

22ND ANNUAL REPORT 2009-2010

Corporate Information

BOARD OF DIRECTORS

Shri. Jaikishan Gupta	Chairman
Shri. Naveen Gupta	Managing Director
Shri. Pareshbabu Pandya	Director
Shri. Pinakin Patel	Director

AUDIT COMMITTEE

Shri. Pareshbabu Pandya
Shri. Pinakin M. Patel
Shri. Jaikishan B. Gupta

SHAREHOLDERS' AND INVESTORS' GRIEVANCE COMMITTEE

Shri. Jaikishan B. Gupta
Shri. Naveen J. Gupta

AUDITORS

V D Aggarwal & Co.
Chartered Accountants
B. M-1 Abhipra Complex,
Dilkhush Industrial Area,
G T Karnal Road, Azadpur,
Delhi - 110033

REGISTRARS AND SHARES TRANSFER AGENTS

Link Intime India Pvt. Ltd.
13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai - 400 078

WORKS

Khatraj Chokdi, Village Karoli,
Kalol, Dist. Gandhinagar, Gujarat

BANKER

Indian Overseas Bank,
Stadium Road Branch,
Ahmedabad - 380009

Contents

	Pages
Notice	02
Director's Reports	06
Corporate Governance Report	14
Auditor's Certificate	22
Auditor's Report	27
Balance Sheet	30
Profit & Loss Account	31
Schedules	32
Notes on Accounts	37
General Business Profiles	41
Cash Flow Statement	42

REGISTERED OFFICE

701, Avdhesh House,
Opp : Gurudwara,
Nr. Thaltej Cross Road,
Ahmedabad - 380 054.
Tel No : 079-26858510-511
Fax No : 079-40230202
e-mail : contact@kalptaru.co.in

HEAD OFFICE

C 8/10, Model Town,
Delhi - 110009

NOTICE

NOTICE is hereby given that the 22ND Annual General Meeting of the Members of M/s. Kalptaru Papers Limited will be held on Wednesday, 29th day of September, 2010 at 10:00 a.m. at the Registered Office of the Company 701, Avdhesh House, Opp : Gurudwara, Nr. Thaltej Cross Road, Ahmedabad - 380054 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Accounts for the Financial Year ended on 31st March 2010, and the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in Place of Shri. Naveen Gupta, who retires by rotation and being eligible, offers himself for reappointment
3. To appoint a director in Place of Shri. Pareshbabu Pandya, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting of the Company until the conclusion of next Annual General Meeting and fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT M/s. V D Aggarwal & Co., Chartered Accountants be and are hereby appointed Auditors of the Company from the conclusion of this Annual General Meeting of the Company until the conclusion the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors, exclusive of traveling and other out of pocket expenses "

SPECIAL BUSINESS :

5. TO CONSIDER AND IF THOUGHT FIT TO PASS, WITH OR WITHOUT MODIFICATION THE FOLLOWING AS AN ORDINARY RESOLUTION

"RESOLVED THAT pursuant to section 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof and subject to the approval of the Central Government, if any, the approval of the members of the Company be and is hereby accorded to the Increase in the Monthly remuneration from ₹75,000/- [Rupees Seventy Five Thousand only] per month to ₹1,00,000/- [Rupee One Lac only] per month be paid to Shri. Naveen J Gupta, Managing Director of the Company w.e.f 1st September, 2010."

"RESOLVED FURTHER THAT where in a financial year during the currency of his tenure, the Company has no profits or its profits are inadequate the remuneration payable to him shall not exceed the ceiling limit prescribed in Section 11 of the part II of Schedule XIII to the Companies Act for the year, which will be payable to him as minimum remuneration for that year."

6. TO CONSIDER AND IF THOUGHT FIT TO PASS, WITH OR WITHOUT MODIFICATION THE FOLLOWING AS AN ORDINARY RESOLUTION

"RESOLVED THAT Shri. Pinakin Mahipatlal Patel who appointed an additional director of the company by the Board of directors and who holds office as per Section 260 of the Companies Act, 1956, up to the date of this Annual General Meeting and in respect of whom the company has, pursuant to Section 257 of the Companies Act, 1956 received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a director of the Company, liable to retire by rotation."

7. TO CONSIDER AND IF THOUGHT FIT TO PASS, WITH OR WITHOUT MODIFICATION THE FOLLOWING AS AN ORDINARY RESOLUTION

"RESOLVED THAT the Company in General Meeting hereby re-appoints M/s. Ashok P. Pathak & Co., Company Secretaries for obtaining from them the Compliance Certificate pursuant to the Provisions under Section 383 A (1) of the Companies Act, 1956 (the Act) and those under the Companies (Compliance Certificate) Rules, 2001, on such remuneration as shall be fixed by the Chairman, exclusive of traveling and other out of pocket expenses."

"RESOLVED FURTHER THAT the appointee shall examine the Compliance of the provisions under the Act in respect of the Financial Year ending on 31st March, 2011."

Regd. Office :

701, Avdhesh House,
Opp : Gurudwara,
Nr. Thaltej Cross Road,
Ahmedabad - 380054
Gujarat
Date : 31st August, 2010

By Order of the Board
For, Kalptaru Papers Limited

Jaikishan B. Gupta
Chairman

NOTES :-

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, VOTE INSTEAD OF HIMSELF, SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.

2. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956, in respect of special business in the Notice is annexed hereto. The relevant details has stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges(s), in respect of Directors seeking appointments / re-appointments as directors, under item Nos. 2, 3 and 6 above, are also annexed hereto.
3. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the company on all working days, except Sundays, between 11:00 a.m. and 1:00 p.m. up to the date of the meeting.
4. The register of Members and the Share Transfer Books of the Company will remain closed From Thursday, 23rd day of September, 2010 To Wednesday 29th day of September, 2010 (both days inclusive)
5. The Equity Shares of the Company are available for Dematerialization, as the Company has entered into an agreement with National Securities Depository Limited (NSDL) and The Central Depository Services Limited (CDSL). Those Shareholders who wish to hold the Company's Share in electronic form may approach their Depository participants.
6. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agent M/s. Link Intime India Pvt. Ltd., 13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078. Members holding shares in electronic form must send the advice about change in address to their respective Depository Participant only and not to the Company or Company's Registrar and Share Transfer Agent
7. Members / Proxies should fill in the Attendance Slip for attending the meeting and they are requested to bring their Attendance Slip along with their copy of Annual Report to the meeting. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio No in Attendance Slip for attending the meeting
8. Members are requested to intimate to the company, queries, if any, on the accounts at least ten days before the meeting to enable the Management to keep the required information available at the meeting

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By Order of the Board
For. Kalptaru Papers Limited

Jalkishan B. Gupta
Chairman

ANNEXURE TO THE NOTICE

Notes on Directors seeking appointment / re-appointment at the annual general meeting as required under the revised Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

Profile of Directors being Appointed / Re-appointed :

Item No 2

Name	Shri. Naveen Gupta
Qualification	Graduate in Commerce
Experience	Over 16 years in Paper Industry
Other directorship	Kalptaru Alloys Pvt. Ltd., Kalptaru Fincap Limited., Kalptaru Infosoft Pvt. Ltd
Chairman / Member of the Committees of the Board of the other companies on which he is a director	None
No. of shares held in the company	311820 Equity Shares of ₹ 10 each
Disclosure of the relationships	Shri. Naveen Gupta, Managing Director of the Company is Son of Shri. Jaikishan B. Gupta, Chairman of the Company.

