

The background is a textured, light brown surface. Overlaid on this are numerous thin, intersecting lines in shades of pink, blue, and yellow, creating a complex web-like pattern. In the lower-left quadrant, a black line-art hand holds a test tube. Inside the test tube are several small, colorful document icons. Above the test tube, a cluster of larger, tilted document icons floats. These icons are outlined in yellow, blue, and pink, and contain symbols such as a percentage sign (%), a plus sign (+), and a right-pointing arrow (>).

re!nvention

Yash Papers Limited Annual Report 2012-13

IN FOND MEMORY



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

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Yash Papers Limited reported a net profit of ₹1.69 crore in 2012-13 in what was one of the most challenging periods of our existence.

This is not just a statistic but the result of our passion and determination to create a business model that is sustainable and relevant across all market cycles.

So there is only one word that can sum up the transition of our enterprise.

re!nvention

CHAIRMAN'S STATEMENT



THE GLOBAL PAPER INDUSTRY IS IN A FLUX. THERE IS A SHIFT IN MANUFACTURING FROM THE WEST TOWARDS CHINA AND INDONESIA. INDIA ALSO HAS POTENTIAL TO BENEFIT FROM THIS SHIFT.

There are significant demographic shifts as well as changes in consumption patterns happening across the world which shall also have an impact on how paper is made and consumed.

The advent and growth of e-platforms, coupled with easier usability in the form of smartphones and tablets, will definitely impact generic cultural grades such as writing & printing, newsprint and light-weight coated grades. The shift towards web-based transactions shall lead to a phenomenal increase in packaging and shipping. There is also a growing demand for packaging in retail and food segments.

As pressures rise globally with huge population growth and heavy consumption, the world will need to search for sustainable and renewable solutions. A heavy reliance on fossil fuels and petrochemicals will have to be reduced.

Yash Papers, with its proactive and futuristic thought process, is well placed to provide sustainable packaging solutions. Our teams have been working on improving wrapping and packaging grades of paper along with a huge focus on raw material access and the utilisation of renewable resources. Yash Papers, produces all its paper from agri-based resources, generates all its energy from biomass, recovers 94% of its cooking chemicals and is involved in planting over two million trees a year.

We believe sustainability consists of a triple bottomline approach which is inclusive of people, planet and performance.

Yash Papers invests greatly in team development by initiating innovative management practices and emphasises on training. It also remains deeply involved in the area of social responsibility by developing villages around its facilities through investments in education, employment and sanitation.

Even though the Company went through a difficult period owing to an under-par performance of its new investments, the team has rebuilt its reputation as a focused, consistent and service-oriented partner to customers. It is evident from the 2012-13 performance that the Company is growing in strength and shall enhance value for investors and stakeholders over the future.

I take this opportunity to thank our investors, bankers and stakeholders who have continuously reposed confidence and supported us through some difficult periods. We remain grateful.

I wish the team the best and assure our investors, bankers and stakeholders of innovation and hard work from the entire Team Yash.

Sincerely,

K. D. Pudumjee

Chairman

ABOUT US

Yash Papers is one of India's largest manufacturers of low grammage unbleached kraft paper and wrapping paper with an installed capacity of 39,100 MPTA.



Presence

Our manufacturing facility is strategically located in Faizabad, one of the largest wheat and sugarcane producing belts of India, providing us with an easy access to wheat straw and bagasse (primary raw material resources).

Products

- Our 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
- Our packaging/stationery grades (60-80 GSM) are used in grocery bags, envelopes, book covers, gift wrappers and metallised paper
- Our bleached MG poster paper grades (30-80 GSM) are used in the pharmaceutical industry and FMCG products (soaps, detergents, food packaging, tea, sugar and salt sachets, cigarette packet inner liners and tube light packaging)
- Our 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

- We possess three paper machines, manufacturing low grammage MG industrial bleached and unbleached grades. Our grammage range extends from 28-80 GSM with a total production capacity of 39,100 MTPA
- We possess an integrated pulp mill, producing bleached and unbleached pulp grades from agro-based raw materials with a total capacity of 130 TPD
- We have two power plants; one with an output of 2.5 MW and the other with an output of 6 MW, possessing

extraction-cum-condensing turbines and rice husk-based FBC boilers

- We have a 145 MT chemical recovery plant

Certifications

Our operations are certified with the prestigious ISO 9001:2008 (Quality Management System), ISO 14001:2004 (Environmental Management System), OHSAS 18001:2007 (Occupation Health & Safety Assessment Series) and ISO 22000:2005 (Food Safety Management System) certifications.

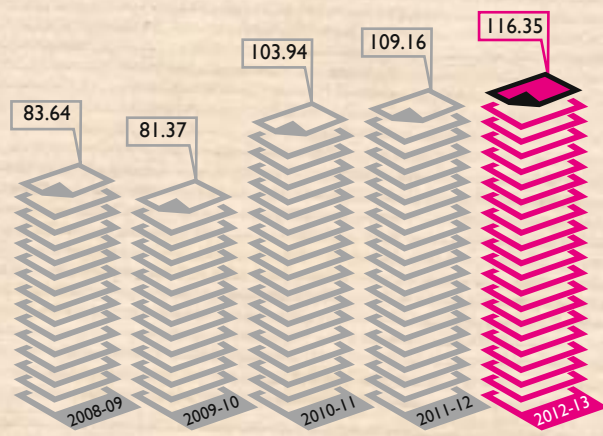
Footprint

Our distribution network comprises 31 dealers in India; our international dealers are spread across 16 countries around the world.

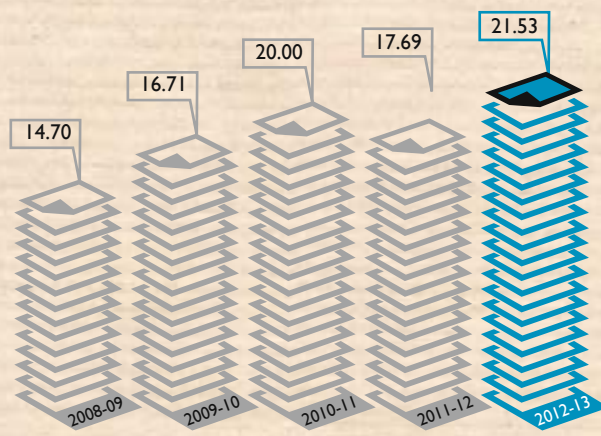
Innovations

- We are one of the smallest paper units in the world to possess a conventional chemical recovery system
- We are one of the few and also one of the earliest players in the domestic paper industry to have established a captive cogeneration facility
- We have successfully installed a single centrally-located command system to control the entire operations
- We are among India's first paper units to invest in AC variable frequency drives (VFD) as well as cutting-edge rewinders on paper machines
- We are one of the earliest paper mills to have a CDM-registered project
- We are one of the few companies to use rice husk as fuel and agro-residue as raw material and to implement a voluntary emission reduction programme through our recovery boilers

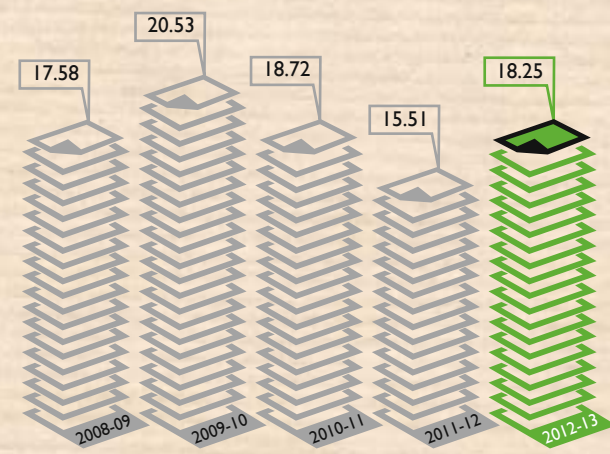
OUR STORY IN NUMBERS



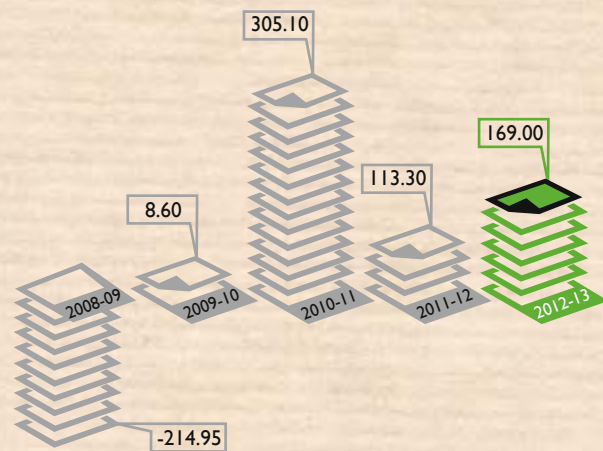
Net sales (₹ crore)



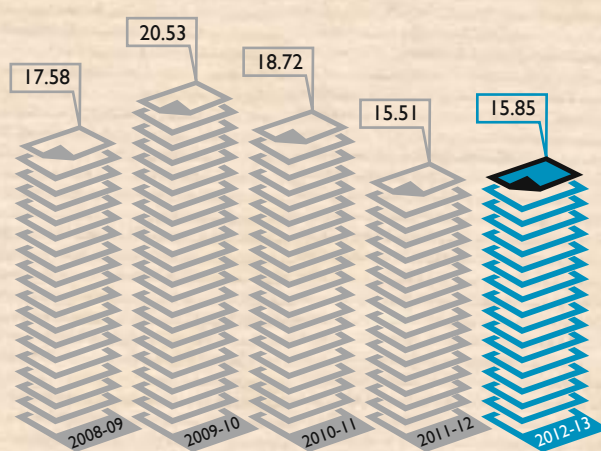
EBITDA (₹ crore)



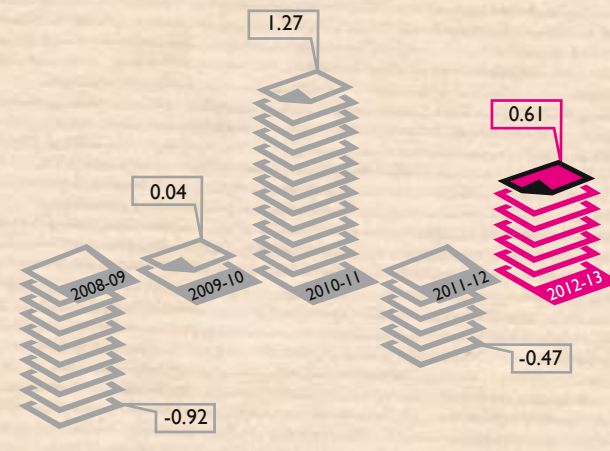
EBITDA margin (%)



Net profit (₹ lac)



Book value per share (₹)



Earnings per share (₹)

COMPETENCY DRIVERS

Niche

Yash Papers is the only Company in India to manufacture both kraft and poster grade paper from bagasse pulp (unconventional raw material), strengthening the Company's environment-friendly brand.

Global presence

We export products to more than 16 countries comprising Australia, Spain, South Africa, New Zealand and the Middle East, with a particularly strong presence in South-East Asia.

After-sales service

The Company enhances after-sales service through its strong technical team comprising 12 highly experienced individuals who analyse and implement customer feedback with the broad objective of improving paper quality and consistency.

Strong distribution network

A strong marketing team, supported by a widespread distribution channel of 32 dealers and distributors across the country, enables us to deepen and widen product penetration.

Captive power

The Company possesses two captive power plants of a cumulative 8.5 MW, optimising its overall energy bill.

Eco-friendly

Our Company has invested significantly in reducing its carbon footprint. This is evident from the fact that we consume agro-residue as raw material and our captive power plants use biomass for power generation. We have also invested in a state-of-the-art effluent treatment plant for managing effluents in an environment-friendly manner.

Customer relationships

Our web-based CRM, efficient technical services and dedicated product development teams have helped create enduring relationships with customers.



MD'S REVIEW

“A STRONG INTENT, ROBUST OPERATING PROCESSES, SUPERIOR PRODUCT QUALITY AND A DYNAMIC DISTRIBUTION NETWORK HAVE ALL COME TOGETHER TO REINFORCE OUR PERFORMANCE AND CREATE A SUSTAINABLE BUSINESS MODEL.”

Mr. Ved Krishna, *Managing Director*

Dear Shareholders,

The year 2012-13 was an inflection point for Yash Papers.

I say this because of the fact that the efforts of the past four years finally translated into a strong performance in 2012-13 as our turnover grew by 6.59% and net profit surged by 249.16%, which clearly points to a profitability build-up that will progressively enhance shareholder value.

Reinvention

A number of cyclical reasons can be ascribed to this performance:

- Successful loan restructuring optimised debt cost to a manageable 14.25% and moderated interest outflow to ₹12.83 crore, as a result of which interest as a percentage of total operating costs declined marginally from 11.14% in 2011-12 to 11.11% at the close of 2012-13
- Because of a strong Balance Sheet, we were able to raise an additional ₹8 crore from our banking consortium at a cost of 13%, which will be used in the modification and upgradation of paper machines 1, 2 and 3.
- It is heartening to note that for the first time in a span of two years, we were able to increase product prices by 11.69% during the course of the year, which coincided with the following:
 - A 0.26% increase in capacity utilisation to 80.27%, which enabled us to raise our marketable output by 4.36%, powering us with the twin advantage of higher realisations on growing sales volumes

– A 22.52% increase in export volumes, which enabled us to increase non-India revenues from ₹14.91 crore in 2011-12 to ₹19.62 crore in 2012-13

I must also mention that our 2007-established PM-3 was for long facing certain issues with its design, product quality and capacity utilisation, hampering our performance. In 2012-13, we successfully placed orders with a renowned UK-based engineering company for technological modification and upgradation of this plant, which is expected to be complete by November 2013 and increase production by at least 25% over the next two months.

