



STAR PAPER MILLS LIMITED

ANNUAL REPORT

2013-14



Contents

Corporate Information	1
Management Discussion and Analysis Report	2
Directors' Report	4
Corporate Governance Report	13
Auditors' Report	23
Balance Sheet	28
Statement of Profit & Loss	29
Notes forming part of the financial statements	30
Cash Flow Statement	47

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. K.N. Bhandari (w.e.f. 4th August, 2014)

Mr. Madhukar Mishra
Managing Director

AUDITORS

M/s 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
CIN:L21011WB1936PLC008726

REGISTRAR & SHARE TRANSFER AGENT

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



MANAGEMENT DISCUSSION & ANALYSIS REPORT

Global Economy

Financial year 2013-14 has seen some progress in rebuilding global confidence. Many of the feared events have not come to pass in particular in the United States, which did not fall off the 'fiscal cliff'; in Europe, where the breakup of the euro zone was avoided and where sovereign bond differentials have drastically narrowed; and in China, where fears of a hard landing have receded for the time being.

Despite this more positive global outlook, some uncertainty remains. In advanced economies, the potential consequences of a tapering and eventual end of quantitative easing in the United States, the aggressive yet still incomplete financial and structural measures adopted in Japan, and the persistent unemployment and economic recovery challenges in Europe are factors that could put future economic performance at risk. In emerging markets, it is uncertain how protests in Brazil and Turkey, the credit crunch in China, and the potentially volatile capital flows to emerging and developing markets will affect these economies.

Industry Scenario & Growth Opportunities

Indian Economy, particularly Industrial sector turned in one of the worst performances of the recent times. Paper Industry too felt the slowdown in line with the National economy. On top of a slowing economy, Industry faced a steep increase in input costs. For the first time in Country's history, raw material for pulp making had to be imported.

Paper can now be imported duty free from ASEAN countries under FTA. Performance of ASEAN economies and exchange rate movement will also have an impact on the domestic industry.

Indian Paper Industry has the potential and capability of servicing the growing needs of the economy but needs support from the Government in preserving the competitiveness of its value-chain.

SWOT ANALYSIS

Strengths:

There is a huge potential for growth in paper demand in the domestic market.

Weakness:

Shortage of raw materials, higher input prices, absence of Government policies favoring Industrial plantation s etc. are significantly constraining paper manufacturers. Competition from duty free imports and uncertainty in the economic environment also impacts the Industry.

Opportunities:

Despite continued focus on digitization, India's demand for paper is expected to increase substantially in the coming years on the back of growing consumerism, modern retailing, rising literacy and increasing usage of packaging paper.

There is a huge amount of degraded forest land. Government policies to re-green this land in collaboration with Industry can lead to a competitive and vibrant domestic Paper Industry.

Threats:

Paper Industry being highly capital intensive needs benign interest rate regime for investments to be viable. The current high interest regime is not conducive for further investments. Further, raw material and energy prices continue to be a challenge for the Industry. Macro-economic factors such as global economic environment, currency movements, policy-changes, unforeseen political and social developments, natural calamities etc. also impact the Industry as well as your company.

Social farm forestry

As in the past, the company implemented a massive farm forestry programme in Western U.P. where more than 3 Crores seedlings were distributed and planted during the year on farm-land under Agro-Forestry Model. We have added an area of 12400 hectares under plantations during the year making a total coverage of 90,000 hectares. The social farm forestry initiatives have not only augmented sustainable supply of raw material but has also helped in enhancing rural income.

Risks & Concern

Both Wood and Energy prices in domestic market are way above Global benchmarks. Erratic power supply from State Grid adds to Industry's problem.

Internal Control System

Your company's management regularly reviews the Internal control systems and procedures to ensure orderly and efficient conduct of business. The designed internal control systems 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 and listing requirements.
- Effective use of resources and safety of assets.

Financial Performance

The company has been able to reduce losses progressively year by year and will strive to improve the performance further in the coming period.

Human-Asset

Your company considers human resource as its invaluable asset. Star regularly undertakes need-based human resource development programmes at all levels. The company currently has approximately 840 employees on rolls.

Future Outlook

Prospects for the Industry are promising. However issues impacting Industry's competitiveness need urgent attention.

Forward Looking Statements

This 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 do not not guarantee accuracy of the assumptions and perceived performance of the company in future. It is thus cautioned that the actual results may materially differ from those expressed or implied in the report.



DIRECTORS' REPORT

Dear Shareholders

Your Directors are pleased to present the Directors' Report together with audited financial results of the company for the year ended 31st March 2014.

1. FINANCIAL PERFORMANCE

The financial results of the company for the year ended 31st March, 2014 are summarised below:

AUDITED FINANCIAL RESULTS

(Rs. in Cr.)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Profit before interest and depreciation	(6.97)	(16.19)
Interest and finance charges	4.57	4.11
Depreciation	11.08	11.26
Profit before exceptional and non-recurring items	(22.62)	(31.56)
Exceptional & non-recurring items	(3.49)	-
Profit before tax	(26.10)	(31.56)
Provision for Income Tax	(4.02)	(2.01)
Profit after taxation	(22.08)	(29.55)
Balance brought forward	(19.96)	9.59
Available for appropriation:	(42.04)	(19.96)
- Transfer to General Reserve	-	-
- Proposed dividend	-	-
- Tax on proposed dividend	-	-
Balance carried to the Balance Sheet	(42.04)	(19.96)

2. DIVIDEND

As the company reported loss for the financial year 2013-14, the Board of Directors does not recommend any dividend for the year.

3. OPERATIONAL PERFORMANCE

Financial Year 2013-14 Highlights

In the recent past, paper industry saw a significant increase in raw material, power and fuel costs and the trend continued in FY 2013-14 as well.

Higher input costs, erratic Grid power supply, liquidity position and intense market competition impacted the operations during the year. However your company continued to emphasize on controlling costs and Product-mix optimization in line with market demand. As a result, the company performed better in comparison to previous years despite the above constraints.

Prospects for FY 2014-15

Since no major capacity addition is expected in the coming period, demand–supply balance is likely to improve. Duty free imports of paper through FTAs is a cause of concern though. Cost pressures specially on wood and energy are not expected to abate in the coming period. Your company will strive to deliver better results through improvement in efficiency.