Item No 3

Name	Shri. Pareshabu Pandya
Qualification	Post Graduate in Philosophy, LLB
Experience	Over 26 years as Management Consultants
Other directorship	None
Chairman / Member of the Committees of the Board of the other companies on which he is director	None
No. of shares held in the company	1000 Equity Shares of ₹ 10 each
Disclosure of the relationships	Shri. Pareshabu L. Pandya is not, in any way, concerned / interested / related with any of the other directors of the company.

Item No 6

Name	Shri. Pinakin Mahipatral Patel
Qualification	Printing Technology from J.J School of Arts, Bombay
Experience	More 40 years in paper Industries
Other directorship	None
Chairman / Member of the Committees of the Board of the other companies on which he is director	None
No. of shares held in the company	1000
Disclosure of the relationships	Shri. Pinakin Mahipatral Patel is not, in any way, concerned / interested / related with any of the other directors of the company

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

The Explanatory statement pursuant to section 173 of the Companies Act, 1956 set out all material facts relating to the Special Business mentioned in the accompanying Notice are as follows :

ITEM NO 5

Subject to approval of the members, the Board of Directors at their meeting held on 31st August, 2010 had approved revision in the salary of Shri Naveen J. Gupta, Managing Director from ₹ 75 000/- [Rupees Seventy Five Thousand only] per month to ₹ 1,00,000/- [Rupee One Lac only] per month with effect from 1st April, 2010. The present term of office of Shri Naveen J. Gupta will be expiring on 28th February, 2013. Other terms and conditions will be remained same as per the resolutions passed at the 20th annual general meeting held on 29th September, 2008.

Taking into account financial position of the company, trend in the industry, and qualifications and experience of Shri Naveen J. Gupta, the increased remuneration set out in the resolution is considered to be just, fair and reasonable.

The resolution at Item No 5 of the Notice seeks the approval of the members for the increase in remuneration. Your directors recommend the resolution to the shareholders for adoption.

This shall be treated as circular of abstracts to the members as required under section 302 of the Companies Act, 1956.

Shri Naveen J. Gupta may be considered as interested in his appointment. However, none of the Directors may be considered to be concerned or interested in this appointment.

ITEM NO 6

Shri. Pinakin Mahipatlal Patel was appointed as additional director by the Board of directors of the Company at its meeting held on 30th day of October, 2009 in terms of section 260 of the Companies Act, 1956 ("the Act") and he shall hold office up to the date of the Annual General Meeting of the Company. The Company has received valid notice and requisite deposit from members of the Company under Section 257 of the Act, proposing the candidature of Shri. Pinakin Mahipatlal Patel for the office of director. In view of the background and valuable experience of Shri. Pinakin Mahipatlal Patel it will be in the interest of the Company to appoint him as director of the Company.

Your director recommends the resolution for approval of the members.

Shri. Pinakin Mahipatlal Patel is interested in the resolution as it relates to his appointment. None of the other directors of the Company is in any way concerned or interested in the resolution.

ITEM NO 7

The proviso to Section 383 A (1) of the Companies Act, 1956 read with Rule 2 of the Companies (Appointment and Qualifications of Secretary) Rules 1988, every Company not required to employ a Whole-Time Secretary and having a paid-up Share Capital of ₹ 10 00 Lac or more shall file with the Registrar a Certificate from a Secretary in Whole-Time Practice in such form and within such time and subject to such conditions as may be prescribed, as to whether the Company has complied with the provisions of the Companies Act, 1956 and a copy of such certificate shall be attached with Board's Report referred to Section 217.

In view of the above amendment to the Companies Act, 1956 vide the Companies (Amendment) Act, 2000, the Company is required to re-appoint the Secretary in Whole-Time Practice for obtaining from him / them the Compliance Certificate pursuant to the provisions under Section 383 A (1) of the Companies Act, 1956 and under the Companies (Compliance Certificate) Rules 2001, as the Paid up Share Capital of the Company is fall within the limits prescribed under Section 383 A (1).

The Board of Directors recommended the passing of the Resolution.

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

Regd. Office :

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Gujarat
Date : 31st August, 2010

By Order of the Board
For. Kalptaru Papers Limited

Jaikishan B. Gupta
Chairman

DIRECTOR'S REPORT

To,
The Members,
Kalptaru Papers Limited,
Ahmedabad.

Your directors have pleasure in presenting herewith their 22nd Annual Report together with the Audited Statements of Accounts for the period ended on 31st March, 2010.

PERFORMANCE HIGHLIGHTS :

Particulars	₹ in Lac)	
	Current year Ended on 31/03/2010	Previous year Ended on 31/03/2009
Turnover	5224.25	3757.54
Turnover	5510.41	5224.25
Other Income	39.63	68.97
Profit / Loss before Taxation	100.35	-376.86
Deferred Tax Credit	-29.69	153.11
Adjustments relating to previous year	-8.74	-18.21
Less : Fringe Benefit Tax	NIL	3.41
Net Profit / Net Loss during the year	63.91	-245.37
Balance Brought Forward	469.97	715.35
Balance carried to Balance Sheet	533.88	469.97

DIVIDEND :

To Conserve the resources for the expansion projects under pipeline, your directors do not recommend any dividend for the financial year ended on 31st March, 2010.

BUSINESS PERFORMANCE & PROSPECTS :

During the year under report, the company has a turnover of ₹ 5510.41 Lac as compared to ₹ 5224.25 Lac during the previous year and the operations for the year under review has resulted into net profit of ₹ 63.91 Lac in compared to previous years net loss of ₹ 245.37 Lac. Your company could achieve sustained growth in business due to continued pursuit of our strategy to work with innovation ideas, developing new areas of its activities and reducing cost of products through process innovation. Directors are hoping even better performance during the current year.

