

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. G.P. Goenka

Chairman & Whole Time

Director

Mr. Shiromani Sharma

Dr. B.L. Bihani

Mr. Shrivardhan Goenka

Mr. C.M. Vasudev

Mr. M.P. Pinto

(w.e.f. 29th Jan., 2010)

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 – 247 001
(Uttar Pradesh)

REGISTERED OFFICE

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

REGISTRAR AND SHARE TRANSFER AGENTS

Karvy Computershare Private
Limited
Karvy House, 46, Avenue 4, Street
no. 1, Banjara Hills Hyderabad-
500034

COMPANY PROFILE

Brief

- Star Paper Mills Ltd. is an integrated pulp and paper mill, located in Saharanpur, Uttar Pradesh.
- The company possesses an installed manufacturing capacity of 75,000 tonnes per annum of paper and paperboard.
- It is a part of the Duncan Goenka Group of Companies.

Product Portfolio

- Star Paper possesses a rich product portfolio comprising Industrial and Cultural paper.
- The company produces a wide range of industrial papers such as Absorbent Kraft, Poster ARSR, Ribbed Kraft etc.
- The company manufactures a variety of Cultural paper like SS Maplitho, Premier Maplitho Paper, MG cover Paper, Pulp Board and business communication papers i.e. Azurelaid and copier variety.

Distribution Network

- Our strength lies in strong network of 60 dealers having pan India presence.
- Our clients include Hindustan Uniliver Limited, Greenply, Eveready, Golden Laminates, Pearson Education (Singapore) Pte. Ltd., Century Laminating, Modacor-Saudi Arabia and major publishers in India.

Recognitions

- Our company's quality products, efficient environmental management and safety systems have been widely recognized.
- Quality consistency is reinforced by our ISO 9001:2000 certification.
- Company is also accredited with ISO 14001: 2004 certification for environment consciousness & IS 18000:2007 certification for occupational health & safety measures.
- Greentech Award for Environmental Excellence and also for Safety in Paper Industry received from the Greentech Foundation reflect our commitment towards environment preservation and safe working conditions.
- Quality Circle Award received from Quality Circle Forum of India.

Performance: 2009-10

- Capacity utilization during the year was 91.5%.
- The company posted a profit after tax of Rs. 833.56 lacs.

Listing

- STAR is listed on the Bombay Stock Exchange and the National Stock Exchange, Mumbai.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Scenario

Global Pulp and Paper industry made strenuous efforts to realign production with reduced demand in the wake of economic meltdown in the previous year. As a result, through the year, there was slow and steady improvement in Pulp prices initially, and Paper prices later on.

Towards later part of the year, inclement weather in US/Europe, and thereafter Earthquake in Chile, resulted in less pulp production and consequently a sharp increase in Pulp and Paper prices. Volumes however shown lower.

After witnessing slowdown during 2008-09, the Indian economy entered a recovery phase. The index for industrial production recorded a robust growth and business confidence continued to inch up as the year progressed.

Domestic Paper Industry, however continued to feel the impact of global melt down and local capacity build up. Added to these was increase in price of raw materials particularly in the Northern Region. Fuel oil prices also almost doubled from the 2008-09 bottom levels.

Recent upturn in the global markets has enabled the local industry to improve realisations and partly offset cost increases.

Growth Opportunities

A prompt stimulus package put together by Government of India cushioned the impact of global developments and led to a quick turn around. Recent surveys point to an improvement in business sentiments and prospects of further acceleration in economic activities in the near term. Nevertheless with India's increasing integration with the global economy, we are more susceptible to the volatilities in the world market. Although the Global outlook is more assuring than it was a few months ago, uncertainty about the shape and pace of global recovery persists.

SWOT Analysis

Strengths

Demand growth is expected to gain further momentum with the economy poised for a sustained growth in near term.

Weakness

Cost of Fibre, Fuel and Capital are major constraints for the industry. Some large capacity additions are also in pipe line.

Opportunities

With rising literacy levels and sustained economic growth, per capita consumption of paper is expected to increase.

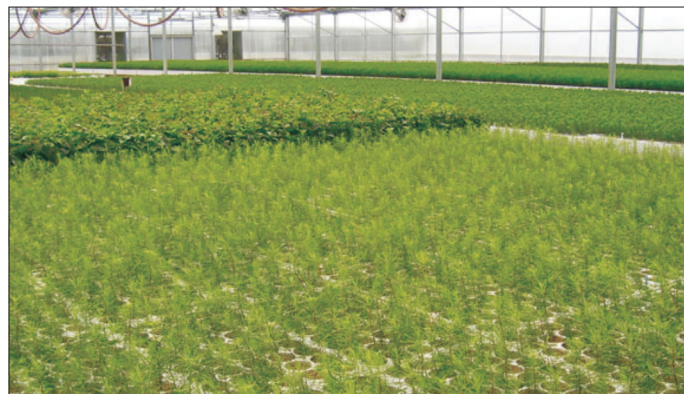
Threats

There is still debate among the Economists about Global Economic recovery. Debt crisis in some of the European countries has led to further uncertainty. Domestic Economic growth has led to steep inflation in input prices and the end of this trend does not seem imminent in near term.

Social farm forestry

Social Farm Forestry activity continued to grow with the pace built up in the past. Cumulative area planted by the farmers with your company's support increased to more than 75,000 Hectare.

This initiative will help to mitigate the increasing pressures on wood supply caused by rapid demand growth.



Risks & Concerns

The paper industry uses wood, wood pulp, waste paper and agri residues as raw material. As most of the raw materials are in short supply, their price continues to increase

Macro-economic factors like global financial turmoil, economic slowdown, sluggish demand conditions, unforeseen political and social developments, natural calamities may affect the business of the company as also of the industry at large.

Internal Control System

Based on the nature of business and size of operations, the Company's internal control system has been designed to provide for:

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

Financial Performance

The financial year 2009 -10 was a quite tough year. The year witnessed global as well as domestic market melting down. The demand across all the industries took a beating, the price dipped and on the other hand raw material and fuel oil price continued to move northwards. These factors had a negative impact on company's top and bottom lines. The company ended up the year with a profit before tax of Rs.662 lakhs on a net sales of Rs. 25127 lakhs.

Human Resources

Your Company employs the required work force for the smooth functioning in the organisation at all levels. The company also from time to time undertakes & imparts training programs to enhance the working skills of the employee according to the needs of the organisation thereby contributing in the growth of the company. The company consistently recruits, develops and employs suitably qualified, capable and experienced people

Future Outlook

Government emphasis on the elementary and technical education and investment in educational infrastructure coupled with increase in share of service sector in GDP is likely to accelerate the growth of paper consumption.

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, the Government policies etc. The company can not guarantee the accuracy of the assumptions and perceived performance of the company in future. Therefore, it is cautioned that the actual results may materially differ from those expressed or implied in the report.



DIRECTORS' REPORT

Dear Shareholders

The Board of Directors have pleasure in presenting this Annual Report together with the Audited Balance-Sheet & Profit and Loss Account of the company for the financial year ended 31st March 2010.

FINANCIAL PERFORMANCE

AUDITED FINANCIAL RESULTS		(Rs. in Crores)
PARTICULARS	Year ended 31st March, 2010 (12 months)	Period ended 31st March, 2009 (18 months)
Profit before interest and depreciation	21.32	48.86
Interest and finance charges	2.75	9.43
Depreciation	11.95	17.79
Profit before exceptional and non-recurring items	6.62	21.64
Exceptional & non-recurring items	-	1.57
Profit before tax	6.62	23.21
Provision for Income Tax	-1.72	5.98
Profit after taxation	8.34	17.23
Balance brought forward	55.94	39.80
Transfer from Debenture Redemption Reserve	1.50	3.00
Available for appropriation:	65.78	60.03
- Transfer to General Reserve	1.35	1.35
- Proposed dividend	1.17	2.34
- Tax on proposed dividend	0.19	0.40
Balance carried to the Balance Sheet	63.07	55.94

DIVIDEND

Your directors are pleased to recommend a dividend of Re 0.75 (Seventy Five Paise Only) per equity share of face value of Rs. 10/- each for the financial year under review subject to the approval of members in the ensuing Annual General Meeting.

THE YEAR HIGHLIGHTS

Tough Market Conditions

The financial year 2009-10 was a difficult period. Excess capacity both domestically and globally led to lower realisations and inventory accumulation while price of wood and fuel oil increased. These factors adversely impacted turnover and profits of your company.

Financial Year 2010-2011 Prospects

While there is a general belief that the world economy has stabilised after the global economic recession, revival is expected to take sometime. Paper demand and price both have shown an improvement in the later part of the financial year. However continuous rise in raw material and power & fuel costs are a cause of concern. Your company will continue to strive for better operational and financial performance in the year to come.