Moreover, in our endeavour to enhance the security of our business on the raw material side, we entered into partnerships with a couple of chemical companies and research labs for the development and production of new paper packaging solutions, which we hope will enable us to remain ahead of competition.

Countering challenges

For years, our operations suffered from high asset downtime, significant wastages, low yield, inferior pulp quality and sub-optimal capacity utilisation. In our endeavour to streamline operations, we reinforced the quality of our technical teams, gave a larger thrust on the R&D department to upgrade processes and benchmark them with the best in the industry and also entered into contracts with external agencies for the modification and technological upgradation of our plants.

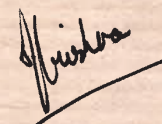
These initiatives helped improve our operations, reflected in high utilisation levels (PM-1 and PM-2 more than 100% and PM-3 around 70%).

Way ahead

At Yash Papers, we have several activities lined up to fortify the long-term value of our business. Some of these comprise:

- Increase the share of exports in our total sales to not just diversify our revenue stream but also take advantage of a favourable currency situation
- Create better covered storage facilities for raw materials and fuels to enhance their shelf lives
- Invest in R&D for improving raw material quality and also identify new resources (banana wastes, dry/dead leaves and solid and municipal wastes)
- Focus on enlisting large customers by demonstrating high product consistency
- Increase the number of value-added products

With my best regards,



Ved Krishna

Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

Global economy

Indicators of activity and unemployment demonstrated increasing and broad-based economic sluggishness all through 2012. Global economic growth hovered around 3.2% in 2012, marginally lower than 3.9% in 2011. The US posted better numbers (2.3% in 2012 against 1.8% in 2011); the eurozone reported negative growth of 0.4% while China's growth slowed from 9.3% in 2011 to 7.8% in 2012. Going ahead, the global economy is expected to mend gradually and grow 3.3% in 2013 and 4% by 2014. Developing economies are expected to drive global growth – around 5.25% in 2013 and 5.75% in 2014 (Source: IMF, World Economic Outlook).

Indian economy

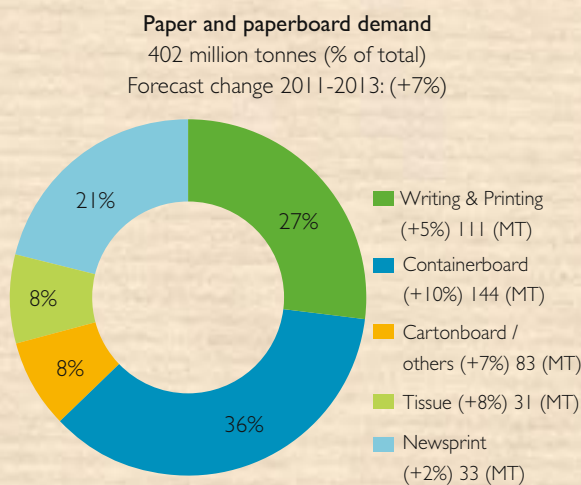
The Indian economy grew by 5% in 2012-13, the lowest in a decade, on account of poor performances in manufacturing, agriculture and services sectors. Moderation in growth was primarily attributed to a weakness in industry at 3.1% while the manufacturing sector grew by a mere 1.9%. Growth of the services sector was at a low 6.6% in 2012-13 against 8.2% in 2011-12 (Source: CSO, Ministry of Statistics & Programme Implementation). The dampened industrial sentiment was largely due to inflation, high interest rates, currency fluctuations and policy logjam.

Global paper industry

Global paper and paperboard demand is pegged at 402 million tonnes (MT) per year with more than 7,745 mills operating across the globe. After a second consecutive year of only 1% growth in 2012, world paper and board demand is predicted to rise 3% in 2013.

Tissue and packaging products, especially container boards, are expected to be significant growth drivers for the paper products industry with projected growth rates of 4.5%. Demand for paper and board in developed countries is projected to be flat in 2013 after a 2% decline reported in 2011-12.

Consumption: Global writing and printing paper demand registered a positive growth of 2% in 2012-13 after a flat performance in 2011-12. Asia accounts for 40% of global consumption while the EU and North America account for about a quarter each. Developing nations will account for a majority of the growth in the global demand for paper and board (including packaging board) in 2013 with a projected year-over-year increase of 6%.



(Source: RISI Annual Review)

Production: Paper production is expected to reach 521 MT by 2021 (RISI). Asia produces nearly 177 MT (44%) while the rest of the world produces 225 MT (56%). Despite the development of digital communication tools, global paper production is expected to increase 2.2% a year from 330 MT to 440 MT worldwide by 2015. Globally, paper and board production are estimated to have increased by 1% in 2012. In 2013, paper producers will continue to invest in R&D and in new equipment and technology. Developing and implementing best practices for sustainable forest management will also gain prominence.

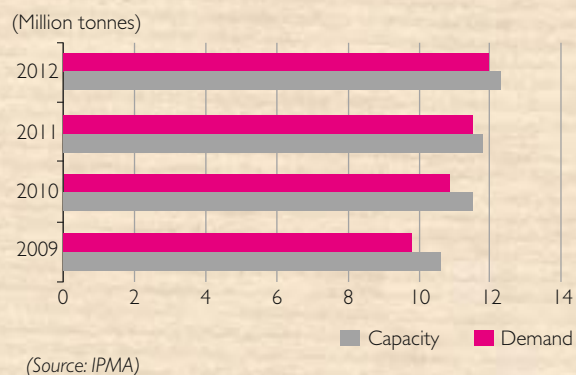
Indian paper industry

The Indian paper industry is broadly classified into three segments – writing and printing paper (W&P), newsprint and paperboard and industrial packaging (paperboard). Paperboard is the largest segment of the pie, accounting for 45% of total domestic paper demand followed by W&P (35%) and newsprint (20%). The Indian paper industry accounted for about 1.6% of the world's production of paper and paperboard and occupies the fifteenth position in the world. The estimated turnover of the industry is ₹35,000 crore and its contribution to the exchequer is ₹3,000 crore.

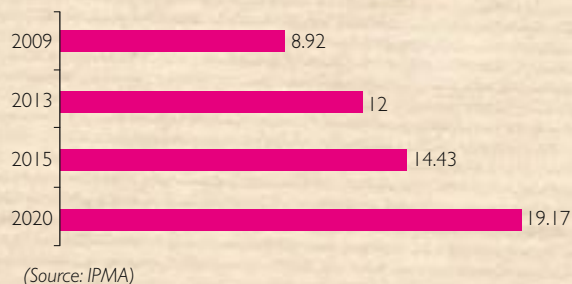
Most of the domestic paper mills use a variety of raw materials comprising wood, bamboo, recycled fibre, bagasse, wheat straw and rice husk, among others. Around 35% of the units are based on chemical pulp, 44% on recycled fibre and 21% on agro-residue. The operating capacity of the industry currently stands at 12.75 MT. In 2012-13, the domestic production of paper and paperboard was estimated to be 10.11 MT with overall paper consumption (including newsprint) touching 11.15 MT, resulting in a shortfall of 1 MT.

India is the fastest growing global market for paper and is estimated to touch 13.95 MT by 2015-16. It is estimated that an increase in consumption by one kg per capita would lead to an increase in demand by 1 MT. By 2025, paper consumption is expected to reach about 24 MT and production 22 MT, resulting in a per capita consumption of 17 kg. India's paper industry is expected to grow at 6-7% per annum with the packaging industry poised to grow at 22-25% annually (Source: IPMA).

Capacity and demand estimates



Forecasted paper and paperboard production trends (Million tonnes)



Opportunity

Growing exports, increasing urbanisation and changing lifestyles are likely to drive the paper and paper board market in India to USD 11.83 bn by 2017.

Challenges

Land availability and a rising cost of raw material represent the biggest industry challenges. A boost to captive plantation will help augment wood pulp availability and address the growing needs of the market. This will not only increase raw material availability but will also help control production costs. Coal costs are escalating and the availability of quality coal diminishing, resulting in increased production costs. Moreover, power purchase from State Electricity Grids is also proving to be an expensive proposition.

Key growth drivers

Growing affluence: With the population growing at the rate of 1.58% per year, India is likely to have more than 1.53 billion residents by the end of 2030. This will increase paper consumption across urban and rural markets.

Changing lifestyles and corporate activity: Economic development and globalisation have led to an increase in corporate activity and per capita paper consumption. Concurrently, increased commercial activity has spurred the demand of packaging paper.

Growing literacy: The government has increased its focus on education and initiated several Central and State-level programmes such as the Sarva Shiksha Abhiyan (education for all) and Operation Blackboard. This has had a positive effect on India's literacy rate, which has increased to 74% in 2011 from 65.38% in 2001. The improvement has catalysed the paper industry by increasing demand for writing and printing paper.

Increased demand for packaging: The Indian packaging industry is valued at USD 13.5 billion and is expected to grow to USD 17 billion. Moreover, the Indian FMCG sector is growing at a rapid pace due to strong consumption demand. As a result, the packaging industry will witness increased demand for corrugated boxes, leading to a growing demand for kraft paper.

Outlook for 2013-14

With the growing impetus on improving civic behaviour through sustainability initiatives like 'save paper and save a tree', the wood-based paper industry is likely to face serious problems; companies who consume recycled paper/agro-wastes are expected benefit through increased market shares. It is also estimated that demand growth will be modest because of high input costs and a limited ability to pass on such cost increases to customers.

Internal controls

Yash Papers is sufficiently equipped with an extensive system of internal control procedures to protect assets against losses arising out of illegal usage or disposal. The ERP software enables quick information dissemination leading to strengthened decision-making. The internal control systems are also devised to ensure dependability, transparency and truthfulness of all financial records and statements. An internal audit team regularly liaises with all management tiers and statutory auditors and forwards all significant issues to the Audit Committee of the Board. All issues raised by the internal audit team are suitably addressed and rectified.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 33 Annual Report and Audited Accounts of your Company for the financial year ended 31st March, 2013.

Financial Results:

The summary of operating results of your Company for the financial year 2012-13 and 2011-12 is given below:

(₹ In lac)

	Current Year ended 31.03.2013	Previous Year ended 31.03.2012
Net Sales	11,634.95	10,915.98
Other Income	158.19	87.01
Increase and Decrease in Stocks	(153.45)	(174.01)
Total Expenditure	9,793.97	9,407.51
Finance Cost	1,282.71	1,236.52
Depreciation	615.81	627.90
Profit Before Tax	(254.10)	(94.93)
Provision for taxation		
- Current Tax	51.00	—
- Deferred Tax	34.00	18.16
- Tax adjustments relating to earlier years	0.10	0.21
Net Profit (Net Loss)	169.00	(113.30)

Dividend

The Company is undergoing Corporate Debt Restructuring and only after the repayments starts and complete scheme become operational then only the Board can consider about dividend with the prior approval of CDR Cell, hence the Board regrets their inability to recommend any dividend for this year.

Post-Balance Sheet developments

The rebound in the Company's performance extended into 2013-14. During the first quarter of the current financial year, the Company reported its highest-ever production of 3109 MT in May 2013. The improvement in the quantum of production was accompanied by a superior output quality as well as the gloss level in poster paper improved to 28%, which was the highest among competitors. The Company expects to sustain this improvement through a better operational control and changes in product mix translating into superior financials.

Operations

Your Company has achieved a production of Kraft Paper 19,277 MT, Poster Paper 12,112 MT and salable pulp of 1,547 MT during the year ended 31st March, 2013 against a production of paper 31,286 MT and saleable pulp of 304 MT in the previous year ended 31st March, 2012.

The Company has achieved sales of Kraft Paper of 19,358 MT, Poster Paper of 12,452 MT and salable pulp of 1,547 MT during the year ended 31st March, 2013 against sales of paper of 30,480 MT and salable pulp of 304 MT in the previous year ended 31st March, 2012.

The Company has achieved a Gross turnover of ₹122.42 crore in the current year against ₹114.05 crore in the previous year. Reserves as on 31st March, 2013 stood at ₹16.21 crore as compared to ₹14.15 crore of the preceding year 31st March, 2012.

Export

The Company exported 4,260 MT of Poster and Kraft Paper during the year ended 31st March, 2013 against 3,477 MT during the previous year ended 31st March, 2012.

Insurance

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

Outlook

The organisation is attempting to focus on the cost reduction measures as well as production of value added products and it is expected that the current year 2013-14 shall demonstrate the performance in the bottom line for value addition to the investors.

Human Resource and Welfare

The Company takes special care to nurture and develop its human resources as it believes that they are the most valuable asset of the organisation. Employee engagement has been improved through the introduction of Sangh Level interactions & small group activities. Focused employee development through regular training interventions and counseling is a continuing process.

Fixed Deposits

The Company was holding an aggregate sum of ₹187.44 lac on account of deposits from the public, employees and shareholders as on 31st March, 2013. 15 depositors did not claim their deposits including interest amounting to ₹27.99 lac which matured during the previous years.

Directors

Mr. Jaideep Narain Mathur and Mr. Mudar Patherya were appointed as Additional Director in the meeting of Board of Director held on 23rd March, 2013 and 25th May, 2013 respectively. The necessary resolutions for the regularisation as Director and shareholders' approval in terms of Section 260 of the Companies Act 1956 read with the applicable provisions of the Companies Act 1956 and Article of Association of the Company are contained in the notice for your approval.

Mrs. Manjula Jhunjhunwala, Mr. G. N. Gupta, Mr. Ramesh Narayan and Ms. Kimberly Ann McArthur 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 2012-13, 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 31st March, 2013 and of the Profit 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 2013-2014.

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 ₹60,00,000/- per annum or ₹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 ₹256.30 Lacs from Certified Emission Reductions (CERs) accrued for the financial year ended 31st March, 2013.

