Except above, no non- executive director had any pecuniary relationship or transactions with the company.

Service contracts, severance fees and notice period

The appointment of the executive director(s) is governed by resolutions passed by the remuneration committee, 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 2013 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.

VIII. Shareholder Information

74th AGM Details

Date	Venue	Book Closure Dates	Time
19th Sept., 2013	'KalaKunj' (Kalamandir basement), 48, Shakespeare Sarani, Kolkatta 700 017	12.09.13 to 19.09.13	10.00 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

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 31st March, 2013.

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, 2013, a total of **1,48,55,325** shares of the Company, which form **95.18%** of the share capital, stand dematerialized. The processing activities with respect to the requests received for de-materialization 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, 2013

Slab	No. of Shareholders		No. of Equity Shares	
	Total	% of shareholders	Total	% to share capital
1-500	8690	86.78	1096448	7.02
501-1000	621	6.20	515613	3.30
1001-2000	357	3.57	553721	3.55
2001-3000	125	1.25	326304	2.09
3001-4000	50	0.50	177957	1.14
4001-5000	36	0.36	165776	1.06
5001-10000	55	0.55	423219	2.71
10001 and above	80	0.80	12349312	79.12
Total	10014	100.00	15608350	100.00

Category of Shareholders as on 31st March, 2013.

Category	No. of Shares	% of Shareholding
Promoter Group	8282219	53.06
Financial Institutions	701900	4.50
Banks and Mutual Funds	4116	0.03
Insurance Companies	558667	3.58
Non Resident Indian (NRI)	92537	0.59
Clearing Member (NSDL & CDSL)	1346	0.01
Public - Bodies Corporate	774322	4.96
- Individuals	5191553	33.26
- Others	1690	0.01
Total	15608350	100.00

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

Month	NSE		BSE	
	High	Low	High	Low
2012				
April	17.00	15.15	18.60	14.50
May	16.00	13.80	15.95	12.60
June	14.00	13.50	15.43	13.20
July	14.50	13.15	15.25	12.30
August	13.15	12.45	14.85	12.30
September	14.50	12.25	14.50	12.30
October	14.45	13.10	15.89	13.40
November	16.00	13.10	16.50	13.05
December	15.50	13.50	17.00	13.15
2013				
January	14.75	12.00	15.00	11.40
February	13.25	10.25	13.00	10.05
March	11.75	8.35	11.69	8.57



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 2012-13.

Registered Office :
Duncan House, 2nd Floor
31, Netaji Subhash 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 2013-14

The next financial year of the Company is 1st April 2013 to 31st March 2014.

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

Sl. 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
2011-12	Kala Kunj, 48, Shakespeare Sarani, Kolkata 700 017	21.09.2012	10.45 A.M
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.

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 31st March, 2013.

Place: New Delhi
Date: 24th May, 2013

Madhukar Mishra
Managing Director



AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS STIPULATED IN CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of Star Paper Mill Limited

1. We have examined the compliance of the conditions of Corporate Governance by Star Paper Mills for the year ended 31st March 2013 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 the management. Our examination was carried out in accordance with the Guidance Note on certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement) issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the company.
3. In our opinion and to the best of our information and explanations given to us and the 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 & Co.**
Chartered Accountants
Firm ICAI Registration No. 301051E

Place: Kolkata
Date: 24th May, 2013

HS Jha
Partner
Membership No: 55854

INDEPENDENT AUDITOR'S REPORT

To the Members of STAR PAPERS MILLS LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of **STAR PAPERS MILLS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Basis for Qualified Opinion

- I. Attention is invited to the following Notes regarding:
 - (a) non -provision of the diminution in value of investment as stated in note 12(b) and
 - b) provision of managerial remuneration amounting to Rs. 64.51 lacs which is subject to approval of the Central Government. (Note 21a)
- II. We further report that impact with respect to the Notes given in paragraph I (a) above cannot be ascertained and commented by us.



5. Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

6. Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the central Government of India in terms of Sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the Order.

As required by section 227(3) of the Act, we report that:

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts;
- d. In our opinion, the balance Sheet Statement of profit and loss, and cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and
- e. On the basis of written representations received from the directors as on March 31, 2013, taken on record by the Board of Directors, none of the directors is dis-qualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956

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

Place: Kolkata
Date: 24th May, 2013

H.S.Jha
Partner
Membership No. 55854

Annexure referred to in paragraph 6 of our report of even date.

