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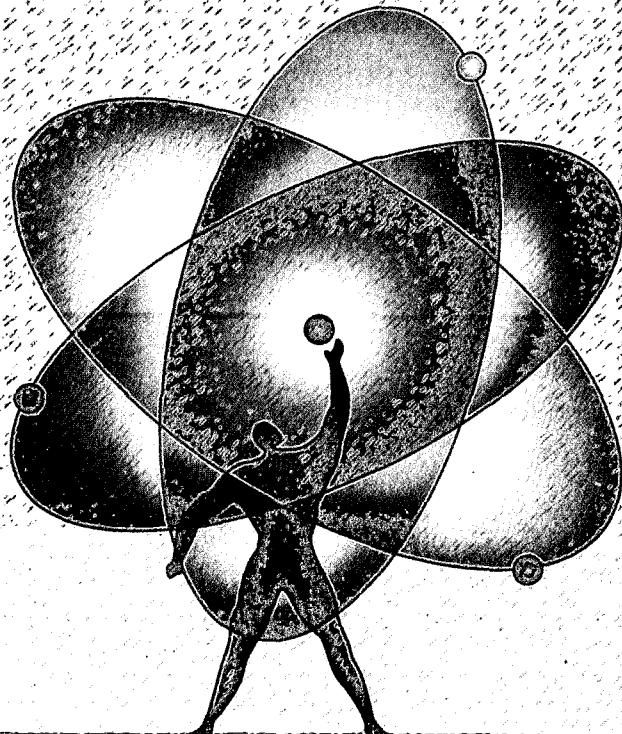
One of India's largest speciality
paper manufacturers.

next

Higher productivity and
profitability

HOW

Enhance production. Reduce costs.
Widen reach. Enrich product mix.



Yash Papers Limited • Annual report, 2008-09



IN FOND MEMORY

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

CORPORATE INFORMATION

Board of Directors

Mr. G. Narayana, *Chairman*
Mr. Ved Krishna, *Managing Director*
Mr. K.D. Pudumjee, *Director*
Mr. R.N. Chakraborty,
Executive Director
Mrs. Manjula Jhunjhunwala, *Director*
Mr. G.N. Gupta, *Director*
Dr. P. Banerjee, *Director*
Mr. Yash Krishna, *Director*
Mrs. Sheetal Jhunjhunwala,
Alternate Director to Yash Krishna
Mr. Basant Khaitan, *Director*
Mr. Ramesh Narayan, *Director*

Bankers

State Bank of India
Oriental Bank of Commerce

Auditors

Kapoor Tandon & Co.
Chartered Accountants
Kanpur

Registered office

47/81, Hatia Bazar, Kanpur 208001

Works and corporate office

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

Registrar and share transfer agent

Skyline Financial Services Pvt. Ltd.
246 1st Floor, Sant Nagar, East of
Kailash, New Delhi 110065
Phone: 011-26292680/31/32/33
Fax: 011-26292681
Email: admin@skylinerta.com

HERE IS WHAT YOU WILL FIND INSIDE THIS ANNUAL REPORT.

Where we are going next

Yash Papers is an attractive industry proxy – Message from the Chairman, page 2 onwards

Yash Papers is at the take-off stage thanks to its ability to look into the future – Q&A with the Managing Director, page 4 onwards

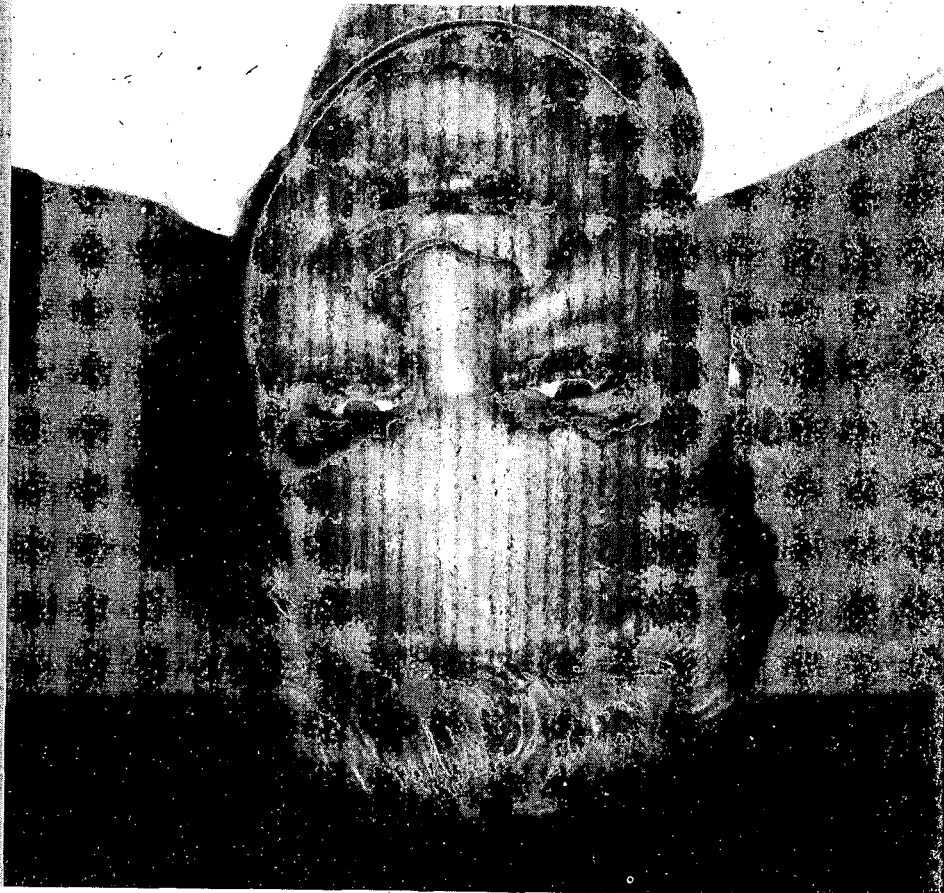
Statutory statements

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FROM THE DESK OF THE CHAIRMAN

THE YEAR 2008-09 WAS THE FIRST FULL YEAR OF OPERATION FOR THE AMBITIOUS EXPANSION PROGRAMME WE UNDERTOOK IN 2005, WHICH WAS REFLECTED IN A SIGNIFICANT TURNOVER INCREASE FROM ABOUT RS. 45 CR (12 MONTH BASIS) TO RS. 88 CR.



The Company also enhanced capacity utilisation to over 62% for PM III and 76% on an overall basis. Our power plant, pulp mill and chemical recovery systems also worked well in 2008-09.

The management team led by the Managing Director Mr. Ved Krishna, a committed leader, is enthusiastic about the Company's profitability and sustainable growth, which will result in better valuations.

The following initiatives have been planned for 2009-10:

- Stabilise quality at PM III. Experts have been identified and involved
 - Enhance productivity at PM III.
- Numerous initiatives are in process

- Reduce quality rejections and finishing losses and reduce downtime through implementation of TPM
- Increase net sales realisations of all paper varieties. The Company has targeted higher value segments and is developing qualities accordingly
- Reduce energy consumption. The Company is undergoing an energy audit and plans to implement numerous tasks that emerge
- Reduce reliance on purchased pulp by establishing a wood fibre line
- Enhance sale of pulp
- Develop paper grades in another mill
- Initiate a Voluntary Emission Reduction (VER) programme in addition to its

registered Certified Emission Reduction (CER) project

- Explore possibilities to establish a specialised coating line
- Observe all policies and actions to integrate ethics, energy, excellence, economy and ecology

I am sure that these initiatives will lead us to a momentous year in 2009-10.

We are thankful for the support and confidence of all our stakeholders.

Sincerely,

G. Narayana, *Chairman*

The Company has targeted

HIGHER VALUE

segments and is developing qualities accordingly

next



YASH PAPERS IS FOCUSED ON ENHANCING PROFITABILITY.

"GROWING VOLUMES AND HIGHER AVERAGE REALISATIONS SHOULD TRANSLATE INTO A RS. 125 CR TOPLINE IN 2009-10. COST OPTIMISATION AND A VOLUME-VALUE PRODUCT MIX SHOULD GENERATE A 10% NET MARGIN. THIS WILL SET THE FOUNDATION FOR ENHANCED SHAREHOLDER VALUE."

Ved Krishna, Managing Director, Yash Papers Limited, indicates how 2008-09 should be seen as a turning point in the Company's existence

Q. How would you describe the Company's performance in 2008-09?

A. Even though Yash Papers reported a net loss of Rs. 2.15 cr in 2008-09, we would be inclined to consider this financial year as a watershed in our existence for an important reason: the optimisation of paper machine III (PM III) and allied utilities.

Q. Why was this an important development?

For years, we were completely dependent on bagasse as our principal raw material. However, owing to huge swings in national cane production, bagasse cost management became a challenge, threatening our business plans. The result was that on a number of occasions, the management focus would be completely diverted from locating new markets or creating new products or enhancing value to sourcing bagasse at the lowest cost.

In such an environment, the PM III did not come a day too soon. We are passing through challenging times from a cane perspective; India's cane output declined from 30.60 million tonnes in 2006-07 to 24.80 million tonnes in 2008-09 while Yash Papers' PM III has been configured

to consume non-bagasse-based raw material like straw and softwood. Although we face initial challenges in making the transition, once stabilised, this switch will help us source raw material cheaper than bagasse and report a higher yield. So what we achieved in 2008-09 will represent the foundation for profitably sustainable growth.

Q. What were the highlights of the Company's working in 2008-09?

A. The Company performed creditably in reporting a 62% capacity utilisation from its PM III in the first full year of operation. The PM III production of 14,297 MT in 2008-09 was almost equivalent to the cumulative output of PM I and PM II (15,454 MT). In other words, we compressed the achievement of 24 years and two machines into three years and one machine.

There was another creditable achievement. We commenced our 130-TPD pulp mill, caustic recovery plant and 6-MW cogeneration plant. The combined effect of the integration was reflected in the numbers: manufacturing expenses, power and fuel costs and employee charges declined to 16.20% from

19.02%, 18.45% from 21.49% and 5.55% from 8.60% respectively, during the period.

Q. How did the Company strengthen its product appeal?

A. We moved closer to customer developments through an understanding of the precise paper specifications required by each, so that any conversions required on the customer's end could be carried out with ease. In 2008-09, we exported nearly 4.95% of our production with correspondingly attractive realisations. Aggregate sales and net sales realisations of paper surged 61% and 26% respectively, vindicating market selection.

Q. How do you explain the mismatch between the Company's pulp and paper capacities?

A. We invested in enhanced pulp capacity to provide for prospective paper capacity expansions. In the last year, we marketed 405 MT of pulp in the open market with an average per tonne realisation of Rs. 19,404 in 2008-09. Not only did this line of business contribute to the total income from operations in 2008-09 but, going ahead, pulp sales will enhance our total income and stabilise our cash flow, until

The Company performed creditably in reporting a 62% capacity utilisation from its PM III in the first full year of operation. The PM III production of **14,297 MT** in 2008-09 was almost equivalent to the cumulative output of PM I and PM II (15,454 MT).

such time when we expand our paper capacity and consume all the pulp within.

Q. What challenges did the Company counter in 2008-09?

A. Any transition creates teething issues and the switch from bagasse to straw and soft pulpwood was no different. In addition to this switch, the scaling to a state-of-the-art pulp mill and advanced paper machine led to process disruptions. At such junctures, even a minor variation in yield – difference between input and output – can be the difference between profits and losses. Since we were dealing with a completely different fibre source, our R&D had to be done onsite with some low-cost modifications in assets and processes. I am pleased to state that we were able to bring yields to manageable levels in late 2008 going up to the first half of 2009.

During this phase, paper quality declined. We resisted making distress sales that could potentially have eroded our brand. Today, I am happy to state that we have stabilised our operations based on the new fibre sources and expect to enhance yield by 300–400 basis points in 2009-10.

Q. How do you read the Indian

paper market?

A. The economic downturn has not affected India as much as large developed economies. With a surge in global commodity prices during the first half of 2008-09, our cost of operations went up, driving paper prices up by 10–20%. However, despite a moderation in key raw material resource costs, paper prices, particularly those required for packaging and speciality paper grades, held firm owing to robust demand. With the FMCG and pharmaceutical industries remaining largely insulated from the slowdown, the paper demand from these sectors and realisations remained strong and in some grades, actually strengthened. Overall, speciality paper prices remained firm even as commodity realisations declined in 2008-09. It is expected that almost 600,000 TPA of writing and printing paper will come on stream in 2009-10, creating temporary oversupply. Since we are not present in these segments, we expect to remain insulated.

On the pulp side, the demand–supply mismatch continues, strengthening pulp prices. Consequently, a number of paper manufacturers are looking to diversify their sourcing from virgin fibre towards agro-based alternatives. However, the high

switchover cost – equipment and credit – is deterring.

Q. How is Yash Papers managing under the circumstances?

A. At Yash Papers, we were proactive in selecting to manufacture niche varieties relatively insulated from commodity end vagaries. With a swift changeover from bagasse to straw – now 90% of our total fibre intake – we have not only protected ourselves from unavailability and price volatility, but also saved ourselves from bagasse inventory costs arising from its seasonal availability. By the virtue of our location in east Uttar Pradesh, we enjoy adequate access to wheat straw and bamboo sources.

Q. What is the outlook for 2009-10 and beyond?

A. At Yash Papers, we are focused on products that fetch us the highest value and the largest volumes, reflected in the following initiatives:

- Commission a coating line at our Faizabad facility by October 2009 for the manufacture of special coated varieties. At a near 100% capacity utilisation, this asset has the potential to contribute 25% to our bottomline in 2009-10 based on a

mere five months of operations. The unit will also enhance realisations to around Rs. 70,000 per tonne

- Lease a 500-TPM poster paper capacity from a proximate manufacturing unit. The arrangement will comprise the supply of pulp converted into poster paper at the vendor's end. This initiative will enable us to maximise the incremental availability of pulp for conversion into products, fetching the highest possible realisations. The output will be marketed under the Yash brand and will provide us with a least-cost option of accelerating our entry into the market and strengthening our market share

- Undertake a number of energy optimisation programmes leading to a 10% reduction in the average per unit energy cost by the close of 2009-10

- Strengthen plantation activities by extending cultivation across 4,000 hectares in 2009-10

- Reinforce our manufacturing and operational excellence culture using tools such as TPM and other self-developed systems for the establishment of required skill sets, training and development of our people

- Enlist for voluntary emission reductions (VER) and hired Deloitte to assist us in

this regard. VERs are carbon credits developed by carbon offset providers, which are not certified. Although certification of carbon credits (Certified Emissions Reductions) are backed by an international framework and institutions – for example the UN's Clean Development Mechanism – voluntary offset schemes can be defined as those generating GHG emission reductions not required by Kyoto Protocol's derived regulation. Through these schemes, industries and individuals voluntarily compensate their emissions or provide an additional contribution to mitigating climate change. Together with the CERs, we expect to derive almost Rs. 3 cr free cash flow from this at the end of 2009-10

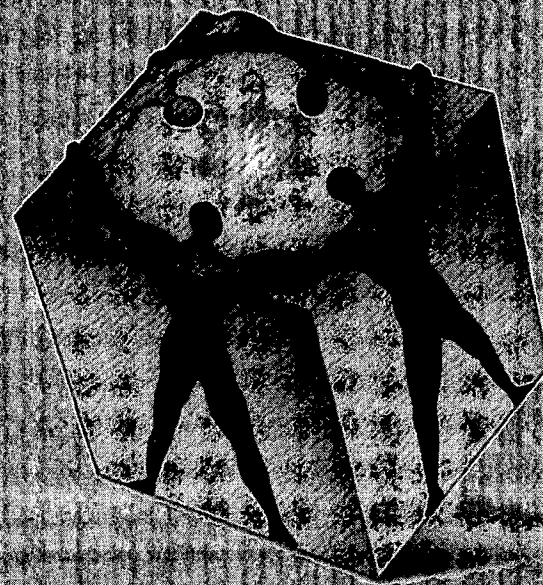
- Explore the feasibility of consuming bamboo pulp to mitigate our dependence on softwood pulp, which witnessed price fluctuations. This will enable us to capitalise on lower forex exposure, lower raw material cost and bamboo availability.