A detailed analysis of the financial results is given in the Management Discussion and Analysis Report, which forms part of this Report.

BUSINESS PERFORMANCE & PROSPECTS :

During the year under report, the company has a turnover of ₹ 5510.41 Lac as compared to ₹ 5224.25 Lac during the previous year and the operations for the year under review has resulted into net profit of ₹ 63.91 Lac in compared to previous years net loss of ₹ 245.37 Lac. Your company could achieve sustained growth in business due to continued pursuit of our strategy to work with innovation ideas, developing new areas of its activities and reducing cost of products through process innovation. Directors are hoping even better performance during the current year.

PAPER MACHINE NO.3

Company has also been installed Paper Machine No 3 imported from Canada meant for value added manufacturing of GSM Papers like tissue papers, OTC papers etc. and these products are good export potential. The Directors are hoping that the successful performance of Machine No 3 will increase the qualitative and quantitative turnover of the company which in turn result into high profitability in coming years

A detailed analysis of the financial results is given in the Management Discussion and Analysis Report, which forms part of this Report.

FINANCE :

The Company is at present enjoying financial assistance in the form of working capital facilities and term loan from Indian Overseas Bank, Stadium Road Branch, Ahmedabad, and from Axis Bank Limited. During the year under review, the company regularly paid the principal and interest to the Banks.

PUBLIC DEPOSITS :

The Company has not accepted any public deposits as defined under section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975, as amended during the year under review.



CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS / OUTGO :

The information relating to conservation of Energy, Technology, Absorption and Foreign Exchange Earning / Outgo as required under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given by way of annexure attached hereto which forms part of this report.

PARTICULARS OF EMPLOYEES :

Provision of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company, since none of the employees of the Company was in receipt of total remuneration exceeding of ₹ 24,00,000 p.a. or ₹ 2,00,000 p.m. for part of the year during the financial year under review.

BOARD OF DIRECTORS :

In accordance with provisions of Section 256 of the Companies Act, 1956, Shri. Naveen Gupta, and Shri. Pareshbabu Pandya retire by rotation at the forthcoming Annual General Meeting and being eligible offers themselves for re-appointment. The Board of Directors at its meeting held on 30th October, 2009 has appointed Shri. Pinakin M. Patel as additional directors of the company w.e.f.30/10/2009. Smt. Usha J. Gupta has resigned to act as director of the company w.e.f 30/10/2009.

COMPOSITION OF AUDIT COMMITTEE :

The Board of Directors of the company has re-constituted from time to time an Audit Committee. The composition of present audit committee comprising two independent Non-Executive Directors viz. Shri. Paresh Pandya, Chairman (having financial and accounting knowledge), Shri. Pinakin M. Patel and one Non-Executive Director Shri Jaikishan Gupta. The constitution of Audit Committee meets with the requirements under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing agreement of the Stock Exchanges as well.

ACCOUNTING STANDARDS AND FINANCIAL REPORTING :

The Company incorporates the accounting standards as

and when issued by the institute of Chartered Accountants of India. The Company complied with the Stock Exchange and legal requirement concerning the Financial Statements at the time of preparing them for the Annual Report.

CORPORATE GOVERNANCE :

Your Company follows the principles of effective Corporate Governance. The Company has complied with the mandatory provisions of Corporate Governance as prescribed in the revised Clause 49 of the Listing Agreement executed with the Stock Exchange(s).

A separate section on Corporate Governance is included in the Annual Report and Certificate from Company's Auditors confirming the compliance with the code of Corporate Governance as enumerated in Clause-49 of the listing agreement with the Stock Exchange is annexed hereto.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT :

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement executed with the Stock Exchanges, is presented in a separate section forming part of the Annual Report.

DEMATERIALIZATION OF EQUITY SHARES :

As per direction of the SEBI and the Bombay Stock Exchange Limited, the shares of the Company are under compulsory demat form. The Company has established connectivity with both the Depositories i.e. National Securities Depository Limited [NSDL] and Central Depository Services India Limited [CDSL] and the demat activation number allotted to the Company is ISIN : INE783C01019. Presently shares are held in electronic and physical mode (95.21% of shares in demat, 4.79% in physical mode.)

LISTING :

The Equity Shares of the Company are listed in the Stock Exchange, Mumbai (BSE) which has the connectivity in most of the cities across the country

AUDITORS :

M/s. V. D. Aggarawal & Co., Chartered Accountants,

Delhi, retire at the conclusion of this ensuing Annual General Meeting. The Company has received a certificate under Section 224 (1) (B) of the Companies Act, 1956 to the effect that their re-appointment, if made will be in accordance to the limit specified in the said Section. You are requested to consider their re-appointment as Auditors of the Company for the Current Year.

AUDITORS REPORT :

The comments in the Auditors Report with Notes to Accounts referred to the Auditor's Report are self explanatory and, therefore do not call for any further explanation.

RE-APPOINTMENT OF COMPANY SECRETARY IN WHOLE-TIME PRACTICE :

M/s Ashok P. Pathak & Co., Company Secretaries, retire at the conclusion of ensuing Annual General Meeting. You are requested to consider their appointment for the Financial Year 2010-2011.

SECRETARIAL COMPLIANCE CERTIFICATE :

The Compliance Certificate pursuant to the provisions of Section 383A(1) of the Companies Act, 1956 as to be filed separately with e-Form No.66 is forming part of the Director's Report.

INDUSTRIAL RELATIONS :

The directors are happy to note that the industrial relations continued to remain cordial during the year. The directors express their appreciation towards the workers, staffs and executive staffs for their coordination and hope for a continued harmonious relations.

DIRECTOR'S RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Director's Responsibilities Statement, it is hereby confirmed :

- (i) that in the preparation of the Annual Accounts for the Financial Year ended 31st March, 2010, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the Director's had selected such

accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the Financial Year and of the Profit or Loss of the Company for the Company for the year under review;

- (iii) that the Directors had taken proper and sufficient care for the maintenance of Adequate accounting records in according with the provisions of the Companies Act 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the accounts for the Financial Year ended 31st March, 2010, on a going concern basis.
- (v) that the company has adequate internal systems and controls in place to ensure compliance of laws applicable to the company.

INSURANCE :

The company has made the necessary arrangement for adequately insuring its insurable interests.