4. ENVIRONMENT, POLLUTION CONTROL AND SAFETY

Your company strives to provide healthy environment and safe working conditions. The company has in place an integrated quality and environment management system harmonizing industrial activity with environmental preservation. STAR is accredited with ISO 14001: 2004, ISO 9001 : 2008 & ISO 18001 :2007 and have all the required environmental clearances from the prescribed authorities.

Your company has been awarded at national level for excellence in energy management by Confederation of Indian Industry (CII). STAR has also been granted 'Certificate of Merit' in Pulp & Paper Sector by the Bureau of Energy Efficiency, Ministry of Power, Govt. of India.

Besides, your company has been awarded again Gold Award for environmental excellence in Paper Industry by Greentech Foundation reflecting commitment of the company in environment preservation and safe working conditions.

5. SOCIAL FARM FORESTRY

Your company has been promoting and encouraging social farm forestry to increase green cover, augment wood resources and contribute to rural income generation. Under the program, STAR motivates individual farmers to raise fast growing pulp wood plantations . The scheme involves supply of high quality clones/seedlings apart from providing technical assistance to the farmers.

The program maintained its momentum during the year too and the company further stepped-up propagation and distribution of clonal plants and the area coverage.



6. HUMAN RESOURCES AND WELFARE

Your company has a structured approach to manage its human resources in line with changing needs of the organisation. Industrial relations remained harmonious during the year.

7. FIXED DEPOSITS

The company did not invite any fixed deposits during the year. There were no outstanding fixed deposits as on 31st March, 2014 (Rs. Nil as on 31st March, 2013).

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

8. DIRECTORS

The Company had pursuant to the provisions of clause 49 of the listing Agreement appointed Sh. Shiromani Sharma, Sh. C.M. Vasudev and Sh. M.P. Pinto as independent Directors of the company. Pursuant to Section 149(4) of the Companies Act, 2013, which came into effect from 1st April 2014, every listed public company is required to have at least one-third of the total of directors as Independent Directors. In accordance with the provisions of section 149 of the Act, these Directors are being appointed as Independent Directors to hold office as per their tenure of appointment mentioned in the Notice of ensuing Annual General Meeting of the Company.

Sh. S.V Goenka is retiring by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

9. 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.

10. 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.

11. DIRECTORS' RESPONSIBILITY STATEMENT

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

12. 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.

13. AUDITORS

M/s Lodha & Co. Chartered Accountants, retires at the ensuing Annual General Meeting. They have expressed their willingness to continue in office, if appointed and have furnished the requisite certificate of their eligibility pursuant to the provisions of the Companies Act.

14. AUDITORS' REPORT

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

- Excess managerial remuneration amounting to Rs. 64.51 lacs payable to managerial personnel for earlier years is subject to approval of Central Government. -Note No. 23.1 of Statement of Profit & Loss.

15. COST AUDIT

M/s R.J. Goel & Co., Cost Accountants, New Delhi have been appointed to audit the cost accounts for FY 2013-14 pursuant to Section 233-B of the Companies Act, 1956.

16. LISTING ON STOCK EXCHANGES

STAR's equity shares are listed on 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 2013-14.

17. ACKNOWLEDGMENTS

Your Directors are pleased to place on record their gratitude for the excellent support and efforts put in by the employees, bankers, investors, dealers, suppliers and Government Departments.

For and on behalf of the Board

Place : New Delhi
Date : 19th May, 2014.

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:

- Replacement of suction couch roll with solid couch roll on PM-I
- Optimization of oxygen content in multi-fuel power boiler.
- Optimization of vacuum systems on PM-I & PM-IV resulted in stoppage of one vacuum pump on each of the machines.
- Optimization of process pumps by trimming the impellers resulting in power saving.
- Reduced pulley size of vacuum pump resulting in less power consumption.
- Stopping of secondary air fan/air compressor by providing steam spray nozzles for bagasse feeding on traveling grate resulting in fuel and power saving.

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

- To increase steam generation from Recovery boiler by increasing black liquor concentration from Evaporator plant.
- To increase steam generation from 5 MW turbine.
- To install new VFDs at identified locations.

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 energy 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:

Efforts to increase exports or develop a new export market did not bear fruit due to higher freight cost.

II. Earnings - Nil

Outgo- Rs. 137.38 lacs

FORM - A

Particulars		Year ended 31st March, 2014	Year ended 31st March, 2013
A. POWER & FUEL CONSUMPTION			
1 Electricity			
(a) Purchased			
Units (Kwh in Lakhs)		516.10	578.21
Total Amount (Rs. in Lakhs)		3840.14	3659.43
Tariff Rate/Unit (Rs.)		7.44	6.33
(b) Own Generation Through			
(i) Steam Turbine			
Units (Gross) (Kwh in Lakhs)		323.65	323.37
Units (Net) (Kwh in Lakhs)		312.57	311.65
Units per MT of Coal (Kwh)		2676	2642
Cost/Unit (Rs.)		2.45	2.51
(ii) Power Generating Sets			
Units (Gross) (Kwh in Lakhs)		27.54	22.29
Units (Net) (Kwh in Lakhs)		26.05	21.18
Units per MT of Fuel Oil (Kwh)		4089	4321
Cost/Unit (Rs.)		11.43	10.21
2. Coal (Specify quality and where used)			
Grade:- B & C used in Boilers			
Quantity (MT)		41783	34214
Total Cost (Rs. in Lakhs)		2740.66	2272.82
Average Cost (Rs./MT)		6559	6643
3. Agro Residue			
Quantity (MT)		54392	56978
Total Cost (Rs. in Lakhs)		1047.22	1062.00
Average Cost (Rs./MT)		1925	1864
4. Fuel Oil			
Quantity (MT)		802	2486
Total Cost (Rs. in Lakhs)		374.86	1097.07
Average Cost (Rs./MT)		46728	44124
B. CONSUMPTION PER UNIT OF PRODUCTION			
Product - Paper (MT)		56623	63180
Electricity (Kwh)		1532	1462
Fuel Oils (MT)		0.01	0.04
Coal (MT)		0.74	0.54
Agro Residue (MT)		0.96	0.90



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. Your company has undertaken the following R & D activities during the FY 2013-14:

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 new colours in coloured grade of paper.
- Study of different kinds of wood to assess suitability for use as raw material.
- Trial plantation of new pulp wood species like Subabul etc.

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

- Product improvement for better market acceptability.
- Tree improvement program including development of high yielding disease resistant clones of pulpwood species to enhance wood resources in mills' catchment area.
- Reduction in sizing cost in some grades of paper

3. Future Plan of Action

- Development of new product grades.
- Process improvements aimed at quality improvement/cost reduction.