- Strengthen our caustic recovery from 88–91%, resulting in better environment management

- Strengthen our capacity utilisation from 76% to around 80%, spreading overheads across a larger production

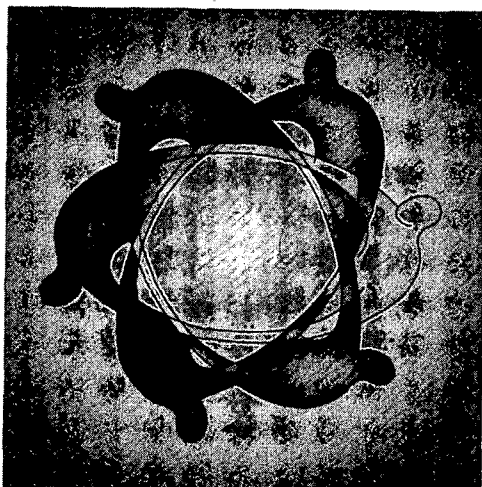
Q. How will this translate into the numbers for 2009-10 and beyond?

A. We expect to achieve a topline of Rs. 125 cr in 2009-10. With the adoption of cost optimisation programmes and the flexibility to produce higher value kraft output from PM I and PM II and high-value poster paper from PM III, we expect to turn in a net profit margin of 10%. This should drive our EPS to Rs. 5 in 2009-10, building a strong case for the re-rating of our stock market price at the close of 31st July, 2009 at Rs. 5.20.



OUR MEASURES TO COUNTER THE SLOWDOWN

- Squeeze more cash from the system
- Enter into long-term raw material sourcing contracts
- Enhance production and capacity through de-bottlenecking
- Invest in innovation to facilitate our products performance on the customer's production machines
- Invest in new products that enhance realisations and returns



Global paper and board industry

Overall, the global paper industry degrew 1.8% in 2008-09 compared with the previous year, while the paper market in developed countries grew 2% during the same period. The economic crisis affected global paper demand, moderating realisations from a high of USD 1,000 per tonne to USD 750 per tonne in 2008-09. Demand growth was stagnant in the US, Europe and Japan, while it remained vibrant in Latin America, Commonwealth of Independent States (CIS) and Asia. The growing popularity of electronic communication modes affected paper demand (primarily cultural paper), while packaging paper found increasing preference over plastic in the industrialised world. Traditional paper manufacturing destinations – the US, Canada and Scandinavia – gradually yielded ground to emerging hubs like Brazil, India, Chile, Indonesia and China.

European Union: The Euro zone reported a moderate GDP growth of 2% in 2008, with a large proportion emanating from the first half of the year under review. During the last quarter of calendar year 2008, the Euro zone

witnessed the maximum impact of the economic downturn with GDP in Euro countries declining 0.7%. Forecasts suggest continued weakness with the probability of subdued recovery in 2010.

The big story in Europe in 2008 was an across-the-board moderation in paper and pulp production, depressing capacity utilisation. The temporary and permanent reductions in production capacity improved demand-supply balances, a scenario witnessed in newsprint, magazine and coated fine papers. Some of the larger paper producers in the region sought to retain discipline on the supply side with aggressive curtailments or complete capacity closures.

The ensuing hike in realisations, though moderate, offset losses arising out of low capacity utilisation levels to some extent. Indications suggest that this will remain the core strategy in 2009 as well. While these actions will make it possible for the industry to return to a natural demand-supply equilibrium, once demand recovers a sudden ramp-up might not be immediately possible, creating a drag on operating profits and the occurrence of notional losses. Large-scale consolidation failed to materialise

in Europe in 2008. Consequently, aggregate paper and pulp trading volumes declined 10% from 2007 to 2008.

United States of America: The United States of America was perhaps the worst affected in the financial crisis. US GDP growth slowed from 2.1% in 2007 to 1.1% in 2008 with a significant decline in the second half. The fourth quarter experienced contraction at an annualised rate of as much as 6.3%. In addition to sluggish domestic demand, the economic downturn caused US producers to face a marked drop in demand from not only the US but also from emerging markets leading to a corresponding decline in exports.

As in Europe, many US paper and pulp companies reduced or shifted capacity to lower-cost destinations. According to the American Forest and Paper Association (AF&PA), one of the oldest and most respected major trade groups, American paper and pulp reported an overall capacity reduction of 0.8% for 2008; paper and paperboard capacity contracted by a significant 7.3% since its peak witnessed in 2000.

Recently, the American paper and pulp industry focused upon a provision of the

US tax laws that provides tax refunds and credits for alternative energy production. A number of paper manufacturers that consumed bio-fuel (black liquor) became eligible for credits; estimates suggest that the industry might receive as much as USD 6 billion in tax credits from the US government by the end of 2009. Through this initiative, a number of papermakers already collected millions of dollars in the first few months of 2009. According to Hawkins Wright, an independent British consultancy providing a range of strategic, forecasting, market intelligence and business information services to the international forest products industries, credit is projected at around USD 125-150 per tonne of paper produced. This could have a major impact on the relative competitiveness of producers based or operating in the US in the short-term before the credit ends in 2009.

Japan: Japan's GDP growth shrunk from 2.4% in 2007 to negative 0.6% in 2008. The country's economy was one of the hardest hit by the global decline; in the fourth quarter of 2008-09 it contracted at a massive rate of 12.1%, indicating Japan's worst economic performance in 35 years. Japanese paper producing companies are expected to enhance their export focus on other markets in Asia and Oceania as a way to cope with the

domestic malaise.

Latin America: Latin America's fortunes were dependent upon its neighbours. Tight financial conditions and weaker external demand impeded growth in the region. Mexico slid into a recession in 2008, while growth in Brazil decelerated. Pulp markets closed 2008 in an oversupply situation despite market curtailments, indicating a high level of mismatch between demand and supply. The performance of Latin American paper and pulp companies is unlikely to show major improvement until pulp demand and prices pick up. Assets visualised in the heydays are set to come on stream in 2009 and this is expected to grow supply even further, leading to enhanced cost pressures. As such, only players with high operating efficiency levels are expected to survive the slump.

Asia: The emerging markets of Asia, primarily led by India and China, are strongly dependent on manufacturing exports, which suffered owing to the global slowdown. Although the overall Asian GDP growth of around 8% for 2008 was the highest in the world, it represented a significant drop from 2007's strong performance. China's GDP growth slowed from 13% in 2007 to 9% in 2008 while forecasts for 2009 anticipate a further growth decline.

China continued to face fibre deficits during 2008. If secondary fibre sources are excluded, China meets only around half of its demand for virgin fibre from domestic sources. In the second half of 2008, Chinese demand for imported pulp did not track domestic or global demand for paper. Reports suggest that in addition to stockpiling in order to take advantage of lower pulp prices, some papermakers have been substituting imported pulp for lower quality domestic sources of wood and non-wood pulp, now that doing so has become cost-competitive. In recent years, China rapidly expanded paper producing capacity, but some construction activity, expansions and investments were postponed in the wake of weakened demand-led growth expectations.

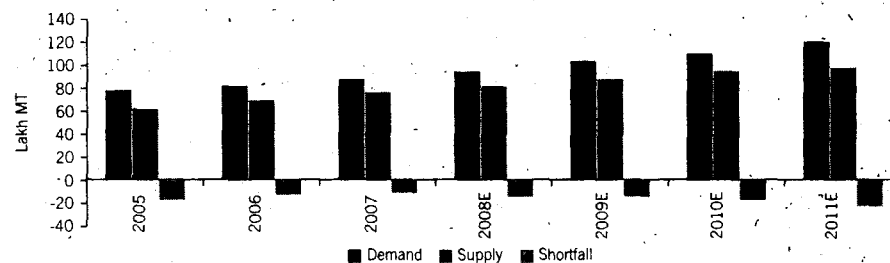
Indian paper industry

The Indian paper industry witnessed steady demand growth and a rise in paper

prices in 2008-09. India is perhaps one of the few markets that witnessed an increase in pulp and paper prices, reflecting a relatively vibrant economy. A growth in paper prices also offset a rise in operating costs, led by an increase in pulp, waste paper and energy costs.

Paper and paperboard demand is expected to grow steadily at an 8% CAGR over the next two years. In the writing and printing (W&P) segment, demand is expected to grow at a 5.6% CAGR on the back of faster growth in copier and coated paper, expected to grow at 13% and 8%. A sustained growth in consumer packaging is likely to result in demand CAGR of 6.5% over the next two years in the paperboard segment. Newsprint demand is expected to grow at a 6.6% CAGR during the same period owing to a decline in advertising revenues (Source: CRISIL Research).

Paper industry demand expected to grow at a CAGR of 8% during 2007-11E



Source: CMIE, RBI Annual reports, Media reports, Karvy estimates

Pulp and wastepaper prices, driven by slowdown in global demand, are expected to decline in 2009-10 and 2010-11 as compared with 2008-09. With most of the players having expanded capacities leading to supply exceeding demand over the next two years, this decline in raw material prices will have to be passed on to consumers, leading to a fall in paper

prices and consequently, only manufacturers with lean cost and operating structures will reap the maximum benefit.

The Indian paper industry accounts for about 1.6% of the world's paper and paperboard production. The industry is estimated turnover is around Rs. 25,000 cr (USD 5.32 billion) and its contribution

to the exchequer is around Rs. 2,918 cr (USD 0.62 billion). The industry employs over 1.2 lakh people directly and another 3.4 lakh indirectly (Source: *Economic Times*, January 2009).

The country's per capita paper consumption was around 7.2 kg in 2008 and is expected to reach 8.3 kg, 8.8 kg, 9.4 kg and 10 kg in 2008, 2009, 2010

and 2011, respectively: Growing thrust on the education sector, increasing literacy rate, strengthening demand for enhancing brand/ corporate visibility and rising demand for high-quality paper are driving growth in this sector. The increasing use of paper bags over their plastic equivalent is also contributing towards this growth.

Paper demand

	2005	2006	2007	2008 (E)	2009 (E)	2010 (E)	2011 (E)
Per capita consumption of paper (kg)	7	7.3	7.8	8.3	8.8	9.4	10.0
Growth in per capita consumption (percent)		4.2	6.2	6.5	6.5	6.5	6.5
Indian population (mn)	1,096	1,114	1,131	1,147	1,164	1,182	1,199
Growth (percent)		1.6	1.5	1.5	1.5	1.5	1.5
Total paper demand (mn MT)	7.7	8.1	8.8	9.5	10.2	11.1	12.0
Growth (percent)		5.8	7.8	8.1	8.1	8.1	8.1

Source: Census of India 2001, National Sample Survey Organisation (NSSO), Indian Paper Manufacturers Association (IPMA), Karvy estimates

The country's installed paper manufacturing capacity is expected to increase from 9 million tonnes today to 11.2 million tonnes by 2010.

Demand drivers for paper

Education reforms: The Indian government's emphasis on education will stimulate writing and printing paper demand. Benefits are expected to be felt over the long-term as a significant proportion of the earmarked educational

investments will flow towards infrastructure development. The educational segment accounts for around 30% of the writing and printing paper demand. The government increased budgetary allocations for the education sector by 20% from Rs. 28,674 cr in 2007-08 to Rs. 34,400 cr in 2008-09.

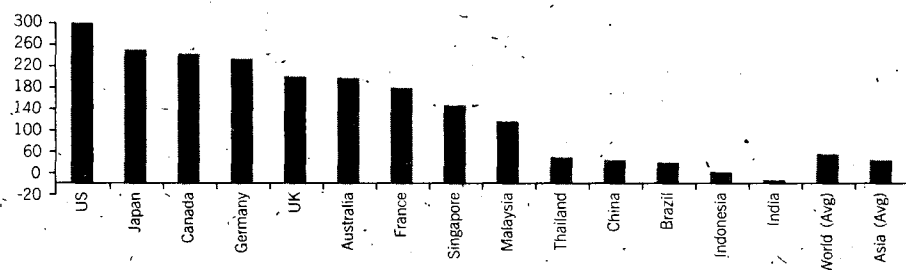
Growing literacy: Increasing literacy levels – from 57.9% in 1999 to 73% in 2008 – fuelled domestic paper consumption. The

country's average literacy level is expected to grow from around 70% to over 75% in 2011-12, urban literacy growing to nearly 90% and the rural literacy catching up to 69%. Consequently, India's paper consumption is expected to grow to over 14 million tonnes by 2020 (Source: Indian Paper Manufacturers' Association).

Low per capita consumption: Even within Asia, India's per capita consumption rate of around 8 kg is one of the lowest

compared with Japan's 250 kg, Korea's 170 kg, China's 45 kg and Indonesia's 22 kg. The global per capita consumption is around 56 kg whereas Asian average is pegged at 46 kg. We believe that there is substantial growth potential for domestic paper consumption in India. The increasing per capita income and social development in terms of increased education levels is expected to boost the country's paper consumption.

Per capita consumption (in kg)



Source: Company, KSBL estimates

Export opportunity: The export opportunity for Europe and United States of America is declining owing to higher growth in Asian paper production. Consequently, Asian manufacturers, particularly from China and India, have started entering western markets. The Asian players are enjoying lower manufacturing costs over their western counterparts owing to a lower labour cost. This is creating intense competition in the global paper market. The European industry has been dismantling overcapacity by shutting down unprofitable mills. The Indian paper manufacturers also possess a cost advantage owing to the adequate availability of human resources at competitive prices. Moving ahead, there is scope for increasing export of writing and printing paper and a variety of speciality papers from India.

Packaging drive: India's Rs. 8,000-cr packaging industry grew at 10–15% over the last few years. India is expected to emerge as a global packaging outsourcing hub with sectoral growth expected to be 10–12%. Although certain alternative packaging materials are available, paper packaging has grown steadily. Strong growth of end-user industries like pharmaceuticals, textiles and other industrial products is expected to drive the packaging paper segment as well. Kraft paper is expected to grow at 7.7%, while duplex board is expected to grow at nearly 10%, going ahead. The proliferation of malls, departmental stores and modern retail formats will drive paper-based innovative packaging solutions.

Urbanisation: India's growing urbanisation (350-million strong middle class) and the

desire to adopt advanced gadgets is expected to grow the USD 16-18 billion domestic white goods industry to USD 360 billion by 2015. This industry requires innovative packaging, driving

duplex board demand. Innovative branding exercises will also boost packaging; as more consumers go for branded goods, demand for duplex boards is expected to grow.

Grade-wise demand forecast in India

('000 tonnes)

Variety	2006-07	2007-08	2008-09
Writing and printing paper	2,419	2,555	2,701
Uncoated paper	2,075	2,182	2,296
Coated paper	344	373	405
Industrial paper	3,841	4,100	4,379
Kraft	2,110	2,263	2,427
MG poster	310	315	320

Source: CRIS INFAC

India's Rs. 8,000-cr packaging industry grew at 10-15% over the last few years. India is expected to emerge as a global packaging outsourcing hub with sectoral growth expected to be

10-12%.

Outlook

The Indian paper industry is in the midst of a transformation with major capital expenditure (capex) underway. Most players are committing large amounts in investment, focusing on the following:

improving operational efficiencies through rightsizing pulping capacities, brown-field capacity expansions, backward integration into captive power and an adherence to pollution norms through enhanced chemical recovery.

Aggregate demand for various paper grades in India ('000 tonnes)

Newsprint	1,400	2,000	
Printing and writing paper	3,200	4,000	5,200
Carton boards	1,400	1,800	2,400
Container boards	1,900	2,500	3,800
Other grades	400	600	800
Total	8,300	10,900	17,600

Source: Poyry

Internal controls

Yash Papers is adequately equipped with an extensive system of internal control procedures to safeguard assets against loss arising out of illegal use or disposal. The ERP software enables quick information dissemination for strengthened decision-making, enhancing integrated pan-organisational functionality. The internal control systems are also devised to ensure the reliability, transparency and accuracy of all financial records and statements. An internal audit team regularly liaises with all management tiers and statutory auditors and forwards all significant issues to the Audit Committee of the Board. All issues raised by the internal audit are being suitably addressed and rectified.

Cautionary statement

Statements in the Management discussion

and analysis (MDA) describing the Company's objectives, projections, estimates and expectations and may be 'forward-looking statements' within the meaning of the 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 demand-supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent development, information or events.

**STATUTORY
SECTION**

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the 28th Annual Report together with the audited Statements of Accounts of your Company for the financial year ended 31st March, 2009.