ENVIRONMENT, POLLUTION CONTROL AND SAFETY

In integrating quality & environment management systems, your company strives to harmonise industrial activities with environmental preservation. Your company is accredited with ISO 14001:2004 and ISO 9001:2000 & IS 18000:2007. The company's initiatives in this regard were publicly recognized. During the year the Company received a Gold Award for Environmental Excellence and also for Safety in Paper Industry from the Greentech Foundation. Your company has all the required environmental clearances from the Government authorities.

SOCIAL FARM FORESTRY

The demand of Wood, the primary raw material of your company, has been steadily increasing however, the supply has remained almost stagnant, resulting in ever increasing price.



But for the Social Farm Forestry Programme undertaken by your company, the situation would have been worse. During the year, your company not only increased the number of clones distributed but also expanded its clonal multiplication facility.

These activities help in enhancing the rural income besides facilitating sustain availability of raw material to the Company.

HUMAN RESOURCE AND WELFARE

Industrial relations remained cordial during the year under review barring two incidents of illegal strike by the workers. The Company is continuously rationalising its work force through right sizing of manpower & multi-skilling. The Directors wish to place on record their deep appreciation for dedication of the employees towards the organisation.

FIXED DEPOSITS

The company has not invited any fixed deposits during the year. The fixed deposits outstanding aggregated to Rs. 0.52 Lacs on 31st March, 2010 (Previous year - Rs. 1.07 Lacs on 31st March, 2009). There were no delay / default in repayment of deposits during the year.



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

DIRECTORS

Mr. C.M. Vasudev was appointed as a director on 22nd June, 2009.

Mr. Sachikanta Mishra was appointed as IFCI nominee in place of Mr. T.K. Ray with effect from 30th Sept., 09.

Mr. M.P. Pinto was appointed as a director with effect from 29th January, 2010.

The Board wish to place on record its appreciation for valuable contribution made by Mr. T.K. Ray during his tenure.

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

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

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

PARTICULARS OF EMPLOYEES

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

registered office address.

DIRECTORS' RESPONSIBILITY STATEMENT

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

CORPORATE GOVERNANCE

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

AUDITORS

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

AUDITORS' REPORT

The Observations of the Auditors in their Report have been explained in the Notes to the Accounts as referred to in their Report

LISTING ON STOCK EXCHANGES

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

ACKNOWLEDGMENT

The Directors wish to place on record their gratitude to the Company's customers, dealers, suppliers, Government Departments, financial institutions and banks for their continued support to the Company.

For and on behalf of the Board

Place: New Delhi

Date: 28th May, 2010

G.P. Goenka
Chairman

ANNEXURE-I

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

A. PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.

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

- Installation of energy efficient pumps & motors
- Installation of VFDs at various locations
- Installation of energy efficient luminaries
- Optimization of impeller sizes
- Installation of Auto temperature control for heater battery of PM-2 Predryer.
- Replacement of aluminum blades with FRP
- Modification in PM-4 M.G steam inlet system
- Installation of green liquor density meter.

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

- Implementation of various schemes including modification in Blow Heat Recovery for optimization of water & power consumption
- Installation of efficient surface condenser cooling system
- Reorientation of PM-I stock preparation for optimization of power consumption

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
- Increased efficiency in the production capacity of the plant

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

Earnings -	Rs. 34.33 Lakhs
Outgo-	Rs. 405.34 Lakhs



FORM-A

Particulars		Financial year ended 31st March, 2010	Eighteen Months ended 31st March, 2009
A. POWER & FUEL CONSUMPTION			
I. Electricity			
a) Purchased			
Units	(Kwh in lakhs)	176.97	319.17
Total Amount	(Rs. in lakhs)	890.69	1464.02
Tariff Rate/Unit	(Rs.)	5.03	4.59
b) Own Generation Through			
i) Steam Turbine			
Units (Gross)	(Kwh in lakhs)	416.43	661.33
Units (Net)	(Kwh in lakhs)	404.16	644.51
Units per MT of Coal	(Kwh)	1648	2107
Cost/Unit	(Rs.)	3.73	2.56
ii) Power Generating Sets			
Units (Gross)	(Kwh in lakhs)	454.64	641.37
Units (Net)	(Kwh in lakhs)	431.13	608.60
Units per MT of Fuel Oil	(Kwh)	4433	4474
Cost/Unit	(Rs.)	6.33	6.58
2. Coal (Specify quality and where used) Grade: B & C used in Boilers			
Quantity	(MT)	53676	58287
Total Cost	(Rs. in lakhs)	2250.55	2318.53
Average Cost	(Rs./MT)	4193	3978
3. Agro Residue			
Quantity	(MT)	33039	66485
Total Cost	(Rs. in lakhs)	440.24	790.44
Average Cost	(Rs./MT)	1332	1189
4. Fuel Oil			
Quantity	(MT)	14339	19834
Total Cost	(Rs. in lakhs)	3507.58	4992.18
Average Cost	(Rs./MT)	24362	25170
B. CONSUMPTION PER UNIT OF PRODUCTION			
Product - Paper	(MT)	68592	107920
Electricity	(Kwh)	1528	1503
Fuel Oils	(MT)	0.21	0.18
Coal	(MT)	0.78	0.54
Agro Residue	(MT)	0.48	0.62

FORM-B

A. RESEARCH AND DEVELOPMENT (R&D)

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

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

- Study of the effect of water hardness on sizing chemical consumption
- Study of the effects of chemical spray on rate of decay in stored wood in collaboration with CPPRI
- Study for developing special base paper grades
- Study to improve the stiffness of paper

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

- Use of Sal wood started for pulping
- Stiffness of paper improved

3. Future Plan of Action

- Study for reducing active alkali consumption by adding cooking aids

4. Expenditure on R&D-

Rs. in Lakhs

a) Capital	-
b) Revenue	63.83
c) Total	63.83
d) R&D Expenditure	

as a percentage of total Turnover 0.25%

B. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

Efforts made, in brief, towards technology absorption, adaptation & innovation are as under :

- a) Modification in pulp washing system to improve quality of pulp.
- b) Installation of energy efficient luminaries, motors & VFDs.
- c) Installation of fiber miser to reduce fiber loss.
- d) Installation of magnet system on chipper belt.
- e) Installation of modified chips screening system to improve the quality of product.

For and on behalf of the Board

Place: New Delhi

Date: 28th May, 2010

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, 2010.
3. Proper and sufficient care was taken for the maintenance of proper accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
4. The accounts have been prepared on going concern basis.

For and on behalf of the Board

Place : New Delhi
Date : 28th May, 2010

G. P. Goenka
Chairman

ANNEXURE- III

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

The Director's present the Company's report on Corporate Governance for the financial year ended 31st March 2010.

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Good corporate governance practices have always been an integral part of your company's philosophy. The concept emphasizes on high standard of transparency, accountability, fairness, disclosure, social responsiveness and integrity of management, with focus on public interest in general and investor interest in particular. It further inspires and strengthens investor's confidence by ongoing commitment to overall growth of the company.

II. BOARD OF DIRECTORS

The management of the company is controlled by a competent Board of Directors comprising of an optimum

combination of Executive, Non-executive and Independent Directors. The Board monitors performance of the company, receives and approves policies, strategies and evaluate management performance. The Board ensures legal and ethical conduct and accurate financial reporting.

(a) Composition

The Board of Directors consists of Executive and Non-Executive Directors. The total number of directors of the Company is Eight (8) including Whole-Time Director and Managing Director.

The following is the composition of the Board of Directors as on 31st March, 2010

Director	Category of Director	Total No. of Directorships in other companies (*)	Total No. of Memberships/ Chairmanships of Committees in other companies (**)
Executive Directors			
Sh. G.P. Goenka	Chairman cum Whole-Time Director	7	1
Sh. Madhukar Mishra	Managing Director	2	1
Non - Executive Directors			
Dr. B.L. Bihani	Independent Director	Nil	Nil
Sh. Shiromani Sharma	Independent Director	2	3
Sh. S.V. Goenka	Promoter Director	8	-
Sh. C.M. Vasudev***	Independent Director	4	4
Sh. T.K. Ray****	Independent Director - Nominee of IFCI	*****	*****
Sh. Sachikanta Mishra*****	Independent Director - Nominee of IFCI	Nil	Nil
Sh. M.P. Pinto*****	Independent Director	8	2

* 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, Remuneration Committee of Indian Companies.

*** appointed with effect from 22nd June, 2009.

**** Sh. Sachikanta Mishra was appointed as IFCI nominee in place of Sh T.K. Ray w.e.f 30th Sept.,09.

***** appointed with effect from 29th January, 2010.



(b) Meetings and Attendance

During the financial year ended 31st March, 2010, Five 22nd June, 2009, 31st July, 2009, 30th September 2009, 30th (5) Board of Directors' meetings were held on October 2009 and 29th January 2010.