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 Gases) Emission Reduction. In view of forgoing a sum of ₹256.30 lac has been recognised as income towards CERs accrued for the financial year ended 31st march, 2013.

Auditors

M/s Kapoor Tandon & Co., Chartered Accountants, Kanpur, who retire at the conclusion of forthcoming Annual General Meeting, have consented to continue in office, if appointed. They have confirmed their eligibility under Section 224 of the Companies Act, 1956 for their appointment as Auditors of the Company.

Cost Auditors

In pursuance to Section 233-B of the Companies Act, 1956 read with the directions issued by the MCA, Mr. Rakesh Misra, Cost Accountant, was appointed as the Cost Auditor to conduct the

Cost Audit of the Company for the financial year 2012-2013 ended on 30th September, 2013. The Cost Audit Report for the financial year 2011-12 ended on 30th September, 2012 was filed by the Cost Auditor with respect to the Company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars required under Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors), Rules, 1988 are provided in Annexure 'A' to this Report.

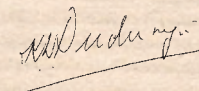
Acknowledgements

Your Directors wish to take the opportunity to express their sincere appreciation to the Central Government, Uttar Pradesh Government, Banks, Financial Institutions, Shareholders, Farmers, Vendors, Customers and all other stakeholders for their whole-hearted support and co-operation 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.

We look forward to their continued support and encouragement.

For and on Behalf of the Board



K. D. Pudumjee
Chairman

Camp : Faizabad
Date : 25th May, 2013

ANNEXURE “A” TO DIRECTORS’ REPORT

INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

I. Conservation of Energy

(A) Energy Conservation Measures Taken

1. Installation of APFC (280 Kvar) for power factor correction at Evaporator plant.
2. VFD Installation for G/L Circulation Pump and Pith feeder save almost 15%.
3. Capacitor connection on Jaw Crusher drive and vacuum pump of Recautizer.
4. Paper Machine-3 TDR drive replaced with 110 KW instead of 160 KW.
5. Installation of VFD for wet washing pulper.
6. VFD installation for PM-1 Hood blower.
7. Rear drum and front drum motor blower fan interlocking with motor ON/OFF signal at Re-winder No. 02.
8. Changeover (400 AMP) installed for ID Fan-2 and ID fan 1 of PP-2, Operate with single VFD.
9. PM-3 Alum dosing pump replaced (2.2 Kw with 1.5 Kw).
10. Steam Trapping- Steam traps installation as per the F/M audit recommendations.
11. Insulations of PP-2, Recovery header valves and uninsulated pipe lines as per the audit (F/M).
12. Re- fixing the Orifice in steam line of re-caustizer.

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

1. APFC for PM-1, PM-2 and Pulp Mill 3 for power factor correction.

2. LP Heater for Boiler Feed Water preheating utilisation vented steam during Low Load Conditions.
3. 18.5 KW VFD for Dearator Feed Pump at PP-2.
4. Implementation of forbs Marshall suggestion given after Steam Audit.
5. Proposed installation of VFD for Process, WBL feed, Product pump.
6. Installation of VFD for PM-2 fan pump.
7. APFC for Re-caustizer for power factor correction.
8. Improve the transformer loading - 4 pulp mill.
9. Blow heat Recovery at continuous Digester.

(C) Impact of the measures of the above

1. Reduction in power from 1125 KWH to 1100 KWH/Tone of paper.
2. Reduction of Steam from 11.00 MT to 10.50 MT/MT of paper.

(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 (lac)	Nil	Nil
Total Amount (₹ in lac)	Nil	Nil
Rate/Unit (₹)	Nil	Nil
(ii) Own generation		
Through Diesel Generator		
Unit (lac)	0.47	0.98
Unit per litre of Diesel Oil	3.46	3.46
Cost/Unit (₹)	12.41	10.25
(iii) Through Steam Turbine		
Unit (lac)	388.13	395.40
Unit per MT of fuel (Paddy husk)	1,099.00*	1,004.00*
Cost/Unit (₹)	2.52	2.93

Note: *Steam Turbine is extraction cum condensing type hence fuel allocation is on an estimated basis.

	Current Year	Previous Year
(b) Coal Quantity (MT)	Nil	Nil
(c) Furnace Oil Quantity (Kilo litre)	Nil	Nil
b. Others		
(i) Paddy Husk Quantity (MT)	74,794.00	79,101.00
Total Cost (₹ in lac)	2,068.26	2,327.74
Average Rate (₹)	2,765.00	2,942.74
(ii) Bagasse/Pith Quantity (MT)	6,469.00	5,558.00
Total Cost (₹ in lac)	71.19	47.10
Average Rate (₹)	1,100.00	847.00

II CONSUMPTION PER UNIT OF PRODUCTION OF PAPER

	UOM	Current Year	Previous Year
Electricity	Units	1238*	1267*
Furnace Oil	Litre	Nil	Nil
Coal	MT	Nil	Nil
Paddy Husk	MT	1.35**	1.35**
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 to utilise rice husk as asmo cement and lime sludge as asbestos sheet.
2. Utilisation the Rice Husk ash in agriculture field.
3. Developments of new grades of Paper.
4. Use of cooking additives to improve pulp quality & enhance Pulping Efficiency
5. E.T.P. secondary sludge used as a fertilizer.

6. R&D centre is in progress for colour removal in ETP effluent.
7. Use of Banana Pseudostem/Fibre as an alternative raw material development.

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

By the use of Cooking aid, resins & specially chemicals, the quality of product improved & reduced long fiber consumption resulting reduced cost of production. Fuel saving 2% by installation of heat exchanger.

(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 grade of paper.
3. Trial of banana pseudostem as a blend to develop an alternative raw material and paper properties enhancement for specific grades.
4. Two stage Filtration for waste water recovery and reutilisation to reduce fresh water consumption at PM-2.
5. Conversion to multifuel for boiler no. 3 (Pith +ETP sludge + RDF).
6. Installation of mould m/c to produce the sheet form of pulp.
7. Replacement of pressure screen of PM-I.
8. PM-2 MG grinding for production enhancement
9. Replacement of Head box at PM-I & PM-2 to enhance production and Product quality.
10. Increase rate of production 70 ton to 90 ton at PM-3 by separation of felts simulating PM-2 design.
11. Trial of Pigment dyes to enhance the optical, surface & printing properties.
12. To Modify & Increase the R&D facilities i.e PFI Mill, Autoclave Bomb Digester etc.

(D) Expenditure on R&D (₹ in lac)

	Current Year	Previous Year
(i) Capital	—	—
(ii) Recurring	7.05	9.21
(iii) Total	7.05	9.21
(iv) Total R&D Expenditure as a percentage of total turnover	0.06	0.08

(E) Technology absorption, adaptation and innovation

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

MG Grinding & Coating with Technical consultancy of Walmsley followed by technical support of CRC Co. Ltd.

1. Installations of Screw press in pulp mill.
2. MG Coating & Grinding on paper Machine – 3 to improve capacity and productivity.
3. Modification of press section.

(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, Lower variations, improved performance, improved 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)

Installations of Screw Press (Press Technology & Manufacturing; USA) in pulp mill for Pulp drying.

3. Foreign Exchange Earning And Outgo

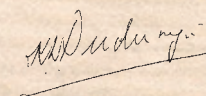
(A) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans;

The Company has continued thrust on exports.

(B) Total foreign exchange used and earned

i. Used	₹ 10,89,05,323/-
ii. Earned	₹ 19,02,43,542/-

For and on Behalf of the Board



K. D. Pudumjee

Chairman

Camp : Faizabad

Date : 25th May, 2013

CORPORATE GOVERNANCE

Corporate Governance Compliance Report

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

1. Company's Philosophy on Code of Governance

Your Company is of the belief that sound Corporate Governance is vital to enhance and retain stakeholders' trust. Good Governance underpins the success and integrity of the organisation, institutions and markets. It is one of the essential pillars for building efficient and sustainable environment, system and practices to ensure that the affairs of the Company are being managed in a way which ensure accountability, transparency and fairness in all its transactions in the widest sense and meet its stakeholder's aspirations and societal expectation. Your Company is committed to the adoption of best governance practices and its adherence in the true spirit at all times and envisages the attainment of a high level of transparency and accountability in the functioning of the Company and conduct of its business internally and externally.

In line with the above philosophy, your Company continuously strives for excellence through adoption of best governance and disclosure practices. The Company recognises that good governance is a continuing exercise and thus reiterates its commitment to pursue highest standard of Corporate Governance in the overall interest of its stakeholders.

Your Company not only adheres to the prescribed corporate governance practices as per Clause 49 of the Listing Agreement but is also consistently working for the betterment of the governance system executed with the Stock Exchanges. We are committed to doing things in the right way which includes but not limited to compliance with its applicable legal requirement.

The highlight of the Corporate Governance system includes:

1. The Board of Directors of the Company is well represented with Executive, Non-Executive and Independent Non-Executive Directors with the Non-Executive Chairman and Managing Director. The Independent & Non-Executive Directors form nearly 67% of the Board of Directors.

2. The Board has constituted several Committees viz. Audit Committee, Remuneration Committee and Investors' Grievance Committee for more focused attention. The Board is empowered to constitute additional functional Committee from time to time, depending on the business needs.
3. The Company has established a Code of Conduct and Corporate Disclosure Policy for prevention of Insider Trading for Directors and Employee of the Company.
4. Whistle Blower Policy wherein the Employee may have the direct access to the Chairman and Managing Director of the Company and Chairman of Audit Committee.
5. Risk Management framework to identify the risk for its business and to assess the probability of its occurrence. Its mitigation plans and information placed before the Audit Committee periodically.

2. Board of Directors:

The Company is managed and guided by the Board of Directors ("Board"). The Board formulates the strategy, regularly reviews the performance of the Company, determine the purpose and values of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interests of the shareholders are being served. The Chairman and Managing Director with the support of the senior executives overseeing the functional matters of the Company. The Company has an optimum combination of Executive, Non-Executive and Independent Directors who are eminent persons with professional expertise and valuable experience in their respective areas of specialisation and bring a wide range of skills and experience to the Board.

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 ten 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 2012-13.

The Company has a Non-Executive Chairman. The Company is having 8 Independent Directors which is about 67% of the total number of Directors. The Company meets the requirement relating to the Composition of Board of Directors.

b) Independent Directors:

The definition of independence of Directors is derived from Clause 49 of the Listing Agreement executed with the stock exchanges. All the independent Directors of the Company make declaration to the Company annually regarding their independence status. All such declarations were placed before the Board.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees across the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by

the Directors pursuant to Clause 49 of the Listing Agreement.

c) 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.

d) Other provisions as to Board and Committee:

During the year 2012-13, 07 meeting of the Board of Directors were held 10th May, 2012, 24th May, 2012, 11th August, 2012, 29th September, 2012, 6th November, 2012, 9th February, 2013 and 23rd March, 2013. The maximum time gap between any two consecutive meetings was not exceeding four months.

Details of attendance of Directors at Board meeting and at the last Annual General Meeting held on 29th September, 2012, with particulars of their other Directorships and Chairman/Membership of Board Committees of other Companies showing the position as on 31st March, 2013 are given below:-

Name of Director and DIN	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. K. D. Pudumjee DIN-01594401	Chairman & Director	Non-Promoter, Non-Executive, Independent	6	Yes	—	—	—	—
Mr. Ved Krishna DIN-00182260	Managing Director	Promoter, Executive, Non-Independent	7	Yes	—	2	—	—
Mr. Narendra Kumar Agrawal DIN-05281887	Director Works	Non-Promoter, Executive, Non-Independent	6	Yes	—	—	—	—
Mr. R. N. Chakraborty DIN-00192797	Director	Non-Promoter, Non-Executive, Non-Independent	7	Yes	—	—	—	—
Mrs. Manjula Jhunhunwala DIN-00192901	Director	Promoter, Non-Executive, Non-Independent	4	No	1	—	—	—
Mr. G. N. Gupta DIN-00027502	Director	Non-Promoter, Non-Executive, Independent	5	Yes	4	1	1	1

Name of Director and DIN	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. Ramesh Narayan DIN-01072468	Director	Non-Promoter; Non-Executive, Independent	5	No	—	—	—	—
Mr. Basant Kumar Khaitan DIN-00459514	Director	Non-Promoter; Non-Executive, Independent	2	No	9	1	2	1
Ms. Kimberly Ann McArthur DIN-05206436	Director	Non-Promoter; Non-Executive, Independent	7	Yes	—	—	—	—
Dr. Indroneel Banerjee DIN-06404397	Director	Non-Promoter; Non-Executive, Independent	3	Yes	—	—	—	—
Mr. Jaideep Narain Mathur* DIN-06560639	Director	Non-Promoter; Non-Executive, Independent	—	—	—	—	—	—
Mr. Mudar Patherya** DIN-01377691	Director	Non-Promoter; Non-Executive, Independent	—	—	—	—	—	—

*Appointed as Additional Director w.e.f. 23rd March, 2013.

**Appointed as Additional Director w.e.f. 25th May, 2013.

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.

Mr. Ved Krishna, Managing Director of the Company is son of Mrs. Manjula Jhunjhunwala, Director of the Company and thus is related. No other Director of the Company is related to any other Director of the Company.

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

(e) Code of Conduct

(A) 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.

(B) 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 31st March, 2013. 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:

- The Audit Committee presently consists of 5 Non-Executive Directors, Independent Directors.
- All members of the Committee are financially literate and having the requisite financial management expertise.
- The Chairman of the Audit Committee is an Independent Director.
- The Chairman of the Audit Committee was present at the last Annual General Meeting held on 29th September, 2012.
- M/s Kapoor Tandon & Co. has audited the accounts of the Company from the financial year 2012-13 will continue to audit in future years.