Financial results

During the financial year 2008-09, the operations of your Company resulted in the following:

(Rs. In lacs)

	Year ended 31.03.2009	Period ended 31.03.2008
Net Sales	8363.54	5149.00
Other Income	420.69	287.34
Increase and decrease in stock in trade	(34.88)	260.08
Total expenditure :	7278.91	4899.04
Interest	1140.08	787.71
Depreciation	629.22	543.71
Profit before tax	(298.86)	(539.03)
Provision for taxation		
- Current Tax	5.00	9.50
- Deferred Tax	(88.91)	(224.30)
Net Profit (Net Loss)	(214.95)	(324.23)

Dividend

In view of loss, the Board of Directors regret their inability to recommend any dividend for this year.

Operations

Your Company has achieved a production of paper and saleable pulp of 31,206 MT and sales of 31,011 MT during the year ended 31st March, 2009 against a production of 24,966 MT and sales of 23,966 MT in the previous period ended 31st March, 2008. The Company achieved a gross turnover of Rs.88.01 crores in the current year against Rs.56.57 crores in the previous period.

The figures for the previous period are for 15 months and therefore are not comparable with the figures of the current year.

Reserves as on 31st March, 2009 stood at Rs.12.15 crores as compared to Rs.14.09 crores of the preceding period ended on 31st March, 2008. In view of the loss no amount was transferred to the General Reserve.

Export

The Company exported 1472 MT of paper during the year ended 31st March, 2009 against 17.5 MT during the previous period ended 31st March, 2008.

Insurance

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

Utilisation of preferential issue proceeds

The Company has converted 14,34,500 preferential warrants of Rs.11 each into 14,34,500 equity shares of Rs.10 each at a premium of Rs.1 out of remaining 21,00,000 preferential warrants allotted to M/s Sargam Exim Private Limited, an associate Company of Promoters' Group. A sum of Rs. 142.02 lacs was raised through the aforesaid preferential issue and the entire proceeds were utilized to part finance the value addition and cost escalation of the project and working capital requirements.

Project

The power plant became operational in March, 2007. The commercial production of Paper

Machine 3 was started in June, 2007. The Soda Recovery Plant became operational in October, 2007.

Project cost has again surged by Rs.70 lacs, from Rs.11385 lacs to Rs.11455 lacs excluding margin for working capital, due to cost overrun and value additions made in the project which was financed by way of issue of preferential warrants / shares, internal cash accruals and sundry creditors.

Issue of share warrants and conversion into equity shares

The Company converted 19,00,000 preferential warrants (10,00,000 preferential warrants converted on 31st March, 2007 and 9,00,000 preferential warrants converted on 24th March, 2008) of Rs.11 each into 19,00,000 equity shares of Rs.10 each at a premium of Rs.1 out of 40,00,000 warrants allotted on 23rd March, 2007. The Company has again converted 14,34,500 preferential warrants of Rs.11 each into 14,34,500 equity shares of Rs.10 each at a premium of Re.1 on 16th September, 2008. The said equity shares are listed on the Bombay Stock Exchange Limited, Mumbai, while the listing approval of the U. P. Stock Exchange Association Limited, Kanpur is still pending.

Outlook

We expect to achieve a highest topline of Rs. 125 crores in 2009-10. With the adoption of aggressive cost optimisation programmes and the flexibility to produce higher value kraft output from PM I and PM II and high-value poster paper from PM III, we expect to turn in a net profit margin of 10 percent. This will drive our EPS to Rs 5 in 2009-10, thereby building a strong case for the re-rating of our stock (market price at the close of 28th July, 2009 (Rs. 5.22).

Accordingly, your Directors are reasonably confident of achieving much better results in the year 2009-2010

Human resource and welfare

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

Fixed deposits

The Company was holding an aggregate sum of Rs.177.26 lacs on account of deposits from the public, employees, directors and shareholders as on 31st March, 2009. 17 depositors did not claim their deposits amounting to Rs.9.81 lacs which matured during the previous years.

Directors

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

Directors' responsibility statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, with respect to the Directors Responsibility Statement, the Directors hereby state and confirm:

1. That in the preparation of annual accounts, applicable Accounting Standards have been followed;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 and of the loss of the Company for the year ended on that date;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the annual accounts on a going concern basis.

Statement pursuant to listing

The equity shares of the Company are listed on the U. P. Stock Exchange Association Limited, Kanpur and Bombay Stock Exchanges Limited, Mumbai. The listing fees have been paid for the Financial Year 2008-2009. The Company proposes to delist its shares from U. P. Stock Exchange Association Limited, Kanpur.

Transfer to Investor Education and Protection Fund (IEPF)

Dividend declared for the year 2001-02 is due for transfer to Investor Education and Protection Fund on 25th August, 2009 and after transfer no claim shall lie against the fund by the investor.

Corporate governance

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

Other information

The particulars under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are given in Annexure and form part of this report.

None of the employees covered under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 has gross receipt of Rs.24,00,000 per annum or Rs.2,00,000 per month.

Mrs. Shailja Krishna, relative of Director, is proposed to be appointed to hold an office or place of profit as Vice President-HR and Legal with effect from 1st October, 2009 on monthly remuneration not exceeding Rs. 50,000 as may be decided by the Board from time to time within the aforesaid limit.

Auditors' observations

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

1. Note no. B-2 (a) of Schedule-17 regarding pending litigation in respect of Trade Tax and Excise Duty and non provision of demands in respect thereof.
2. Note no. B-19 of Schedule-17 regarding income of Rs. 294.75 Lacs from Certified Emission Reductions (CERs) accrued for the year ended 31st March, 2009.
3. Note no. B-20 of Schedule-17 regarding non provisioning of Loss of Rs. 131.12 Lacs in respect of disputed Derivative (Structured USD/CHF Option) transaction.

The comments of the Board are as below:

1. The Company is confident of favourable disposal of pending appeals, hence no provision is required at this stage.
2. A sum of Rs. 294.75 lacs (Rs. 118.07 lacs) has been recognised as income accrued for the year ended 31st March, 2009 based on Agreement (Emission Reduction

Purchase Agreement) with Belgian State for sale of CERs (Certified Emission Reductions) generated from the 6MW Co-generation Power Plant Project registered as CDM (Clean Development Mechanism) with UNFCCC (The United Nations Framework Convention on Climate Change).

3. The Company has disputed a Derivative transaction (Structured USD/CHF Option) entered into with ICICI Bank Ltd. Accordingly, Loss of Rs.55.84 Lacs on account of unwinding charges (partial unwinding), Rs.64.12 Lacs on account of 'Mark to Market' valuation of outstanding exposure and Rs.11.66 Lacs on interest accrued on above; aggregating to Rs.131.12 Lacs has not been provided. On the basis of legal opinion no provision has been considered necessary by the management. However the same has been disclosed as contingent liability in Note no. B-2(d) of Schedule 17.

Auditors

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

Listing on stock exchanges

The Company's equity shares are currently listed on the U. P. Stock Exchange Association Limited, Kanpur and Bombay Stock Exchange Limited, Mumbai. The Company has paid the requisite listing fees to the stock exchange for the financial year under review.

Acknowledgements

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

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

For and on Behalf of the Board

Camp : New Delhi
Date : 29th July, 2009

G. Narayana
Chairman

ANNEXURE TO DIRECTORS' REPORT

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

1. Conservation of energy

(A) Energy conservation measures taken

- i Minimization of water consumption
- ii Installation of energy efficient drive at paper machine
- iii Installation of energy efficient lights
- iv Installation of capacitors to increase power factor
- v Conducting in-house energy audit and rationalization of motors.

(b) Additional investment and proposals, if any, being implemented for reduction

of consumption of energy

- i Installation of energy efficient machines
- ii Installation of natural light and air ventilators
- iii Installation of energy efficient drives and motors in new project
- iv Installation of capacitors to increase power factor
- v Installation of flash team recovery system
- vi Replacement of existing cooling tower fans by energy efficient fans

(C) Impact of the measures of the above

The implementation of the above measures for energy conservation by the Company will result in power & fuel saving and improvement in productivity.

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

I. Power and fuel consumption

	Current Year	Previous Period
(a) Electricity		
(i) Purchased Unit (lakhs)	Nil	Nil
Total Amount (Rs.in lakhs)	Nil	Nil
Rate / Unit (Rs.)	Nil	Nil
(ii) Own generation		
Through Diesel Generator		
Unit (lakhs)	0.39	3.53
Unit per litre of Diesel Oil	4.09	3.35
Cost / Unit (Rs.)	8.29	8.35
Through Steam Turbine		
Unit (lakhs)	474.87	373.81
Unit per MT of fuel (Paddy husk)	632	639
Cost / Unit (Rs.)	2.21	2.62
Note: *Steam Turbine is extraction cum condensing type hence fuel allocation is on estimated basis.		
(b) Coal Quantity (MT)	Nil	Nil
(c) Furnace Oil Quantity (Kilo litre)	Nil	Nil
(d) Others		
(i) Paddy Husk Quantity (MT)	75138.00	58531.00
Total Cost (Rs.in lakhs)	1220.45	991.28
Average Rate (Rs.)	1624.00	1694.00
(ii) Bagasse/ Pith Quantity (MT)	4802.00	8911.00
Total Cost (Rs.in lakhs)	25.20	52.41
Average Rate (Rs.)	525.00	588.00

II Consumption per unit of production of paper

	UOM	Current Year	Previous Period
Electricity	Units	1522*	1500*
Furnace Oil	Litre	Nil	Nil
Coal	MT	Nil	Nil
Paddy Husk	MT	2.80**	2.37**
Bagasse Pith	MT	0.17**	0.28**

* Inclusive of consumption for operation of turbine equipments.

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

2. Technology absorption

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

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

R & D centre is doing research in non-wood fibers under guidance of consultants.

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

Enhancement in quality and reduction in cost.

(C) Future plan of action

To strengthen and continue improvement in quality through improvement of process control systems to reduce process time & wastage. To develop new grades of paper.

(D) Expenditure on R & D

(Rs. in lacs)

	Current Year	Previous Period
(i) Capital		0.74
(ii) Recurring	6.61	3.33
(iii) Total	6.61	4.07
(iv) Total R & D Expenditure as a percentage of total turnover	0.08	0.07

(E) Technology absorption, adaptation and innovation

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

Installation of pulp cleaning equipment

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

Improvement in existing process and product quality, performance, productivity and cost reduction.

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

None

3. Foreign exchange earnings and outgo

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

The Company has continued thrust on exports.

(B) Total foreign exchange used and earned

i. Used	Rs.10,09,21,571
(Including Interest-Rs.54,27,829 on FCNRB loan taken from SBI as part of working capital limits.)	
ii. Earned	Rs.5,50,51,529

For and on Behalf of the Board

Camp : New Delhi

Date : 29th July, 2009

G. Narayana
Chairman

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy of Code of Governance

The Company's philosophy on Corporate Governance is to conduct its affairs in a manner, which is ethical and transparent with all stakeholders in the Company, including shareholders, suppliers, customers, the government, employees, and lenders and to the society in general. The Company conducts its affairs in compliance with all regulatory and policy requirements as well as industry ethical guidelines.

2. Board of Directors

The Board of Directors of the Company comprise half of the Non-executive and Independent Directors the Non-Executive Chairman, Managing Director, one Wholetime Director, seven Non-Executive Directors and one Non-Executive Alternate Director. Hence, the composition of the Board is in conformity with the Listing Agreement, as not less than fifty percent of the total strength of the Board consists of Non-Executive Directors and one-third of the Board comprises Independent Directors (as the Chairman is Non-Executive).

2.1 Composition and category of Directors are as follows

Serial number	Name of Director	Category	Designation
1	Mr. Ved Krishna	Promoter, Executive, Non-Independent	Managing Director
2	Mrs. Manjula Jhunjunwala	Promoter/ Non-Executive Director	Director
3	Mr. Yash Krishna	Promoter/ Non-Executive Director	Director
4	Mr. R. N. Chakraborty	Non-Promoter, Executive Director	Director
5	Mr. G. Narayana	Non-Promoter, Non-Executive, Independent Director	Chairman
6	Mr. G. N. Gupta	Non-Promoter, Non-Executive, Independent Director	Director
7	Dr. P. Banerjee	Non-Promoter, Non-Executive, Independent Director	Director
8	Mrs. Sheetal Jhunjunwala	Non-Promoter, Non-Executive, Independent Director	Alternate Director to Mr. Yash Krishna
9	Mr. Ramesh Narayan	Non-Promoter, Non Executive, Independent Director	Director
10	Mr. Basant Kumar Khaitan	Non-Promoter, Non-Executive, Independent Director	Director
11	Mr. K. D. Pudumjee	Non-Promoter, Non-Executive, Independent Director	Director

For information of the members there were no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company.

2.2 Board meetings/Annual General Meeting

During 2008-09, six Board meetings were held on 26th April, 2008, 26th July, 2008, 16th September, 2008, 26th September, 2008, 31st-October, 2008 and 31st January, 2009. The Annual General Meeting was held on 26th September, 2008.

Attendance of each Director, at the Board meetings and at the last Annual General Meeting is furnished hereunder.

Name of Directors	Board meetings		Last Annual General Meeting attended
	Held	Attended	
Mr. G. Narayana	6	5	Yes
Mr. Ved Krishna	6	6	Yes
Mrs. Manjula Jhunjunwala	6	5	Yes
Mr. R. N. Chakraborty	6	6	Yes
Mr. G. N. Gupta	6	5	Yes
Dr. P. Banerjee	6	5	Yes
Mr. Yash Krishna	6	-	No
Mrs. Sheetal Jhunjunwala (Alternate Director to Mr. Yash Krishna)	6	3	Yes
Mr. Ramesh Narayan	6	4	Yes
Mr. Basant Kumar Khaitan	6	1	No
Mr. K. D. Pudumjee	6	4	No

2.3 Number of Directorship(s) and Chairmanship(s)/Committee Membership(s) of each Director in public limited companies other than in Yash Papers Limited

Name of Directors	Directorships held in other companies		Committee membership held in other companies	
	As Director	As Chairman and Director	As Member	As Chairman and member
Mr. Ved Krishna	Nil	1	Nil	Nil
Mrs. Manjula Jhunjunwala	1	Nil	Nil	Nil
Mr. G. N. Gupta	2	2	1	Nil
Mr. G. Narayana	2	2*	3	Nil
Dr. P. Banerjee	Nil	Nil	Nil	Nil
Mr. R. N. Chakraborty	Nil	Nil	Nil	Nil
Mr. Yash Krishna	Nil	Nil	Nil	Nil
Mrs. Sheetal Jhunjunwala	3	Nil	Nil	Nil
Mr. Ramesh Narayan	Nil	Nil	Nil	Nil
Mr. Basant Kumar Khaitan	15	1	3	Nil
Mr. K. D. Pudumjee	1	Nil	Nil	Nil

*Mr. G. Narayana holds the position of Chairman Emeritus in one of the companies and does not hold the position of director.

3. Audit Committee

In Compliance with Clause 49 of Listing Agreement and as per the requirement of Section 292A of the Companies Act, 1956, an Audit Committee was constituted.

The Audit Committee comprises four Independent Non-Executive Directors and one Executive Director. The members of the Committee are well-versed in matters relating to finance, accounts, taxation, Company law and general management practices.

Terms of reference

The Audit Committee while exercising its functions has powers including but not limited to following:

1. To investigate any activity brought to the Notice of the Committee.
2. To seek information from the employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it is considered necessary.

The Audit Committee performs such additional function as would be assigned to it from time to time by the Board and in particular the following

1. Oversight of the financial reporting process and to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, reappointment and if required the replacement or removal of the statutory auditor and the fixation of the audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the financial statement before submission to the Board with particular reference to:
 - a. Matters required to be included in the Director's responsibility statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.

- d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft Audit Report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
 6. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
 7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 8. Discussion with internal auditors any significant findings and follow up there on.
 9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
 12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
 13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

During the period, four Audit Committee meetings were held on 26th April, 2008, 26th July, 2008, 31st October, 2008 and 31st January, 2009.

The composition of the Audit Committee and attendance of each member Director, at the Audit Committee meetings, during the year are as under:

Name of Director		Audit Committee Meetings	
		Held	Attended
Mr. G. N. Gupta	Chairman (Non-Promoter, Non-Executive, Independent Director)	4	4
Mr. Ved Krishna	Member (Promoter, Executive, Non- Independent)	4	4
Dr. P. Banerjee	Member (Non-Promoter, Non-Executive, Independent Director)	4	3
Mrs. Sheetal Jhunjhunwala	Member (Non-Promoter, Non-Executive, Independent Director)	4	2
Mr. Ramesh Narayan	Member (Non-Promoter, Non-Executive, Independent Director)	4	3

The Chairman of the Committee was present at the last Annual General Meeting held on 26th September, 2008.