ACKNOWLEDGEMENT:

Your directors would like to express their grateful appreciation for the assistance and co-operation received from the Government, Banks, Customers, Suppliers and Business associates during the year under review. The Directors also express their gratitude to the shareholders for the confidence reposed towards the Company. Your Directors wish to place on record their deep sense of appreciation to all the employees for their commendable team work and enthusiastic contribution during the year.

Regd. Office :

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Date : 31st August, 2010

By Order of the Board
For, Kalptaru Papers Limited

Jalkishan B. Gupta
Chairman

ANNEXURE FORMING PART OF DIRECTOR'S REPORT

Disclosure of particulars with respect to conservation of energy as required under Section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Report of Board of Directors for the year ended on 31st March, 2010.

I ENERGY CONSERVATION MEASURES :

Energy Conservation is the most essential part in today's working. It is the duty of every individual at all levels to save energy as far as possible. Saving energy is not one time job but constant effort are required for the same. The management has formed Committee to look into the matter and suggest latest measures to save steam and power.

Variable Drives have been installed to save energy. Energy efficient Motors / Pumps have been installed to achieve energy savings.

II TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :

Use of the latest technology is the dire need of the Industry if it has to survive and keep pace with others in the changed environment.

Keeping in view the above, a new boiler has been installed with latest automation instruments to save power and fuel.

III FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign exchange earned	: ₹ NIL
Foreign exchange outgo (Traveling)	: ₹ 2,30,862



THE WAY TO HAPPINESS

- Keep your head free from hate,
your mind from worry
 - Live simply, expect little, give much.
 - Fill your life with love.
 - Forget self, think of other
- Try this for a week and you
will be surprised.



FORM A
(DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY)

Particulars	2009-2010	2008-2009
(A) Power and Fuel Consumption :		
1. Electricity		
Purchased Power (units)	4529720.00	7518990.00
Total Amount (in ₹)	26591114.86	48088990.81
Rate (unit)	5.86	6.40
2. Boiler Fuel		
Quantity (in kgs)	18774633.00	17844813.00
Total Amount (in ₹)	40340405.54	40068989.82
Average Rate (per kg) ,	2.15	2.25
3. (a) LNG Gas		
In SCM	2445322.60	2203456.00
In ₹	38580313.14	37742054.19
Average Rate (per SCM)	15.78	17.13
Total Units	9036554.00	8963740.00
Rate per Unit	4.08	4.21
(b) L.E.O.		
In Liters	NIL	NIL
In ₹	NIL	NIL
Average Rate (per Liter)	NIL	NIL
Total Units	NIL	NIL
Rate per Unit	NIL	NIL
(c) Furnace Oil		
In Liters	NIL	NIL
In ₹	NIL	NIL
Average Rate (per Liter)	NIL	NIL
Total Units	NIL	NIL
Rate per Unit	NIL	NIL
(B) Consumption per unit of production :		
Electricity (Unit)	0.58	0.58
Coal (Unit)	0.64	0.62

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. BUSINESS HIGHLIGHTS :

Turnover :

Kalptaru Papers Limited has achieved a turnover of ₹ 5510.41 Lac in 2009-2010 as against ₹ 5224 Lac during the previous year recording an increase of over 5.5%.

Other Income :

Other income mainly consists of sales of scrap, profit on sales of assets, etc. Other income for the year amounted to ₹ 39.62 Lac as against ₹ 68.97 Lac during the previous year.

Material Costs :

Purchase costs includes raw material consumption for the year was ₹ 3138.06 Lac as against ₹ 3100.97 Lac during the previous year. Inventory of raw materials has gone up during the year by ₹ 0.56 Lac. Work in process have increased by ₹ 0.02 Lac.

Manufacturing Expenses :

Purchase Cost also includes manufacturing expenses mainly comprises Power & Fuel ₹ 674.01 Lac, repairs & maintenance ₹ 74.81 Lac, as against ₹ 860.12 Lac and ₹ 158.93 Lac respectively during the previous year.

Employee Emoluments :

Employees emoluments (other than managerial remuneration) have decrease to ₹ 200.32 Lac during the year as against ₹ 318.18 Lac during the previous year.

Administrative, Selling and Other Expenses :

Major components of administrative, selling and other expenses include managerial remuneration, rent, postage, stationary, audit fees, traveling, commission on sales etc. Administrative, selling and other expenses for the year amounted to ₹ 147.81 Lac as against ₹ 185.30 Lac during the previous year. This expenses accounted for 2.68% of sales during the year as against 3.54% during the previous year.

Interest and Finance Charges :

Interest and finance charges during the year come to ₹ 272.53 Lac as against ₹ 399.89 Lac during the previous year.

Depreciation :

Depreciation charge for the current year came to ₹ 193.77 Lac as against ₹ 184.09 Lac during the previous year. Addition to fixed assets during the year was ₹ 1015.95 Lac.

Provision for Tax :

No provision was made during the year towards current tax as against NIL Lac during the previous year. The deferred tax credit for current year was ₹ 29.70 Lac.

Profit after Tax :

Net profit during the year was ₹ 63.91 Lac as against Net Loss of ₹ 245.37 Lac during the previous year.

Financial Condition :

Secured loans :

Secured loans stood at ₹ 2563.31 Lac as at 31st March, 2010 as against ₹ 3081.91 Lac as at 31st March, 2009 due to disbursement of loans sanctioned (enhanced credit facilities) during the year. An amount of ₹ 518.06 Lac (term loan) was repaid during the year.

Unsecured Loans :

Unsecured loans as on 31st March, 2010 were at ₹ 1019.04 Lac as against ₹ 976.45 Lac as on 31st March, 2009.

Inventories :

Major items of inventories as of 31st March, 2010 are as under :

	(₹ In Lac)	
Particulars	2009-2010	2008-2009
Raw Materials	78.72	305.50
Work in process	2.76	2.20
Finished goods	45.08	265.30

Debtors :

Debtors as on 31st March, 2010 amounted to ₹ 1012.39 Lac as against ₹ 788.06 Lac during the previous year.

Fixed Assets :

Gross block of the fixed assets at the end of the year increased to ₹ 5938.38 Lac compared to previous year's figure of ₹ 4922.43 Lac.

B. SEGMENT WISE PERFORMANCE :

The company is operating in only one segment i.e. paper. The production of craft paper is 77.80% and of news print paper is only 22.18% of total production. There are no material deference in the technical and financial performance in either of the papers and of sundry board is only 0.02%

Your company has adopted various marketing strategies for sustained growth including increase in number of clients / customers to reduce the dependency on any single client / customer.

C. AN INDUSTRY OVERVIEW :

The paper industry in India is having shortage of raw materials, as we do not have enough forests to meet the industry requirement of pulpable wood, hence the dependence on waste paper is on higher scale. The central pulp and papers research institute and many other organizations are actively involve to find out ways to increase collection of waste papers to reduce dependence on imports.

