

Yash Papers Limited
Annual report 2011-12

STRIVING TOWARDS SOLUTIONS



IN FOND MEMORY



A tribute to our founder member, **Mr. K. K. Jhunjhunwala**, whose vision remains our guiding light.

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At Yash Papers, 'striving towards solutions' is not about business strategy. It is about an organisational mindset.

It is about reinforcing an organisation with efficient processes that are repeatable, about customising customer solutions that are enduring and an environment-friendliness that is sustainable.

For the benefit of our customers, Company and community.



CHAIRMAN'S STATEMENT



THERE IS AN INTERESTING TREND EMERGING THE WORLD OVER IN THE SPECIALTY PAPER INDUSTRY.

Despite a gloomy global economic environment, the demand for packaging paper demand continued to grow in China and India, inspired by a rise in the consumption of downstream products.

As far our prospects are concerned, a consumerist growth is creating a larger base for the consumption of paper used in packaging applications. Hearteningly, it is not just a linear increase in consumption that is creating a larger market; the emergence of new products and a corresponding increase in the demand for packaging paper is creating a wider market as well.

As a responsive organisation, Yash Papers is not just addressing the existing demand of the day; the Company is also engaged in the development of new varieties, shades and grammages to address emerging needs and, in some cases, creating new varieties for needs that have for long remained unexpressed (and hence unmet).

There are a number of reasons why I find the prevailing environment exciting: there is a positive churn in the country's demographic pattern, increased focus on the use of branded products, enhanced awareness of non-biodegradable products and a stronger focus on aesthetic packaging.

Yash Papers is attractively placed to capitalise on this reality: the Company is a manufacturer of packaging grade paper moving towards premium packaging grades, utilising agricultural resources and increasingly focusing on downstream opportunities arising from the food and pharmaceutical sectors.

I am pleased to report that the Company embarked on these initiatives in 2011-12 to strengthen its business:

- De-bottlenecked PM3 and balanced the drying capacity; it increased production from 14,438 MT in 2010-11 to 15,176 MT
- Strengthened our research and development; we introduced 51 new products in the last two years
- Enhanced the efficiency of our chemical recovery plant from 91.50% to 93.50%

As we look forward to reinforce these initiatives, it is optimistic of doing better, justifying the faith our stakeholders have in our management capability.

Sincerely,

K. D. Pudumjee
Chairman

A BUSINESS CAN BE CONSIDERED SUCCESSFUL ONLY IF IT HAS ADDRESSED THE NEEDS OF CUSTOMERS, VENDORS, EMPLOYEES, SHAREHOLDERS AND THE COMMUNITY.

AT YASH PAPERS, WE STRIVE TOWARDS SOLUTIONS FOR THE BENEFIT OF ALL. DERIVING STABILITY FROM SOLUTIONS AND SUSTAINABILITY.

Vision

We will create the largest specialty paper manufacturing company in the world by 2025

Identity

- Yash Papers emerged as one of India's largest manufacturers of low grammage unbleached kraft paper
- The Company commenced commercial production in 1983 with annual installed capacity of 1,940 MT that has grown to 39,100 MT today
- It is listed on the Bombay Stock Exchange (market capitalisation Rs. 16.20 cr as on 31 March 2012)

Innovation

- Yash Papers is unique in a number of ways: the world's smallest paper unit with a conventional chemical recovery system, among India's first paper units to establish captive cogeneration facilities and among India's first paper units to invest in AC variable frequency drives on rewinders and paper machines
- The Company was among the first to commission CDM-registered projects in India's paper industry

Location

- The Company's manufacturing facility is located strategically in Faizabad (Uttar Pradesh), one of India's largest wheat producing belts, facilitating easy access to wheat straw (primary raw material)
- Its product distribution network spans 31 Indian dealers; it exports to 13 countries

Products

- The Company's unbleached kraft paper (30-60 GSM) is used in beedi wrapping, matchboxes, tobacco pouches, PE coating, wax coating, bituminisation, bangles, glassware, brassware, gum tape and interleaving
- Its packaging/stationery grades (60-80 GSM) are used in grocery bags, envelopes, book covers, gift wrappers and metallised paper

- Its bleached MG poster paper grades (30-80 GSM) are used in FMCG products (soaps, detergents, food packaging, tea, sugar and salt sachets, cigarette inner liners and tube light packaging) and pharmaceuticals (adhesive bandages and medicine packaging)
- Its coloured kraft orange-shade grades (48-80 GSM) and golden-shade grades (32-40 GSM) are used in envelopes, food packaging, gift wrappers and book covers

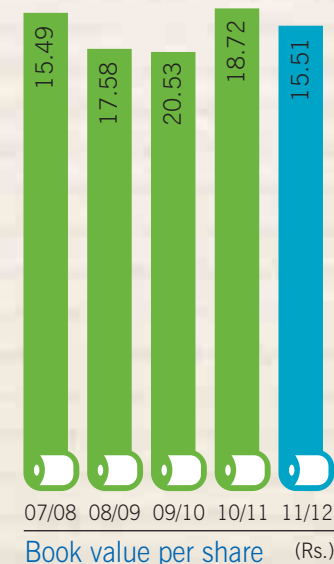
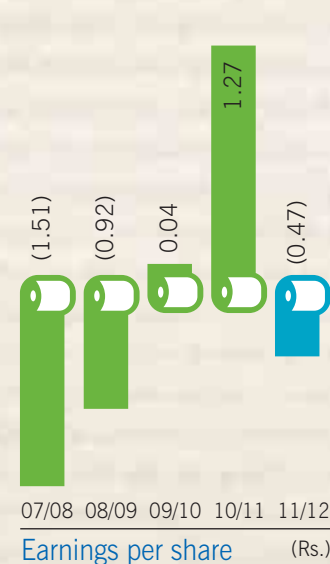
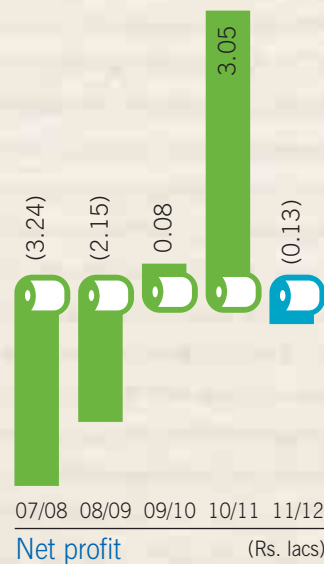
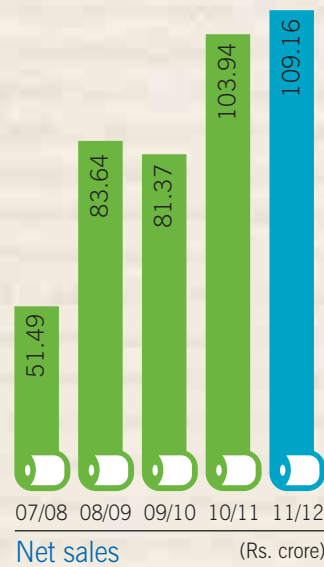
Assets

- The Company owns three state-of-the-art paper machines with an integrated pulp mill
- It comprises two biomass-based power plants of 2.5 MW and 6 MW capacities, possessing extraction-cum-condensing turbines and rice husk-based boilers
- Its chemical recovery plant comprises a 140 BLS TPD capacity

Mission

- Ensure higher profitability than the industry average year-on-year, for continuous growth.
- Creating working environment for freedom of thought and innovation. Hire and cultivate the best people and provide work conditions that energise.
- Find solutions for customers and add value to their process. Create a dedicated customer base.
- Work as partners with vendors. Ensure integrity and create processes that provide them with ease in dealing with us. Provide optimum ROI to our stakeholders.
- Invest time, effort and resources to improve the environment continuously. Ensure 'clean and green' surroundings for the future generations.
- Develop the community around us by encouraging entrepreneurship.
- Spread the goodwill of our nation around the world.

SOLUTIONS, SOUNDNESS AND SUSTAINABILITY



MANAGING DIRECTOR'S REVIEW

**OUR AIM IS TO
PROVIDE SOLUTIONS:
FOR OUR CUSTOMERS,
ENVIRONMENT AND
CORPORATE.**

**Q. How would you appraise the
Company's performance in 2011-12?**

A. The year 2011-12 was marked by a challenging external environment – high inflation, slower industry growth and strong interest rates. Despite these challenges, we were able to record a 6.70% topline growth even as spiralling input costs resulted in a decline in EBIDTA and a rising interest cost resulted in a negative bottom line of Rs. 0.94 crore (against a profit of Rs. 3.05 crore in 2010-11). Our presence in the specialty paper segment helped us arrest the decline in our bottomline and report a cash profit of Rs. 5.15 cr for the year under review.

Q. What were some of the challenges in 2011-12?

A. There were some challenging internal issues that we faced in 2011-12:

PM3 stabilisation: We achieved less than 70% of the rated capacity (1,900 TPM) of our PM3 due to the drying capacity not being balanced, resulting in a decline in production quality and quantity. We leveraged our experience, inducted experienced professionals and modified our process chemistry. This helped us enhance PM3 capacity beyond 70% utilisation in addition to achieving superior product quality.

Working capital funding: A high borrowing cost and funds crunch impacted raw material procurement. We embarked on corporate debt restructuring, which provided us with an interest rate breather for 1.5 years; we arranged for a working capital loan for PM3 and the combination helped us reinforce operations.

Q. How is the Company placed within the industry?

A. As a specialty paper manufacturer, we have selected to be present in the mid-to-premium category.

We expect to make the transition possible through the following initiatives:

- By positioning ourselves as solution providers and not just product manufacturers; by understanding client needs first and then customising products, – ‘sell-and-make’ approach as opposed to the conventional ‘make-and-sell’ strategy
- By modifying existing machines and PM3, increasing production and quality
- By expecting to produce better research-led grades for the pharmaceutical and food segments
- By engaging in innovative fibre development to prepare a superior raw material mix

Q. How is the Company strengthening operations?

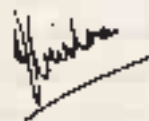
A. We possess the advantage of being an integrated kraft paper manufacturing company (pulp to power) capable of resisting industry downturns on the one hand and capitalising on upturns more effectively than standalone companies on the other. We are de-bottlenecking our systems, enhancing our pulp production to sell the excess and reinforcing our captive power plant to market additional power to the State Electricity Grid.

The enhanced efficiency of our PM3 is critical for a number of reasons: the machine is large and capable of producing premium kraft paper. I am pleased to report that we have reported an attractive breakthrough: enhanced PM3 production helped us

post the best quarterly performance in our history in the first quarter of 2012-13 and we expect to sustain this through the course of the year.

Q. What is the basis of the Company's optimism?

A. There is a robust annual growth of 25% in the country's specialty paper segment for the following reasons: shift from non-biodegradable packaging, enhanced packaging sophistication and increased use of hygienic specialty paper products in packaging. The result is that domestic capacities are unable to meet the growing demand, as a result of which imports are rising. Our focus on the premium segment will enhance realisations, margins and profits over the foreseeable future and enable us to emerge as one of the most respected specialty paper manufacturers in India. Besides, we will continue to focus on providing a patient ear to clients, understanding their requirements and delivering them with superior solutions.



Regards,
Ved Krishna

Striving towards solutions

CREATE NEW, INNOVATIVE AND ECO-FRIENDLY PRODUCTS.

AT YASH PAPER, WE HAVE MADE A CONSCIOUS LEAP – FROM ‘COMMODITY ME-TOO PRODUCTS’ TO ‘INNOVATION-LED ECO-FRIENDLY PRODUCTS’ ADDRESSING A VARIETY OF EVERYDAY NEEDS.

At our Company, this evolution has been derived from the ability to create products backed by a relentless pursuit of making them better.

This is so because innovation is not extracted from a black box at our Company; it is derived from knowing the unmet experiences of our customers. For instance, when our customers face product challenges related to printability, strength and moisture absorption, we listen carefully, using the information to go back to the drawing board and create an even better product.

Over the years, we have created a number of new products derived from such diverse customer experiences.

Poster bakery bag: High strength, absorbency and wet strength requirements with a focus on the Middle East.

Natural shade ribbed: Addressing the flower wrapping and packaging market. Aesthetic ribbing

on an ivory shade. Addresses wet condition requirements in flower wrapping.

Kraft twist wrap: High strength brown, natural paper for paper ropes used for bag handles. Also used for high strength wrapping and bags.

Kraft fireworks plain: Balanced absorbency and burning.


Eco pouch base: Provided lower grammage and higher strength.

Flexible packaging: Reached commercialisation stage with an impending launch.

Expanded polystyrene replacement: Progressed to replace cellulose with an acceptable alternative.

THE RESULT: Yash Papers emerged as an innovative specialty paper manufacturer with a growing proportion of income derived from premium varieties.





Striving towards solutions

ENHANCING PROCESS EFFICIENCIES

AT YASH PAPERS, WE HAVE INVESTED IN RESPONSIBLE MANUFACTURING PROCESSES BENEFICIAL FOR THE COMPANY AND THE COMMUNITY.

Process efficiency is particularly relevant in a business marked by a high cost of manufacturing equipment and capital. Over the years, we have expanded the horizons of clean and responsible speciality paper manufacture from just operational efficiency to environment efficiency as well.

The result is that our processes are designed as low-cost on the one hand and with low environmental load on the other. They are not only designed to sustain a high uptime and amortise fixed costs more efficiently but consume optimal quantities of finite raw material and resources.

Over the recent past, we made the following investments to enhance our operational and environmental relevance:

- Invested in biomass-based power generation facilities to eliminate coal use
- Reduced chlorine consumption in the process of pulp bleaching

- Sustained chemical recovery at 94%
- Used kaolin as a filler for enhanced printability
- Altered cooking aid chemicals; used anti-scalant chemicals and modified chemical use leading to superior dry and wet strength properties
- Strengthened effluent treatment to reduce BOD levels below 20
- Reinforced 'Project Tejaswa' to reduce the consumption of power, steam and water.

Besides, the Company developed the right packaging solution used in product transportation to enhance product durability. It developed a binder (high pozzolana and silica content) to replace cement to create an additional revenue source.

THE RESULT: These initiatives have been a manufacturing discipline which is friendly to the customer, the community and the world.

Striving towards solutions

INVESTMENT IN RESEARCH AND DEVELOPMENT

AT YASH PAPERS, THE PURSUIT OF SOLUTIONS INEVITABLY COMMENCES
WITH RESEARCH AND DEVELOPMENT.

The world demands products that are innovative enough for customers to stand out from the competitive clutter. Besides, the concept of 'innovation' has gradually extended from feature-based differentiation to process-led responsibility in terms of environmental consciousness, cost-effectiveness and the use of locally compatible resources (instead of expensive imported alternatives).

Over the years, this has made it possible for us to engage in responsible research and development through the following initiatives:

Enhancing printability: The Company strengthened product printability.

Reducing curl and shrinkage: The Company sustained experiments in countering the natural fibre tendency to curl and shrink.

Fiber development: The Company reinforced initiatives to maximise fibre effectiveness.

Chemistry: The team sought chemistry to enhance product effectiveness through new chemicals and enzyme strains.

Raw material development: The Company created fibers of the future through superior local cellulosic alternatives (eucalyptus, poplar, casuarina, jute, sun hemp etc.), superior products to enhance separation, cleaning and strength, effectively replacing unbleached softwood pulp imported from Europe and America.

Fuel development: The Company sought to continuously work with rice husk alternatives like biogas and derived fuel.

These initiatives will enable Yash Papers to retain its position among the most innovative paper companies in India.





EXCELLENCE DRIVERS 01

PROCUREMENT

IN THE BUSINESS OF SPECIALITY PAPER MANUFACTURE, IT IS NECESSARY TO FEED THE MANUFACTURING PLANT WITH ADEQUATE AND TIMELY RAW MATERIAL SUPPLY.

At Yash Papers, our dedicated procurement team manages timely raw material procurement and availability leading to operational seamlessness.

Highlights 2011-12

- Engaged in strong R&D initiatives in sampling and testing rice husk, wheat straw and bagasse, the chief raw materials. This tests moisture and unacceptable mixes detrimental to pulp and paper quality

- Procured 43350 MT of bagasse for paper production owing to a surge in sugarcane production during the year under review
- Engaged a Group company in developing forestry to secure prospective raw material needs

Road ahead

The Company expects to reinforce its business by engaging in periodic communication with its resource suppliers in Lucknow, Jaunpur, Bahraich and Hardoi.

CHARACTERISTICS OF OUR RAW MATERIALS PURCHASED

Wheat straw: Produced from wheat plant comprising hemi-cellulose with fibre length of 4-4.5 mm.

Bagasse: 25-35% pith in bagasse with a large amount of hemi-cellulose and fibre length of 1.3 mm to 1.7 mm.

Old gunny: Derived from jute

with fibre length of 2.4 mm to 2.6 mm.

Bleached softwood pulp: Bleached softwood kraft pulp (Billerud and Laja) is used. Produced from pine and spruce harvested in Sweden. Provides excellent bonding between fibres. Excellent tensile strength with low energy consumption.

Unbleached softwood pulp: Unbleached softwood kraft pulp (Solombala and Smurfit stone). Produced from pine and loblolly. Beats easily and provides excellent bonding between fibres. Excellent tensile strength with low energy consumption.



EXCELLENCE DRIVERS 02 OPERATIONS

IN THE CAPITAL-INTENSIVE BUSINESS OF SPECIALITY PAPER MANUFACTURE, IT IS NECESSARY TO SUSTAIN A HIGH ASSET UTILISATION RESULTING IN A RELATIVELY LOW COST OF OPERATIONS.

At Yash Papers, we consistently focus on maximising output and quality through efficient manufacturing practices.

Highlights, 2011-12

- Enhanced capacity utilisation from 76% in 2010-11 to 80%
- Increased production from 29,810 MT in 2010-11 to 31,286 MT
- Increased efficiency of chemical recovery from 91.50 to 93.50%

- Reduced chlorine consumption in bleaching, resulting in a saving of Rs. 2.50 crore per year
- Reduced off-quality production by 36%
- Enhanced raw material yield from 38.90% in 2010-11 to 40.83%

Road ahead

Going ahead, the Company will focus on de-bottlenecking PM3 and enhancing capacity utilisation from 62.50% to 65.70% and reducing power consumption by from 1,325 to 1,267 units per tonne of production.

EXCELLENCE DRIVERS 03 MARKETING

IN THE GRADE-EXTENSIVE SPECIALITY PAPER BUSINESS, IT IS NECESSARY TO MARKET A DIVERSE PRODUCT RANGE ADDRESSING VARYING CUSTOMER NEEDS.

Yash Paper has created a robust pan-India distribution network to market innovative eco-friendly packaging products.

Highlights, 2011-12

- Reported sales growth of 4.95% to 1476 MT

- Shifted from generic to premium products

Road ahead

- Enhance the proportion of value-added products
- Focus on marketing eco-friendly products.