4. Expenditure on R&D-	Rs. in lacs
a) Capital	Nil
b) Revenue	81.23
c) Total	81.23
d) R&D Expenditure as a percentage of total Turnover	0.29%

B. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

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

- a) Modification in HSS system to improve pulp quality and increase life of screens.
- b) Modification in black liquor and reject handling system.
- c) Modification in China Turbine steam feeding system to increase power generation.
- d) Modification in PM-IV rewinder to ensure good reel building.



Information related to Imported Technology:

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

For and on behalf of the Board

Place : New Delhi

Date : 19th May, 2014

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, 2014.
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 : 19th May, 2014

G. P. Goenka
Chairman

ANNEXURE- III

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

The Directors of your company are pleased to present Report on Corporate Governance for the financial year ended on 31st March, 2014.

I. Company's philosophy on Corporate Governance

STAR highly believes in the conduct of good Corporate Governance. Enriching the quality of Corporate Governance in the company has assumed critical importance. Best practices of corporate governance are of great value to a number of stakeholders and society at large. It is all about commitment to values, ethical business conduct and a high degree of transparency. The company philosophy on Corporate Governance envisages commitment to ensure full satisfaction of all its stakeholders through quality and transparent workings along with due concern for social responsibility.

II. Board of Directors

The company is managed by a competent Board of directors comprising of an optimum ratio 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 and listing agreement with stock exchanges. The Board have Six (6) directors. All the directors except managing director are non-executive directors. The Board has three non-executive 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, 2014.

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	Nil	Nil
Non - Executive Directors:			
Sh. G.P. Goenka	Chairman/Promoter Director	5	Nil
Sh. S.V. Goenka	Promoter Director	5	Nil
Sh. Shiromani Sharma	Independent Director	2	1
Sh. C.M. Vasudev	Independent Director	8	7
Sh. M.P. Pinto	Independent Director	10	9



* 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, 2014, five (5) meetings of the Board of Directors were held on 24th May, 2013, 7th Aug, 2013, 19th September 2013, 12th November, 2013 and 12th February 2014.

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	4	Yes
Sh. Shiromani Sharma	5	Yes
Sh. S.V. Goenka	2	Yes
Sh. C.M. Vasudev	3	No
Sh. Madhukar Mishra	5	Yes
Sh. M.P. Pinto	3	Yes

III. Code of Conduct

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

IV. Committees of the Board

The Board of Directors has constituted 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, 2014 is as under :

Sl. No	Name of the Director & Designation	Category	No. of meetings attended during FY 2013-14
1	Sh. Shiromani Sharma-Chairman	Non- executive, Independent	4
2	Sh. C.M. Vasudev-Member	Non- executive, Independent	3
3	Sh. S.V. Goenka-Member	Non- executive, non-Independent	2

During the financial year ended 31st March, 2014, four (4) Audit Committee meetings were held on 24th May, 2013, 7th Aug, 2013, 12th November, 2013 and 12th February 2014.

(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 and details of its meeting(s) held during the FY 2013-14 are as under :

Sl. No	Name of the Director & Designation	Category	No. of meetings held/attended during FY 2013-14
1	Sh. Shiromani Sharma - Chairman	Non- Executive, Independent	4
2	Sh. Madhukar Mishra-Member	Executive	4

(iii) Remuneration Committee

The 'Remuneration committee' of the Board inter-alia determines 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 Remuneration Committee and details of its meeting(s) held during the FY 2013-14 are as under :

Sl. No	Name of the Director & Designation	Category	No. of meetings held during the year 2013-14	
			Held	Attended
1	Sh. C.M. Vasudev- Chairman	Non- Executive, Independent	1	Nil
2	Sh. Shiromani Sharma - Member	Non- Executive, Independent	1	1
3	Sh. M.P. Pinto-Member	Non- Executive, Independent	1	1



V. The company has no subsidiary company.

VI. 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, 2014 are as under :

(Rs.)

Director	Salary#	Perquisites and other benefits##	Sitting Fees	Total
Sh. G.P. Goenka	--	--	40,000	40,000
Sh.. Shiromani Sharma	--	--	1,40,000	1,40,000
Sh. S.V. Goenka	--	--	40,000	40,000
Sh. C.M. Vasudev	--	--	60,000	60,000
Sh. M.P. Pinto	--	--	40,000	40,000
Sh. M. Mishra	85,62,000	34,29,585	-	1,19,91,585
Total			3,20,000	1,23,11,585

Salary 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 appointment is terminable by six months' notice from either side.

VII. 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. The Management Discussion and Analysis Report forms part of the Annual Report.

Particulars of directors seeking appointment/re-appointment at the AGM have been given in Notice of the AGM to be held on 27th Sept., 2014.

VIII. Means of communication

The quarterly results of the Company were announced within 45 days of the end of each quarter, except for March 2014 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 financial results of the company is provided at the website www.starpapers.com.

IX. Shareholder Information

75th AGM Details

Date	Venue	Book Closure Dates	Time
27th Sept., 2014	'KalaKunj' (Kalamandir basement), 48, Shakespeare Sarani, Kolkata -700 017	20.09.2014 to 27.09.2014	10.30 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, 2014.

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 which 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, 2014, a total of **1,48,58,246** shares of the Company, which form **95.20%** 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, 2014

Slab	No. of Shareholders		No. of Equity Shares	
	Total	% of shareholders	Total	% to share capital
1-500	8554	86.72	1062991	6.81
501-1000	612	6.20	507471	3.25
1001-2000	352	3.57	546381	3.50
2001-3000	124	1.26	323978	2.08
3001-4000	49	0.50	174286	1.12
4001-5000	34	0.34	157286	1.01
5001-10000	59	0.60	445690	2.86
10001 and above	80	0.81	12390267	79.38
Total	9864	100.00	15608350	100.00



Category of Shareholders as on 31st March, 2014.

Category	No. of Shares	% of Shareholding
Promoter Group	8282219	53.6
Financial Institutions	701900	4.50
Banks and Mutual Funds	4166	0.03
Insurance Companies	558667	3.58
Non Resident Indian (NRI)	89098	0.57
Clearing Member (NSDL & CDSL)	5345	0.03
Public - Bodies Corporate	713608	4.57
- Individuals	5251707	33.65
- 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
2013				
April	10.10	7.85	9.90	7.33
May	8.50	7.20	9.49	7.61
June	7.90	6.95	8.68	7.84
July	7.90	7.85	8.22	6.78
August	7.50	6.55	7.00	6.05
September	7.15	6.25	7.00	5.81
October	7.00	6.65	7.33	5.95
November	7.25	6.00	6.90	6.10
December	6.75	5.90	7.00	5.98
2014				
January	8.00	6.40	8.15	6.38
February	8.00	6.85	7.94	6.21
March	9.00	7.00	9.32	7.14



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 2013-14.