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) 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 has not granted any loans, secured or unsecured, to companies, firms or other parties in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (b) and (c) of the Order are not applicable.
(b) 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.7.38 lacs.
(c) 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.416.74 lacs and the year-end balance was Rs.416.74 lacs.
(d) 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.
(e) 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 pursuance 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 31st March 2013 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 Status	Name of the dues	Forum where Dispute is pending	Period to which the amount relate	Amount (Rs. in Lacs)
The Uttar Pradesh Trade Tax Act 1948	Sales Tax	Trade Tax Tribunal	2004-2007	1.32
The Uttar Pradesh Trade Tax Act 1948	Sales Tax	Additional Commissioner (Appeals)	2004-05 to 2005-06	163.11
The Uttar Pradesh Trade Tax Act 1948	Entry Tax	Additional Commissioner (Appeals)	2007-09	22.82
The Uttar Pradesh Trade Tax Act 1948	Entry Tax	Supreme Court	2008-2011	38.93
The Uttar Pradesh VAT Act, 2008	Value Added Tax	Additional Commissioner (Appeals)	2007-11 2012-13	96.86 2.79
UP Krishi Utpadan Mandi Adhiniyam 1965	Mandi Tax	High Court	1.1.1993-31.12.2003	176.00
The Central Sales Tax Act, 1956	Sales Tax	High Court	1986-91 1996-97	69.10 8.59
The Central Sales Tax Act, 1956	Sales Tax	High Court	1995-96 2005-07	477.93 0.90

- (x) The Company has accumulated losses as at the year-end which has not exceeded fifty percent of its' network. However, the effect of the unquantified qualification has not been taken into consideration for the purpose of making our comments in this clause. The Company has incurred cash losses during the year covered by our audit and had incurred cash losses in the immediately preceding financial year.
- (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 advance on the bases 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. 4707.49 lacs have been used for long-term investments, i.e. for acquisition of fixed assets/funding losses to the company etc.
- (xviii) The Company has not made an 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 provision 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.

Place: Kolkata
Date: 24th May, 2013

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

H.S. Jha
Partner
Membership No. 55854



BALANCE SHEET AS AT 31ST MARCH, 2013

(Rs. in Lacs)

Particulars	Note No	As at 31st March 2013	As at 31st March 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	1,560.83	1,560.83
Reserves and Surplus	3	<u>3,874.50</u>	<u>6,829.43</u>
		5,435.33	8,390.26
Non -Current Liabilities			
Deferred Tax Liabilities (Net)	4	2,143.23	2,344.62
Other Long term Liabilities	5	840.27	832.37
Long term provisions	6	<u>851.29</u>	<u>726.75</u>
		3,834.79	3,903.74
Current Liabilities			
Short term borrowings	7	2,001.78	2,044.95
Trade payables	8	5,099.11	4,203.39
Other Current liabilities	9	2,110.82	1,333.86
Short term provisions	10	<u>113.68</u>	<u>96.84</u>
		9,325.39	7,679.04
Total		<u>18,595.51</u>	<u>19,973.04</u>
ASSETS			
Non Current assets			
Fixed assets:			
Tangible assets	11	10,024.81	11,152.97
Capital work-in-progress		212.78	207.48
Non Current investments	12	3,578.89	3,578.89
Long term loans and advances	13	<u>161.13</u>	<u>119.39</u>
		13,977.61	15,058.73
Current assets			
Inventories	14	2,664.21	2,869.28
Trade receivables	15	753.66	702.49
Cash and Cash Equivalents	16	177.50	150.78
Short term loans and advances	17	<u>1,022.53</u>	<u>1,191.76</u>
		4,617.90	4,914.31
Total		<u>18,595.51</u>	<u>19,973.04</u>

Significant Accounting Policies	1		
See accompanying notes			
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

Shiromani Sharma
C.M. Vasudev
Directors

Place : New Delhi
Date : 24-05-2013

Saurabh Arora
Company Secretary

Madhukar Mishra
Managing Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH ,2013

(Rs. in Lacs)

Particulars	Note No	Year Ended 31st March 2013	Year Ended 31st March 2012
REVENUE FROM OPERATIONS			
Sales of Paper		28,199.16	24,070.69
Less: Excise Duty		<u>1,702.68</u>	<u>1,243.83</u>
Sales (Net)		26,496.48	22,826.86
Other Income	18	841.65	1,058.40
Total Revenue		<u>27,338.13</u>	<u>23,885.26</u>
EXPENDITURE			
Cost of Raw Material Consumed	19	11,212.65	9,404.44
Changes in Inventories of Finished goods, Stock in Process and stock in trades	20	41.35	(19.61)
Employees benefits expenses	21	2,558.39	2,398.39
Finance Costs	22	411.56	280.91
Depreciation and amortization expenses	11	1,126.46	1,147.22
Other expenses	23	15,144.04	14,914.53
Total Expenses		<u>30,494.45</u>	<u>28,125.88</u>
Profit before Tax		(3,156.32)	(4,240.62)
Tax Expense			
- Current Tax		-	-
- Deferred Tax		(201.39)	-
Profit / (Loss) for the year		<u>(2,954.93)</u>	<u>(4,240.62)</u>
Earning per equity share:	31		
- Basic and Diluted in Rupees		(18.93)	(27.17)
Significant Accounting Policies	1		
See accompanying notes			
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

Shiromani Sharma
C.M. Vasudev
Directors

Place : New Delhi
Date : 24-05-2013

Saurabh Arora
Company Secretary

Madhukar Mishra
Managing Director



Notes on Financial Statements for the Year ended 31st March, 2013

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 accepted accounting principles.