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

The Chairman of the Audit Committee is Mr. Gyanendra Nath Gupta. During the year, 5 Audit Committee meetings were held on 10th May, 2012, 11th August, 2012, 28th September, 2012, 6th November, 2012 and 8th February, 2013.

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 2012-13	Meeting Attended
Mr. G. N. Gupta	Independent Non-Executive	5	4
Mr. Ramesh Narayan	Independent Non-Executive		4
Mr. K. D. Pudumjee	Independent Non-Executive		5
Mr. Basant Kumar Khaitan	Independent Non-Executive		–
Dr. Indroneel Banerjee	Independent Non-Executive		–

The Committee meetings are attended by invitation by the Managing Director, Vice President – Finance, Head Marketing, Chief Business Head, the representatives of Statutory Auditors and representatives of the Internal Auditors. Mr. Sachin K. Srivastava, Senior Manager – Legal and 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.

(C) Function and terms of reference

The function and terms of reference of the Audit Committee meet the requirements of Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956. The broad terms of reference of the Committee include:-

- Statutory Auditors:** To recommend to the Board for the appointment and/or re-appointment of the Statutory Auditors, fixation of audit fee and to approve payment for any other services rendered by the statutory auditors.
- Review independence of statutory auditors:** Reviewing the information provided by the management relating to the independence of firm, including, among other things, information relating to the non audit services provided and expected to be provided by the Statutory Auditors.

- Review the performance of the Internal and External Auditors:** Review with the management the performance of the statutory and internal auditors and adequacy of the internal control systems.

d) Review Financial Statements

- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - Changes, if any, in accounting policies and practices and reasons for the same

- Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications, if any in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

e) Review of other Information

The Audit Committee reviews the following information:

- Management discussion and analysis of financial condition and results of operation.
- Statement of significant related party transaction submitted by the management.
- To look into the reasons for substantial defaults in the payment to the creditors.
- To review the functioning of the Whistle Blower mechanism.
- Seek legal or professional advice, if any.

4. Remuneration Committee

The Company has constituted a Remuneration Committee of the Board to consider the remuneration of Executive Directors which is a part of non-mandatory requirement of the code. The Remuneration Committee comprises of 3 Independent Directors, namely:

- Mr. G. N. Gupta (Chairman of the committee)
- Dr. I. Banerjee (Member of the committee)
- Mr. Ramesh Narayan (Member of the committee)

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	I	I
Mr. Ramesh Narayan	Member		I
Dr. Indroneel Banerjee	Member		–

Function and term of reference: The broad terms of reference of the Committee are to evaluate performance, determine and recommend to the Board on specific remuneration packages for the Executive Directors (EDs) including pension rights and any compensation payment to them. The Remuneration Committee also recommends the annual increments within the salary scale approved by the Members as also the Performance Bonus payable to EDs, within the ceilings on net profits prescribed under Section 198 and 309 of the Companies Act, 1956.

Remuneration Policy: The Remuneration paid to the Executive Directors of the Company is approved by the Board of Directors on the recommendation of the Remuneration Committee. The Remuneration Committee makes annual appraisal of the performance of the Executive Directors based on a detailed performance evaluation and recommends the compensation payable to them, to the Board for their approval.

Remuneration to Executive and Non-Executive Directors

The details of remuneration paid to all the Executives and Non-Executives Directors during the year ended on 31st March, 2013 are as follows:

Name of Directors	Service Contract/ Notice period	Remuneration Paid (in ₹)		
		Sitting Fees	Salaries, perquisites and contribution to Provident Fund	Total
Mr. K. D. Pudumjee PAN No.- ABKPP5506D	Retire by rotation	44,000	–	44,000
Mr. Ved Krishna PAN No.- AJRPK1551C	Appointment made for 3 years	–	23,33,442	23,33,442
Mr. Narendra Kumar Agrawal PAN No.- ABQPA2664M	Appointment made for 3 years	–	16,38,247	16,38,247
Mrs. Manjula Jhunjunwala ¹ PAN No.- ABSPJ4695H	Retire by rotation	24,000	4,80,000*	5,04,000
Mr. R. N. Chakraborty PAN No.- ABJPC5469P	Retire by rotation	34,000	3,60,000	3,94,000
Mr. G. N. Gupta PAN No.- AAGPG2885F	Retire by rotation	36,000	–	36,000
Mr. Ramesh Narayan PAN No.- ADGPN4260J	Retire by rotation	36,000	–	36,000
Mr. Basant Kumar Khaitan PAN No.- AFWPK4313D	Retire by rotation	8,000	–	8,000
Ms. Kimberly Ann McArthur PAN No.- BYEPM4617C	Retire by rotation	28,000	–	28,000
Dr. Indroneel Banerjee PAN No.- AISPBI599B	Retire by rotation	16,000	–	16,000
Mr. Jaideep Narain Mathur ² PAN No.- AEPMP1275P	Appointed till ensuing AGM	–	–	–
Mr. Mudar Patherya ³ PAN No.- AFLPP0747F	Appointed till ensuing AGM	–	–	–
Total		2,26,000	48,11,689	50,37,689

1. Being wife of Late Mr. K. K. Jhunjunwala, Vice-Chairman of the Company, amount paid as pension in the event of his death.

2. Appointed as Additional Director w.e.f. 23rd March, 2013.

3. Appointed as Additional Director w.e.f. 25th May, 2013.

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 10th April, 2012, 10th July, 2012, 9th October, 2012 and 12th February, 2013.

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 2012-13	Number of Meetings attended
Dr. Indroneel Banerjee	Independent Non-Executive	4	2
Mrs. Manjula Jhunjhunwala	Non-Independent Non-Executive	4	4
Mr. R. N. Chakraborty	Non-Independent Non-Executive	4	3

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, Faizabad – 224 135

Fax : 91 – 5278 - 258062

Uttar Pradesh, India

E-mail : scn@yash-papers.com

C) Number of complaints received and redressed during the year 2012-13

Opening Balance	Received during the year 2012-13	Resolved during the year	Closing Balance
0	6	6	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 01.04.2012	Opening Balance of Shares in Suspense Account	Requests received during the year 2012-13	Shares transferred during the year	No. of Shareholders as on 31.03.2013	Closing Balance of Shares in Suspense Account
19	12,921	0	0	19	12,921

6. Disclosures

(A) Basis of related party transactions

- (i) The statements containing the transactions with related parties were submitted periodically to the Audit Committee.
- (ii) There are no related party transactions that may have potential conflict with the interest of the Company at large.
- (iii) 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.
- (iv) 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

In pursuit to maintain the highest ethical standards in

the course of its business, the Company has put in place a mechanism for reporting of instances of conduct which is not in conformity with its Code. The Company has a whistle blower policy wherein the employees are free to report violations of laws, rules, regulations, unethical conduct, misuse of authority, financial irregularities etc. by way of e-mail directly to the Managing Director and Vice-President - Compliance of the Company. The whistle blowers may also have direct access to the Chairman of Audit Committee. The Company has provided a dedicated e-mail address whistleblower@yash-papers.com for reporting such complaints. The whistle blower policy aims:

1. To create a window for the employees, who observe an unethical practice either organisationally or individually, to be able to raise it without any fear of victimisation or reprisal.
2. To encourage timely, safe and open reporting of alleged wrong doings or suspected impropriety.
3. To ensure consistent and timely institutional response.
4. To ensure appropriate reporting of whistleblower investigations; and
5. To encourage ethical and lawful conduct.

The Directors and management personnel maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discrimination. No employee was denied access to the Audit Committee.

(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) Mrs. Manjula Jhunjhunwala, Mr. G. N. Gupta, Mr. Ramesh Narayan and Ms. Kimberly Ann McArthur 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 31st March, 2013, 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

Year	Date & Day	Location	Time	Special Resolution
2011-12	29/09/2012, Saturday	Hotel Little Chef, 15/198-A, Civil Lines, Kanpur - 208 001	1:00 P.M.	1. Re-appointment of Mr.Ved Krishna, Managing Director for a period of 3 years with effect from 1st August, 2012 and fixing of his remuneration under Sections 198, 269, 309 and 311 read with Schedule XIII, of the Companies Act, 1956. 2. Appointment of Mr. Narendra Kumar Agrawal, Director Works for a period of 3 years with effect from 1st June, 2012 and fixing of his remuneration under Sections 198, 269, 309 and 311 read with Schedule XIII, of the Companies Act, 1956.
2010-11	24/09/2011, Saturday	Hotel Little Chef, 15/198-A, Civil Lines, Kanpur - 208 001	1:00 P.M.	—
2009-10	25/09/2010, Saturday	Hotel Little Chef, 15/198-A, Civil Lines, Kanpur - 208 001	1:00 P.M.	Re-appointment of Mr. R. N. Chakraborty, Executive Director for a period of 2 years with effect from 1st July, 2010 and fixing of his remuneration under Sections 198, 269, 309 and 311 read with Schedule XIII, of the Companies Act, 1956.

(B) Postal Ballot

(i) Details of the Special/Ordinary Resolutions passed by the Company through Postal Ballot:

During the financial year 2012-13 ended on 31st March, 2013, no special/ordinary resolutions passed by the Company through Postal Ballot.

(ii) Whether any special resolution is proposed to be conducted through postal ballot:

There is no proposal for any special resolution to be put through postal ballot at the forthcoming Annual General Meeting for shareholders' approval.

10. Means of Communication

(a) Quarterly Results: Unaudited quarterly financial results and the annual audited financial results of the Company are

sent to all the Stock Exchanges where its equity shares are listed, and the same are generally published in Business Standard, leading National English and Hindi Newspapers.

(b) **Website www.yash-papers.com:** Detailed information on the Company's business and products; quarterly/half yearly/ nine months and annual financial results, Investor brief and the quarterly distribution of Shareholding are displayed on the Company's website.

(c) **Exclusive email ID for investors:** The Company has designated the email id scn@yash-papers.com exclusively for investor servicing and the same is prominently displayed on the Company's website www.yash-papers.com

(d) **Annual Report:** Annual Report contains *inter-alia* Audited Annual Accounts, Consolidated Financial Statement, Directors' Report, Auditors' Report. The Management

Perspective, Business Review and Financial Highlights are also part of the annual report.

(e) **The Management Discussion & Analysis:** The Management Discussion & Analysis Report forms part of the annual report.

(f) **Intimation to the Stock Exchanges:** The Company intimates stock exchanges all price sensitive information or such other information which in its opinion are material & of relevance to the shareholders

(g) **Code of conduct for Directors and Senior Executives:** The Company has laid down a Code of Conduct for all Board Members and Senior Executives of the Company. The Code of conduct is available on the Company's website www.yash-papers.com. All Board members and senior management personnel affirm compliance with the code of conduct annually. The Managing Director has given a declaration that all the Directors and senior management personnel have affirmed compliance with the Code of Conduct and same is annexed hereto.

(h) **CEO/CFO certification:** A prescribed certificate as stipulated in clause 49(V) of the listing agreement duly signed by the Managing Director and Vice President Finance was placed before the Board along with the financial statements for the year ended 31st March, 2013. The said certificate is provided elsewhere in the Annual Report.

(i) **Corporate Governance-Voluntary Guidelines-2009** - The Ministry of Corporate Affairs had issued certain Voluntary Guidelines for further improvement of Corporate Governance standards and practices. These guidelines broadly focus on the area like Board of Directors, responsibility of the Board, Audit Committee functions, roles and responsibilities, appointment of Auditors, compliance, a mechanism for whistle blower support. The Company is in the process of implementing compliance of these guidelines.

Financial calendar for the financial year 2013-14 (tentative)

Financial Reporting for the quarter/three months ending 30th June, 2013	By mid of August 2013
Financial Reporting for the quarter/half year ending 30th September, 2013	By mid of November 2013
Financial Reporting for the quarter/nine months ending 31st December, 2013	By mid of February 2014
Financial Reporting for the annual audited accounts for the financial year ending 31st March, 2014	By the end of May 2014

10. General Shareholder Information**(i) Annual General Meeting**

Date & Day	21st September, 2013,
Time	1.30 P.M
Venue	Hotel "Little Chef", 15/198-A, Civil Lines, Kanpur – 208 001, Uttar Pradesh
Date of Book Closure	14th September, 2013 to 21st September, 2013 (both days inclusive)
Dividend Payment Date	Dividend has not been recommended by the Board.
Financial Year	1st April to 31st March

(ii) Unclaimed Dividend

Pursuant to Section 205C of the Company of the Companies Act, 1956, all unclaimed dividends upto the financial year 2004 have been transferred to the Investor Education and Protection Fund (IEPF), administered by the Central Government. The Company has not declared any dividend thereafter till the year under review.

(iii) Listing on Stock Exchange

The Company's entire equity share capital comprising of 2,77,00,000 equity shares of ₹ 10 each is listed at the following Stock Exchange:

Name and Address of the Stock Exchange	Stock Code
Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 023	516030

(iv) Listing and Custodian Fees

The Company has paid listing fees for the Financial Year 2013-14 to the Bombay Stock Exchange. The Company has also paid the annual custodial fee for the year 2013-14 to both the depositories namely NSDL and CDSL.