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 2014-15

The next financial year of the Company is 1st April 2014 to 31st March 2015.

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
2012-13	Kala Kunj, 48, Shakespeare Sarani, Kolkata 700 017	19.09.2013	10.00 A.M
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



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, 2014.

Place: New Delhi
Date: 19th May, 2014

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 Mills Limited**

1. We have examined the compliance of conditions of Corporate Governance by Star Paper Mills Limited, for the year ended on 31st March 2014 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 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 state 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: 19th May, 2014

H K Verma
Partner
Membership No. 55104

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 PAPER MILLS LIMITED** ("the Company") which comprise the Balance Sheet as at March 31, 2014, 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. Managements' 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'). read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. The 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 consider 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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness or 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 qualified audit opinion.

4. Basis for Qualified Opinion

Attention is invited to the Note 23.1 regarding excess remuneration amounting to Rs 64.51 Lakhs payable to managerial personnel for earlier years, which is subject to approval of the Central Government.

We further report that impact with respect to the Notes given as above cannot be ascertained and commented by us.



5. Qualified Opinion

In our opinion and to the best of our information and according to the explanation given to us, except for the effects of the matter described on 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 me 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, 2014.
- 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 Statements 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 account;
- 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, read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013, and
- e) On the basis of written representations received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is dis-qualified as on March 31, 2014, 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: 19th May, 2014

H K Verma
Partner
Membership No. 55104

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 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 dispose 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 explanation 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, 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.421.24 Lakhs and the year-end balance was Rs.421.24 Lakhs.
- (c) As explained ,the loan is repayable on demand and 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.
- (d) 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. According to the information and explanations given to us, during the year there were no contracts or arrangement referred to in Section 301 of the Act which were required to be entered in the register under that section and accordingly Para v(b) of the Order is not applicable.
- 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 explanation 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 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, there were delays 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 explanation given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (b) According to the record 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	Additional Commissioner (Appeals)	2004-05 & 2005-06	163.11
The Uttar Pradesh VAT Act 2008	Value Added Tax	Additional Commissioner (Appeals)	2008-09 to 2011-12 & 2012-13	65.72
The Central Sales Tax Act, 1956	Sales Tax	High Court	1996-97	4.29
		Tribunal	1995-96	406.00
		Additional Commissioner (Appeals)	2010-11	2.55
The Uttar Pradesh Tax on Entry of Goods Act	Entry Tax	Additional Commissioner (Appeals)	2008-09	163.27
The Uttar Pradesh Trade Tax Act, 1948	Entry Tax	Supreme Court	2008-11	38.96
UP Krishi Utpadan Mandi Adhiniyam 1965	Mandi Tax	High Court	1.1.1993-31.12.2003	230.00

- x. The Company has accumulated losses as at the year end which has not exceeded fifty percent of its net worth. 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 procedure 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 banks. There were no debenture-holders there in the year and no loan was taken from financial institutions.
- xii. Based on our examination of documents and records and according to information and explanations given to us, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund / society. Accordingly, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- xv. The Company has not given guarantees for loans taken by others from bank or financial institutions.
- xvi. As per the information and explanation given to us, the Company has not availed term loan during the year. Accordingly, the provisions of clause 4 (xv) of the Order are not applicable.
- 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.6,533.63 Lakhs 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 any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- xix. The Company has not issued any debenture during the period. Accordingly, the provisions of clause 4 (xix) of the Order are not applicable to the Company.
- xx. The company has not raised money by public issues during the period.
- xxi. Based upon the audit procedures performed and information and explanations given by the management, we report that no material fraud on or by the Company has been noticed or reported during the course of our audit.

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

Place: Kolkata
Date: 19th May, 2014

H K Verma
Partner
Membership No. 55104



BALANCE SHEET AS AT 31ST MARCH, 2014

(Rs. in Lacs)

Particulars	Note No	As at 31st March 2014	As at 31st March 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	1,560.83	1,560.83
Reserves and Surplus	3	1,666.24	3,874.50
		3,227.07	5,435.33
Non-Current Liabilities			
Deferred Tax Liabilities (Net)	4	1,740.76	2,143.23
Other Long term Liabilities	5	817.03	840.27
Long term provisions	6	1,005.37	851.29
		3,563.16	3,834.79
Current Liabilities			
Short term borrowings	7	2,046.00	2,001.78
Trade payables	8	7,014.55	6,465.14
Other current liabilities	9	1,061.78	787.80
Short term provisions	10	49.09	70.67
		10,171.42	9,325.39
Total		16,961.65	18,595.51
ASSETS			
Non-Current Assets			
Fixed assets:			
Tangible assets	11	9,100.96	10,024.81
Capital work-in-progress		59.75	212.78
Non-Current investments	12	3,229.70	3,578.89
Long term loans and advances	13	933.45	832.89
		13,323.86	14,649.37
Current Assets			
Inventories	14	2,408.85	2,664.21
Trade receivables	15	705.31	753.66
Cash and cash equivalents	16	101.92	177.50
Short term loans and advances	17	412.05	343.39
Other current assets	18	9.66	7.38
		3,637.79	3,946.14
Total		16,961.65	18,595.51
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 K Verma
Partner

G.P. Goenka
Chairman

Shiromani Sharma
M.P. Pinto
Directors

Place : New Delhi
Date : 19-05-2014

Saurabh Arora
Company Secretary

Madhukar Mishra
Managing Director



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(Rs. in Lacs)