(b) Use of Estimates

The preparation of financial statements require the management to make estimates and assumption that effect 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

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

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

(d) Depreciation

(i) 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 plants on technical evaluation.

(ii) 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.

(iii) 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 therefrom.

(i) 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 un-executed 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.

(j) 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. Actuarial gains and losses are recognised in the year when they arise.

(k) 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.

(l) 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.

(m) 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, 2013

2. SHARE CAPITAL

(Rs. in Lacs)

Authorized	As at 31st March 2013	As at 31st March 2012
10,000 (Previous Year: 10,000) 5% Cumulative Tax Free Redeemable Preference Shares of Rs.100 each	10.00	10.00
3,98,00,000 (Previous Year: 3,98,00,000) Equity Shares of Rs.10 each	3,980.00	3,980.00
1,00,000 (Previous Year: 1,00,000) `A' Equity Shares of Rs.10 each	10.00	10.00
	<u>4,000.00</u>	<u>4,000.00</u>

Issued

1,55,11,250 (Previous Year: 1,55,11,250) Equity Shares of Rs.10 each	1,551.12	1,551.12
1,00,000 (Previous Year: 1,00,000) `A' Equity Shares of Rs.10 each	10.00	10.00
	<u>1,561.12</u>	<u>1,561.12</u>

Subscribed & Paid-up

1,55,08,350 (Previous Year: 1,55,08,350) Equity Shares of Rs.10 each	1,550.83	1,550.83
1,00,000 (Previous Year: 1,00,000) `A' Equity Shares of Rs.10 each	10.00	10.00
	<u>1,560.83</u>	<u>1,560.83</u>
	No. of Shares	No. of Shares
Shareholders holding more than 5% shares:		
ISG Traders Ltd	53,50,019	53,50,019
Albert Trading Company Pvt Ltd	9,05,200	9,05,200

Notes on Financial statements for the year ended 31st March, 2013

3. RESERVES AND SURPLUS

(Rs. in Lacs)

	As at 31st March 2013	As at 31st March 2012
Capital Reserve		
As per Last Balance Sheet	3.20	3.20
Capital Redemption Reserve		
As per Last Balance Sheet	50.00	50.00
Securities Premium Account		
As per Last Balance Sheet	4,459.50	4,459.50
General Reserve		
As per Last Balance Sheet	1,357.06	1,357.06
Surplus :		
As per Last Balance Sheet	959.67	5,200.29
Add : Profit/(Loss) for the year transferred- from Statement of Profit & Loss	(2,954.93)	(4,240.62)
Balance at the end of the year	(1,995.26)	959.67
Total	<u>3,874.50</u>	<u>6,829.43</u>



Notes on Financial statements for the year ended 31st March, 2013

4. DEFERRED TAX LIABILITY (NET)

(Rs. in Lacs)

	As at 31st March 2013	As at 31st March 2012
Deferred Tax Liability		
Depreciation difference	2,423.20	2,804.40
Sub Total	2,423.20	2,804.40
Deferred Tax Assets		
Carry Forward Losses and Unabsorbed Depreciation	-	134.59
Expenses allowable on payment basis and others	279.97	325.19
Sub Total	279.97	459.78
Deferred Tax Liability Net	2,143.23	2,344.62

5. OTHER LONG TERM LIABILITIES

Deposits:		
(i) from whole sellers	757.37	755.16
(ii) from others	82.90	77.21
Total	840.27	832.37

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

6. LONG TERM PROVISIONS

Provision for Employees benefit		
Provision for Gratuity	379.88	291.27
Provision for Leave Encashment	84.43	71.59
Provision for Pension	386.98	363.89
Total	851.29	726.75

7. SHORT TERM BORROWINGS

Secured-		
Working Capital Loans:		
from banks	1,585.04	1,723.21
Unsecured-		
Others:		
from other parties	416.74	321.74
(from ISG & Others)		
Total	2,001.78	2,044.95

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

Notes on Financial statements for the year ended 31st March, 2013

8. TRADE PAYABLES

(Rs. in Lacs)

	As at 31st March 2013	As at 31st March 2012
Creditors for capital expenditure	102.49	159.96
Others	4,996.62	4,043.43
Total	5,099.11	4,203.39

Note: There is no Micro, Small and Medium Enterprises to whom the company owes any amount which are outstanding for more than 45 days as at 31st March 2013. This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

