

STAR PAPER MILLS LIMITED

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

NOTICE TO SHAREHOLDERS

NOTICE is hereby given to the members that the 71st Annual General Meeting of the members of Star Paper Mills Limited will be held at 'Kalakunj' (Kalamandir Basement), 48, Shakespeare Sarani, Kolkata-700 017 on Friday 17th September, 2010 at 11.15 A.M to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2010 & Profit & Loss Account for the financial year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend as recommended by the Board of Directors.
3. To appoint a Director in place of Mr. S.V.Goenka, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. C.M. Vasudev, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED that Mr. M.P. Pinto who was appointed by the Board of Directors as an additional director of the company with effect from 29th January, 2010 and who holds office upto the date of forthcoming Annual General Meeting of the company in terms of Section 260 of the Companies Act, 1956 ('the Act') and in respect of whom the company has received a notice in writing from a member under Section 257 of the Act proposing his candidature for the office of director of the company, be and is hereby appointed as a director of the company liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311, 317 & Schedule XIII and such other applicable provisions, if any, of the Companies Act, 1956 and subject to the Central Government and/or such other approvals as may be required, approval of the members of the company be and is hereby accorded to the re-appointment of Mr. Madhukar Mishra as Managing Director of the company for a period of Three (3) years with effect from 1st July 2010 to 30th June, 2013 upon the terms and conditions as set out in the contract entered into between Mr. Madhukar Mishra and the company, the main terms of which are set out in the explanatory statement to this notice.

"RESOLVED FURTHER that Board of the Directors of the Company be and are hereby authorized to enhance, enlarge, alter or vary the scope and quantum of remuneration, allowances, perquisites, benefits and amenities payable to Mr. Madhukar Mishra, which revision should be in conformity with the relevant provisions of the Companies Act, 1956 including any amendment thereto and/or the rules and regulations made there under".

The Register of Members of the Company shall remain closed from 10th September, 2010 to 17th September, 2010 both days inclusive.

New Delhi

28th May, 2010

Registered Office :

Duncan House, 2nd Floor

31 Netaji Subhas Road

Kolkata 700 001

On behalf of the Board

SAURABH ARORA
Company Secretary

NOTES:

1. The relative Explanatory Statements pursuant to Section 173 (2) of the Companies Act, 1956 in respect of item No. 6 and 7 are annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll in his stead. A proxy need not be a member of the Company.
3. Proxy Forms duly completed should be deposited either at the Company's Registered Office or at the office of the Registrars and Share Transfer Agents not less than 48 hours before the commencement of the Meeting.

4. Members desiring any information as regard the Accounts may write to the Company at least seven days before the Annual General Meeting so as to enable the management to keep the information ready at the meeting.
5. Payment of dividend as recommended by the Directors, if approved at the Annual General Meeting, will be paid after 17th September, 2010, to those Members whose names appear in the Company's Register of Members on 17th September, 2010. In respect of shares held in electronic form, the dividend will be payable on the basis of detail of beneficial owners furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
6. Pursuant to the provisions of Section 205A of the Companies Act, 1956, all unclaimed dividends upto and including the year ended 31st March, 2002 have been transferred to the Investor Education and Protection Fund of the Central Government.
7. In order to prevent fraudulent encashment of dividend warrants, shareholders are requested to furnish their Bank Account Numbers (Current/Saving), the name of the Bank and Branch, where they would like to deposit the dividend warrants for encashment. The particulars of Bank account will be printed on the cheque portion of the dividend warrant besides the name of shareholders, so that these warrants cannot be encashed by anyone other than the shareholders.
8. Members desiring to submit a Dividend Mandate are requested to forward the same so as to reach the Company's Registered Office or the Company's Registrars and Share Transfer Agents on or before 17th September, 2010.
9. Members are further requested to notify/send the following to the Registrars and Share Transfer Agents :
 - i) Change in their address/mandate/bank details;
 - ii) Particulars of their bank account, in case the same have not been sent earlier, and;
 - iii) Share certificate(s) held in multiple accounts in individual names or joint names in the same order of names, for consolidation of such shareholdings into one account.
10. Members are encouraged to complete the attached Nomination Form and return the same to the Registrars and Share Transfer Agents who will acknowledge receipt of the Nomination Form and confirm registration of the nomination.
11. Members are requested to produce the enclosed Attendance Slip at the entrance to the Hall and bring their copies of the Annual Report to the Meeting as extra copies will not be supplied.

EXPLANATORY STATEMENT

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

Item No. 6

Members are informed that the Board of Directors in their meeting held on 29th January 2010 appointed Mr. M.P. Pinto as additional director of the company. Mr. Pinto holds office upto the date of forthcoming Annual General Meeting of the company. The company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of director of the company.

Mr. Pinto is Master both in Arts and Public Administration (USA) having experience of over 35 years in administration. Keeping in view of his expertise, your Directors commend acceptance of the resolution by the shareholders.

