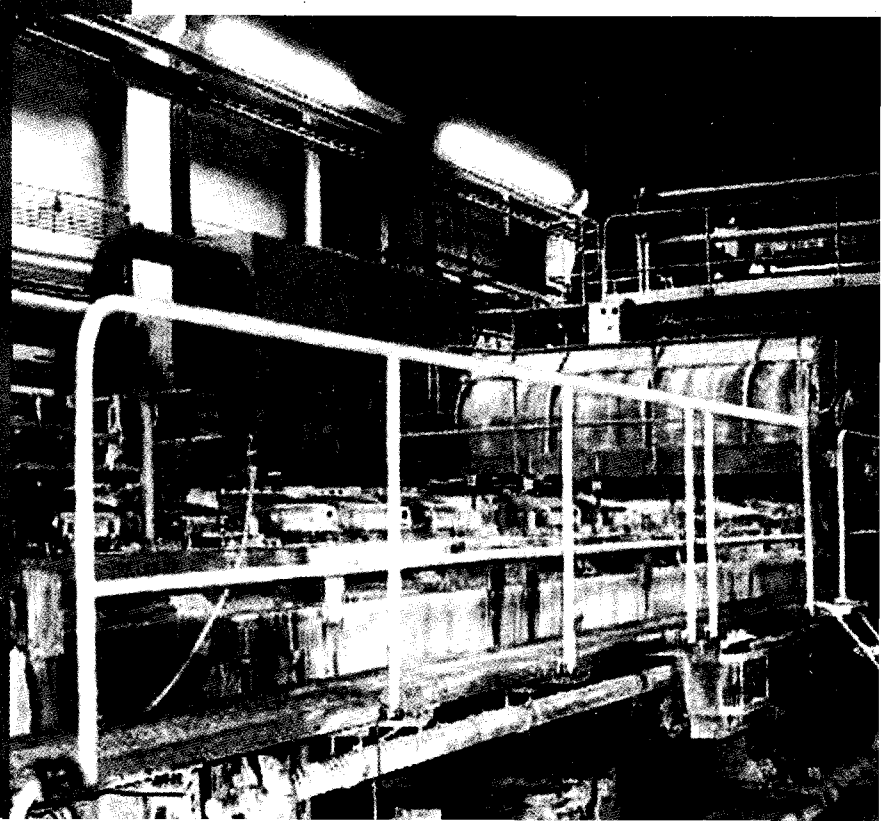


12th Annual Report 2008-2009



BOARD OF DIRECTORS

N K Bajaj, Chairman & Managing Director
J K Khaitan, Vice Chairman
G N Mehra
K R Ramamoorthy
Mohit Satyanand
Yashovardhan Saboo
A K Bajaj
V K Bajaj
Ashutosh Khaitan
J C Rana
Pavan Khaitan, Managing Director

SENIOR EXECUTIVES

Manjit Singh, Sr President (Operation)
T Kathirvelu, President (Production)
Roshan Garg, Vice President (Finance)
PK Garg, Vice President (Commercial)
Somesh Jawa, Vice President (Marketing)

COMPANY SECRETARY

Vivek Trehan

AUDITORS

M/s V Sahai Tripathi & Co
Chartered Accountants
New Delhi

PRINCIPAL BANKERS

State Bank of India
State Bank of Patiala
State Bank of Bikaner and Jaipur
Punjab National Bank

REGISTERED OFFICE

M-2, Akarshan Bhawan,
4754/23, Ansari Road, Darya Ganj,
New Delhi - 110 002

HEAD OFFICE

SCO 18-19, First Floor,
Sector 8-C, Madhya Marg,
Chandigarh - 160 009

WORKS

Saila Khurd 144 529
Distt Hoshiarpur (Punjab)

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NOTICE

NOTICE is hereby given that the 12th Annual General Meeting of the members of **ABC Paper Limited** will be held at National Cooperative Union of India (NCUI) Auditorium, 3, Siri Institutional Area, August Kranti Marg, New Delhi-110 016 on **Friday, the 25th September, 2009 at 11.30 am** to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2009 and the Profit & Loss Account for the year ended on that date together with the reports of the Auditors & Directors thereon.
2. To declare dividend on the Equity Shares and Preference Shares.
3. To appoint a Director in place of Shri Pavan Khaitan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri V.K.Bajaj, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Yashovardhan Saboo, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modifications, the following resolution as **ORDINARY RESOLUTION** :

"**RESOLVED** that Shri Mohit Satyanand, who was appointed by the Board as Additional Director w.e.f. 26th February, 2009 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."

8. To consider and if thought fit, to pass with or without modifications, the following resolution as **ORDINARY RESOLUTION** :

"**RESOLVED** that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) of the Companies Act, 1956 to the Board of Directors/ Finance Committee of Directors of the Company to mortgaging and/or charging all the immovable and movable properties of the Company wheresoever situate present or future and the whole or

substantially the whole of the undertaking of the Company together with the power to enter upon and take possession of certain assets of the Company in certain events of default in favour of Punjab National Bank (PNB) and State Bank of Patiala (SBOP) to secure the working capital borrowings lent and advanced by the PNB and SBOP to the Company aggregating to Rs. 2350 lacs together with interest, additional interest, compound interest, liquidated damages/penal interest, premia on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company to secure the said financial assistance/borrowings availed/to be availed by the Company from PNB and SBOP.

RESOLVED FURTHER that the mortgage/charges created/to be created and/or all agreements/documents executed/to be executed and all acts done or to be done in terms of the above resolution by and with the authority of the Board of Directors or Committee(s) thereof, be and are hereby confirmed and ratified.

RESOLVED FURTHER that the Board of Directors/ Finance Committee of Directors be and is hereby authorized to make or accept any amendment, modification, change or alterations as may be required from time to time in connection with the creation of aforesaid mortgages/charges in favour of PNB and SBOP.

RESOLVED FURTHER that the Board of Directors/ Finance Committee of Directors of the Company be and is hereby authorized to finalise the documents to secure the facilities/borrowings as aforesaid and to do all such things, deeds, matters as may be necessary, desirable, expedient for giving effect to the above resolution."

By Order of the Board
For **ABC PAPER LTD**

Vivek Trehan
Company Secretary

Regd Office
M-2, Akarshan Bhawan,
4754/23, Ansari Road,
Darya Ganj, New Delhi - 110002

Dated: July 30, 2009

NOTES:

1. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE DEPOSITED DULY COMPLETED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
3. Information required under Clause 49 IVG(i) of the Listing Agreement (relating to Corporate Governance) with respect to the Directors retiring by rotation and, being eligible, seeking re-appointment is given in the Corporate Governance Report annexed to this Annual Report.
4. The Registers of Members and Share Transfer Books of the Company will remain closed from 16th September, 2009 to 25th September, 2009 (both days inclusive).
5. The dividend for the year 2008-09 on the equity and preference shares will be paid to those members whose names appear in the Registers of Members of the Company as on 25th September 2009. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership position as at the end of the day on 15th September, 2009 as per data to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
6. Shareholders of the Company are informed that pursuant to the provisions of Section 205C of the Companies Act, 1956, the amount of dividend which remains unpaid/unclaimed for a period of 7 years would be transferred to the 'Investor Education & Protection Fund' constituted by the Central Govt. Shareholders who have not encashed their dividend warrant(s) for the years 2006-07 and 2007-08 are requested to make claim with the Company immediately as no claim shall lie against the Fund or the Company in respect of individual amount once credited to the said Fund.
7. Members holding shares in physical form are requested to intimate immediately to the Registrar & Share Transfer Agent of the Company, MAS Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020 Ph:- 26387281/82/83 Fax:- 26387384 quoting registered Folio No. (a) details of their bank account/change in bank account, if any, to enable the Company to print these details on the dividend warrants; and (b) change in their address, if any, with pin code number. The following information to be incorporated on the dividend warrants may be furnished:
 - i) Name of Sole/First joint holder and the folio number.
 - ii) Particulars of Bank Account, viz.
 - (a) Name of the Bank
 - (b) Name of the Branch
 - (c) Complete address of the Bank with Pin Code number
 - (d) Bank Account Number allotted by the Bank and nature of the Account (Savings/ Current etc.)
8. In terms of Section 109A of the Companies Act, 1956, the shareholders of the Company may nominate a person on whom the shares held by him/them shall vest in the event of his/their death. Shareholders desirous of availing this facility may submit nomination in Form 2B.
9. Any member requiring further information on the Accounts at the meeting is requested to send the queries in writing to Sh. Roshan Garg, Vice-President (Finance), by 14th September, 2009.
10. Members are requested to bring their copies of Annual Report at the meeting, as extra copies will not be supplied.
11. In respect of the matters pertaining to Bank details, ECS mandates, nomination, power of attorney, change in name/address etc., the members are requested to approach the Company's Registrar and Shares Transfer Agent, in respect of shares held in physical form and the respective Depository Participants, in case of shares held in electronic form. In all correspondence with the Company/Registrar and Share Transfer Agent, members are requested to

quote their folio numbers or DP ID and Client ID for physical or electronic holdings respectively.

12. It may please be noted that pursuant to amendment to the Listing Agreement- Clause 11 vide SEBI's Circular dated May, 20, 2009, it has now become mandatory for the transferee(s) to furnish copy of their PAN card to the Company/RTAs for registration of transfer of shares in physical form.
13. The documents referred to in the proposed resolutions are available for inspection at its Registered Office of the Company between 11.00 am and 2.00 pm on any working day, except Saturdays and holidays upto the date of the meeting.

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

Item No. 7

Shri Mohit Satyanand was appointed as Additional Director on 26th February, 2009 by the Board of Directors of the Company. Brief profile of the director is given hereunder:

Shri Mohit Satyanand, is M.A. in Economics from Delhi School of Economics, University of Delhi. He has 30 yrs of managerial and entrepreneurial experience in Indian industry and media. Beginning his career in sales & marketing management at M/s Hindustan Lever Ltd., he then set up the country's first successful packaged snack food brand, Crax, in 1984. From 1989 onwards, he played an advisory role in the success of snack food brand, 'Uncle Chipps'. Simultaneously, he spearheaded the establishment of one of the country's first TV production house, Teamwork Films, which was a pioneer in game shows. He continues as Chairman of Teamwork Films, which now creates and manages festivals of Indian performing arts at the most prestigious venues across the world. He helped establish Amrit Learning, which provides quality English language learning through its five centers in Delhi, and is on the Board of the Company. He is also on the Boards of M/s DFM Foods Limited and Amrit Corp. Limited.

According to the provisions of Section 260 of the Companies Act, 1956 and Article 89 of the Articles of Association of the Company, Shri Mohit Satyanand holds office as Director of the Company up to the date of this Annual General Meeting.

The Board of Directors feels that the experience and knowledge of Shri Mohit Satyanand will be of immense value to the Company in pursuing its growth plans and, therefore, recommends his appointment.

Notice is hereby given to the Members that notice u/s 257 of the Companies Act, 1956 has been received from a member along with a deposit of Rs.500/- intending to propose the name of Shri Mohit Satyanand as Director of the Company at this Annual General Meeting who shall be liable to retire by rotation.

None of the Directors of the Company, except Shri Mohit Satyanand, is concerned or interested in the resolution.

Item No. 8

Section 293(1)(a) of the Companies Act, 1956, inter-alia, provides that the Board of Directors of a Public Ltd. company shall not, except with the consent of the members in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking of the whole of each such undertaking.

Punjab National Bank (PNB) and State Bank of Patiala (SBOP) have enhanced working capital borrowings to the Company from Rs. 1850 lacs to Rs. 2350 lacs. The creation of mortgage/charge for the above working capital borrowings to the Company requires approval of the members under section 293(1)(a) of the Companies Act, 1956.

None of the Directors of the Company is concerned or interested in the proposed resolution.

By Order of the Board
For **ABC PAPER LTD**

Vivek Trehan
Company Secretary

Regd Office

M-2, Akarshan Bhawan,
4754/23, Ansari Road,
Darya Ganj, New Delhi - 110002

Dated : July 30, 2009

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 12th Annual Report on the business and operations together with audited statements of Accounts of your Company for the financial year ended 31st March, 2009.

FINANCIAL HIGHLIGHTS

The summarized financial results of the Company for the year 2008-09 are given hereunder.

	(Rs. in lacs)	
	2008-09	2007-08
Sales & other income	21000.63	18570.46
Operating Profit (EBIDTA)	3935.10	2820.56
Interest	1040.72	452.24
Gross Profit (PBD)	2894.38	2368.32
Depreciation	793.91	524.11
Profit before tax (PBT)	2100.47	1844.21
Provision for		
- Current Tax (incl FBT)	249.57	316.80
- Deferred Tax	575.72	299.67
- Mat credit entitlement	100.43	-
Net Profit after tax (PAT)	1375.61	1227.74
Balance brought forward from previous year	1537.09	780.96
Profit available for appropriations	2912.70	2008.70
Appropriations		
- Proposed Dividend on		
(a) Equity shares @ Rs.2.50 per share	218.16	218.16
(b) Preference Shares @ Rs. 0.70 per share	14.00	14.00
(c) Tax on dividend	39.46	39.46
- General Reserve	200.00	200.00
Balance carried to Balance Sheet	2441.08	1537.08

DIVIDEND

Your Directors are pleased to recommend Rs. 0.70 per share on the Preference Shares of Rs.10/- and Rs. 2.50 per share on the Equity Shares of Rs.10/- each for the year ended 31st March, 2009.

OPERATIONS

The production of paper during the year under review was 54,277 tonnes as against 50,286 tonnes in the previous year. The company recorded gross sales turnover of Rs. 20,917.92 lacs as against Rs. 18,486.21 lacs in the previous year and EBIDTA of Rs. 3,935.10 lacs as against Rs. 2,820.56 lacs in the previous year. Net profit after tax stood at Rs. 1,375.61 lacs as against Rs. 1,227.74 lacs in the previous year.