EXCELLENCE DRIVERS 04

RESEARCH AND DEVELOPMENT

IN THE INNOVATION-DEMANDING BUSINESS OF SPECIALITY PAPER MANUFACTURE, IT IS NECESSARY TO CONSTANTLY ENRICH THE PRODUCT PORTFOLIO WITH NEW PRODUCTS.

At Yash Papers, continuous R&D investment resulted in innovative, premium and customised solutions during the year under review.

Highlights, 2011-12

- Developed new products like poster bakery bags, natural shade ribbed paper, kraft twist wrap, kraft firewoks plain and ecopouch base, among others
- Undertook various process development activities:
 - Kaolin was tried as a filler for enhanced printability
 - Alterations were made to improve cooking aid chemicals
 - Anti-scalant chemicals were identified and utilised
 - Chemical identification was done for better assessment of dry and wet strength properties
 - Superior effluent treatment ensured that we reached BOD levels of under 20
- Project Tejaswa ensured that we reduced our consumption of power, steam and water.

Road ahead

- Enhance product printability
- Reduce product curl and shrinkage
- Develop fibre for strong paper variety
- Introduce alternative fuel sources

EXCELLENCE DRIVERS 05

PEOPLE MANAGEMENT

IN THE INTELLECTUAL CAPITAL-DRIVEN BUSINESS OF SPECIALITY PAPER MANUFACTURE, IT IS NECESSARY TO ENRICH AND EMPOWER PEOPLE.

Yash Paper outlined a strong human resource management policy comprising suitable selection, training and career growth

Recruitment: The Company visited leading colleges and technical institutes to recruit graduate trainees. The Company engaged leading placement agencies to recruit experienced and mid-level executives.

Training: The Company trained through internal and external training programmes. Monthly meetings were conducted with department heads to identify employee training needs. The Company introduced a 'Yash Samriddhi Path' programme which outlined skill mapping and corresponding training needs in functional and related (CSR, SHE, leadership, TPM and soft skill among other) areas.

Performance appraisal: The bi-annual appraisal resulted in 'Lakshya Patra' where the employees were provided with KRAs and targets.

Motivation: The employees were motivated with attractive compensation packages, appreciation boards, birthday celebrations, employee health check programmes, reimbursement of medical expenses and children's education facilities.

An illustration featuring a large green and blue globe in the center. Several stylized human figures are interacting with it: one person in a blue shirt is on the left, another in a blue suit is on the right, and a third person is at the bottom left. A white computer monitor is positioned above the globe. The background consists of abstract, overlapping geometric shapes in shades of green, blue, and yellow.

MANAGEMENT DISCUSSION AND ANALYSIS

Global paper industry

The global paper and paperboard production stands at about 370 million tonnes per annum. The global paper industry experienced stable growth in the last five years and is expected to reach approximately USD 256 billion by 2017 with a CAGR of 5.9% over the next five years (2012-2017), growth being the most brisk in Asia.

Consumption: Paper and paperboard consumption continues to grow more rapidly in Asia, especially in China. Asia now accounts for almost 40% of global consumption, while Europe and North America account for only a third of the global consumption. Consumption growth in Eastern Europe is faster than in the established market.

The average global per capita paper consumption stands at around 55 kgs, with USA's 300 kgs and Africa's seven kgs representing extremes. The per capita consumption of paper and paperboard varies substantially in different countries and regions. Per capita paper consumption is still only at some 35 kgs in Asia's populous regions, indicating enormous potential, as long as Asian developments follow the example set by the industrialised West.

Production: The rapid growth of Asian paper production in recent years has increased regional self-sufficiency and led to reduced export opportunities by European and American manufacturers. Furthermore, paper has also started to enter the Western markets from Asia. Global competition has intensified because production costs are significantly lower in these new producer countries than it is in Western economies. The European industry has been dismantling excess capacity by shutting down unprofitable manufacturing facilities. More than 5% of the overall European paper production capacity has been closed over the last few years.

Paper industry products are mostly consumed in China. The largest trade flows occur between Central Europe, in addition to which the Nordic countries export to Central Europe. Canada exports a lot of paper to the USA, while South Korea is a notable Asian exporter.

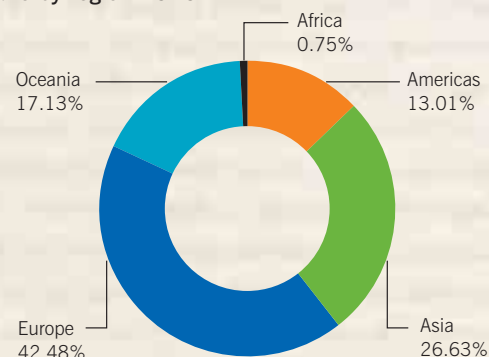
The most substantial intercontinental trade flows go from Europe and North America to Asia, from Europe to North America as well as from North America to South America, while South America exports pulp, which is used as a raw material by the European paper industry.

Lucintel's research indicates that in 2011, the industry witnessed good growth over 2010 due to an increase in the number of press publications, which increased the usage of newsprint and non-newsprint papers such as newsletters and journals, among others. Paper demand has increased rapidly, as China and other Asian markets have reported significant growth. APAC is emerging as the best growth prospect on account of increasing demand for paper sector. In APAC, population growth and increasing business activity is expected to have a direct influence on the consumption of specialty paper. Increasing market share of APAC in world trade and rapid industrialisation in emerging economies will boost paper demand in this region. Population growth, urbanisation, middle-class population increase and a rise in living standards are expected to catalyse growth.

Opportunities: Increasing literacy, recycling, population and economic growth are expected to boost the industry.

Risks: The industry is expected to face challenges posed by the electronic media, enhanced environmental regulations, as well as volatility in raw material and energy inputs.

Share by region 2010



Indian paper industry

The Indian paper industry is among the top 15 global players and accounts for about 1.6% of the world's production of paper and paperboard, according to IPMA. The estimated turnover of the industry is around Rs. 25,000 crore (USD 5.95 billion). The operating capacity of the industry was 9.3 million tonnes and per capita consumption a mere 8.3 kg. Interestingly, India is among the fastest-growing global markets for paper; paper consumption is poised for exponential growth in sync with economic growth and estimated to touch 13.95 million tonnes by 2015-16. As per industry estimates, paper production is likely to grow at a CAGR of 8.4% while paper consumption could grow at a CAGR of 9% till 2012-13.

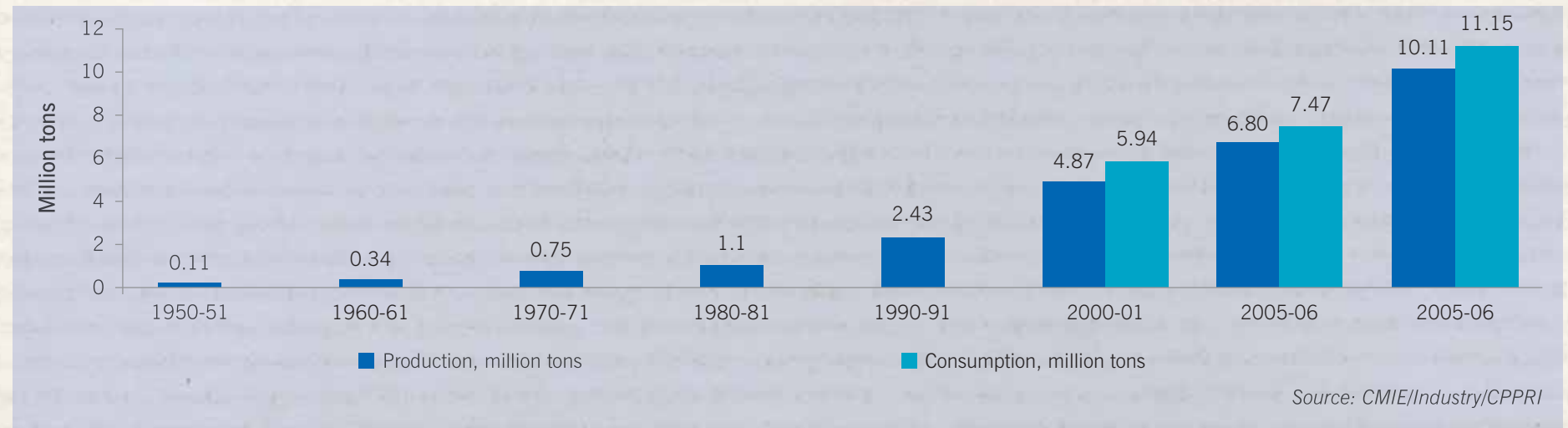
A large number of expansion programmes and capacity expansions, with an outlay of Rs. 10,000 crores, have been announced, covering various sectors like paper, paperboard and newsprint, among others. FDI in the Indian paper sector is also growing. The Indian economy is progressing well and is targeting an 8%+ growth. The economic reforms, coupled with liberalised government policies, offer excellent business opportunities.

Growth drivers of the Indian paper industry

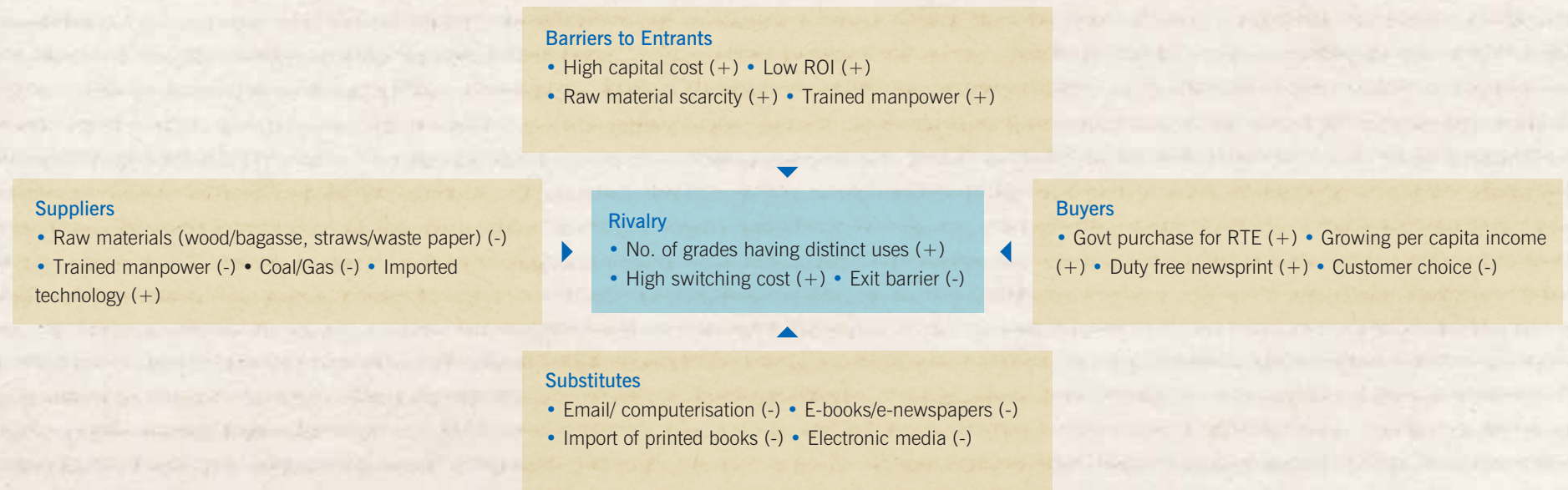
Several growth triggers is expected to drive the paper industry in India. These include the following:

- Economic growth: Demand grew at 1.1x GDP and is expected to rise
- Increasing literacy rate: More books, more publications mean more paper
- Increasing government spending on education: Dedicated programmes like the education cess leads to more education which leads to more books and publications which need more paper
- Population growth: 1.5 % absolute growth
- Changing demographics: Higher urbanisation (2.5% growth); higher proportion of young adults
- Increasing living standards: Consumerism; increasing disposable incomes (9% growth) and aspirations, as well as lifestyle changes and media growth
- Niche sector magazines: Demand for high-quality magazines
- Increasing paper quality requirements: Increasing aspirations and awareness enhancing demand
- Increase in advertising and direct mailers: Promotional material; point-of-purchase; target marketing
- Increasing multi-colour printing: Availability and the use of better paper and printing technology; printing industry modernisation
- Governmental incentives; economic growth; print media: printing, publishing and outsourcing

Growth of the Indian Paper Industry



Michael Porter's Five Forces Analysis of Indian Paper Industry



Varieties of paper	World			India			
	World production, million tonnes/ year (2010)	World's leading manufacturers	Cutting edge Technologies used	India's Production, million tonnes/ year (2010)	No. of mills	No. of mills using Advanced Technology	Status of technology of Indian mills
Printing and writing/coated/uncoated wood free paper	110	USA Germany Brazil Indonesia Turkey China Italy Japan Finland	<ul style="list-style-type: none"> • Proficient debarking and chipping systems • Low kappa pulping, efficient washing, screening & centricleaning • ECF and TCF bleaching • Efficient chemical recovery • Modern high speed paper machines 	3.90	146 (19 wood based mills, 49 agro based & 83 RCF based mills)	5 wood based mills and 3 agro based mills	<ul style="list-style-type: none"> • Low kappa pulping, ECF bleaching, efficient washing screening, cleaning and chemical recovery systems in 5 wood-based mills. • Drum pulpers and efficient deinking systems in three RCF based mills. • Only three mills have paper machines above 100m/min speed.
Packaging/ wrapping/other papers	222	USA Turkey China Germany Italy Australia Sweden Finland	<ul style="list-style-type: none"> • Low kappa pulping • Efficient washing and chemical recovery • Modern high speed paper machines 	5.41	444 (3 wood based mills 101 agro based & 340 RCF based mills)	3 wood based mills, 6 RCF based mills	<ul style="list-style-type: none"> • Low kappa pulping, efficient washing, screening, cleaning and chemical recovery systems in three wood-based mills • Drum pulpers and pulp screening and cleaning systems in six RCF-based mills
Newsprint	34	Canada China Japan USA Germany	<ul style="list-style-type: none"> • High yield pulping • Efficient washing • Modern high-speed paper machines with super-calenders 	0.79	112 (2 wood based, 110 RCF based mills)	2 wood based mills, 10 RCF based mills	<ul style="list-style-type: none"> • CTMP and CSRMP pulping in two wood based mills • Hi consistency pulpers and deinking systems in six RCF-based mills • Four high speed machines and calenders

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 31st Annual Report together with the Audited Accounts of your Company for the financial year ended 31st March, 2012.

Financial Results

The summary of operating results of your Company for the financial year 2011-12 and 2010-11 are given below:

(Rs. In lacs)

Particulars	Current Year ended 31.03.2012	Previous Year ended 31.03.2011
Net Sales	10915.98	10393.83
Other Income	87.01	115.18
Increase and Decrease in Stocks	(174.01)	(71.97)
Total Expenditure	9407.51	8580.42
Finance Cost	1236.52	1102.51
Depreciation	627.90	634.12
Profit Before Tax	(94.93)	263.93
Provision for taxation		
- Current Tax		48.90
- Deferred Tax	18.16	(90.07)
- Tax adjustments relating to earlier years	0.21	0.00
Net Profit (Net Loss)	(113.30)	305.10

Dividend

In view of loss during the year Directors have not declared dividend this year.

Operations

Your Company has achieved a production of paper 31,286 MT and salable pulp of 304 MT during the year ended 31st March, 2012 against a production of paper 29,810 MT and saleable pulp of 1832 MT in the previous year ended 31st March, 2011.

The Company has achieved sales of paper of 30,480 MT and salable pulp of 304 MT during the year ended 31st March, 2012 against sales of paper of 29,781 MT and salable pulp of 1785 MT in the previous year ended 31st March, 2011.

The Company has achieved a Gross turnover of Rs.114.05 crores in the current year against Rs.106.88 crores in the previous year. Reserves as on 31st March, 2012 stood at Rs.14.15 crores as compared to Rs.15.28 crores of the preceding year 31st March, 2011.

Export

The Company exported 4438 MT of paper during the year ended 31st March, 2012 against 5473 MT during the previous year ended 31st March, 2011.

Insurance

The properties of your Company comprising buildings, plant and machinery, other assets, stocks, etc. were adequately insured against various risks.

Outlook

We expect to achieve a highest topline in 2012-13. With the adoption of aggressive cost optimisation programmes and the flexibility to produce higher value kraft output from PM I and PM II and high-value poster paper from PM III, we expect to turn in a net profit margin of 10%. This will drive our EPS to Rs. 1.00 in 2012-13, thereby building a strong case for the re-rating of our stock (market price as on August 11, 2012 (Rs.5.35).

Accordingly, your Directors are reasonably confident of achieving much better results in the year 2012-2013

Human Resource and Welfare

The Company considers its human resource to be its asset. The Company thus continues to enhance its employees' skills and keep them updated with industry dynamics. We endeavor that our employees remain satisfied and have best working environment. We have the most cordial industrial relations. The Directors wish to place on record their deep appreciation for dedication of the employees and their commitment to performance.

Fixed Deposits

The Company was holding an aggregate sum of Rs.249.08 lacs on account of deposits from the public, employees and shareholders as on March 31, 2012. 14 depositors did not claim their deposits amounting to Rs.26.11 lacs which matured during the previous years.

Directors

Mr. Nirupam Mishra was appointed as Additional Director and Director Operations in the meeting of Board of Director

held on September 24, 2011. Mrs. Kimberly Ann McArthur was appointed as Additional Director of the Company in the meeting of Board of Director held on February 13, 2012. Mr. Narendra Kumar Agrawal was appointed as Additional Director and Director Works in the meeting of Board of Director held on May 10, 2012. The necessary resolution for the regularisation as Director and Shareholders approval in terms of Schedule XIII of the Companies Act, 1956 read with the applicable provisions of the Companies Act, 1956 is contained in the notice for your approval.

Mr. Yash Krishna, Director & Promoter of the Company had tendered his resignation on December 1, 2011. Mr. Nirupam Mishra, Director Operations, had tendered his resignation on January 19, 2012 and Mr. G. Narayana, Director and Chairman, had tendered his resignation on February 13, 2012.

Mr. Ved Krishna was appointed as the Managing Director of the Company for the period of 3 years on fresh terms and conditions w.e.f. August 1, 2012. The necessary resolution is contained in the notice of ensuing Annual General Meeting for your approval.

Mr. K. D. Pudumjee, Vice Chairman of the Company was appointed as Chairman in the meeting of Board of Directors held on February 13, 2012.

Mr. K. D. Pudumjee, Mr. R. N. Chakraborty and Mr. Basant Kumar Khaitan are the Directors, retiring by rotation and, being eligible, offer themselves for re-appointment.

Directors' Responsibility Statement

In terms of Section 217 (2AA) of the Companies Act, 1956,

in relation to the financial statement of the Company for the year 2011-12, the Board of Directors hereby state and confirm:

1. That in the preparation of annual accounts, applicable Accounting Standards have been followed;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the loss of the Company for the period ended on that date;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the annual accounts on a going concern basis.