The primary objective of the Audit Committee is to monitor and supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosures and financial reporting

4. Remuneration Committee

The Company constituted the Remuneration Committee of the Board to consider the

remuneration of the Wholetime Directors, which is a part of non-mandatory requirement of the Code. The Remuneration Committee comprises three Independent Directors viz. Mr. G. N. Gupta, Chairman of the Committee, Dr. P. Banerjee and Mr. Ramesh Narayan members of the Committee.

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

During 2008-09, no Remuneration Committee meeting was held. The composition of Remuneration Committee and attendance of each member Director at the Committee meetings during 2008-09 are as under

Name of Committee members		Remuneration Committee meetings	
		Held	Attended
Mr. G. N. Gupta	Chairman (Non-Promoter, Non-Executive, Independent Director)		
Dr. P. Banerjee	Member (Non-Promoter, Non-Executive, Independent Director)		
Mr. Ramesh Narayan	Member (Non-Promoter, Non-Executive, Independent Director)		

The details of remuneration paid to all the Directors during 2008-09 are as follows

Name of Directors	Service contract/ Notice period	Remuneration paid (in Rs.)		
		Sitting fees	Salaries, perquisites and contribution to provident fund	Total
Mr. Ved Krishna	Appointment made for three years	-	22,67,719	22,67,719
Mrs. Manjula Jhunjhunwala	Retire by rotation	30,000	4,80,000*	5,10,000
Mr. R. N. Chakraborty	Appointment made for five years	-	5,19,619	5,19,619
Mr. G. N. Gupta	Retire by rotation	28,000	-	28,000
Mr. G. Narayana	Retire by rotation	20,000	-	20,000
Dr. P. Banerjee	Retire by rotation	36,000	-	36,000
Mr. Yash Krishna	Retire by rotation	-	-	-
Mrs. Sheetal Jhunjhunwala	Alternate to Mr. Yash Krishna	16,000	-	16,000
Mr. Ramesh Narayan	Retire by rotation	22,000	-	22,000
Mr. Basant Kumar Khaitan	Retire by rotation	4,000	-	4,000
Mr. K. D. Pudumjee	Retire by rotation	16,000	-	16,000
Total		1,72,000	32,67,338	34,39,338

* Being wife of Late Mr. K. K. Jhunjhunwala, amount paid as pension in the event of his death

5. Shareholders'/Investors' Grievance Committee

In Compliance with Clause 49 of Listing Agreement, the Shareholders/ Investor Grievance Committee was constituted by the Board of Directors of the Company for speedy disposal of grievance/complaint relating to shareholders/investors

The Board of the Company constituted an Executive Committee, which, amongst others, also looks after share transfers. The Committee, inter-alia, approves issue of duplicate share certificates and oversees and reviews all matters connected with the securities transfers.

The Committee also looks into redressing of shareholders' and investors complaints on matter relating to transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends, complaints related to public issues such as refund of application money, credit of shares allotted in the client account, demat/remat, sub-division, consolidation of share certificate and issue of duplicate share certificate, among others.

The Committee looks after the performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services.

Other disclosures relating to shareholder's aspect are furnished in the shareholder information section of the Annual Report.

The constitution of the Shareholders'/Investors' Grievance Committee is as follows

Name of Committee members	Category	Number of meetings	
		Held	Attended
Dr. P. Banerjee	Chairman Non-Promoter, Non-Executive Independent Director	5	5
Mrs. Manjula Jhunjhunwala	Member Promoter, Non-Executive Director	5	5
Mr. R. N. Chakraborty	Member Non-Promoter, Independent Executive Director	5	5

Mr. Sachin Kumar Srivastava, Assistant Manager Secretarial, was appointed as the Compliance Officer of the Company w.e.f. 28th January, 2008.

The total number of complaints received during the year ended 31st March, 2009 - 12

Note: Complaints/correspondence related to public issue were considered while mentioning the number of correspondence/complaints received.

The number of complaints that were resolved to the satisfaction of the shareholders during the year ended 31st March, 2009 - 12

The number of pending complaints as on 31st March, 2009 - Nil

6. General Body Meetings

Details of the the last three General Meetings of the shareholders are as under:

Year	Day, date and time	Venue	Number of special resolution
2007-08	28th Annual General Meeting held on Friday, 26th September, 2008 at 1:00 pm	Hotel Little Chief 15/198, Civil Lines Kanpur-208001	1
2006	27th Annual General Meeting held on Saturday, 30th June, 2007 at 1:00 pm	Hotel, The Landmark, The Mall, Kanpur-208001	3
2005	26th Annual General Meeting held on Friday, 19th May, 2006 at 1:00 pm	Hotel, The Landmark, The Mall, Kanpur-208001	2

Postal ballot

None of the resolutions were put through postal ballot during the year.

7. Disclosures

a. There were no significant related party transactions during 2008-09 of material nature, with its promoters, the Directors or the management or their subsidiaries and relatives, among others, potentially conflicting with the Company's interest at large.

Related party transactions are disclosed in the notes to the accounts forming part of this Annual Report (Schedule 17).

b. The Company complied with the requirements of the stock exchanges/ SEBI/ statutory authorities on all matters related to the capital market during the last three years. There were no penalties or strictures imposed on the Company by the stock exchanges or SEBI or any statutory authority relating to the above.

c. As per Clause 49(V) of the Listing Agreement, the Chief Executive Officer i.e. Managing Director and the Chief Financial Officer certified to the Board, on their review of financial statements and cash flow statements for the financial year ended 31st March, 2009 in the form prescribed by Clause 49 of the Listing Agreement which is annexed.

d. The Company framed Code of Conduct for prevention of insider trading based on SEBI (Insider Trading). This Code is applicable to all Directors and designated employees having access to unpublished price sensitive information.

e. The Company complied with the requirements of mandatory provisions of the Corporate Governance as required under Clause 49 of the Listing Agreement and did not adopt few non-mandatory requirements thereof.

f. Currently, the Company does not have Whistle Blower policy.

8. Means of communication

Recommendation	Compliance
Quarterly results	Published in leading newspapers.
Which newspapers normally published in	Hindustan / Amar Ujala (Kanpur edition), Business Standard/ Economic Times (All editions)
Any Website, where displayed	http://www.yash-papers.com http://www.corpfiling.co.in/ http://www.sebiedifar.nic.in SEBI's EDIFAR (electronic data information filing and retrieval)
Whether it also displays official news releases and presentations made to institutional investors/ analysts	No

9. General shareholder information

1. Annual General Meeting Date and time Venue	29th September, 2009 at 1.00 pm Hotel "Little Chef", 15/198, Civil Lines Kanpur --208 001
2. Financial year	Year ending 31st March, 2009
3. Book closure date	8th September, 2009 to 29th September, 2009 (both days inclusive)
4. Dividend payment date	Dividend was not recommended by the Board
5. Listing of equity shares on stock Exchanges	1. Bombay Stock Exchange Limited, Mumbai 2. U.P. Stock Exchange Association Ltd., Kanpur
6. Payment of Annual Listing Fees to the Stock Exchanges	Listing fee was paid to the stock exchanges up to 31st March, 2009.
7. Stock Code	BSE Code - 516030
8. Market Price Data	Separately given
9. Demat ISIN Numbers of equity shares in NSDL and CDSL	INE 551D01018
10. Registrar and Share Transfer Agent	Skyline Financial Services Pvt. Ltd 246 1st Floor, Sant Nagar, East of Kailash New Delhi 110065 Phone: 011-26292680/81/82/83 Fax: 011-26292681 Email: admin@skylinerta.com
11. Share transfer system	The share transfers in physical form are presently processed and the share certificates returned within a period of 15 days from the date of receipt, if the documents being valid and complete in all respects.
12. Distribution of shareholding as on 31st March, 2009.	Separately given
13. Shareholding pattern	

Serial number	Categories of Shareholders	As on 31st March, 2009		As on 31st March, 2008	
		Number of shares	% to shares	Number of Shares	% to shares
1.	Promoters	82,03,011	34.179	67,68,511	29.995
2.	Mutual funds and UTI	1,000	0.004	1,000	0.004
3.	Banks, financial institutions	100	0.000	100	0.000
4.	Central/ state government	2,11,121	0.880	2,11,121	0.936
5.	Corporate bodies	9,90,386	4.127	15,02,693	6.659
6.	Individuals	1,44,67,456	60.281	1,39,76,186	61.936
7.	NRIs / OCBs	1,26,926	0.529	1,05,889	0.469
	Total	2,40,00,000	100.000	2,25,65,500	100.00
14.	Dematerialisation of Shares	The shares of the Company are compulsorily traded in dematerialised form. The shares are available for trading with both the depositories namely, NSDL and CDSL. As on 31st March, 2009, 2,19,01,023 equity shares were in demat form, representing 91.254% of the issued capital:			
15.	Outstanding GDR/ADR/ warrants or convertible bonds, conversion date and likely impact on equity	Nil			
16.	Plant locations	Yash Nagar, Faizabad - 224 135 (U.P.)			
17.	Addition to equity share capital during the year ended on 31st March, 2009	The Company raised its paid-up capital by Rs.1,43,45,000. The Company allotted 14,34,500 equity shares at Rs.10 each at a premium of Rs.1 on 16th September, 2008 to M/s Sargam Exim Private Limited, an associate company of promoters' group on conversion of 14,34,500 preferential warrants of Rs. 11 each out of 40,00,000 preferential warrants allotted on 23rd March, 2007.			

18. Address for correspondence Corporate office
 YASH PAPERS LIMITED
 Yash Nagar
 Faizabad -224 135 (U.P.)
 Ph. (05278) 326611-14; Fax. (05278) 258062
 E-mail : info@yash-papers.com

19: Website www.yash-papers.com

Distribution of shareholding as-on 31st March, 2009

Number of equity shares held	Shareholders		Equity share held	
	Number	% to total	Number	% to total
Upto - 500	13,304	72.24	32,00,206	13.33
501 - 1000	3,123	16.96	26,06,060	10.86
1001 - 2000	1041	5.65	16,51,862	6.88
2001 - 3000	312	1.69	8,05,998	3.36
3001 - 4000	143	0.78	5,24,888	2.19
4001 - 5000	147	0.80	7,04,386	2.93
5001 - 10000	190	1.03	14,07,963	5.87
10001 and above	156	0.85	1,30,98,637	54.58
Total	18,416	100.00	2,40,00,000	100.000

Top ten shareholders as on 31st March, 2009 (excluding promoters' group)

Serial number	Name of the shareholders	Number of shares held	%
1.	S Sathya	2,89,200	1.21
2.	Sharon Gupta	2,86,175	1.19
3.	Sangeetha S	2,61,300	1.09
4.	Hemant Kumar Gupta	2,52,943	1.06
5.	Karan Patni	1,91,179	0.80
6.	Chirayush Pravin Vakil	1,28,323	0.53
7.	Sarla Argal	1,00,000	0.42
8.	Yoganand Sinha	1,00,000	0.42
9.	Damodar Prasad Agarwal	88,473	0.37
10.	Rajesh Bajaj-HUF	77,800	0.32

Stock Prices (at Bombay Stock Exchange Ltd., Mumbai)

Month	High (Rs.)	Low (Rs.)
April 2008	9.80	7.14
May 2008	10.70	7.83
June 2008	9.99	7.50
July 2008	8.30	6.70
August 2008	8.29	7.25
September 2008	8.35	6.31
October 2008	7.23	3.81
November 2008	5.33	3.83
December 2008	5.00	3.61
January 2009	4.85	3.41
February 2009	4.40	3.16
March 2009	3.99	3.03

For and on behalf of the Board

Camp : New Delhi
 Date : 29th July, 2009

Ved Krishna
 Managing Director

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO). CERTIFICATION AS PER CLAUSE 49 (V) OF THE LISTING AGREEMENT

The Board of Directors
Yash Papers Limited

Certification to the Board Pursuant to Clause 49 (V) of the Listing Agreement

We, Ved Krishna, Managing Director and N. Venkateshwaran Raju, Chief Financial Officer hereby certify, for the financial year ending 31st March, 2009 the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that:—

1. These statements do not contain any materially untrue statement 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 affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. To the best of our knowledge and belief, no transactions entered into by the Company, during the year ended 31st March, 2009, was fraudulent, illegal or in violation of the Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls.
5. We have evaluated the effectiveness of internal control system of the Company.
6. We have disclosed to the auditor and the Audit Committee, deficiencies, of which we are aware, in the design or operation of the internal control systems.
7. We have taken the required steps to rectify these internal deficiencies.
8. We further certify that:
 - (a) There have been no significant changes in internal control during this year
 - (b) There have been no significant changes in accounting policies during this year.
 - (c) There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system.

For Yash Papers Ltd.

Ved Krishna
(Managing Director)

For Yash Papers Ltd.

N. Venkateshwaran Raju
(Chief Financial Officer)

DECLARATION BY THE CEO UNDER CLAUSE 49 I (D) OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

I, Ved Krishna, Managing Director of YASH PAPERS LIMITED, hereby confirm pursuant to Clause 49(1)(D) of Listing Agreement that :

The Board of Directors of YASH PAPERS LIMITED has laid down a code of conduct for all Board Members and Senior Management Personnel of the Company. The said code of conduct has also been posted in the Investor Relation page in the corporate website of the Company.

All the Board members and Senior Management Personnel have affirmed their compliance with the said code of conduct for the year ended 31st March, 2009.

For Yash Papers Limited

Camp: New Delhi
Date: 29th July, 2009

Ved Krishna
Managing Director

AUDITORS' CERTIFICATE

To
The Members of Yash Papers Limited

We have examined the compliance of conditions of Corporate Governance by Yash Papers Limited for the year ended 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s) in India.

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

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

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

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

For KAPOOR TANDON & Co.,
Chartered Accountants

(Rajesh Parasramka)
Partner

Membership No.74192

Camp: New Delhi
Date: 29th July, 2009

**FINANCIAL
SECTION**

Auditors' Report

To The Members of
Yash Papers Limited

We have audited the attached Balance Sheet of Yash Papers Limited as at 31st March, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the financial year ended on that date annexed thereto. These financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- e. As per the representation made by the Company and all its Directors, none of the Director is disqualified as on 31st March, 2009 from being appointed as Director under Section 274 (1)(g) of the Act.
- f. We draw reference to:
 - Note no. B-2 (a) of Schedule-17 regarding pending litigation in respect of Trade Tax and Excise Duty and non provision of demands in respect thereof.
 - Note no. B-19 of Schedule-17 regarding income of Rs. 294.75 Lacs from Certified Emission Reductions (CERs) accrued for the financial year ended March, 2009.
 - Note no. B-20 of Schedule-17 regarding non provisioning of Loss of Rs. 131.12 Lacs in respect of disputed Derivative (Structured USD/CHF Option) transaction.
- g. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Notes thereon, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - ii. in the case of the Profit and Loss Account, of the Loss of the Company for the financial year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the financial year ended on that date.

For Kapoor Tandon & Co.,
Chartered Accountants

Rajesh Parasramka
Partner

Camp : New Delhi
Date : July 29, 2009

Membership No. 74192

Annexure to the Auditors' Report

(Referred to in paragraph 2 of our report of even date on the financial statements for the financial year ended 31st March, 2009 of Yash Papers Limited)

In terms of the information and explanations given to us and also on the basis of such checks as we considered appropriate, we state that:

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- b) All the fixed have not been physically verified by the management during the financial year but there is regular programme of physical verification, which in our opinion is reasonable, having regard to the size of the Company and the nature of fixed assets. No material discrepancies have been noticed in respect of the assets physically verified during the financial year.
- c) The Company has not disposed off substantial part of fixed assets during the financial year.
- ii. a) The inventories of the Company have been physically verified by the management at regular interval during the financial year. In our opinion, the frequency of verification is reasonable.
- b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) The Company is maintaining proper records of inventories. As explained to us, the discrepancies noticed on verification were not material in relation to the operations of the Company.
- iii. a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Act.
- b) Accordingly, the provisions of clause iii. (b), (c) and (d) of the Order are not applicable to the Company.
- c) The Company has taken interest free unsecured loan from a Director during the financial year. The maximum amount and financial year-end balance of such loan was Rs. 35.00 Lacs. Further to aforesaid the Company has accepted fixed deposit from Director(s) and other parties listed in the register maintained under Section 301 of the Act. The financial year-end balance was Rs. 14.01 Lacs from 11 such parties.
- d) In our opinion, the terms and conditions on which loans have been taken are, prima facie, not prejudicial to the interest of the Company.
- e) The Company is regular in repaying the principal amount and interest.
- iv. In our opinion, there is adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. a) In our opinion, particulars of contracts or arrangements referred in Section 301 of the Act have been entered in the register required to be maintained under that section.
- b) In our opinion, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion, the Company has complied with the provisions of Section 58A and 58AA of the Act and the rules framed there under for the deposits accepted from the public.
- vii. In our, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- viii. We have broadly reviewed the books of account and records maintained by the Company pursuant to the Rules framed by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Act and are of the opinion that, prima facie, the prescribed records have been made and maintained. We have not, however, made a detailed examination of the said accounts and records with a view to determine whether they are accurate or complete.
- ix. a) According to the books and records produced and examined by us, the Company is generally regular in depositing undisputed Statutory dues including Provident Fund, Investors Education and Protection Fund, Income Tax, Sales/Trade Tax, Wealth Tax,

Service Tax, Custom Duty, Excise Duty, Cess and other material Statutory dues as applicable with the appropriate authorities and no undisputed amount payable in respect of aforesaid statutory dues were outstanding as at 31st March 2009 for a period of more than six months from the date they become payable.