Despite the slowdown in the industrial activity due to the global economic downturn, your company has recorded higher turnover and EBIDTA under the difficult times. In order to counter the adverse impact in the Indian economy, whereby, the Govt. of India announced financial packages to the industry to stimulate demand, effective from 7th December 2008; they reduced the excise duty from 8% to 4% on paper products.

The members are aware that the company has been implementing Mill Expansion Plan mainly comprising of putting up an additional Paper Machine (PM-4) alongwith pulp street to enhance the manufacturing capacity of paper; and a Chemical Recovery Plant and a Co-generation plant towards cost reduction initiatives in the manufacture of paper. The directors are pleased to report the steady progress of the Mill Expansion and cost optimization measures during the year under review. The Chemical Recovery operations which were commissioned in March, 2008 have stabilized during the year under review. The Co-generation plant was commissioned during the year and has since stabilized and the company is heading towards achieving the benchmark of one of the most cost competitive paper units.

The PM-4 alongwith other remaining projects of the Mill Expansion Plan are at advanced stage of implementation and will be commissioned during current year. The cost of the projects has undergone a revision from Rs. 156.81 crores to Rs. 196.88 crores. The Chemical Recovery and Co-generation plants have been commissioned within the envisaged project cost. The cost of PM-4 has undergone a cost escalation due to up-grading its features, leading to its increased capacity and improved effectiveness of production.

PM-4 will be commissioned during the current year. The commissioning of the Paper Machine would make your company as one of the large capacity paper manufacturer thereby strengthening its market share. Further we will be manufacturing premium quality paper, which is placed in maplitho paper category meeting quality specifications of wood based papers.

The detailed performance of Company's operations for the year ended 31st March, 2009 has been stated in the Management Discussion & Analysis Report which appears as a separate statement in the Annual Report.

FINANCE

(a) Project finance

State Bank of India in consortium with State Bank of Patiala and State Bank of Bikaner and Jaipur had

sanctioned Term Loan of Rs. 11,200 lacs, for the Mill Expansion Plan of the Company and the same has been disbursed by them.

(b) Working capital

The enhanced working capital limits (fund & non-fund based) amounting to Rs. 2,350 lacs were sanctioned by the consortium of bankers, comprising of Punjab National Bank and State Bank of Patiala.

(c) Fixed Deposits

As on 31st March, 2009, your Company had Fixed Deposits of Rs. 439.66 lacs. There were no overdue deposits as on 31st March, 2009; nor there was any failure in making repayment of the fixed deposits on maturity, including interest due thereon, in terms of the conditions of your Company's Fixed Deposits Scheme.

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

The information relating to conservation of energy, technology absorption and foreign exchange earnings & outgo as 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 is given in Annexure which forms part of this Report.

PERSONNEL

Cordial employee relations were maintained throughout the year in the Company. The Directors express their appreciation for the contribution made by the employees to the operations of the Company during the year.

The particulars of employees as per Section 217(2A) of the Companies Act, 1956 are to be set out in the Annexure which forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the report and accounts are being sent to all the members of the Company excluding the aforesaid information. This statement shall be made available for inspection by any member during working hours for a period of 21 days before the date of the Annual General Meeting. Any member interested in obtaining such particulars may write to the Vice-President (Finance)/ Company Secretary at the Registered Office of the Company.

DIRECTORS

Shri Prasanna Hota and Shri Lalit Chainwala resigned from the Board of Directors of the Company on 21st January, 2009 and 26th February, 2009 respectively. The Board places on record its appreciation of the valuable contribution made by Shri Prasanna Hota and Shri Lalit Chainwala. Shri Mohit Satyanand was appointed as Additional Director on 26th February, 2009. He retires at the ensuing general meeting of the Company and being eligible offers himself for re-appointment.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri Pavan Khaitan, Shri V.K.Bajaj and Shri Yashovardhan Saboo retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

AUDITORS

M/s V.Sahai Tripathi & Co. (formerly known as V.Sahai & Co.), Chartered Accountants, Statutory Auditors, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 217(2AA) of the Companies Act, 1956, your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the accounting policies selected and applied are consistent and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

A Report on Corporate Governance alongwith a Certificate from the Statutory Auditors of the Company regarding compliance of the conditions of Corporate Governance pursuant to Clause 49 of the listing agreement with stock exchanges is annexed and forms part of the Annual Report.

ACKNOWLEDGMENT

Your Directors convey their sincere thanks to the various agencies of the Central Government, State Governments, Banks and other concerned agencies for all the help and cooperation extended to the Company. The Directors also deeply acknowledge the trust and confidence the shareholders and investors have placed in the Company. Your Directors also record their appreciation for the dedicated services rendered by the workers, staff and officers of the Company.

For and on behalf of the Board

New Delhi
July 30, 2009

N K BAJAJ
Chairman & Managing Director

ANNEXURE

STATEMENT CONTAINING PARTICULARS PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT

I. CONSERVATION OF ENERGY

- (a) Energy conservation has been an important thrust area for the Company and is continuously monitored. Various on-going measures for conservation of energy include (i) use of energy efficient lighting and better use of natural lighting, (ii) reduction of energy loss, (iii) replacement of outdated energy intensive equipment and (iv) revamping of steam lines to reduce leakages. The commissioning of Co-generation plant during the year has removed the inefficiencies and bottlenecks of external sourcing power thereby increasing substantially the operational efficiencies.
- (b) The Company has devised a system of regular energy audit. Energy conservation is an ongoing process and new areas are continuously identified and suitable investments are made, wherever necessary.
- (c) The adoption of energy conservation measures has helped the Company in reduction of cost.
- (d) Total energy consumption and energy consumption per unit of Production of paper for the year 2008-09 is given in the table below :

POWER & FUEL CONSUMPTION

	2008-09	2007-08
1 ELECTRICITY		
(a) Purchased		
Unit (lacs KWH)	225.88	253.56
Total amount (Rs.lacs)	932.12	1087.95
Rate/Unit (Rs./KWH)	4.13	4.29
(b) Own generation		
Through Steam Turbine/Generator		
Unit (lacs KWH)	351.05	253.11
Cost/Unit (Rs./KWH)	4.84	4.03
2 COAL (for Boiler)		
Quantity (Tonnes)	7594	7254
Total cost (Rs.lacs)	297.96	203.19
Average rate (Rs.)	3924	2801
3 OTHERS		
(a) Rice Husk (for Boiler)		
Quantity (Tonnes)	50965	36596
Total cost (Rs.lacs)	1745.62	1016.27
Rate/Unit (Rs.MT)	3425	2777

4 CONSUMPTION/TONNE OF PRODUCTION

Production (Tonnes)	54277	50286
Electricity/Tonnes (KWH)	1063	1008
Furnace Oil/tonne (KL)	-	-
Coal/Tonne (MT)	0.377	0.144
Others Rice husk (MT)	0.367	0.728

II. TECHNOLOGY ABSORPTION

Research and Development

- (a) The Company carries out research and development in several areas including material & process developments towards efficiency improvements, quality improvements, waste reduction etc. Apart from process improvements, the research and development also aims at finding equivalent substitutes of various inputs to have cost savings without compromising quality.
- (b) The Company has derived benefits of product diversification, cost reduction and better quality as a result of the above efforts.
- (c) The research and development is an on-going exercise and suitable efforts will continue to be made in future.
- (d) The expenditure on R & D has been as follows:

(Rs. in lacs)

	2008-09	2007-08
(i) Capital	-	-
(ii) Recurring	35.05	26.53
(iii) Total	35.05	26.53
(iv) Total R&D expenditure as a percentage of turnover	0.17%	0.14%

Technology absorption, adaptation and innovation

The Company has not imported any technology for its products.

III. FOREIGN EXCHANGE EARNINGS & OUTGO

Particulars with regard to foreign exchange earnings & outgo appear on page 42 of the Annual Report.

For and on behalf of the Board

New Delhi
July 30, 2009

N K BAJAJ
Chairman & Managing Director

MANAGEMENT DISCUSSION & ANALYSIS

1. An overview of the Economy and Business Environment

The industrial activity in India has been adversely affected post the global financial crisis and economic slowdown. This has affected Indian economy through credit squeeze, Rupee volatility, reduction in exports, climbing prices of crude oil, contraction in consumer demand, slowdown in flow of capital inflows and deferment of capex investments by the Corporates. The growth projections have been revised down to 6.5% for 2009-10; while the growth of real GDP in 2008-09 is at 7.10% as against 9% during 2007-08. However with stable political government and its resolve to accelerate the reforms process and push for more investments to maintain steady growth rates in the face of the global meltdown, the growth rate is expected to exceed the projected growth of 6.5%.

2. Industry structure and Development

Till late 2008 the overall paper demand in India reached 9 million tonnes. Writing and printing segment accounts for 3 million tonnes and the balance is packaging, news print and other grades of paper. Writing & printing paper consumption grew at a healthy rate of 8.5% per annum in the past. In India the per capita consumption of paper is low; but it is gradually increasing and directly linked to economic growth, industrial production, print media expenditure, population growth and literacy levels. The impact of the global slow down has been unabated and has affected the demand. In order to counter the adverse impact in the Indian economy, the Govt. of India announced relief to the industry to stimulate demand, when they reduced the excise duty from 8% to 4% on paper products effective 7th December 2008.

Further, large scale mills are upgrading their production capacities with cleaner technology and few medium scale mills are also expanding their production capacities. Most of the capacities currently being added are expected to be operational in 2009-10 and this will result in supply exceeding demand. It is being forecasted that the demand for paper will grow at 6.5% in 2009-10 and incremental demand shall be 3.4 million tonnes whereas the

incremental production capacities will be over 4.5 million tonnes, resulting in excessive supply over demand resulting in dip in the operating rates. However, focused efforts being made by the government to promote literacy and education may result in a steady growth in the writing and printing sector.

Availability of adequate good quality raw materials, higher capital outlay, and stringent environment regulations are the major entry barriers for the Greenfield projects. The agro waste raw material prices are also increasing very rapidly.

3. Opportunities and Threats

The growth in the value-added printing & writing paper segment in India presents an attractive opportunity which your Company plans to leverage by tapping its institutional strengths in distribution and reinforced brand positioning. The year 2009-10 will see large capacities being added resulting in imbalance in demand and supply. As per the estimates the demand for paper shall be 3.4 million tonnes whereas the production capacities will be 4.5 million tonnes thus creating the gap in demand and supply. With the slowdown in global demand, pulp mills have shut down leading to an upward trend in their prices.

Your company has implemented and commissioned Chemical Recovery plant and Co-generation plant. The installation of paper machine with higher capacity is in the advanced stage and will be commissioned during the year. With the commissioning of the up-graded paper machine, we will be able to manufacture coated and copier paper and move to higher segment of the industry. Coated paper demand in India is only 10% of the Indian writing & printing paper demand compared to 40% to 50% in the developed countries. The copier segment is the fastest growing segment amongst the writing and printing paper. Also the demand for writing & printing paper is driven by the Govt.'s commitment to education sector, GDP growth and the increasing presence of modern retail formats and convenience stores. The expansion plan will benefit the company by improved product quality, enhanced product range, increase in production capacity, higher operational efficiencies coupled with economies of

scale and cost reductions. Your company will be poised to become among the lowest cost paper manufacturer, which will improve its operating margins.

4. Risks and Management Perception

The paper industry is capital intensive and is exposed to several risks including changes in the government policies, duties and taxes, technological obsolescence and external economic factors.

The Company follows a structured approach to managing risks. Proper risk management measures have been formulated which are documented, followed and reviewed.

Though annual availability of agro residues is large, yet this may not be able to sustain the future growth of the Industry, taking due account of quality of paper required, environmental issues involved, etc. Moreover, materials like bagasse are increasingly being used by sugar mills for co-generation of power and are no longer easily available to the paper mills as raw material. The continuous increase in prices of raw material and other cost of inputs continues to be a matter of concern for the industry. Locational advantage of your Company's paper mill provides easy access to the major raw material sources and insulates the Company, to a large extent on this front.

Cost of fuel i.e. coal and rice husk is escalating and prospect of availability of quality fuel is diminishing. The imported coal price had crossed USD 100/MT; such a steep price rise had resulted in escalation of cost of production of those mills which happened to be dependent on imported coal for generation of steam/power. Also, power purchased from the grid is proving expensive for the industry.

India's wood resources are limited; therefore cost of wood is much higher in global comparison. Since there is conspicuous absence of Government's enabling policies favouring industrial plantation, securing future wood supplies will be Industry's biggest challenge. Wood based segment of the paper industry meets its current wood requirements mainly through social/farm forestry and supplements it with purchases made from the State Forest Development Corporations.

The Government of India has recently withdrawn core sector status hitherto enjoyed by the paper industry.

Your Company continues to focus its efforts at cost reduction and control and product mix optimization. The chemical recovery and co-generation plant commissioned by the company will significantly increase the cost competitiveness of the Company.

5. Outlook

The Indian paper and paperboards industry has the potential and also the capabilities to service the demand in domestic and international market; and also to create huge employment avenues in the rural-India through agro production and forestry; provided the competitiveness of the value chain is encouraged by the government.

The state of growth for paper and paperboards is expected to be uncertain over the next 2 years, post the global economic slowdown and due to new capacities by large and medium scale paper mills becoming operational in 2009-10. Although, not all varieties of paper will be affected by this slowdown, certain varieties which have close relationship with industrial production will register lower growth. It is expected that overall paper demand to grow at a CAGR of 6.5 per cent and demand for newsprint to grow at a CAGR of 7.0 per cent. However in the interim 2 years, demand growth will be slower in the paper and paperboard segment, growing at 6.5 per cent in 2009-10. With the expected easing in the economic scenario, demand for both paper and paperboard and newsprint is expected to pick-up. Steps taken by your company in the last several years to continue up-gradation of technology, improve working parameters and to reduce its operational and add value to its products for its customers will enable the company to face global challenges in coming times.