(v) Shareholding as on 31st March, 2013**(a) Distribution of Equity Shareholding as on 31st March, 2013**

No. of equity share held of nominal value of ₹	Shareholders		Equity share amount	
	Number	% to total	Total Amount	% to total
Upto - 2500	7,476	50.10	87,35,710	3.15
2501 - 5000	3,551	23.80	1,61,76,900	5.84
5001 - 10000	2,307	15.46	19,218,850	6.94
10001 - 20000	793	5.31	1,26,00,740	4.55
20001 - 30000	238	1.60	62,00,900	2.24
30001 - 40000	101	0.68	37,28,100	1.35
40001 - 50000	113	0.75	53,80,940	1.94
50001 - 100000	178	1.19	1,33,24,190	4.81
100001 & Above	166	1.11	19,16,33,670	69.18
Total	14,923	100	27,70,00,000	100

(b) Shareholding Pattern of Equity Shares as on 31st March, 2013

Sl. No.	Categories of Shareholders	As on 31-03-2013		As on 31-03-2012	
		No. of Shares	% of Shares	No. of Shares	% to Shares
1.	Promoters	82,64,892	29.84	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	0	0.00
4.	Insurance Companies	2,11,121	0.76	2,11,121	0.88
5.	Corporate Bodies	6,30,919	2.28	6,38,757	2.66
6.	Individuals	17517010	63.24	13800027	57.50
7.	Directors' Relatives	1,15,119	0.42	111319	0.46
8.	NRIs/OCBs	1,53,703	0.55	150377	0.63
9.	HUF	791108	2.86	797544	3.32
10.	Foreign Nationals	12600	0.04	12600	0.05
11.	Clearing Members/Public Trust	2528	0.01	12363	0.05
	Total	277000000	100	240000000	100

(c) Promoters' Group Shareholding as on 31st March, 2013

S. No.	Name of Promoters	No. of Shares held	% to Total Paid up Share Capital	No. of Pledged Shares	% of Total Shareholding of Promoter
1.	Ved Krishna	23,99,121	8.66	23,37,240	97.42
2.	Yash Krishna	9,56,865	3.45	9,56,865	100.00
3.	Manjula Jhunjunwala	5,83,366	2.11	5,83,366	100.00
4.	Shailja Krishna	6,400	0.02	6,400	100.00
5.	Satori Global Limited	33,34,500	12.04	33,34,500	100.00
6.	Megha Agro Products Limited	9,68,640	3.50	9,68,640	100.00
7.	K. K. Jhunjunwala (H.U.F.)	16,000	0.06	16,000	100.00
	TOTAL	82,64,892	29.84	82,03,011	99.25

(d) Capital of the Company

The Authorised and paid-up capital of your Company are 60 crore and 27.70 crore respectively as on 31st March, 2013. The Company has increased its paid-up capital from 24 crore to 27.70 crore through preference allotment of 37,00,000 equity shares to Mrs. Ranjini Poddar at a price of ₹ 10 including Re. 1 securities premium on 24th May, 2012.

(e) Top ten shareholders as on 31st March, 2013

Sl. No.	Name of Shareholders	No. of Equity Shares held	% of Total Equity Shares held
1.	Ranjini Poddar	37,00,000	13.36
2.	Sangeetha S	10,65,560	3.85
3.	Dipak Kanayalal Shah	4,11,000	1.48
4.	S Sathya	3,85,990	1.39
5.	Damodar Prasad Agarwal	3,68,163	1.33
6.	Renu Devi Patni	3,36,716	1.22
7.	Kishore Kumar Patni	3,15,654	1.14
8.	Savitha S	2,84,290	1.03
9.	Karan Patni	2,80,597	1.01
10.	United India Insurance Company Limited	2,11,121	0.76
	TOTAL	73,59,091	26.57

(vi) Stock Price Data/Stock Performance:Year 2012-13

a. During the year under report, the trading in the Company's equity shares was from 1st April, 2012 to 31st March, 2013. The high and low price during the period on the Bombay Stock Exchange Limited was as under:-

Month	High (₹)	Low (₹)	High	Low
	BSE		BSE SENSEX	
April 2012	7.66	5.74	17,664.10	17,010.16
May 2012	6.29	5.01	17,432.33	15,809.71
June 2012	6.18	5.25	17,448.48	15,748.98
July 2012	6.49	5.30	17,631.19	16,598.48
August 2012	5.85	5.01	17,972.54	17,026.97
September 2012	5.70	4.93	18,869.94	17,250.80
October 2012	6.29	5.30	19,137.29	18,393.42
November 2012	6.36	5.40	19,372.70	18,255.69
December 2012	6.55	5.61	19,612.18	19,149.03
January 2013	6.25	5.30	20,203.66	19,508.93
February 2013	5.50	4.57	19,966.69	18,793.97
March 2013	5.64	4.13	19,754.66	18,568.43

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:

	2nd April, 2012	28th March, 2013	% CHANGE
Company Share Price (High)	₹ 7.66	₹ 5.64	(35.82)
SENSEX (High)	17,664.10	19,754.66	(11.84)

(vii) Dematerialisation of shares and liquidity

The Company's equity shares are compulsorily traded in the electronic form from 26th December, 2000. The Company entered into an Agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to establish electronic connectivity of its shares for scripless trading. The system for getting the shares dematerialised is as under:

- ▶ Share Certificate(s) along with Demat Request Form (DRF) is to be submitted by the shareholder to the Depository Participants (DP) with whom he/she has opened a Depository Account.
- ▶ DP processes the DRF and generates a unique number DRN.
- ▶ DP forwards the DRF and share certificates to the Company's Registrar and Share Transfer Agent.
- ▶ The Company's Registrar and Share Transfer Agent after processing the DRF confirm or reject the request to the Depositories.
- ▶ Upon confirmation, the Depository gives the credit to shareholder in his/her depository account maintained with DP.

As on 31st March, 2013, 97.78% of total equity share capital of the Company was held in dematerialised form (including 100% of the promoter holding). The ISIN allotted by NSDL/CDSL is INE551D01018. Confirmation in respect of the requests for dematerialisation of shares is sent to NSDL and CDSL within the stipulated period.

(viii) 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.

(ix) Reconciliation of Share Capital Audit Report

As required under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996, the audit for reconciling the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital for each of the quarter in the financial year ended on 31st March, 2013 was carried out. The audit reports confirm that the total issued/paid-up share capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

(x) Register and Share Transfer Agents

The Members are requested to correspond the Company's Registrars and 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 – I,

New Delhi – 110 020

Tel No.: (011) 26292680/81/82/83

Fax No.: (011) 26292681

Email: admin@skylinert.com

(xi) Registered Office

Yash Papers Limited

47/81, Hatia Bazar, Kanpur – 208001,

Uttar Pradesh, India

E-mail : info@yash-papers.com

(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

Please contact the Compliance Officer of the Company at the following address regarding any questions or concerns:

Mr. Sachin K. Srivastava

Sr. Manager Legal & Secretarial

Yash Papers Limited

Yash Nagar, Darshan Nagar,

Faizabad (U. P.) – 224 135

Ph. (05278) 326611-14;

Fax. (05278) 258062

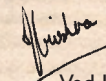
E-mail : scn@yash-papers.com

(xiv) Compliance Certificate on Corporate Governance from the Auditor

The certificate dated 25th May, 2013 from Statutory Auditors of the Company, M/s Kapoor Tandon & Co. confirming compliance with the Corporate Governance requirements as stipulated under Clause 49 of the Listing Agreement is annexed hereto.

The above report has been adopted by the Board of Directors at their meeting held on 25th May, 2013.

On Behalf of the Board



Ved Krishna

Managing Director

Place: Faizabad

Date : 25th May, 2013

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, 2013 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 year ended 31st March, 2013 which are fraudulent, illegal or violative of the Company's code of conduct.

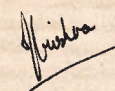
c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which 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.

Place : Faizabad

Date : 25th May, 2013



Ved Krishna

Managing Director

for Yash Papers Limited



Anil Kumar Gupta

Vice-President-Finance

SECRETARIAL AUDIT REPORT

Company No. : 20-5294

Nominal Capital : ₹ 60,00,00,000/-

To,

The Shareholders of Yash Papers Limited

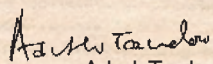
We have audited the relevant books and records of Yash Papers Limited having its Registered Office at 47/81, Hatia Bazar, Kanpur – 208 001 (Uttar Pradesh) and Corporate Office at, Yash Papers Limited, Yash Nagar, Faizabad – 224 135 (Uttar Pradesh) produced before us by the Company and by their registrar 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 31.03.2013 (financial year). 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, Commission to the non-executive independent directors and sitting fees to the 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 received 5 investor's complaints/queries during the year under review and no complaints/queries were pending for redressal as on 31.03.2013.

Adesh Tandon & Associates
Company Secretaries


Adesh Tandon

Place : Faizabad
Date : 25th May, 2013

FCS No. 2253
CP No. 1121

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 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s) in India.

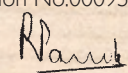
The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on certification of Corporate Governance (as stipulated in Clause 49 of the listing Agreement) issued by the Institute of Chartered Accountant 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.

Place: Faizabad
Date: 25th May, 2013

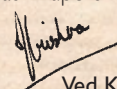
for **Kapoor Tandon & Co.,**
Chartered Accountants
Firm Registration No.000952C

Rajesh Parasramka
Partner
Membership No.74192

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.

Place : Faizabad
Date : 25th May, 2013

For Yash Papers Limited

Ved Krishna
Managing Director

CORPORATE SOCIAL RESPONSIBILITY

Yash Papers is inspired by the opportunity to make a meaningful contribution to the society through a commitment that extends beyond the market. The Company firmly believes that businesses must make a positive contribution to societal up-liftment by fashioning corporate strategies that build economic, environmental and social capital for the nation via a triple bottom-line approach: people, planet and profits.

We constantly stress on continuous learning and growth. We have actively and intentionally structured our Company to provide avenues for employees to constantly develop in their roles



PEOPLE

At Yash Papers we are propelled by the passion to improve livelihoods. In the past we have built schools, constructed playgrounds, supplied temporary housing during flooding, and donated the only ambulance in town and contributed aesthetically to the of the community at large.

Every member of the Yash Paper team who has been with us for three years is a shareholder of the Company. We feel people should benefit from their own hard work. We pave a path free from impediments and mediated towards employee development. We constantly stress on continuous learning and growth and we have actively and intentionally structured our Company to provide avenues for employees to constantly develop in their roles. Every employee has participated in financial literacy training drill so they understand how their respective roles impact the profitability of the Company and hence their own ability to earn.

However, our relationship delves much deeper. At the Yash family, we care for the health and social needs of our employees and their families. In 2012 we started a subsidised health clinic for all Yash employees. All the children of the managers are guaranteed slots in the best educational institution in town, that too at half the rate. We also run schools for the children of the employees, in the site itself and at reduced rates. We maintain a 'Family Needs Fund' which provides financial endowments in times of need such as - marriages, family emergencies, and health-related issues.

We have also reached out to the communities on our hinterland. The same health clinic we provide for employees can be accessed by residents from the surrounding geography. We host cultural programmes bringing together the people in the community. In 2012 we had a blanket drive for widows,

supported street plays with social messages in the surrounding villages.

Our target is to donate 10% of our net profit to the KK Charitable Foundation to invest towards sanitation, education and employment, in the surrounding villages. Through this fund, we have already built toilets, created women's employment centres, and began the process of opening kindergartens in the surrounding villages.

PLANET

Yash Papers now is the smallest paper company in the world to have a chemical recovery system. 95% of all chemicals used are recovered in our process. This was a serious capital investment for the Company in its bid to reduce its carbon footprint.

Right now we use 90% of agricultural refuse for our raw material and only use 10% of market pulp. However, we started a plantation Company to start growing trees, seven years ago. We now are responsible for planting of over two million trees annually and make sure that they are not cut down. We see this as a necessary investment in the future as a safeguard against raw material and fuel being available and as means to achieve sustainability. This has ensured that the farmers are able to rake in some extra cash as well as the greening of the immediate surroundings. The trees we plant currently are eucalyptus clones-- not the mono culture eucalyptus that is known for eliminating the water table and being environmentally detrimental.

We create all of our electricity from agricultural waste-- biomass of rice husks. We generate enough electricity to manage the entirety of our operations. We are working now on how to create value from rice husk ash, lime sludge, and effluent and continue to invest significantly across the R&D front.

PROFITS

Yash Paper was set up with the definite goal – of making a perceptible change in the areas of its presence by bringing top-of-the-line products that satisfy the demands of the Indian customers.

While we have struggled to give a solid return to our shareholders recently we are very aware of the necessity remaining sustainable. In 2012, we put in some capital to sort out some machinery-related issues that were deterring our profit margins. With this investment, we feel we are well situated to go past the hurdles in our way. The growth we have already experienced in 2013 is pointing in that direction.

We also invest heavily in innovation and work with innovators to prepare for long-term sustainability in our industry by offering new products. We feel this investment will keep us competitive now and ensure that we stay profitable in the long-term.

Yash Paper was set up with the definite goal – of making a perceptible change by bringing products that satisfy the demands of the Indian customers and benefit society.

Independent Auditor's Report

To the Members of
Yash Papers Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

Other Operating Revenue for the year amounting to ₹256.30 Lacs represent the income on account of Certified Emission Reductions (CERs) accrued during the year upto December, 2012. The aforesaid income has been recognised in the accounts on the basis of Emission Reduction Purchase Agreement (the Agreement) with Belgian State for sale of CERs generated upto December 2012. This accounting treatment is not in conformity with the "Guidance Note on Accounting of self-generated Certified Emission Reductions (CERs)" issued by the Institute of Chartered Accountants of India (the Guidance Note). Had the company followed the Guidance Note the other operating revenue and profit before tax for the year would have been lower by ₹256.30 Lacs.

Qualified Opinion

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

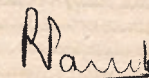
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books [and proper returns adequate for the purposes of our audit have been received from branches not visited by us];
 - 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 [and with the returns received from branches not visited by us];

- d. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
- e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For KAPOOR TANDON & CO.,
Chartered Accountants
Firm Registration No. 000952C



Rajesh Parasramka
PARTNER

Camp : Faizabad
Date : May 25, 2013

Membership No. 074192

Annexure To The Auditors' Report

(Referred to in paragraph I of our report of even date on the financial statements for the financial year ended 31st March, 2013 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 ₹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 ₹21.99 Lacs from 8 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 2013 for a period of more than six months from the date they become payable.