Statement Pursuant to Listing

The equity shares of the Company are listed with the Bombay Stock Exchange Limited, Mumbai. The Listing fees have been paid for the Financial Year 2012-2013.

Corporate Governance

A separate report on Corporate Governance pursuant to Clause 49 of the Listing Agreement is furnished as a part of the Directors' Report together with a certificate from the Statutory Auditors confirming compliance with the said code is annexed to the said report.

Particulars of Employees

The particulars under 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 given in Annexure and form part of this report.

None of the employees covered under Section 217 (2A) of the Companies Act, 1956 has gross receipt of Rs.60,00,000/- per annum or Rs.5,00,000/- per month.

Auditors' Observations

The observations in the Auditor's Report are based on the following Notes:-

1. Note no. 37 regarding pending litigation in respect of Trade Tax and Excise Duty and non provision of demands in respect thereof.
2. Note no. 40 regarding income of Rs.343.95 Lacs from Certified Emission Reductions (CERs) accrued for the financial year ended 31st March, 2012.

The replies to the above qualifications by the Board of Directors are as below:

1. The Company is confident of favourable disposals of pending appeals, hence no provision is required at this stage.
2. The Company has installed a '6 MW Biomass Co-generation Power Plant' for captive consumption (the project). The project has already been registered with UNFCCC (The United Nations Framework Convention on Climate Change) on 01.04.07. The project is under CDM (Clean Development Mechanism) verification and final report is awaited. The Company has entered into an

Agreement (Emission Reduction Purchase Agreement) with the Belgium State for sale of CERs (Certified Emission Reductions) generated on account of GHG (Green House Gasses) Emission Reduction. In view of forgoing a sum of Rs. 343.95 Lacs has been recognised as income towards CERs accrued for the financial year ended 31st march, 2012.

Auditors

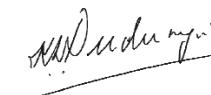
M/s Kapoor Tandon & Co., Chartered Accountants, Kanpur, retire at the ensuing Annual General Meeting. They have expressed their willingness to continue in office, if re-appointed and have furnished the requisite certificate of their eligibility pursuant to Section 224(1B) of the Companies Act, 1956.

Acknowledgements

Your Directors would like to express their grateful appreciation for overwhelming cooperation and assistance received from the Banks, Shareholders, Vendors, Customers and Government authorities during the year.

Your Directors also wish to place on record their appreciation for the whole hearted commitment, contribution, sincere and dedicated efforts by the entire Yash team to attain the Company's consistent growth.

For and on Behalf of the Board



K. D. Pudumjee
Chairman

Camp : New Delhi
Date : August 11, 2012

ANNEXURE TO DIRECTORS' REPORT

Information Pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

1. Conservation of Energy

(A) Energy Conservation Measures Taken

1. Trimming of Pulp Impellers
2. Rationalisation of Motors
3. Speed reduction of Agitators
4. Speed reduction of Refiners saving upto 50 Amp.
5. Insulation in uninsulated steam lines.
6. Steam Audit by forbes Marshall.
7. Installation of APFC for power factor correction at PM-3, Recovery & Recovery Back Feed.
8. Installation of VFD for power saving at PP-2 in SA Fan.

(B) Additional Investment and Proposals, If any, Being Implemented for Reduction of Consumption of Energy

1. LP Heater for Boiler Feed Water preheating utilisation vented steam during Low Load Conditions.
2. Refiner motor to be replaced by 110 KW, 750 rpm from 160 KW, 960 rpm.
3. Flash steam tank utilising heat energy of return condensate from PM-1 MG.
4. APFC for PM - 1&2 and Pulp Mill - 3 for power factor correction.
5. 18.5 KW. VFD for Dearator Feed Pump at PP - 2.
6. Implementation of forbs Marshall suggestion given after Steam Audit.

(C) Impact of the Measures of the above

1. The implementation of the above measures for energy conservation by the Company has resulted in reduction in power consumption from 1149 KWh per MT to 1100 KWh per MT.
2. Husk consumption reduced down to 95% on Power Plant-2.

(D) Total energy consumption and energy consumption per unit of production as per prescribed Form A of the annexures in respect of the industries specified in the schedule thereto.

I. Power and Fuel Consumption

	Current Year	Previous Year
(a) Electricity		
(i) Purchased Unit (lacs)	Nil	Nil
Total Amount (Rs.in lacs)	Nil	Nil
Rate / Unit (Rs.)	Nil	Nil
(ii) Own generation		
Through Diesel Generator		
Unit (lacs)	0.98	0.27
Unit per litre of Diesel Oil	3.46	5.25
Cost / Unit (Rs.)	10.25	6.48
Through Steam Turbine		
Unit (lacs)	395.40	394.82
Unit per MT of fuel (Paddy husk)	1,004.00*	992.00*
Cost / Unit (Rs.)	2.93	2.42
Note: *Steam Turbine is extraction cum condensing type hence fuel allocation is on an estimated basis.		
(b) Coal Quantity (MT)	Nil	Nil
(c) Furnace Oil Quantity (Kilo litre)	Nil	Nil
b. Others		
(i) Paddy Husk Quantity (MT)	79101.00	81007.00
Total Cost (Rs.in lacs)	2327.74	1943.40
Average Rate (Rs.)	2399.00	2399.00
(ii) Bagasse/ Pith Quantity (MT)	5558.00	1160.00
Total Cost (Rs.in lacs)	47.10	9.65
Average Rate (Rs.)	847.00	832.00

II. Consumption Per Unit of Production of Paper

	UOM	Current Year	Previous Year
Electricity	Units	1267*	1325*
Furnace Oil	Litre	Nil	Nil
Coal	MT	Nil	Nil
Paddy Husk	MT	1.35**	1.40**
Bagasse Pith	MT	3.00**	3.00**

* Inclusive of consumption for operation of turbine equipments.

** Bagasse pith is used alongwith the paddy husk as fuel for producing steam which is used for paper manufacturing and power generation hence consumptions are estimated.

2. Technology Absorption

Efforts made in technology absorption as per prescribed Form B of the Annexure.

(A) Specific areas in which R & D carried out by the Company

1. R & D centre is doing research in exploring the possibilities to prepare Micro fibrillar Cellulose (MFC) and Nano Fibrillar Cellulose (NFC) in collaboration with CTP Schwabmuchen Germany and Dr. Bruce lyne, Royal institute of technology department of corrosion and surface science, Drottning Kristinas Vag, Stockholm.
2. R & D centre is doing research to utilise rice husk as asmoh cement and lime sludge as chalk, calcium bricks / Plaster of Paris with the collaboration of Ecorative design LLC.60 cohoes areme green iseland, NY, 12183.

3. R & D centre is doing research for exploration of testing machine for better pulping of gunny fiber and improve its strength so that unbleached softwood pulp consumption can be reduced / replaced.

(B) Benefits derived as a result of the above R & D

By the use of resins and specialty chemicals, the quality of product improved and reduced long fiber consumption resulting reduced cost of production.

(C) Future plan of action

1. To strengthen and continuous improvement in quality through improvement of process parameter and modification in paper machine to reduce production loss and down time.
2. To develop new grades of paper.

(D) Expenditure on R & D

(Rs. in lacs)

	Current Year	Previous Year
(i) Capital	-	-
(ii) Recurring	9.21	9.90
(iii) Total	9.21	9.90
(iv) Total R & D Expenditure as a percentage of total turnover	0.08	0.09

(E) Technology absorption, adaptation and innovation

(i) Efforts, in brief, made towards technology absorption, adaptation and innovation:-

Installation of pulp cleaning equipment (centricleaners) in pulp mill and hood modification, suction touch roll against plain touch roll, modify suction press and MG Coating & Grinding on Paper Machine – 3 to improve doing capacity and productivity.

(ii) Benefits derived as a result of the above efforts e.g. Product improvement, cost reduction, product development, import substitution etc.:-

Improvement in existing process and product quality, performance, productivity, cost reduction and reduction in use of imported softwood pulp.

(iii) Imported Technology (Imported during the last five years reckoned from the beginning of the financial year)

None

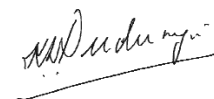
3. Foreign Exchange Earning and Outgo

(A) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans; The Company has continued thrust on exports.

(B) Total foreign exchange used and earned

- Used Rs.6,71,96,197
(Including Interest Rs.26,45,452 on FCNRB loan taken from SBI as part of working capital limits.)
- Earned Rs.14,40,94,301

For and on Behalf of the Board



K. D. Pudumjee
Chairman

Camp : New Delhi
Date : August 11, 2012

CORPORATE GOVERNANCE

Corporate Governance Compliance Report

In terms of Clause 49 of the Listing Agreement entered into with the Stock Exchange, the Corporate Governance Compliance Report is provided hereunder:

1. Company's Philosophy on Code of Governance

Fairness, accountability, disclosures and transparency form the four pillars of your Company's philosophy of Corporate Governance. Your Company strongly believes that for attaining sustainable growth in this competitive corporate world, Corporate Governance is a pre-requisite. The governance practices followed by your Company have played a vital role in its journey of continued success. Our endeavour over the years has been to strengthen the governance processes and systems attributing to constant improvisations, sustainability, profitable growth and creating long-term value for the stakeholders.

All the procedures, policies and practices followed by your Company are based on sound governance principles. Comprehensive disclosures, structured accountability in exercise of powers, adhering to international standards and commitment in compliance with regulations and statutes in letter as well as spirit have enabled your Company to enhance shareholder value. In fact, this has become an integral part of the way business is done. The governance practices followed by your Company are continuously reviewed and the same are benchmarked to the best governed companies.

Your Company has complied with all the regulations stipulated by the Securities Exchange Board of India (SEBI) in the Listing Agreement. This chapter, along with chapters

on Management Discussion and Analysis and General Shareholder Information, constitutes Yash Papers' compliance with Clause 49 of the Listing Agreement.

2. Board of Directors:

The Company has a high profiled Board with varied management expertise. The Board's role, functions, responsibility and accountability are known to them due to their vast experience. Directors are provided with well structured and comprehensive agenda papers in advance. All material information is incorporated in the Agenda for facilitating meaningful and focused discussion in the meeting. To enable the Board to discharge its responsibilities effectively, presentation are given on key issues. Moreover, the Board and its committee meeting schedule are circulated to the Board Members in the beginning of the financial year.

During the year, information as mentioned in Annexure-IA to Clause 49 of the Listing Agreement has been placed before the Board for its consideration. In addition to matters statutorily requiring Board's approval, all major decision involving policy formulation, strategy and business plans, new investments, compliance with statutory / regulatory requirements and major accounting provisions are considered by the Board.

Minutes of the Board Meeting / Committees are circulated to Directors and confirmed at subsequent meetings.

a) Composition of the Board:

The present Board consists of two Executive Director and eight Non-Executive Directors. The Non-Executive Directors with their diverse knowledge, experience and expertise brings in their independent judgment to the deliberations and decisions of the Board. The Non-Executive Directors did

not have any material pecuniary relationship or transactions with the Company during the year 2011-12.

The Company has a Non-Executive Chairman. The Company is having 6 Independent Directors which is 60% of the total number of Directors. The Company meets the requirement relating to the Composition of Board of Directors.

b) Non-Executive Directors' compensation and disclosures:

The Non-Executive Directors are paid sitting fees as well as commission within the limits prescribed under the Companies Act, 1956. No stock options were granted to Non-Executive Directors during the year under review.

c) Other provisions as to Board and Committee:

During the year 2011-12, 7 meeting of the Board of Directors were held 9th May, 2011, 24th June, 2011, 30th July, 2011, 10th August, 2011, 24th September, 2011, 5th November, 2011 and 13th February, 2012. The maximum time gap between any two consecutive meetings was not exceeding four months.

None of the Directors on the Board are Members of more than 10 Committees or Chairman of more than 5 Committees across all the Companies in which they are Directors. Necessary disclosures regarding Committee positions in other public Companies as on March 31, 2012 have been made by the Directors.

Details of attendance of Directors at Board meeting and at the last Annual General Meeting held on 24.09.2011, with particulars of their other Directorships and Chairman/Membership of Board Committees of other Companies showing the position as on March 31, 2012 are given below:-

Name	Designation	Category	Attendance at Board Meetings	Attendance at Last AGM	No. of outside Directorship in Public Limited		No. of Committees and Positions held	
					Director	Chairman	Member	Chairman
Mr. G. Narayana ¹	Director	Non-Promoter, Non-Executive, Independent	5	Yes	2	2*	1	Nil
Mr. K. D. Pudumjee ²	Chairman & Director	Non-Promoter, Non-Executive, Independent	4	Yes	Nil	Nil	Nil	Nil
Mr. Ved Krishna	Managing Director	Promoter, Executive, Non-Independent	7	Yes	Nil	2	Nil	Nil
Mr. Nirupam Mishra ³	Director Operations	Non-Promoter, Executive, Non-Independent	-	Yes	Nil	Nil	Nil	Nil
Mr. Narendra Kumar Agrawal ⁴	Director Works	Non-Promoter, Executive, Non-Independent	-	-	Nil	Nil	Nil	Nil
Mr. R. N. Chakraborty ⁵	Director	Non-Promoter, Non-Executive, Non-Independent	6	Yes	Nil	Nil	Nil	Nil
Mrs. Manjula Jhunjhunwala	Director	Promoter, Non-Executive, Non-Independent	6	Yes	1	Nil	Nil	Nil
Mr. Yash Krishna ⁶	Director	Promoter, Non-Executive, Non-Independent	1	No	Nil	Nil	Nil	Nil
Mr. G. N. Gupta	Director	Non-Promoter, Non-Executive, Independent	4	Yes	4	1	1	1
Dr. P. Banerjee ⁷	Director	Non-Promoter, Non-Executive, Independent	4	Yes	Nil	Nil	Nil	Nil
Mr. Ramesh Narayan	Director	Non-Promoter, Non-Executive, Independent	5	Yes	Nil	Nil	Nil	Nil
Mr. Basant Kumar Khaitan	Director	Non-Promoter, Non-Executive, Independent	1	No	9	1	2	1
Ms. Kimberly Ann McArthur ⁸	Director	Non-Promoter, Non-Executive, Independent	-	-	Nil	Nil	Nil	Nil
Dr. Indroneel Banerjee ⁹	Additional Director	Non-Promoter, Non-Executive, Independent	-	-	Nil	Nil	Nil	Nil

1. Resigned from the Board w.e.f. February 13, 2012
2. Appointed as Chairman w.e.f. February 13, 2012.
3. Resigned as Director Operations w.e.f. January 19, 2012.
4. Appointed as Director Works w.e.f. May 10, 2012.

5. Retired as Executive Director w.e.f. January 19, 2012 and appointed as Non-Executive Director on February 13, 2012.
6. Resigned from the Board w.e.f. December 1, 2011.
7. Demised on May 11, 2012.

8. Appointed as Director w.e.f. February 13, 2012.
9. Appointed as Additional Director w.e.f. August 11, 2012.

Other directorships do not include alternate directorships, directorships of Private Limited Companies, Section 25 Companies and of Companies incorporated outside India. Chairmanships/Memberships of Board Committees include only Audit and Shareholders/Investor Grievance Committees.

Particulars of the Non-Executive Directors who are retiring by rotation and eligible for re-appointment have been given in the attachment to the Notice and their profile is also appearing elsewhere in the Report.

The Company has received declarations on six criterions of independence as prescribed in Clause 49.I.A (iii) of the Listing Agreements from Independent Directors.

No Director of the Company is related to any other Director of the Company except Mrs. Manjula Jhunjhunwala, Director and Mr. Ved Krishna, Managing Director (Mother-Son).

(D) Code of Conduct

- (i) The Board of Directors has laid down Code of Conduct for all Board Members and Senior Management of the Company. The copies of the Code of Conduct as applicable to the Directors as well as Senior Management of the Company are uploaded on the website of the Company – www.yash-papers.com.
- (ii) The Members of the Board of Directors and Senior Management personnel have affirmed the compliance with the Code applicable to them during the year ended March 31, 2012. The Annual Report of the Company contains a Certificate by the Managing Director in this regard.

3. Audit Committee

(A) Qualified and Independent Audit Committee

The Company complies with the provisions of Section 292A of the Companies Act, 1956 as well as requirements under the listing agreement pertaining to the Audit Committee. Its functioning is as under:

- (i) The Audit Committee presently consists of the 5 Non-Executive Directors, Independent Directors.
- (ii) Four members of the Committee are financially literate and having the requisite financial management expertise.
- (iii) The Chairman of the Audit Committee is an Independent Director.
- (iv) The Chairman of the Audit Committee was present at the last Annual General Meeting held on September 24, 2012.
- (v) M/s Kapoor Tandon & Co. has audited the accounts of the Company for the financial year 2011-12 will continue to audit in future years.

(B) Terms of reference

The terms of reference of the Audit Committee include inter-alia:

- i. Review of the quarterly/annual financial results with the management and the statutory auditors.
- ii. Review with the management, statutory auditors and the internal auditors about the nature and scope of audit and of the adequacy of internal control systems.
- iii. Consideration of the reports of the internal auditors and the discussion about their findings with the management and suggesting corrective actions, wherever necessary.

- iv. Authority to investigate into any matter covered by Section 292A of the Companies Act, 1956.
- v. Reviewing the Company's financial and risk management policies.
- vi. Review of the financial reporting process and disclosure of financial information.
- vii. Recommending the appointment of Statutory and Internal Auditors, fixation of audit fee and approval for payment for any other services.
- viii. Reviewing major accounting policies and practices and adoption of applicable Accounting Standards.
- ix. Reviewing the findings of any internal investigations by the Internal Auditors and reporting the matters to the Board.
- x. Reviewing the compliance with Listing Agreement and various other legal requirements concerning financial statements and related party transactions.
- xi. Disclosure of Contingent liabilities.
- xii. Review the independence of Auditors.
- xiii. Ensure that adequate safeguards have been taken for legal compliance both for the Company and its other foreign Subsidiaries.
- xiv. The Company's doesn't have Whistle Blower Policy.

(C) Composition, names of Members and Chairperson, its meetings and attendance:

The Chairman of the Audit Committee is Mr. Gyanendra Nath Gupta. During the year, 4 Audit Committee meetings were held on 9th May, 2011, 10th August, 2011, 5th November, 2011 and 13th February, 2012.

The composition of the Audit Committee and number of meetings attended by the Members are given below:

Name of Directors	Category	Number of Meetings Held during 2011-12	Meeting Attended
Mr. G. N. Gupta	Independent Non-Executive	4	4
Dr. P. Banerjee ¹	Independent Non-Executive	4	2
Mr. Ramesh Narayan	Independent Non-Executive	4	4
Mr. K. D. Pudumjee	Independent Non-Executive	4	4
Mr. Yash Krishna ²	Non-Independent Non-Executive	4	–
Mr. Basant Kumar Khaitan ³	Independent Non-Executive	–	–
Dr. Indroneel Banerjee ⁴	Independent Non-Executive	–	–

1. Demised on May 11, 2012.

2. Resigned on December 1, 2011.

3. Appointed on August 11, 2012.

4. Appointed on August 11, 2012.

The Committee meetings are attended by invitation by the Managing Director, Vice President - Finance, Vice President - Marketing, Vice President – R & D, the representatives of Statutory Auditors and representatives of the Internal Auditors. Mr. Sachin K. Srivastava, Sr. Manager Legal & Secretarial acts as the Secretary of the Audit Committee.