6. Company's Financial Performance & Analysis

The production of paper during the year under review was 54,277 tonnes as against 50,286 tonnes in the previous year. The company recorded gross sales turnover of Rs. 20,917.92 lacs as against Rs. 18,486.21 lacs in the previous year and EBIDTA of Rs. 3,935.10 lacs as against Rs. 2,820.56 lacs in the previous year.

Net profit after tax stood at Rs. 1,375.61 lacs as against Rs. 1227.74 lacs in the previous year.

Despite the slowdown in the industrial activity due to the global economic downturn, your company has recorded higher turnover and EBIDTA under the difficult times.

The company has been implementing Mill Expansion Plan mainly comprising of putting up an additional Paper Machine (PM-4) alongwith pulp street to enhance the manufacturing capacity of paper; and a Chemical Recovery Plant and a Co-generation plant towards cost reduction initiatives in the manufacture of paper. There is steady progress of the Mill Expansion and cost optimization measures during the year under review. The Chemical Recovery operations which were commissioned in March, 2008 have stabilized during the year under review. The Co-generation plant was commissioned during the year and has since stabilized and the company is heading towards achieving the benchmark of one of the most cost competitive paper units.

The PM-4 alongwith other remaining projects of the Mill Expansion Plan are at advanced stage of implementation and will be commissioned during current year. The commissioning of the Paper Machine would make your company as one of the large capacity paper manufacturer thereby strengthening its market share. Further we will be manufacturing premium quality paper, which is placed in maplitho paper category meeting quality specifications of wood based papers.

7. Internal Control Systems

Your Company maintains internal control systems to provide reasonable assurance that the assets are safeguarded and transactions are authorized, recorded and correctly reported. The internal control system is supplemented by management reviews and independent periodical reviews by the outside chartered accountancy firms which evaluate the

functioning and quality of internal controls and provides assurance of its adequacy and effectiveness. The scope of internal audit covers a wide variety of *operational methods and, as a minimum, ensures compliance with specified standards with regard to availability and suitability of policies and procedures, extent of adherence, reliability of management information system and authorization procedures including steps for safeguarding of assets.* The Reports of internal audit are placed before Audit Committee of the Directors to review any deviation and corrective actions.

8. Human Resources

Human resources are valuable assets of the company and the Company's endeavor has always been to retain the best professional and technical talent available. The company lays great emphasis on proper management of human resources and believes that this is the most important ingredient for achieving excellence in performance and sustainable growth. The management has process driven approach that invests in training and development needs of the employee on regular basis through succession planning, on the job training and extensive training workshops etc.

9. Cautionary Statement

Statements in this "Management's Discussions and Analysis" are describing the Company's "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, raw material availability and prices, cyclical demand, changes in Government regulations, environmental laws, tax regimes, economic developments within India and abroad and other factors such as litigation, industrial relations and other unforeseen events.

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on Corporate Governance

The principles of Corporate Governance and the Code of Business Conduct & Ethics are the cornerstones of your Company. Your Company has consistently striven to implement best corporate governance practices reflecting its strong value system and ethical business conduct. The Company's philosophy on Corporate Governance envisages attainment of highest level of transparency, accountability and integrity in the functioning of the Company with a view to create value that can be sustained continuously for the benefit of its stakeholders. All employees are bound by a Code of Conduct that sets forth company's policies on important issues including our relationship with consumers, shareholders and Government.

2. Board of Directors

The Board of Directors consists of 11 directors as on 31st March, 2009 and effective steps are underway for appointment of an independent director in place of director who has resigned. The Board has a healthy blend of executive and non-executive directors which ensures the desired level of independence in functioning and decision making. The Board comprises of a Chairman & Managing Director, a Managing Director and nine non-Executive Directors. Out of nine, five non-Executive Directors are independent directors. All the independent directors are eminent professionals and bring in wealth of expertise and experience for advising the management of the Company.

(a) Composition of the Board

Name of Director (S/Shri)	Category	No. of Board Meetings Attended during 2008-09		Whether attended the last AGM	No. of directorships in other public limited companies	No of Committee positions held in other Companies	
		Held	Attended			Chairman	member
N.K.Bajaj, (Chairman & Managing Director)	Promoter/ Executive	5	5	Yes	7	1	1
J.K.Khaitan, (Vice-Chairman)	Promoter/ Non-Executive	5	4	No	5	-	3
A.K.Bajaj	-- do --	5	5	Yes	4	-	-
V.K.Bajaj	-- do --	5	4	Yes	5	-	1
Ashutosh Khaitan	-- do --	5	4	Yes	3	-	-
G.N.Mehra	Independent, Non-Executive	5	5	Yes	6	4	4
K.R. Ramamoorthy	-- do --	5	3	No	7	2	5
Prasanna Hota*	-- do --	5	3	Yes	-	-	-
Lalit Chainwala**	-- do --	5	3	Yes	1	-	-
Mohit Satyanand***	-- do --	5	-	No	3	-	2
Yashovardhan Saboo	-- do --	5	1	No	10	-	2
J.C.Rana	-- do --	5	5	Yes	-	-	-
Pavan Khaitan (Managing Director)	Promoter/ Executive	5	5	Yes	2	-	-

*Ceased to be Director w.e.f. 21.01.09

**Ceased to be Director w.e.f. 26.02.09

***Appointed as Director on 26.02.09

(b) During the financial year 2008-09, five (5) Board Meetings were held on 29th April 2008, 30th July 2008, 25th September 2008, 30th October 2008 and 31st January 2009. The maximum interval between any two meetings was not more than 4 months.

(c) Information supplied to the Board

Information regularly provided to the Board inter-alia include:

- Annual operating plans, budgets & updates;
- Production, sales & financial performance data;
- Expansion/capital expenditure plans & updates;
- Business-wise operational review;
- Quarterly financial results with segment-wise information;
- Minutes of the meetings of the Audit and other committees as well as circular resolutions passed;
- Staff matters, including senior appointments and significant developments relating to labour relations and human resource relations;
- Materially important legal proceedings by or against the Company;
- Share transfer and dematerialization compliances;
- Fatal or serious accidents or dangerous occurrences and materially significant effluents or pollution problems;
- Materially relevant default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company;
- Non-compliances of any regulatory or statutory provision or listing requirement on non-payment of dividend or delay in share transfers;
- Insider trading related disclosure procedures and such other matters;
- Details of any joint-venture or collaboration agreement;
- Transactions that involve substantial payment

towards goodwill, brand equity or intellectual property;

- Sale of material nature of investments, subsidiaries, assets which is not in the normal course of business;
- Details of foreign exchange exposure and the steps taken by the management to limit the risk of adverse exchange rate movement.

(d) Materially significant related party transactions

There have been no materially significant related party transactions, pecuniary transactions or relationship between ABC Paper Limited and its directors during the year 2008-09 that may have potential conflict with the interests of the Company.

(e) Details of remuneration paid to the directors during the financial year 2008-09

(Amount in Rs.)						
Name of Director (S/Shri)	Relationship with other Directors	Basic Salary	Perks+ contribution to PF/other Funds	Commission	Sitting Fee	Total
N.K.Bajaj	Father of Shri A.K.Bajaj & Shri V.K.Bajaj	41,28,000	5,35,935	8,78,709	-	55,42,644
J.K.Khaitan	Father of Shri Pavan Khaitan	-	-	-	37,500	37,500
A.K.Bajaj	Son of Shri N.K.Bajaj and brother of Shri V.K. Bajaj	-	-	-	45,000	45,000
V.K. Bajaj	Son of Shri N.K.Bajaj and brother of Shri A.K. Bajaj	-	-	-	37,500	37,500
Ashutosh Khaitan		-	-	-	30,000	30,000
G.N.Mehra		-	-	-	67,500	67,500
K.R. Ramamoorthy		-	-	-	45,000	45,000
Prasanna Hota		-	-	-	22,500	22,500
Lalit Chainwala		-	-	-	37,500	37,500
Yashovardhan Saboo		-	-	-	7,500	7,500
Mohit Satyanand		-	-	-	-	-
J.C.Rana		-	-	-	75,000	75,000
Pavan Khaitan	Son of Sh. J.K.Khaitan	28,80,000	2,98,349	6,13,053	-	37,91,402

- Note:** i) The sitting fee has been increased from Rs. 7500/- to Rs. 15,000/- to the non-executive directors of the Company for attending the Board/Committee meetings w.e.f. 27th April 2009.
- ii) The Company does not have any service contract with any of the Directors.

Shares held by the non-executive Directors in the company as on 31.03.2009

Name of the Director	No. of shares
Shri J.K. Khaitan	54,336
Shri G.N. Mehra	4,750
Shri K.R. Ramamoorthy	Nil
Shri Mohit Satyanand	Nil
Shri Yashovardhan Saboo	Nil
Shri A.K. Bajaj	1,39,478
Shri V.K. Bajaj	1,28,476
Shri Ashutosh Khaitan	21,001
Shri J.C. Rana	Nil

3. Committees of the Board

(a) Audit Committee

The Audit Committee was constituted on 24th July, 2007. The constitution and terms of reference of the Audit Committee conforms to the requirements of Clause 49 and Section 292A of the Companies Act, 1956. The following functions are performed by the Audit Committee:

- Overseeing the company's financial reporting process and the disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending the appointment /removal of external auditors, fixing audit fees and approving payments for any other service;
- Reviewing with management the annual financial statements before submission to the Board;
- Reviewing with the management Quarterly/Half-yearly and other financial statements before submission to the Board for approval;
- Reviewing with the management, external and internal auditor, the adequacy of internal control systems and recommending improvements to the management;
- Reviewing the adequacy of internal audit function;
- Discussing with internal auditors of any significant findings and follow-up thereon;
- Reviewing the findings of any internal investigation by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of the internal control systems of a material nature and reporting the matter to the Board;
- Discussing with the external auditors before the audit commences on the nature and scope of audit as well as have post-audit discussions to ascertain any area of concern;
- Reviewing the Company's financial and risk management policies; and
- Initiating investigations into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any.

The Company continues to derive immense benefit from the deliberations of the Audit Committee. The Audit Committee, as on 31st March, 2009 comprise of the following five directors of the Company - three non-executive & independent and two executive & non-independent:

Shri G N Mehra	Chairman	Independent, Non-Executive Director
Shri N K Bajaj	Member	Non-independent, Executive Director
Shri K R Ramamoorthy	Member	Independent, Non-Executive Director
Shri Lalit Chainwala*	Member	Independent, Non-Executive Director
Shri J C Rana	Member	Independent, Non-Executive Director
Shri Pavan Khaitan	Member	Non-independent, Executive Director

*Ceased to be Director w.e.f. 26.02.09

During the financial year 2008-09, Audit Committee met 4 times and the attendance of the Directors on the above meetings was as follows:

Director	No. of meetings held	No. of meetings attended
Shri G N Mehra	4	4
Shri N K Bajaj	4	4
Shri K R Ramamoorthy	4	3
Shri Lalit Chainwala*	4	2
Shri J C Rana	4	4
Shri Pavan Khaitan	4	4

*Ceased to be Director w.e.f. 26.02.09

The Vice President (Finance) and other senior executives (when required) are invited in the meetings. Representatives of the statutory auditors, cost auditors and internal auditors are also invited to the meetings, when required. Most of the meetings are attended by the statutory auditors.

The Company Secretary acts as Secretary of the committee.

All the members of the Audit Committee, except Shri K.R.Ramamoorthy, were present at the last AGM held on 25th September, 2008.

(b) Remuneration Committee

The broad terms of reference of the Committee are to determine and recommend to the Board, compensation payable to the Managing Directors.

The remuneration of the working directors is decided by the Board based on the recommendation of the Remuneration Committee within the ceiling prescribed under the Companies Act, 1956. The remuneration to non-executive directors comprised of the sitting fee only.

The Remuneration Committee comprised of the following directors of the Company:

Shri Yashovardhan Saboo	Chairman	Independent, Non-Executive Director
Shri G.N. Mehra	Member	Independent, Non-Executive Director
Shri Mohit Satyanand	Member	Independent, Non-Executive Director

(c) Shareholders/Investors' Grievance Committee

The company has constituted Shareholders'/Investors' Grievance Committee for speedy disposal of all grievances/complaints relating to shareholders/investors. The Committee specifically looks into redressal of investors' complaints and requests such as transfer of shares, non-receipt of annual report, non-receipt of declared dividend etc. In addition, the Committee advises on matters which can facilitate better investor services/relations. The Shareholders'/Investors' Grievance Committee as on 31.3.2009 comprised of the following directors:

Shri Prasanna Hota*	Chairman	Independent, Non-Executive Director
Shri J K Khaitan	Member	Non-Independent, Non-Executive Director
Shri A K Bajaj	Member	Non-Independent, Non-Executive Director
Shri J C Rana	Member	Independent, Non-Executive Director

*Ceased to be Director w.e.f. 21.01.09

During the financial year 2008-09, Shareholders'/Investors' Grievance Committee met 2 times and the attendance of the Directors on the above meetings was as follows:

Director	No. of meetings held	No. of meetings attended
Shri Prasanna Hota*	2	-
Shri J.K.Khaitan	2	2
Shri A.K.Bajaj	2	-
Shri J.C.Rana	2	2

*Ceased to be Director w.e.f. 21.01.09

Shri Vivek Trehan, Company Secretary is the Compliance Officer of the Company.

During the Year, the Company received 8 shareholders' complaints which were replied/resolved to the satisfaction of the investors. As on 31st March, 2009, no complaints and/or requests for dematerialization were pending. All valid requests for share transfers received during the year 2008-09 have been acted upon by the Company and no Transfer was pending.