9. OTHER CURRENT LIABILITIES

Interest accrued but not due on loans	53.22	3.71
Unpaid Dividend **	10.19	13.42
Unclaimed Liability in respect of redeemed preference shares**	0.59	0.99
Employee Related Dues	816.49	622.95
Other Payables *	1,230.33	692.79
Total	2,110.82	1,333.86

* Includes statutory dues, security deposits and advances from customers

** These figures do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.

10. SHORT TERM PROVISIONS

Provision for employees Benefit:		
Provision for Leave Encashment	25.35	21.15
Provision for Pension	29.41	29.58
Other Provisions	58.92	46.11
Total	113.68	96.84



Notes on Financial statements for the year ended 31st March, 2013

11. FIXED ASSETS

(Rs. in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2012	Additions during the year	Sale/Adjustments during the year	As on 31.03.2013	Upto 31.03.2012	For the year	Sale/Adjustments during the year	Upto 31.03.2013	As on 31.03.2013	As on 31.03.2012
Land	20.99	-	-	20.99	-	-	-	-	20.99	20.99
Buildings	826.05	-	-	826.05	578.95	20.59	-	599.54	226.51	247.10
Railway-Siding	6.83	-	-	6.83	6.77	0.01	-	6.78	0.05	0.06
Machinery	24,302.46	0.93	-	24,303.39	13,490.30	1,090.19	-	14,580.49	9,722.90	10,812.16
Furniture-and Fittings	224.87	0.40	2.75	222.52	193.85	5.32	2.39	196.78	25.74	31.02
Vehicles	145.13	-	7.22	137.91	103.49	10.35	4.55	109.29	28.62	41.64
Total	25,526.33	1.33	9.97	25,517.69	14,373.36	1,126.46	6.94	15,492.88	10,024.81	11,152.97
Previous Year	25,393.04	181.08	47.79	25,526.33	13,270.39	1,147.22	44.25	14,373.36	11,152.97	

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. 34.85 Lacs .(Previous period Rs. 55.30 Lacs and Rs. 36.69 Lacs)respectively

Notes on Financial statements for the year ended 31st March, 2013

12. INVESTMENTS

Non- Current Investments: (Long Term other than Trade)

(Rs. in Lacs)

	As at 31st March 2013	As at 31st March 2012
a) QUOTED		
ISG Traders Limited	3,578.89	3,578.89
17,45,786 (Previous Year:17,45,786) 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, therefore 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 form part of groups controlling interest in several companies and other investments in other classes of assets. Considering long term nature of company's investments in ISG, diminution in value thereof, if any, not being of permanent nature, revenue recognition in this respect is not considered necessary.

13. LONG TERM LOANS AND ADVANCES

(Unsecured -considered good unless otherwise stated)

Capital Advances	2.14	0.37
Deposits	123.99	84.02
Loans and Advances to Related parties	35.00	35.00
TOTAL	<u>161.13</u>	<u>119.39</u>

14. INVENTORIES

Raw Materials (Valued at Cost)	205.51	327.64
Raw Materials in Transit	0.49	32.04
Chemicals (Valued at cost)	162.76	165.64
Work in Progress (Valued at cost)	601.55	444.34
Finished Goods(Valued at Market price)	999.39	1,197.95
Stores and Spares (Valued at cost)	685.61	697.01
Stores and Spares parts in Transit	7.39	3.55
Loose Tools (Valued at Cost)	1.51	1.11
	<u>2,664.21</u>	<u>2,869.28</u>



Notes on Financial statements for the year ended 31st March, 2013

15. TRADE RECEIVABLES

(Rs. in Lacs)

	As at 31st March 2013	As at 31st March 2012
Outstanding for exceeding Six months		
- Considered good		
Secured	21.34	53.64
Unsecured	85.15	27.86
- Considered doubtful	12.01	-
Less: provision for doubtful debts	(12.01)	-
	<u>106.49</u>	<u>81.50</u>

Other Debts		
- Considered good	397.75	278.59
Secured	249.42	342.40
Unsecured	647.17	620.99
	<u>753.66</u>	<u>702.49</u>

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.