Particulars	Note No.	Year Ended 31st March 2014	Year Ended 31st March 2013
REVENUE FROM OPERATIONS			
Revenue From Operations	19	27,501.49	27,293.24
Other Income	20	112.36	89.50
Total Revenue		27,613.85	27,382.74
EXPENDITURE			
Cost of Raw Material Consumed	21	10,102.23	11,178.92
Changes in Inventories of Finished goods Stock in Process and stock in trades	22	280.80	41.35
Employees benefits expenses	23	2,561.58	2,618.14
Finance Costs	24	457.35	456.17
Depreciation and amortization expenses	11	1,108.53	1,126.46
Other expenses	25	15,364.90	15,118.02
Total Expenses		29,875.39	30,539.06
Profit Before Exceptional Items and Tax		(2,261.54)	(3,156.32)
Exceptional Item	12	349.19	-
Profit Before Tax		(2,610.73)	(3,156.32)
Tax Expense			
- Current Tax		-	-
- Deferred Tax - Charged/(Credit)		(402.47)	(201.39)
Profit / (Loss) for the year		(2,208.26)	(2,954.93)
Earning per equity share:	35		
- Basic and Diluted in Rupees		(14.15)	(18.93)
Significant Accounting Policies			
See accompanying notes	1		
As per our report of even date			

For Lodha & Co.
Chartered accountants

H K Verma
Partner

Place : New Delhi
Date : 19-05-2014

Saurabh Arora
Company Secretary

G.P. Goenka
Chairman

Madhukar Mishra
Managing Director

On behalf of the Board

Shiromani Sharma
M.P. Pinto
Directors



Notes on Financial Statements for the Year ended 31st March, 2014

1. Significant Accounting Policies

(a) Basis of preparation of Financial Statement

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 requires 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 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 there-from.

(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 statement of profit and loss.

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

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

(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, 2014

2. SHARE CAPITAL

(Rs. in Lacs)

Authorized	As at 31st March 2014	As at 31st March 2013
10,000 (Previous Year: 10,000) 5% Cumulative Tax Free Redeemable Preference Shares of Rs.100 each	10.00	10.00
39,800,000 (Previous Year: 39,800,000) Equity Shares of Rs.10 each	3,980.00	3,980.00
100,000 (Previous Year: 100,000) 'A' Equity Shares of Rs.10 each	10.00	10.00
	<u>4,000.00</u>	<u>4,000.00</u>

Issued

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

Subscribed and Paid-up

15,508,350 (Previous Year: 15,508,350) Equity Shares of Rs.10 each	1,550.83	1,550.83
100,000 (Previous Year: 100,000) 'A' Equity Shares of Rs.10 each	10.00	10.00
	<u>1,560.83</u>	<u>1,560.83</u>
	No. of Shares	No. of Shares
Shareholders holding more than 5% shares		
ISG Traders Ltd	5,350,519	5,350,519
Albert Trading Company Pvt Ltd	905,200	905,200

2.1 The Company has two class of equity share having a par value of Rs. 10/- each. Each holder of both class of equity shares is entitled to one vote per equity share. In the event of liquidation, the equity shareholder of both the class are eligible to receive the remaining asset of the company after distribution of all preferential amounts, in the proportion of their shareholdings.

2.2 There is no movement in the number of share outstanding at the beginning and at the end of the year.

Notes on Financial statements for the year ended 31st March, 2014
3. RESERVES AND SURPLUS
(Rs. in Lacs)

	As at 31st March 2014	As at 31st March 2013
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/(Deficit) :		
As per Last Balance Sheet	(1,995.26)	959.67
Add : (Loss) for the year transferred- from Statement of Profit & Loss	(2,208.26)	(2,954.93)
Balance at the end of the year	(4,203.52)	(1,995.26)
Total	<u>1,666.24</u>	<u>3,874.50</u>



Notes on Financial statements for the year ended 31st March, 2014

4. DEFERRED TAX LIABILITY (NET)

(Rs. in Lacs)

	As at 31st March 2014	As at 31st March 2013
Deferred Tax Liability		
Depreciation difference	2,183.01	2,423.20
Sub Total	2,183.01	2,423.20
Deferred Tax Assets		
Expenses allowable on payment basis and others	442.25	279.97
Sub Total	442.25	279.97
Deferred Tax Liability Net	1,740.76	2,143.23

5. OTHER LONG TERM LIABILITIES

Deposits:		
(i) from whole sellers	729.16	757.37
(ii) from others	87.87	82.90
Total	817.03	840.27

6. LONG TERM PROVISIONS

Provision for Employees benefit		
Provision for Gratuity	563.25	379.88
Provision for Leave Encashment	90.93	84.43
Provision for Pension	351.19	386.98
Total	1,005.37	851.29

7. SHORT TERM BORROWINGS

Secured		
Working Capital Loans		
Repayable on Demand	1,624.76	1,585.04
~from banks		
Unsecured-		
~from related parties	421.24	416.24
~from others	-	0.50
Total	2,046.00	2,001.78

7.1 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, 2014

8. TRADE PAYABLES

(Rs. in Lacs)

	As at 31st March 2014	As at 31st March 2013
Payable for goods and services	7,014.55	6,465.14
Total	7,014.55	6,465.14

8.1 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 2014. 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	108.54	53.22
Unpaid Dividend *	6.45	10.19
Unclaimed Liability in respect of redeemed preference shares*	0.59	0.59
Capital Vendors	102.49	102.49
Advance/Credit Balance from Customer	382.05	292.04
Advance payment of Income Tax including deduction at source (net of provisions)	7.23	-
Other Payables		
~ Statutory dues - PF, ESI, TDS, VAT etc.	311.18	262.70
~ Excise Duty on Finished Goods	37.74	43.01
~ Others	105.51	23.56
Total	1,061.78	787.80

* The figure does 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	11.80	25.35
Provision for Pension	31.55	29.41
Other Provisions	5.74	15.91
Total	49.09	70.67



Notes on Financial statements for the year ended 31st March, 2014

11. FIXED ASSETS

(Rs. in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2013	Additions during the year	Sale/Adjustments during the year	As on 31.03.2014	Upto 31.03.2013	For the year	Sale/Adjustments during the year	Upto 31.03.2014	As on 31.03.2014	As on 31.03.2013
Land	20.99	-	-	20.99	-	-	-	-	20.99	20.99
Buildings	826.05	-	-	826.05	599.54	18.74	-	618.28	207.77	226.51
Railway Siding	6.83	-	-	6.83	6.78	0.04	-	6.79	0.04	0.05
Plant & Equipment	24,303.39	183.31	-	24,486.70	14,580.49	1,076.37	-	15,656.86	8,829.84	9,722.90
Furniture- and Fittings	222.52	3.73	2.04	224.21	196.78	6.10	1.61	201.27	22.94	25.74
Vehicles	137.91	-	23.66	114.25	109.29	7.31	21.73	94.87	19.38	28.62
Total	25,517.69	187.04	25.70	25,679.03	15,492.88	1,108.53	23.34	16,578.07	9,100.96	10,024.81
Previous Year	25,526.33	1.33	9.97	25,517.69	14,373.36	1,126.46	6.94	15,492.88	10,024.81	

11.1 Gross block and Net block of Buildings include flat acquired under joint ownership with other at New Delhi amounting Rs. 55.30 Lacs and Rs. 33.11 Lacs .(Previous period Rs. 55.30 Lacs and Rs. 34.85 Lacs) respectively.