Attendance of Directors at Board Meetings and at Last Annual General Meeting		
Director (Name)	No. of Board Meetings attended	Attendance at last Annual General Meeting Yes or No
Sh. G.P. Goenka	5	Yes
Sh. Shiromani Sharma	5	Yes
Dr. B.L. Bihani	5	Yes
Sh. S.V. Goenka	5	Yes
Sh. C.M. Vasudev	5	Yes
Sh. Madhukar Mishra	5	Yes
Sh. T. K. Ray*	1	*
Sh. Sachikanta Mishra	2	Yes
Mr. M.P. Pinto**	**	**

*ceased to be a director w.e.f. 30th September 2009.

**appointed to be a director w.e.f. 29th January 2010.

(III) Code of Conduct

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

(IV) Committees of the Board

The Board of Directors has constituted two Committees – the

Audit Committee and the Shareholders/Investors Grievance Committee.

(I) Audit Committee

The Company has set up the Audit Committee in accordance with the requirements of Section 292A of the Companies Act, 1956 and the terms of reference are in conformity with clause 49 of the listing agreement entered into with the stock exchanges. On occasions Statutory Auditors, Internal Auditors and Cost Auditors are invitees 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, 2010 is as under :

Sl. No	Name of the Director	Designation	No. of Meetings Attended
1.	Sh. Shiromani Sharma	Chairman	4
2.	Dr. B.L. Bihani	Member	4
3	Sh. S.V. Goenka	Member	4
4	Sh. T.K.Ray *	Member	1

*ceased to be member of the committee with effect from 30th September 2009.

During the financial year ended 31st March, 2010, Four (4) Audit Committee meetings were held on 22nd June, 2009, 31st July, 2009, 30th October 2009 and 29th January 2010,

(ii) Shareholders/Investors Grievance Committee

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

Composition

In the financial year 2009-10, the composition of the Committee was as under :

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

(V) Remuneration of Directors

Remuneration of Managing Director and Whole-Time Director is determined by the Board of Directors.

Remuneration of Non-Executive Directors was restricted to only sitting fees for attending meetings of the Board, Audit Committee and Shareholders/Investor Grievance Committee meetings.



The details of remuneration of the directors for the financial year ended 31st March, 2010 are as under:

In Rupees				
Director	Salary#	Perquisites and other benefits##	Sitting Fees	Total
Mr. G.P. Goenka	82,60,000	15,96,801	-	98,56,801
Mr. Shiromani Sharma	-	-	65000	65000
Dr. B.L. Bihani	-	-	65000	65000
Mr. Sachikanta Mishra	-	-	10000	10000
Mr. S.V. Goenka	-	-	45000	45000
Mr. C.M. Vasudev	-	-	25000	25000
Mr. T. K. Ray	-	-	10000	10000
Mr. M. Mishra	55,00,000	29,17,397	-	84,17,397
Total			2,20,000	1,84,94,198

Salary also includes allowances, Performance Pay and Commission on net profits.

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

The non-executive directors are not holding any shares in the Company except 45500 Equity Shares held by Mr. S.V. Goenka.

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

Service contracts, severance fees and notice period

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

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

(VI) Disclosures

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

(VII) Means of communication

The quarterly results of the Company were announced within a month of the end of each quarter, except for March 2010 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.

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 Return that will be filed by the Company.

VIII) SHAREHOLDER INFORMATION

71st AGM Details

Date	Venue	Book Closure Dates	Time	Dividend Payment Dates
17 th September, 2010	'KalaKunj' (Kalamandir basement), 48, Shakespeare Sarani, Kolkata 700017	10.09.2010 to 17.09.2010	11:15 A.M	After 17.09.2010

Registrar & Share Transfer Agents :

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

Address for Correspondence :

Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad 500034

Telephone : 0091-40-23312454/ 23320751/
23320752/ 23320251

Fax : 0091-40-23333331/968/23323049

E-mail : mailmanager@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, 2010.

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, 2010, a total of **1,44,32,057** shares of the Company, which form **92.46%** 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 year.

Distribution of Shareholding as on 31st March, 2010

Slab	No. of Shareholders		No. of Ordinary Shares	
	Total	% of shareholders	Total	% to share capital
1-500	8683	87.81	1129328	7.24
501-1000	578	5.85	482974	3.09
1001-2000	327	3.31	512453	3.28
2001-3000	96	0.97	251862	1.61
3001-4000	50	0.51	180238	1.15
4001-5000	33	0.33	155943	1.00
5001-10000	41	0.41	297311	1.90
10001 and above	80	0.81	12598241	80.71
Total	9888	100.00	15608350	100.00

Category of Shareholders as on 31st March, 2010

Category	No. of Shares	% of Shareholding
Non resident Indians	49647	0.32
Financial Institutions	704506	4.51
Banks and Mutual Funds	1510	0.01
Promoter Group	8554219	54.80
Clearing Member (NSDL & CDSL)	18616	0.12
Public - Bodies Corporate	985820	6.32
- Insurance Companies	758877	4.86
- Individuals	4535155	29.06
Total	15608350	100.00

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

Month	NSE		BSE	
	High	Low	High	Low
2009				
April	21.95	15.50	22.70	16.00
May	32.75	18.60	34.45	18.85
June	31.45	25.90	31.25	25.20
July	30.00	26.00	30.10	26.30
August	31.55	27.25	31.50	27.35
September	34.00	30.20	34.20	29.60
October	32.90	27.60	32.45	27.30
November	31.00	25.25	29.50	26.30
December	33.90	28.10	34.00	29.00
2010				
January	43.00	32.55	42.45	32.40
February	35.45	29.10	35.00	30.05
March	36.20	30.10	39.00	30.35



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 2009-10.

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) IInd Floor, Express Building, 9-10, Bahadur Shah Zafar Marg, New Delhi 110 008
- ii) 23, Mauji Colony, Malviya Nagar, Jaipur 302 017

Financial Calendar 2010-2011

The next financial year of the Company is 1st April 2010 to 31st March 2011

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

S. No.	Financial Results	Month for approving the Results (Tentative)
1.	First quarter results	July
2.	Second quarter and half yearly results	October
3.	Third quarter results	January
4.	Fourth quarter & Annual results	May

Particulars of Past Three AGM's

Year	Venue	Date	Time
2007-2009	'Kala Kunj', 48, Shakespeare Sarani, Kolkata 700 017	30.09.2009	10.30 A.M.
2006-2007	'Kala Kunj', 48, Shakespeare Sarani, Kolkata 700 017	29.02.2008	4.00 P.M.
2005-2006	'Kala Kunj', 48, Shakespeare Sarani, Kolkata 700 017	06.09.2006	10.30 A.M.

Postal Ballot

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

Declaration of Managing Director under Clause 49 (I) (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, 2010

Place: Kolkata

Date: 28th May, 2010

Madhukar Mishra
Managing Director

**To the Members of
Star Paper Mills Limited**

1. We have examined the compliance of the conditions of Corporate Governance by Star Paper Mills Limited for the period of eighteen months ended 31st March 2010 as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was carried out in accordance with the Guidance Note on certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement) issued by the Institute of Chartered Accountants of India and limited to the procedures and implementation thereof, adapted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statement of the company.
3. In our opinion and to the best of our information and explanations given to us and representations made by the Directors and the management, we certify that the company has complied in all material respects with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement. The Company has established risk assessment and minimization procedures which are being implemented / formalized.
4. We further report that such compliance is neither an assurance to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For Lodha & Co.
Chartered Accountants

Place: Kolkata
Dated: 28th May, 2010

H.S. Jha
Partner
Membership No. 55854



AUDITORS' REPORT

TO THE MEMBERS OF STAR PAPER MILLS LIMITED

We have audited the attached Balance Sheet of Star Paper Mills Limited as at 31st March 2010 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is regular programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. There were no material discrepancies with regard to book records in respect of the assets verified during the year.
- (c) During the year, the Company has not disposed off substantial part of its fixed assets.
- (ii) (a) The inventory has been physically verified by the management at regular intervals during the year. In our opinion and according to the information and explanations given to us, the frequency of verification is reasonable.
- (b) In our opinion, the procedure for the physical verification of the inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. As explained to us, discrepancies noticed on physical verification of inventory were not material.
- (iii) (a) According to information and explanations given to us the company had given unsecured loans to a company listed in the register maintained under Section 301 of the Act. The maximum amount involved during the year was Rs. 110.46 lakhs and the year-end balance of such loans was Rs. 75.96 lakhs.

- (b) In respect of loans given by the company, loan of Rs.11 lacs given to subsidiary company, which has merged with another company with effect from 1st April 2008 as given in Note 5 of Schedule 17 is interest free and in other cases the rate of interest and other terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us, the principal amount and interest in respect of loan granted as mentioned above are repayable on demand. These loans have not been recalled.
- (d) As informed to us, having regards to terms and conditions of the loan as mentioned above, there is no overdue amount outstanding in respect of such loans. However, interest has not been recovered regularly and at the year end outstanding interest were Rs.80.62 lakhs.
- (e) As informed to us, the Company has not taken loan, secured or unsecured, from any companies, firms or other parties covered in the Register maintained under Section 301 of the Act. Accordingly, the provisions of clause (iii) (f) and (g) of the Order are not applicable to the Company.
- (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 informations 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 lakhs in respect of a party has been made at prices which are reasonable and 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 2010 for a period of more than six months from the date they became payable.