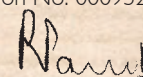
(b) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty, Cess and Service Tax which have not been deposited on account of any dispute, except mentioned as below:

Name of the Statute	Nature of the dues	Amount (₹ in Lacs)	Year(s) to which relates	Forumwhere pending
The Central Excise Act, 1944	Disallowance of CENVAT Credit	238.98	2009-10	CESTAT, New Delhi
		111.57	2010-11	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	ITAT, Lucknow

- 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 and based on the documents and records produced to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders during the year.
- 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

Camp : Faizabad
Date : May 25, 2013

Membership No. 074192

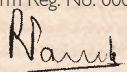
Balance Sheet As at 31st March, 2013

(Amount in ₹)

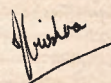
Particulars	Note No.	As at 31st March 2013		As at 31st March 2012	
I. EQUITY AND LIABILITIES					
1. Shareholders' Funds					
a) Share Capital	2	277,000,000		240,000,000	
b) Reserves and Surplus	3	162,094,166	439,094,166	141,493,897	381,493,897
2. Share Application Money pending allotment	4		-		40,700,000
3. Non Current Liabilities					
a) Long Term Borrowings	5	682,506,720		641,225,006	
b) Deferred Tax Liabilities (Net)	6	6,155,000	688,661,720	2,755,000	643,980,006
4. Current Liabilities					
a) Short Term Borrowings	7	296,591,283		253,470,854	
b) Trade Payables	8	89,944,711		123,739,387	
c) Other Current Liabilities	9	129,411,537		59,474,370	
d) Short Term Provisions	10	11,594,112	527,541,643	9,470,077	446,154,688
TOTAL			1,655,297,529		1,512,328,591
II. ASSETS					
1. Non Current Assets					
(a) Fixed Assets					
(i) Tangible Assets:	11	895,064,527		921,363,730	
(ii) Intangible Assets	11	589,478		209,067	
(iii) Capital Work in Progress	11	-		-	
(b) Non Current Investments	12	5,935		5,935	
(c) Long Term Loans and Advances	13	6,512,235		4,849,176	
(d) Other Non Current Assets	14	1,506,000	903,678,175	1,506,000	927,933,908
2. Current Assets					
(a) Inventories	15	400,006,605		272,262,749	
(b) Trade Receivables	16	147,646,934		129,801,293	
(c) Cash and Bank Balances	17	13,484,780		21,993,099	
(d) Short Term Loans and Advances	18	30,342,924		27,566,946	
(e) Other Current Assets	19	160,138,111	751,619,354	132,770,596	584,394,683
TOTAL			1,655,297,529		1,512,328,591
Significant Accounting Policies	I				


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

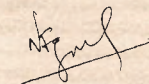
As per our report of even date
For Kapoor Tandon & Co.,
Chartered Accountants
Firm Reg. No. 000952C


(Rajesh Parasramka)
Partner
M. No. 074192
Camp: Faizabad
Dated: 25.05.2013

For and on behalf of the Board of Directors


Ved Krishna
Managing Director


Anil Kumar Gupta
Vice President - Finance


N K Agrawal
Director Works

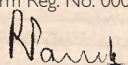
Statement of Profit and Loss For the year ended 31st March, 2013

(Amount in ₹)

Particulars	Note No.	2012-13	2011-12
REVENUE			
Revenue from operations (gross)	20	1,224,156,520	1,140,508,916
Less : Excise Duty		60,661,893	48,910,979
Revenue from operations (net)		1,163,494,627	1,091,597,937
Other Income	21	15,818,973	8,701,023
Total Revenue		1,179,313,600	1,100,298,960
EXPENSES			
Cost of Material consumed	22	536,947,183	495,865,278
Decrease/(Increase) in Inventories of Finished Goods and Work-in-Process	23	(15,345,388)	(17,401,338)
Employee Benefits Expense	24	79,187,115	71,485,716
Finance Costs	25	128,271,106	123,651,925
Depreciation and Amortisation Expense	26	61,580,937	62,790,197
Other Expenses	27	363,262,876	373,400,413
Total Expenses		1,153,903,829	1,109,792,191
Profit Before Tax		25,409,771	(9,493,231)
Tax Expenses			
- Current Tax		5,100,000	-
- Deferred Tax		3,400,000	1,816,000
- Tax adjustments relating to earlier years		9,502	20,916
Profit for the year		16,900,269	(11,330,147)
Earning per Equity Share (EPS)	28		
(Face value of ₹ 10 each)			
Basic		0.61	(0.47)
Diluted		0.61	(0.47)
Significant Accounting Policies	I		


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

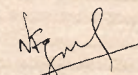
As per our report of even date
For Kapoor Tandon & Co.,
Chartered Accountants
Firm Reg. No. 000952C


(Rajesh Parasramka)
Partner
M. No. 074192
Camp: Faizabad
Dated: 25.05.2013

For and on behalf of the Board of Directors


Ved Krishna
Managing Director


Anil Kumar Gupta
Vice President - Finance


N K Agrawal
Director Works

Cash Flow Statement

For the year ended 31st March, 2013

(Amount in ₹)

		2012-13		2011-12
CASH FLOW FROM OPERATING ACTIVITIES :				
Net profit/(loss) before tax		25,409,771		(9,493,231)
Adjustment for:-				
Depreciation/amortisation	61,580,937		62,790,197	
Profit on Sale of Fixed Assets	(182,236)		(8,316)	
Interest Income	(9,293,344)		(911,279)	
Interest Expenses	118,563,971		115,240,519	
Loss on Sale of Fixed Assets	155,258	170,824,586	2,207,651	179,318,772
Operating Profit before Working Capital changes		196,234,357		169,825,541
Adjustment for:-				
Inventories	(127,743,856)		(54,120,314)	
Trade and Other Receivables	(22,284,678)		(28,055,852)	
Other Assets	(27,367,515)		(31,009,650)	
Trade Payable and Other Liabilities	1,657,365		(2,321,151)	
Income Tax Paid	(2,584,820)	(178,323,504)	(422,724)	(115,929,691)
Cash generated from operations		17,910,853		53,895,850
Interest Received		9,293,344		911,279
NET CASH FROM OPERATING ACTIVITIES		27,204,197		54,807,129
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets (Including CWIP)		(35,916,905)		(9,768,397)
Sale of Fixed Assets		281,738		297,700
NET CASH USED IN INVESTING ACTIVITIES		(35,635,167)		(9,470,697)

Cash Flow Statement

For the year ended 31st March, 2013

(Amount in ₹)

	2012-13	2011-12
CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(118,563,971)	(115,240,519)
Increase/(Decrease) in Short Term Borrowings	43,120,429	27,385,559
Increase/(Decrease) in Long Term Borrowings	75,366,193	5,153,317
Proceeds from issue of Preferential Share (Application money)	-	40,700,000
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(77,349)	(42,001,643)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(8,508,319)	3,334,789
CASH AND CASH EQUIVALENTS (Opening Balance)	21,993,099	18,658,310
CASH AND CASH EQUIVALENTS (Closing Balance)	13,484,780	21,993,099
(refer Note 17, Cash and Bank Balances)	-	-

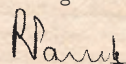
The accompanying notes form an integral part of these financial statements.

As per our report of even date

For Kapoor Tandon & Co.,

Chartered Accountants

Firm Reg. No. 000952C



(Rajesh Parasramka)

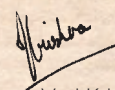
Partner

M. No. 074192

Camp: Faizabad

Dated: 25.05.2013

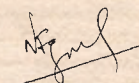
For and on behalf of the Board of Directors



Ved Krishna
Managing Director



Anil Kumar Gupta
Vice President - Finance



N K Agrawal
Director Works

Notes to financial statements For the year ended 31st March, 2013

I. SIGNIFICANT ACCOUNTING POLICIES

I.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 as prescribed by the Companies (Accounting Standards) Rules, 2006 (AS) in India and the relevant provisions of the Companies Act, 1956 (the Act).

I.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/ materialized.

I.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 I.12 & I.18 on Borrowing Costs and CENVAT)

I.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 I.6 (iii)]

I.5 Capital work in Progress

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

I.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 ₹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".

I.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.

I.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.

I.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)

Notes to financial statements For the year ended 31st March, 2013

- c. Pulp: Direct Cost Method (estimated basis)
- d. Finished goods: Direct cost method
- e. Stores (excepting paddy husk), spares and loose tools: FIFO method
- ii. Scraps and Import entitlements/licence (DEPB) are valued at estimated realisable value.

I.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.

I.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 Statement of Profit and Loss 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.

I.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.

I.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.

I.14 Employee Benefits

- a) Company's contributions to Provident Fund and Family Pension Fund are charged to Statement of Profit and Loss.
- 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 recognized as an expense as and when incurred.

I.15 Research and Development Expenditure

Expenditure of revenue nature is charged to Statement of Profit and Loss and that of capital nature is capitalized as fixed assets.

I.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.

Notes to financial statements For the year ended 31st March, 2013

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 AS 22 on Taxes on Income.

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

(Amount in ₹)		
Particulars	As at 31st March 2013	As at 31st March 2012
AUTHORISED		
5,60,00,000 Equity Shares of ₹ 10/- each	560,000,000	560,000,000
4,00,000 Preference Shares of ₹ 100/- each	40,000,000	40,000,000
	600,000,000	600,000,000
ISSUED, SUBSCRIBED AND FULLY PAID UP		
2,77,00,000 (2,40,00,000) Equity Shares of ₹ 10/- each fully paid up	277,000,000	240,000,000
Total	277,000,000	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 2013		As at 31st March 2012	
	No. of Shares	(₹)	No. of Shares	(₹)
Equity shares				
At the beginning of the year	24,000,000	240,000,000	24,000,000	240,000,000
Shares allotted during the year	3,700,000	37,000,000	-	-
Outstanding at the end of the year	27,700,000	277,000,000	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 ₹ 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 issued for consideration other than cash/Buy Back of shares during preceding five years : NIL

Notes to financial statements For the year ended 31st March, 2013

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 2013		As at 31st March 2012	
	No. of Shares	% held	No. of Shares	% held
Mr. Ved Krishna	2,399,121	8.66%	2,399,121	10.00%
Satori Global Limited	3,334,500	12.04%	3,334,500	13.89%
Mrs. Ranjini Poddar	3,700,000	13.36%	-	0.00%

3. RESERVES AND SURPLUS

(Amount in ₹)

	As at 31st March 2013		As at 31st March 2012	
Capital Reserves				
Balance as per last Balance Sheet		6,819,550		6,819,550
Securities Premium Reserve				
Balance as per last Balance Sheet	77,322,028		77,322,028	
Add: on Allotment of Shares during the year	3,700,000	81,022,028	-	77,322,028
General Reserves				
Balance as per last Balance Sheet		55,000,000		55,000,000
Surplus in the Statement of profit and loss				
Balance as per last Balance Sheet	2,352,319		13,682,466	
Profit/(Loss) for the year	16,900,269	19,252,588	(11,330,147)	2,352,319
TOTAL		162,094,166		141,493,897

4. SHARE APPLICATION MONEY PENDING ALLOTMENT

(Amount in ₹)

Particulars	As at 31st March 2013	As at 31st March 2012
Balance as per last Balance Sheet	40,700,000	-
Amount received during the year	-	40,700,000
	40,700,000	40,700,000
Less: Amount appropriated on allotment of Shares	40,700,000	-
TOTAL	-	40,700,000

4.1 37,00,000 Shares allotted during the year on 24.05.2012 against Share Application Money received in the year 2011-12.

Notes to financial statements For the year ended 31st March, 2013

5. LONG TERM BORROWINGS

(Amount in ₹)		
Particulars	As at 31st March 2013	As at 31st March 2012
Secured		
Term Loans		
Indian rupee loan (including FITL) from banks (refer Note 5.1 to 5.5)	674,205,497	624,571,577
Unsecured		
Fixed Deposit	4,801,223	13,153,429
from Directors	3,500,000	3,500,000
TOTAL	682,506,720	641,225,006

5.1 The CDR-EG in its meeting held on June 01, 2012 has approved CDR Package (cut off date being July 01, 2011) 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 all the banks. Master Restructuring Agreement (MRA) has been executed on October 05, 2012 and Joint consortium documents have been executed on November 20, 2012. CDR has been implemented successfully.

5.2 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.

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

6. DEFERRED TAX LIABILITIES (NET)

(Amount in ₹)			
Particulars	As at 31st March 2013		As at 31st March 2012
Deferred Tax Liability			
on account of			
Depreciation	142,700,000		145,295,000
Gross deferred tax liability		142,700,000	145,295,000
Deferred Tax Assets			
on account of			
Unabsorbed Depreciation/Losses	77,551,000		135,281,000
MAT Credit	9,494,000		4,394,000

Notes to financial statements For the year ended 31st March, 2013

(Amount in ₹)

Particulars	As at 31st March 2013		As at 31st March 2012	
Other Timing Differences	49,500,000		2,865,000	
Gross deferred tax assets		136,545,000		142,540,000
Net Deferred Tax Liability @		6,155,000		2,755,000

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

7. SHORT TERM BORROWING

(Amount in ₹)

Particulars	As at 31st March 2013	As at 31st March 2012
Secured		
Working Capital Loans		
Indian rupee loan from bank(s)	213,436,188	147,024,915
Foreign currency loan from bank(s)	83,155,095	98,945,939
Unsecured		
From a company	-	7,500,000
TOTAL	296,591,283	253,470,854

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.

8. TRADE PAYABLES

(Amount in ₹)

Particulars	As at 31st March 2013	As at 31st March 2012
Sundry Creditors for Supplies/Services	89,944,711	123,739,387
(refer Note 8.1)		
TOTAL	89,944,711	123,739,387

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.