16. CASH AND BANK BALANCES

Cash in hand	6.87	11.37
Cheques in hand	-	2.24
Balances with Scheduled Banks		
- Current Accounts	5.62	6.32
- Unpaid Dividend Accounts	10.22	13.46
- Margin Money Accounts (Under Lien)	145.21	107.21
- Fixed Deposits with less than 12 months maturity	9.58	10.18
	<u>177.50</u>	<u>150.78</u>

17. SHORT TERM LOANS AND ADVANCES

Balances with Customs & Central Excise	71.77	73.10
Deposits with Govt. authorities & Others	63.74	60.03
Loans & Advances to related parties	7.38	8.20
Advance payment of Income Tax including deduction at source (net of provisions)	86.10	79.49
MAT Credit Entitlement	92.68	92.68
Other Loans and Advances	700.86	878.26
	<u>1,022.53</u>	<u>1,191.76</u>

18. OTHER INCOME

(Rs. in Lacs)

	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Sale of Scrap, etc.	517.58	422.81
Profit on Sale/Discard of Fixed Assets(Net)	0.01	25.25
Liabilities and balances no longer required	151.52	458.24
Interest Received	25.73	16.53
Miscellaneous Receipts *	146.81	135.57
	<u>841.65</u>	<u>1,058.40</u>

*Miscellaneous receipts include "sale of clonal plants"	127.66	87.44
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Notes on Financial statements for the year ended 31st March, 2013

19. COST OF RAW MATERIAL CONSUMED

(Rs. in Lacs)

	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Wood, Bamboo and Wood waste	10,434.05	8,801.79
Waste Paper and wood pulp	778.60	602.65
	<u>11,212.65</u>	<u>9,404.44</u>

Raw Material	Rs. in lacs	%	Rs. in lacs	%
Indigenous	10,678.19	95.23%	8,912.68	94.77%
Imported	534.46	4.77%	491.76	5.23%
	<u>11,212.65</u>	<u>100.00%</u>	<u>9,404.44</u>	<u>100.00%</u>

20. DECREASE / (INCREASE) IN STOCKS

(Rs. in Lacs)

	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Opening Stock:		
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>
Closing Stock:		
Stock in Process	601.55	444.34
Finished Paper	999.39	1,197.95
	<u>1,600.94</u>	<u>1,642.29</u>
	<u>41.35</u>	<u>(19.61)</u>

21. EMPLOYEES BENEFITS EXPENSES

Salaries, Wages and Bonus Contribution to:	2,158.55	2,013.24
Provident and Other Funds	230.29	191.20
Employees State Insurance	62.59	60.94
Workmen and Staff Welfare Expenses	106.96	133.01
	<u>2,558.39</u>	<u>2,398.39</u>

a) In view of the inadequacy of profit, excess remuneration, being the remuneration already approved by the shareholders, of Rs. 64.51 lacs payable to managerial personnel for previous years is subject to approval of Central Government. Company is in the process of seeking necessary approval.

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

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

(Rs. in Lacs)

	2012-13	2011-12
Employers Contribution to Provident Fund	124.08	137.82



Notes on Financial statements for the year ended 31st March, 2013

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 employee 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.

(Rs. in Lacs)

Expenses recognized during the Year ended March 31, 2013	Gratuity (funded)		Pension (non-funded)		Leave Encashment (non-funded)	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
1. Current Service Cost	32.59	35.83	4.16	5.45	10.26	11.13
2. Interest Cost	66.46	64.81	32.20	31.88	7.69	6.57
3 Expected return on plan assets	(41.36)	(45.51)	-	-	-	-
4. Past Service Cost	-	-	-	-	14.33	-
5. Actuarial Losses/(Gains)	40.92	(16.14)	24.75	(22.33)	(8.63)	6.54
Total Expenses	98.61	38.99	61.11	15.00	23.65	24.24
Total Expenses recognized during the year ended 31.03.2013	98.61	38.99	61.11	15.00	23.65	24.24
Change in the obligation during the Year ended March 31, 2013						
1. Present value of Defined Benefit Obligation at the beginning of the year	835.63	874.74	393.47	418.48	92.74	95.79
2. Current Service Cost	32.59	35.83	4.16	5.45	10.26	11.13
3. Interest Cost	66.46	64.81	32.20	31.88	7.69	6.57
4. Plan Amendments cost	-	-	-	-	14.33	-
5. Benefit Paid	(125.57)	(129.14)	(38.19)	(40.01)	(6.60)	(27.29)
6. Actuarial (Gains) / Losses	42.62	(10.61)	24.75	(22.33)	(8.63)	6.54
Present value of Defined Benefit Obligation at the end of the year	851.73	835.63	416.39	393.47	109.79	92.74
Change in Assets during the Year ended March 31, 2013						
1. Plan Assets at the beginning of the year	544.36	577.46	-	-	-	-
2. Contribution by Employer	10.00	45.00	38.19	40.01	6.60	27.29
3. Expected return on plan assets	41.36	45.51	-	-	-	-
4 Benefit Paid	(125.57)	(129.14)	(38.19)	(40.01)	(6.60)	(27.29)
5. Actuarial Gains/(Losses)	1.70	5.53	-	-	-	-
Plan Assets at the end of the year	471.85	544.36	-	-	-	-
Reconciliation of Net Asset / (Liability) recognized in the Balance Sheet during the Year ended March 31, 2013						
1. Net Asset/(Liability) at beginning of the year	(291.27)	(297.28)	(393.47)	(418.48)	(92.74)	(95.79)
2. Employer Expenses	98.61	38.99	61.11	15.00	23.65	24.24
3. Employer Contributions	10.00	45.00	38.19	40.01	6.60	27.29
4. Net Asset/(Liability) at the end of the year	(379.88)	(291.27)	(416.39)	(393.47)	(109.79)	(92.74)
Actuarial Assumptions						
1. Discount Rate	7.90%	8.60%	7.90%	8.60%	8.60%	8.60%
2. Expected Rate of Return on Plan Assets	7.90%	8.60%	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.