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

Name of the Statute	Nature of The Dues	Forum where dispute is pending	Period to which the amount relate (Financial Year)	Amount (Rs. in Lakhs)
The Uttar Pradesh Trade Tax Act, 1948	Sales Tax	High Court	1979-80	0.28
		Joint Commissioner (Appeals)	2000-01 and 2004-05	2.18
		Additional Commissioner (Appeals)	2005-2007	1.11
		Trade Tax Tribunal	2002-04 and 2007-2010	168.66
The Uttar Pradesh Trade Tax Act, 1948	Entry Tax	Joint Commissioner (Appeals)	2004-05	2.01
		Additional Commissioner (Appeals)	2005-2007	11.90
		Trade Tax Tribunal	2007-09	94.67
The Central Sales Tax Act, 1956	Sales Tax	High Court	1996-97	8.59
		Additional Commissioner (Appeals)	2005-07	4.83

- (x) The Company does not have any accumulated losses. The Company has not incurred any cash losses during the year covered by our audit and the immediately preceding financial period.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that during the year the Company has not defaulted in repayment of dues to financial institutions, bank or debenture holders.
- (xii) Based on our examination of documents and records and according to information and explanations given to us, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/society. Accordingly, the provisions of clause 3 (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 3 (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 period.
- (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.592.68 lakhs have been used for long-term investments, i.e. for acquisition of fixed assets.
- (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 created security in respect of debentures issued.
- (xx) The company has not raised money by public issues during the period.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

II *Attention is invited to Note 12 (b) of Schedule 17 regarding payment of managerial remuneration amounting to Rs.97.56 lakhs which is subject to approval of the Central Government, the impact of which cannot be ascertained on the accounts.*

III **Further to above, we report that:**

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
- (v) On the basis of information available with the Company and written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as directors in terms of section 274(1)(g) of the Act;

(vi) In our opinion and to the best of our information and according to the explanations given to us, the financial statements, *subject to Para II above the impact of which cannot be ascertained on the accounts* give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March 2010;
- b) in the case of the profit and loss account, of the profit for the year ended on that date; and
- c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For Lodha and Co.,

Chartered Accountants

Firm ICAI Registration No: 301051E

H. S. Jha

Partner

Place: Kolkata

Date: 28th May 2010

Membership Number: 55854



BALANCE SHEET as at 31st March, 2010

	Schedule		As at 31st March 2010 (Rs. Lakhs)	As at 31st March 2009 (Rs. Lakhs)
I. SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	1560.83		1560.83
Reserves and Surplus	2	12175.92		11478.87
			13736.75	13039.70
Loan Funds				
Secured Loans	3	423.45		3504.68
Unsecured Loans	4	0.50		0.50
			423.95	3505.18
Deferred Tax Liabilities (Net) (Refer Note 6 of Schedule 17)			2837.76	3093.53
			16998.46	19638.41
II. APPLICATION OF FUNDS				
Fixed Assets	5			
Gross Block		25165.53		24976.67
Less: Depreciation		12112.15		10927.29
Net Block		13053.38		14049.38
Capital Expenditure in Progress		292.78		169.31
			13346.16	14218.69
Investments	6		3578.89	3578.89
Current Assets, Loans and Advances				
Inventories	7	2977.79		4456.07
Sundry Debtors	8	1066.38		956.68
Cash and Bank Balances	9	166.36		111.70
Loans and Advances	10	1074.45		1772.08
		5284.98		7296.53
Less: Current Liabilities and Provisions	11	5,211.57		5455.70
Net Current Assets			73.41	1840.83
			16998.46	19638.41
Accounting Policies and Notes to the Accounts	17		-	-
The Schedules referred to above form part of the Balance Sheet				

For **Lodha & Co.**
Chartered accountants

On behalf of the Board

H.S. Jha
Partner
Membership No. 55854
Place: New Delhi
Date: 28.05.2010

G.P. Goenka
Chairman and
Whole-Time Director
Madhukar Mishra
Managing Director
Saurabh Arora
Company Secretary

Shiromani Sharma
Dr. B.L. Bihani
Shrivardhan Goenka
C.M. Vasudev
M.P. Pinto
Directors

PROFIT AND LOSS ACCOUNT for the Year ended 31st March,2010

	Schedule		Year ended 31st March 2010 (Rs. Lakhs)	Period ended 31st March 2009 (Rs. Lakhs)
INCOME				
Sales (Gross)		26225.83		39153.85
Less: Excise Duty		1098.96		3132.37
Sales (Net)			25126.87	36021.48
Other Income	12		1027.29	1104.29
			26154.16	37125.77
EXPENDITURE				
Decrease/(Increase) in Stocks	13		658.34	(827.65)
Raw Materials Consumed			7902.76	10182.98
Manufacturing, Administrative and Selling Expenses	14		15461.47	22884.34
Interest and Finance Charges (Net)	15		275.13	943.09
			24297.70	33182.76
PROFIT BEFORE DEPRECIATION			1856.46	3943.01
Depreciation			1194.80	1779.03
PROFIT BEFORE EXCEPTIONAL AND NON-RECURRING ITEMS			661.66	2163.98
Add/(Loss) Exceptional and Non -recurring items	16		-	157.50
PROFIT BEFORE TAX			661.66	2321.48
Provision for Income Tax				
-Fringe Benefit Tax-Current Period		-		33.00
-Provision of Income Tax of earlier years (Net)		15.70		(20.75)
-Current Tax / MAT		113.37		513.16
-Deferred		(255.77)		158.89
		(126.70)		684.30
Less: MAT Credit entitlement		45.20		85.90
			(171.90)	598.40
PROFIT AFTER TAX			833.56	1723.08
Profit brought forward			5594.11	3979.94



PROFIT AND LOSS ACCOUNT for the Year ended 31st March,2010

	Schedule	Year ended 31st March 2010 (Rs. Lakhs)	Period ended 31st March 2009 (Rs. Lakhs)
Transfer from Debenture Redemption Reserve		150.00	300.00
PROFIT AVAILABLE FOR APPROPRIATION		6577.67	6003.02
APPROPRIATIONS			
Proposed Dividend		117.06	234.12
Tax on Proposed Dividend		19.45	39.79
Transfer to General Reserve		135.00	135.00
Balance Carried to the Balance Sheet		6,306.16	5,594.11
		6577.67	6003.02
Basic & Diluted earning per Share (Rs.)		5.34	11.04
(Equity Shares of Face Value of Rs. 10 each)			
Number of shares used in computing earning per Share			
-Basic & Diluted		15608350	15608350
Accounting Policies and Notes to the Accounts		17	

The Schedules referred to above form part of Profit & Loss Account

This is the Profit & Loss Account referred to in our Report of even date

For **Lodha & Co.**
Chartered accountants

On behalf of the Board

H.S. Jha
Partner
Membership No. 55854
Place: New Delhi
Date: 28.05.2010

G.P. Goenka
Chairman and
Whole-Time Director
Madhukar Mishra
Managing Director
Saurabh Arora
Company Secretary

Shiromani Sharma
Dr. B.L. Bihani
Shrivardhan Goenka
C.M. Vasudev
M.P. Pinto
Directors

	SCHEDULES	As at 31st March 2010 (Rs.Lakhs)	As at 31st March 2009 (Rs.Lakhs)
I. SHARE CAPITAL			
Authorized			
10,000 5% Cumulative Tax Free Redeemable Preference Shares of Rs.100 each		10.00	10.00
3,98,00,000 Equity Shares of Rs.10 each		3980.00	3980.00
1,00,000 `A' Equity Shares of Rs.10 each		10.00	10.00
		<u>4000.00</u>	<u>4000.00</u>
Issued			
1,55,11,250 Equity Shares of Rs.10 each		1551.12	1551.12
1,00,000 `A' Equity Shares of Rs.10 each		10.00	10.00
		<u>1561.12</u>	<u>1561.12</u>
Subscribed & Paid-up			
1,55,08,350 Equity Shares of Rs.10 each fully paid-up (including 8,96,875 Equity Shares allotted as fully paid-up Bonus Shares by capitalization of Reserves)		1550.83	1550.83
1,00,000 `A' Equity Shares of Rs.10 each fully paid-up		10.00	10.00
		<u>1560.83</u>	<u>1560.83</u>
2. RESERVES AND SURPLUS			
Capital Reserve			
Other Reserve (As per last account)		3.20	3.20
Capital Redemption Reserve			
As per last account		50.00	50.00
Debenture Redemption Reserve			
As per last account	150.00		450.00
Less-Transfer to Profit & Loss Account	<u>150.00</u>		<u>300.00</u>
		0.00	<u>150.00</u>
Securities Premium Account			
As per last account		4459.50	4459.50
General Reserve			
As per last account	1222.06		1119.88
Add:-Transfer from Profit & Loss Account	135.00		135.00
Less : Transtional Provision adjustment	<u>-</u>		<u>32.82</u>
		1357.06	<u>1222.06</u>
Surplus in Profit and Loss Account		6306.16	5594.11
		<u>12175.92</u>	<u>11478.87</u>