The internal and statutory auditors of the Company discuss their audit findings and update the Audit Committee and submit their views directly to the Committee. Separate meetings are held with the internal auditors to focus on competence issues and to conduct detailed reviews of the processes and internal controls in the Company.

4. Remuneration Committee

The Company has constituted a Remuneration Committee of the Board to consider the remuneration of the Whole Time Directors which is a part of non-mandatory requirement of the code. The Remuneration Committee comprises of 3

Independent Directors viz. Mr. G. N. Gupta, Chairman of the committee, Dr. Indroneel Banerjee and Mr. Ramesh Narayan members of the Committee.

The Remuneration Committee of the Board recommends the remuneration of the Executive Directors. The remuneration package is governed by the industry pattern and as per the provisions of the Companies Act, 1956. The compensation of Non-Executive Directors is approved at Board Meeting. The sitting fee is not paid to the Executive Directors for attending the Board meetings or committee meetings thereof. The necessary approvals were obtained from shareholders, wherever required.

During the year only one remuneration committee meeting was held. The Composition of Remuneration Committee and attendance of each member Director, at the Committee Meetings during the period is as under:

Name of Directors	Position	Remuneration Committee Meetings	
		Held	Attended
Mr. G. N. Gupta	Chairman	1	1
Dr. P. Banerjee ¹	Member	1	1
Mr. Ramesh Narayan	Member	1	1
Dr. Indroneel Banerjee ²	Member	–	–

1. Demised on May 11, 2012.

2. Appointed as Member of the Committee in Board Meeting held on August 11, 2012.

The details of remuneration paid to all the directors during the year ended on March 31, 2012 are as follows:

Name of Directors	Service Contract/ Notice period	Remuneration Paid (in Rs.)		
		Sitting Fees	Salaries, perquisites and contribution to Provident Fund	Total
Mr. G. Narayana ¹	Retire by rotation	12,000	Nil	12,000
Mr. K. D. Pudumjee ²	Retire by rotation	34,000	Nil	34,000
Mr. Ved Krishna	Appointment made for 3 years	Nil	24,22,496	24,22,496
Mr. Nirupam Mishra ³	Appointment made for 3 years	—	1,82,772	1,82,772
Mr. Narendra Kumar Agrawal ⁴	Appointment made for 3 years	-	-	-
Mr. R. N. Chakraborty ⁵	Retire by rotation	4,000	6,29,394	6,33,394
Mrs. Manjula Jhunjhunwala ⁶	Retire by rotation	32,000	4,80,000*	5,12,000
Mr. Yash Krishna ⁷	Retire by rotation	Nil	Nil	Nil
Mr. G. N. Gupta	Retire by rotation	34,000	Nil	34,000
Dr. P. Banerjee ⁸	Retire by rotation	34,000	Nil	34,000
Mr. Ramesh Narayan	Retire by rotation	34,000	Nil	34,000
Mr. Basant Kumar Khaitan	Retire by rotation	8,000	Nil	8,000
Ms. Kimberly Ann McArthur ⁹	Retire by rotation	Nil	Nil	Nil
Dr. Indroneel Banerjee ¹⁰	Appointed till ensuing AGM	-	-	-
	Total	1,92,000	37,14,662	39,06,662

1. Resigned from the Board w.e.f. February 13, 2012.
2. Appointed as Chairman w.e.f. February 13, 2012.
3. Resigned from the Board w.e.f. January 19, 2012.
4. Appointed as Director Works w.e.f. May 10, 2012.
5. Retired as Executive Director w.e.f. January 19, 2012 and appointed as Non-Executive Director.

6. Being wife of Late Mr. K. K. Jhunjhunwala, amount paid as pension in the event of his death.
7. Resigned from the Board w.e.f. December 1, 2011.
8. Demised on May 11, 2012.
9. Appointed as Director w.e.f. February 13, 2012.
10. Appointed as Director w.e.f. August 11, 2012.

5. Shareholders'/Investors' Grievance Committee

The Board has constituted a Shareholders / Investors' Grievance Committee with Dr. Indroneel Banerjee as Chairman of the Committee with Mrs. Manjula Jhunjhunwala and Mr. R. N. Chakraborty as Members of the Committee. The Committee is set up to oversee the performance of the Registrars and Share Transfer Agents with respect to redressal of Shareholders grievances etc. The said Committee would also recommend measures for overall improvement of the quality of Investor Services.

The process of share transfer as well as review of redressal of investors'/shareholders' grievances is undertaken on fortnightly basis by the Registrar and Share Transfer Agents and the Compliance Officer. However, the matters related to issue a fresh Share Certificates would be dealt with by the Shareholders/Investor Grievance Committee.

The Board has delegated the powers to the Registrar and Transfer Agents (RTA) to attend to Share Transfer formalities thrice in months in accordance with Clause 49(IV)(G) and the RTA has convened 20 concall meetings with the Compliance Officer during the year under review for the purpose.

During the year, 4 meetings of the Shareholders/Investors Grievance Committee were held on April 12, July 12, October 11 in 2011 and on January 10 in 2012.

The composition of the Shareholders/Investors Grievance Committee and number of meetings attended by the Members are given below:

Name of Members	Category	Number of meetings held during 2011-12	Number of Meetings attended
Dr. Priyabrat Banerjee ¹	Independent, Non-Executive	4	4
Mrs. Manjula Jhunjhunwala	Non-Independent, Non-Executive	4	4
Mr. R. N. Chakraborty	Non-Independent, Non-Executive	4	4
Dr. Indroneel Banerjee ²	Independent, Non-Executive	-	-

1. Demised on May 11, 2012.

2. Appointed as Member of the Committee in Board Meeting held on August 11, 2012.

B) Name and Designation of the Compliance Officer

Mr. Sachin Kumar Srivastava, Sr. Manager Legal & Secretarial is the Compliance Officer and can be contacted at:

Yash Papers Limited

Tel : 91 – 5278 – 326611/12/13/14

Yash Nagar,

Fax : 91 – 5278 - 258062

Faizabad – 224 135

E-mail : scn@yash-papers.com

Uttar Pradesh, India

(c) Number of complaints received and redressed during the year 2011-12

Opening Balance	Received during the year 2011-12	Resolved during the year	Closing Balance
0	0	0	0

As required under Clause 47-C of the Listing Agreement, a Certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practising Company Secretary has been submitted to the Stock Exchanges within stipulated time.

(d) Suspense Account for the Unclaimed Shares

Pursuant to Clause 5A of the Listing Agreement, your Company has opened a Demat Suspense Account with Central Depository Services (India) for transferring 12,921 shares which remained unclaimed out of shares issued pursuant to the public issue offer.

No. of Shareholders as on 01.04.2011	Opening Balance of Shares in Suspense Account	Requests received during the year 2011-12	Shares transferred during the year	No. of Shareholders as on 31.03.2012	Closing Balance of Shares in Suspense Account
19	12,921	0	0	19	12,921

6. Disclosures

(A) Basis of related party transactions

- The statements containing the transactions with related parties were submitted periodically to the Audit Committee.
- There are no related party transactions that may have potential conflict with the interest of the Company at large.
- There were no material individual transactions with related parties during the year, which were not in the normal course of business as well as on an arm's length basis.
- There is no non-compliance by the Company and no penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital market, during the last three years.

(B) Disclosure of Accounting Treatment

During the year, there has been no change in Accounting Standard applicable to the Company.

(C) Board Disclosures - Risk Management

The Company has laid down procedures to inform the Board of Directors about the Risk Management and its minimisation procedures. The Audit Committee and Board of Directors review these procedures periodically.

(D) Proceeds from public issues, right issues, preferential issues etc.

The Company did not have any of the above issues during the year under review.

(E) Whistle Blower Policy

The Company doesn't have Whistle Blower Policy in the Company.

(F) Secretarial Audit Report

The Company has obtained Secretarial Audit Report from the Company Secretary in practice for compliance with the applicable provisions of the Companies Act, 1956, Listing Agreement, SEBI Regulations on Takeover, Insider Trading and Depositories & Participants. A text of the said Report is annexed elsewhere.

(G) Management Discussion and Analysis Report

The Management Discussion and Analysis Report have been included separately in the Annual Report to the Shareholders.

(H) Shareholders

- (i) The quarterly results made by the Company are put on the Company's website under the following link <http://www.yash-papers.com/investors-unaudited-financial-results.html>.
- (ii) Mr. K. D. Pudumjee, Mr. R. N. Chakraborty and Mr. Basant Kumar Khaitan are retiring by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-election as Non-Executive Directors.

7. CEO/CFO Certification

The Managing Director and Chief Financial Officer have

certified to the Board in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO/CFO Certification for the financial year ended March 31, 2012, published elsewhere in the Annual Report.

8. Compliance on Corporate Governance

The quarterly compliance report has been submitted to the Stock Exchange where the Company's equity shares are listed in the requisite format duly signed by the Compliance officer. Pursuant to the Clause 49 of the Listing Agreement, the Auditor's Certificate in compliance on conditions of Corporate Governance is published elsewhere in the Annual Report.

9. General Body Meetings**(A) Location and time of General Meetings held in the last 3 years**

Date	September 24, 2011	September 25, 2010	September 29, 2009
Time	1:00 P.M.	1:00 P.M.	1:00 P.M.
Venue	Hotel Little Chef, 15/198-A, Civil Lines, Kanpur - 208 001	Hotel Little Chef, 15/198-A, Civil Lines, Kanpur - 208 001	Hotel Little Chef, 15/198-A, Civil Lines, Kanpur - 208 001
Details of Special Resolutions passed in the AGM	–	Re-appointment of Mr. R. N. Chakraborty, Executive Director for a period of 2 years with effect from July 1, 2010 and fixing of his remuneration under Sections 198, 269, 309 and 311 read with Schedule XIII, of the Companies Act, 1956.	<ol style="list-style-type: none"> 1. Re-appointment of Mr. Ved Krishna, Managing Director for a period of 3 years with effect from August 1, 2009 and fixing of his remuneration under Sections 198, 269, 309 and 311 read with Schedule XIII, of the Companies Act, 1956. 2. Increase the authorised share capital of the Company from 30 crores to 60 crores pursuant to Section 31 of the Companies Act, 1956 and Clause 4 of Article of Association of the Company. 3. Delisting of Equity shares of the Company from U. P. Stock Exchange Limited, Kanpur in terms of Securities and Exchange Board of India (SEBI) (De-listing of Securities) Guidelines, 2003.

(B) Whether Special Resolutions

- (i) Were put through postal ballot last year : No
 Details of voting pattern : N.A.
 Person who conduct the postal ballot exercise : N.A.
- (ii) Are proposed to be conducted through
 Postal Ballot : No

10. Means of Communication

The Company regularly interacts with the shareholders through the multiple channels of communication such as publication of results, Annual Report, press releases after the Board Meeting and the Company's website. The Company also informs the Stock Exchanges in a prompt manner, all price sensitive information and all such other matters which in its opinion, are material and relevant for the shareholders.

Quarterly report sent to each household of shareholders.

The results of the Company are published in the newspapers.

Quarterly results and in which newspaper normally published in.

Hindustan / Rashtriya Sahara (Kanpur edition), Business Standard/ Economic times (All editions)

Any Website where displayed

<http://www.yash-papers.com>
<http://www.corpfiling.co.in/>

Whether it also displays official news releases.

Yes

Whether the website displays the presentations made to institutional investors and to the analysts.

No

11. General Shareholder Information**Annual General Meeting****(i) Date, Time and Venue**

29th September, 2012 at 1.00 P. M.
 Hotel "Little Chef", 15/198-A, Civil Lines,
 Kanpur – 208 001, Uttar Pradesh.

(ii) Financial Year

1st April to 31st March

(iii) Date of Book Closure

15th September, 2012 to 29th September, 2012
 (both days inclusive)

(iv) Dividend Payment Date

Dividend has not been recommended by the Board.

(v) Listing

Bombay Stock Exchange Limited, Mumbai.
 P. J. Towers, Dalal Street, Mumbai – 400 001

The Annual Listing Fees for the financial year 2011-12 and 2012-13 has been paid to Stock Exchange.

(vi) Stock Code: 516030**(vii) Market Price Information**

- a. The reported high and low closing prices during the year ended 31st March, 2012 on the Bombay Stock Exchange Limited, where your Company's shares are frequently traded vis-à-vis the Share Index, are given below:

Month	BSE		BSE SENSEX	
	High (Rs.)	Low (Rs.)	High	Low
April 2011	11.89	8.16	19,811.14	18,976.19
May 2011	10.17	8.80	19,253.87	17,786.13
June 2011	9.32	7.75	18,873.39	17,314.38
July 2011	9.24	8.53	19,131.70	18,131.86
August 2011	9.08	7.14	18,440.07	15,765.53
September 2011	8.75	6.66	17,211.80	15,801.01
October 2011	8.20	7.25	17,908.13	15,745.43
November 2011	7.75	5.25	17,702.26	15,478.69
December 2011	7.00	4.70	17,003.71	15,135.86
January 2012	6.12	4.55	17,258.97	15,358.02
February 2012	7.15	5.71	18,523.78	17,061.55
March 2012	7.00	5.55	18,040.69	16,920.61

b. Performance in comparison to BSE Sensex

The performance of the Company's scrip on the BSE as compared to the Sensex is as under:

	01 April, 2011	31 March, 2012	% CHANGE
Company Share Price (High)	Rs.11.89	Rs.7.00	(69.86)
SENSEX (High)	19,811.14	18,040.69	(9.81)

(viii) Register and Share Transfer Agents

The Members are requested to correspond the Company's Registrars & Share Transfer Agents – M/s Skyline Financial Services Private Limited quoting their Folio Number, Client ID and DP ID at the following address:-

Skyline Financial Services Pvt. Ltd.

D-153/A, 1st Floor, Okhla Industrial Area, Phase – 1, New Delhi – 110 020, Tel No.: (011) 26292680/81/82/83, Fax No. : (011) 26292681, Email: admin@skylinerta.com

(ix) Shareholding as on 31 March, 2012

(a) Distribution of Shareholding as on March 31, 2012

No. of equity share held	Shareholders		Equity share held	
	Number	% to total	Number	% to total
Upto - 500	12,508	72.42	29,54,664	12.31
501 - 1000	2,883	16.69	24,01,076	10.00
1001 - 2000	972	5.63	15,50,946	6.46
2001 - 3000	283	1.64	7,34,806	3.06
3001 - 4000	129	0.75	4,75,150	1.98
4001 - 5000	141	0.82	6,74,688	2.81
5001 - 10000	193	1.12	14,37,688	5.99
10001 and above	163	0.94	1,37,70,982	57.38
Total	17,272	100.00	2,40,00,000	100.00

(b) Shareholding Pattern as on March 31, 2012

Sl. No.	Categories of Shareholders	As on 31-03-2012		As on 31-03-2011	
		No. of Shares	% to Shares	No. of Shares	% to Shares
1.	Promoters	82,64,892	34.44	82,64,892	34.44
2.	Mutual Funds and UTI	1,000	0.00	1,000	0.00
3.	Banks, Financial Institutions	0	0.00	100	0.00
4.	Central/ State Government	2,11,121	0.88	2,11,121	0.88
5.	Corporate Bodies	6,38,757	2.66	8,41,011	4.127
6.	Individuals	1,47,21,253	61.34	1,45,19,476	60.281
7.	NRIs / OCBs	1,62,977	0.68	1,62,400	0.529
	Total	2,40,00,000	100.00	2,40,00,000	100.00

(c) Capital of the Company

The Authorised and paid-up capital of your Company are Rs. 60 crores and Rs. 24 crores respectively as on March 31, 2012. The Company has not changed its share capital (due to right, bonus, preferential issue, IPO, buyback, capital reduction, amalgamation, de-merger etc.) during the year under review.

However the Company has raised its Paid-up capital through preferential allotment of 37,00,000 equity shares of Rs.10 each at Rs.1 Security premium per equity shares to Mrs. Ranjini Poddar on May 24, 2012. The paid up capital of the Company as on the date of signing of corporate governance report was Rs.27.70 crores.

(d) Top Ten Shareholders as on 31 March, 2012

S. No.	Name of the Shareholders	No. of Equity Shares held	% of Total Equity Shares held
1.	Sangeetha S	10,58,900	4.41
2.	S Sathya	3,85,990	1.61
3.	Damodar Prasad Agarwal	3,68,163	1.53
4.	Renu Devi Patni	3,36,716	1.40
5.	Dipak Kanayalal Shah	3,30,000	1.38
6.	Kishore Kumar Patni	3,04,022	1.27
7.	P Subramanian	2,84,290	1.18
8.	Karan Patni	2,80,597	1.17
9.	United India Insurance Company Limited	2,11,121	0.88
10.	Chirayush Pravin Vakil	1,27,323	0.53
	Total	36,87,122	15.36

(x) Dematerialisation of shares and liquidity

2,33,77,223 equity shares have been demated, representing 97.41% of the issued capital as on March 31, 2012. The Company's shares can be traded only in dematerialised form as per SEBI notification. The Company has entered into Agreement with NSDL and CDSL whereby shareholders have the option to dematerialise their shares with either of the depositories. Equity shares are actively traded in BSE.

(xi) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

(xii) Plant Locations

Yash Papers Limited
Yash Nagar, Darshan Nagar,
Faizabad (U. P.) – 224 135
Ph. (05278) 326611-14;
Fax: (05278) 258062
E-mail : info@yash-papers.com

(xiii) Address for correspondence

The Sr. Manager Legal & Secretarial
Yash Papers Limited
Yash Nagar, Darshan Nagar,
Faizabad (U. P.) – 224 135
Ph. (05278) 326611-14;
E-mail : scn@yash-papers.com

On Behalf of the Board



Ved Krishna
Managing Director

Camp : New Delhi
Date : August 11, 2012

CEO AND CFO CERTIFICATION

We, Ved Krishna, Managing Director and Anil Kumar Gupta, Vice-President-Finance responsible for the finance function certify that:

- a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2012 and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) That are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended 31st March, 2012 which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee:
 - i) That, there has not been any significant change in internal control over financial reporting during the year under reference;
 - ii) That, there has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - iii) That, we are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

for Yash Papers Limited



Camp: New Delhi
Date: August 11, 2012

Ved Krishna
Managing Director



Anil Kumar Gupta
Vice-President-Finance

AUDITORS' CERTIFICATE

To
The Members of
Yash papers Limited

We have examined the compliance of conditions of Corporate Governance by Yash Papers Limited for the financial year ended on March 31, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s) in India.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on certification of Corporate Governance (as stipulated in Clause 49 of the listing Agreement) issued by the Institute of Chartered Accountant of India and limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us and representation made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances pending for a period of one month against the Company as per the records maintained by the Company and presented to the Shareholder's/Investor Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **Kapoor Tandon & Co.,**
Chartered Accountants
Firm Registration No.000952C



Rajesh Parasramka
Partner

Membership No.74192

Camp: New Delhi
Date: August 11, 2012

DECLARATION REGARDING COMPLIANCE TO CODE OF CONDUCT

I hereby confirm that the Company has adopted code of conduct for the Board of Directors and Senior Management of the Company.