4. General Body Meetings

The last three Annual General Meetings of the Company were as under:

Financial Year	Date	Time	Place
2005-06	25.09.2006	4.00 pm	1/4459, Ram Nagar, Shahdra, Delhi-110 032
2006-07	26.09.2007	12.30 pm	FICCI Golden Jubilee Auditorium, Tansen Marg, New Delhi-110 001
2007-08	25.09.2008	11.30 am	Sirifort Auditorium August Kranti Marg New Delhi-110 049

5. Disclosures

- (i) There were no transactions of material nature with the directors or the management or their subsidiaries or relatives etc. during the year that had potential conflict with the interests of the Company at large.
- (ii) The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and in conformity, in all material respects, with the generally accepted accounting principles and standards in India. The estimates/judgements made in preparation of these financial statements are consistent, reasonable and on prudent basis so as to reflect true and fair view of the state of affairs and results/operations of the Company.
- (iii) The Company has well-defined Risk Management Policies for its business, which are periodically reviewed to ensure that the executive management controls risk by means of a properly defined framework.
- (iv) The Company has not raised any funds from the capital market (public/rights/preferential issues etc.) during the financial year under review.
- (v) There was no instance of non-compliance of any matter relating to the capital markets by the Company. No penalties or strictures have been imposed on the company by the stock

exchanges, SEBI or any other statutory authorities on any matter relating to the capital market since the listing of the Company.

- (vi) The Company is complying with all mandatory requirements of clause 49 of the listing agreements. Non-mandatory requirement relating to Remuneration Committee has been adopted by the company.

6. Means of Communications

The Quarterly, Half Yearly and Annual Financial Results are communicated to all stock exchanges where the Company's shares are listed as soon as they are approved and taken on record by the Board of Directors of the Company. Further, the Quarterly and Half Yearly results are published in leading newspapers such as Financial Express & Business Standard (English) and Jansatta (Hindi). The results are not sent individually to the shareholders.

The investors can register their grievances at Company's e-mail id i.e. abccorp@abcpaper.in

The Management Discussion and Analysis Report Forms part of the Directors' Report.

7. Code of Conduct

The Board of Directors of the Company have adopted Code of Business Conduct & Ethics. This Code is based on three fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary conduct and is applicable to all the Directors and senior management personnel.

All the members of the Board and senior management personnel have affirmed compliance with the Code for the year ended 31st March, 2009 and a declaration to that effect signed by the Chairman & Managing Director is attached and forms part of this report.

8. Code of Conduct for prevention of Insider Trading

The Company has a Code of Conduct for prevention of Insider Trading in the shares and securities of the Company. This Code, interalia, prohibits purchase/sale of shares of the Company by Directors and Employees while in possession of unpublished price sensitive information in relation to the Company.

9. CEO/CFO Certification

The Certificate required under Clause 49(V) of the Listing Agreement duly signed by CEO/CFO was placed before the Board and the same is annexed to this report.

10. Disclosures regarding appointment/ reappointment of Directors

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri Pavan Khaitan, Shri V.K.Bajaj and Shri Yashovardhan Saboo, retire by rotation and are eligible for re-appointment.

The Profile of the abovesaid Directors are as under:

Name of Director	Age	Qualification	Date of Appointment	No. of the shares held in the Company	Expertise	Other Directorships in Public Ltd. Companies & membership of committees as on 31.03.2009
Sh. Pavan Khaitan	40 years	Chartered Accountant	23.06.2007	25,850	Industrialist having more than 15 years of experience in trade & industry.	Amrit Corp. Limited Amrit Banaspati co. Ltd. Committee Membership Loan & Banking Committee Amrit Banaspati co. Ltd.-Member Corporate Management Committee Amrit Banaspati co. Ltd.-Member Investment Governing Body Amrit Corp. Limited-Member
Sh. V. K. Bajaj	44 years	B.Com	24.07.2007	1,28,476	Industrialist having more than 20 years experience in Agro industry and is also involved in the business of language instruction & corporate training	Amrit Corp. Limited Amrit Banaspati co. Ltd. Amrit Agro Inds. Ltd. Amrit Learning Limited Amrit Realities Limited Committee Membership Shareholders/Investors' Grievance Committee Amrit Agro Inds. Ltd.-Member Transfer & Issue of Shares Committee Amrit Agro Inds. Ltd.-Member Corporate Management Committee Amrit Banaspati co. Ltd.-Member Investment Governing Body Amrit Corp. Limited-Member
Sh. Yashovardhan Saboo	50 years	MBA from IIM	24.07.07	NIL	Industrialist having more than 20 years experience in business & industry	KDDL Ltd. Vardhan International Ltd. Himachal Fine Blank Ltd Saboo Coatings Ltd. Kamla Tesio Dials Ltd. VBL Innovations Ltd. Satva Jewellery and Design Ltd. Kamala Retail Ltd. Mahen Boutiques Limited Mahen Distribution Limited Committee Membership Audit Committee Kamala Retail Ltd.-Member Shareholders/hvestors' Grievance Committee KDDL Ltd.-Member Board Committee for consideration of Un-Audited Financial Results KDDL Ltd.-Member

11. Auditors' Certificate on Corporate Governance

A certificate has been obtained from the Auditors of the Company regarding compliance with the provisions relating to Corporate Governance laid down in Clause 49 of the listing agreement with the stock exchanges. The same is annexed to this report.

Declaration regarding compliance of Code of Conduct

I, Naresh kumar Bajaj, Chairman and Managing

Director of ABC Paper Ltd., hereby declare that all the Board Members and senior management personnel of the Company have affirmed compliance of the Code of Conduct for the year ended 31st March, 2009.

N K Bajaj

Chairman & Managing Director

Place : New Delhi

Date : July 30, 2009

GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting

Date	25 th September, 2009
Time	11.30 am
Venue	National Cooperative Union of India (NCUI) Auditorium, 3, Siri Institutional Area, August Kranti Marg, New Delhi- 110 016

Financial Calendar 2009-10 (Tentative)

Board Meetings to take on record

Financial Results for Quarter ended 30.06.2009	July 30, 2009
Financial Results for Quarter ended 30.09.2009	Last week of October, 2009
Financial Results for Quarter ended 31.12.2009	Last week of January, 2010
Financial Results for Quarter ended 31.03.2010	Last week of April, 2010
Book Closure Date	16.09.2009 to 25.09.2009 (both days inclusive)

Dividend Payable Date

Dividend, if any, declared in the forthcoming AGM will be paid on or after 25th September, 2009 but before the statutory time limit of 30 days from the date of declaration.

Listing

Sl. No.	Name & address of stock exchanges
1	The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
2	The Uttar Pradesh Stock Exchange Assn Ltd, "Padam Towers", 14/113, Civil Lines, Kanpur-208 001

The Company has already paid annual listing fee for the year 2009-10 to both the stock exchanges.

Stock Code

- The Stock Exchange, Mumbai : 532937
- The Uttar Pradesh Stock Exchange Assn Ltd : A00087
- Demat ISIN in NSDL and CDSL for equity Shares : INE 529101013

Market Price Data

The monthly high/low quotation of the equity shares traded at Stock Exchange, Mumbai and BSE Sensex during the financial year 2008-09 are given below.

Month	ABC Paper Share Price(Rs.)		BSE Sensex	
	High	Low	High	Low
April 2008	67.80	40.25	17480.74	15297.96
May 2008	79.00	53.50	17735.70	16196.02
June 2008	72.90	58.00	16632.72	13405.54

Month	ABC Paper Share Price(Rs.)		BSE Sensex	
	High	Low	High	Low
July 2008	77.45	54.00	15130.09	12514.02
August 2008	71.00	55.30	15579.78	14002.43
September 2008	72.90	46.00	15107.01	12153.55
October 2008	59.95	36.25	13203.86	7697.39
November 2008	56.80	38.00	10945.41	8316.39
December 2008	68.00	42.00	10188.54	8467.43
January 2009	50.90	35.40	10469.72	8631.60
February 2009	41.45	34.70	9724.87	8619.22
March 2009	35.20	28.55	10127.09	8047.17

Share Transfer Agent and Demat Registrar

The Company has appointed M/s MAS Services Ltd., New Delhi as the Registrar & Share Transfer Agent for handling both physical share registry and demat share registry work having their office at:

M/s MAS Services Ltd.

T-34, 2nd Floor, Okhla Industrial Area,

Phase - II, New Delhi - 110 020

Ph:- 26387281/82/83

Fax:- 26387384

email:- info@masserv.com

website : www.masserv.com

Share Transfer System

The transfers are normally processed within a period of 15-20 days from the date of receipt if the documents are complete in all respects. Requests for dematerialization of shares are processed and confirmation is given to the respective depositories i.e. NSDL and CDSL within 15 days. The connectivity with NSDL and CDSL is maintained through M/s MAS Services Ltd. The Shareholders have the option to open account with any of the depository participants registered with NSDL and CDSL.

Pursuant to amendment to the Listing Agreement- Clause 11 vide SEBI's Circular dated May, 20, 2009, it has now become mandatory for the transferee(s) to furnish copy of their PAN card to the Company/RTAs for registration of transfer of shares in physical form.

• **Distribution of Equity Shareholding**

(a) **Shareholding Pattern as on 31st March, 2009**

Sl. No	Description	No. of equity shares held	Shareholding %
1.	Promoters		
	• Individuals	10,59,780	12.14%
	• Bodied Corporate	54,44,893	62.40%
2.	Institutional Investors		
	• Mutual Funds	250	0.00%
	• UTI /Banks/Financial Institutions	62,987	0.72%
	• Insurance Companies	3,55,250	4.07%
	• FIs	-	-
3.	Others		
	• Private Bodies Corporate	6,70,102	7.68%
	• Indian Public	11,15,048	12.78%
	• NRIs/OBCs/Pak shareholders	18,053	0.21%
Total		87,26,363	100.00%

(b) **Distribution of shareholding as on 31st March, 2009**

Range of holding	No. of shareholders	%age of shareholders	No. of shares	%age of holding
1 to 5,000	19,893	98.60	5,48,920	6.29
5,001 to 10,000	102	0.51	77,361	0.89
10,001 to 20,000	55	0.27	82,772	0.95
20,001 to 30,000	22	0.11	54,783	0.63
30,001 to 40,000	12	0.06	41,880	0.48
40,001 to 50,000	11	0.05	52,453	0.60
50,001 to 1,00,000	20	0.10	1,52,734	1.75
1,00,001 and above	61	0.30	77,15,460	88.41
Total	20176	100.00	87,26,363	100.00

• **De-materialization of Shares**

The Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) and National Securities Depository Ltd. (NSDL) to offer depository Services to the shareholders. As on March 31, 2009, approximately 22.06% of the shares of the Company have been dematerialized.

• **Secretarial Audit**

A qualified practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The Secretarial Audit Report confirms that the total issued/ paid up capital is in agreement with the total no of shares in physical form and the total no. of dematerialized shares held with NSDL and CDSL.

• **Outstanding GDRs/ADRs/Warrants etc.**

Not applicable

• **Plant Location**

Saila Khurd 144529
Distt Hoshiarpur, Punjab

• **Address for correspondence**

(a) **Registered Office**

ABC Paper Limited
M-2, Akarshan Bhawan
4754/23, Ansari Road,
Darya Ganj,
New Delhi 110 002

(b) **Registrar & Share Transfer Agent**

MAS Services Limited
T-34, 2nd Floor, Okhla Industrial Area,
Phase - II, New Delhi - 110 020
Ph:- 26387281/82/83
Fax:- 26387384
email:- info@masserv.com
website : www.masserv.com

AUDITORS CERTIFICATE REGARDING COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

**To the Members of ABC Paper Ltd
New Delhi**

We have examined the compliance of the conditions of Corporate Governance by ABC Paper Limited for the year ended 31st March, 2009 as stipulated in clause 49 of the listing agreement of the said Company with the stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was 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 according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the clause 49 of the Listing Agreement.

We state that in respect of investor grievances during the year ended 31st March, 2009 grievances were received & resolved by the Company. There were no grievances which were pending with the Company as at 31st March, 2009 as per records maintained by the Company.

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

For V SAHAI TRIPATHI & Co
Chartered Accountants

Mahesh Sahai
Partner
M.N. 006730

Place: New Delhi
Date: July 30, 2009

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT

The Board of Directors
ABC PAPER LIMITED
NEW DELHI

We, Pavan Khaitan, Managing Director and Roshan Garg, Vice President (Finance), of ABC Paper Limited, on the basis of the review of the financial statements and the cash flow statements for the financial year ended 31st March, 2009 and to the best of our knowledge and belief, hereby certify that:-

1. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
2. These statements together present a true and fair view of the Company's affair and are in compliance with the existing accounting standards, applicable laws and regulations;
3. There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year ended 31st March, 2009 which are fraudulent, illegal or violative of the Company's code of conduct;
4. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
5. We further certify that:-
 - (a) There have been no significant changes in internal controls during the year;
 - (b) There have been no significant changes in accounting policies during the year;
 - (c) There have been no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having significant role in the Company's internal control systems.