The management is confident of improvement in the demand of paper in the near future with fast growth of decorative and industrial laminate industry. News paper readers are also on increase. Both this trends will lead to higher demand of your company products year by year. The unit of the company is eco-friendly and have already adopted the concept of recycle of papers.

The scenario of the paper industry and economy in general is buoyant even after the industry is exposed to global competition with globalization policy of the government. The industry is facing problems for availability of raw materials and high cost of power and steam. The process of development, increasing trust of the government on the education and demand from packaging sector, the future of papers industry appears quite bright

D. SHORT ANALYSIS OF THE COMPANY :

Strength :

- Management depth and ability to manage client relationships
- R & D capabilities to develop efficient and cost effective process at short notice having a State of the Art dedicated R & D Center

- Multi-purpose and multi-production facilities having Quality Certifications
- Enhanced presence in the market through clientele basis
- Has equipped itself with new business dynamics of comprehensive service providers to the clients this may call for required diversification also for which the company has already equipped itself

Opportunities :

The paper Industry in subject to tough competition amongst various segments of manufactures within and outside the country. The threat of competition is comparatively less in the product which your company is manufacturing viz. Absorbent Paper and News Print. Your company is exclusively manufacturing Absorbent paper which is being supplied to almost all the decorative and Industrial Laminate manufactures, and the products have been well approved by them. The company is market leader in absorbent paper. The increase in demand from this sector will provide opportunity to your company to increase its sale and capture more market share. Moreover, Indian paper industry witnessing changes in business dynamics.

Threats :

- Competition from other Indian companies operating in similar segments.

E. RISKS AND CONCERNS :

Your company is mainly focusing on R & D and manpower and the intelligence. Apart from the risk on account of interest rate and regulatory changes, business of the company are exposed to certain operating business risks, which is mitigated by regular monitoring and corrective actions. The company has taken necessary measures to safe guard its assets and interest etc

F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

The company has proper an adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly and to monitor Internal

business process, financial reporting and compliance with applicable laws

The internal control system has been designed so as to ensure that the financial and other records are reliable and reflects a true and fair view of the state of the Company's business.

To further strengthen the Internal Audit system, including internal control systems and MIS, your company has appointed an experienced firm of Chartered Accountants as Internal Auditors.

A qualified and independent committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them.

G. INDUSTRIAL RELATIONS & HUMAN RESOURCE MANAGEMENT :

The Company believes that human resource is the most important assets of the organization. It is not shown in the corporate balance sheet, but influences appreciably the growth, progress, profits and the shareholder's values. During the year your company continued its efforts aimed at improving the HR policies and processes to enhance its performance. The vision and mission of the company is to create culture and value system and behavioral skills to insure achievement of its short and long term objectives.

The company as at year end, has 165 employees on its role and continues to attract talent both from within and outside India to further its business interests. Industrial relations continue to be cordial.

Cautionary Statement :

Statement made in the Management Discussion & Analysis describing the company's objectives, projections, estimates, expectations may be "Forward-looking statements" within the meaning of applicable securities laws & regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the markets in which the company operates, changes in the government regulations, tax laws & other statutes & other incidental factors.

“ **TO-DAY**

**Mend a quarrel
Search out a forgotten
friend.**

**Dismiss suspicion
Give a soft answer**

Keep a promise

Find the time

Forego a grudge

Forgive an enemy

**Apologize if your were
wrong**

Try to understand

**Appreciate, be kind, be
gentle.**

Laught a little more

Express your gratitude

Worship your god ””

CORPORATE GOVERNANCE REPORT

Corporate Governance and practices in accordance with the provisions of the Revised Clause 49 of the Listing Agreement :

1. Company's philosophy on Code of Governance :

Corporate Governance helps to serve corporate purposes by providing a framework within which stake holders can pursue the objectives of the organization most effectively. Corporate Governance signifies acceptance by management of the inalienable rights of shareholders as the true owners of organization and of their own role as trustees on behalf of the shareholders. The company's essential character revolves around values based on transparency, integrity, professionalism and accountability. At the highest level, the company continuously endeavors to improve upon these aspects on an ongoing basis and adopts innovative approaches for leveraging resources, converting opportunities into achievements through proper empowerment and motivation, fostering a healthy growth and development of human resources to take the company forward.

2. Board of Directors :

Composition :

The present Board of Directors consists of 2 (two) non-executive / independent directors. As of date, the Board comprises of 1 (one) whole time / executive director and 1 (one) non-executive directors and 2 (two) independent / Non-Executive directors.

The company has a Non-Executive Chairman and the number of non-executive/independent directors is 2 (two). The Company, therefore, meets with the requirements relating to the composition of the Board of Directors.

The composition and category of Directors are as follows :

CATEGORY	NAME OF DIRECTORS
Promoter & Executive Director	Shri. Naveen Gupta Managing Director
Promoter and Non Executive Director	Shri. Jaikishan Gupta Chairman
Independent & Non-Executive Directors	Shri. Pareshbabu Pandya Director, Shri. Pinakin M. Patel Director

Disclosure of relationships between Directors inter-se :

Name of directors	Relationship with other Director
Shri. Jaikishan Gupta	Father of Shri. Naveen Gupta, Managing Director of the Company.
Shri. Naveen Gupta	Son of Shri. Jaikishan Gupta, Chairman of the Company.
Shri. Pareshbabu Pandya	Not, in any way, concern / interested / related with any of the other directors of the company.
Shri. Pinakin M. Patel	Not, in any way, concern / interested / related with any of the other directors of the company.

Attendance of each Director at the Board meetings, Last Annual General Meeting and Number of Other Directorships and Chairmanships / Memberships of Committees of each Director In various Companies, during the year 2009-2010 :

Name of Directors	Attendance particulars		No. of Directorships and Committees Memberships / Chairmanships		
	Board Meetings	Last AGM	Other Directorship*	Committee Membership	Committee Chairmanship
Naveen Gupta	6	Present	1	1	None
Jaikishan Gupta	6	Present	2	2	1
Paresh Pandya	6	Present	None	1	1
Shri. Pinakin Patel*	3	—	None	1	None

Private Companies and Foreign Companies excluded

* Appointed as additional director w.e.f.30/10/2009

Note :

- I) Details of the Committee membership/chairmanship is in accordance with the revised Clause 49 of Listing Agreement.
- II) None of the Directors of the Company is a member of more than ten committees nor is the Chairman of more than five Committees across all the Companies in which he is a Director.