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

Name of the Statute	Nature of the dues	Amount (Rs. in Lacs)	Year(s) to which relates	Forum where pending
The Central Excise Act, 1944	Penalty Duty on Sale of waste/ scrap of capital goods	0.17	1995-96	CEGAT, New Delhi
Sales Tax Laws	Purchase Tax on Paddy Husk	1.12	2003-04	Astt. Commissioner of Central Excise, Faizabad
Income Tax Act, 1961	Interest and other income earned out of public issue Assessable as Income from Other Sources	1.64	1993-94	High Court, Allahabad
		14.16	2006-07	Commissioner of Income Tax (Appeal), Kanpur

- x. The Company does not have accumulated losses. The Company has not incurred cash loss in the current financial year as well as in the immediately preceding financial period.
- xi. Based on our audit procedure and according to the information and explanations given to us by the Management, the Company has no default for the financial year ended on 31st March, 2009 in repayment of dues to financial institutions and/or banks. However interest aggregating to Rs. 103 lacs was rescheduled during the year and converted into term loan (funded interest term loans).
- xii. The Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund and nidhi / mutual benefit fund / society. Accordingly, the provisions of clause xiii of the Order are not applicable to the Company.

- xiv. The Company is not a dealer or trader in securities. Accordingly, the provisions of clause xiv of the Order are not applicable to the Company.
- xv. The Company has not given any guarantees for loans taken by others from banks or financial institution.
- xvi. The Company has not taken/availed any Term Loan during the year hence the provisions of Clause XVI of the Order are not applicable to the Company.
- xvii. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment.
- xviii. The Company has made preferential allotment of shares during the financial year to a Company covered in the register maintained under Section 301 of the Act. In our opinion the price at which shares have been issued is not prejudicial to the interest of the Company.
- xix. The Company has not issued any debentures during the financial year.
- xx. We have verified the end use of money raised through preferential issue as disclosed in Note No. 21 of Schedule 17, Notes on Accounts forming part of the financial statements.
- xxi. Based on the audit procedures performed and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the financial year.

For Kapoor Tandon & Co.,
Chartered Accountants

Rajesh Parasramka
Partner

Camp : New Delhi
Date : July 29, 2009

Membership No: 74192

Balance Sheet As at 31st March, 2009

Amount in Rupees

	Schedule		Current Year ended 31-03-2009	Previous Period ended 31-03-2008
I. SOURCES OF FUNDS				
1. Shareholders' Funds				
a. Capital	1		240,000,000	225,655,000
b. Preferential Warrant Money			-	2,310,000
c. Reserves and Surplus	2		121,520,013	140,863,286
2. Loan Funds				
a. Secured Loans	3		921,831,770	887,788,388
b. Unsecured Loans	4		20,245,504	22,226,545
3. Deferred Tax Liability (See note no. B-17 of Schedule 17)				
			9,705,000	18,596,000
Total			1,313,302,287	1,297,439,219
II. APPLICATION OF FUNDS				
1. Fixed Assets				
a. Gross Block	5		1,334,967,964	1,335,217,184
b. Less: Depreciation			257,398,306	199,167,471
c. Net Block			1,077,569,658	1,136,049,713
d. Capital Work in Progress			4,955,631	7,114,524
			1,082,525,289	1,143,164,237
2. Investments				
	6		5,935	5,935
3. Current Assets, Loans and Advances				
a. Inventories	7		178,609,749	154,923,799
b. Sundry Debtors	8		78,018,015	49,021,518
c. Cash and Bank Balances	9		14,296,171	8,136,354
d. Other Current Assets			41,282,000	11,806,500
e. Loans and Advances	10		55,565,160	66,230,705
Total 'A'			367,771,095	290,118,876
Less: Current Liabilities and Provisions				
a. Liabilities	11		136,822,101	135,819,091
b. Provisions	12		177,931	30,738
Total 'B'			137,000,032	135,849,829
Net Current Assets (A-B)			230,771,063	154,269,047
Total			1,313,302,287	1,297,439,219
Significant Accounting Policies and Notes on Accounts	17			

The Schedules referred to above form an integral part of the Balance Sheet.
As per our report of even date attached.

For Kapoor Tandon & Co.
Chartered Accountants

Rajesh Parasramka
Partner
Membership No. 74192

Camp: New Delhi
Date: July 29, 2009

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For and on behalf of the Board

Ved Krishna
Managing Director

Dr. P. Banerjee
Director

N. Venkateshwaran Raju
Chief Financial Officer

Profit and Loss Account For the year ended 31st March, 2009

Amount in Rupees

	Schedule	Current Year ended 31-03-2009	Previous Period ended 31-03-2008
1. INCOME			
a. Sales		880,116,070	565,711,181
Less: Excise Duty		43,762,399	50,811,217
			514,899,964
b. Other Income	13	42,069,040	28,733,949
c. Increase/(Decrease) in Stocks	14	(3,488,040)	26,008,480
Total 'A'		874,934,671	569,642,393
2. EXPENDITURE			
a. Raw Material Consumed	15	265,861,768	144,499,587
b. Manufacturing, Administrative, Selling and Distribution Expenses	16	576,036,634	424,175,028
c. Depreciation on Fixed Assets		62,921,980	54,870,552
Total 'B'		904,820,382	623,545,167
3. Profit/(Loss) Before Tax (A-B)		(29,885,711)	(53,902,774)
Provision for Taxation			
- Current Tax (including FBT)		500,000	950,000
- Deferred Tax		(8,891,000)	(22,430,000)
4. Profit/(Loss) After Tax		(21,494,711)	(32,422,774)
Income Tax relating to earlier year Credit/(Debit)		(15,113)	(364,144)
Balance of Profit/(Loss)		(21,509,824)	(32,786,918)
Balance brought forward from Previous Period		3,888,259	36,675,176
5. Profit Available For Appropriation		(17,621,565)	3,888,258
Appropriations			
Transfer to General Reserve			
Balance carried to Balance Sheet		(17,621,565)	3,888,258
6. Earning Per Share (EPS)			
Net Profit/(Loss) (A)		(21,494,711)	(32,422,774)
Weighted average no. of equity shares (B)		23,339,737	21,486,114
Basic and Diluted Earning per share (A/B)			
(Nominal value of Rs. 10 per share)		(0.92)	(1.51)
Significant Accounting Policies and Notes on Accounts	17		

The Schedules referred to above form an integral part of the Profit and Loss Account.
As per our report of even date attached.

For Kapoor Tandon & Co.
Chartered Accountants

For and on behalf of the Board

Rajesh Parasramka
Partner
Membership No: 74192
Camp: New Delhi
Date: July 29, 2009

Ved Krishna
Managing Director

Dr. P. Banerjee
Director

N. Venkateswaran Raju
Chief Financial Officer

Schedules forming part of Balance Sheet

		Amount in Rupees	
		As at 31-03-2009	As at 31-03-2008
Schedule ■ SHARE CAPITAL			
Authorised			
2,60,00,000	Equity Shares of Rs. 10/- each	260,000,000	260,000,000
4,00,000	Preference Shares of Rs.100/- each	40,000,000	40,000,000
Total		300,000,000	300,000,000
Issued, Subscribed and Paid up			
2,40,00,000 (2,25,65,500)	Equity Shares of Rs. 10/- each fully paid up	240,000,000	225,655,000
Of the above			
5,68,000	<i>Equity Shares have been allotted as fully paid up Bonus Shares by capitalisation of reserves</i>		
Total		240,000,000	225,655,000

Schedule ■ RESERVES AND SURPLUS			
A. Capital Reserve			6,087,500
	Balance as per last Account	6,087,500	6,087,500
	Add: Forfeiture of Preferential Warrant Money	732,050	6,819,550
B. Securities Premium			75,887,528
	Balance as per last Account	75,887,528	73,987,528
	Add: Received during the year	1,434,500	77,322,028
C. General Reserve			55,000,000
	Balance as per last Account	55,000,000	55,000,000
	Less: Debit Balance in Profit and Loss Account		
	As per account annexed	17,621,565	37,378,435
D. Profit And Loss Account			
	As per Account annexed		3,888,258
Total		121,520,013	140,863,286

Schedules forming part of Balance Sheet

Schedule	Amount in Rupees	
	As at 31-03-2009	As at 31-03-2008
Schedule ■ SECURED LOANS		
A. Term Loans		
From Banks		
a) United Bank of India	272,448,397	268,797,339
b) Oriental Bank of Commerce	204,112,934	201,547,986
c) Union Bank of India	158,505,691	157,218,066
d) UCO Bank	135,703,980	134,056,032
B. Working Capital Loans		
a) State Bank of India	120,981,889	126,168,965
b) Oriental Bank of Commerce	30,078,879	-
Total	921,831,770	887,788,388

Note:

- Term Loans repayable during next 12 months are Rs. 1076.04 Lacs (Rs. 167.40 Lacs)
- Working Capital Loan from SBI include Rs. 876.29 Lacs (Rs. 713.30 Lacs) being FCNR(B) Demand Loan of USD 18,00,000 (USD 17,00,000).

DETAILS OF SECURITY GIVEN AGAINST LOANS

A. FOR TERM LOANS

(a) to (d) Secured against joint equitable mortgage of fixed assets and hypothecation of all moveable assets and corporate guarantee of a company, pledge of equity shares held by a company and Managing Director and personal guarantee of Managing Director (e) Secured against joint equitable mortgage of fixed assets and hypothecation of all moveable assets ranking pari passu with the banks and personal guarantee of a Director.

B. FOR WORKING CAPITAL LOANS

Secured against hypothecation of book debts, stocks of raw materials, finished goods, stock in process, consumable stores & spares and other current assets and Second Charge over entire fixed assets (Present & Future) in consortium ranked pari-passu and personal guarantee of two Directors.

Schedules forming part of Balance Sheet

Amount in Rupees

Schedule	As at	As at
	31-03-2009	31-03-2008
UNSECURED LOANS		
A. Fixed Deposits [Repayable within one year Rs. 85,62,235/- (Rs. 37,44,343/-)]	16,745,504	18,726,545
B. Other Loans		
From a Director	3,500,000	3,500,000
Total	20,245,504	22,226,545

Schedule. **FIXED ASSETS**

Description of Assets	GROSS BLOCK*				DEPRECIATION				NET BLOCK	
	As at 31.03.2008	Additions	Sales/ discarded.	As at 31.03.2009	Upto 31.03.2008	For the year	Deduction/ Adjustment	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
Tangible										
1. Land Free Hold	12,522,727	393,410	-	12,916,137	-	-	-	-	12,916,137	12,522,727
2. Land Lease Hold	19,990,067	41,310	-	20,031,377	222,107	222,565	-	444,672	19,586,705	19,767,960
3. Factory Building	177,554,169	287,551	-	177,841,720	16,770,080	5,935,098	-	22,705,178	155,136,542	160,784,089
4. Non Factory Building	26,864,317	14,950	-	26,879,267	2,423,186	437,116	-	2,860,302	24,018,965	24,441,131
5. Plant & Machinery	978,387,601	8,020,703	9,488,641	976,919,663	152,012,817	50,092,742	4,529,030	197,576,529	779,343,134	826,374,784
6. Electric Installation & Fittings	97,419,080	203,666	-	97,622,746	15,266,033	4,582,789	-	19,848,822	77,773,924	82,153,047
7. Furniture & Fittings	3,301,055	32,076	-	3,333,131	2,256,115	128,455	-	2,384,570	948,561	1,044,940
8. Office Equipment	6,321,808	690,426	3,250	7,008,984	3,804,920	502,763	3,250	4,304,433	2,704,551	2,516,888
9. Motor Car & Other Vehicles	9,724,943	402,954	844,375	9,283,522	4,916,555	394,169	158,865	5,151,859	4,131,663	4,808,388
Intangible										
10. Computer Software	3,131,417	-	-	3,131,417	1,495,658	626,283	-	2,121,941	1,009,476	1,635,759
Total	1,335,217,184	10,087,046	10,336,266	1,334,967,964	199,167,471	62,921,980	4,691,145	257,398,306	1,077,569,658	1,136,049,713
Previous Period	324,703,718	1,017,020,276	6,506,810	1,335,217,184	148,852,811	54,870,552	4,555,892	199,167,471	1,136,049,713	-
Capital Work in Progress (Including Rs. Nil (Rs. 46.01 lacs) towards advances for capital expenditure)									4,955,631	7,114,524

Schedules forming part of Balance Sheet

	Amount in Rupees	
	As at 31-03-2009	As at 31-03-2008
Schedule ■ INVESTMENT (Non trade) - Quoted		
Long Term Investments		
Pudumjee Pulp & Paper Mills Ltd.		
100 Equity Shares of Rs.10/- each fully paid up	4,400	4,400
Rana Mohindra Papers Ltd.		
100 Equity Shares of Rs.10/- each fully paid up	380	380
Mukerian Papers Ltd.		
100 Equity Shares of Rs.10/- each fully paid up	600	600
Rama Newsprint & Papers Ltd.		
100 Equity Shares of Rs.10/- each fully paid up	555	555
Total	5,935	5,935
Total cost of quoted investments	5,935	5,935
Aggregate Market value of quoted investments	2,605	11,387

Schedule ■ INVENTORIES

(As taken, valued and certified by the management)

A. Stores and Spares (at cost)	87,965,490	67,739,767
B. Loose Tools (at cost)	593,609	711,575
C. Finished Goods (At lower of cost or net realisable value)	11,205,954	30,014,319
D. Pulp (At lower of cost or net realisable value)	13,397,114	-
E. Raw Material (at cost)	58,376,398	53,289,784
F. Work in Process (At estimated cost)	3,992,586	2,069,375
G. Scrap (At estimated realisable value)	1,500,000	1,000,000
H. Import Entitlements/ License (DEPB) (At estimated realisable value)	1,578,598	98,979
Total	178,609,749	154,923,799

Schedules forming part of Balance Sheet

Amount in Rupees

Schedule	As at	
	31-03-2009	31-03-2008
SCHEDULE ■ SUNDRY DEBTORS		
(Unsecured - considered good)		
Over six months	4,344,111	686,971
Other debts	73,673,904	48,334,547
Total	78,018,015	49,021,518

SCHEDULE ■ CASH AND BANK BALANCES		
A. Cash Balances		2,616,682
i. Cash in hand	3,076,612	2,580,655
ii. Stamps/Cheque in hand	15,957	36,027
B. Balance With Scheduled Bank on		5,519,672
i. Current Accounts	598,262	1,062,961
ii. Fixed Deposit (Margin Money)	9,280,229	3,088,043
iii. Unpaid Dividend Accounts	1,085,263	1,107,820
iv. Unpaid Share Application Money Account	239,848	260,848
Total	14,296,171	8,136,354

SCHEDULE ■ LOANS AND ADVANCES		
(Unsecured - considered good)		
A. Advances recoverable in cash or in kind or for value to be received		52,747,133
B. Security Deposits		92,255
C. Advance Income Tax less provisions		1,983,135
Advance Tax (including FBT)	14,480,772	13,638,135
Less: Provisions	11,755,000	2,725,772
Total	55,565,160	66,230,705