Mr. Pinto being the proposed appointee is interested in the resolution. No other director is interested in this resolution.

Item No. 7

The shareholders would recall that at the 69th Annual General Meeting of the Company held on 29th February, 2008, they had accorded their approval to the appointment of Mr. Madhukar Mishra, as Managing Director of the Company for a period of 3 years with effect from 1st July, 2007. The said agreement expired on 30th June, 2010. The Board of Directors in its meeting held on 28th May, 2010 have re-appointed Mr. Madhukar Mishra, as Managing Director of the Company for a period of 3 years commencing from 1st July, 2010.

In consideration of his services, Mr. Mishra will be entitled to the following remuneration:

(i) Salary

Rs. 2,25,000/- (Rupees Two Lac Twenty Five Thousand only) per month.

(ii) Special Allowance

Rs. 2,00,000/- (Rupees Two Lac only) per month.

(iii) Performance Pay

As may be decided by the Board of Directors of the company based on performance review from year to year, but not exceeding Rs. 27,00,000/- (Rupees Twenty Seven Lacs only) per annum.

(iv) Perquisites

Mr. Mishra shall be entitled to the following perquisites:

1. Medical : Reimbursement of actual expenses incurred for himself and his family subject to a ceiling of Rs. 15000/- per annum.
2. Leave Travel Assistance: Equal to one month's basic salary per annum.
3. Provision of two cars with drivers.
4. Communication facilities at residence
5. Provident fund, gratuity, leave encashment and personal accident insurance as per the company rules.
6. Other perquisites in the form of free furnished residential accommodation, gas, electricity, water, furnishing and maintenance and fees for two clubs.

(v) Minimum Remuneration

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

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

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

The resolution set out in Item No. 7 of the accompanying notice of 71st Annual General Meeting is intended to obtain the consent of members in respect of the re-appointment of and remuneration payable to Mr. Madhukar Mishra as Managing Director of the Company.

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

The resolution is therefore recommended for approval of the shareholders.

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

I. General Information																					
1. Nature of Industry	Star Paper Mills Ltd. is an integrated pulp & paper manufacturer with an installed capacity of 75000 tonnes per annum. The company manufactures of industrial and cultural paper.																				
2. Date of commencement of commercial production	The company started commercial production in 1938.																				
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N.A																				
4. Financial performance based on given indicators	<div>The financial results for the last three years are as under: (In Lacs)</div> <table><tr><td>Particulars</td><td>FY: 2009-10 (12 months)</td><td>FY : 2007-09 (18 months)</td><td>FY : 2006-07 (18 months)</td></tr><tr><td>Total Income</td><td>26154.16</td><td>37125.77</td><td>32413.95</td></tr><tr><td>EBIDT</td><td>21314.59</td><td>4886.10</td><td>4588.83</td></tr><tr><td>Profit before tax</td><td>661.66</td><td>2321.48</td><td>1968.93</td></tr><tr><td>Profit after tax</td><td>833.56</td><td>1723.08</td><td>1270.18</td></tr></table>	Particulars	FY: 2009-10 (12 months)	FY : 2007-09 (18 months)	FY : 2006-07 (18 months)	Total Income	26154.16	37125.77	32413.95	EBIDT	21314.59	4886.10	4588.83	Profit before tax	661.66	2321.48	1968.93	Profit after tax	833.56	1723.08	1270.18
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5. Export performance	FOB value of exports Rs. 34.33 lacs for FY 2009-10.
6. Foreign Investments or collaboration, if any.	None
II. Information about the Managerial Personnel	
i. Background Details	Sh. Madhuka Mishra
ii. Past Remuneration	Sh. Madhukar Mishra, aged 53 years, is a graduate in Science besides having DMS (Management). He has experience of over 32 years in Management, Corporate planning, Finance, Administration and Marketing. Basic Salary Rs. 1.50 lacs per month+ Special Allowance Rs. 1 lac per month + Performance pay not exceeding Rs. 25 lacs per annum + benefits as per the Rules of the company
iii. Recognition or awards	Sh. Mishra is the Vice President of Indian Paper Manufacturers' Association, New Delhi from Jan.,2009.
iv. Job profile and his suitability	Sh. Madhukar Mishra takes care of overall management of the company. He has been holding the position of Managing Director since 2001. Under his leadership the company has been doing reasonably well.
v. Remuneration Proposed	Salary Rs. 2.25 lacs per month+ Special Allowance Rs. 2.00 lacs per month + Performance pay not exceeding Rs. 27.00 lacs per annum as may be decided by the Board+ benefits as per the Rules of the Company
vi. Comparative remuneration profile with respect to Industry	Around Rs. 10 lacs per month
vii. Pecuniary relationship	No pecuniary relationship with the company other than the salary drawn.
III. Other Information:	
1. Reason for loss or inadequate profits	Cost of production in terms of raw material and power have gone up substantially. However, the company could not pass on increased cost on to its customers owing to depressed market conditions.
2. Steps taken or proposed to be taken for improvements	The company has formulated a proposal to reduce its raw material and power generation cost. The proposal includes installation of new agro based Continuous Digester and a 15 MV Turbine. The company has approached a term lender for financial support.
3. Expected increase in productivity and profits in measurable terms:	The proposed projects when implemented shall bring substantial reduction in cost of raw material and power & fuel.
IV. Disclosures	
Remuneration Package	Sh. Madhukar Mishra would be entitled to the following remuneration: <ul style="list-style-type: none"> a. Salary : Rs. 2,25,000/- (Rupees: Two Lacs Twenty Five Thousand only) per month b. Special Allowance : Rs. 2,00,000/- (Rupees Two Lacs only) per month c. Performance Pay : Not exceeding Rs. 27.00 Lacs per annum as may be approved by the Board of Directors. d. Medical : reimbursement of actual expenses incurred for himself and his family, subject to a ceiling of Rs. 15000/- per annum. e. Leave Travel Assistance : Equal to one month' salary per annum f. Provident Fund/Personal Accident Insurance/Leave Encashment / Gratuity : as per rules of the company. g. Rent free residential accommodation, gas, electricity, water, furnishing & maintenance, two cars with driver & fees for two clubs.