Number of Board Meetings held and the dates on which held

6 (six) Board Meeting were held during the year 2009-2010, as against the minimum requirement of 4 meetings. The dates on which the meetings were held are : 07/04/2009, 24/06/2009, 30/07/2009, 30/10/2009, 11/01/2010 and 30/01/2010.

The Company has held one meeting every quarter and the maximum time gap between any two meetings was not more than four months.

The Information as required under Annexure IA to Clause 49 of the Listing Agreement is made available to the Board. The agenda and the papers for consideration at the Board meeting are circulated to the Directors in advance to the meeting. Adequate information is circulated as part of the Board papers and is also made available at the Board meeting to enable the Board to take informed decisions.

Where it is not practicable to attach supporting / relevant document(s) to the Agenda, the same are tabled at the meeting with specific reference to this is made in the Agenda.

CEO Certification :

The Managing Director of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49. The Managing Director also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41.

Code of Conduct :

The Company has formulated and implemented a Code of Conduct for all Board members and senior management personnel of the Company in compliance with Clause 49(I)(D) of the Listing Agreement.

Risk Management Policy :

The Company has formulated a Corporate Policy applicable to its operations, and duly approved by the Board of Directors in compliance with the requirement of the revised Clause 49 of the Listing Agreement with the Stock Exchanges. Audit Committee and Board Members are reviewing and updating the said policy periodically

3. Audit Committee

The Board of Directors of the Company has constituted an Audit Committee and has been reconstituted from time to time. The said Committee has been reconstituted by inducting qualified and independent members on the Committee. Presently, the Audit Committee comprising of two independent Non-Executive Directors namely Shri. Pareshbabu Pandya, Chairman (having financial and accounting knowledge) and Shri. Pinakin M. Patel and Shri. Jaikishan Gupta, Non-Executive Director.

The constitution, composition and functioning of the Audit Committee also meets with the requirements of Section 292A of the Companies Act, 1956 and revised Clause – 49 of the Listing Agreement entered into with the Stock Exchanges.

Terms of Reference :

The terms of reference of the Audit Committee include approving and implementing the audit procedures, reviewing financial reporting systems, internal control systems and control procedures and ensuring compliance with the regulatory guidelines and also include those specified under the revised Clause 49 of the Listing Agreement as well as under Section 292A of the Companies Act, 1956.

Powers of the Audit Committee :

The Audit Committee has powers that include the following :

- To investigate any activity of the Company within its terms of reference
- To seek information from any employee
- To obtain outside legal and other professional advice
- To secure attendance of outsiders with relevant expertise, if it considers necessary

Attendance of each Member of Audit Committee meetings held during the year ended on 31st March, 2010.

Name of Directors	Category	Status / Designation	No. of Meeting attended
Pareshbabu Pandya	Non-executive / Independent	Chairman	4
Mitesh Shah*	Non-executive / Independent	Member	4
Pinakin M. Patel**	Non-executive / Independent	Member	2
Jaikishan Gupta	Non-executive	Member	4

* Resigned to act as director w.e.f.15/05/2010

** Appointed as Additional Director w.e.f.30/10/2009

The Committee met 4 (four) times during the year 2009-2010. The dates on which the Audit Committee meetings were held are 24/06/2009, 30/07/2009, 30/10/2009 and 30/01/2010. The maximum time gap between two meetings was not more than four months. Members of the Audit Committee have requisite financial and management expertise. Shri. Pareshbabu Pandya has, being a Chairman of the Audit Committee attended the last Annual General Meeting held on 29th September, 2009.

4. Remuneration Committee (non-mandatory)

The Company has not constituted the Remuneration Committee. But the Audit Committee is entrusted with the responsibility of finalizing the remuneration of Executive / Whole Time Directors.

5. Shareholder's and Investor's Grievance Committee :

The Board of Directors of the Company has constituted a Shareholder's and Investor's Grievance Committee. Presently, the Shareholders and Investors Grievance Committee comprises of two directors namely, Shri. Jaikishan Gupta, Chairman of the Committee and Shri. Naveen Gupta. The Committee, inter alia, approves issue of duplicate certificates and oversees

and reviews all matters connected with the securities transfers. The Committee also looks into redressal of shareholder's complaints like transfer of shares, non-receipts of balance sheet, non-receipt of declared dividends etc. The Committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement in the quality of investor services.

The Board has designated Shri. Keyur Parikh, Senior Manager as the Compliance Officer. As required by the provisions of Clause 47(f) of the Listing Agreement, the Company has designated the below cited email ID of the grievance redressal division / compliance officer exclusively for the purpose of registering complaints by investors. **E-Mail ID : contact@kalptaru.co.in**

None of the request for transfers, dematerialization and re-materialization was pending for approval as on 31st March, 2010.

Quarter-wise Summary of Investor's Complaints received and resolved to the satisfaction of the shareholders during the financial year 2009-2010.

Quarter Period		Complaints Position at the beginning of the quarter	Complaints received during the quarter	Complaints resolved during the quarter	Complaints pending at the end of the quarter
From	To				
01/04/2009	30/06/2009	NIL	NIL	NIL	NIL
01/07/2009	30/09/2009	NIL	NIL	NIL	NIL
01/10/2009	31/12/2009	NIL	NIL	NIL	NIL
01/01/2010	31/03/2010	NIL	NIL	NIL	NIL
Total					
Complaint pending at beginning of the year		=	NIL		
Complaint received during the year		=	NIL		
Complaint resolved during the year		=	NIL		
Complaint pending at the end of the year		=	NIL		

6. Annual General Body Meetings :

Location, Date and Time for last three Annual General Meetings were as follows :

Year	Location	Date	Time
2006-07	701, Avdhesh House, Opp : Gurudwara, Nr. Thaltej Cross Road, Ahmedabad - 380054	29/09/2007	10:30 a.m.
2007-08	701, Avdhesh House, Opp : Gurudwara, Nr. Thaltej Cross Road, Ahmedabad - 380054	29/09/2008	10:00 a.m.
2008-09	701, Avdhesh House, Opp : Gurudwara, Nr. Thaltej Cross Road, Ahmedabad - 380054	29/09/2009	10:00 a.m.

Pursuant to the provisions of Section 192A of the Companies Act, 1956 there was no matter required to be dealt by the company to be passed through Postal Ballot.

Whether any Special Resolutions :

- (a) Were put in the previous AGM : No
- (b) Were put through Postal Ballot last year : No
- Details of voting pattern : N.A.
- Persons who conducted postal ballot exercise : N A

- (c) Are proposed to be conducted through postal ballot : No
(d) Procedure for postal ballot : N.A.