Notes on Financial statements for the year ended 31st March, 2013

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

Particulars	Gratuity Funded (Rs. in lacs)			
	Year ended 31.03.2013	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010
1. Defined Benefit obligation at end of the period	(851.73)	(835.63)	(874.74)	(805.59)
2. Plan Assets at end of the period	471.85	544.36	577.46	571.80
3. Surplus / (Deficit)	(379.88)	(291.27)	(297.28)	(233.79)
4. Experience Gain / (Loss) adjustments on plan liabilities	(23.73)	(7.23)	(118.72)	(101.10)
5. Experience Gain / (Loss) adjustments on plan assets	1.70	5.53	(5.13)	4.84

c) Salary/wages Rs. 31.24 Lacs (Previous year Rs. 35.50 Lacs) Provident Fund and Employee State Insurance Rs. 1.52 Lacs (Previous year Rs. 1.97 Lacs), Stores & components and repairs Rs 81.32 Lacs (Previous year Rs. 196.34 Lacs), Rent Rs. 0.97 Lac (Previous year 3.15 Lacs), and Insurance Rs. Nil (Previous year Rs. 0.05 Lac) have been classified functionally under other heads of accounts.

22. INTEREST AND FINANCE CHARGES

(Rs. in Lacs)

	For the Year ended 31st March 2013	For the Year ended 31st March 2012
On Working Capital	262.68	246.14
On Other Accounts	143.35	69.16
	406.03	315.30
Less: Interest Income(Gross) on overdue debtors	44.61	41.96
	361.42	273.34
Finance Charges	50.14	7.57
	<u>411.56</u>	<u>280.91</u>



Notes on Financial statements for the year ended 31st March, 2013

23. OTHER EXPENSES

(Rs. in Lacs)

	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Chemicals and Dyes consumed	3,759.86	2,959.45
Stores and Components consumed (Refer Note below)	990.36	847.00
Power and Fuel	8,183.76	8,921.07
Repair & Maintenance :		
- Buildings	74.86	89.07
- Marcinery	574.30	522.76
- Others	10.46	10.24
Rent	95.43	108.60
Rates and Taxes	51.18	39.94
Excise Duty on Stocks (Net)	(14.79)	9.80
Insurance(Net of recoveries)	7.53	21.73
Packing, Selling & Distribution Exp	336.14	293.88
Charity and Donations	1.42	0.61
Directors' Fees	3.40	2.90
Research and Development Expenses	85.40	84.47
Professional Charges	32.14	153.42
Foreign Exchange Fluctuation	19.48	22.85
Miscellaneous Expenses	933.11	826.74
	<u>15,144.04</u>	<u>14,914.53</u>

Note:

Stores and Components Consumed

	Rs. In lacs	%	Rs. In lacs	%
Indigenous	990.36	100%	847.00	100%
Imported	-	-	-	-
	<u>990.36</u>	<u>100%</u>	<u>847.00</u>	<u>100%</u>

AUDITORS REMUNERATION (Included in Misc. Expenses)

Statutory Audit Fee	5.62	5.62
Fee for Tax audit	1.50	1.50
Fee for Certificates and Review	1.40	2.67
Cost Audit Fee	0.50	0.50
	<u>9.02</u>	<u>10.29</u>

Notes on Financial statements for the year ended 31st March, 2013

24. CONTINGENT LIABILITIES

(Rs. in Lacs)

	31st March 2013	31st March 2012
A. 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	663.56	551.26
2. Market Fee	176.00	176.00
3. Excise Duty	35.11	40.93
4. Electric Duty	2.70	2.70
5. Employees State Insurance Corp. (On Good Work Bonus)	4.90	4.90
6. Sales Tax on Royalty	69.10	69.10
7. Liability for entry tax on fuel	182.69	169.83
8. Demand in respect of Railway Plot Rent	201.14	201.14
B. Workers Claims	64.13	70.82
C. Income Tax	-	370.99

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

25. Foreign currency exposure outstanding as on 31.3.2013 which has not been hedged Rs 172.24 Lacs (Previous year Rs 252.92 Lacs)

26. CIF VALUE OF IMPORTS

(Rs. in Lacs)

	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Raw Material	402.62	440.94
Components, Spare Parts and Machinery	105.75	47.76