I hereby declare that the Board of Directors and Senior Management personnel have affirmed compliance with the code of conduct of the Company, in compliance of the requirements of Corporate Governance.

For Yash Papers Limited



Ved Krishna

Managing Director

Camp : New Delhi

Date : August 11, 2012

SECRETARIAL AUDIT REPORT

Company No. : 20-5294

Nominal Capital : Rs. 60,00,00,000/-

To,

The Shareholders of **Yash Papers Limited**

We have audited the relevant books and records of Yash Papers Limited having its Registered Office at 47/81, Hatia Bazar, Kanpur – 208 001 (Uttar Pradesh) and Corporate Office at, Yash Papers Limited, Yash Nagar, Faizabad – 224 135 (Uttar Pradesh) produced before us by the Company and by their registrar and share transfer agents M/s. Skyline Financial Services Private Limited, for the purpose of our Secretarial Audit Report for the financial year ended on 31.03.2012. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers and records as per the provisions of the Companies Act, 1956 (the Act) and the rules made there under and all entries therein have been duly recorded during the year.
2. The Company has duly filed the forms and returns with the Registrar of Companies and the rules made there under during the year.
3. The Company has given proper notice along with the agenda for convening of Board Meeting, Committee Meetings and Annual General Meeting during the year.
4. The proceedings of the Meetings were properly recorded in the Minutes Books during the year.

5. The Board of Directors of the Company is duly constituted during the year.
6. The Company has obtained all the necessary approvals from the Board and Shareholders as required by the Act during the year.
7. The Company has complied with the provisions of section 58A of the Act read with Companies (Acceptance of Deposit) Rules, 1975 during the year.
8. The Company has complied with the provisions of section 154 of the Act during the year.
9. The Company has delivered all the certificates on lodgment thereof for transfer or any other purpose in accordance with the provisions of the Act during the year.
10. The Company has not declared any dividend during the year.
11. The Company has transferred the unclaimed/unpaid dividend to Investor Education and Protection Fund in compliance with the provisions of section 205C of the Act during the year.
12. The Company has paid remuneration to the Managing Director and sitting fees to the non-executive Directors of the Company in terms of section 198, 269, 309 read with Schedule XIII of the Act.
13. The Company has not appointed any sole selling agent in terms of section 294 of the Act during the year.
14. The Company has not given any loan in terms of section 295 of the Act during the year.
15. The Company has not entered into any transactions, which falls under section 297 of the Act during the year.
16. The Directors have disclosed their interest in terms of section 299 of the Act.
17. The Company has not appointed any person as a place of profit in terms of section 314 of the Act during the year.
18. The Company has complied with the provisions of section 372A of the Act.
19. The Company has complied with the applicable provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 during the year.
20. The Company has complied with the applicable provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992 during the year.
21. The Company has complied with the applicable provisions of SEBI (Depositories and Participants) Regulations, 1996 during the year.
22. The Company has not received any investor's complaints/queries during the year under review and no complaints/ queries were pending for redressal as on 31.03.2012.

Adesh Tandon & Associates
Company Secretaries



Adesh Tandon
FCS No. 2253
CP No. 1121

Camp: New Delhi
Date: 11th August, 2012

Auditors' Report

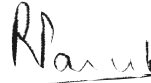
To The Members of
Yash Papers Limited

We have audited the attached Balance Sheet of **Yash Papers Limited** as at 31st March, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the financial year ended on that date annexed thereto. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order, 2003 (the Order) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 (the Act), we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the Order.
3. Further to our comments in the annexure referred to in paragraph 2 above, we report that:
 - a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of these books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the applicable Accounting Standards referred to in Section 211 (3C) of the Act;

- e. On the basis of written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, none of the Director is disqualified as on 31st March, 2012 from being appointed as Director in terms of Section 274 (1)(g) of the Act.
- f. We draw reference to:
Note no. 40 regarding income of Rs. 343.95 Lacs from Certified Emission Reductions (CERs) accrued for the financial year ended March, 2012.
- g. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Notes thereon, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - ii. In the case of the Statement of Profit and Loss, of the Loss of the Company for the financial year ended on that date ; and
 - iii. In the case of the Cash Flow Statement, of the cash flows for the financial year ended on that date.

For **Kapoor Tandon & Co.,**
Chartered Accountants
Firm Registration No. 000952C



Rajesh Parasramka
Partner

Membership No. 074192

Camp : New Delhi
Date : 11th August 2012

Annexure to the Auditors' Report

(Referred to in paragraph 2 of our report of even date on the financial statements for the financial year ended 31st March, 2012 of Yash Papers Limited)

In terms of the information and explanations given to us and also 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 its fixed assets.
- b) All the fixed assets have not been physically verified by the management during the year but there is regular programme of physical verification, which in our opinion is reasonable, having regard to the size of the Company and the nature of fixed assets. No material discrepancies have been noticed in respect of the assets physically verified during the year.
- c) The Company has not disposed off substantial part of fixed assets during the year.
- ii. a) The inventories of the Company have been physically verified by the management at regular interval during the year. In our opinion, the frequency of verification is reasonable.
- b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) The Company is maintaining proper records of inventories. As explained to us, the discrepancies noticed on verification were not material in relation to the operations of the Company.
- iii. a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Act.
- b) Accordingly, the provisions of clause iii. (b), (c) and (d) of the Order are not applicable to the Company.
- c) The Company has taken interest free unsecured loan from a Director. The maximum amount and year-end balance of such loan was Rs. 35.00 Lacs. Further to aforesaid the Company has accepted deposits (deposit under Section 58A & 58AA of the Act) from Director(s) and other parties listed in the register maintained under Section 301 of the Act. The year-end balance was Rs. 27.25 Lacs from 11 such parties.
- d) In our opinion, the terms and conditions on which loans have been taken are, prima facie, not prejudicial to the interest of the Company.
- e) The Company is regular in repaying the principal amount and interest.
- iv. In our opinion, there is adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. a) In our opinion, particulars of contracts or arrangements referred in Section 301 of the Act have been entered in the register required to be maintained under that section.
- b) In our opinion, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion, the Company has complied with the provisions of Section 58A and 58AA of the Act and the rules framed there under for the deposits accepted from the public.
- vii. In our opinion, 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 and records maintained by the Company pursuant to the Rules framed by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Act and are of the opinion that, prima facie, the prescribed records have been made and maintained. We have not, however, made a detailed examination of the said accounts and records with a view to determine whether they are accurate or complete.
- ix. a) According to the books and records produced and examined by us, the Company is generally regular in depositing undisputed Statutory dues including Provident Fund, Investors Education and Protection Fund, Income Tax, Sales/Trade Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues as applicable with the appropriate authorities and no undisputed amount payable in respect of aforesaid statutory dues were outstanding as at 31st March 2012 for a period of more than six months from the date they become payable.
- b) According to the information and explanations given to us, there are no dues of

Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty, Cess and Service Tax which have not been deposited on account of any dispute, except mentioned as below:

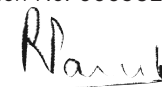
Name of the Statute	Nature of the dues	Amount (Rs. in Lacs)	Year(s) to which relates	Forum where pending
The Central Excise Act, 1944	Disallowance of CENVAT Credit	238.98	2009-10	CESTAT, New Delhi
	Service Tax on GTA (Freight)	1.25	2004-05 & 05-06	CESTAT, New Delhi
	Disallowance of CENVAT Credit	0.73	2007-08	CESTAT, New Delhi
Income Tax Act, 1961	Interest and other Income earned out of public issue proceeds assessed as Income from Other Sources	0.44	2006-07	Commissioner of Income Tax (Appeal), Kanpur

- x. The Company does not have accumulated losses of as at the end of the financial year. The Company has not incurred any cash loss in the current financial year as well as in the immediately preceding financial year.
- xi. According to the information and explanations given to us, there had been defaults in repayment of term loans, interest thereon and interest on working capital loans during the year. The details of such defaults/irregularities during the year and as on 31st March, 2012 in terms of original sanction(s) is as under:
- a. Defaults regularised during the year and in next year:
- Interest on Term Loans Rs. 22,56,856 (for the month of June 2011 – paid in April 2012)
 - Interest on Term Loans Rs. 1,74,73,862 (for the period from April to June 2011 – paid during 2011-12)
 - Interest on Working Capital Loans – Cash credit Rs. 86,47,390 (for the period from April 2011 to March 2012 – paid during 2011-12)
- b. Defaults not regularised:
- Default in repayment of Term Loans Rs. 9,78,25,464 (Instalments due in June, September, December 2011 and March 2012)
 - Interest on Term Loans Rs. 6,65,61,654 (for the period from July 2011 to March 2012)
 - Irregularity in Working Capital Loans (Cash credit) Rs. 23,87,222 (as on March 31, 2012 – not regularised till date)

However, subsequent to Balance Sheet date i.e. on June 01 2012, the CDR-EG (Corporate Debt Restructuring – Empowered Group) has approved final restructuring package (CDR package) with cut-off date as 01.07.2011. In view of the said CDR package there was no overdue interest and instalment as at 31st March, 2012 in respect of term loans. (refer note no. 5.1 to 5.5 of the Financial Statements)

- xii. The Company has not granted any loans and/or 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 and nidhi / mutual benefit fund / society. Accordingly, the provisions of clause xiii of the Order are not applicable to the Company.
- xiv. The Company is not a dealer or trader in securities. Accordingly, the provisions of clause xiv of the Order are not applicable to the Company.
- xv. The Company has not given any guarantees for loans taken by others from banks or financial institution.
- xvi. In our opinion, the term loans have been applied for the purposes for which they were obtained.
- xvii. According to the information and explanations given to us, there are no funds raised on a short term basis which have been used for long term investment.
- xviii. As the Company has not made any preferential allotment of shares during the year, clause xviii of the Order is not applicable to the Company.
- xix. The Company has not issued any debentures during the year.
- xx. As the Company has not raised any money by way of public issue during the year, clause xx of the Order is not applicable to the Company.
- xxi. Based on the audit procedures performed and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Kapoor Tandon & Co.,
Chartered Accountants
Firm Registration No. 000952C



Rajesh Parasramka
Partner

Membership No. 074192

Camp : New Delhi
Date : 11th August 2012

Balance Sheet

As at 31st March, 2012

Amount in Rupees

Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
a) Share Capital	2	240,000,000	240,000,000
b) Reserves and Surplus	3	141,493,897	152,824,044
		381,493,897	392,824,044
2. Share Application Money pending allotment	4	40,700,000	-
3. Non Current Liabilities			
a) Long Term Borrowings	5	641,225,006	518,487,523
b) Deferred Tax Liabilities (Net)	6	2,755,000	939,000
		643,980,006	519,426,523
4. Current Liabilities			
a) Short Term Borrowings	7	253,470,854	226,085,295
b) Trade Payables	8	123,739,387	97,187,765
c) Other Current Liabilities	9	59,474,370	209,520,701
d) Short Term Provisions	10	9,470,077	6,282,493
		446,154,688	539,076,254
Total		1,512,328,591	1,451,326,821
II. ASSETS			
1. Non Current Assets			
a) Fixed Assets :			
i) Tangible Assets:	11	921,363,730	974,708,863
ii) Intangible Assets	11	209,067	3,377
iii) Capital Work in Progress	11	-	2,379,392
b) Non Current Investments	12	5,935	5,935
c) Long Term Loans and Advances	13	4,849,176	4,314,161
d) Other Non Current Assets	14	1,506,000	1,506,000
		927,933,908	982,917,728
2. Current Assets			
a) Inventories	15	272,262,749	218,142,435
b) Trade Receivables	16	129,801,293	105,272,809
c) Cash and Cash Balances	17	21,993,099	18,658,310
d) Short Term Loans and Advances	18	27,566,946	24,574,593
e) Other Current Assets	19	132,770,596	584,394,683
		584,394,683	101,760,946
Total		1,512,328,591	1,451,326,821
Significant Accounting Policies	1		


The accompanying notes form an integral part of these financial statements.

As per our report of even date attached.

For **Kapoor Tandon & Co.**

Chartered Accountants

Firm Reg. No. 000952C



Rajesh Parasramka

Partner

Membership No. 074192

Camp: New Delhi

Date: 11th August 2012



Ved Krishna
Managing Director

For and on behalf of the Board



N. K. Agrawal
Director Works



Anil Kumar Gupta
Vice President-Finance

Statement of Profit and Loss

For the year ended 31st March, 2012

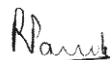
Amount in Rupees

Particulars	Note No.	Year ended 31st March, 2012	Year ended 31st March, 2011
REVENUE			
Revenue from operations (gross)	20	1,140,508,916	1,068,824,455
Less : Excise Duty		48,910,979	29,441,466
Revenue from operations (net)		1,091,597,937	1,039,382,989
Other Income	21	8,701,023	11,518,242
Total Revenue		1,100,298,960	1,050,901,231
EXPENSES			
Cost of Material consumed	22	495,865,278	470,854,043
Decrease/(Increase) in Inventories of Finished Goods and Work-in-Process	23	(17,401,338)	(7,196,885)
Employee Benefits Expense	24	71,677,716	63,184,088
Finance Costs	25	123,651,925	110,251,473
Depreciation and Amortisation Expense	26	62,790,197	63,411,873
Other Expenses	27	373,208,413	324,003,843
Total Expenses		1,109,792,191	1,024,508,435
Profit Before Tax		(9,493,231)	26,392,796
Tax Expenses			
- Current Tax		-	4,890,000
- Deferred Tax		1,816,000	(9,007,000)
- Tax adjustments relating to earlier years		20,916	136
Profit for the year		(11,330,147)	30,509,660
Earning per Equity Share (EPS)	28		
(Face value of Rs 10 each)			
Basic		(0.47)	1.27
Diluted		(0.47)	1.27
Significant Accounting Policies	1		

The accompanying notes form an integral part of these financial statements.

As per our report of even date.

For **Kapoor Tandon & Co.**
Chartered Accountants
Firm Reg. No. 000952C



Rajesh Parasramka
Partner
Membership No. 074192
Camp: New Delhi
Date: 11th August 2012



Ved Krishna
Managing Director

For and on behalf of the Board



N. K. Agrawal
Director Works



Anil Kumar Gupta
Vice President-Finance

Cash Flow Statement

For the year ended 31st March, 2012

Amount in Rupees

Particulars	Year ended 31st March, 2012		Year ended 31st March, 2011	
CASH FLOW FROM OPERATING ACTIVITIES :				
Net profit/(loss) before tax		(9,493,231)		26,392,796
Adjustment for:-				
Depreciation/amortisation	62,790,197		63,411,873	
Profit on Sale of Fixed Assets	(8,316)		(150,719)	
Interest Income	(911,279)		(845,990)	
Interest Expenses	115,240,519		102,422,013	
Loss on Sale of Fixed Assets	2,207,651	179,318,772	166,872	165,004,049
Operating Profit before Working Capital changes		169,825,541		191,396,845
Adjustment for:-				
Inventories	(54,120,314)		(29,249,162)	
Trade and Other Receivables	(28,055,852)		(37,183,120)	
Other Assets	(31,009,650)		(29,253,000)	
Trade Payable and Other Liabilities	(2,321,151)		5,417,188	
Income Tax Paid	(422,724)	(115,929,691)	(1,988,398)	(92,256,492)
Cash generated from operations		53,895,850		99,140,353
Interest Received		911,279		845,990
Net Cash From Operating Activities		54,807,129		99,986,343
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets (Including CWIP)		(9,768,397)		(7,324,728)
Sale of Fixed Assets		297,700		632,138
Net Cash Used In Investing Activities		(9,470,697)		(6,692,590)

Cash Flow Statement

For the year ended 31st March, 2012

Amount in Rupees

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(115,240,519)	(102,422,013)
Increase/(Decrease) in Short Term Borrowings	27,385,559	70,176,394
Increase/(Decrease) in Long Term Borrowings	5,153,317	(55,609,963)
Proceeds from issue of Preferential Share (Application money)	40,700,000	-
Net Cash (Used in)/From Financing Activities	(42,001,643)	(87,855,582)
Net Increase/(Decrease) In Cash and Cash Equivalents	3,334,789	5,438,171
Cash and Cash Equivalents (Opening Balance)	18,658,310	13,220,139
Cash and Cash Equivalents (Closing Balance)	21,993,099	18,658,310
(refer Note 17, Cash and Bank Balances)		

The accompanying notes form an integral part of these financial statements.

As per our report of even date.

For **Kapoor Tandon & Co.**
Chartered Accountants
Firm Reg. No. 000952C



Rajesh Parasramka
Partner
Membership No. 074192
Camp: New Delhi
Date: 11th August 2012



Ved Krishna
Managing Director

For and on behalf of the Board



N. K. Agrawal
Director Works



Anil Kumar Gupta
Vice President-Finance

Notes to financial statements

For the year ended 31st March, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation of Financial Statements

The accounts are prepared on accrual basis under the historical cost convention and to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

1.2 Use of Estimates

The preparation of Financial Statements requires estimates and assumptions that affect the reported amount of assets and liabilities on the balance sheet date and the revenues and expenses during the year. Difference, if any, between the actual and the estimate is recognised in the year in which the same are acknowledged/ materialised.

1.3 Fixed Assets

Fixed Assets are stated at cost (of acquisition/construction, as the case may be), net of CENVAT and Subsidy, less accumulated depreciation and accumulated impairment losses, if any. All costs including borrowing costs upto the date of commissioning of related assets and all direct and indirect expenses attributable to the assets are capitalised. (Also refer Note 1.12 & 1.18 on Borrowing Costs and CENVAT)

1.4 Intangible Assets

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and impairment losses, if any. [Also refer Note 1.6 (iii)]

1.5 Capital work in Progress

Capital work in progress comprises cost of fixed assets not yet commissioned, incidental pre-operative expenses and borrowing costs.

1.6 Depreciation / Amortisation

- i. Depreciation on fixed assets is provided on 'Straight Line Method' at the rates specified under Schedule XIV to the Companies Act, 1956. Fixed assets costing below Rs.5,000/- are fully depreciated in the year of addition. Depreciation is provided on pro-rata basis with reference to the date of addition / deletion in respect of addition to/ deletion from fixed assets.
- ii. Leasehold Land is amortised over the period of lease.
- iii. Computer Software being intangible asset is amortised over a period of 5 years on "Straight Line Method".

1.7 Impairment of Assets

The Company assesses at each Balance Sheet date, whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the "recoverable amount" of asset. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than the "carrying amount", the carrying amount is reduced to its recoverable amount. If at the subsequent Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at recoverable amount.