7. Disclosures:

- 7.1 There are no materially significant related party transactions i.e. transactions of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflicts with the interests of the company at large in the financial year 2009-2010. Related party transactions have been disclosed in the Notes to the Annual Accounts of the Company for the year ended 31st March, 2010
- 7.2 There has been no instance of non-compliance by the company on any matter related to capital markets, during the last three years and hence no penalties or strictures have been imposed on the company by Stock Exchange(s) or SEBI or any other statutory authority.
- 7.3 The Company has complied with all the mandatory requirements of the Revised Clause 49 of the Listing Agreement.

8. Means of Communication :

The Company regularly intimates quarterly un-audited as well as yearly audited financial results to the Stock Exchanges, immediately after the same are taken on record by the Board. This results are normally published in "The Western Times" an English daily and also in its Gujarati edition. These are not sent individually to the Shareholders

All price sensitive information and announcements are communicated immediately after the Board decisions to the Stock Exchanges, where the company's shares are listed, for dissemination to the Shareholders

The Management Discussion and Analysis Report forms part of this report.

9. General Shareholder Information :

9.1 22nd Annual General Meeting

Date : 29th day of September, 2010
Time : 10:00 a.m.
Venue : 701, Avdhesh House,
Opp : Gurudwara,
Nr. Thaltej Cross Road,
Ahmedabad – 380054

As required under Clause 49(IV)(G)(i), particulars of Directors seeking appointment/re-appointment are given in Annexure to the Notice of the Annual General Meeting to be held on 29th September, 2010.

9.2 Financial Year / Calendar :

The Company follows April to March as its Financial Year. The results for every quarter beginning from April are being declared in the month following the quarter as per the Listing Agreement.

9.3 Date of Book Closure :

From Thursday, 23rd day of September, 2010 To Wednesday, 29th day of September, 2010 (both days inclusive), for the annual general meeting scheduled to be held on 29th September, 2010.

9.4 Listing on Stock Exchanges :

Bombay Stock Exchange Limited,

9.5 Stock Code

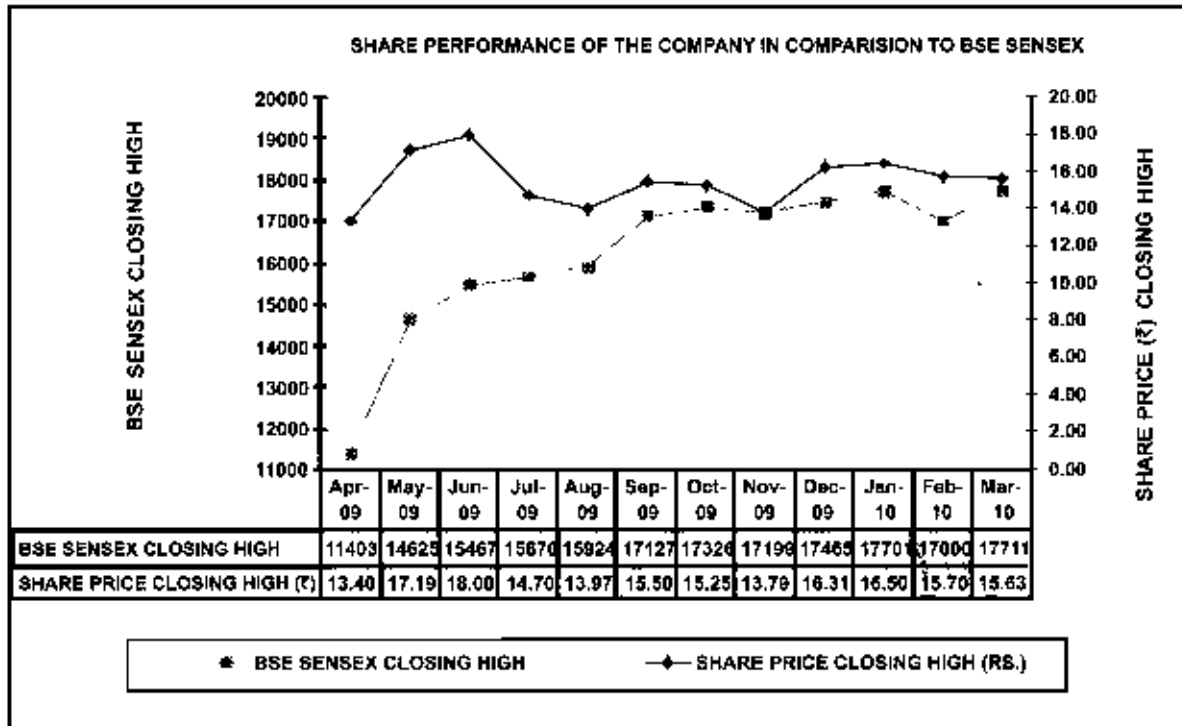
Bombay Stock Exchange Limited **590036**
Demate ISIN Number in NSDL & CDSL for Equity Shares **INE783C01019**

9.6 Market Price Information and Other information concerning the shares

The table below sets forth, for the periods indicated, the Closing high and low and volume of trading activity on the BSE for the shares

Month	Bombay Stock Exchange (BSE)		
	High (₹)	Low (₹)	Volume Traded
April, 2009	13.40	10.25	11331
May, 2009	17.19	11.70	50769
June, 2009	18.00	12.65	27110
July, 2009	14.70	11.22	9363
August, 2009	13.97	11.80	18967
September, 2009	15.50	13.15	25790
October, 2009	15.25	11.14	78832
November, 2009	13.79	11.32	166692
December, 2009	16.31	13.67	95412
January, 2010	16.50	13.84	79144
February, 2010	15.70	13.01	21880
March, 2010	15.63	13.43	39277
Total			624567

9.7 BSE - Share performance of the



9.8 Registrar and Transfer Agents :

Link Intime India Pvt. Ltd.
13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai – 400 078

9.9 Share Transfer / Demat System

All the shares related work is being undertaken by our R & T Agent, Link Intime India Pvt. Ltd., 13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078. To expedite the process of share transfer, transmission, split, consolidation, re-materialization and de-materialization etc. of securities of the Company, the Board of Directors has delegated the power of approving the same to the Company's R & T Agent under the supervision and control of the Compliance Officer Shri. Keyur Parikh, who is placing a summary statement of transfer / transmission etc. of securities of the Company at the meeting of the Shareholder's and Investor's Grievance Committee.