Notes to financial statements For the year ended 31st March, 2013

9. OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at 31st March 2013	As at 31st March 2012
Current maturity of long term borrowings - Secured	31,800,000	127,023
Current maturity of long term borrowings - Unsecured	11,817,992	9,406,490
Interest accrued but not due on borrowings	1,726,709	4,795,298
Security Deposit from Customers	10,900,000	11,400,000
Advance from Customers	37,151,463	7,598,022
Unpaid dividend (refer Note 9.1)	-	363,016
Unpaid Share Application Money (refer Note 9.1)	-	239,848
Unpaid Matured Deposits (including Interest) (refer Note 9.1)	2,745,545	2,589,872
Other Liabilities	33,269,828	22,954,801
TOTAL	129,411,537	59,474,370

9.1 The amounts falling due for payment to Investor Education & Protection Fund during the year have been paid.

10. SHORT TERM PROVISIONS

(Amount in ₹)

Particulars	As at 31st March 2013		As at 31st March 2012	
Provision for Tax	11,246,000		6,146,000	
Less: Advance Tax	8,390,969	2,855,031	5,815,651	330,349
Provision for Gratuity		3,664,649		3,442,599
Provision for Leave Encashment		3,490,221		2,924,692
Excise Duty on Finished Goods		1,584,211		2,772,437
TOTAL		11,594,112		9,470,077

Notes to financial statements For the year ended 31st March, 2013

II. FIXED ASSETS

(Amount in ₹)

S. No.	Description of Assets	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
		As at 31.03.2012	Additions	Sales/ discarded	As at 31.03.2013	Upto 31.03.2012	For the year	Deduction/ Adjustment	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
	Tangible										
a.	Land Free Hold (incl. Site Development)	17,876,802	-	-	17,876,802	-	-	-	-	17,876,802	17,876,802
b.	Land Lease Hold	20,031,377	-	-	20,031,377	1,112,368	222,566	-	1,334,934	18,696,443	18,919,009
c.	Factory Building	178,414,014	4,162,009	-	182,576,023	40,237,214	5,880,723	-	46,117,937	136,458,086	138,176,800
d.	Non Factory Building	28,185,495	147,905	-	28,333,400	4,174,224	441,192	-	4,615,416	23,717,984	24,011,271
e.	Plant & Machinery	993,646,152	27,398,012	498,222	1,020,545,942	344,603,557	49,301,130	473,311	393,431,376	627,114,566	649,042,595
f.	Electric Installation & Fittings	99,775,305	1,309,623	446,113	100,638,815	33,725,600	4,522,362	247,415	38,000,547	62,638,268	66,049,705
g.	Furniture & Fittings	5,288,382	38,600	-	5,326,982	3,324,264	218,893	-	3,543,157	1,783,825	1,964,118
h.	Office Equipment	7,820,960	296,993	62,988	8,054,965	5,582,867	357,933	31,837	5,908,963	2,146,002	2,238,093
i.	Motor Car & Other Vehicles	8,210,306	2,022,212	-	10,232,518	5,124,969	474,998	-	5,599,967	4,632,551	3,085,337
	Sub total	1,359,248,793	35,375,354	1,007,323	1,393,616,824	437,885,063	61,419,797	752,563	498,552,297	895,064,527	921,363,730
	Intangible										
a.	Computer Software	3,395,566	541,551	-	3,937,117	3,186,499	161,140	-	3,347,639	589,478	209,067
	Total	1,362,644,359	35,916,905	1,007,323	1,397,553,941	441,071,562	61,580,937	752,563	501,899,936	895,654,005	921,572,797
	Previous Year	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	-

Notes to financial statements For the year ended 31st March, 2013

12. NON CURRENT INVESTMENTS (Long Term Investments)

(Amount in ₹)		
Particulars	As at 31st March 2013	As at 31st March 2012
Non trade (valued at cost unless stated otherwise)		
EQUITY SHARES - FULLY PAID-UP		
Pudumjee Pulp & Paper Mills Ltd.		
500 Equity Shares of ₹2/- each fully paid up	4,400	4,400
Rana Mohindra Papers Ltd.		
100 Equity Shares of ₹10/- each fully paid up	380	380
Mukerian Papers Ltd.		
100 Equity Shares of ₹10/- each fully paid up	600	600
Rama Newsprint & Papers Ltd.		
100 Equity Shares of ₹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	6,374	9,229

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

(Amount in ₹)		
Particulars	As at 31st March 2013	As at 31st March 2012
Capital Advance	6,262,980	4,646,921
Security Deposit	249,255	202,255
TOTAL	6,512,235	4,849,176

14. OTHER NON CURRENT ASSETS (Unsecured considered good)

(Amount in ₹)		
Particulars	As at 31st March 2013	As at 31st March 2012
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 Securities Premium Reserve on issue of shares.

Notes to financial statements For the year ended 31st March, 2013

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

Particulars	(Amount in ₹)	
	As at 31st March 2013	As at 31st March 2012
Raw Materials	123,567,946	45,399,696
Work in Progress	11,762,086	5,680,868
Finished Goods - Kraft & poster paper	28,332,204	43,149,259
Pulp	34,600,364	10,519,139
Store and Spares	193,911,934	160,524,835
Import Entitlements/Licenses in hand	478,417	1,820,859
Scrap	7,000,000	5,000,000
Loose Tools	353,654	168,093
TOTAL	400,006,605	272,262,749

16. TRADE RECEIVABLES (Unsecured considered good)

Particulars	(Amount in ₹)	
	As at 31st March 2013	As at 31st March 2012
Outstanding for a period exceeding six months from the date they are due for payment	16,984,554	16,250,621
Others	130,662,380	113,550,672
TOTAL	147,646,934	129,801,293

Notes to financial statements For the year ended 31st March, 2013

17. CASH AND BANK BALANCES

Particulars	(Amount in ₹)	
	As at 31st March 2013	As at 31st March 2012
Cash and cash equivalents		
Cash on Hand (as Certified by the Management)	2,640,621	5,452,478
Stamps/Cheques in hand	14,117	14,117
Balances with Banks on:		
Current Accounts	1,809,541	157,139
	4,464,279	5,623,734
Other bank balances		
Margin Money Deposit (including Fixed Deposit)	9,020,501	15,766,501
Unclaimed Dividend Account	-	363,016
Unclaimed Share Application Money Account	-	239,848
	9,020,501	16,369,365
TOTAL	13,484,780	21,993,099

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

Particulars	(Amount in ₹)	
	As at 31st March 2013	As at 31st March 2012
Excise Duty Advance/CENVAT Receivable	8,449,466	7,889,527
VAT Credit Receivable	4,235,872	2,960,865
Advance recoverable in cash or kind or for value to be received	17,657,586	16,716,554
TOTAL	30,342,924	27,566,946
Advances include due from a director(s)	28,594	185,096

19. OTHER CURRENT ASSETS (Unsecured considered good)

Particulars	(Amount in ₹)	
	As at 31st March 2013	As at 31st March 2012
CERs (Certified Emission Reductions) Receivable	154,759,000	129,129,000
Interest accrued on Deposit	536,617	494,324
Export Incentive Receivable	4,842,494	3,147,272
TOTAL	160,138,111	132,770,596

Notes to financial statements For the year ended 31st March, 2013

20. REVENUE FROM OPERATIONS

(Amount in ₹)		
Particulars	2012-13	2011-12
Revenue from operations		
Sale of products (refer Note 19.1)		
Sales (Export)	196,236,407	149,105,173
Sales (Indigenous)	997,926,313	952,570,646
	1,194,162,720	1,101,675,819
Other operating revenue	29,993,800	38,833,097
(refer Note 20.2)		
Revenue from operations (gross)	1,224,156,520	1,140,508,916
20.1 Details of product sold		
Kraft & Poster Paper	1,186,607,477	1,094,120,576
Pulp	7,555,243	7,555,243
TOTAL	1,194,162,720	1,101,675,819
20.2 Details of other operating revenue		
Income from CERs (Certified Emission Reductions)	25,630,000	34,395,000
(refer Note 40)		
[including Exchange Fluctuation of ₹ 27,82,000 (₹ 70,24,000)]		
Export Incentives	4,363,800	4,438,097
TOTAL	29,993,800	38,833,097

21. OTHER INCOME

(Amount in ₹)		
Particulars	2012-13	2011-12
Interest received on fixed deposit & others	9,293,344	911,279
Dividend Income from Non current investments	-	150
Profit on Sale of Fixed Assets	182,236	8,316
Self Consumed	968,242	741,032
Miscellaneous Income	5,330,862	5,880,203
Rent	44,289	37,102
Exchange Fluctuation (net)	-	1,122,941
TOTAL	15,818,973	8,701,023

Notes to financial statements For the year ended 31st March, 2013

22. COST OF MATERIAL CONSUMED

(Amount in ₹)

Particulars	2012-13	2011-12
Raw Material consumed		
Baggase	160,011,667	111,320,889
Old Gunny / Jute Goods	23,005,454	25,198,564
Wheat Straw	89,476,021	117,448,348
Pulp - bleached/unbleached	87,082,627	67,314,512
Repulping of Finished Goods	1,139,805	-
Raw Material consumed	360,715,574	321,282,313
Chemicals Consumed	132,226,344	137,223,655
Stores & Spares Consumed	44,005,265	37,359,310
Cost of material consumed	536,947,183	495,865,278

23. DECREASE/(INCREASE) IN INVENTORIES

(Amount in ₹)

Particulars	2012-13		2011-12	
Inventories at the beginning 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 end of the year				
Finished Goods	28,332,204		43,149,259	
Pulp	34,600,364		10,519,139	
Work in Progress	11,762,086		5,680,868	
TOTAL 'B'		74,694,654		59,349,266
Decrease/(Increase) in Stocks(A-B)		(15,345,388)		(17,401,338)

Notes to financial statements For the year ended 31st March, 2013

24. EMPLOYEE BENEFITS EXPENSE

(Amount in ₹)		
Particulars	2012-13	2011-12
Salary, Wages and Bonus	64,237,106	59,081,526
Contribution to Provident and other funds	4,466,952	4,381,941
Gratuity	1,778,409	1,472,531
Directors Remuneration	4,529,694	3,714,662
Workmen and Staff Welfare expenses	4,174,954	2,835,056
TOTAL	79,187,115	71,485,716

25. FINANCE COSTS

(Amount in ₹)		
Particulars	2012-13	2011-12
Interest on		
- Term Loan & Fixed Deposits	89,507,221	84,721,696
- Others	29,056,750	30,518,823
	118,563,971	115,240,519
Bank Charges	4,852,976	3,621,572
Exchange Fluctuation	4,854,159	4,789,834
TOTAL	128,271,106	123,651,925

26. DEPRECIATION AND AMORTISATION EXPENSE

(Amount in ₹)		
Particulars	2012-13	2011-12
Depreciation of tangible assets	61,419,797	62,737,367
Amortisation of intangible assets	161,140	52,830
TOTAL	61,580,937	62,790,197

Notes to financial statements For the year ended 31st March, 2013

27. OTHER EXPENSES

(Amount in ₹)

Particulars	2012-13		2011-12	
Power and Fuel		231,202,284		252,909,507
Effluent Treatment Expenses		1,935,740		1,520,599
Repairs and Maintenance				
- Building	2,073,486		1,341,719	
- Machinery	17,003,795	19,077,281	22,382,063	23,723,782
Excise Duty provided on stock - increase/(decrease)		(1,188,226)		1,887,201
Freight, Handling and Other Sales & Distribution Expenses		61,122,209		45,901,629
Commission on Sale		15,799,914		13,861,448
Advertisement and Publicity		421,290		272,026
Rent		351,121		441,072
Rates and Taxes		1,668,083		1,992,808
Insurance		2,004,750		1,512,042
Communication cost		1,635,272		1,653,789
Travelling and Conveyance		9,548,797		9,025,005
Repairs and Maintenance - Others		6,821,712		3,852,922
Printing and Stationery		986,055		833,630
Legal and Professional Charges		6,417,434		6,740,626
Sitting Fee		226,000		192,000
Auditor's Remuneration (refer Note No. 27.1)		563,111		556,538
Cost Audit fee		35,000		35,000
Miscellaneous Expenses		3,167,153		3,915,049
Exchange Fluctuation (net)		150,259		-
Subscription and Donation		994,549		311,169
Loss on Sale of Fixed Assets		155,258		2,207,651
Loss on Sale of Raw Material				
Cost of Sales	691,916		3,372,638	
Less: Sales	524,086	167,830	3,317,718	54,920
TOTAL		363,262,876		373,400,413

Notes to financial statements For the year ended 31st March, 2013

27.1 Payment to auditor

(Amount in ₹)		
Particulars	2012-13	2011-12
As Auditor:		
Audit Fees	300,000	300,000
Tax audit Fee	50,000	32,500
In other capacity:		
Taxation & other Management Services	48,000	80,000
Reimbursement of Expenses	165,111	144,038
TOTAL	563,111	556,538

28. Earning per share (EPS)

(Amount in ₹)		
Particulars	2012-13	2011-12
Profit for the year	16,900,269	(11,330,147)
Weighted average number of equity shares for the purpose of		
calculation of - Basic EPS	27,700,000	24,000,000
- Diluted EPS	27,700,000	24,354,694
Nominal value of equity shares (₹)	10.00	10.00
EPS- Basic (₹)	0.61	(0.47)
EPS- Diluted (₹)	0.61	(0.47)

Notes to financial statements For the year ended 31st March, 2013

29. Imported and indigenous raw materials, components and spare parts consumed

(Amount in ₹)

Particulars	2012-13		2011-12	
	₹	%	₹	%
<i>Raw Material</i>				
Imported	87,082,626	24.14%	67,303,963	20.95%
Indigenous	273,632,948	75.86%	253,978,350	79.05%
Chemicals, Stores & Spares				
Imported (Direct)	6,920,454	3.93%	5,131,726	2.94%
Indigenous	169,311,155	96.07%	169,451,239	97.06%