1.8 Investments

Long Term Investments are stated at cost. A provision for diminution is made if in the opinion of the management, the diminution is other than temporary.

1.9 Inventories

- i. Inventories other than Scrap and Import entitlements/licence are valued at lower of cost or net realisable value. For this purpose cost is determined as under:
 - a. Raw materials and paddy husk : Weighted Average Cost
 - b. Work in process: Direct Cost Method (estimated basis)
 - c. Pulp: Direct Cost Method (estimated basis)
 - d. Finished goods: Direct cost method

Notes to financial statements For the year ended 31st March, 2012

- e. Stores (excepting paddy husk), spares and loose tools: FIFO method
- ii. Scraps and Import entitlements/licence (DEPB) are valued at estimated realisable value.

1.10 Revenue Recognition

- i. Sales are recognised on despatch of goods to customers. Sales are net of discount/ rebate and sales tax but include Excise Duty.
- ii. Export Incentives (DEPB etc.) are recognised when certainty of receipt is established.
- iii. All other incomes are accounted for on accrual basis.

1.11 Foreign Currency Transactions

Outstanding foreign currency assets and liabilities, other than those covered by Forward Exchange Contract, are translated at the exchange rate prevailing as on Balance Sheet date. Foreign Exchange asset / liability covered by Forward Exchange Contract are translated at the rate prevailing at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognised over the life of contract. Gains or loss on these assets and liabilities are recognised in the Profit and Loss Account except in case of long term liabilities, where they relates to acquisition of fixed assets, in which case they are adjusted to the carrying cost of respective assets.

1.12 Borrowing Costs

Borrowing costs that are attributable to the acquisition/construction of qualifying assets are capitalised as part of cost of such assets. A qualifying asset is an asset that requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the year in which they are incurred.

1.13 Government Grants

Government Grant related to fixed assets are adjusted with the Gross Block / Cost of fixed assets and Grants of revenue nature are adjusted with the respective expenditure/ treated as income as the case may be.

1.14 Employee Benefits

- a) Company's contributions to Provident Fund and Family Pension Fund are charged to Profit and Loss Account.
- b) Provision for Gratuity is determined on the basis of actuarial valuation at the end of the year and is debited to the profit and loss account each year.
- c) Provision for leave encashment (treated as short term in nature) is done on the basis of leaves accrued as at the end of the year.
- d) Termination benefits are recognised as an expense as and when incurred.

1.15 Research and Development Expenditure

Expenditure of revenue nature is charged to Profit & Loss Account and that of capital nature is capitalised as fixed assets.

1.16 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in respect of obligations where, based on the evidences available, their existence at the Balance Sheet date is considered probable. Contingent liabilities are disclosed by way of notes on accounts in respect of obligations where, based on the evidences available, their existence at the Balance Sheet date is considered not probable. Contingent assets are not recognised in the accounts.

1.17 Taxes on Income

Provision for tax on income for the year (i.e. Current Tax) is made after considering the various deductions/relief admissible under the Income Tax Act, 1961. Provision for tax effect of timing difference (i.e. Deferred Tax) is made in accordance with the provisions of the Accounting Standard 22, Accounting for Taxes on Income (AS-22) issued by the Institute of Chartered Accountants of India.

Notes to financial statements For the year ended 31st March, 2012

1.18 CENVAT credit availed in respect of capital goods is adjusted from cost of assets and in respect of other items is adjusted from related expenses.

1.19 Prior period items, if material, are shown separately.

2. SHARE CAPITAL

Particulars	Amount in Rupees	
	As at 31st March, 2012	As at 31st March, 2011
Authorised		
5,60,00,000 Equity Shares of Rs.10/- each	560,000,000	560,000,000
4,00,000 Preference Shares of Rs.100/- each	40,000,000	40,000,000
	600,000,000	600,000,000
Issued, Subscribed And Fully Paid Up		
2,40,00,000 Equity Shares of Rs. 10/- each fully paid up	240,000,000	240,000,000
Total	240,000,000	240,000,000

2.1 Reconciliation of the shares outstanding at the beginning and at the end of the year:

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares	(Rupees)	No. of Shares	(Rupees)
Equity shares				
At the beginning of the year	24,000,000	240,000,000	24,000,000	240,000,000
Changes during the year	-	-	-	-
Outstanding at the end of the year	24,000,000	240,000,000	24,000,000	240,000,000

2.2 Term/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.3 Bonus Shares/Shares for consideration other than cash issued & Buy Back of shares during preceding five years: NIL

2.4 Shares held by holding/ultimate holding company and/or their subsidiary/associate: NIL

2.5 Details of shareholders holding more than 5% shares in the Company:

Name of the Share Holder	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares	% held	No. of Shares	% held
Mr. Ved Krishna	2,399,121	10.00%	2,399,121	10.00%
Satori Global Limited	3,334,500	13.89%	3,334,500	13.89%

Notes to financial statements For the year ended 31st March, 2012

3. RESERVES AND SURPLUS

Amount in Rupees

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Capital Reserves				
Balance as per last Account		6,819,550		6,819,550
Securities Premium Reserve				
Balance as per last Account		77,322,028		77,322,028
General Reserves				
Balance as per last Account	55,000,000		55,000,000	
Add : From the Statement of Profit and Loss	-		-	
		55,000,000		55,000,000
Surplus in the Statement of profit and loss				
Balance as per last Account	13,682,466		(16,827,194)	
Profit/(Loss) for the year	(11,330,147)		30,509,660	
	2,352,319		13,682,466	
Less: Appropriations	-		-	
		2,352,319		13,682,466
Total		141,493,897		152,824,044

4. SHARE APPLICATION MONEY PENDING ALLOTMENT

Amount in Rupees

Particulars	As at 31st March, 2012	As at 31st March, 2011
Amount received during the year		
37,00,000 Equity Shares of Rs 10 each fully paid-up @ 11/- per Share (including Premium of Rs 1/- per share)	40,700,000	-
Total	40,700,000	-

4.1 37,00,000 Shares allotted against Share Application Money during the year 2012-13 (on 24.05.2012)

4.2 The Company was having sufficient authorised capital to cover the share capital amount resulting from the allotment of shares out of the share application money out standing as on 31.03.2012. There was no delay in issuing the shares against the said application amount.

Notes to financial statements For the year ended 31st March, 2012

5. LONG TERM BORROWINGS

Amount in Rupees

Particulars	As at 31st March, 2012	As at 31st March, 2011
Secured		
Term Loans		
Indian rupee loan (including FITL) from banks (refer Note 5.1 to 5.5)	624,571,577	494,561,230
Vehicle Loan from bank (refer Note 5.6)	-	127,023
Unsecured		
Fixed Deposit	13,153,429	20,299,270
from Directors	3,500,000	3,500,000
Total	641,225,006	518,487,523

5.1 Continuing default as on the Balance Sheet date:

There has been default in repayment of term loans, interest thereon and interest on working capital loans to consortium of banks due to financial crisis. The detail of defaults/irregularities for the year and as on 31st March, 2012 in terms of sanction(s) is as under:

	(Rupees)
a. Detail of defaults regularised during the year and in next financial year is as under:	
Interest on Term Loans (For June 2011 - paid in April 2012)	2,256,856
Interest on Term Loans (For April to June 2011 - paid in financial year 2011-12)	17,473,862
Interest on Working Capital Loans (For April 2011 to March 2012 - paid during the financial year 2011-12)	8,647,390
b. Other Defaults:	
Instalment of Term Loans (June, Sep, Dec 2011 & Mar 2012 - to be paid in terms of CDR)	97,825,464
Interest on term Loans (From July 2011 to March 2012 - to be paid in terms of CDR)	66,561,654
Irregularity in Working Capital Loans (Cash Credit Limit) (upto March, 2012)	2,387,222
(Please refer para 9.2 for status of such defaults as on 31.03.2011)	

5.2 Subsequent to Balance Sheet date, the Empowered Group of Corporate Debt Restructuring Cell (CDR-EG) has approved the final restructuring package (CDR Package) of the Company; the details thereof is as under:

The CDR-EG in its meeting held on June 01, 2012 has approved CDR Package of the Company. Oriental Bank of Commerce (OBC) has been appointed as Monitoring Institution (MI). Final Letter of Approval (LOA) has been issued by the CDR cell to all the lenders with a copy to the Company on June 08, 2012. Individual Sanction Letter in line with LOA has been received from Oriental Bank of Commerce & United Bank of India and is pending from State Bank of India, Union Bank of India & UCO Bank.

The salient features of the CDR Package are as under:

- Cut-off Date (COD) is July 01, 2011
- Holding on operation (i.e. no debit/recovery of dues by lenders) & continuance of working capital limits at existing sanctioned level till implementation of CDR Package.
- Moratorium period of two years in respect of existing term loan of 57.06 Crores (as on 30.06.2011) from COD & repayment thereof in thirty two structured quarterly instalments commencing

Notes to financial statements For the year ended 31st March, 2012

5. LONG TERM BORROWINGS (Contd...)

from September 2013 till June 2021.

- Funding of Interest on existing term loan @ 14.25% (simple rate of interest) for twenty four months from COD (i.e. FITL) & repayment thereof in thirty two structured quarterly instalments commencing from September 2013 till June 2021 (Rate of interest for FITL @ 11.50 p.a.).
- Sanction of fresh term loan of Rs 8.33 Crores.
- Additional fund based working capital limit of Rs 17.28 Crores.
- Additional non-fund based limit of Rs 2.34 Crores.

5.3 The accounting of interest for the period from July 2011 to Mar 2012 and classification of loans into Long term & current maturities has been done in terms of the said CDR Package.

5.4 All the existing term loans, fresh term loans and FITL are secured by pari-passu first charge on all the fixed assets of the Company and second pari-passu charge on the current assets of the Company.

Pledge of 100% equity share of the Company held by the promoters.

Corporate Guarantee of Megha Agro Products Ltd & Satori Global Ltd., the associates.

Personal Guarantee of promoter directors of the Company Mr Ved Krishna and Mrs. Manjula Jhunjhunwala.

5.5 These Loans are repayable over a period of 8 years in structured thirty two quarterly instalment commencing from September 2013 to June 2021.

5.6 Secured against Vehicle financed.

6. DEFERRED TAX LIABILITIES (NET)

Amount in Rupees

Particulars	As at 31st March, 2012	As at 31st March, 2011
Deferred Tax Liability		
on account of		
Depreciation	145,295,000	143,185,000
Gross deferred tax liability	145,295,000	143,185,000
Deferred Tax Assets		
on account of		
Unabsorbed Depreciation/Losses	135,281,000	136,348,000
MAT Credit	4,394,000	5,732,000
Other Timing Differences	2,865,000	166,000
Gross deferred tax assets	142,540,000	142,246,000
Net Deferred Tax Liability @	2,755,000	939,000

@ Deferred Tax Assets and Deferred Tax Liabilities have been set off in accordance with clause 29 of AS 22.

Notes to financial statements For the year ended 31st March, 2012

7. SHORT TERM BORROWING

Amount in Rupees

Particulars	As at 31st March, 2012	As at 31st March, 2011
Secured		
Working Capital Loans		
Indian rupee loan from bank(s)	147,024,915	194,170,424
Foreign currency loan from bank(s)	98,945,939	18,662,773
Unsecured		
From a company	7,500,000	13,252,098
Total	253,470,854	226,085,295

7.1 Working capital facilities are secured by pari-passu first charge on all the current assets of the Company and second pari-passu charge on fixed assets of the Company.

7.2 Working capital facilities are also covered in CDR. Please refer Note 5.1 and 5.2 in this regard.

8. TRADE PAYABLES

Amount in Rupees

Particulars	As at 31st March, 2012	As at 31st March, 2011
Sundry Creditors (refer Note 8.1)	123,739,387	97,187,765
Total	123,739,387	97,187,765

8.1 The Company has requested confirmation from Suppliers regarding their registration (filling of Memorandum) under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). According to the information available with the Company there was no amount(principal and/or interest) due to any micro/small enterprises(SME as defined in the Act) as at the end of the year. There is no delay in payment to SME during the year. No interest was paid/payable on account of delay in payment to SME during the year in terms of Section 16 of the Act.

9. OTHER CURRENT LIABILITIES

Amount in Rupees

Particulars	As at 31st March, 2012	As at 31st March, 2011
Current maturity of long term borrowings - Secured	127,023	122,475,425
Current maturity of long term borrowings - Unsecured	9,406,490	4,642,254
Interest accrued but not due on borrowings	4,795,298	1,953,099
Interest accrued and due on borrowings	-	18,351,907
Security Deposit from Customers	11,400,000	33,900,000
Advance from Customers	7,598,022	11,425,903
Unpaid dividend (refer Note 9.1)	363,016	643,716
Unpaid Share Application Money (refer Note 9.1)	239,848	239,848
Unpaid Matured Deposits (including Interest) (refer Note 9.1)	2,589,872	110,690
Other Liabilities	22,954,801	15,777,859
Total	59,474,370	209,520,701

Notes to financial statements For the year ended 31st March, 2012

9. OTHER CURRENT LIABILITIES (Contd...)

9.1 There are no amounts due for payment to Investor Education & Protection Fund as at the year end.

9.2 Continuing default as on the Balance Sheet date

Amount in Rupees

Particulars	As at 31st March, 2012	As at 31st March, 2011
Principal (included in Current maturities of long term borrowing)	refer Note 5.1	24,456,365
Interest (Interest accrued and due on borrowings)	refer Note 5.1	18,351,907

10. SHORT TERM PROVISIONS

Amount in Rupees

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Provision for Tax	6,146,000		14,846,000	
Less: Advance Tax	5,815,651	330,349	14,113,843	732,157
Provision for Gratuity		3,442,599		2,070,230
Provision for Leave Encashment		2,924,692		2,594,870
Excise Duty on Finished Goods		2,772,437		885,236
Total		9,470,077		6,282,493

11. FIXED ASSETS

Amount in Rupees

S. No.	Description of Assets Tangible	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
		As at 31.03.2011	Additions	Sales/ discarded	As at 31.03.2012	Upto 31.03.2011	For the year	Deduction/ Adjustment	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
a.	Land Free Hold (incl. Site Development)	14,324,593	3,552,209	-	17,876,802	-	-	-	-	17,876,802	14,324,593
b.	Land Lease Hold	20,031,377	-	-	20,031,377	889,803	222,565	-	1,112,368	18,919,009	19,141,574
c.	Factory Building	178,414,014	-	-	178,414,014	34,348,788	5,888,426	-	40,237,214	138,176,800	144,065,226
d.	Non Factory Building	26,914,517	1,270,978	-	28,185,495	3,734,657	439,567	-	4,174,224	24,011,271	23,179,860
e.	Plant & Machinery	992,743,766	5,846,546	4,944,160	993,646,152	296,903,583	50,371,861	2,671,887	344,603,557	649,042,595	695,840,183
f.	Electric Installation & Fittings	99,456,526	318,779	-	99,775,305	29,126,391	4,599,209	-	33,725,600	66,049,705	70,330,135
g.	Furniture & Fittings	4,612,575	675,807	-	5,288,382	3,083,404	240,860	-	3,324,264	1,964,118	1,529,171
h.	Office Equipment	7,635,751	224,950	39,741	7,820,960	5,147,591	473,030	37,754	5,582,867	2,238,093	2,488,160
i.	Motor Car & Other Vehicles	8,809,643	-	599,337	8,210,306	4,999,682	501,849	376,562	5,124,969	3,085,337	3,809,961
	Sub total	1,352,942,762	11,889,269	5,583,238	1,359,248,793	378,233,899	62,737,367	3,086,203	437,885,063	921,363,730	974,708,863
	Intangible										
a.	Computer Software	3,137,046	258,520	-	3,395,566	3,133,669	52,830	-	3,186,499	209,067	3,377
	Total	1,356,079,808	12,147,789	5,583,238	1,362,644,359	381,367,568	62,790,197	3,086,203	441,071,562	921,572,797	974,712,240
	Previous Year	1,350,058,055	7,324,728	1,302,975	1,356,079,808	318,610,379	63,411,873	654,684	381,367,568	974,712,240	-
										-	2,379,392

Notes to financial statements For the year ended 31st March, 2012

12. NON CURRENT INVESTMENTS (Long Term Investments)

Amount in Rupees

Particulars	As at 31st March, 2012	As at 31st March, 2011
Non trade (valued at cost unless stated otherwise)		
EQUITY SHARES - FULLY PAID-UP		
Pudumjee Pulp & Paper Mills Ltd.		
500 Equity Shares of Rs. 2/- each fully paid up	4,400	4,400
Rana Mohindra Papers Ltd.		
100 Equity Shares of Rs.10/- each fully paid up	380	380
Mukerian Papers Ltd.		
100 Equity Shares of Rs.10/- each fully paid up	600	600
Rama Newsprint & Papers Ltd.		
100 Equity Shares of Rs.10/- each fully paid up	555	555
	5,935	5,935
Total cost of quoted investments	5,935	5,935
Aggregate Market value of quoted investments	9,229	4,055

13. LONG TERM LOANS AND ADVANCES (Unsecured considered good)

Amount in Rupees

Particulars	As at 31st March, 2012	As at 31st March, 2011
Capital Advance	4,646,921	4,220,906
Security Deposit	202,255	93,255
Total	4,849,176	4,314,161

14. OTHER NON CURRENT ASSETS (Unsecured considered good)

Amount in Rupees

Particulars	As at 31st March, 2012	As at 31st March, 2011
Miscellaneous Expenditure (to the extent not written off or adjusted)		
- Authorised Capital Increase Fee @	1,506,000	1,506,000
Total	1,506,000	1,506,000

@ Fee paid to the Registrar of Companies for increasing the Authorised Capital of the Company and the same will be transferred to Share Premium Account on issue of shares.