Notes on Financial statements for the year ended 31st March, 2014

12. INVESTMENTS

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

(Rs. in Lacs)

	As at 31st March 2014	As at 31st March 2013
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		
Less : Provision for Diminution in value (Refer Note 12.2)	349.19	-
	3,229.70	3,578.89
Aggregate amount of:		
Quoted Investments	3,229.70	3,578.89
	3,229.70	3,578.89

12.1 Market quotation in respect of Non-traded shares are not available since long, therefore the market value of these investments has not been stated.

12.2 Keeping in view of the provisions of Accounting Standard on Investments (AS-13) , the company 's investment in ISG Traders Ltd has been evaluated based on the valuation carried out by an independent firm of Chartered Accountants and diminution in value thereof has been recognised in this year and shown as exceptional items in the statement of profit and loss.

13. LONG TERM LOANS AND ADVANCES

(Unsecured -considered good unless otherwise stated)

Capital Advances	0.43	2.14
Balances/Deposits with Govt Authorities & Others (Refer Note 26)	805.34	616.97
Loans and Advances to Related parties (Refer Note 33)	35.00	35.00
MAT Credit Entitlement (Refer Note 13.1)	92.68	92.68
Advance payment of Income Tax including deduction at source (net of provisions)	-	86.10
TOTAL	933.45	832.89

13.1 In view of the management , the company is expected to pay normal tax within the credit entitlement period and thereby no adjustment in this respect has been considered necessary.

14. INVENTORIES

(Value at cost or estimated net realisable value)

Raw Materials	199.49	205.51
Raw Materials in Transit	-	0.49
Chemicals	223.26	162.76
Work in Progress	464.38	601.55
Finished Goods	855.76	999.39
Stores and spares	664.14	685.61
Stores and Spares parts in Transit	1.03	7.39
Loose Tools	0.79	1.51
	2,408.85	2,664.21



Notes on Financial statements for the year ended 31st March, 2014

15. TRADE RECEIVABLES

(Rs. in Lacs)

	As at 31st March 2014	As at 31st March 2013
Outstanding for period exceeding six months from the date they become due for payment		
- Considered good		
Secured	23.87	21.34
Unsecured	44.71	85.15
- Considered doubtful	-	12.01
Less: provision for doubtful debts	-	(12.01)
	68.58	106.49
Other Debts		
- Considered good	361.27	397.75
Secured	275.46	249.42
Unsecured	636.73	647.17
	<u>705.31</u>	<u>753.66</u>

16. CASH AND BANK BALANCES

Cash and Cash Equivalents		
Cash in hand	7.71	6.87
Balances with Banks -		
In Current Accounts	3.92	5.62
In Unpaid Dividend Accounts	6.47	10.22
In Cheque in hand	0.30	-
	<u>18.40</u>	<u>22.71</u>
Other Balances with bank		
In Margin Money Accounts (Refer 16.1)	73.10	145.21
In Fixed Deposits (having original maturity of more than 3 months) (Refer 16.2)	10.42	9.58
	<u>83.52</u>	<u>154.79</u>
	<u>101.92</u>	<u>177.50</u>

16.1 Fixed Deposit lodged with banks against Bank Guarantees issued

16.2 Against employee security deposits

17. SHORT TERM LOANS AND ADVANCES

Balances/Deposits with Govt Authorities & Others	205.97	170.03
Other Loans and Advances		
~ for supply of goods and rendering of services	142.57	122.21
~ Prepaid Expenses	63.51	51.15
	<u>412.05</u>	<u>343.39</u>

18. OTHER CURRENT ASSETS

Interest Receivable	9.66	7.38
	<u>9.66</u>	<u>7.38</u>

Notes on Financial statements for the year ended 31st March, 2014

19. REVENUE FROM OPERATION

(Rs. in Lacs)

	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Sale of Paper	28,471.04	28,199.16
Other Operating Revenue		
~ Sale of Scrap, etc.	552.83	517.58
~ Provision/ Liabilities no longer required written back	58.15	151.52
~ Sale of Clonal Plants	108.84	127.66
	719.82	796.76
	29,190.86	28,995.92
Less : Excise Duty	1,689.37	1,702.68
	27,501.49	27,293.24

20. OTHER INCOME

(Rs. in Lacs)

	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Profit on Sale/Discard of Fixed Assets(Net)	3.12	0.01
Interest Received		
~ From Banks & Others	30.27	25.73
~ On overdue debtors	32.01	44.61
Miscellaneous Receipts	46.96	19.15
	112.36	89.50

21. COST OF RAW MATERIAL CONSUMED

Wood, Bamboo and Wood waste	9,744.24	10,400.32
Waste Paper and wood pulp	357.99	778.60
	10,102.23	11,178.92

22. DECREASE / (INCREASE) IN STOCKS

Opening Stock:

Stock in Process	601.55	444.34
Finished Paper	999.39	1,197.95
	1,600.94	1,642.29

Closing Stock:

Stock in Process	464.38	601.55
Finished Paper	855.76	999.39
	1,320.14	1,600.94
	280.80	41.35



Notes on Financial statements for the year ended 31st March, 2014

23. EMPLOYEES BENEFITS EXPENSES

(Rs. in Lacs)

	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Salaries, Wages and Bonus	2,052.94	2,216.78
Contribution to:		
Provident and Other Funds	316.90	231.81
Workmen and Staff Welfare Expenses	191.74	169.55
	2,561.58	2,618.14

23.1 In view of the inadequacy of profit, excess remuneration, being the remuneration already approved by the shareholders, of Rs. 64.51 Lakhs payable to managerial personnel for earlier years is subject to approval of Central Government. The company is in the process of seeking necessary approval.