	SCHEDULES	As at 31st March 2010 (Rs. Lakhs)	As at 31st March 2009 (Rs. Lakhs)
3. SECURED LOANS			
Debentures (privately placed)		-	150.00
Rupee Term Loan from			
Punjab National Bank (PNB)		-	1071.37
Financial Institutions (including funded interest term loan)		125.00	554.43
Vehicle Loan		18.18	31.81
Working Capital Demand Loan and Cash Credit from Banks		280.27	1697.07
		<u>423.45</u>	<u>3504.68</u>

Notes:

- 1 Rupee Term Loans from the Financial Institution is secured by way of first mortgage and charge on the immoveable properties (except property at Kalol Distt: Mehsana in Gujarat and certain other properties at Saharanpur) and hypothecation of all the moveables, present and future, in favour of the lender save and except book-debts, subject to prior charges created and/or to be created in favour of the bankers on the stocks of raw materials, semi-finished and finished goods, consumable stores including in transit and book debts for securing the working capital requirements, ranking pari-passu with the charges created/to be created in favour of the Financial Institutions. The rupee term loan is further secured by a corporate guarantee.
- 2 Vehicle Loan is secured by Hypothecation of the Vehicle purchased.
- 3 Working Capital Demand Loan, Cash Credit, and other Working Capital facilities 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 second charge on the fixed assets of the company, ranking pari-passu in favour of the banks.
- 4 In respect of Rupee Term Loans of Rs. 125.00 lakhs (Previous year Rs. 554.43 lakhs) from the Financial Institutions, under certain circumstances of default by the company, the Financial Institutions have an option to convert either the whole of the outstanding amount of the loans or a part thereof not exceeding 20% of the loans, whichever is lower, into fully paid up Equity Shares of the company at par.

SCHEDULES	As at 31st March 2010 (Rs. Lakhs)	As at 31st March 2009 (Rs. Lakhs)
4.UNSECURED LOANS		
Short Term Loans from Bodies Corporate	0.50	0.50
	<u>0.50</u>	<u>0.50</u>

5. FIXED ASSETS

Rs. in Lakhs

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1.4.2009	Additions during the Period	Sale/Adjustments during the Period	As on 31.3.2010	Upto 31.3.2009	For the year	Sale/Adjustments during the Period	Upto 31.3.2010	As on 31.3.2010	As on 30.3.2009
Land	20.99	-	-	20.99	-	-	-	-	20.99	20.99
Buildings	823.88	2.38	-	826.26	504.01	27.40	-	531.41	294.85	319.87
Railway Siding	6.83	-	-	6.83	6.74	0.01	-	6.75	0.08	0.09
Machinery	23,765.24	161.56	-	23,926.80	10,164.07	1,136.00	-	11,300.07	12,626.73	13,601.17
Furniture and Fittings	216.03	5.82	2.17	219.68	173.49	9.40	1.61	181.28	38.40	42.54
Vehicles	143.70	32.50	11.23	164.97	78.98	21.99	8.33	92.64	72.33	64.72
Total	24,976.67	202.26	13.40	25,165.53	10,927.29	1,194.80	9.94	12,112.15	13,053.38	14,049.38
Previous Year	24,503.94	559.56	86.83	24,976.67	9,220.12	1,779.03	71.86	10,927.29	14,049.38	

Note: Gross block and Net block of Buildings include flat acquired under joint ownership with others at New Delhi amounting Rs. 55.30 Lakhs and Rs. 40.65 Lakhs (Previous period Rs.55.30 Lakhs and Rs. 42.79 Lakhs) respectively.

	No. of Shares/Units (Previous Year)	As at 31st March 2010 (Rs. Lakhs)	As at 31st March 2009 (Rs. Lakhs)
6. INVESTMENTS (Long Term other than Trade)			
QUOTED			
ISG Traders Limited	1745786	3578.89	-
Fully paid equity shares of Rs. 10 each (refer to note no.5 of schedule 17).			
Un-quoted			
In subsidiary Company			
Pallmall Edusystems & Medicare Services Pvt Ltd Fully paid equity shares of Rs. 10.00 each)	-(1218478)	-	1632.45



	No. of Shares/Units Current Year	As at 31st March 2010 (Rs. Lakhs)	As at 31st March 2009 (Rs. Lakhs)
Pallmall Edu Systems & Medicare Services Pvt. Ltd. 0% Optionally Convertible Redeemable Preference Shares of Rs. 10.00 each	-(19464447)	-	1946.44
		3578.89	3578.89
Aggregate amount of:			
Quoted Investments		3578.89	-
(Market value - Rs Nil (Previous year – Nil)			
Unquoted Investments		-	3578.89
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.		3578.89	3578.89

	As at 31st March 2010 (Rs. Lakhs)	As at 31st March 2009 (Rs. Lakhs)
7. INVENTORIES (As certified by the Management)		
Spare Parts, Components,		
Other Consumable Stores etc. (Includes Rs.0.81 lakhs Previous year Rs 0.81 lakhs of discarded assets)	883.45	940.78
Loose Tools	1.52	1.23
Raw Materials	800.22	1606.60
Chemicals and Dyes	184.62	141.14
Finished Paper	766.89	1450.23
Stock in Process	341.09	316.09
	2977.79	4456.07

		As at 31st March 2010 (Rs.Lakhs)	As at 31st March 2009 (Rs.Lakhs)
8. SUNDRY DEBTORS (Considered good unless otherwise stated)			
Debts due for a period exceeding six months			
Secured	17.39		29.60
Unsecured	51.32		16.49
		68.71	46.09
Other Debts			
Secured	503.31		444.94
Unsecured	494.36		465.65
		997.67	910.59
		1066.38	956.68

SCHEDULES		As at 31st March 2010 (Rs. Lakhs)	As at 31st March 2009 (Rs. Lakhs)
9. CASH AND BANK BALANCES			
Cash in hand		16.09	10.55
Cheques/Drafts in hand and/or in transit		24.70	32.13
Balances with Scheduled Banks			
- In Current Accounts		31.53	13.71
- In Unpaid Dividend Accounts		22.47	22.82
- In Deposit/Margin Money Accounts (Under lien)		62.66	27.66
In Fixed Deposit/Saving Accounts (Employees Security Deposits)		8.91	4.83
		<u>166.36</u>	<u>111.70</u>
10. LOANS AND ADVANCES			
(Unsecured considered good unless otherwise stated)			
Advances and Loans to Subsidiary company		0.00	17.00
Loans to other bodies corporate		75.96	110.46
Advances recoverable in cash or in kind or for value to be received		548.20	450.53
Advance payment of Income-Tax including			
Tax deducted at source	1328.94		2781.43
Less: Provision for Taxation	<u>1321.27</u>		<u>1974.32</u>
		7.67	807.11
Advance Fringe Benefit Tax	65.31		61.31
Less: Provision for Fringe Benefit Tax	<u>62.00</u>		<u>62.00</u>
		3.31	-0.69
MAT Credit Entitlement			
as per Last account	47.48		193.00
Add: Credit entitlement	<u>45.20</u>		<u>85.90</u>
	92.68		278.90
Less : Credit entitlement availed	<u>0.00</u>		<u>231.42</u>
		92.68	47.48
Balances with Customs and Excise		111.79	102.09
Deposits with Government Authorities and Others		<u>234.84</u>	<u>238.10</u>
		<u>1074.45</u>	<u>1772.08</u>



SCHEDULES	As at 31st March 2010 (Rs. Lakhs)	As at 31st March 2009 (Rs. Lakhs)
11. CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors (Refer Note No 8 of Schedule 17)	1218.70	1205.75
Other Liability for expenses	3046.52	3195.63
VAT payable	38.38	31.45
Unclaimed liability in respect of redeemed preference shares*	1.34	1.34
Unclaimed Dividend *	22.42	22.79
Unpaid Matured Deposits*	0.52	1.07
Interest accrued on Matured Deposits*	0.42	0.60
Deposits from whole sellers	743.00	687.50
Interest accrued but not due on Loans	3.76	35.66
	5075.06	5181.79
Provisions		
Proposed Dividend	117.06	234.12
Tax on Proposed Dividend	19.45	39.79
	136.51	273.91
	5211.57	5455.70
Notes:		
*This is not due for payment to 'Investor Education and Protection Fund'.		