Notes to financial statements

For the year ended 31st March, 2012

15. INVENTORIES (valued at lower of cost and net realisable value)

Amount in Rupees

Particulars	As at 31st March, 2012	As at 31st March, 2011
Raw Materials	45,399,696	26,772,496
Work in Progress	5,680,868	5,351,926
Finished Goods - Kraft & poster paper	43,149,259	14,072,688
Pulp	10,519,139	22,523,314
Store and Spares	160,524,835	142,937,820
Import Entitlements/Licenses in hand	1,820,859	1,481,497
Scrap	5,000,000	4,800,000
Loose Tools	168,093	202,694
Total	272,262,749	218,142,435

16. TRADE RECEIVABLES (Unsecured considered good)

Amount in Rupees

Particulars	As at 31st March, 2012	As at 31st March, 2011
Outstanding for a period exceeding six months from the date they are due for payment	16,250,621	6,402,487
Others	113,550,672	98,870,322
Total	129,801,293	105,272,809
Trade receivable include:		

17. CASH AND BANK BALANCES

Amount in Rupees

Particulars	As at 31st March, 2012	As at 31st March, 2011
Cash and cash equivalents		
Cash on Hand (as Certified by the Management)	5,452,478	5,084,097
Stamps/Cheques in hand	14,117	14,939
Balances with Banks on:		
Current Accounts	157,139	211,674
	5,623,734	5,310,710
Other bank balances		
Margin Money Deposit (including Fixed Deposit)	15,766,501	12,465,081
Unclaimed Dividend Account	363,016	642,671
Unclaimed Share Application Money Account	239,848	239,848
	16,369,365	13,347,600
Total	21,993,099	18,658,310

Notes to financial statements For the year ended 31st March, 2012

18. SHORT TERM LOANS AND ADVANCES (Unsecured considered good)

Amount in Rupees

Particulars	As at 31st March, 2012	As at 31st March, 2011
Excise Duty Advance/CENVAT Receivable	7,889,527	8,871,145
VAT Credit Receivable	2,960,865	2,970,316
Advance recoverable in cash or kind or for value to be received	16,716,554	12,733,132
Total	27,566,946	24,574,593
Advances include due from a director(s)	185,096	381,937

19. OTHER CURRENT ASSETS (Unsecured considered good)

Amount in Rupees

Particulars	As at 31st March, 2012	As at 31st March, 2011
Income from CERs (Certified Emission Reductions) Receivable	129,129,000	94,734,000
Interest accrued on Deposit	494,324	842,357
Export Incentive Receivable	3,147,272	6,184,589
Total	132,770,596	101,760,946

20. REVENUE FROM OPERATIONS

Amount in Rupees

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Revenue from operations		
Sale of products (refer Note 19.1)		
Sales (Export)	149,105,173	191,867,578
Sales (Indigenous)	952,570,646	839,172,076
	1,101,675,819	1,031,039,654
Other operating revenue (refer Note 20.2)	38,833,097	37,784,801
Revenue from operations (gross)	1,140,508,916	1,068,824,455
20.1 Details of product sold		
Kraft & Poster Paper	1,094,120,576	991,344,053
Pulp	7,555,243	39,695,601
Total	1,101,675,819	1,031,039,654
20.2 Details of other operating revenue		
Income from CERs (Certified Emission Reductions) (refer Note 40)	34,395,000	29,253,000
[including Exchange Fluctuation of Rs. 70,24,000 (Rs.30,63,000)]		
Export Incentives	4,438,097	8,531,801
Total	38,833,097	37,784,801

Notes to financial statements For the year ended 31st March, 2012

21. OTHER INCOME

Amount in Rupees

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Interest received on fixed deposit & others	911,279	845,990
Dividend Income from Non current investments	150	150
Profit on Sale of Fixed Assets	8,316	150,719
Self Consumed	741,032	86,536
Miscellaneous Income	5,880,203	10,182,081
Rent	37,102	52,875
Exchange Fluctuation	1,122,941	199,891
Total	8,701,023	11,518,242

22. COST OF MATERIAL CONSUMED

Amount in Rupees

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Raw Material consumed		
Baggage	111,320,889	46,144,698
Old Gunny / Jute Goods	25,198,564	23,571,083
Wheat Straw	117,448,348	157,017,735
Pulp - bleached/unbleached	67,314,512	84,221,961
Waste Paper/Cutting	-	100,975
Raw Material consumed	321,282,313	311,056,452
Chemicals Consumed	137,223,655	128,320,889
Stores & Spares Consumed	37,359,310	31,476,702
Cost of material consumed	495,865,278	470,854,043

23. DECREASE/(INCREASE) IN INVENTORIES

Amount in Rupees

Particulars	Year ended 31st March, 2012		Year ended 31st March, 2011	
Inventories at the end of the year				
Finished Goods	43,149,259		14,072,688	
Pulp	10,519,139		22,523,314	
Work in Progress	5,680,868		5,351,926	
Total 'A'		59,349,266		41,947,928
Inventories at the beginning of the year				
Finished Goods	14,072,688		11,204,976	
Pulp	22,523,314		19,324,140	
Work in Progress	5,351,926		4,221,927	
Total 'B'		41,947,928		34,751,043
Decrease/(Increase) in Stocks(A-B)		17,401,338		7,196,885

Notes to financial statements For the year ended 31st March, 2012

24. EMPLOYEE BENEFITS EXPENSE

Amount in Rupees

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Salary, Wages and Bonus	59,081,526	51,589,343
Contribution to Provident and other funds	4,381,941	3,988,694
Gratuity	1,472,531	1,566,526
Directors Remuneration	3,906,662	3,322,870
Workmen and Staff Welfare expenses	2,835,056	2,716,655
Total	71,677,716	63,184,088

25. FINANCE COSTS

Amount in Rupees

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Interest on		
- Term Loan & Fixed Deposits	84,721,696	78,996,383
- Others	30,518,823	23,425,630
	115,240,519	102,422,013
Bank Charges	3,621,572	3,811,711
Exchange Fluctuation	4,789,834	(982,251)
Loss in Derivative Transaction	-	5,000,000
Total	123,651,925	110,251,473

26. DEPRECIATION AND AMORTISATION EXPENSE

Amount in Rupees

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Depreciation of tangible assets	62,737,367	63,001,034
Amortisation of intangible assets	52,830	410,839
Total	62,790,197	63,411,873

Notes to financial statements

For the year ended 31st March, 2012

27. OTHER EXPENSES

Amount in Rupees

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Manufacturing Expenses		
Power and Fuel	252,909,507	210,272,015
Effluent Treatment Expenses	1,520,599	844,308
Repairs and Maintenance		
- Building	1,341,719	1,452,347
- Machinery	22,382,063	15,426,152
Excise Duty provided on stock - increase/(decrease)	1,887,201	866,868
Selling and Distribution Expenses		
Freight, Handling and Other Sales and Distribution Expenses	45,901,629	51,702,813
Commission on Sale	13,861,448	13,784,015
Advertisement and Publicity	272,026	281,149
Establishment Expenses		
Rent	441,072	212,807
Rates and Taxes	1,992,808	645,932
Insurance	1,512,042	1,522,519
Communication cost	1,653,789	1,666,189
Travelling and Conveyance	9,025,005	8,204,860
Repairs and Maintenance - Others	3,852,922	3,812,653
Printing and Stationery	833,630	1,008,042
Legal and Professional Charges	6,740,626	2,883,084
Auditor's Remuneration (refer Note No. 27.1)	556,538	515,585
Cost Audit fee	35,000	37,500
Miscellaneous Expenses	3,915,049	1,888,279
Exchange Fluctuation	-	957,830
Subscription and Donation	311,169	303,779
Loss on Sale of Fixed Assets	2,207,651	166,872
Loss on Sale of Raw Material		
Cost of Sales	3,372,638	8,513,225
Less: Sales	3,317,718	2,964,980
Total	373,208,413	324,003,843
27.1 Payment to auditor		
As Auditor:		
Audit Fees	300,000	125,000
Tax audit Fee	32,500	27,500
In other capacity:		
Taxation & other Management Services	80,000	164,000
Reimbursement of Expenses	144,038	199,085
Total	556,538	515,585

Notes to financial statements For the year ended 31st March, 2012

28. EARNING PER SHARE (EPS)

Amount in Rupees

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Profit for the year	(11,330,147)	30,509,660
Weighted average number of equity shares for the purpose of calculation of - Basic EPS	24,000,000	24,000,000
- Diluted EPS	24,354,694	24,000,000
Nominal value of equity shares (Rs.)	10.00	10.00
EPS- Basic (Rs.)	(0.47)	1.27
EPS- Diluted (Rs.)	(0.47)	1.27

29. IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED

Particulars	2011-12		2010-11	
	(Rupees)	%	(Rupees)	%
Raw Material				
Imported	67,303,963	20.95%	84,221,961	27.08%
Indigenous	253,978,350	79.05%	226,834,491	72.92%
Chemicals, Stores & Spares				
Imported (Direct)	5,131,726	2.94%	7,328,665	4.59%
Indigenous	169,451,239	97.06%	152,468,926	95.41%

In respect of items which are purchased both from indigenous and imported sources, the identity of individual items consumed cannot be established but segregation of consumption between imported and indigenous sources has been made on a reasonable approximation determined from the Company's records.

30. VALUE OF IMPORTS ON CIF BASIS

Amount in Rupees

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
(excluding purchases from canalising agencies and imported items purchased locally)		
Raw Materials	54,741,194	60,977,626
Chemicals, Stores and Spares	5,258,630	NIL
Capital Goods	NIL	NIL
Finished Goods	NIL	NIL
	59,999,824	60,977,626

31. EARNINGS IN FOREIGN EXCHANGE

Amount in Rupees

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Export of goods calculated on FOB Basis	144,094,301	187,252,390

Notes to financial statements For the year ended 31st March, 2012

32. EXPENDITURE IN FOREIGN CURRENCY

Amount in Rupees

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
- Travelling	1,359,148	493,030
- Commission on Sales	2,393,815	5,457,181
- Interest on Loans	3,048,482	3,261,722
- Foreign Bank Charges	394,928	523,562
- Others	—	593,391

33. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

Amount in Rupees

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Remittance in foreign currency on account of Dividend	NIL	NIL

34. DEFINED BENEFIT PLAN

The employees Gratuity Fund Scheme, which is a defined benefit plan, is managed by the trust maintained with LIC. The present value of obligation is determined based on actuarial valuation using Projected Unit Credit Method, which recognises 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.

Amount in Rupees

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Reconciliation of Opening and Closing balance of present value of defined benefit obligation for Gratuity		
Present Value of Obligation at beginning of the year	9,533,316	8,575,174
Current Service Cost	970,460	937,279
Interest Cost	810,332	707,452
Benefits paid	(550,203)	(1,218,310)
Actuarial (Gain)/Loss on Obligations	343,892	531,721
Present Value of Obligation at end of the year	11,107,797	9,533,316
Reconciliation of Opening and Closing Fair Value of Plan Assets		
Fair Value of Plan Assets at beginning of the year	7,463,086	8,071,470
Expected Return on Plan Assets	597,047	645,718
Contributions	100,162	0
Benefit Paid	(550,203)	(1,218,310)
Actuarial Gain / (Loss) on Plan Assets	55,106	(35,792)
Fair Value of Plan Assets at end of the year	7,665,198	7,463,086

Notes to financial statements For the year ended 31st March, 2012

34. DEFINED BENEFIT PLAN (Contd...)

Amount in Rupees

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Reconciliation of Present Value of Obligations and Fair Value of Plan Assets		
Fair Value of Plan Assets at end of the year	7,665,198	7,463,086
Present Value of Obligation at end of the year	11,107,797	9,533,316
Asset/(Liability) recognised in the Balance Sheet	(3,442,599)	(2,070,230)
Expenses recognised during the year		
Current Service Cost	970,460	937,279
Interest Cost	810,332	707,452
Expected Return on Plan Assets	(597,047)	(645,718)
Total Actuarial Loss/(Gain) recognised during the year	288,786	567,513
Net Cost recognised in Profit and Loss Account	1,472,531	1,566,526
Assumptions		
Discount Rate (p.a.)	8.50%	8.25%
Expected Rate of increase in Salary (p.a.)	5.00%	5.00%
Expected Rate of return on Plan Assets (p.a.)	9.15%	8.00%
Defined Contribution Plan		
Employers contribution to PF and FPF	4,381,941	3,988,694

35. THE RELATED PARTY DISCLOSURE IN ACCORDANCE WITH AS 18 'RELATED PARTY DISCLOSURES' ISSUED BY ICAI, IS GIVEN BELOW:

- a. List of related parties with whom transactions have taken place during the Year:
 - i. Key management personnel and relatives:
Mr. Ved Krishna (Managing Director), Mr. R.N. Chakraborty (Director), Mrs. Manjula Jhunjhunwala (Director)
 - ii. Entities & Associates
Megha Agro Products Limited, Satori Global Limited and M/s Jingle Bell Nursery School Society.

Notes to financial statements

For the year ended 31st March, 2012

35. THE RELATED PARTY DISCLOSURE IN ACCORDANCE WITH AS 18 'RELATED PARTY DISCLOSURES' ISSUED BY ICAI, IS GIVEN BELOW: (Contd...)

b. Transactions with related parties

Amount in Rupees

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
i. Key management personnel and their relatives		
- Directors Remuneration	672,000	3,160,870
- Rent paid	20,000	48,000
- Fixed deposits received	145,821	NIL
- Fixed deposits repaid	108,341	50,000
- Interest paid on fixed deposits	125,954	126,116
- Fixed deposits at the Balance Sheet date	1,045,821	1,008,341
- Accrued interest at the Balance Sheet date	306,940	203,383
- Unsecured Loans at the Balance Sheet date	3,500,000	3,500,000
ii. With related entities & associates		
Satori Global Limited		
- Rent received	24,000	24,000
- Payable at the Balance Sheet date	4,138,769	1,471,992
- Commission Paid on Sale	1,096,572	1,899,705
Megha Agro Products Limited		
- Paid for vehicle hire charges	144,000	144,000
- Received for services & others	18,435	0
- Receivable/(payable) at the Balance Sheet date	(42,233)	537,024
M/s Jingle Bell Nursery School Society		
- Fixed deposits received	1,530,084	7,622,020
- Fixed deposits repaid	1,136,830	6,335,759
- Interest paid on fixed deposits	1,335,374	1,246,580
- Fixed deposits at the Balance Sheet date	12,549,682	12,156,428
- Accrued interest at the Balance Sheet date	2,322,366	2,547,602

36. CAPITAL AND OTHER COMMITMENTS

Amount in Rupees

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Estimated value of contracts remaining to be executed on capital account (net of advances)	NIL	NIL

Notes to financial statements For the year ended 31st March, 2012

37. CONTINGENT LIABILITIES

Amount in Rupees

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Claim against the Company not acknowledged as debt		
Excise duty	35,834,606	24,127,643
Trade Tax	138,209	426,115
Income Tax	43,949	413,219
Others	24,955,000	24,955,000
Guarantee given by Banks	2,013,000	2,013,000
Interest on Term Loans from bank (dispute regarding concessional rate of interest)	9,515,261	NIL
Letter of Credits	11,149,747	34,234,000

Above claims are likely to be decided in favour of the Company, hence not provided for.

38. FOREIGN CURRENCY EXPOSURE OUTSTANDING (HEDGED AND UN-HEDGED) AS AT THE YEAR END IS AS UNDER:

(Amount in Foreign Currency)

Nature of Exposure	Underlying Risk Coverage	Currency	2011-12	2010-11
a) Exposure Hedged by Forward Exchange Contract				
FCNR (B) Demand Loan	USD/INR	USD	1,500,000	NIL
b) Un-hedged Foreign Currency Exposure				
Buyers Credit	USD/INR	USD	399,881	417,979
Outstanding Export Bills	USD/INR	USD	523,003	391,564
Outstanding Export Bills	AUD / INR	AUD	NIL	43,629
Outstanding Import Bills	USD / INR	USD	NIL	105,428
Receivable of CERs	EURO / INR	EURO	1,897,784	1,495,517
Advance from Customer	USD / INR	USD	NIL	62,247

39. As the Company's business activity falls within a single segment viz. 'Paper', the disclosure requirements of Accounting Standard 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

40. A sum of Rs.343,95,000 (Rs.306,03,000) has been recognised as income accrued for the year ended 31st March, 2012 based on Agreement (Emission Reduction Purchase Agreement) with Belgium State for sale of CERs (Certified Emission Reductions) generated from the 6 MW Co-generation Power Plant Project registered as CDM (Clean Development Mechanism) with UNFCCC (The United Nations Framework Convention on Climate Change). Total amount receivable as at the year end Rs. 1291,29,000 has been disclosed as Other Current Assets.

Notes to financial statements

For the year ended 31st March, 2012

41. EXPENDITURE ON RESEARCH AND DEVELOPMENT

Amount in Rupees

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Capital Expenditure	NIL	NIL
Revenue Expenditure (included in Miscellaneous Expenses)	921,386	989,863

42. DISCLOSURE IN TERMS OF AS 28 (IMPAIRMENT OF ASSETS)

Recoverable amount of the assets or the recoverable amount of the cash generating unit to which the asset belongs is not less than the carrying amount; hence no provision is required on account of impairment of assets as on the date of Balance Sheet.

43. DISCLOSURE IN TERMS OF AS 29 (PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS)

The Company has recognised contingent liabilities as disclosed in Note no 37 above and as such no provision is required to be made. No provision was outstanding as at the beginning and at the end of the period.

44. Income tax assessment has been completed upto the assessment year 2009-10.

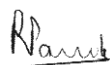
45. Confirmation of balances with sundry debtors/creditors, loans and advances and other parties have not been received in few cases.

45. The Financial Statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of revised Schedule VI under the Companies Act, 1956 the financial statements for the year ended 31st March, 2012 are prepared as per revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. Figures in brackets pertains to previous year.

As per our report of even date attached.

For **Kapoor Tandon & Co.**
Chartered Accountants
Firm Reg No. 000952C

For and on behalf of the Board



Rajesh Parasramka
Partner
Membership No. 074192
Camp: New Delhi
Date: 11th August 2012



Ved Krishna
Managing Director



N. K. Agrawal
Director Works



Anil Kumar Gupta
Vice President-Finance

Notes

[illegible]

NOTICE



Regd. Office: 47/81, Hatia Bazar, Kanpur-208001

NOTICE is hereby given that the 32nd Annual General Meeting of the Members of Yash Papers Limited will be held on Saturday, the 29th day of September, 2012 at 1:00 P.M. at Hotel Little Chef, 15/198 - A, Civil Lines, Kanpur – 208 001, Uttar Pradesh, to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended on 31st March, 2012 and the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. K. D. Pudumjee, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. R. N. Chakraborty, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Basant Kumar Khaitan, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint statutory auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to fix their remuneration.

“RESOLVED THAT M/s Kapoor Tandon & Co., Chartered Accountants, the Auditors of the Company, retiring at the conclusion of the Annual General Meeting, being eligible and offering themselves for reappointment be and hereby reappointed as the statutory auditor of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of next Annual General Meeting of the Company on the remuneration to be decided by the Board of Directors.”

Special Business:

6. To consider and, if thought fit, to pass with or without modification(s) following resolution as ordinary resolution:
“RESOLVED THAT pursuant to the provisions of Section 293(1)(e) of the Companies Act, 1956 and other applicable

provisions, if any the consent of the Company be and is hereby accorded to contribute to charitable and other funds not directly related to the business of the Company or the welfare of its employees from time to time in any financial year to the extent of Rs.24.00 Lacs (Rs. Twenty Four Lacs) only or 5% of the Company's average net profit as determined in accordance with the provisions of Section 349 & 350 of the Companies Act, 1956 during the three financial year immediately preceding, whichever is greater.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to contribute to any charitable and other funds not directly related to the business of the Company or the welfare of its employees from time to time subject to maximum of Rs.24.00 Lacs (Rs. Twenty Four Lacs) per annum and to do all such acts, deeds and things as they may consider appropriate to make charitable contribution for and on behalf of the Company.”