Pavan Khaitan
Managing Director

Roshan Garg
Vice President (Finance)

Place : New Delhi
Date : 21.07.2009

AUDITORS' REPORT

The Members of
ABC Paper Ltd

1. We have audited the attached Balance Sheet of ABC Paper Limited as at 31st March, 2009, the Profit and Loss Account and also Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Management of Company. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanation given to us, we set out in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said order.
 4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.
 - v) Based on representations received from all the Directors of the company as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors of the Company are disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) to section 274 of the Companies Act, 1956; and
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account, read together with the significant accounting policies and other notes to accounts appearing in **Schedule O** and foot-notes appearing under other schedules, give the information required by the Companies Act, 1956 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 31st March, 2009;
 - b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For & on behalf of
V SAHAI TRIPATHI & Co.
Chartered Accountants

MAHESH SAHAI
Partner
M.No. 006730

Place: New Delhi
Date: 30 July, 2009

Annexure referred to in paragraph (3) of Auditor's Report to the members of ABC Paper Limited on the financial statements for the year ended March 31, 2009

1. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The company has a phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. In accordance with such programme, the management has physically verified its fixed assets during the year and no material discrepancies were noticed by them.
 - (c) During the year, there was no substantial disposal of fixed assets.
 2. (a) According to the information and explanations given to us, physical verification of inventories is conducted by the management at periodic intervals. These intervals are reasonable having regard to the size of the company and the nature of its inventories.
 - (b) The procedures followed by the company for physical verification of inventories are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification as compared to book records.
 3. (a) to (d) The Company has not granted any loans secured or unsecured to companies, firms & other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore the clause 3(a) to 3(d) are not applicable and have therefore not been commented upon.
 - (e) The Company has unsecured loan of Rs 235 Lacs from five parties covered in the register maintained under section 301 of the Companies Act, 1956 towards for part funding of company's Mill Expansion Plan. Besides the balance of one company has been repaid during the year. The maximum amount involved during the year and the year-end balances of such advances aggregates to Rs. 285 Lacs & Rs 235 Lacs respectively.
 Besides, an unsecured loan of Rs. 392.73 lacs was granted to the erstwhile Amrit Banaspati Company Ltd. (ABCL) by the then Amrit Enterprises Limited (now known as 'Amrit Banaspati Co. Ltd. '), a company covered under the register maintained u/s 301 of the Act under the Modified Rehabilitation Scheme (MRS) of ABCL sanctioned by the Hon'ble Board of Industrial & Financial Reconstruction (BIFR). Out of the said unsecured loan, a sum of Rs. 191.32 lacs had devolved on the company pursuant to the Scheme of Arrangement sanctioned by the jurisdictional high Courts and becoming effective from 1st April, 2006.
- (f) The rate of interest and other terms and conditions of the loans taken during the year are not prejudicial to the interests of the Company. The MRS provided that the said unsecured loan of Rs. 191.32 lacs would be subordinated to institutions/banks term loans and would be repaid after payment to all financial institutions/banks. Accordingly, the interest on the said loan has been fixed at 10% on annual basis and the loan will be repaid after 31.3.2010 by which time all the loans of the financial institutions/banks will be repaid as per MRS. In view of this, we are of the opinion that the rate of interest and other terms and conditions of the loan are not prejudicial to the interests of the company.
 - (g) Interest is being regularly paid on the above loan.
 4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. There was no continuing failure to correct major weaknesses in internal controls noticed by us during the course of our audit.
 5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding the value of Rs. Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
 6. In our opinion and according to the information and explanations given to us, the company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the Rules framed there-under, wherever applicable with regard to the deposits accepted during the year. In accordance with the information and explanations given to

us, there were no orders passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other "Tribunal" which have not been complied with.

7. In our opinion the company has an internal audit system which is commensurate with the size and nature of its business.
8. Maintenance of cost records has been prescribed by the Central Govt. under clause (d) of sub section (1) of section 209 of the Act in respect of the present manufacturing activities of the company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained by the Company.
9. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, in our opinion the company is regular in depositing the undisputed statutory dues including provident fund, investor education & protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and any other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of the above dues which were outstanding as at 31st March, 2009 for a period of more than six months from the date of becoming payable.
- (b) According to the records of the company examined by us, the particulars of the dues outstanding of income tax, sale tax, wealth tax, service tax, custom duty, excise duty and cess as at 31st March, 2009 which have not been deposited on account of disputes, are as under:

Name of the statutes	Nature of dues	Amount (Rs. lacs)	Forum where dispute is pending
Central Excise Act, 1944	- Classification of products	1,053.84	CESTAT
Income Tax Act, 1961	- Disallowance of expenses	7.57	CIT (Appeals)
TOTAL		1,061.41	

10. The company has no accumulated losses as at 31st March, 2009 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. The company during the year has not defaulted in the re-payment of dues to the bank. The company has no loans from financial institutions nor has it issued any debentures.
12. The company has not granted any loans or advances

on the basis of security by way of pledge of shares, debentures and other securities.

13. The company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable.
15. The Company has given a corporate guarantee of Rs 720 Lacs in favour of the State Bank of India (SBI) in consideration of their granting a term loan & working capital facilities of Rs 720 Lacs to M/s Greencone Environs Private Limited for setting up of a "Lignin Precipitation Systems (LPS) Project" at the Paper Mill at Sailakhurd (Punjab) for which the Company is contingently liable.
Besides no other guarantee has been given by the Company for loans taken by others from banks or financial institutions during the year which is outstanding at the end of the year.
16. Company has obtained term loan from banks during the year ending 31st March, 2009. According to the information and explanations given to us, the term loan has been applied for the purpose for which it was obtained.
17. There were no funds raised on a short term basis which has been used on a long term basis
18. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause 4(xviii) of the order is not applicable.
19. The company has not issued any debentures. Accordingly, clause 4(xix) of the order is not applicable.
20. The company has not raised any money by way of public issue during the year. Accordingly, clause 4(xx) of the order is not applicable.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor we have been informed of such case by the management.

For & on behalf of
V SAHAI TRIPATHI & Co
Chartered Accountants

MAHESH SAHAI
Partner
M.No. 006730

Place : New Delhi
Date : July 30, 2009

BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	As at 31-Mar-09 (Rs.)	As at 31-Mar-08 (Rs.)
I. SOURCES OF FUNDS			
(1) Shareholders' Funds			
(a) Capital	A	10,72,63,630	10,72,63,630
(b) Reserves and Surplus	B	46,98,99,730	35,95,00,303
(2) Loan Funds			
(a) Secured Loans	C	1,32,16,23,251	94,12,12,542
(b) Unsecured Loans	D	29,98,32,629	23,74,25,859
(3) Deferred tax liability		10,06,72,656	4,31,00,706
TOTAL		2,29,92,91,896	1,68,85,03,040
II. APPLICATION OF FUNDS			
(1) Fixed Assets	E		
(a) Gross block		1,97,78,55,532	1,59,36,15,435
(b) Less: depreciation		62,37,63,105	54,55,44,024
(c) Net block		1,35,40,92,427	1,04,80,71,411
(d) Capital work-in-progress		69,46,11,738	42,92,57,667
		2,04,87,04,165	1,47,73,29,078
(2) Investments	F	1,29,83,000	1,29,83,000
(3) Current Assets, Loans & Advances	G		
(a) Inventories		14,67,06,970	13,97,24,438
(b) Sundry debtors		4,78,09,784	2,69,39,353
(c) Cash & bank balances		1,20,18,103	68,27,027
(d) Loans & advances		14,39,18,367	12,58,96,381
		35,04,53,224	29,93,87,199
Less : Current liabilities & provisions	H	11,28,48,493	10,11,96,237
Net Current Assets		23,76,04,731	19,81,90,962
TOTAL		2,29,92,91,896	1,68,85,03,040
Notes to Accounts	O		

Schedules A to H & O annexed and significant Accounting Policies form part of this Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

For **V SAHAI TRIPATHI & Co**
Chartered Accountants

Mahesh Sahai
Partner
M.No. 006730

N K Bajaj
J K Khaitan

G N Mehra
K R Ramamoorthy
Mohit Satyanand
A K Bajaj
V K Bajaj
Ashutosh Khaitan
J C Rana

Pavan Khaitan
Roshan Garg
Vivek Trehan

Chairman & Managing Director
Vice-Chairman

Directors

Managing Director
Chief Financial Officer
Company Secretary

Place : New Delhi
Dated : July 30, 2009

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedule	Current Year (Rs.)	Previous Year (Rs.)
INCOME			
Gross Sales		2,09,17,91,898	1,84,86,20,617
Less Excise duty		12,02,77,652	19,10,01,750
Net Sale		1,97,15,14,246	1,65,76,18,867
Increase/(decrease) in stocks	I	26,67,606	16,63,733
Other income	J	82,71,358	84,25,258
		1,98,24,53,210	1,66,77,07,858
EXPENDITURE			
Material consumed	K	35,96,69,132	31,81,28,233
Manufacturing expenses	L	1,00,10,92,363	90,43,66,028
Employees' emoluments	M	10,80,34,610	8,07,16,042
Other expenses	N	22,42,18,670	12,76,65,694
		1,69,30,14,775	1,43,08,75,997
Profit before Depreciation		28,94,38,435	23,68,31,861
Less : Depreciation		7,93,91,239	5,24,11,060
Profit before taxation		21,00,47,196	18,44,20,801
Less : Provision for current tax (Including Wealth Tax)		2,37,27,026	3,08,50,482
Less : Provision for Fringe Benefit Tax		12,30,322	8,30,000
Less : Deferred Tax Adjustment		5,75,71,950	2,99,66,575
Add: MAT Credit Entitlement		1,00,42,980	-
Profit/(loss) after taxation		13,75,60,878	12,27,73,744
		13,75,60,878	12,27,73,744
Add : Balance of Profit Brought Forward		15,37,08,537	7,80,96,244
Profit available for appropriations		29,12,69,415	20,08,69,988
APPROPRIATIONS			
a) Proposed Dividend on Equity Shares		2,18,15,908	2,18,15,908
b) Preference Dividend		14,00,000	14,00,000
c) Tax on dividend		39,45,543	39,45,543
d) General Reserve		2,00,00,000	2,00,00,000
Balance carried to Balance Sheet		24,41,07,964	15,37,08,537
Earning Per Share (Rs.) - Basic		15.58	13.88
- Diluted		15.58	13.88
Note to Accounts	O		
Additional Information	P		

Schedules I to P annexed and significant Accounting Policies form part of this Profit & Loss Account. This is the Profit & Loss Account referred to in our report of even date.

For **V SAHAI TRIPATHI & Co**
Chartered Accountants

Mahesh Sahai
Partner
M.No. 006730

N K Bajaj
J K Khaitan

G N Mehra
K R Ramamoorthy
Mohit Satyanand
A K Bajaj
V K Bajaj
Ashutosh Khaitan
J C Rana

Pavan Khaitan
Roshan Garg
Vivek Trehan

Chairman & Managing Director
Vice-Chairman

Directors

Managing Director
Chief Financial Officer
Company Secretary

Place : New Delhi
Dated : July 30, 2009

Schedule 'A' SHARE CAPITAL

	As at 31-Mar-09 (Rs.)	As at 31-Mar-08 (Rs.)
Authorised		
25,00,000 - (25,00,000) 7% Redeemable Preference Shares of Rs. 10/- each	2,50,00,000	2,50,00,000
175,00,000- (175,00,000) Equity Shares of Rs.10/- each	17,50,00,000	17,50,00,000
Total	<u>20,00,00,000</u>	<u>20,00,00,000</u>
Issued, Subscribed & Paid Up :		
20,00,000 - (20,00,000) 7% Redeemable Preference Shares of Rs.10/-each fully paid up	2,00,00,000	2,00,00,000
87,26,363 - (87,26,363) Equity Shares of 6tRs.10/- each fully paid up	8,72,63,630	8,72,63,630
Total	<u>10,72,63,630</u>	<u>10,72,63,630</u>

Note:

- The preference shares are redeemable in 4 equal instalments of Rs. 50 Lacs each at the end of 3rd, 4th, 5th and 6th year from the date of allotment i.e 27.09.2006.
- Paid up equity share capital includes 64,26,463 equity shares of Rs. 10/- each issued and allotted as fully paid up to the shareholders of Amrit Banaspati Co. Ltd. on 24.07.2007 pursuant to the Scheme of Arrangement between Amrit Banaspati Company Ltd., ABC Paper Ltd. and Amrit Enterprises Ltd.

Schedule 'B' RESERVES & SURPLUS

	As at 31-Mar-09 (Rs.)	As at 31-Mar-08 (Rs.)
GENERAL RESERVE		
Balance Brought Forward	20,57,91,766	18,57,91,766
Add: Transfer from Profit & Loss Account	2,00,00,000	2,00,00,000
	<u>22,57,91,766</u>	<u>20,57,91,766</u>
PROFIT & LOSS ACCOUNT	24,41,07,964	15,37,08,537
Total	<u>46,98,99,730</u>	<u>35,95,00,303</u>

Schedule 'C' SECURED LOANS

	As at 31-Mar-09 (Rs.)	As at 31-Mar-08 (Rs.)
(a) Term Loans from Scheduled Banks		
Punjab National Bank -Term Loan	7,15,24,332	11,69,24,332
Punjab National Bank - WCTL	64,91,666	1,29,83,322
State Bank of Patiala -Term Loan	48,34,64,988	28,62,88,971
State Bank of Bikaner & Jaipur-Term Loan	12,00,00,000	11,99,97,749
State Bank of India-Term Loan	45,94,79,528	25,20,90,171
State Bank of Patiala- Corporate Loan	2,48,00,000	5,00,00,000
The Bank of Rajasthan Ltd -Corporate Loan	5,33,00,000	-
Total (a)	1,21,90,60,514	83,82,84,545
(b) Working Capital from Scheduled Banks		
Punjab National Bank	7,84,51,085	7,97,28,809
State Bank of Patiala	1,98,64,187	1,99,96,236
Total (b)	9,83,15,272	9,97,25,045
(c) Vehicle Loans	42,47,465	32,02,952
Total (c)	42,47,465	32,02,952
Total (a+b+c)	1,32,16,23,251	94,12,12,542

Notes

- The term loans and the WCTL of Banks are secured by a first mortgage of immovable properties of the company both present and future and a first charge by way of hypothecation over the machinery, machinery spares, tools and other movables both present and future ranking pari passu with charges created/ to be created subject to prior charge of the bankers for working capital on specified movables. The term loans of Punjab National Bank and State Bank of Patiala are also secured by second charge on the current assets of the company.
- The term loans are also secured by personal guarantees of Sh. N. K. Bajaj, J. K. Khaitan, A. K. Bajaj and Pavan Khaitan.
- Cash credit /working capital from banks is secured by hypothecation of raw materials, stores, finished goods, stock-in-process, book-debts and personal guarantees of Sh. N.K. Bajaj, JK Khaitan, A.K. Bajaj and Pavan Khaitan and second charge on the fixed assets of the company.
- Vehicle Loans are secured by hypothecation of the vehicles purchased out of the said Loans.

Schedule 'D' UNSECURED LOANS

	As at 31-Mar-09 (Rs.)	As at 31-Mar-08 (Rs.)
Fixed Deposits		
Payable within one year Rs.2,54,78,000/-(Rs.2,86,65,000/-)	4,39,66,000	3,73,05,000
Others	25,58,66,629	20,01,20,859
Total	29,98,32,629	23,74,25,859

Schedule 'E' FIXED ASSETS

(Rs.)