24. FINANCE COST

Interest Expenses	237.26	262.68
Other borrowing Cost	220.09	193.49
	457.35	456.17

25. OTHER EXPENSES

Chemicals and Dyes consumed	4,126.45	3,759.86
Consumption of Stores and Spare parts	892.77	1,071.68
Power and Fuel	8,067.79	8,102.44
Rent	80.16	96.40
Repairs		
- Buildings	98.15	74.86
- Machinery	507.68	574.30
- Others	15.99	10.46
Insurance(Net of recoveries)	6.84	7.53
Rates and Taxes	85.10	51.18
Excise Duty on Stocks (Net)	(2.89)	(14.79)
Packing, Selling, Transportation & Other Expenses	372.16	336.14
Charity and Donations	0.31	1.42
Directors' Fees	3.20	3.40
Professional Charges	38.76	32.14
Foreign Exchange Fluctuation	3.90	19.48
Miscellaneous Expenses (Refer Note No. 25.1)	1,068.53	991.52
	15,364.90	15,118.02

25.1 AUDITORS REMUNERATION (Included in Miscellaneous Expenses)

Statutory Audit Fee	7.00	5.62
Fee for Tax audit	1.50	1.50
Fee for Certificates and Review	2.82	1.40
	11.32	8.52

25.2 During the year, the company has incurred Rs 81.23 Lakhs (previous year Rs 85.40Lakhs) on account of research and development expenses which has been charged to Statement of Profit and Loss.

Notes on Financial statements for the year ended 31st March, 2014

26. CONTINGENT LIABILITIES

(Rs. in Lacs)

	For the Year ended 31st March 2014	For the Year ended 31st March 2013
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	641.67	663.56
2. Mandi Fee *	230.00	176.00
3. Excise Duty	35.11	35.11
4. Electric Duty	2.70	2.70
5. Employees State Insurances Corp. (On Good Work Bonus)	4.90	4.90
6. Sales Tax on Royalty	69.10	69.10
7. Liability for entry tax on Paper and Fuel	163.27	182.69
8 Demand in respect of Railway Plot Rent	201.14	201.14
B. Workers Claims	64.01	64.13

*Company's Special Leave petition (SLP) against the order of Hon'ble High Court of Allahabad pertaining to goods procured in earlier years has been admitted by Hon'ble Supreme Court. Pending final decision on the matter, the amount demanded excluding interest thereon has been included as above and Rs 92.47 Lakhs paid in this respect has been shown under long term loan and advances.

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

27. Foreign currency exposure outstanding as on 31.3.2014 which has not been hedged Rs 61.05 Lakhs (Previous year Rs 172.24 Lakhs)

28. CIF VALUE OF IMPORTS

Raw Material	72.52	402.62
Components, Spare Parts and Machinery	61.94	105.75

29. EXPENDITURE INCURRED IN FOREIGN CURRENCY

-Travelling	2.80	-
- Professional fee and Technical Services	0.00	0.76
-Others	0.12	0.1

30. EARNING IN FOREIGN EXCHANGE

FOB Value of Export	-	-
---------------------	---	---



Notes on Financial statements for the year ended 31st March, 2014

31. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL, SPARE PARTS CONSUMED

Raw Material	2013-14		2012-13	
	Rs. in Lacs	%	Rs. in Lacs	%
Indigenous	9,950.41	98.50%	10,644.46	95.22%
Imported	151.82	1.50%	534.46	4.78%
	10,102.23	100.00%	11,178.92	100.00%
Consumption of Stores and Spare parts*				
Indigenous	1,128.00	96.24%	1,319.77	93.42%
Imported	44.04	3.76%	92.93	6.58%
	1,172.04	100.00%	1,412.70	100.00%

* Includes spares part used for machinery repairs

279.27

341.02

32. EMPLOYEE BENEFIT

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 :

Employers Contribution to Provident Fund	118.36	125.60
Employers State Insurance Fund	60.09	62.59

Notes on Financial statements for the year ended 31st March, 2014

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, 2014	Gratuity (funded)		Pension (non-funded)		Leave Encashment (non-funded)	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013	31.3.2014	31.3.2013
1. Current Service Cost	31.74	32.59	4.21	4.16	15.51	10.26
2. Interest Cost	60.54	66.46	31.29	32.20	7.97	7.69
3 Expected return on plan assets	(32.85)	(41.36)	-	-	-	-
4. Past service Cost		-		-	-	14.33
5. Actuarial Losses/(Gains)	123.95	40.92	(28.50)	24.75	(12.66)	(8.63)
Total Expenses	183.38	98.61	7.00	61.11	10.82	23.65
Total Expenses recognized during the year	183.38	98.61	7.00	61.11	10.82	23.65
Change in the obligation during the Year ended March 31, 2014						
1. Present value of Defined Benefit Obligation at the beginning of the year	851.73	835.63	416.39	393.47	109.79	92.74
2. Current Service Cost	31.74	32.59	4.21	4.16	15.51	10.26
3. Interest Cost	60.54	66.46	31.29	32.20	7.97	7.69
4. Plan amendments cost	-	-	-	-	-	14.33
5. Benefit Paid	(170.72)	(125.57)	(40.65)	(38.19)	(17.88)	(6.60)
6. Actuarial (Gains) / Losses	115.65	42.62	(28.50)	24.75	(12.66)	(8.63)
Present value of Defined Benefit Obligation at the end of the year	888.94	851.73	382.74	416.39	102.73	109.79
Change in Assets during the Year ended March 31, 2014						
1. Plan Assets at the beginning of the year	471.85	544.36	-	-	-	-
2. Contribution by Employer	-	10.00	40.65	38.19	17.88	6.60
3. Expected return on plan assets	32.85	41.36	-	-	-	-
4 Benefit Paid	(170.72)	(125.57)	(40.65)	(38.19)	(17.88)	(6.60)
5. Actuarial Gains/(Losses)	(8.30)	1.70	-	-	-	-
Plan Assets at the end of the year	325.68	471.85	-	-	-	-
Reconciliation of Net Asset/(Liability) recognized in the Balance Sheet during the Year ended March 31, 2014						
1. Net Asset/(Liability) at beginning of the year	(379.88)	(291.27)	(416.39)	(393.47)	(109.79)	(92.74)
2. Employer Expenses	(183.38)	(98.61)	(7.00)	(61.11)	(10.82)	(23.65)
3. Employer Contributions	-	10.00	40.65	38.19	17.88	6.60
4. Net Asset/(Liability) at the end of the year	(563.26)	(379.88)	(382.74)	(416.39)	(102.73)	(109.79)
Actuarial Assumptions						
1. Discount Rate	8.90%	7.90%	8.90%	7.90%	8.90%	8.60%
2. Expected Rate of Return on Plan Assets	8.50%	7.90%	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, 2014