7. To consider and, if thought fit, to pass with or without modification(s) following resolution as special resolution:

“RESOLVED THAT pursuant to the provisions of section 198, 269, 309, 310, 311 read with Schedule XIII & other applicable provisions, if any, of the Companies Act, 1956, the remuneration and terms & conditions contained in the resolution for enhanced remuneration of Mr. Ved Krishna, Managing Director as approved by shareholders at Annual General Meeting held on 29.09.2009 be and the same is hereby modified and replaced by the following fresh terms & conditions w.e.f. 01.08.2012 for three years i.e. upto 31.07.2015:

- (a) Salary: Rs.1,35,000/- per month in the grade of Rs.1,35,000/- 25,000/- 1,85,000/- Increment will be effective from 1st June each year.
- (b) Variable Dearness Allowance (V.D.A.): As applicable from

time to time.

- (c) Production Incentive: As per applicable scheme for the employees, as amended from time to time.

- (d) Perquisites : In addition to the above, Mr. Ved Krishna, shall be entitled to perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with utilities such as gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for himself and his family, club fees, medical insurance etc.; in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mr. Ved Krishna, such perquisites shall however be paid as per applicable provisions of Income Tax Act and rules and in the absence of any such Rules, perquisites shall be evaluated at actual cost to the Company.

Provision for use of the Company's car and telephone at residence (including payment for local calls and long distance official calls) for official duties shall not be included in the computation of perquisites for the purpose of calculating the said ceilings.

- (e) Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, 1961, gratuity payable as per rules of the Company and encashment of leave at the end of his tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
- (f) Minimum Remuneration: If in any accounting year, the Company has no profits or its profits are inadequate or in any case, remuneration by way of salary, perquisites and other allowances will be subject to the ceilings set out in

para 1(A), 2 & 3 of Section II of Part II of Schedule XIII of the Companies Act, 1956.

- (g) Leave: On full pay and allowances, as per rules of the Company. Encashment of leave shall not be included in the computation of the ceiling on perquisites.
- (h) Mr. Ved Krishna shall also be entitled to reimbursement of entertainment, traveling, hotel and other expenses actually incurred by him in performance of the duties on behalf of the Company.
- (i) Any other benefits, facilities, allowances and expenses may be allowed under Company rules/schemes and available to other employees.
- (j) No sitting fees will be paid for attending the meetings of the Board of Directors of the Company or Committees thereof.
- (k) Payment of all the allowances including production incentive shall be limited to Rs1,35,000/- p.m.
- (l) Mr. Ved Krishna, subject to approval of Board of Directors, shall also be entitled to a commission upto 1% of the net profit as permitted under section 309 of the Companies Act, 1956.

“RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorised to vary, modify or alter the terms and conditions of reappointment of Mr. Ved Krishna, Managing Director of the Company in compliance with Schedule XIII of the Companies Act, 1956 and other applicable provisions and laws, if any. However in case of loss or inadequacy of profit the minimum remuneration as per schedule XIII shall be paid.”

8. To consider and, if thought fit, to pass with or without modification(s) following resolution as ordinary resolution:

“RESOLVED THAT Mr. Narendra Kumar Agrawal, who was appointed as an Additional Director pursuant to section 260 of the Companies Act, 1956, and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956 from a member, in writing, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company.”

“RESOLVED FURTHER THAT pursuant to the provisions of the Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Members of the Company at General Meeting and such other approvals as may be necessary, Mr. Narendra Kumar Agrawal be and is hereby appointed as Director Works of the Company for a period of 3 years w.e.f. May 10, 2012 on the following remuneration and terms and conditions:-

- (a) Basic Salary: Rs.85,000/- per month in the grade of Rs.85,000 – 5,000 – 1,20,000. Increment of Rs.5,000/- was given to him from June 1, 2012. Further, Increment will be effective from 1st June each year, the amount being decided by the Board.
- (b) Variable Dearness Allowance (V.D.A.): As applicable for the employees of the Company from time to time.
- (c) Production Incentive: As per applicable scheme for the employees of the Company from time to time.
- (d) House Rent Allowance: As per applicable scheme for the employees of the Company from time to time.
- (e) Tea: As per applicable scheme for the employees of the Company from time to time.
- (f) Perquisites: Mr. Narendra Kumar Agrawal shall not be entitled for any perquisites.
- (g) Company's contribution to Provident Fund to the extent are not taxable under the Income Tax Act, 1961, gratuity payable as per rules of the Company and encashment of leave at the end of his tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
- (h) Minimum Remuneration: If in any accounting year, the Company has no profits or its profits are inadequate or in any case remuneration by way of salary, perquisites and other allowances will be subject to the ceilings set out in para 1(A), 2 & 3 of Section II of Part II of Schedule XIII of the Companies Act, 1956.
- (i) Leave: On full pay and allowances, as per rules of the Company. Encashment of leave shall not be included in the computation of the ceiling on perquisites.

- (j) Mr. Narendra Kumar Agrawal shall also be entitled to reimbursement of entertainment, traveling, hotel and other expenses actually incurred by him in performance of the duties on behalf of the Company.

- (k) Any other benefits, facilities, allowances and expenses may be allowed under Company rules/schemes and available to other employees.

- (l) No sitting fees will be paid for attending the meetings of the Board of Directors of the Company or Committees thereof.

9. To consider and, if thought fit, to pass with or without modification(s) following resolution as ordinary resolution:

“RESOLVED THAT Dr. Indroneel Banerjee, who was appointed as an Additional Director on 11th August 2012, pursuant to section 260 of the Companies Act, 1956, and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956 from a member, in writing, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company.”

10. To consider and, if thought fit, to pass with or without modification(s) following resolution as ordinary resolution:

“RESOLVED THAT In the partial modification of special resolution passed at the Extra ordinary General Meeting of the Company held on 24th March 2012, granting the approval under section 81 (1A) and other applicable provisions read with chapter VII (Guidelines for preferential issues) of the SEBI (Disclosure requirements 2009) for issue of Equity Shares on preferential basis considered relevant date 23rd Feb,2012 instead of 22nd Feb,2012 as mentioned in the resolution be and is hereby ratified, confirmed, approved and allotment of 37,00,000 equity shares at Rs.11(including 1 Rs Premium) to Mrs.Rajani Poddar as mentioned in the explanatory statement be and is hereby ratified, confirmed and approved.”

By Order of the Board



Ved Krishna

Managing Director

Camp : New Delhi

Date : 11th August, 2012

NOTES:**1. A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote at the meeting instead of himself/herself and the Proxy need not be a Member of the Company.**

Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of limited companies, societies, etc. must be supported by appropriate resolution/authority, as applicable.

2. The relevant details as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking re-appointment as Directors under Item Nos.2, 3 and

4 of the Notice, are annexed hereto.

3. Members who hold shares in dematerialised form are requested to bring their DP ID and Client ID numbers for easy identification by attendance at the meeting.**4. The Register of Members and the Share Transfer Books of the Company shall remain closed from 15th September, 2012 to 29th September, 2012 (both days inclusive).****5. Members holding shares in physical form are requested to inform the change of their registered address to our Registrar and Transfer Agent (RTA), M/s Skyline Financial Services Private Limited at its D - 153/A, 1st Floor, Okhla Industrial Area,**

Phase - 1, New Delhi – 110 020 by quoting their folio number.

6. Pursuant to provisions of Section 205A(5) of the Companies Act, 1956, dividends and Public Issue Refund etc. which remain unpaid/unclaimed for a period of 7 years from the date of transfer of the same to the Company's unpaid dividend account or Unpaid Public Issue Refund account will be transferred to the Investor Education and Protection Fund (IEPF Fund) established by the Central Government. The following are the details of the dividends paid and public issue refund received by the Company and transferred to Investor Education and Protection Fund:-

Type	For the Financial Year ended	Date of Payment	Last date for claim	Transferred to IEPF
Final Dividend	31st December, 04	09.04.2005	10.05.2012	15.05.2012
Public Issue Refund	31st December, 05	05.08.2005	04.08.2012	14.08.2012

Further the Company shall not be in a position to entertain the claims of the Shareholders for the unclaimed dividends and unclaimed public issue refund which have been transferred to the credit of Investor Education Protection Fund.

7. Company's Equity Shares are listed at Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI-400001.**8. Members desirous of obtaining any information with regard to the Annual Reports, are requested to write to the Company's Corporate Office at Faizabad at least ten days before the date of Annual General Meeting so that the information can be made available at the meeting.****9. Company has been allotted ISIN No.INE551D01018. Members are requested to approach their DPs for dematerialisation of equity shares of the Company.****10. All material documents referred to in notice are open for inspection by the members on all working days between 11:00 AM to 1:00 PM at the Registered Office of the Company.****11. As per the provisions of the Companies Act, 1956, facility for making nominations is available to the shareholders and fixed deposit holders in respect of the shares or deposits held by them. The nominations can be made by filing the prescribed Form No. 2B. Such form may be requisitioned from the Company.****12. scn@yash-papers.com has been designated for the purpose of registering complaints by investor, pursuant to clause 47(f) of the Listing Agreement.****13. Members/ Proxies are requested to bring the attendance slip duly filled in along with their copies of Annual Report in the meeting.****14. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" (Circular No.17/2011**

dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices /documents to its shareholders through electronic mode to the registered e-mail address of shareholders. From this year onwards, we propose to send all documents like General Meeting Notices (including AGM), Audited/Unaudited Financial Statements, Directors' Report, Auditors' Report etc., in electronic form to shareholders, to their e-mail address provided by them and made available to us by the Depositories. In case they desire to receive the above mentioned documents in physical form or in case of any change in their e-mail id, they are requested to contact the Company or the Company's Registrar and Transfer Agent mentioning their client ID and latest e-mail address.

15. Information of Directors who are proposed to be reappointed in this meeting is given below:

Name	Mr. K. D. Pudumjee	Mr. R. N. Chakraborty	Mr. Basant Kumar Khaitan
Age (D.O.B.)	70 Years (10.12.1942)	60 Years (20.01.1952)	58 Years (08.02.1954)
Date of Joining the Board	30.06.2007	02.03.1985	25.01.2007
Qualification	Graduate	B.A.	B.Com.
Experience in Specific Functional Area	49 Years	39 Years	37 Years
Director in Other Companies	Amasht Paper Hygiene Products Private Limited	Nil	1. Wires and Fabriks (SA) Ltd. 2. Kingsley Industries Ltd. 3. Shree Rani Sati Investment and Finance Limited. 4. W & F Filtertech Limited 5. Balaji Industrial Products Limited. 6. Thacker and Company Limited. 7. W & F Chemical Limited. 8. NEBB Engineering Limited. 9. WMW Metal Fabrics Limited 10. GKD India Limited
Membership in Committees of other Companies	Nil	Nil	4
Shareholding in Yash Papers Limited	Nil	1183	Nil
Relationship with other Directors	No	No	No

By Order of the Board



Ved Krishna
Managing Director

Camp : New Delhi
Date : 11th August, 2012

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 6

The Company is often called upon to fulfill certain obligations for social welfare and to further charity work of charitable organisations. In the larger interest of the business of the Company and also fulfillment of social responsibilities, it is necessary to make certain contributions/ donations and other payments to the institutions, organisations, trusts, companies or the welfare of the employees, from time to time, in any financial year to the extent of Rs.24.00 Lacs (Rs. Twenty Four Lacs) or 5% of the Company's average net profit as determined in accordance with the provisions of Section 349 & 350 of the Companies Act, 1956 during the financial years immediately preceding which ever is greater.

Your directors recommend to pass the resolution as set out in the notice, empower to the Board of Directors to make necessary charitable contribution for fulfillment of the social obligations of the Company.

The Shareholders of the Company are requested to accord their approval for the same by passing ordinary resolution as per Item No.6.

None of the director are interested or concerned in the resolution. Directors may be deemed to be interested and concerned if any contribution is made to entity in which director is a trustee or office bearer.

ITEM NO. 7

In appreciation of the dedicated services and having regard to the increased responsibilities shouldered and rich and diversified experience in the industry the Board of Directors at its meeting held on August 11, 2012, approved the re-appointment of the Managing Director of the Company as approved by Remuneration Committee in accordance with board decision in earlier board meeting. The services of highly educated Managing Director with rich experience of corporate working will be in the best interest of the Company.

Approval of the Members u/s 198, 269, 309, 310 read with schedule XIII to the Companies Act, 1956 is required for the revision of remuneration of managing director for payment of

remuneration but in no circumstances the remuneration shall exceed the remuneration as laid down in Schedule XIII of Companies Act, 1956.

The Shareholders of the Company are requested to accord their approval for the same by passing special resolution as per Item No.7.

None of the Directors except Mrs. Manjula Jhunjunwala is concerned or interested in the Resolution.

ITEM NO. 8

In appreciation of the dedicated services and having regard to the increased responsibilities shouldered and rich and diversified experience in the industry the Board of Directors in its meeting held on May 10, 2012, approved the appointment of Mr. Narendra Kumar Agrawal as Director Works of the Company.

Approval of the Members u/s 198, 269, 309, 310 read with schedule XIII to the Companies Act, 1956 is required for the remuneration of Director Works for payment of remuneration but in no circumstances the remuneration shall exceed the remuneration as laid down in Schedule XIII of Companies Act, 1956.

The Shareholders of the Company are requested to accord their approval for the same by passing ordinary resolution as per Item No.8.

None of the Director is concerned or interested in the Resolution.

ITEM NO. 9

Pursuant to Section 260 of the Companies Act, 1956 Dr. Indroneel Banerjee was appointed as an Additional Director of the Company with effect from August 11, 2012. Dr. Indroneel Banerjee will hold office as an Additional Director upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member alongwith a deposit of Rs. 500/- (Rupees Five Hundred only) proposing the candidature of Dr. Indroneel Banerjee for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Dr. Indroneel Banerjee aged 38 years has done M.D. (Homoeopathy) from B. R. Ambedkar University, Agra in 2007.

Dr. Indroneel Banerjee is also visiting professor of Department of Medicine, Gondia Homoeopathic Medical College, Gondia, Maharashtra.

The Shareholders of the Company are requested to accord their approval for the same by passing ordinary resolution as per Item No.9.

None of the Directors is concerned or interested in the Resolution.

ITEM NO. 10

The Company had issued equity shares at Rs.11 each (including 1 Rs premium) so ever pursuant to Special Resolution passed at Extra Ordinary General Meeting held on 24th March 2012 in terms of SEBI guidelines on Preferential issues, the relevant date for the determination of issue price was mentioned in Explanatory Statement. The Bombay Stock Exchange Limited advise that the relevant date ought to be 23rd February, 2012 instead of 22nd February, 2012 and price was accordingly calculated consequently as relevant date 23rd February 2012 also, which was much more less than issue price of equity shares issued of preferential basis, Therefore the relevant date for the purpose of issued shares became irrelevant in view of high issue price than the price which is calculated on the basis of price which shall not be less than the higher of the average of weekly high and low of the quoted closing prices of the equity shares of the Company on the Bombay Stock Exchange Limited during the six months period ended 23rd February and the average of the weekly high and low of the quoted closing price of the equity shares on the Bombay Stock Exchange Limited during the two weeks period ended 23rd February as required under the SEBI (Disclosure Requirements, 2009) Guideline as applicable.

It was undertaking on the Company to seek the approval of the shareholders by way of rectification, confirmation or approval by way of special resolution therefore the Board of Directors passed the resolution.

None of the director of the Company is concerned or interested in the Resolution.

Notes

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Regd. Office: 47/81, Hatia Bazar, Kanpur-208001

PROXY

I/We..... ofin the district ofbeing a member/members of Yash Papers Limited, hereby appoint of in the district of or failing him/herof in the district of as my/our proxy to attend and vote for me/us on my/our behalf at the 32nd Annual General Meeting of the Company to be held on Saturday, the 29th day of September, 2012 at 1:00 P.M and at any adjournment thereof

Signed this day of 2012.

Signature

Re. 1/-
Revenue
Stamp

Folio No. DPID Client ID No. of Shares

Note: The Proxy form duly completed and signed should be deposited at the Registered/Corporate Office of the Company, not later than 48 hours before the time of the meeting.



Regd. Office: 47/81, Hatia Bazar, Kanpur-208001

ATTENDANCE SLIP

To be handed over at the entrance of Meeting Hall

I hereby record my presence at the 32nd Annual General Meeting of the Company at Hotel Little Chef, 15/198, Civil Lines, Kanpur - 208 001 on Saturday, the 29th day of September, 2012 at 1:00 P.M.

Name of the Member Folio/Client ID No. No. of Shares

Name of the Proxy/Representative (In Block Letters) (To be filled in if the Proxy/Representative attends instead of the Member)

SIGNATURE OF THE MEMBER OR PROXY/REPRESENTATIVE

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CORPORATE INFORMATION

Board of Directors

Mr. K. D. Pudumjee, *Chairman*
Mr. Ved Krishna, *Managing Director*
Mr. Narendra Kumar Agrawal, *Director-Works*
Mrs. Manjula Jhunjunwala, *Director*
Mr. R. N. Chakraborty, *Director*
Mr. G. N. Gupta, *Director*
Mr. Basant Kumar Khaitan, *Director*
Mr. Ramesh Narayan, *Director*
Ms. Kimberly Ann McArthur, *Director*
Dr. Indroneel Banerjee, *Additional Director*

Compliance Officer

Mr. Sachin K. Srivastava, *Sr. Manager-Legal & Secretarial*

Bankers

State Bank of India
United Bank of India
Oriental Bank of Commerce
Union Bank of India
UCO Bank

Statutory Auditors

Kapoor Tandon & Co.
Chartered Accountants
24/57, Birhana Road,
Kanpur – 208 001

Secretarial Auditor

Mr. Adesh Tandon
Company Secretary
M/s Adesh Tandon & Associates
'Kan Chambers', Room No. 811
14/113, Civil Lines
Kanpur - 208 001

Cost Auditors

Mr. Rakesh Mishra
Cost Accountant
122/314, Shastri Nagar,
Kanpur – 208 005

Internal Auditors

Mathur Wahi Nagar & Associates
Chartered Accountants
1st Floor, 6/207, Vipul Khand,
Gomti Nagar,
Lucknow 226010

Legal Advisor

Mr. Madan Mohan Pandey
Advocate
Balrampur House, Rekabganj,
Faizabad 224001

Registered office

47/81, Hatia Bazar,
Kanpur 208001

Works and corporate office

Yash Nagar,
Faizabad 224135, Uttar Pradesh
Phone: 05278 326611-14
Fax No: 05278- 258062
Website: www.yash-papers.com
Email: info@yash-papers.com

Registrar and share transfer agent

Skyline Financial Services Pvt. Ltd
D-153/A, 1st Floor
Okhla Industrial Place Phase – 1,
New Delhi 110020
Phone: 011-226292682/ 83 / 84
Fax: 011-26292681
Email: admin@skylinerta.com

Disclaimer

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.



Yash Papers Limited

Yash Nagar, Faizabad 224135.

Phone: 05278 32611-14

Visit us at www.yash-papers.com

Email: info@yash-papers.com