	Cost as at 01-Apr-08	Additions During the period	Sale/ Adjust- ment during the period	Total Cost as at 31-Mar-09	Depreciation as on 01-Apr-08	Adjustment Transfer	Depreciation for the year	Depreciation Provided Upto 31-Mar-09	Net Value as at 31-Mar-09	Net Value as at 31-Mar-08	
Land (Freehold)	63,45,558	-	-	63,45,558	-	-	-	-	63,45,558	63,45,558	
Buildings	11,54,12,853	5,30,63,867	-	16,84,76,720	3,26,68,265	-	35,47,008	3,62,15,273	13,22,61,447	8,27,44,588	
Plant & machinery	1,35,00,89,602	32,37,52,624	11,90,993	1,67,26,51,233	46,35,14,005	11,31,443	6,64,82,062	52,88,64,624	1,14,37,86,609	88,65,75,597	
Electric installation	1,54,50,069	-	-	1,54,50,069	1,44,79,565	-	96,742	1,45,76,307	8,73,762	9,70,504	
Laboratory equipment	38,90,623	1,45,009	-	40,35,632	10,47,491	-	1,87,061	12,34,552	28,01,080	28,43,132	
Water supply system	1,43,65,232	14,63,902	-	1,58,29,134	75,15,694	-	4,41,788	79,57,482	78,71,652	68,49,538	
Furniture & fixtures	61,24,604	8,63,024	-	69,87,628	44,43,782	-	2,07,342	46,51,124	23,36,504	16,80,822	
Vehicles	52,66,380	32,20,132	2,41,000	82,45,512	10,91,096	40,715	7,23,557	17,73,938	64,71,574	41,75,284	
Equipment & appliances	68,72,196	1,87,050	-	70,59,246	38,30,752	-	3,30,063	41,60,815	28,98,431	30,41,444	
Gas cylinders	78,095	-	-	78,095	74,190	-	-	74,190	3,905	3,905	
Computer	93,68,223	19,42,612	-	1,13,10,835	47,92,249	-	12,45,645	60,37,894	52,72,941	45,75,974	
Paper Brands	6,03,52,000	10,33,870	-	6,13,85,870	1,20,86,935	-	61,29,971	1,82,16,906	4,31,68,964	4,82,65,065	
Total	1,59,36,15,435	38,56,72,090	14,31,993	1,97,78,55,532	54,55,44,024	11,72,158	7,93,91,239	62,37,63,105	1,35,40,92,427	1,04,80,71,411	
Previous year	1,06,63,48,480	52,75,15,823	2,48,868	1,59,36,15,435	49,32,21,926	88,962	5,24,11,060	54,55,44,024	1,04,80,71,411	-	
Capital work in progress at cost and advances for capital expenditure									69,46,11,738	42,92,57,667	
									TOTAL	2,04,87,04,165	1,47,73,29,078

Schedule 'F' INVESTMENTS

	As at 31-Mar-09 (Rs.)	As at 31-Mar-08 (Rs.)
A QUOTED	Nil	Nil
B UNQUOTED - Long Term - Trade		
Greencone Environs Pvt.Ltd.	1,29,83,000	1,29,83,000
12,98,300 (12,98,300) Equity Shares of Rs. 10/- each fully paid		
Total	1,29,83,000	1,29,83,000

Schedule 'G' CURRENT ASSETS, LOANS & ADVANCES

	As at 31-Mar-09 (Rs.)	As at 31-Mar-08 (Rs.)
A. Current Assets		
1. Stores and spare parts	4,20,88,591	2,87,14,919
2. Packing Material	9,07,247	12,34,750
3. Loose tools	84,785	34,862
4. Stock in trade :		
(a) Raw material	4,60,74,960	6,48,97,314
(b) Chemicals & Fuels	4,98,88,268	3,98,47,080
(c) Work-in-process	76,63,119	49,95,513
(d) Finished products	-	-
	14,67,06,970	13,97,24,438
5. Sundry debtors: (Unsecured)		
(a) Due for more than six months		
- Considered good	-	28,82,864
- Considered doubtful	47,72,430	18,90,114
Less: Provision for Doubtful debts	(47,72,430)	(18,90,114)
(b) Others (considered good)	4,78,09,784	2,40,56,489
	4,78,09,784	2,69,39,353
6. Cash & bank balances		
(a) Cash in hand	2,83,142	1,69,987
(b) With Scheduled banks		
(i) In Current accounts	7,96,961	7,89,031
(ii) In Margin Money account	1,09,38,000	58,68,009
	1,20,18,103	68,27,027
B. Loans & Advances		
7. Advances recoverable in cash or in kind or for value to be received		
- Considered good	14,39,18,367	12,58,96,381
- Considered doubtful	9,76,766	9,76,766
Less: Provision for Doubtful Advances	(9,76,766)	(9,76,766)
	14,39,18,367	12,58,96,381
Total	35,04,53,224	29,93,87,199

Notes

- Inventories are valued as explained in the accounting policy and are as per inventory and valuation certified by the Management.
- Amount recoverable from Debtors/Advances written off during the year as bad debts amounting to Rs. 1,84,650 (Rs. 34,62,492) and adjusted against past provisions aggregate to Rs. Nil (Nil)

Schedule 'H' CURRENT LIABILITIES & PROVISIONS

	As at 31-Mar-09 (Rs.)	As at 31-Mar-08 (Rs.)
A. Current Liabilities		
1. Sundry creditors-Others	3,88,51,620	2,83,81,268
Parties Covered under MSMED Act	-	-
2. Other liabilities	4,16,98,506	3,70,95,345
B. Provisions		
1. Provision (net of payment)		
- Current Tax	-	15,54,719
- FBT	-	80,000
2. Dividend on Preference Shares	14,00,000	14,00,000
3. Dividend on Equity Shares	2,18,15,908	2,18,15,908
4. Corporate Dividend Tax on Preference/Equity Dividend	39,45,543	39,45,543
5. Gratuity	11,93,557	32,65,817
6. Leave Encashment	39,43,359	36,57,638
Total	11,28,48,493	10,11,96,237

Schedule 'I' INCREASE / (DECREASE) IN STOCK

	Current Year (Rs.)	Previous Year (Rs.)
Opening Stock		
Finished Products	-	-
Work-in-process	49,95,513	33,31,780
	<u>49,95,513</u>	<u>33,31,780</u>
Closing Stock		
Finished Products	-	-
Work-in-process	76,63,119	49,95,513
	<u>76,63,119</u>	<u>49,95,513</u>
Increase/(Decrease) in Stocks	<u>26,67,606</u>	<u>16,63,733</u>

Schedule 'J' OTHER INCOMES

	Current Year (Rs.)	Previous Year (Rs.)
Other Income		
Miscellaneous receipts	45,86,362	37,39,701
Interest received *	14,60,827	16,60,393
Rent received *	13,61,983	12,24,613
Sundry balances W/back	1,12,952	12,28,509
Exchange Rate Fluctuation	-	5,72,042
Profit on sale of assets	7,49,234	-
Total	82,71,358	84,25,258

Note

* Includes Tax deducted at source Rs. 3,43,056/- (Previous year Rs. 3,16,104/-)

Schedule 'K' MATERIAL CONSUMED

Raw Materials

Opening Stock

Purchases/procurement expenses

Less : Closing Stock

Total

	Current Year (Rs.)	Previous Year (Rs.)
	6,48,97,314	2,73,03,271
	34,08,46,778	35,57,22,276
	40,57,44,092	38,30,25,547
	40,57,44,092	38,30,25,547
	4,60,74,960	6,48,97,314
	35,96,69,132	31,81,28,233

Schedule 'L' MANUFACTURING EXPENSES

Stores, spares parts, chemicals & others

Power & fuel consumed

Repairs

-Buildings

-Machinery

Total

	Current Year (Rs.)	Previous Year (Rs.)
	52,98,14,407	58,72,11,592
	45,59,50,777	30,28,06,149
	14,61,412	24,87,244
	1,38,65,767	1,18,61,043
	1,00,10,92,363	90,43,66,028

Schedule 'M' EMPLOYEES EMOLUMENTS

Salaries, wages, gratuity and bonus

Employees welfare expenses

Employer's contribution to provident fund, E.S.I.
and Family Pension Fund

Total

	Current Year (Rs.)	Previous Year (Rs.)
	9,70,41,657	7,18,21,033
	20,00,943	20,42,623
	89,92,010	68,52,386
	10,80,34,610	8,07,16,042

Schedule 'N' OTHER EXPENDITURE

	Current Year (Rs.)	Previous Year (Rs.)
Insurance	49,56,361	41,87,219
Rent	21,56,297	21,11,110
Rates & taxes	20,71,600	18,32,678
Research & Development	3,69,430	3,56,386
Freight & cartage on sales	83,90,612	28,30,615
Dealer's commission & brokerage	1,03,97,924	62,31,074
Interest on term loans	6,63,14,762	2,19,71,864
Interest others	3,77,56,802	2,32,52,435
Payment to auditors		
- Audit fees including cost audit fee Rs. 50,000/- (Rs. 50,000)	2,75,000	2,35,956
- Tax audit fee	30,000	33,708
- In other capacity	30,000	9,186
- Reimbursement of expenses including cost audit	1,35,592	1,19,913
Payment to Directors for attending Board Meetings		
-As fees	4,05,000	3,31,925
Loss on sale of fixed assets	24,959	82,819
Pollution Control Expenses	1,99,24,347	2,01,79,480
Sundry Balances written off	2,00,543	34,63,394
Miscellaneous expenses	7,07,79,441	4,04,35,932
Total	22,42,18,670	12,76,65,694

Schedule 'O' - NOTES TO THE ACCOUNTS

A. Significant Accounting Policies

1. Basis of Preparation of Financial Statements

The Financial statements have been prepared in accordance with Indian generally Accepted Principles ("GAAP") under the historical cost convention on accrual basis and are in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India (ICAI) & prescribed in the Companies (Accounting Standards) Rules, 2006. These Accounting policies have been consistently applied, except where a newly issued accounting standard is initially adopted by the company. Management evaluates the effect of accounting standards issued on a going basis and ensures that they are adopted as mandated by the ICAI.

2. Fixed Assets

(a) Owned Assets

Fixed assets are stated at their original cost of acquisition inclusive of inward freight, duties, taxes and incidental expenses relating to acquisition and installation and are net of Cenvat/VAT credit availed. The cost of assets under installation or under construction plus direct allocable expenses as at the Balance Sheet date is shown as capital work-in-progress.

(b) Assets taken on finance lease

Fixed assets taken on finance lease are stated at the lower of the fair value of the lease assets or the present value of minimum lease payments at the inception of the lease.

(c) The paper brands are stated at cost.

3. Depreciation

- (a) Depreciation is provided at the rates specified in Schedule XIV of the Companies Act, 1956 on the following basis:
- | | | |
|---|--|---------------------------|
| - | Second hand Captive Power Plant | Written Down Value Method |
| - | All other Assets including Co-generation Plant | Straight Line Method |
- (b) In respect of assets added/disposed off during the year depreciation is charged on a pro-rata basis with reference to the month of addition/disposal. In the case of additions, it is charged for the full month in which additions took place and in the case of sales up to the month preceding the date of sale.
- (c) Assets below Rs.5,000/- are depreciated at the rate of 100%.
- (d) In respect of fixed assets taken on finance lease, when there is reasonable certainty that the company will obtain ownership by the end of the lease term, depreciation is provided in accordance with the policy followed by the company for owned assets (SLM).

4. Impairment

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use the estimated future cash flows are discounted to their present value at the weighted cost of capital.

5. Investment

Investments are classified into current and long term investments. Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are stated at the lower of cost and fair value determined on an individual basis. Long term investments including interests in joint venture companies are carried at cost. A provision for diminution in value is made to recognize a decline other than temporary in the value of long term investments. Profit/loss on sale of investments is computed with reference to their average cost.

6. Inventories

- (a) Raw materials, components, stores, spares and loose tools at lower of weighted average cost or net realizable value.
- (b) Work-in-progress at cost determined at different stages of production which includes related overheads.
- (c) Finished goods at lower of weighted average cost or net realizable value. In the case of finished goods, cost is determined by taking material, labour and related factory overheads including depreciation and fixed production overheads which are apportioned on the basis of normal capacity.

7. Foreign currency transaction

Foreign exchange transactions are recorded at the rates of exchange prevailing on the dates of the respective transactions. Revenue from overseas clients and collections deposited in bank account are recorded at the exchange rate as of the date of the respective transactions. Exchange differences are recorded in the profit & loss account when the amount actually received on export invoices are converted into Indian Rupees. Accordingly, exchange differences arising on foreign exchange differences settled during the period are recognized in the profit and loss account of the period.

Monetary current assets and monetary current liabilities that are denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is also recorded in the profit & loss account.

8. Revenue Recognition

Revenue is recognized to the extent that it can be realizable, measured and is appropriate to the economic benefits that will flow to the company.

(a) Sale of goods

Revenue from the sale of goods is recognized when the significant risks & rewards of ownership of the goods are transferred to the customers and is stated net of rebates/trade discounts and is inclusive of excise duty.

(b) Interest

Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

(c) Dividend

Dividend income is recognized if the right to receive the payment is established by the Balance Sheet date.

9. Retirement and Other Employee Benefits

(a) Short Term Employee Benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

(b) Post-Employment Benefits

(i) **Defined Contribution Plans:** The State governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.

(ii) **Defined Benefit Plans:** The employee's gratuity fund scheme managed by Trust/LIC is the Company's defined benefit plan. Wherever applicable, the present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognized immediately in the Profit & Loss Account.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on the net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognized as expense on a straight-line basis over the average period until the benefits become vested.