SCHEDULES	Year ended 31st March 2010 (Rs. Lakhs)	Year ended 31st March 2009 (Rs. Lakhs)
12. OTHER INCOME		
Sale of Scrap etc.	305.28	342.41
Profit on Sale/Discard of Fixed Assets (Net)	(0.22)	94.02
Liabilities and balances no longer required	508.10	279.69
Foreign exchange fluctuation	14.47	0.00
Interest Received	62.88	197.86
(Tax deducted at source Rs. 1.20 Lakhs, previous year Rs. 1.99 Lakhs)		
Miscellaneous Receipts	136.78	190.31
	1027.29	1104.29

SCHEDULES	Year ended 31st March 2010 (Rs. Lakhs)	Year ended 31st March 2009 (Rs. Lakhs)
13. DECREASE/(INCREASE) IN STOCKS		
Opening Stock:		
Stock in Process	316.09	362.64
Finished Paper	1450.23	576.03
	<u>1766.32</u>	<u>938.67</u>
Closing Stock:		
Stock in Process	341.09	316.09
Finished Paper	766.89	1450.23
	<u>1107.98</u>	<u>1766.32</u>
	<u>658.34</u>	<u>(827.65)</u>
14. MANUFACTURING, SELLING AND		
ADMINISTRATIVE EXPENSES		
Salaries, Wages and Bonus	2260.92	3336.24
Contribution to:		
Provident and Other Funds	265.37	298.19
Employees State Insurance	52.15	81.36
Workmen and Staff Welfare Expenses	130.75	181.56
Chemicals and Dyes consumed	2651.04	4083.00
Stores and Components consumed	918.66	1563.65
Power and Fuel	7364.17	9988.89
Repair & Maintenance :		
Buildings	88.20	168.03
Machinery	479.92	762.15
Others	13.22	22.14
Rent	93.21	91.48
Rates and Taxes	41.61	262.88
Excise Duty on Stocks (Net)	(37.35)	(3.62)
Insurance (Net of recoveries)	4.36	32.92



SCHEDULES	Year ended 31st March 2010 (Rs. Lakhs)	Year ended 31st March 2009 (Rs. Lakhs)
Packing, Selling & Distribution Exp	266.72	328.63
Charity and Donations	1.69	6.00
Directors' Fees	2.20	3.90
Research and Development Expenses	63.83	79.45
Irrecoverable Balance written off	0.00	63.00
Foreign exchange fluctuation	0.00	245.06
Miscellaneous Expenses	800.80	1289.43
	<u>15461.47</u>	<u>22884.34</u>
15. INTEREST AND FINANCE CHARGES		
On Debentures and Fixed Loans	156.98	739.08
On Working Capital	84.25	152.13
On Other Accounts	64.29	93.15
	<u>305.52</u>	<u>984.36</u>
Less: Interest Income (Gross) on overdue debtors		
(Tax deducted at source Rs. 4.05. lakhs, previous year Rs. 8.71 Lakhs)	44.93	58.72
	<u>260.59</u>	<u>925.64</u>
Finance Charges	14.54	17.45
	<u>275.13</u>	<u>943.09</u>
16 EXCEPTIONAL AND NON-RECURRING ITEMS		
-Profit on sale of Long term Investments (net)	0.00	157.50
	<u>0.00</u>	<u>157.50</u>

SCHEDULES

17. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

I. Accounting Policies

i) Basis of Preparation of Financial Statements

The accounts have been prepared under the historical cost convention and in accordance with the provision 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 are in consonance with generally accepted accounting principles.

ii) Use of Estimates

The preparation of financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as at the Balance Sheet date and the reported amounts of income and expenses during the period. Contingencies are recorded when it is probable that a liability will be incurred and the amounts can reasonably be estimated. Difference between the actual results and the estimates are recognised in the period in which the results become known/materialise.

iii) Fixed Assets

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

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

iv) Investments

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

v) Inventories

a) 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.

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

vi) Impairment

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.

vii) Foreign Exchange Transactions and Derivatives

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 period 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 period are recognised as income or expenses and are adjusted to the profit and loss account under respective heads of accounts.

Exchange differences arising with respect to forward contracts other than those entered into, to hedge foreign currency risk on unexecuted firm commitments or of highly probable forecast transactions are recognized in the period 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.

viii) Revenue Recognition

a) Revenue is being recognised on accrual basis.

b) 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.

ix) Sales

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



SCHEDULES

x) 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.

xi) Borrowing Costs

Borrowing costs that are attributable to the acquisition/construction of fixed assets are capitalised as part of the assets. Other borrowing costs are recognised as expenses in the period in which they are incurred.

xii) Depreciation

- 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 01.04.76, on straight-line method. Certain plants have been considered as continuous process plants on technical evaluation.
- 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.

xiii) Taxation

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 periods 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.

xiv) 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 Assets are neither recognized nor disclosed in the financial statements.

- Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs. 77.36 lakhs (Previous year Rs.33.57 lakhs).

3. Contingent Liabilities

S.No.	Particulars	Year Ended 31st March 2010 (Rs. In Lakhs)	Period Ended 31st March 2009 (Rs. In Lakhs)
A	In respect of various demands raised, which in the opinion of the management are not tenable and are under appeal at various stages		
i	Sales Tax	185.65	6.81
ii	Entry Tax	108.58	-
iii	Electricity Duty	2.70	2.70
iv	Employees State Insurance Corporation (On good work bonus)	4.90	4.90
v	Claims against the company not acknowledged as debts:		
	Interest on Mandi Fee which is sub judice - to the extent ascertainable	173.07	161.68
B	Workmen Claims	65.30	64.02

Note: Future cash outflows in respect of A to B is dependent upon the outcome of judgements/decisions

SCHEDULES

4. Capital work-in-progress includes machinery in stock, construction/erection of material, advances for construction/erection works and machinery etc.
5. The High Court at Kolkata vide its order dated 11th September 2009 has approved the scheme for merger of the wholly owned subsidiary company viz., Pallmall Edusystems and Medicare Services Private Limited (PEMSPL) into ISG Traders Ltd ISG), a group company with effect from 01.04.2008. Accordingly the Company has received equity shares of ISG in lieu of Investments in PEMSPL.
6. The break-up of Deferred Tax Assets and Liabilities is follows:

	(Rs in Lakhs)		
	Opening as on 1st April, 2009	Charge/(Credit) during the Year	Closing as on 31st March, 2010
Deferred Tax Assets			
Expenses Allowable on Payment Basis and Others	525.70	38.45	487.25
Sub Total	525.70	38.45	487.25
Deferred Tax Liabilities			
Depreciation Difference	3619.23	(294.22)	3325.01
Deferred Tax Liabilities (Net)	3093.53	(255.77)	2837.76

7. The Company is in the process of finalizing it's wage agreement. Estimated provisions in these respect have been made during the past two years including in respect of long term benefits.
8. The company is in the process of compiling information with regard to suppliers covered under Micro, Small and Medium Enterprise Development Act, 2006. To the extent classified, none of the suppliers fall under Micro, Small or Medium enterprises under the Act. Accordingly, no disclosure as required under Section 22 of the said Act has been given in these accounts.
9. Foreign currency exposure outstanding as on 31.03.2010 which has not been hedged Rs. 321.11 lakhs (previous period Rs. 26.86 lakhs).
10. Related Party disclosures as identified by the management in accordance with the Accounting Standard 18:



SCHEDULES

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

Mr. G. P. Goenka (Chairman and Whole Time Director)
 Mr. S. V. Goenka (Director and son of Whole Time Director)
 Mr. M. Mishra (Managing Director)
 Mrs. M. Mishra (Wife of Managing Director)

(b) **Subsidiary Company**

Pallmall Edusystems and Medicare Services Private Limited (merged with ISG Traders Limited effect from 01.04.2008)

(c) **Associates/Group Companies:**

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

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

(ii) **Others**

Albert Trading Company Private Limited, Bargate Communications Private Limited, Boydel Media Private Limited, Continuous Forms (Calcutta) Limited, Dail Consultants Limited, Duncans Agro Chemicals Limited, North India Fertilisers Ltd., Duncans Tea House Pvt. Limited, Halcyon Properties Limited, Infratech Software Services Private Limited, Julex Commercial Company Limited, Leyden Leasing and Financial Services Limited, Maharashtra Polybutenes Limited, Marleybone Travels and Resorts Private Limited, Napier Softech Private Limited, National Standard India Limited, Octave Technologies Private Limited, Orchard Holdings Private Limited, Oxides and Specialities Limited, Portland Holding Private Limited, Pentonville Software Limited, Santipara Tea Company Limited, Skylight Trading Company Limited, Sprint Trading Company 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:

Particulars	Amounts (Rs. in Lakhs)	
	Year Ended 31st March 2010	Period Ended 31st March 2009
Managerial Remuneration		
-Mr. G. P. Goenka	98.57	133.11
-Mr. M. Mishra	84.17	91.94
Expenditure		
-Rent		
Mrs. M. Mishra	18.00	21.00
Outstanding		
-Security Deposit Given		
Mrs. M. Mishra	6.00	6.00
Sale of Fixed Assets		
Mr. M. Mishra	-	2.43