27. EXPENDITURE INCURRED IN FOREIGN CURRENCY

-Travelling	0.00	6.81
- Professional fee and Technical Services	0.76	1.36
-Others	0.10	0.07

28. EARNING IN FOREIGN EXCHANGE

FOB Value of Export	223.48	50.52
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Notes on Financial statements for the year ended 31st March, 2013

29. 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. S. V. Goenka (Director and son of 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, NRC Limited, Kavita Marketing Private Limited, ISG Traders Limited, Odyssey Travels Limited

(ii) Others

Andhra Cements Limited (erstwhile associate company), Albert Trading Company Private Limited, Bargate Communications Private Limited, Boydell Media Private Limited, Continuous Forms (Calcutta) Limited, Dail Consultants Limited, Duncans Agro Chemicals Limited, Duncans Tea Limited, North India Fertilisers Ltd., Duncans Tea House Pvt. Limited, Gujarat Carbon and Industries 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, Silent Valley Investment Company Limited, Subh Shanti Services Limited, Sewand Investments Private Limited, Stone India Limited, Stone Intermodal Private Limited, Unimers India Limited.

The parties listed in (ii) above, though are not required to be disclosed as per the requirement of AS-18, have been included here-in-above 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 2013	For the Year ended 31st March 2012
Managerial Remuneration		
Mr. G. P. Goenka	-	68.19
Mr. M. Mishra	110.88	109.02
Expenditure		
-Rent		
Mrs. M. Mishra	18.00	18.00
Outstanding		
-Security Deposit Given		
Mrs. M. Mishra	6.00	6.00
Remuneration Payable		
Mr. G. P. Goenka	28.50	-
Mr. M. Mishra	82.14	28.56

Notes on Financial statements for the year ended 31st March, 2013

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

(Rs. in Lacs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Transactions during the year:		
A. Income		
Sales		
ISG Traders Limited	-	-
Interest		
ISG Traders Limited	-	-
Subh Shanti Services Limited	-	5.90
Silent Valley Investment Company Limited	-	2.31
Services Rendered (Netted with Miscellaneous Expenditure)		
Duncans Industries Limited	2.68	3.27
Andhra Cements Limited	-	0.22
National Rayon Corpn. Ltd.	0.30	0.29
Others	-	-
B. Expenditure		
Miscellaneous Expenditure		
Duncans Industries Limited	4.80	4.80
Services Received		
Odyssey Travels Ltd.	1.30	0.44
Duncans Industries Limited	0.09	0.14
ISG Traders	-	121.45
Rent		
Kavita Marketing Private Limited *	2.40	2.40
Duncans Industries Limited	2.40	2.40
Interest		
ISG Traders Limited	0.49	2.33
C. Loans Paid		
ISG Traders Limited	-	-
D. Loans Repaid		
ISG Traders Limited	-	44.86
E. Loans Taken		
ISG Traders Limited	95.00	325.00
F. Loans Realised		
Silent Valley Investment Company Limited	-	22.50
Subh Shanti Services Limited	-	42.46
G. Security Refunded		
Silent Valley Investment Company Limited	0.00	22.50
H. Outstanding		
Loan Taken		
ISG Traders Limited	416.24	321.24
Interest Receivable		
Silent Valley Investment Company Limited	2.07	2.30
Subh Shanti Services Limited	5.31	5.90
Interest Payable		
ISG Traders Limited	51.36	2.14



Notes on Financial statements for the year ended 31st March, 2013

(Rs. in Lacs)

	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Security Deposit received		
ISG Traders Limited	5.00	5.00
Security Deposit Given		
Kavita Marketing Private Limited *	35.00	35.00
Sewand Investments Private Limited.	5.00	5.00
Debtor/Debit Balance		
Duncans Industries Limited	0.02	0.02
Duncans Tea Limited	0.89	2.07
National Rayon Corp. Ltd.	0.33	0.33
Andhra Cements Limited	0.98	0.98
Kavita Marketing Private Limited *	1.20	-
Others	0.04	0.04
Creditor/ Credit Balances		
Duncans Industries Limited	5.13	8.31
Subh Shanti Services Limited	0.07	-
ISG Traders Limited	74.74	136.16
Investment in Shares		
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 31.3.2013 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

30. 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 2013

(Rs. in Lacs)

	Year ended 31st March 2013	Maximum During the year
Silent Valley Investment Company Limited	2.07	2.07
Subh Shanti Services Limited	5.31	5.31

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

(Rs. in Lacs)

	Year ended 31st March 2013		Maximum During the year	
Name of the company	No. of shares	(Rs. in Lacs)	No. of shares	(Rs. in Lacs)
Silent Valley Investment Company Limited	771,000	64.77	771,000	64.77
ISG Traders Ltd.	5,350,019	449.44	5,350,019	449.44