(c) Long Term Employee Benefits

The obligation for long term employee benefits such as long term compensated leaves or encashment of leaves accrued up to specified period only at the time of retirement are recognized in the similar manner as in the case of defined benefit plans as mentioned in (b) (ii) above.

(d) Entitlements to annual leave, casual leave and sick leave are recognized when they accrue to the employees. Sick leave and casual leave can only be availed while earned leave can either be availed or

encashed subject to restriction on the maximum number of accumulation of leaves. The Company determines the liability for such accumulated leaves using the projected unit credit method with actuarial valuation being carried out at each Balance Sheet date in the similar manner as in the case of defined benefit plans as mentioned in (b) (ii) above.

10. Research and Development Expenditure

Revenue expenditure on research and development is charged under respective heads of account in the year in which it is incurred. Capital expenditure on research and development is included as part of fixed assets and depreciated on the same basis as other fixed assets.

11. Amortisation of Expenses

Deferred Revenue Expenses are written off over a period of five years.

12. Taxes on Income

Tax expenses comprise of current tax, deferred tax and fringe benefit tax.

Current tax and fringe benefit tax is measured at the amount expected to be paid in accordance with the provisions of the Income Tax act, 1961.

Deferred tax is the effect of timing differences, being the difference between taxable incomes and accounting income that originates in one period and is capable of reversal in one or more subsequent periods. On prudent grounds, deferred tax liabilities, when they arise, are provided without any exceptions but deferred tax assets are calculated on the accumulated timing differences at the end of the year and are based on tax rates and laws in force on the balance sheet date and are recognized and carried forward only to the extent that there is a reasonable certainty of realization against future taxable income.

Minimum Alternative Tax ("MAT") paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an Asset if there is convincing evidence that company will pay normal tax in future. MAT Credit entitlement can be carried forward and utilized for a specific period as prescribed under law from the year in which the same is availed. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the company and the asset can be measured reliably.

13. Leases

- (i) Assets acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.
- (ii) Assets taken on lease under which lessor effectively retains all significant risks & rewards of ownership have been classified as operating lease. Lease payments made under operating lease are recognized as expense in the profit & loss account on straight line basis over the primary term of the lease as mentioned in the lease agreement on accrual basis.
- (iii) Assets leased out under operating leases are capitalized. Rental income is recognized on accrual basis over the lease term.
- (iv) Initial direct costs relating to assets given on finance leases are charged to Profit and Loss Account.

14. Provisions and Contingencies

Provisions are recognized when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate Asset, only when such reimbursement is virtually certain. Contingent Liabilities are disclosed after an evaluation of the facts and legal aspects of the matters involved. Contingent Assets are neither recognized, nor disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet.

15. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets. Actual results could differ from those estimates. Any revision to accounting estimate is recognized prospectively in the current and future periods.

16. Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

17 Earnings per Share

In determining earnings per share, the Company considers the net profit after tax and includes the post-tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

18. Cash Flow Statements

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

19. Accounting for Interest in Joint Venture

Interest in Joint Ventures are accounted as follows:-

- (i) Income on investments is recognized when the right to receive the same is established.
- (ii) Investment in such Joint Ventures is carried at cost after providing for any permanent diminution value.

20. Intangible Assets and Amortization

Intangible Assets & related expenditure are recognized as specified in Accounting Standard-26 on "Intangible Assets" issued by the Institute of Chartered Accountants of India and accounted for as under :-

- The cost of Paper Brand acquired comprises its purchase price, including any duties and other taxes (other than those subsequently recoverable by the enterprise from the taxing authorities) and any directly attributable expenditure on acquisition of same. The same has been amortized over a period of 10 years subsequent its purchase.

B. Notes

1. Claims/demands against the company not acknowledged as debts and against which no provision has been made aggregated to Rs. 10,61,41,071/- (Previous Year Rs. 10,43,64,569).
2. Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March, 2009 amounted to Rs. 9,98,58,972/- (Previous Year Rs. 38,01,86,764/-).
3. Borrowing costs amounting to Rs. 6,62,09,921/- (Previous Year Rs. 2,44,12,855) attributable to acquisition and construction of fixed assets has been capitalized during the year.
4. The company has given a corporate guarantee of Rs. 720 lacs in favour of the State Bank of India (SBI) in consideration of their granting credit facilities of Rs. 720 lacs (term loan of Rs. 520 lacs and working capital facilities of Rs. 200 lacs) to M/s Greencone Environs Pvt. Ltd. for setting up of a Lignin Precipitation System "LPS

Project" at Sailakhurd for which the company is contingently liable. The working capital facilities were not availed by the company. The outstanding term loan as on 31.03.09 is Rs. 234.62 lacs.

5. There are no Micro, Small and Medium Enterprises to whom the company owes dues which are outstanding for more than 45 days as on the Balance Sheet date. The information required to be disclosed under the Micro, Small & Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the company. Accordingly information as required under Micro, Small & Medium Enterprises Development Act, 2006 (MSMED), has not been provided.
6. The Auditors have issued letters of confirmation in duplicate to major debtors, creditors, depositors & others for confirming their balances. Balance confirmations have been received from major parties, except some parties whose outstanding are not material and some of whom are in dispute and/or under litigation with the Company. The balances of such parties have been incorporated in the financial statements at the value as per the books of account. The company, to the extent stated, has considered them as good and necessary provisions have been made in respect of debtors/advances under litigation and where recovery is considered doubtful.
7. The company has a joint venture with M/s Granit Recherche Developpement S.A. of Switzerland for treatment of black liquor through a process "Lignin Precipitation System (LPS)" plant in joint venture Company (hereinafter referred as JV) under the name and style of "M/s Greencone Environs Pvt. Ltd.", Chandigarh-India. The company has invested a sum of Rs. 1,29,83,000/- towards equity (49.62%) and given an unsecured loan of Rs 5,99,99,725/- as on 31.03.2009. Pursuant to Accounting Standard (AS) 27 - Financial Reporting on interest in Joint Venture, the disclosures relating to the joint-venture viz., M/s Greencone environs Pvt. Ltd. are as follows:
 - (a) The proportion of interest of the Company in the JV is by way of equity participation to the extent of 49.62%;
 - (b) The aggregate amount of assets, liabilities, income and expenses relating to the company's interest in the JV as on 31st March, 2009 are as follows:

Sr. No.	Particulars	31.03.2009 (Un-audited)	31.03.2008* (Audited)
1.	Assets	7,13,45,195/-	7,86,44,529/-
2.	Liabilities	8,88,47,420/-	8,99,05,899/-
3.	Income	1,42,27,954/-	1,92,85,988/-
4.	Expenses	2,04,68,810/-	2,27,19,132/-

*Audited figures have been substituted.

- (c) The company's share of capital commitment in the JV as on 31st March, 2009 is Rs. Nil (previous year Rs. Nil).
- (d) The company's share of contingent liabilities of the JV as on 31st March, 2009 is Rs. Nil (previous year Rs. Nil).
- (e) There was no contingent liability outstanding as on 31st March, 2009 in relation to the company's interest in the JV alongwith the co-venturer.

8. Related Party Disclosure

A. Related Parties

- (i) Key Managerial Personnel
 - Mr N K Bajaj, Chairman & Managing Director
 - Mr Pavan Khaitan, Managing Director
- (ii) Associate Companies
 - M/s Amrit Corp Ltd (ACL)
 - M/s Amrit Banaspati Company Ltd (ABCL)
 - M/s Esteem Finventures Ltd (Esteem)
 - M/s Greencone Environs Pvt Ltd (Greencone)
- (iii) Entities/Parties over which key managerial personnel are able to exercise significant influence
 - M/s Pooja Gases Pvt Ltd
 - M/s Pushpak Finvest Pvt Ltd
 - M/s United Holding Pvt Ltd
 - Mrs Aparna Khaitan

B. Transactions with Related Parties

(Rs. lacs)

	Type of Transaction	ACL		Esteem		ABCL		Greencone		Key Managerial Personnel		Entities over which significant influence is exercised	
		2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
(a)	Goods/ materials/ spares issued	-	-	-	-	-	-	213.67	209.22	-	-	-	-
(b)	Payment of interest on Unsecured Loan	11.00	2.89	-	-	24.21	20.50	-	-	-	-	-	-
(c)	Rent received	-	-	-	-	-	-	0.41	0.41	-	-	-	-
(d)	Expenses recovered	-	0.19	-	-	-	1.06	10.06	8.82	-	-	-	-
(e)	Expenses reimbursed/Payment made	18.10	20.94	1.25	-	1.00	-	-	-	-	-	-	-
(f)	Advances/ loans repaid	-	-	-	-	50.00	-	-	-	-	-	-	-
(g)	Advances/ loans taken	-	100.00	-	-	-	50.00	-	-	-	-	-	135.00
(h)	Advances / Loan Given	-	-	-	-	-	-	140.00	63.00	-	-	-	-
(i)	Advances / Loan Recovered	-	-	-	-	-	-	268.30	75.00	-	-	-	-
(j)	Sale of Paper	-	-	-	-	0.32	-	-	-	-	-	-	-
(k)	Remuneration of key managerial personnel	-	-	-	-	-	-	-	-	100.32	88.83	-	-
(l)	Assets purchased/ leased	-	-	1.25	-	-	-	-	-	-	-	-	-
(m)	Issue of shares	-	-	-	-	-	-	-	-	-	-	-	-
(n)	Expenses paid (BPO/ GCO services)	157.02	117.98	-	-	-	-	-	-	-	-	-	-
(o)	Royalty for use of brand name/ logo	175.94	-	-	-	-	-	-	-	-	-	-	-
(p)	Transaction under de-merger	-	-	-	-	-	-	-	-	-	-	-	-
(q)	Common expenses paid	-	39.31	-	-	-	-	-	-	-	-	-	-
(r)	Dividend paid	71.50	25.96	17.54	10.53	-	-	-	-	-	-	-	-

Balance as on 31st March, 2009

(i)	Unsecured Loan taken	100.00	100.00	-	-	191.32	241.32	-	-	-	-	95.00	135.00
(ii)	Debtors/ receivables	-	-	-	-	-	-	600.00	504.16	-	-	-	-
(iii)	Creditors/ Payables	45.50	1.45	-	-	-	-	-	-	-	-	-	-
(iv)	Investments/ Advances against subscription	-	-	-	-	-	-	129.83	129.83	-	-	-	-

9. Segment information

The Company's activities are covered in only one business segment i.e. manufacturing and selling of Writing & Printing Paper and therefore no segment information for the year ended 31st March, 2009 is required to be given.

10. Fixed Assets acquired under finance lease

Disclosure in respect of assets taken on lease under Accounting Standard AS - 19 "Accounting for Leases" issued by the Institute of Chartered Accountants of India.

(1) General description of the finance lease

The Company has entered into finance lease arrangements for vehicles. Some of the significant terms and conditions of such leases are as follows:

- Renewal for a further period on such terms and conditions as may be mutually agreed upon between lesser and the company.
- Assets to be purchased by the company or the nominee appointed by the company at the end of the lease term.
 - i) Vehicles in Fixed Assets Schedule 'E' - include assets acquired under finance lease arrangements, the details of which are given below:

	2008-09 (Rs.)	2007-08 (Rs.)
Carrying amount as on 31 st March, 2009		
Gross book value as at the beginning of the year	46,86,403	28,40,051
Less: Accumulated Depreciation	7,00,250	3,36,091
Net book value	39,86,153	25,03,960
Additions during the year	30,57,341	18,46,352
Depreciation for the year on such assets	6,81,302	3,64,159

Particulars	2008-09			2007-08		
	Total	Future finance charges	Present value of minimum lease payments at the balance sheet date	Total	Future finance charges	Present value of minimum lease payments at the balance sheet date
Total minimum lease payments at the Balance Sheet date	48,90,802	7,48,304	41,42,498	35,73,250	5,82,225	29,91,025
Not later than one year	19,78,700	4,03,648	15,75,052	12,26,316	2,52,944	9,73,372
Later than one year but not later than five years	29,12,102	3,44,656	25,67,446	23,46,934	3,29,281	20,17,653
Later than five years	-	-	-	-	-	-

11. The deferred tax liability comprises the following:

	Opening Balance as at 01-04-08	Charge During the Year	Credit During the Year	(Rs. lacs) Closing Balance as at 31-03-09
(a) Deferred Tax Asset				
- Unabsorbed Depreciation/ carry forward of business	-	-	-	-
- Income tax disallowances	10.90	3.61	-	7.29
- Related to fixed assets	-	-	-	-
- Provision for doubtful debts	7.02	-	9.80	16.82
	<u>17.92</u>	<u>3.61</u>	<u>9.80</u>	<u>24.11</u>
(b) Deferred Tax Liability				
- Related to fixed assets	448.93	581.91	-	1030.84
	<u>431.01</u>	<u>585.52</u>	<u>9.80</u>	<u>1006.73</u>

12. Earning per share

	2008-09	(Rs.) 2007-08
Profit after taxation as per profit & loss account	13,75,60,878	12,27,73,744
Less: Preference dividend including tax thereon*	16,37,930	16,37,930
Profit attributable to equity shareholders	13,59,22,948	12,11,35,814
Weighted average number of equity shares outstanding	87,26,363	87,26,363
Basic earnings per share in rupee (face value - Rs.10 per share)	15.58	13.88
Diluted earnings per share in rupee (face value - Rs.10 per share)	15.58	13.88

*It includes Rs. 2.38 lacs (Rs.2.38 lacs) dividend tax on dividend on Preference Share

13. Employee Benefits

(a) Defined Contribution Plans

The Company has recognized the contribution/liability in the Profit & Loss Account for the financial year 2008-09.