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 (excluding purchases from canalising agencies and imported items purchased locally)

(Amount in ₹)

Particulars	2012-13	2011-12
Raw Materials	85,874,056	54,741,194
Chemicals, Stores and Spares	3,959,947	5,258,630
Capital Goods	7,866,659	NIL
Finished Goods	NIL	NIL
	97,700,662	59,999,824

31. Earnings in foreign exchange

(Amount in ₹)

Particulars	2012-13	2011-12
Export of goods calculated on FOB Basis	190,243,542	144,094,301

32. Expenditure in foreign currency

(Amount in ₹)

Particulars	2012-13	2011-12
- Travelling	250,121	1,359,148
- Commission on Sales	3,278,631	2,393,815
- Interest on Loans	7,139,630	3,048,482
- Foreign Bank Charges	536,279	394,928

Notes to financial statements

For the year ended 31st March, 2013

33. Remittance in foreign currency on account of Dividend

(Amount in ₹)		
Particulars	2012-13	2011-12
	NIL	NIL

34. Defined Benefit Plan

(Amount in ₹)		
Particulars	2012-13	2011-12
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.		
Reconciliation of Opening and Closing balance of present value of defined benefit obligation for Gratuity		
Present Value of Obligation at beginning of the year	11,107,797	9,533,316
Current Service Cost	1,091,050	970,460
Interest Cost	916,393	810,332
Benefits paid	(859,811)	(550,203)
Actuarial (Gain)/Loss on Obligations	457,793	343,892
Present Value of Obligation at end of the year	12,713,222	11,107,797
Reconciliation of Opening and Closing Fair Value of Plan Assets		
Fair Value of Plan Assets at beginning of the year	7,665,198	7,463,086
Expected Return on Plan Assets	701,366	597,047
Contributions	1,556,359	100,162
Benefit Paid	(859,811)	(550,203)
Actuarial Gain / (Loss) on Plan Assets	(14,539)	55,106
Fair Value of Plan Assets at end of the year	9,048,573	7,665,198
Reconciliation of Present Value of Obligations and Fair Value of Plan Assets		
Fair Value of Plan Assets at end of the year	9,048,573	7,665,198
Present Value of Obligation at end of the year	12,713,222	11,107,797
Asset/(Liability) recognised in the Balance Sheet	(3,664,649)	(3,442,599)
Expenses recognised during the year		
Current Service Cost	1,091,050	970,460

Notes to financial statements For the year ended 31st March, 2013

(Amount in ₹)		
Particulars	2012-13	2011-12
Interest Cost	916,393	810,332
Expected Return on Plan Assets	(701,366)	(597,047)
Total Actuarial Loss/(Gain) recognised during the year	472,332	288,786
Net Cost recognised in Statement of Profit and Loss	1,778,409	1,472,531
Assumptions		
Discount Rate (p.a.)	8.25%	8.50%
Expected Rate of increase in Salary (p.a.)	5.00%	5.00%
Expected Rate of return on Plan Assets (p.a.)	9.15%	9.15%
Mortality	LIC 94-96 ultimate	LIC 94-96 ultimate
Withdrawal Rate (p.a.)	2.00%	2.00%
Defined Contribution Plan		
Employers Contribution to PF and FPF	4,466,952	4,381,941

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), Mrs. Manjula Jhunjhunwala (Director) and Mr. Narendra Agrawal (Director Works) and
Mr. R. N. Chakraborty (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, 2013

b. Transactions with related parties

(Amount in ₹)

Particulars	2012-13	2011-12
i. Key management personnel and their relatives		
- Remuneration	4,529,694	3,714,662
- Consultancy	360,000	71,612
- Sitting Fee	58,000	36,000
- Rent paid	NIL	20,000
- Fixed deposits received	545,821	145,821
- Fixed deposits repaid	1,045,821	108,341
- Interest paid on fixed deposits	83,542	125,954
- Fixed deposits at the Balance Sheet date	545,821	1,045,821
- Accrued interest at the Balance Sheet date	344,647	306,940
- 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	3,837,639	4,138,769
- Commission Paid on Sale	891,543	1,096,572
Megha Agro Products Limited		
- Paid for vehicle hire charges	144,000	144,000
- Received for services & others	25,612	18,435
- Receivable/(payable) at the Balance Sheet date	(140,065)	(42,233)
M/s Jingle Bell Nursery School Society		
- Fixed deposits received	1,530,084	1,530,084
- Fixed deposits repaid	3,512,058	1,136,830
- Interest paid on fixed deposits	1,371,377	1,335,374
- Fixed deposits at the Balance Sheet date	10,567,708	12,549,682
- Accrued interest at the Balance Sheet date	3,163,347	2,322,366

Notes to financial statements For the year ended 31st March, 2013

36. Capital and other commitments

(Amount in ₹)

Particulars	2012-13	2011-12
Estimated value of contracts remaining to be executed on capital account (net of advances)	1,697,500	NIL

37. Contingent Liabilities

(Amount in ₹)

Particulars	2012-13	2011-12
Claim against the company not acknowledged as debt		
Excise duty	35,834,606	35,834,606
Trade Tax	138,209	138,209
Income Tax	43,949	43,949
Others	24,955,000	24,955,000
Guarantee given by Banks	5,000,000	2,013,000
Interest on Term Loans from bank (dispute regarding concessional rate of interest)	NIL	9,515,261
Letter of Credits	18,877,395	11,149,747

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:

a) Exposure Hedged by Forward Exchange Contract

Nature of Exposure	Underlying Risk Coverage	Currency	2012-13	2011-12
FCNR (B) Demand Loan	USD/INR	USD	1,508,862	1,512,351

b) Un-hedged Foreign Currency Exposure

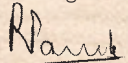
Nature of Exposure	Underlying Risk	Currency	2012-13	2011-12
Buyers Credit	USD/INR	USD	NIL	399,881
Outstanding Export Bills	USD/INR	USD	437,140	523,003
Outstanding Export Bills	AUD / INR	AUD	30,526	NIL
Outstanding Import Bills	GBP / INR	GBP	23,729	NIL
Outstanding Import Bills	USD / INR	USD	229,398	NIL
Receivable of CERs	EURO / INR	EURO	2,226,498	1,897,784
Letter of Credit	USD / INR	USD	347,650	218,880
Advance from Customer	USD / INR	USD	NIL	NIL

Notes to financial statements For the year ended 31st March, 2013

39. As the Company's business activity falls within a single segment viz. 'Paper', the disclosure requirements of Accounting Standard 17 "Segment Reporting" is not applicable.
40. A sum of ₹256,30,000 (₹343,95,000) has been recognised as income accrued during the year (for the period from April 2012 to December, 2012) based on the Emission Reduction Purchase Agreement (ERPA) with Belgian 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 ₹1547,59,000 has been disclosed as Other Current Assets. Though The accounting treatment is not in conformity with the "Guidance Note on Accounting of self-generated Certified Emission Reductions (CERs)" issued by the Institute of Chartered Accountants of India (the Guidance Note), made effective from accounting periods beginning on or after April 01, 2012, but the revenue has been recognised in the accounts on the basis of ERPA for the period covered in ERPA only.
41. **Expenditure on Research and Development**
- | Nature of Exposure | 2012-13 | 2011-12 |
|--|---------|---------|
| Capital Expenditure | NIL | NIL |
| Revenue Expenditure (included in Miscellaneous Expenses) | 705,158 | 921,386 |
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 up to the assessment year 2010-11.
45. Confirmation of balances with sundry debtors/creditors, loans and advances and other parties have not been received in few cases.
46. Figures for the previous year figures have been reclassified / regrouped wherever required. Figures in brackets pertains to previous year.

As per our report of even date


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

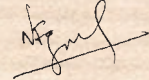

(Rajesh Parasramka)
Partner
M. No. 074192


Camp: Faizabad
Dated: 25.05.2013

For and on behalf of the Board of Directors


Ved Krishna
Managing Director


Anil Kumar Gupta
Vice President - Finance


N K Agrawal
Director Works



“The desire for reinvention seems to
arise most often when
companies hear the siren call of
synergy and start to expand beyond
their core businesses.”

– *James Surowiecki*



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

NOTICE is hereby given that the 33 Annual General Meeting of the Members of Yash Papers Limited will be held on Saturday, the 21st day of September, 2013 at 1:30 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, 2013 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 Mrs. Manjula Jhunjhunwala, who retires by rotation and, being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. G. N. Gupta, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ramesh Narayan, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Ms. Kimberly Ann McArthur, who retires by rotation and, being eligible, offers herself for re-appointment.

6. **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:

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

"RESOLVED THAT Mr. Jaideep Narain Mathur, who was appointed as an Additional Director on 23rd March, 2013, 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."

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

"RESOLVED THAT Mr. Mudar Tyeb Patherya, who was appointed as an Additional Director on 25th May, 2013, 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 Additional Director of the Company."

By Order of the Board



Ved Krishna

Managing Director

Place : Faizabad

Date : 25th May, 2013

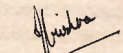
NOTES:

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. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. The Register of Members and the Share Transfer Books of the Company shall remain closed from 14th September, 2013 to 21st September, 2013 (both days inclusive).
6. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. 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 I, New Delhi-110 020 by quoting their folio number.
7. Pursuant to provisions of Section 205A(5) of the Companies Act, 1956, No dividends and Public Issue Refund etc. are 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, hence no transfer will be made to the Investor Education and Protection Fund (IEPF Fund) established by the Central Government.
8. Company's Equity Shares are listed at Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI- 400001.
9. 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.
10. Company has been allotted ISIN No.INE551D01018. Members are requested to approach their DPs for dematerialisation of equity shares of the Company.
11. 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.
12. Members holding shares in single name and physical form are advised to make nomination as per provision of the Companies Act, 1956 in respect of their shareholding in the Company. The nomination Form No.2B can be downloaded from the Company's website www.yash-papers.com under the section 'Investor Relations'.
13. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to M/s Skyline Financial Services Private Limited, for consolidation into a single folio.
14. scn@yash-papers.com has been designated for the purpose of registering complaints by investor; pursuant to clause 47(f) of the Listing Agreement.
15. Members who have not registered their e-mail addresses so far are requested to register their e-mail address so that they can receive the Annual Report and other communication from the Company electronically.
16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Skyline Financial Services Limited.

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

Name	Mrs. Manjula Jhunhunwala	Mr. G. N. Gupta	Mr. Ramesh Narayan	Mrs. Kimberly Ann McArthur
Age (D.O.B.)	19-03-1952	23-07-1931	21-02-1961	19.05.1974
Date of Joining the Board	17-06-1981	16-05-1994	25-01-2007	13-02-2012
Qualification	B.A. (Hons.), B.Ed.	M.Sc., LL.M.	M.Com., LL.B., F.C.A.	M.Comn
Director in Other Companies	Megha Agro Products Ltd.	1. Hiranyamai Investments Pvt. Ltd. 2. Asian Fertilizers Limited 3. Flex Foods Limited 4. Micro Venture Holdings Private Limited 5. Rivi Stocks & Services Private Limited	Nil	Nil
Membership in Committees of other Companies	Nil	5	Nil	Nil
Shareholding in Yash Papers Limited	5,83,366	Nil	Nil	Nil
Relationship with other Directors	Ved Krishna	-	-	-

By Order of the Board



Ved Krishna

Managing Director

Place : Faizabad

Date : 25th May, 2013

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

ITEM NO. 7

Pursuant to Section 260 of the Companies Act, 1956 Mr. Jaideep Narain Mathur was appointed as an Additional Director of the Company with effect from 23rd March, 2013. Mr. Jaideep Narain Mathur 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 ₹500/- (Rupees Five Hundred only) proposing the candidature of Mr. Jaideep Narain Mathur for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. Jaideep Narain Mathur aged 50 years has done Bachelor of Law and practicing as Senior Advocate in Lucknow High Court from last two decades.

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

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

ITEM NO. 8

Pursuant to Section 260 of the Companies Act, 1956 Mr. Mudar Tyeb Patherya was appointed as an Additional Director of the Company with effect from 25th May, 2013. Mr. Mudar Tyeb Patherya 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 ₹500/- (Rupees Five Hundred only) proposing

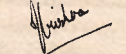
the candidature of Mr. Mudar Tyeb Patherya for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. Mudar Tyeb Patherya aged 51 years has done Bachelor of Commerce and a well know business man.

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 Directors is concerned or interested in the Resolutiwon.

By Order of the Board



Ved Krishna

Managing Director

Place : Faizabad

Date : 25th May, 2013

NOTES

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Regd. Office: 47/8 I, 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 33rd Annual General Meeting of the Company to be held on Saturday, the 21st day of September, 2013 at 1:30 PM and at any adjournment thereof

Signed this day of 2013.

Folio No. DPID Client ID No. of Shares

Signature

Re. I/-
Revenue
Stamp

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: 47/8 I, Hatia Bazar, Kanpur-208001

ATTENDANCE SLIP

To be handed over at the entrance of Meeting Hall

I hereby record my presence at the 33rd Annual General Meeting of the Company at Hotel Little Chef, 15/198 - A, Civil Lines, Kanpur – 208 001, Uttar Pradesh, on Saturday, the 21st day of September, 2013 at 1:30 PM.

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 Jhunjhunwala, *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, *Director*
Mr. Jaideep Narain Mathur, *Additional Director*
Mr. Mudar Patherya, *Additional Director*

Compliance Officer

Mr. Sachin K. Srivastava,
Senior Manager – Legal and 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 – I,
New Delhi 110020
Phone: 011-226292682/ 83 / 84
Fax: 011-26292681
Email: admin@skylinerta.com

Forward-looking statements

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.

BOOK-POST



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P.O. Darshan Nagar

Faizabad 224135

T: 05278 326611-14

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W: www.yash-papers.com