Notes on Financial statements for the year ended 31st March, 2013

31. EARNINGS PER SHARE

(Rs. in Lacs)

	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Net Profit / (Loss) attributable to equity shareholders (Rs.)	(2,954.93)	(4,240.62)
Weighted average number of equity shares issued	1,56,08,350	1,56,08,350
Basic and diluted earnings per share (Rs.) (Face value Rs 10 per share)	(18.93)	(27.17)

32. Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs. 2.11 Lacs (Previous year Rs. 0.04 Lac).
33. 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.
34. Figures have been given in Rupees Lacs and have been rounded off to the nearest thousand.
35. Previous year figures have been re-grouped/re-classified to confirm with current year presentation, wherever considered necessary

As per our report of even date

For Lodha & Co.

Chartered accountants

H.S.Jha

Partner

Place : New Delhi

Date : 24-05-2013

Saurabh Arora
Company Secretary

G.P. Goenka

Chairman

Madhukar Mishra
Managing Director

On behalf of the Board

Shiromani Sharma

C.M. Vasudev

Directors



CASH FLOW STATEMENT for the year ended 31st, March 2013

(Rs. in Lacs)

	For the Year ended 31st March 2013	For the Year ended 31st March 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax	(3,156.32)	(4,240.62)
Adjustments for:		
Depreciation	1,126.46	1,147.22
Loss/(Profit) on sale of Fixed Assets	(0.01)	(25.25)
Liabilities & balances no longer required	(151.52)	(458.24)
Foreign Exchange fluctuation	19.48	22.85
Interest Received	(70.34)	(58.49)
Interest & Financing Charges (net)	456.17	315.30
Operating Profit before Working Capital Changes	(1,776.08)	(3,297.23)
Adjustments for:		
Trade and Other Receivables	84.26	260.92
Inventories	205.07	365.51
Trade and Other Payables	1,923.96	2,544.87
Cash generated from Operations	437.21	(125.93)
Income Tax (Paid)/ Refund (Net)	(6.61)	47.22
Net Cash From Operating Activities	430.60	(78.71)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(6.63)	(132.63)
Sale of Fixed Assets	3.04	28.79
Interest Income	69.01	129.96
Net Cash From Investing Activities	65.42	26.12
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings	-	(4.54)
Short Term Borrowings	(43.17)	530.54
Foreign Exchange fluctuation	(19.48)	(22.85)
Dividend Paid	-	(78.04)
Dividend tax	-	(12.66)
Interest paid	(406.66)	(320.85)
Net Cash From Financing Activities	(469.31)	91.60
Net Increase/(Decrease) in Cash & Cash Equivalents	26.72	39.02
Cash and Cash Equivalents at the beginning of the year	150.78	111.76
Cash and Cash Equivalents at the end of the year	177.50	150.78

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 : 24-05-2013

Saurabh Arora
Company Secretary

G.P. Goenka
Chairman

Madhukar Mishra
Managing Director

On behalf of the Board

Shiromani Sharma
C.M. Vasudev
Directors



STAR PAPER MILLS LIMITED

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



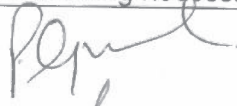

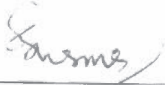

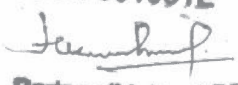
STAR PAPER MILLS LIMITED

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FORM B

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the company	Star Paper Mills Ltd.
2.	Annual financial statements for the year ended	31 st March, 2013
3.	Type of Audit qualification	Qualification
4.	Frequency of qualification	(I) Since the year ended 31 st March 2010 - Note 12(b) - (Page 37) of the Annual Report for the FY 2012-13 regarding non-provision of diminution, if any, in value of Investments ISG Traders Ltd; and (II) Since the year ended 31 st March 2011 - Note 21 (a) - (Page 39) of the Annual Report for the FY 2012-13 regarding managerial remuneration the payment of which is subject to Central Government approval.
	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	The reference of Notes which were subject matter of Qualification are as given in SL No 4 above. The Directors' response to the above auditors' qualification(s) has been given on Page-6 of the Annual Report for the FY 2012-13.
	Additional comments from the board/audit committee chair:	I) As the company's investment in ISG Traders Ltd is long term in nature, diminution in value thereof, if any, not being of permanent nature, revenue recognition in this respect is not considered necessary. II) In view of inadequacy of profits, excess remuneration of Rs. 64.51 lacs payable to managerial personnel for previous years which had already been approved by the shareholders is subject to approval of Central Government. The company is in the process of seeking necessary approval.
5.	To be signed by- <ul style="list-style-type: none">• CFO• CEO/Managing Director• Auditor of the company• Audit Committee Chairman	    For Lodha & Co. Chartered Accountants FRN: 301051E  Partner (M. No. 055104...)