Schedules forming part of Balance Sheet

Schedule	Amount in Rupees	
	As at 31-03-2009	As at 31-03-2008
Schedule ■ LIABILITIES		
A. Sundry Creditors		
– Due to Micro/Small Enterprises		
– Other Creditors [Include amounts payable to capital goods supplier Rs. 563,80 Lacs (Rs. 578.48 Lacs)]	100,739,710	105,798,628
B. Investor Education and Protection Fund (No amount is due for transfer)		
i. Unclaimed Dividend	1,081,094	1,081,094
ii. Unclaimed Matured Deposits	980,682	188,299
iii. Interest accrued on Unclaimed Matured Deposits	271,250	13,992
iv. Unpaid Share Application Money	239,848	260,848
C. Advance from Customers	4,620,943	2,545,791
D. Security Deposit from Customers	12,900,000	10,900,000
E. Other Liabilities	12,937,173	12,699,693
F. Interest accrued but not due	3,051,401	2,330,746
Total	136,822,101	135,819,091

Schedule	PROVISIONS	
For Excise Duty	15,800	30,738
For Gratuity	162,131	
Total	177,931	30,738

Schedules forming part of the Profit and Loss Account

Amount in Rupees

	Current Year ended 31.03.2009	Previous Period ended 31.03.2008
Schedule OTHER INCOME		
A. Income from CERs (Certified Emission Reductions)	29,475,500	11,806,500
B. Miscellaneous Income	5,895,751	7,962,466
C. Interest on Fixed Deposit & Others [Including TDS Rs. 1,11,671/- (Rs. 2,62,956-)]	951,237	1,132,610
D. Profit on Fixed Assets sold	1,441,544	2,308,941
E. Self Consumed	395,293	64,533
F. Export Incentive (DEPB)	3,736,795	1,828,309
G. Dividend on investment (Non trade)	120	120
H. Rent Received	24,000	30,000
I. Profit on Sale of Raw Material		161,237
Sales		5,341,000
Less: Cost of Sales		5,179,763
J. Exchange Fluctuation	148,800	3,439,234
Total	42,069,040	28,733,949

Schedule INCREASE/(DECREASE) IN STOCKS

Stock at Commencement

i. Finished Goods	30,014,319	5,547,755
ii. Pulp		
ii. Work In Process	2,069,375	527,459
Total 'A'	32,083,694	6,075,214

Stock at Close

i. Finished Goods	11,205,954	30,014,319
ii. Pulp	13,397,114	
ii. Work In Process	3,992,586	2,069,375
Total 'B'	28,595,654	32,083,694
Increase/(Decrease) 'B-A'	(3,488,040)	26,008,480

Schedule RAW MATERIAL CONSUMED

Opening Stock	53,289,784	18,472,684
Add: Purchases	270,948,382	179,316,687
	324,238,166	197,789,371
Less: Closing Stock	58,376,398	53,289,784
Raw Material Consumed	265,861,768	144,499,587

Schedules forming part of the Profit and Loss Account

Amount in Rupees

Schedule	Amount in Rupees	
	Current Year ended 31.03.2009	Previous Period ended 31.03.2008
MANUFACTURING, ADMINISTRATIVE, SELLING AND DISTRIBUTION EXPENSES		
Salary, Wages and Bonus	41,100,553	40,100,346
Contribution to Provident and Other Funds	5,119,655	4,226,700
Workmen and Staff Welfare	2,501,110	2,418,005
Chemicals Consumed	142,317,907	103,373,475
Power and Fuel	162,070,598	116,810,557
Consumption of Stores and Spares	28,414,231	18,061,012
Rent	271,943	257,787
Printing and Stationery	1,020,740	1,589,909
Rates and Taxes	724,194	1,435,700
Postage, Telegram and Telephone	1,394,090	2,240,859
Repairs to:		13,453,614
Machinery	10,957,896	9,309,385
Building	861,841	1,645,701
Others	3,002,362	2,498,528
Insurance	1,529,016	1,671,153
Excise Duty provided on stocks - increase/(decrease)	(14,938)	(644,696)
Legal and Professional Charges	1,712,615	1,940,054
Payment to Statutory Auditors:		251,267
Audit Fee	75,000	75,000
Other Professional Services	85,750	70,000
Reimbursement of Expenses	184,739	106,267
Cost Audit Fee	22,500	22,500
Bank Charges	2,371,588	1,931,642
Interest on:		78,770,518
Term Loan and Fixed Deposits	97,595,134	63,248,256
Others	16,412,497	15,522,262
Directors' Remuneration	3,258,554	4,479,244
Travelling and Conveyance	5,980,830	5,935,136
Subscription and Donation	167,539	685,255
Commission on Sale - other	13,526,905	6,164,562
Packing and Forwarding	28,560,210	15,180,931
Advertisement	307,736	389,033
Exchange Fluctuation	1,552,063	708,625
Miscellaneous Expenses	1,563,143	1,303,476
Loss on Fixed Assets sold/discarded	357,328	105,528
Bad Debts Written Off	554,373	-
Loss by Fire	-	357,265
ETP Operation Expenses	476,932	955,571
Total	576,036,634	424,175,028

Schedules forming part of the accounts

Schedule ■ SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Preparation of Financial Statements

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

2. Use of Estimates

The preparation of Financial Statements requires estimates and assumptions that affect the reported amount of assets and liabilities on the balance sheet date and the revenues and expenses during the year. Differences, if any, between the actuals and the estimates are recognised in the year in which the same are known/materialized.

3. Fixed Assets

Fixed Assets are stated at cost (of acquisition/construction, as the case may be), net of CENVAT and Subsidy, less accumulated depreciation and accumulated impairment losses, if any. All costs including borrowing costs upto the date of commissioning of related assets and all direct and indirect expenses attributable to the assets are capitalised. (Also refer Para A-12 & A-17 on borrowing costs and CENVAT)

4. Intangible Assets

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the company and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and impairment losses, if any. [Also refer Para 6 (iii)]

5. Capital work in Progress

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

6. Depreciation / Amortisation

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

7. Impairment of Assets

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

8. Investments

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

9. Inventories

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

Schedules forming part of the accounts

Schedule ■ SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

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

10. Revenue Recognition

- i. Sales are recognised on despatch of goods to customers. Sales are net of discount / rebate and sales tax but include Excise Duty.
- ii. Exports Incentives (DEPB etc.) are accrued in the year in which the goods are exported and accounted to the extent considered receivable.
- iii. All other incomes are accounted for on accrual basis.

11. Foreign Currency Transactions

Outstanding foreign currency assets and liabilities, other than those covered by Forward Exchange Contract, are translated at the exchange rate prevailing as on Balance Sheet date. Foreign Exchange asset / liability covered by Forward Exchange Contract are translated at the rate prevailing at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognised over the life of contract. Gains or loss on these assets and liabilities are recognised in the Profit and Loss Account.

12. Borrowing Costs

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

13. Government Grants

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

14. Retirement Benefits

- a. Company's contributions to Provident Fund and Family Pension Fund are charged to Profit and Loss Account.
- b. Contribution to the Company's Gratuity Trust is provided on the basis of actuarial valuation and is debited to the profit and loss account on accrual basis.
- c. Provision for leave encashment is done on the basis of leaves accrued as at the end of the year.
- d. Termination benefits are recognized as an expense as and when incurred.

15. Provisions, Contingent Liabilities and Contingent Assets

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

16. Taxes on Income

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

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

Schedules forming part of the accounts

Schedule ■ SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

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

B. NOTES

1. Estimated amount of Contracts remaining to be executed on capital account and not provided for, net of advances Rs Nil (Rs. NIL)

2. Contingent Liability not provided for:

Rupees in lacs

	Current Year	Previous Period
a. Claims against the Company not acknowledged as debt:		
i. Excise duty	1.29	1.29
ii. Trade Tax, Appeals pending with Hon'ble High Court, Allahabad	1.64	1.64
iii. Trade Tax, Appeals pending with Tribunal/ Jt. Commissioner, Appeals.	2.55	33.17
iv. Commissioner of Income Tax (Appeal), Kanpur	36.85	Nil
v. Others	5.50	5.50
b. Custom Duty in respect of future export obligation in accordance with Exim Policy	23.48	69.92
c. Guarantee given by Banks	32.58	42.58
d. Loss on Derivative (Structured USD/CHF option)	131.12	120.52

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

3. In the opinion of the Board and to the best of their knowledge and belief the value on realisation of the current assets, loans and advances, if realised, in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet. The provisions for all known liabilities are adequate and not in excess of amount considered reasonably necessary.

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

5. As per Accounting Standard 15 Employee Benefit, the disclosures of employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Plan

Amount recognized as an expense and included in the Schedule 16 "Contribution to Provident and Other Funds" Rs.51.20 lacs (Rs. 42.27 lacs).

Defined Benefit Plan

Contribution to the Company's Gratuity Trust is provided on the basis of actuarial valuation and is debited to the profit and loss account on accrual basis.

The following table sets out the status amounts recognized in the financial statements as at March 31, 2009 for Gratuity.

Defined Benefit Plan – Gratuity as per actuarial valuation as at March 31, 2009

Schedules forming part of the accounts

Schedule ■ SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

Defined Benefit Plan – Gratuity as per actuarial valuation as at March 31, 2009

Rupees in lacs

	2009	2008
I. Net Asset / Liability recognized in the balance sheet as at March 31		
1. Present value of funded obligations – A	63.11	48.70
2. Fair value of Plan Assets – B	61.49	42.79
3. Funded status [Surplus/(Deficit)]	(1.62)	(5.91)
4. Net asset/(liability)	(1.62)	(5.91)
II. Expense recognized in Profit and Loss Account		
1. Current Service Cost	7.95	5.67
2. Interest Cost	3.89	4.99
3. Expected returns on plan assets	(3.42)	(2.72)
4. Net Actuarial Losses/(Gains)	15.50	6.96
III. Change in present value of obligation during the year ended March 31, 2009		
1. Opening Defined Benefit Obligation	48.70	33.38
2. Service Cost	7.95	5.67
3. Interest Cost	3.89	4.99
4. Actuarial Losses/(Gains)	15.68	7.24
5. Benefits Paid	(13.11)	(2.58)
6. Closing Defined Benefit Obligation	63.11	48.70
IV. Change in fair value of Plan Assets during the year ended March 31, 2009		
1. Opening fair value of plan assets	42.79	33.97
2. Expected Return	3.42	2.72
3. Actuarial Losses/(Gains)	0.18	0.28
4. Assets distributed on settlements	-	-
5. Contributions by employer	28.21	8.40
6. Benefits Paid	(13.11)	(2.58)
7. Closing fair value of plan asset at the end of period	61.49	42.79
V. Principal actuarial assumptions		
1. Discount rate	8%	8%
2. Expected rate of return on Plan Assets	8%	8%
VI. The employees are assumed to retire at the age of 58 years		
VII. The mortality rates considered in accordance with the standard table LIC (1994-96) ultimate		

Schedules forming part of the accounts

Schedule ■ SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

6. Disclosure in terms of AS 28

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

7. Disclosure in terms of AS 29

The company has recognised contingent liabilities as disclosed in Note No. B-2 above and as such no provision is required to be made. No provision was outstanding as at the beginning and at the end of the period.

8. Disclosure in terms of Clause 32 of the Listing Agreement

The company has not granted any loan / advances in the nature of loan as stipulated in Clause 32 of the Listing Agreement with the Stock Exchanges.

9. Additional information as required under paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 are as under:-

a. Details for each class of goods manufactured, sold and stocks during the period (as certified by the management)

i. Capacity

Product	Unit	Licensed Capacity	Installed Capacity
Kraft, Writing Printing and other uncoated Paper	MT	50,600	39,100
	MT	(50,600)	(39,100)

ii. Production, sales and stocks of finished goods

Class of Goods	Unit	Opening Stock		Production Quantity
		Quantity	Value (Rs.)	
Kraft and Poster paper	MT	1,298 (302)	3,00,14,319 (55,47,755)	29,751 (24,928)
Pulp	MT	Nil (Nil)	Nil (Nil)	1,455 38

Self Consumed		Closing Stock		Sales	
Quantity	Value(Rs.)	Quantity	Value (Rs.)	Quantity	Value (Rs.)
25*	3,95,293	418	1,12,06,190	30,606	87,22,57,317
(4)	(64,533)	(1,298)	(3,00,14,319)	(23,928)	(56,49,35,367)
Nil	Nil	1050	1,33,97,114	405	78,58,753
(Nil)	(Nil)	(Nil)	(Nil)	(38)	(7,75,814)

* Includes 11 MT aggregating to Rs. 2,20,790 for re-pulping

Schedules forming part of the accounts

Schedule SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

b. Raw material consumed

Raw material	Current year		Previous period	
	Quantity (MT)	Amount (Rs.)	Quantity (MT)	Amount (Rs.)
Bagasse	29039	5,13,20,026	50,875	8,44,59,582
Old Gunny/Jute Goods	1,853	85,57,236	6,848	2,96,04,912
Wheat Straw	44,589	11,23,43,751	Nil	Nil
Imported Waste Paper/Pulp	2,957	9,34,19,965	1,671	3,04,35,093
Finished Goods Re-pulped	11	2,20,790	-	-
Total		26,58,61,768		14,44,99,587

Note: Consumption includes wastage during processing of wheat straw (dust) 1933 MT (Nil) and bagasse (pith) 4803 MT (8,911 MT) used as fuel.

c. Value of material consumed

Raw material	Imported value		Indigenous value	
	Rs.	%	Rs.	%
i. Raw Material	9,36,40,755 (3,03,58,899)	35.22 (21.01)	17,22,21,013 (11,41,40,688)	64.78 (78.99)
ii. Stores & Spares	79,92,802 (59,818)	4.68 (0.05)	16,27,39,336 (12,13,74,669)	95.32 (99.95)

	Current year (Rs.)	Previous period (Rs.)
d. CIF Value of Imports		
i. Capital Goods	66,95,701	33,717
ii. Raw Materials and consumables	8,84,43,457	68,63,006
e. Remittance in Foreign Currency on account of Dividend	Nil	(Nil)
f. Earnings in Foreign Exchange		
FOB Value of Exports	5,50,51,529	4,06,703
g. Expenditure in Foreign Currency		
i. Travelling	1,08,416	93,176
ii. Interest - Others	54,27,829	69,61,513
iii. Foreign Bank Charges	2,36,819	Nil
iv. Others	9,349	18,242

Schedules forming part of the accounts

Schedule: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

h. Forward Exchange Contracts & Financial Instruments which are in Substance Contracts Outstanding

Particulars	Currency	Amount	Nature of Exposure	Underlying Risk Coverage
Forward Contract	USD	18,00,000	FCNR(B) Demand Loan	USD / INR
Unhedged Foreign Currency Exposure	USD	2,07,501	Outstanding Export Bills	USD / INR
	AUD	28,565	Outstanding Export Bills	AUD / INR
	USD	1,60,374	Outstanding Import Bills	USD / INR

10. Fixed deposit receipts for Rs. 30,000/- (Rs. 30,000/-) are pledged with the Assistant Commissioner, Trade Tax (Assessment), Faizabad as security and fixed deposit receipts for Rs. 17,53,600/- (Rs. 20,16,947/-) are pledged with the banks against the Guarantees given to the following parties:

Amount in Rupees

	FDR Amount		Value of Guarantee	
Hon'ble High Court, Allahabad	2,80,000	(2,80,000)	2,77,414	(2,77,414)
Commissioner, Customs, Mumbai/Kanpur	5,05,000	(5,05,000)	20,12,500	(20,12,500)
U P Pollution Control Board	Nil	(2,63,347)	Nil	(10,00,000)
U P State Industrial Corporation Ltd.	9,68,600	(9,68,600)	9,68,600	(9,68,600)

11. Income tax assessment has been completed upto the assessment year 2006-07.
12. Fixed deposits include Rs. 7,89,980/- (Rs. 9,02,229), Interest accrued but not due Rs. 1,94,571 (Rs. 1,04,199) and other liabilities include Rs. 66,680 (Rs. 1,35,761) due to directors.

13. Directors' Remuneration:

a. Salary	Rs. 25,87,834	(Rs. 36,21,685)
b. Contribution to Provident Fund *	Rs. 18,720	(Rs. 29,559)
c. Compensation / Pension	Rs. 4,80,000	(Rs. 6,00,000)
d. Sitting fee	Rs. 1,72,000	(Rs. 2,28,000)
Total	Rs. 32,58,554	(Rs. 44,79,244)
e. Value of perquisites (as per the Income Tax Rules)	Rs. 1,80,784	Rs. 1,68,978

* Directors are also covered under the Companies Group Gratuity Policy along with other employees of the company. Contributions made to LIC Group Gratuity Cash Accumulation Scheme have not been considered since the amount is not ascertained individually.