BRIEF PROFILE OF THE DIRECTORS SEEKING RE-APPOINTMENT
(In pursuance of Clause 49 of the Listing Agreement)

Name	Mr. S.V. Goenka	Mr. C.M.Vasudev	Mr. Madhukar Mishra	Mr. M.P. Pinto
Date of Birth	9 th August, 1975	10 th April 1934	5 th April, 1957	27 th May, 1943
Date of Appointment	9 th September, 2002	22 nd June, 2009	1 st July, 2001	29 th Jan., 2010
Qualifications	B.Com., MBA (USA)	I.A.S	B. Sc., DMS (Management)	M.A, M.P.A (USA)
Expertise in specific functional area	General Business Management	Finance & Management	General Business Management	Finance & Management
Directorship in other companies	Andhra Cement Ltd. Continuous Forms (Calcutta) Ltd. Duncans Agro Chemicals Ltd. ISG Traders Ltd. Duncan Tea Ltd. Odyssey Travels Ltd. Subh Shanti Services Ltd. Stone India Ltd.	HDFC Bank Ltd. Noida Power Co. Ltd. Uttarakhand Jal Vidyut Nigam Ltd. ICRA Management Consultants Ltd. Insync Advisory Services Pvt. Ltd.	Duncan Tea Ltd. NRC Ltd.	I.L. & F.S. Ltd. Gateway Distripark Ltd. Pipavav Shipyard Ltd. Ashiana Buildcon Ltd. Tolani Shipping Ltd. SCI Fobes Ltd. Health Care Global Ltd.
Chairman/Member of Committees* of Board of the directors of companies in which he is a director	Star Paper Mills Ltd. (Audit Committee)	HDFC Bank Ltd. Noida Power Co. Ltd. (Audit Committee) ICRA Management Consultants Ltd. (Audit Committee & Remuneration Committee)	NRC Ltd. (Audit Committee) Star Paper Mills Ltd. (Shareholders' Grievance Committee)	I.L. & F.S. Ltd. Gateway Distripark Ltd. (Audit Committee)
Shares held in Star Paper Mills Ltd.	45500	Nil	Nil	Nil

*includes Audit, Remuneration and Shareholders' Grievance Committees

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NOMINATION FORM

(to be filled in by individual applying singly or jointly)
(TO BE FILLED IN CAPITAL LETTERS)

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

Name and address of Nominee

Names/d/w of Shri
Address
..... PIN Date of Birth *

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

** The nominee is a minor whose guardian is

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

** To be deleted if not applicable

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

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

(Before filling up the form please read the instructions)

INSTRUCTIONS

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

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ATTENDANCE SLIP

Name

Folio No. ID No. DPID No.

No. of Shares held

I/We hereby record my/our presence at the 71st Annual General Meeting of the Company at "Kala Kunj" (Kala Mandir basement), 48, Shakespeare Sarani, Kolkata 700 017 on Friday, 17th September, 2010 at 11.15 A.M.

Signature of the attending member/proxy

Notes:

1.Shareholder/Proxy wish to attend the meeting must bring the Attendance slip to the meeting and handover the same at the entrance duly signed.

2.Shareholder/Proxy should also bring his copy of the Annual Report to the meeting.

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PROXY FORM

I/We..... of.....a member/members of the above named company hereby appoint..... of..... in the district of.....or failing him..... of in the district of as my/our proxy to attend and vote for me/us and on my/our behalf at the 71st Annual General Meeting of the Company, to be held on Friday, 17th September, 2010 at 11.15 A.M. and at any adjournment thereof.

Signed this day of2010.

Registered Folio No. ID No. DPID No.

No. of Shares held

Signature

Affix Re.
1 Revenue
Stamp

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