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

Particulars	Amounts (Rs. in Lakhs)	
	Year ended 31st March 2010	Period ended 31st March, 2009
Transactions during the year:		
A. Income		
Sales		
ISG Traders Limited	24.86	57.71
Interest		
ISG Traders Limited	4.89	13.19
Subh Shanti Services Limited	7.22	10.84
Silent Valley Investment Company Limited	4.05	6.08
Services rendered (netted with Miscellaneous Expenditure)		
Duncans Industries Limited	1.62	0.92
Andhra Cements Limited	0.94	1.05
Stone India Limited	-	0.04
National Rayon Corpn. Ltd.	0.41	0.11
Others	0.05	0.08
B. Expenditure		
Miscellaneous Expenditure:		
Duncans Industries Limited	4.80	2.00
Services Received		
Odyssey Travels Ltd.	12.75	23.56
Duncans Industries Limited	0.16	-
ISG Traders	1.45	1.46
Rent		
Kavita Marketing Private Limited	2.40	3.60
Duncans Industries Limited	2.40	1.20
Interest		
ISG Traders Limited	5.84	3.57
C. Loans Repaid		
Duncans Industries Limited	-	1.15
ISG Traders Limited (**)	51.50	-



SCHEDULES		
Particulars	Amounts (Rs. in Lakhs)	
	Year ended 31st March 2010	Period ended 31st March 2009
D. Outstanding		
Loan Given:		
Silent Valley Investment Company Limited	22.50	22.50
ISG Traders Limited (**)	11.00	45.50
Subh Shanti Services Limited	42.46	42.46
Interest Receivable:		
Silent Valley Investment Company Limited	7.54	4.32
ISG Traders Limited	11.48	8.74
Subh Shanti Services Limited	61.61	55.88
Security Deposit received:		
ISG Traders Limited	27.50	27.50
Security Deposit Given:		
Kavita Marketing Private Limited *	35.00	35.00
Seward Investments Private Limited.	5.00	5.00
Debtor/Debit Balance:		
Duncans Industries Limited	0.02	0.39
Duncans Tea Limited	2.07	2.07
ISG Traders Limited	-	8.08
National Rayon Corp.	0.31	-
Pallmall Edusystems and Medicare Services Pvt. Ltd. (**)	-	17.00
Andhra Cements Limited	0.32	-
Others	0.04	0.13
Creditor/ Credit Balances:		
Odyssey Travels Ltd.	-	0.31
Duncans Industries Limited	0.26	-
ISG Traders Limited	2.52	-
Subh Shanti Services Limited	0.07	-
Investment In Shares (**)		
Pallmall Edusystems and Medicare Services Pvt. Ltd.	-	3578.89
ISG Traders Limited	3578.89	-

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

** arising on account of scheme of merger as mentioned in note 5 above.

Note:

- In respect of the above parties, there is no provision for doubtful debts as on 31.3.2010 and no amount has been written off or written back during the year in respect of debts due from/to them.
- The above related party information is as identified by the management and relied upon by the auditors.

SCHEDULES

11. Disclosure required vide Clause 32 of the listing Agreement.

a) Amount of loans/advances in the nature of loans outstanding from Associates/Group Companies as at the year ended 31st March 2010

(Rs. in Lakhs)		
Name of the Company	Year ended 31st March 2010	Maximum during the Period
Silent Valley Investment Company Limited	30.04	30.87
Subh Shanti Services Limited	104.07	105.56
ISG Traders Limited	22.48	69.66

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

(Rs. in Lakhs)				
Name of the Company	Year ended 31st March 2010		Maximum during the Period	
	No. of Shares	Rs. Lakhs	No. of Shares	Rs. Lakhs
Silent Valley Investment Company Limited	771000	254.43	771000	331.53
ISG Traders Ltd.	5622019	1855.27	5622019	2417.47

12. a) Remuneration paid or payable to Whole Time Director and Managing Director:

(Rs. in Lakhs)				
Name of the Company	Year ended 31st March 2010 (Rs. Lakhs)		Period ended 31st March 2009 (Rs. Lakhs)	
	Whole Time Director	Managing Director	Whole Time Director	Managing Director
Salary and Performance Pay	36.00	43.00	38.54	39.50
Other Allowances **	15.10	13.00	22.50	20.25
Contribution to Provident and other Funds*	4.32	2.16	4.63	3.24
Commission payable @ 3.99 % of Profit (Previous year 2.21 %)	34.00	-	51.00	-
Other Benefits (Actual)	9.15	26.01	16.44	28.95
	98.57	84.17	133.11	91.94

* Excluding Company's contribution to Gratuity Fund.

** Includes Medical Reimbursement/Medical Allowance, Leave Travel Concession, Car Allowance, House Rent Allowance, Electricity Expense and Club Fee.

b) Remuneration paid or payable to Whole Time Director and Managing Director includes Rs. 97.56 lakhs for which necessary application with Central Government is pending.



SCHEDULES

c) Computation of Net Profit in accordance with Section 349 and 198 of the Companies Act, 1956

	31 st March 2010 (Rs. in Lakhs)	31 st March 2009 (Rs. in Lakhs)
Profit Before Taxation	661.66	2321.48
Add: Remuneration, Perquisite and other benefits payable to Managing Director and Whole Time Director	182.74	225.05
Director Sitting Fees	2.20	3.90
Depreciation in the books of accounts	1194.80	1779.03
Loss on sale of Fixed assets	0.22	-
Provision for wealth Tax	5.00	10.00
	2046.62	4339.46
Less:		
Depreciation as per section 350 of the Companies Act 1956	(1194.80)	(1779.03)
Profit on sale of Fixed assets	-	(94.02)
Profit on sale of Investments	-	(157.50)
Profit as per Section 198 of the Companies Act, 1956	851.82	2308.91
Maximum Managerial Remuneration payable at 10 percent	85.18	230.89

13. Employee Benefits

The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:

Defined Contribution Scheme

Contribution to Defined Contribution Plan, recognized for the period are as under:

Employer's Contribution to Provident Fund Rs. 129.63 lakhs (Previous period Rs 186.55 lakhs)

Defined Benefit Scheme

The employee's gratuity fund scheme is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period 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 recognized in the same manner as gratuity.

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Defined Benefit Plans/Long Term Compensated Absences: As per Actuarial Valuation as on 31st March, 2010

Expenses recognised during the period ended March 31st, 2010	Gratuity (funded)		Pension (non-funded)		Leave Encashment (non-funded)	
	31.3.2010	31.3.2009	31.3.2010	31.3.2009	31.3.2010	31.3.2009
1. Current Service Cost	31.97	48.63	8.29	11.89	6.64	17.19
2. Interest Cost	50.22	80.53	28.56	39.37	5.04	7.15
3. Expected return on plan assets	-45.36	-59.56	0	0	0	0
4. Actuarial Losses/(Gains)	82.73	11.16	20.10	57.65	26.14	31.04
Total Expenses	119.56	80.76	56.95	108.91	40.82	55.38
Change in the obligation during the Year ended March 31, 2010						
1. Present value of Defined Benefit Obligation at the beginning of the period	759.23	743.12	413.42	351.64	86.63	87.84
2. Current Service Cost	31.97	48.63	8.29	11.89	6.64	17.19
3. Interest Cost	50.22	80.53	28.56	39.37	5.04	7.15
4. Benefit Paid	-123.40	-144.02	-33.42	-47.13	-33.30	-56.59
5. Actuarial (Gains) / Losses	87.57	30.97	20.10	57.65	26.14	31.04
Present value of Defined Benefit Obligation at the end of the period	805.59	759.23	436.95	413.42	94.15	86.63
Change in Assets during the Year ended March 31, 2010						
1. Plan Assets at the beginning of the period	545.66	468.04	0	0	0	0
2. Contribution by Employer	99.34	142.29	33.42	47.13	33.30	56.59
3. Expected return on plan assets	45.36	59.56	0	0	0	0
4. Benefit Paid	-123.40	-144.02	-33.42	-47.13	-33.30	-56.59
5. Actuarial Gains/(Losses)	4.84	19.81	0	0	0	0
Plan Assets at the end of the period	571.80	545.68	0	0	0	0
Reconciliation of Net Asset / (Liability) recognized in the Balance Sheet during the Year ended March 31, 2010						
1. Net Asset/(Liability) at beginning of the period	-213.57	-275.08	-413.42	-351.64	-86.63	-87.84
2. Employer Expenses	119.56	80.76	56.95	108.91	40.82	55.38
3. Employer Contributions	99.34	142.29	33.42	47.13	33.30	56.59
4. Net Asset/(Liability) at the end of the period	-233.79	-213.55	-436.95	-413.42	-94.15	-86.63
Actuarial Assumptions						
1. Experience Gain/(Loss) Adjustments on Plan Liabilities	-101.10	-18.21	-37.47	-28.87	-27.96	-20.24
2. Experience Gain/(Loss) Adjustments on Plan Assets	4.84	-0.23	0.00	0.00	0.00	0.00
3. Discount Rate	7.60%	7.20%	7.60%	7.20%	7.60%	7.20%
4. Expected Rate of Return on Plan Assets	8.50%	8.50%	Not Applicable	Not Applicable	Not Applicable	Not Applicable



SCHEDULES

Notes:

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 period over which the obligation is expected to be settled.