Schedules forming part of the accounts

Schedule ■ SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

14. As the company's business activity falls within a single segment viz. 'Paper', the disclosure requirements of Accounting Standard 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.
15. Interest on term loan and fixed deposits includes Rs. 1,00,336/- (Rs. 1,20,698/-) paid to Directors on fixed deposits.
16. Related parties disclosures as required under Accounting Standard 18 "Related Parties Disclosure" issued by the Institute of Chartered Accountants of India are given as below:
- a. List of related parties with whom transactions have taken place during the period:
 - i. Key management personnel
Mr. Ved Krishna, Managing Director and Mr. R. N. Chakraborty, Executive Director.
 - ii. Relatives of Key management personnel
Mrs. Manjula Jhunhunwala (Director), Mrs. Shailja Krishna, Mrs. Rupa Chakraborty, Ms. Charu Chakraborty and Ms. Manoshi Chakraborty.
 - iii. Entities & Associates
Megha Agro Products Limited, Sargam Exim Private Limited, M/s Jingle Bell Nursery School Society and M/s K. K. Charitable Foundation
 - b. Transactions with related parties
 - i. Key management personnel and their relatives

	Current year (Rs.)	Previous period (Rs.)
Directors Remuneration	30,86,554/-	42,51,244/-
Rent paid	48,000/-	60,000/-
Fixed deposits received	1,58,341/-	1,13,060/-
Fixed deposits repaid	2,70,590/-	3,28,991/-
Interest paid on fixed deposits	30,276/-	55,281/-
Fixed deposits at the Balance Sheet date	1,99,109/-	3,11,358/-
Accrued interest at the Balance Sheet date	78,071/-	50,649/-
Unsecured Loans received	Nil	35,00,000/-
Unsecured Loans at the Balance Sheet date	35,00,000/-	35,00,000/-
Legal and Professional charges	Nil	90,000/-
Salary	2,01,131/-	1,25,692/-

Schedules forming part of the accounts

Schedule ■ SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

ii. With related entities & associates

	Current year (Rs.)	Previous period (Rs.)
Sargam Exim Private Limited		
- Rent received	24,000/-	30,000/-
- Sale of goods and services	2,70,24,258/-	5,90,75,681/-
- Receivable at the Balance Sheet date	44,12,169/-	54,14,989/-
- Preferential Issue of Shares	1,42,01,550/-	2,32,10,000/-
- Forfeiture of Upfront Preferential Warrant Money	7,32,050/-	Nil
- Commission Paid on Sale	9,40,553/-	Nil
Megha Agro Products Limited		
- Paid for vehicle hire charges	1,44,000/-	1,80,000/-
- Receivable at the Balance Sheet date	7,69,993/-	4,61,954/-
M/s Jingle Bell Nursery School Society		
- Fixed deposits received	11,36,830/-	62,58,713/-
- Fixed deposits repaid	8,74,448/-	43,52,169/-
- Interest paid on fixed deposits	11,12,613/-	11,81,501/-
- Fixed deposits at the Balance Sheet date	95,64,224/-	88,47,842/-
- Accrued interest at the Balance Sheet date	22,80,696/-	11,40,035/-
- Salary reimbursement of teaching staff	6,00,000/-	7,50,000/-
M/s K. K. Charitable Foundation		
- Donation	Nil	3,00,000/-

- Note:**
- Details of remuneration to directors are given in note B-13 above.
 - No amounts pertaining to related parties have been written off or provided for as doubtful assets.
 - The transactions have been considered for the year during which such relationship exist.

17. The company has not received any intimation from suppliers regarding status under Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosure required under the Act could not be compiled and disclosed.

Schedules forming part of the accounts

Schedule ■ SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

18. The Deferred Tax Liability comprises of tax effect of timing differences on account of:

	As on 31.03.2009	As on 31.03.2008
Deferred Tax Liabilities on account of		
- Higher depreciation claimed under Tax laws	15,98,18,000	11,24,80,000
Sub Total 'A'	15,98,18,000	11,24,80,000
Deferred Tax Assets on account of		
- Unabsorbed Depreciation	14,63,05,000	8,76,20,000
- Unabsorbed Business Loss	30,10,000	33,38,000
- Expenses allowable in subsequent periods	7,98,000	12,32,000
- MAT Credit	7,98,000	16,94,000
Sub Total 'B'	15,01,13,000	9,38,84,000
Net Deferred Tax Liability (A- B) @	97,05,000	1,85,96,000
Net increase / (decrease) in liability debited / (credited) to Profit and Loss Account	(88,91,000)	(2,24,30,000)

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

19. A sum of Rs. 294.75 lacs (Rs. 118.07 lacs) has been recognised as income accrued for the year ended 31st March, 2009 based on Agreement (Emission Reduction Purchase Agreement) with Belgian State for sale of CERs (Certified Emission Reductions) generated from the 6MW Co-generation Power Plant Project registered as CDM (Clean Development Mechanism) with UNFCCC (The United Nations Framework Convention on Climate Change).
20. The company has disputed a Derivative transaction (Structured USD/CHF Option) entered into with ICICI Bank Ltd. in the year 2007-08. Loss of Rs. 55.84 Lacs on account of unwinding charges (partial unwinding), Rs. 64.12 Lacs on account of 'Mark to Market' valuation of outstanding exposure and Rs. 11.16 Lacs on interest accrued on above; aggregating to Rs. 131.12 Lacs has not been provided. On the basis of legal opinion no provision has been considered necessary by the management. However the same has been disclosed as contingent liability in Note no. B-2(d) above.
21. During the period company has issued 14,34,500 Equity Shares of Rs. 10/- each at a premium of Rs. 1/- on conversion of Warrants allotted on 'preferential basis' as per the provisions of the Securities & Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000. A sum of Rs. 142.02 lacs was raised through the aforesaid preferential issue and the entire proceeds has been utilized for the project and augment of working capital requirements (as specified in the object of issue).
22. Figures in bracket pertain to previous period and have been regrouped / rearranged wherever necessary.
23. Figures for the current year are for twelve months and therefore are not comparable with the figures of previous period of fifteen months.
24. The Balance Sheet Abstract and Company's general business profile as required by Part IV of Schedule VI to the Companies Act, 1956 are given in the annexure attached.

Signatures to Schedules 1 to 17

For Kapoor Tandon & Co.
Chartered Accountants

Rajesh Parasramka
Partner
Membership No. 74192

Camp: New Delhi
Date: July 29, 2009

For and on behalf of the Board

Ved Krishna
Managing Director

Dr. P. Banerjee
Director

N. Venkateshwaran Raju
Chief Financial Officer

Balance Sheet Abstract

Annexure to the Notes to the Accounts

Balance Sheet Abstract and Company's General Business Profile (Information pursuant to Part IV of Schedule VI of the Companies Act, 1956)

I. Registration Details

Registration No. **10 5 2 9 4** Balance Sheet Date **3 1 0 3 2 0 0 9** State Code **2 0**

II. Capital Raised during the year (Amount in Rs: Thousands)

Public Issue **N I L**

Rights Issue **N I L**

Bonus Shares **N I L**

Private Placement **1 4 3 4 5**

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

Total Liabilities **1 3 1 3 3 0 2**

Total Assets **1 3 1 3 3 0 2**

Sources of Funds

Paid-up Capital * including Preferential warrant money) **2 4 0 0 0 0**

Reserves and Surplus **1 2 1 5 2 0**

Secured Loans **9 2 1 8 3 2**

Unsecured Loans **2 0 2 4 5**

Deferred Tax Liability **9 7 0 5**

Application of Funds

Net Fixed Assets **1 0 8 2 5 2 5**

Investments **6**

Net Current Assets **2 3 0 7 7 1**

Miscellaneous Expenditure **N I L**

Accumulated Losses **N I L**

IV. Performance of the Company (Amount in Rs. Thousands)

Total Income **8 7 8 4 2 3**

Total Expenditure **9 0 8 3 0 8**

Profit before Tax **(-) 2 9 8 8 6**

Profit after Tax **(-) 2 1 4 9 5**

Earnings per Share (In Rs.) **(-) 0 9 2**

Dividend rate @ % **N I L**

V. Generic Names of three Principal Products of the Company (as per monetary terms)

1. Item Code No. (ITC Code) **4 8 0 4 3 1 0 0**

Product Description Kraft Paper in rolls or sheets

2. Item Code No. (ITC Code) **4 8 0 2 5 5 9 0**

Product Description Paper weighing 40gsm but less than 150gsm

3. Item Code No. (ITC Code) **4 7 0 6 9 2 0 0**

Product Description Pulp.

Rajesh Parasramka
Partner
Membership No. 74192
Camp: New Delhi
Date: July 29, 2009

Ved Krishna
Managing Director

Dr. P. Banerjee
Director

N. Venkateshwaran Raju
Chief Financial Officer

Cash Flow Statement For the year ended 31st March, 2009 .
(Pursuant to Clause 32 of the Listing Agreement)

Rupees in thousands

	Current Year ended 31-03-2009	Previous Period ended 31-03-2008
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	(29,886)	(53,903)
Adjustment for:		
Depreciation	62,921	54,871
Profit on Sale of Fixed Assets	(1,442)	(2,309)
Interest Income	(951)	(1,133)
Interest Expenses	114,008	78,771
Loss on Sale of Fixed Assets/Investments	357	106
	174,893	130,306
Operating Profit before Working Capital changes	145,007	76,403
Adjustment for:		
Inventories	(23,686)	(100,435)
Trade and Other Receivables	(17,588)	(35,096)
Other Assets	(29,476)	-
Trade Payable and Other Liabilities	1,150	57,598
Income Tax Paid (Including tax on dividend)	(1,258)	(2,531)
	(70,858)	(80,464)
Cash generated from operations	74,149	(4,061)
Interest Received	951	1,133
Net Cash from Operating Activities	75,100	(2,928)
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including CWIP)	(7,928)	(285,717)
Sale of Fixed Assets	6,730	4,154
Sale of Investments	-	-
Net Cash Used in Investing Activities	(1,198)	(281,563)

Cash Flow Statement (Contd.) For the year ended 31st March, 2009

Rupees in thousands

	Current Year ended 31-03-2009	Previous Period ended 31-03-2008
C CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(114,008)	(78,771)
Proceeds from issue of Preferential shares/warrants	14,202	23,210
Share Issue Expenses	-	-
Proceeds from Working Capital Borrowings	24,892	97,500
Proceeds of Short Term Borrowings	(1,980)	1,340
Proceeds of Long Term Borrowings	21,826	195,018
Repayment of Long-Term Borrowings	(12,674)	(6,000)
Dividend Paid	-	-
Net Cash (Used In)/From Financing Activities	(67,742)	232,297
Net Increase/(Decrease) in Cash And Cash Equivalents	6,160	(52,194)
Cash And Cash Equivalents (Opening Balance)	8,136	60,330
Cash And Cash Equivalents (Closing Balance)	14,296	8,136

Note:

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statements, issued by the Institute of Chartered Accountants of India.

As per our report of even date attached.

For **Kapoor Tandon & Co.**
Chartered Accountants

Rajesh Parasramka
Partner
Membership No. 74192
Camp: New Delhi
Date: July 29, 2009

Ved Krishna
Managing Director

For and on behalf of the Board

Dr. P. Banerjee
Director

N. Venkateshwaran Raju
Chief Financial Officer



Yash Papers Limited

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

NOTICE is hereby given that the 29th Annual General Meeting of the Members of YASH PAPERS LIMITED will be held at Hotel Little Chef, 15/198, Civil Lines, Kanpur - 208 001 on Tuesday, the 29th day of September, 2009 at 1:00 P.M. to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and the Profit & Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ramesh Narayan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Basant Kumar Khaitan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. K. D. Pudumjee, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint auditors and fix their remuneration.

Special Business:

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

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 and 311 read with Schedule XIII, of the Companies Act, 1956 and all other applicable provisions, if any of the said Act, approval of the Members of the Company be and is hereby granted to the re-appointment of Mr. Ved Krishna as Managing Director of the Company for a period of 3 years w.e.f 1st August 2009, on terms & conditions as mentioned below:-

(a) Salary: -Rs.1,25,000/- per month in the grade of Rs.1,25,000/- - Rs.1,75,000/- Increment will be effective from 1st June each year.

NOTICE

29th Annual General Meeting

(b) Variable Dearness Allowance (V.D.A.): As applicable from time to time.

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

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

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

(e) Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, 1961, gratuity payable as per rules of the Company and encashment of leave at the end of his tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

(f) Minimum Remuneration: If in any accounting year, the Company has no profits or its profits are inadequate or in any case, remuneration by way of salary, perquisites and other allowances will be subject to the ceilings set out in para 1(A), 2 & 3 of Section II of Part II of Schedule XIII of the Companies Act, 1956.

(g) Leave: On full pay and allowances, as per rules of the Company. Encashment of leave shall not be included in the computation of the ceiling on perquisites.

(h) Mr. Ved Krishna shall also be entitled to reimbursement of entertainment, traveling, hotel and other expenses actually incurred by him in performance of the duties on behalf of the Company.

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

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

(k) Payment of all the allowances including production incentive shall be limited to Rs1,25,000/- p.m.

(l) Mr. Ved Krishna, subject to approval of Board of Directors, shall also be entitled to a commission upto 1% of the net profit as permitted under section 309 of the Companies Act, 1956.

"RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorized to vary, modify or alter the terms and conditions of enhanced remuneration of Mr. Ved Krishna, Managing Director of the Company to comply with Schedule XIII of the Companies Act, 1956 and other applicable provisions and laws, if any."

"RESOLVED FURTHER THAT in no circumstances the remuneration paid to him shall not exceed the Remuneration as prescribed under Schedule XIII of Companies Act, 1956"

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

"RESOLVED THAT in supersession of resolution passed at 27th Annual General Meeting on June 30, 2007, the consent of the Company be and is hereby accorded to the Board of Directors, pursuant to section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956, for borrowings by the Board of Directors of the Company from time to time any sum or sums of monies which together with the monies already borrowed by the Company (apart from the temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Company shall not, at any time, exceed the sum of Rs.300 crores (Rupees three hundred crores) over and above the aggregate of the paid-up capital of the Company and its free reserves."

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

"RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorized Share Capital of the Company be and is hereby

increased from Rs.30,00,00,000/- (Rupees thirty crores) divided into 2,60,00,000 equity shares of Rs.10/- each and 4,00,000 preference shares of Rs.100/- each to Rs.60,00,00,000 (Rupees Sixty crores) divided into 5,60,00,000 equity shares of Rs.10/- each and 4,00,000 preference shares of Rs.100/- each."

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

"RESOLVED THAT pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956, Clause (V) of the Memorandum of Association of the Company be substituted with the new clause as under :

"The authorized share capital of the Company shall be Rs.60,00,00,000 (Rupees Sixty crores) divided into 5,60,00,000 equity shares of Rs.10/- each and 4,00,000 preference shares of Rs.100/- each with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and attach thereto respectively such preferential, qualified or special right, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company for the time being to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 1956 or provided by the Articles of Association of the Company for the time being."

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, clause 4 of the Articles of Association of the Company be substituted with the new clause as under :

"The authorized share capital of the Company is Rs.60,00,00,000 (Rupees Sixty crores) divided into 5,60,00,000 equity shares of Rs.10/- each and 4,00,000 preference shares of Rs.100/- each."

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

"RESOLVED THAT in terms of Securities and Exchange Board of India (SEBI) (De-listing of

Securities) Guidelines, 2003 and also guidelines/notifications issued /to be issued by SEBI from time to time and subject to the provisions of the Companies Act, 1956 and the Securities (Contract and Regulations) Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in-force and as may be enacted hereafter) and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereafter referred to as "the Board" which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution), consent be and is hereby accorded to the Board to de-list the Company's Equity Shares from U. P. Stock Exchange Association Limited, Kanpur.

RESOLVED FURTHER THAT the Board be and is hereby authorized Mr. Ved Krishna, Managing Director, Mr. N. Venkateshwaran Raju, Chief Financial Officer and Mr. Sachin K. Srivastava, Assistant Manager Secretarial Cum Compliance Officer jointly or severally to seek voluntary de-listing from the U. P. Stock Exchange Association Limited, Kanpur, to take all necessary steps in this regard and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to de-listing of the equity shares from the aforesaid Stock Exchanges and to execute all such deeds, documents, writings as may be necessary, desirable or expedient or as may be deemed fit and for this purpose to delegate the authority and the duly vested in it by virtue hereof to any other person(s) whom the Board may consider suitable, to do the various acts, deeds and things required to be done in this behalf".