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

Particulars	Gratuity Funded (Rs. in Lacs)				
	Year ended 31.03.2014	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	(888.94)	(851.73)	(835.63)	(874.74)	(805.59)
2. Plan Assets at end of the period	325.68	471.85	544.36	577.46	571.80
3. Surplus / (Deficit)	(563.26)	(379.88)	(291.27)	(297.28)	(233.79)
4. Experience Gain / (Loss) adjustments on plan liabilities	(54.87)	(23.73)	(7.23)	(118.72)	(101.10)
5. Experience Gain / (Loss) adjustments on plan assets	(8.30)	1.70	5.53	(5.13)	4.84
Particulars	Pension (non-funded) (Rs. in Lacs)				
	Year ended 31.03.2014	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	(382.74)	(416.39)	(393.47)	(418.48)	(436.95)
2. Plan Assets at end of the period	-	-	-	-	-
3. Surplus / (Deficit)	(382.74)	(416.39)	(393.47)	(418.48)	(436.95)
4. Experience Gain / (Loss) adjustments on plan liabilities	(0.82)	(0.53)	1.25	(0.38)	(37.47)
5. Experience Gain / (Loss) adjustments on plan assets	-	-	-	-	-
Particulars	Leave Encashment (non-funded) (Rs. in Lacs)				
	Year ended 31.03.2014	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	(102.73)	(109.79)	(92.74)	(95.79)	(94.15)
2. Plan Assets at end of the period	-	-	-	-	-
3. Surplus / (Deficit)	(102.73)	(109.79)	(92.74)	(95.79)	(94.15)
4. Experience Gain / (Loss) adjustments on plan liabilities	22.05	11.48	(8.83)	(16.17)	(27.96)
5. Experience Gain / (Loss) adjustments on plan assets	-	-	-	-	-

Notes on Financial statements for the year ended 31st March, 2014

33. 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:

ISG Traders Limited

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

	(Rs. in Lacs)	
Particulars	For the Year ended 31 st March 2014	For the Year ended 31 st March 2013
Managerial Remuneration		
-Mr. M.Mishra	119.91	110.88
Expenditure		
-Rent		
Mrs. M. Mishra	19.35	18.00
Outstanding		
-Security Deposit Given		
Mrs. M. Mishra	6.00	6.00
Remuneration Payable		
-Mr. G. P. Goenka	28.50	28.50
-Mr. M.Mishra	112.30	82.14

A. Transactions during the year with ISG Traders Ltd. :

i. Interest	-	0.49
ii. Loans taken	5.00	95.00

B. Outstanding-ISG Traders Ltd.

i. Loan taken	421.24	416.24
ii. Interest Payable	106.60	51.36
iii. Security Deposit received	5.00	5.00
iv. Creditor/ Credit Balances	59.65	74.74

C. Investment in Shares of ISG Traders Ltd.	3,229.70	3,578.89
--	----------	----------

Note :

- (a) In respect of the above party, there is no provision for doubtful debts as on 31.3.2014 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.

34. Disclosure required vide clause 32 of the listing agreement

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

Name of the company	Year ended 31st March 2014 No. of shares (Rs. in Lakhs)		Maximum during the year No. of shares (Rs. in Lakhs)	
ISG Traders Ltd.	5,350,519	481.54	5,350,519	642.06



Notes on Financial statements for the year ended 31st March, 2014

35. EARNINGS PER SHARE

(Rs. in Lacs)

	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Net Profit / (Loss) attributable to equity shareholders (Rs.)	(2,208.26)	(2,954.93)
Weighted average number of equity shares issued	15,608,350	15,608,350
Basic and diluted earnings per share (Rs.) (Face value Rs 10 per share)	(14.15)	(18.93)

36. Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs. 17.24 Lacs (Previous year Rs. 2.11 Lacs).
37. 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.
38. Figures have been given in Rupees Lakhs and have been rounded off to the nearest thousand.
39. Previous year figures have been regrouped/ reclassified to confirm with current year presentation, wherever considered necessary

As per our report of even date
For Lodha & Co.
Chartered accountants

On behalf of the Board

H K Verma
Partner

G.P. Goenka
Chairman

Shiromani Sharma
M.P. Pinto
Directors

Place : New Delhi
Date : 19-05-2014

Saurabh Arora
Company Secretary

Madhukar Mishra
Managing Director



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST, MARCH 2014

(Rs. in Lacs)

	for the year ended 31st March 2014	for the year ended 31st March 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax and Exceptional Item	(2,261.54)	(3,156.32)
Adjustments for:		
Depreciation	1,108.53	1,126.46
Loss/(Profit) on sale of Fixed Assets	(3.12)	(0.01)
Liabilities & balances no longer required	(58.15)	(151.52)
Foreign exchange fluctuation	3.90	19.48
Interest Received	(62.28)	(70.34)
Interest & Financing Charges (net)	457.35	456.17
Operating Profit before Working Capital Changes	(815.31)	(1,776.08)
Adjustments for:		
Trade and Other Receivables	(206.97)	82.11
Inventories	255.36	205.07
Trade and Other Payables	928.24	1,923.98
Cash generated from Operations	161.32	435.08
Income Tax (Paid)/ Refund (Net)	93.33	(6.61)
Net Cash From Operating Activities	254.65	428.47
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(34.01)	(6.63)
Sale of Fixed Assets	5.48	3.04
Interest Income	60.00	71.16
Other Bank Balance:Deposits within 3 to 12 Month Maturity	71.27	(37.40)
Net Cash From Investing Activities	102.74	30.17
C. CASH FLOW FROM FINANCING ACTIVITIES		
Short Term Borrowings	44.22	43.17
Foreign exchange fluctuation	(3.90)	(19.48)
Interest paid	(402.03)	(406.66)
Net Cash From Financing Activities	(361.71)	(469.31)
Net Increase/(Decrease) in cash & Cash Equivalents	(4.31)	(10.68)
Cash and Cash Equivalents at the beginning of the year	22.71	33.39
Cash and Cash Equivalents at the end of the year	18.40	22.71

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

As per our report of even date
For Lodha & Co.
Chartered accountants

H K Verma
Partner

Place : New Delhi
Date : 19-05-2014

Saurabh Arora
Company Secretary

G.P. Goenka
Chairman

Madhukar Mishra
Managing Director

On behalf of the Board

Shiromani Sharma
M.P. Pinto
Directors

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



STAR PAPER MILLS LIMITED

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