14. 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.
15. Salary/wages Rs.32.25 lakhs (Previous period Rs.51.90 lakhs) Provident Fund and Employee State Insurance Rs.0.96 lakhs (Previous period Rs. 1.79 lakhs), Stores & components and repairs Rs 285.55 Lakhs (Previous period Rs.416.77 lakhs), Rent Rs 5.34. Lakhs (Previous period 5.90 lakhs), and Insurance Rs 0.62 lakhs (Previous period Rs. 1.10 lakhs) have been classified functionally under other heads of accounts.
16. Miscellaneous Expenses include:

	(Rs. in Lakhs)	
	Year ended 31st March 2010	Period ended 31st March 2009
Auditors' Remuneration		
i) Statutory Auditors		
a) Audit Fee	5.62	8.43
b) In other capacities		
- Fees for Tax Audit	1.13	1.69
- Fees for Certificates and Review	1.97	2.03
ii) Cost Audit Fees	0.35	0.52

17. Miscellaneous income includes "Surrender of tenancy rights- Nil (Previous period-Rs.75.00 lakhs) and "Sale of clonal plants"-Rs.43.55 lakhs (Previous period-Rs. 56.81 lakhs).
18. Additional information pursuant to the provisions of paragraphs 3, 4 (c) and 4 (d) of Part-II of Schedule-VI of the Companies Act, 1956:-

a) Particulars in respect of Capacity, Production, Turnover and Stocks

	Year ended 31st March 2010		Period ended 31st March 2009	
Licenced Capacity	Not Applicable		Not Applicable	
Installed Capacity (TPA) (As certified by the Management)	75000		112500	
Paper and Paper Board of different varieties				
	Tonnes	Rs. Lakhs	Tonnes	Rs. Lakhs
Production	68592		107920	
Turnover	70056	26225.83	104475	39153.85
Opening Stock	4381	1450.23	1873	576.03
Closing Stock	2144	766.89	4381	1450.23

SCHEDULES

Notes:

- i) Pulp Plant is an integrated part of the paper plant and therefore, the capacity and actual production of pulp are not separately ascertained.
 - ii) Production and Stocks excludes wrapper produced for the packing of finished goods.
 - iii) Production includes wastage of 183MT (Previous period 239 MT) on conversion of reels into sheets on job work basis outside the plant and 291 MT (Previous period 147 MT) re-pulped during the year.
 - iv) Turnover excludes 299 MT (Previous period 551 MT) of self consumed paper.
- b) Raw Materials Consumed**

	Year ended 31 st March 2010		Period ended 31 st March. 2009	
	Quantity Tonnes	Value Rs. Lakhs	Quantity Tonnes	Value Rs. Lakhs
i) Wood, bamboo and wood waste	228655	6963.08	372729	9494.60
ii) Waste paper and wood pulp	5912	939.68	3375	688.38
		<u>7902.76</u>		<u>10182.98</u>

c) Value of Raw Materials and Spare Parts and Components consumed

	Year ended 31 st March 2010		Period ended 31 st March. 09	
i) Raw Materials				
- Indigenous	7490.98	95	9839.70	97
- Imported	411.78	5	343.28	3
	<u>7902.76</u>	<u>100</u>	<u>10182.98</u>	<u>100</u>
ii) Spare Parts and Components				
- Indigenous	918.66	100	1563.65	100
- Imported	-	-	-	-
	<u>918.66</u>	<u>100</u>	<u>1563.65</u>	<u>100</u>



SCHEDULES

d) C.I.F. Value of Imports

		(Rs. in Lakhs)
	Year ended 31 st March 2010	Period ended 31 st March 2009
-Raw Materials	305.58	248.09
-Components and Spare Parts	93.12	180.93
e) Expenditure incurred in Foreign Currency		
- Travelling	5.54	22.98
- Professional Fee and Technical Services	1.01	3.56
-Others	0.09	0.78
f) Earning in Foreign Exchange		
F O B Value of Exports	34.33	145.49

19. Figures have been given in Rupees lakhs and have been rounded off to the nearest thousand.

20. The figures of the current year relates to the period of twelve months and are therefore not comparable with the figures of the previous period of Eighteen months. However, previous period's figures have been regrouped /rearranged wherever necessary.

Signatures to schedule I to 17 forming part of Balance Sheet and Profit & Loss account as per our report of even date.

For **Lodha & Co.**
Chartered accountants

H.S. Jha
Partner
Membership No. 55854
Place: New Delhi
Date: 28.05.2010

On behalf of the Board

G.P. Goenka
Chairman and
Whole-Time Director
Madhukar Mishra
Managing Director
Saurabh Arora
Company Secretary

Shiromani Sharma
Dr. B.L. Bihani
Shrivardhan Goenka
C.M. Vasudev
M.P. Pinto
Directors

Balance Sheet Abstract and Company's General business profile

(Information pursuant to Part IV of Schedule VI of the Companies Act, 1956)

I. Registration Details

Registration No.

21-8726

State Code

21

Balance Sheet Date

31/03/2010

Date Month Year

II. Capital raised during the year

(Amount in Rs. thousands)

Public Issue

NIL

Rights Issue

NIL

Bonus Issue

NIL

Private Placement

NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

Total Liabilities

2221003

Total Assets

2221003

Sources of Funds

Paid up Capital

156083

Reserves and Surplus

1217592

Secured Loans

42345

Unsecured Loans

50

Net Deferred Tax Liabilities

283776

Application of Funds

Net Fixed Assets

1334616

Investments

357889

Net Current Assets

7341

Misc. Expenditure

0

Accumulated Losses

0

IV. Performance of Company (Amount in Rs. thousands)

Turnover & Other Income

2615416

Total Expenditure

2549250

Profit before Tax

66166

Profit after Tax

83356

Earning per share (in Rs.)

5.34

Dividend rate %

7.5

-Basic & Diluted

V. Generic Names of Two Principal Products/Services of Company (as per monetary terms)

Item Code No.

4802400

Product Description

PAPER

NA

NA

For **Lodha & Co.**
Chartered accountants

On behalf of the Board

H.S. Jha

Partner

Membership No. 55854

Place: New Delhi

Date: 28.05.2010

G.P. Goenka

Chairman and

Whole-Time Director

Madhukar Mishra

Managing Director

Saurabh Arora

Company Secretary

Shiromani Sharma

Dr. B.L. Bihani

Shrivardhan Goenka

C.M. Vasudev

M.P. Pinto

Directors



CASH FLOW STATEMENT for the period ended 31st, March 2010

	Year ended 31st March 2010 (Rs. Lakhs)	Period ended 31st March 2009 (Rs. Lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax	661.66	2,321.48
Adjustments for:		
Depreciation	1,194.80	1,779.03
Loss/(Profit) on sale of Fixed Assets	0.22	(94.02)
Irrecoverable advances/interest written off	-	63.00
Liabilities & balances no longer required	(508.10)	(279.69)
Foreign exchange fluctuation	(14.47)	245.06
Interest Received	(107.81)	(256.58)
Interest & Financing Charges (net)	320.06	1,001.81
Cash Flow Before Extra-Ordinary Items	1,546.37	4,780.09
Profit on sales of investment	-	(157.50)
Operating Profit before Working Capital Changes	1,546.37	4,622.59
Loss on derivative transaction	-	-
Adjustments for:		
Trade and Other Receivables	(150.22)	(444.70)
Inventories	1,478.28	(803.45)
Trade and Other Payables	157.45	906.94
Cash generated from Operations	3,031.88	4,281.38
Income Tax (Paid)/Refund (NET)	873.69	(597.75)
Net Cash From Operating Activities	3,905.56	3,683.63
B. Cash Flow From Investing Activities		
Purchase of Fixed Assets	(312.38)	(544.56)
Sale of Fixed Assets	3.24	108.99
Interest Income	95.73	253.00
Net Cash From Investing Activities	(213.41)	(182.57)

CASH FLOW STATEMENT for the period ended 31st, March 2010

	Year ended 31st March 2010 (Rs. Lakhs)	Period ended 31st March 2009 (Rs. Lakhs)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings	(1,664.43)	(3,407.82)
Short Term Borrowings	(1,361.30)	1,378.57
Loss on derivative transaction	-	-
Foreign exchange fluctuation	14.47	(217.24)
Dividend Paid	(234.49)	(271.83)
Dividend Tax	(39.79)	(46.42)
Interest Paid	(351.96)	(1,068.68)
Net Cash from Financing Activities	(3,637.50)	(3,633.42)
Net Increase/(Decrease) in Cash & Cash Equivalents	54.66	(132.37)
Cash and Cash Equivalents at the beginning of the year	111.70	244.07
Cash and Cash Equivalents at the end of the year	166.36	111.70

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

For **Lodha & Co.**
Chartered accountants

On behalf of the Board

H.S. Jha
Partner
Membership No. 55854
Place: New Delhi
Date: 28.05.2010

G.P. Goenka
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Directors



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Lined area for notes.

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