(b) Defined Benefit Plans & Other Long Term Benefits

The following disclosures are made in accordance with AS 15 (Revised) pertaining to Defined Benefit Plans and Other Long Term Benefits:

	2008-09		2007-08	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded Plan	Non-Funded Plan	Funded Plan	Non-Funded Plan
Amount recognized in Balance Sheet				
Present value of funded obligations	151.82	-	127.91	-
Fair value of plan assets	(137.58)	-	(66.68)	-
Present value of unfunded obligations	-	39.43	-	36.58
Unrecognized past service cost	-	-	-	-
Net Liability/(Assets)	(14.24)	(39.43)	(61.23)	(36.58)

Amount in Balance Sheet				
Liability	14.24	(39.43)	61.23	(36.58)
Assets	-	-	-	-
Net Liability/(Assets)	14.24	39.43	61.23	36.58
Expenses recognized in the Profit & Loss Account				
Opening defined benefit obligation less benefits paid				
Current service cost	10.71	7.01	11.95	12.57
Interest on defined benefit obligation	5.33	-	8.67	-
Expected return on plan assets	(4.39)	-	(5.02)	-
Net actuarial losses/(gain) recognized in the year	43.53	2.86	10.07	(0.79)
Past service cost	Nil	-	Nil	-
Losses/(gains) on "Curtailements and Settlements"	-	-	3.99	-
Total, included in "Employee Benefit Expense"	55.18	9.87	29.66	11.78
Actual return on plan assets	4.39	-	4.15	-
Reconciliation of benefit obligations and plan assets for the period				
Change in defined benefit obligation				
Opening defined benefit obligation	127.91	36.58	108.38	28.84
Current service cost	10.71	7.01	11.95	12.57
Interest cost	5.33	-	8.67	-
Actuarial losses/(gains)	19.53	-	9.20	(0.79)
Liabilities extinguished on curtailments				
Liabilities extinguished on settlements				
Liabilities assumed on acquisition				
Exchange difference on foreign plans				
Benefits paid	(11.66)	(4.14)	(10.29)	(4.04)
Closing defined benefit obligation	151.82	39.43	127.91	36.58
Change in fair value of assets				
Opening fair value of plan assets	66.68	-	62.69	-
Expected return on plan assets	4.39	-	5.02	-
Actuarial gain/(Losses)	0.05	-	(0.87)	-
Assets distributed on settlements				
Contributions by employer	78.12	-	10.13	-
Assets acquired due to acquisition				
Exchange difference on foreign plans				
Benefits paid	(11.66)	-	(10.29)	-
Closing fair value of plan assets	137.58		66.68	
Assets information				
Category of assets				
Government of India Securities	45.26%		40.19%	
State Govt. securities	20.02%		24.48%	
Corporate Bonds	31.33%		34.87%	
Special Deposit Scheme	0.25%		0.46%	
Equity shares of listed companies	2.26%		-	
Property	-		-	
Insurer Managed Funds	-		-	
Others	0.85%		-	
Grand Total	100%		100%	
Summary of the actuarial assumptions				
Discount rate	8.0%		8.0%	8.0%
Expected rate of return on assets	8.0%		8.0%	Nil
Future salary increase	3.0%		5.50%	5.50%

Notes

- (a) The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors.
- (b) The liability towards the earned leave for the year ended 31st March, 2009, based on actuarial valuation amounting to Rs. 9.87 lacs has been recognized in the profit & loss account.
- (c) The fair value of plan assets is Rs. 137.58 lacs which have been maintained with LIC/ trust governed by Amrit Corp. Ltd. (Erstwhile Amrit Banaspati Co. Ltd. before scheme of arrangement) and will be transferred to the LIC.

14. Information pursuant to clause 32 of the listing agreement with stock exchanges

Loans and advances in the nature of loans to associates/companies: (Rs. lacs)

	2008-09	2007-08
Greencore Environs Pvt. Ltd.	600.00	504.16

The above loans/advances are in the nature of unsecured loans, interest free and repayable as per terms of agreement.

15. Managerial Remuneration

Directors' Remuneration: (Rs.)

	2008-09	2007-08
Remuneration paid to Chairman & Managing Director and Managing Director		
- Salary	70,08,000	65,28,000
- Contribution to Provident Fund	5,25,600	4,89,600
- Perquisites	3,08,684	2,26,211
- Commission	21,90,000	16,38,731
	1,00,32,284	88,82,542
- Directors' Sitting Fees	4,05,000	3,31,925
Total	1,04,37,284	92,14,467

Computation of Net Profit under Section 349 in pursuant to Schedule XIII of the Companies Act, 1956 & determination of maximum amount of Managerial Remuneration

	2008-09	2007-08
Profit Before tax as per Profit & Loss account	21,00,47,196	18,44,20,801
Add : Managing Director's Remuneration & Commission	1,00,32,284	88,82,542
Add : Director's Fees	4,05,000	3,31,925
Add : Loss on sale of fixed asset	24,959	82,819
Add : Depreciation, obsolescence and amortisation charged to accounts	7,93,91,239	5,24,11,060
Add : Provision for diminution in value of Investments	-	-
Add : Provision for doubtful debts	28,82,316	8,00,878
Add : Profit on sale of fixed assets as per Section 349 of the Companies Act	-	-
(Net of Capital Profits)	9,27,35,798	6,25,09,224
	30,27,82,994	24,69,30,025

Less : Profit on sale of fixed assets as per Profit & Loss Account (Net)	-		-
Less : Profit on sale of Long-Term Investments (Net)	-		-
Less : Depreciation & obsolescence as per Section 350 of the Companies Act	7,93,91,239		5,24,11,060
Less : Depreciation on Leased assets	-		-
		7,93,91,239	5,24,11,060
Profit under Section 349 of the Companies Act, 1956		22,33,91,755	<u>19,45,18,965</u>
Within limit of Commission @ 1% of the above Net profit to the Chairman & Managing Director and the Managing Director for each restricted to 50% of the salary		21,90,000	16,38,731

The aforesaid remuneration to the Chairman & Managing Director and Managing Director is the minimum remuneration as approved by the shareholders.

16. The previous year's figures have been regrouped/re-arranged, wherever necessary, to make them comparable with the figures for the current year.

SCHEDULE " P" ADDITIONAL INFORMATION UNDER PARAGRAPHS 3 & 4 OF PART 2 OF SCHEDULE VI OF THE COMPANIES ACT, 1956 FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2009

1. DETAILS OF CAPACITIES, PRODUCTION, STOCKS & SALES

Capacity & Production

	Qty Unit	CAPACITY		PRODUCTION			
		Licensed		Installed*		Actual	
		31.03.09	31.03.08	31.03.09	31.03.08	31.03.09	31.03.08
Paper	MT	NA	NA	50,000	50,000	54,277	50,286

*The installed capacities are as per certificates given by the factory managers

Stocks of Finished Products & Sales

(Qty in MT/Value Rs. lacs)

	Stock of Finished Products				Sales	
	Opening		Closing		Qty	Value
	Qty	Value	Qty	Value		
Paper						
2008-09	NIL	NIL	NIL	NIL	54,277	20,917.92
2007-08	NIL	NIL	NIL	NIL	(50,286)	(18,486.21)

2. DETAILS OF RAW MATERIAL CONSUMED

	QUANTITY (MT)		VALUE (Rs. lacs)	
	2008-09	2007-08	2008-09	2007-08
	i) Straw, Grass & Others	72557	63943	3596.69
ii) Stores, Spares Part, Chemicals & Others	-	-	5298.14	5872.12

3. VALUE OF MATERIALS CONSUMED

(Rs. lacs)

	Indigenous	%age	Imported	%age	Total	%age
	i) Straw, Grass & Others					
2008-09	2783.50	77.39	813.19	22.61	3596.69	100.00
2007-08	2369.34	74.48	811.94	25.52	3181.28	100.00
ii) Stores, Spare parts, Chemicals & others						
2008-09	5245.79	99.01	52.35	0.99	5298.14	100.00
2007-08	5858.69	99.77	13.43	0.23	5872.12	100.00

4. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. lacs)

A. Value of import on CIF basis	2008-09	2007-08
Capital goods	1633.74	1285.51
Raw Material	754.92	808.37
Spares/Stores	40.40	13.43
B. Earning in foreign Exchange		
Exports on FOB basic	73.62	64.38
C. Expenditure in Foreign Exchange		
Traveling	15.86	10.70
Total	2518.54	2182.39

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

I Registration Details

Registration no.	111223
State Code	55
Balance Sheet	31 st March '2009

II Capital Raised during the year ended 31st March, 2009

Rupees '000

Public Issue	-
Right Issue	-
Bonus Issue	-
Private Placement/Scheme of Arrangement	-
Total	-

III Position of Mobilisation and Deployment of Funds as at 31st March, 2009

Total Liabilities	22,99,292
Total Assets	22,99,292

Sources of Funds

Paid up Capital	1,07,264
Reserves & surplus	4,69,900
Secured Loans	13,21,623
Unsecured Loans	2,99,833
Deferred Tax Liability	1,00,673
Total	22,99,292

Application of Funds

Net Fixed Assets	20,48,704
Investments	12,983
Net Current Assets	2,37,605
Total	22,99,292

IV Performance of Company for the year ended 31st March, 2009

i) Turnover - net of excise (sale of products and other income)	19,82,453
ii) Total Expenditure	17,72,406
iii) Profit/(Loss) before Tax	2,10,047
iv) Profit/(Loss) after Tax	1,37,561
v) Earning per Share (see rule 2) (face value Rs. 10/-) Rs	15.58
vi) Dividend Rate (%)	25%

V Products of the Company

Generic name of principal products/services of the company

Item code No.	Product Description
4802 57 90	Paper

Note

The above particulars should be read alongwith the balance sheet as at 31st March, 2009, the Profit & Loss Account for the financial year ended on that date and the Schedules forming part thereof.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	2008-09	(Rs. lacs) 2007-08
(A) Cash flow from operating activities		
Profit before taxes	2,100.47	1,844.21
Add:		
Depreciation	793.91	524.11
Loss on sale of fixed assets	0.25	0.83
Profit on sale of fixed assets	(7.49)	-
Interest Paid	1,040.72	452.24
Dividend/interest	(14.61)	(16.60)
Operating profit before working capital	3,913.25	2,804.79
Adjustments for:		
Trade & Other receivable	(208.70)	248.77
Loans & Advances	(180.22)	(755.74)
Inventories	(69.83)	(562.81)
Trade Payable	132.87	138.31
	(325.88)	(931.47)
Cash generated from operating activities	3,587.37	1,873.32
Less :		
Direct Tax paid	(249.57)	(300.46)
MAT Credit	100.43	-
Net Cash generation from operating activities	3,438.23	1,572.86
(B) Cash Flow from investing activities		
Purchase of Investments	-	-
Dividend/interest income	14.61	16.60
Purchases of Fixed Assets	(3,856.72)	(5,275.16)
Sale of Fixed Assets	9.84	0.77
Sale of Investments	-	-
Increase in work in progress	(2,653.54)	(3,623.18)
Net cash used in investing activities	(6,485.81)	(8,880.97)
(C) Cash flow from financing activities		
Proceeds from share capital	-	-
Issue of prefrance share capital	-	-
Redumption of prefrance share capital	-	-
Proceed from borrowing of working capital	(14.10)	276.45
Repayment of secured loans	(770.92)	(523.20)
Proceeds from secured loans	4,589.12	7,083.77
Proceeds from unsecured loans	624.07	1,081.53
Interest Paid	(1,057.06)	(457.11)
payment of dividend (incl. corp. tax)	(271.61)	(143.16)
Net Cash used in financing activities	3,099.50	7,318.28
Net increase/decrease in cash & cash equivalent	51.91	10.17
Cash & cash equivalent as at 31-03-08 (Opening)	68.27	58.10
Cash & cash equivalent as at 31-03-09 (Closing)	120.18	68.27

Note: Figures in minus represent cash outflow & vise versa

For V SAHAI TRIPATHI & Co
Chartered Accountants

Mahesh Sahai
Partner
M.No. 006730

N K Bajaj
J K Khaitan

G N Mehra
K R Ramamoorthy
Mohit Satyanand
A K Bajaj
V K Bajaj
Ashutosh Khaitan
J C Rana

Chairman & Managing Director
Vice-Chairman

Directors

Pavan Khaitan
Roshan Garg
Vivek Trehan

Managing Director
Chief Financial Officer
Company Secretary

Place : New Delhi
Dated : July 30, 2009

Regd Office : M2 Akarshan Bhawan 4754/23 Ansari Road Darya Ganj, New Delhi 110 002

12th Annual General Meeting, Friday, the 25th September, 2009 at 11.30 am
at National Cooperative Union of India (NCUI) Auditorium, August Kranti Marg, New Delhi - 110 016

REGD. FOLIO No./CLIENT ID :

DP ID No. :

NAME :

ADDRESS :

If Joint Holder is attending :
(Full name in block letters)

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.
I hereby record my presence at the 12th Annual General Meeting of the Company.

NAME OF THE SHAREHOLDER/PROXY (IN BLOCK LETTERS)

Signature of the Shareholder or Proxy



Regd Office : M2 Akarshan Bhawan 4754/23 Ansari Road Darya Ganj, New Delhi 110 002

PROXY FORM

I/We _____
of _____ being a member/members of ABC Paper Ltd hereby
appoint _____ of _____
in the district of _____
or failing him _____ of _____
in the district of _____
as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the Annual General Meeting of
the Company to be held on 25th September, 2009 at 11.30 am at National Cooperative Union of India (NCUI)
Auditorium, August Kranti Marg, New Delhi - 110 016 and at any adjournment thereof.

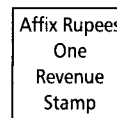
Signed this day of 2009

Regd. Folio/Client ID No. :

DP ID No. :

No. of Shares :

Signature



Note : The Proxy must be deposited at the Shares Department of the Company at Regd. Office : M2 Akarshan Bhawan 4754/23 Ansari Road Darya Ganj, New Delhi 110 002 not less than 48 hours before the time for holding the meeting.

THE PROXY NEED NOT BE A MEMBER

Our
MISSION

Achieving excellence and consistency in quality;

Preserving environment;

**Operating in a cost economic manner with focus
on productivity and growth;**

Ensuring total satisfaction of the customer;

**Enhancing values to shareholders, employees
and associates;**

thereby

Attaining supremacy in the industry.