12. RESOLVED THAT pursuant to the provisions of Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956, consent of the company be and is hereby accorded to the appointment of Mrs. Shailja Krishna, relative of Mr. Ved Krishna, Managing Director of the Company and Mrs. Manjula Jhunjhunwala, Director of the Company to hold an office or place of Profit as Vice President- HR and Legal with effect from 1st October, 2009 on a monthly remuneration not exceeding Rs. 50,000 as may be decided by the Board from time to time within the aforesaid limits.

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote only on a poll instead of himself/herself and such proxy need not be a member of the company.
2. The Explanatory Statement, as required under Section 173(2) of the Companies Act, 1956, in respect of the business set out above is annexed hereto.
3. The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Annual General Meeting.
4. The Register of Members and the Share Transfer Books of the Company shall remain closed from 8th September, 2009 to 29th September, 2009 (both days inclusive).
5. The unclaimed/unencashed dividends for the following financial years shall be transferred by the Company, to Investor Education and Protection Fund (IEPF) constituted by the Central Government under applicable provisions of the Companies Act, 1956, on the dates specified against the year:

31st March, 2002	- 25th August, 2009
31st December, 2002	- 13th July, 2010
31st December, 2003	- 10th June, 2011
31st December, 2004	- 11th May, 2012

Please note that under the amended provisions of Section 205B of the Companies Act, 1956 no claim shall lie for the unclaimed dividend from IEPF by the shareholders.

Shareholders who have not encashed the dividend warrant(s) for the above year(s) are therefore, requested to approach the Company for issue of duplicate in lieu thereof by surrendering the original warrant(s).

6. Members holding shares in physical form are requested to inform the change of their registered address to the Registrar and Share Transfer Agent at its Office at Skyline Financial Services Private Limited, 246, 1st Floor, East of Kailash, Sant Nagar, New Delhi – 110 065 by quoting their folio number.
7. Members desirous of obtaining any information with regard to the accounts and operations of the Company are requested to write to the Company at least ten days before the meeting, so that the information could be made available at the meeting.

8. Company has been allotted ISIN No. INE551D01018. Members are requested to approach their DPs for dematerialisation of equity shares of the Company.

9. All material documents referred to in notice and explanatory statement are open for inspection by the members on all working days between 11:00 AM to 1:00 PM at the Registered Office of the Company.

10. As per the provisions of the Companies Act, 1956, facility for making nominations is available to the shareholders and fixed deposit holders in respect of the shares or deposits held by them. The nominations can be made by filing the prescribed Form No. 2B. Such form may be requisitioned from the Company.

11. scn@yash-papers.com has been designated for the purpose of registering complaints by investor, pursuant to clause 47(f) of the Listing Agreement.

12. Members/ Proxies are requested to bring the attendance slip duly filled in along with their copies of Annual Report in the meeting.

13. Details, under clause 49 of the Listing Agreement with the Stock Exchanges, in respect of Directors seeking appointment/ re-appointment at the Annual General Meeting is separately annexed thereto.

By Order of the Board

Camp : New Delhi

Date : 29.07.2009

Ved Krishna
Managing Director

Explanatory statement under section 173(2) of the Companies Act, 1956

Item No. 6

Mr. Ved Krishna's present 3 years' term of office as the Managing Director of the Company expires on July 31, 2009. Mr. Ved Krishna has been in the office as Managing Director since 01/08/2004 thus completing the period of 5 years. During the tenure of Mr. Ved Krishna as the Managing Director, the Company has made considerable progress in all the spheres and has since acquired good name and reputation in business. The services of highly educated Managing Director with rich experience of corporate working will be in the best interest of the Company.

The Directors confidently feel that the Company should continue to avail of services of Mr. Ved Krishna as a very able and experienced person. Hence the Board of Directors at its Meeting held on July 29, 2009 has considered it necessary to reappoint Mr. Ved Krishna as the Managing Director of the Company for a further period of 3 year w.e.f 1st August, 2009 subject to the approval of the Members of the Company. The remuneration proposed to be made to Mr. Ved Krishna is within the limits of Schedule XIII as amended.

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

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

Item No. 7

The consent of the Company was accorded to the Board of Directors by the Shareholders in the meeting dated June 30, 2007 for borrowing from time to time all such sums of money upto a limit of Rs.100/- crores (Rupees hundred crores) (apart from temporary loans obtained or to be obtained from Company's Bankers in the ordinary course of business) over and above the aggregate of the paid up capital of the Company and its free reserves.

The Company's borrowing for the ongoing expansion is increasing apart from the previous borrowings. The Company would further borrow in near future to part finance the capital expenditure from time to time. The present borrowing limit of Rs.100/- crores over and above the aggregate of the paid up capital of the Company and its free reserves is,

therefore, considered inadequate. The consent of the Company in General Meeting under Section 293(1)(d) of the Companies Act, 1956, is, therefore, being sought for increasing the borrowing limit upto Rs.300 crores (Rupees three hundred crores) over and above the aggregate of the paid up capital of the Company and its free reserves.

Hence, the resolution at item No. 7 of the notice is recommended for your approval.

None of the Directors of the Company is, in any way, concerned or interested in this resolution.

Item No. 8 & 9

The Company proposes to expand its activity and hence it is desirable to increase the Authorized Share Capital, in order to enable the Company to raise capital whenever the need arises. To increase the Authorized Share Capital from Rs. 30,00,00,000/- (Rupees thirty crore) divided into 2,60,00,000 equity shares of Rs.10/- each and 4,00,000 preference shares of Rs.100/- each to Rs.60,00,00,000 (Rupees Sixty crores) divided into 5,60,00,000 equity shares of Rs.10/- each and 4,00,000 preference shares of Rs.100/- each." which will rank pari passu in all respects with the existing equity shares in the Company. The proposed increase of Authorized Share Capital requires the approval of members in general meeting by way of Ordinary Resolution. Consequent upon the increase of Authorized Share Capital the Company's Memorandum of Association will require alteration pursuant to Section 16 of the Companies Act, 1956 so as to reflect the increase in Authorized Share Capital the said amendment should be approved by the General Body meeting by way of Ordinary Resolution. Your Directors recommend the proposed resolution giving effect to the above amendments for your approval.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

Item No.10

The increase of the Authorized Share Capital of the Company would also necessitate the alteration of Clause 4 of Article of Association of the Company and following new Article 4 be substituted as under-

"The Authorized Share Capital of the Company is Rs.60,00,00,000 (Rupees Sixty crores) divided into 5,60,00,000 equity shares of Rs.10/- each and 4,00,000 preference shares of Rs.100/- each."

Pursuant to Section 31 of the Companies Act., 1956 the above said amendment should be approved by the Shareholders by way of a Special Resolution. Your Directors recommend the propose resolution giving effect to the above amendment for your approval.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

Item No. 11

Presently the equity shares of the Company are Listed on two stock exchanges in India namely on one national wide trading terminal i.e. Bombay Stock Exchange Limited, Mumbai and another U. P. Stock Exchange Association Limited, Kanpur, the Regional Stock Exchange.

With the extensive networking of Bombay Stock Exchange Limited, Mumbai and extension of terminals to other cities as well, the investor has access to the online dealings in Company's shares across the country. It is pertinent to mention that trading of shares in U. P. Stock Exchange Association Limited, Kanpur is almost Nil. The depth and liquidity in the Bombay Stock Exchange Limited, Mumbai is much better than any other Stock exchange. It has also been observed that the Listing Fees paid to U. P. Stock Exchange Association Limited, Kanpur do not now offer commensurate benefits to the Company/ Investors. Therefore, the continued Listing in U. P. Stock Exchanges Association Limited, Kanpur is not considered as necessary. As a part of its cost reduction measures the Company has proposed this resolution which will enable the Board of Directors to delist its equity shares from U. P. Stock Exchange Association Limited, Kanpur.

The Securities and Exchange Board of India (SEBI) has framed the guidelines named as SECURITIES AND EXCHANGE BOARD OF INDIA (DELISTING OF EQUITY SHARES) REGULATIONS, 2009. The procedure of delisting calls for an exit route to the shareholders of the Company but there is an exception to the same that where securities to be delisted continue to be listed in Stock Exchanges having nation wide terminals. The Bombay Stock Exchange Limited, Mumbai has nation wide trading terminals, therefore, there is no

requirement to provide an exit opportunity to the shareholders of the Company, and no approval of Delisting is required from the Shareholders of the Company in the General Meeting but as a Good Corporate Practice, we are seeking your approval.

The Company, shall also separately issue a notice in the newspaper for the proposed delisting. It would not be out of place to mention here that delisting from U. P. Stock Exchange Association Limited, Kanpur would not affect the rights of shareholders in any manner. It is again repeated that equity shares of the Company shall continue to be listed on Bombay Stock Exchange Limited, Mumbai. The delisting will take affect after all approvals, permissions and sanctions are obtained from all-prescribed authorities.

Your directors recommend the Special Resolution for approval of the members.

None of the directors are interested and concerned in the above resolution.

Item No. 12

Mrs. Shailja Krishna wife of Mr. Ved Krishna and Daughter in law of Mrs. Manjula Jhunjhunwala, is Law Graduate by qualification and assisting the Company in Human Resource and Legal. She is associated with the Company since 2 years. Board of Directors has recognized her contribution and has decided to propose her candidature for the office or place of profit as Vice President-HR and Legal under section 314 (1B) of the Companies Act, 1956 for the approval of the shareholders on enhanced remuneration per month.

As per the provisions of the section 314(1B) of the companies Act, 1956 no relative of the Director shall hold any office or place of profit in the Company without the prior approval of the shareholders by way of the special resolution. Therefore your directors recommend the resolution as contained in the notice for your approval by way of the special resolution.

None of the Directors except Mr. Ved Krishna and Mrs. Manjula Jhunjhunwala are interested or concerned in the resolution.

By Order of the Board

Camp : New Delhi
Date : 29.07.2009

Ved Krishna
Managing Director

Details of the Directors seeking re-appointment at Annual General Meeting

1. Name	Mr. Ramesh Narayan
Age (Date of Birth)	48 years (21.02.1961)
Qualification	B.Com., M.Com., L.L.B., Fellow Chartered Accountant
Occupation	Chartered Accountant
Date of appointment	25.01.2007
Directorship in other Companies	None
2. Name	Mr. Basant Kumar Khaitan
Age (Date of Birth)	55 years (08.02.1954)
Qualification	B.Com.
Occupation	Industrialist
Date of appointment	25.01.2007
Directorship in other Companies	1. Wires & Fabriks (S.A.) Ltd. 2. Kingsley Industries Ltd. 3. Khaitan Estates Pvt Ltd. 4. Kmi Works Pvt Ltd. 5. W & F Mercantile Pvt. Ltd. 6. W & F Fiscal Services Pvt. Ltd. 7. W & F Securities Pvt. Ltd. 8. W & F Filtertech Pvt. Ltd. 9. W & F Millennium Mercantile Pvt. Ltd. 10. W & F Commercial Pvt. Ltd. 11. Wire & Fabriks Pvt. Ltd. 12. Shree Rani Sati Investment And Financial Ltd. 13. Balaji Industrial Products Ltd.

3. Name	Mr. Kaikobad Dorab Pudumjee
Age (Date of Birth)	67 years (10.12.1942)
Qualification	Graduate
Occupation	Industrialist
Date of appointment	30.06.2007
Directorship in other Companies	Pudumjee Pulp and Paper Industry



YASH
PAPERS LIMITED

YASH PAPERS LIMITED

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

PROXY

I/We..... of in the district of being a member/members of Yash Papers Limited, hereby appoint of in the district of or failing him/her of in the district of as my/our proxy to attend and vote for me/us on my/our behalf at the 29th Annual General Meeting of the Company to be held on Tuesday, the 29th day of September, 2009 at 1:00 P.M and at any adjournment thereof.

Re: 1/-
Revenue
Stamp

Signed this day of 2009. Signature
Folio No. DPID Client ID No. of Shares

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



YASH
PAPERS LIMITED

YASH PAPERS LIMITED

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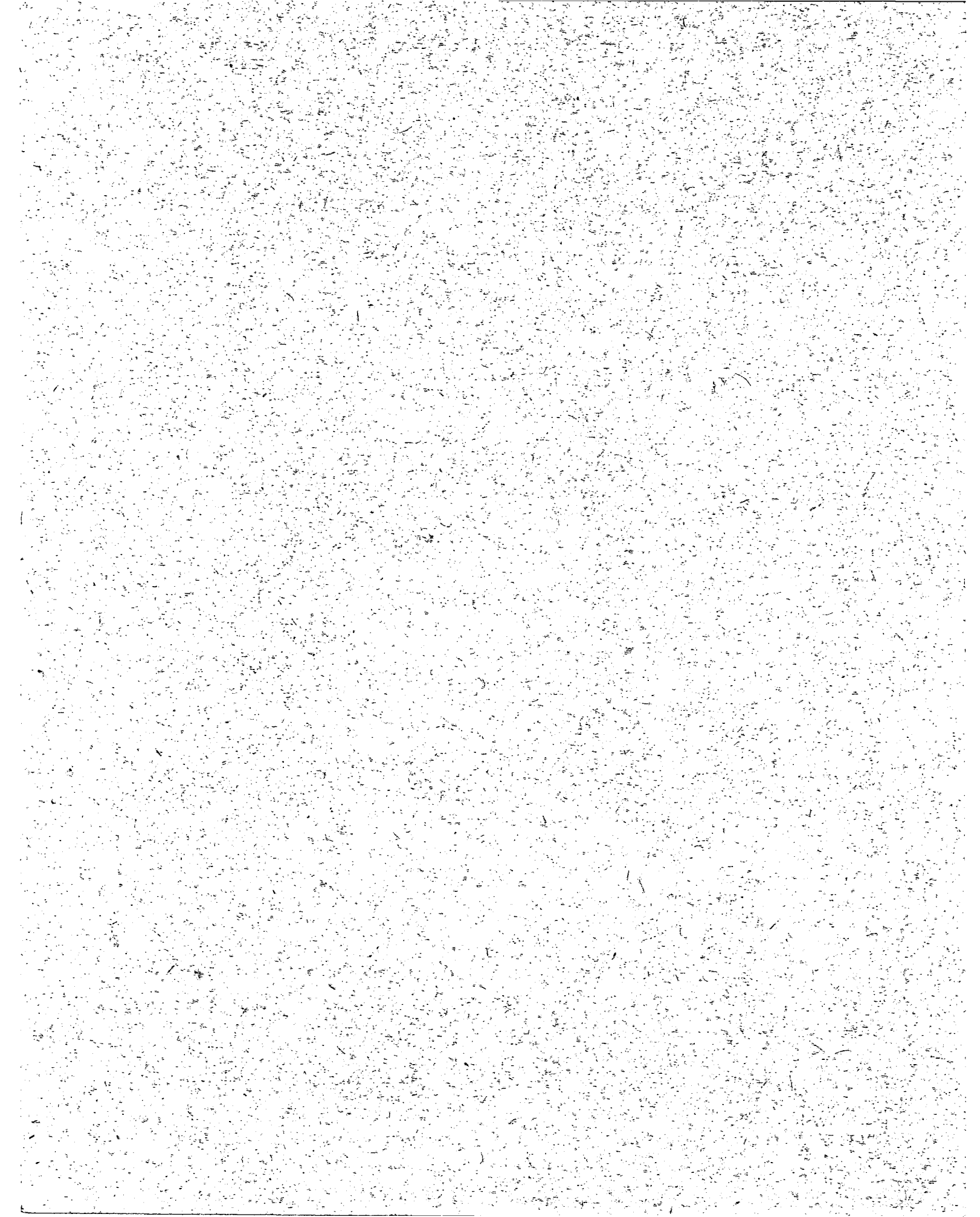
ATTENDANCE SLIP

To be handed over at the entrance of Meeting Hall

I hereby record my presence at the 29th Annual General Meeting of the Company at Hotel Little Chef, 15/198, Civil Lines, Kanpur - 208 001 on Tuesday, the 29th day of September, 2009 at 1:00 P.M.

Name of the Member Folio/Client ID No. No. of Shares
Name of the Proxy/Representative (In Block Letters) (To be filled in if the Proxy/Representative attends instead of the Member)

SIGNATURE OF THE MEMBER OR PROXY/REPRESENTATIVE



DISCLAIMER

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

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