Shares lodged for transfer at the R & T Agents address in physical form are normally processed and approved within 15 days from the date of received, subject to the documents been valid and complete in all respect. Normally, all the request for de-materialization of shares are processed and the confirmation is give to the Depository within 15 days. The investors / shareholders grievances are also taken-up by our R & T Agent.

The Company has obtained and filed with the Stock Exchange(s), the half yearly certificates from a Company Secretary in Practice for due compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement.

9.10 Distribution Schedule and Shareholding Pattern as on 31st March, 2010

Distribution Schedule

No. of equity shares held	No. of holders	%	No. of Shares	% of Total
1 - 500	1784	81.28	265770	5.95
501 - 1000	185	8.43	153884	3.44
1001 - 2000	84	3.82	133919	3.00
2001 - 3000	44	2.00	110078	2.46
3001 - 4000	16	0.73	55341	1.24
4001 - 5000	19	0.87	89829	2.01
5001 - 10000	19	0.87	141488	3.17
10001 and Above	44	2.00	3517811	78.73
Total	2195	100.00	4468120	100.00

Shareholding Pattern :

Sr. No.	Category	As on March 31, 2009		As on March 31, 2008	
		Nos. of Shares held	Voting Strength %	Nos. of Shares held	Voting Strength %
1	Promoters	2655308	59.43	2655308	59.43
2	Mutual Fund & UTI	0	0.00	0	0.00
3	Bank, Financial Institutions (FI's), Insurance Companies	0	0.00	0	0.00
4	Foreign Institutional Investors (FII's)	0	0.00	0	0.00
5	Private Bodies Corporate	309800	6.93	414362	9.27
6	Indian Public	1465266	32.79	1363882	30.52
7	Any other (i) Non Resident Indian (ii) Clearing Member	36160 1586	0.81 0.04	31766 2802	0.71 0.06
	Total	4468120	100.00	4468120	4468120

9.11 Dematerialization of Shares and Liquidity :

The Company's Shares are in compulsory De-mate segment and as on 31st March, 2010, 4253920 Equity Shares of the Company forming 95.21% of the company's paid - up Equity share capital is in dematerialized form. Company's shares are easily traded on Bombay Stock Exchange Limited.

9.12 Out standing GDRs/ADRs/Warrants or any Convertible Instruments

- Not applicable.

9.13 Plant Location :

Khatraj Chokdi, Village Karoli,
Kalo, Dist. Gandhinagar, Gujarat

9.14 Address for correspondence :

a)	Investor correspondence for transfer / dematerialization of shares, payment of dividend on shares and any other query relating to the shares of the company	Link Intime India Pvt. Ltd. 13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078
b)	Any query on Payment of Dividend on shares and Annual Report	701, Avdhesh House, Opp : Gurudwara, Nr. Thaltej Cross Road, Ahmedabad – 380054 Tel No : 079 26858510/511 Fax No : 079 26857590 e-mail : contact@kalptaru.co.in

9.15 Secretarial Audit Report :

The Secretarial Audit Report of the Company prepared in terms of SEBI Circular No. D&CC/FITTC/CIR-16/2002 dated December 31, 2002 reconciling the total shares held in both the depositories, viz NSDL and CDSL and in physical form with the total issued / paid-up capital of the Company were placed before the Board of Directors every quarter and also submitted to the Stock Exchange(s) every quarter.

९९ सं गच्छध्वं सं वदध्वं सं वो मनांसि जानताम्
देवा भागं यथा पूर्वे संजानाना उपासते
समानो मन्त्रः समितिः समानी समानं मनः सह चित्तमेषाम्
समानी व आकूतिः समाना हृदयानि वः
समानमस्तु वो मनो यथा वः सुसहसति ९९

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of M/s. Kalptaru Papers Limited

We have examined the compliance of condition of Corporate Governance by M/s. Kalptaru Papers Limited ('the Company') for the year ended 31st March, 2010 as stipulated in Clause 49 of Listing Agreement of the company with Stock Exchanges.

The compliance of condition of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation there of, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

Place :- Ahmedabad
Date :- 31/08/2010

V. D. AGGARWAL & CO.
CHARTERED ACCOUNTANTS

PARTNER
MEMBER SHIP NO. 75675

“ मिलकर चलो, मिलकर बोलो, मिलकर एक-दूसरे के विचारों को जानो, जैसे कि प्राचीन काल के देव (दिव्य व्यक्ति, ज्ञानीजन) आपने प्राप्त कर्तव्य कर्म मिलकर करते थे, वैसे ही तुम भी मिलकर अपने प्राप्त कर्तव्य करते रहो । आप सब का विचार समान (एक-सा) हो, आप सब की सभा सब के लिये समान हो, आप सब का मन समान हो और इन सब का चित्त भी आ । सब के साथ समान (समभाव सहित) हो । आप सब का संकल्प एक हो, आप सब के अन्तःकरण एक हों, आप सब का मन (चिन्तन) समान हो, तो सब अच्छी तरह मिल-जुलकर एक कार्य कर सकें । ”



CEO / MD CERTIFICATION PURSUANT TO CLAUSE 49 (V) OF THE LISTING AGREEMENT

To
The Board of Directors
Kalptaru Papers Limited,
701, Avdhesh House,
Opp : Gurudwara,
Nr. Thaltej Cross Road,
Ahmedabad - 380054

CERTIFICATION BY CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

I, Navin J. Gupta, Managing Director of the Company M/s. Kalptaru Papers Limited, hereby certify that for the financial year ending 31st March, 2010 on the basis of the review of the financial statements and the cash flow statement and to the best of my knowledge and belief that :

- 1 These statement 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 There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year 2009-2010 which are fraudulent, illegal or in violation of the Company's code of conduct.
- 4 I accept responsibility for establishing and maintaining internal controls. I have evaluated the effectiveness of the internal control systems of the company and I have disclosed to the auditors and the Audit Committee those deficiencies, of which I am aware, in the design or operation of the internal control systems and that I have taken the required steps to rectify these deficiencies.
- 5 I 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 I have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system.

Place : Ahmedabad
Date : 31/08/2010

Naveen J. Gupta
Managing Director

SECRETARIAL COMPLIANCE CERTIFICATE

CIN - L21019GJ1988PLC040325
Nominal Capital - ₹10,00,00,000

To,
The Members
KALPTARU PAPERS LIMITED
701, Avdhes House,
Opp Gurudwara, Nr. Thaltej Chokdi,
Ahmedabad - 380054

We have examined the registers, records, books and papers of M/s, KALPTARU PAPERS LIMITED (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31ST MARCH, 2010 (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year :

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the Rules made there under and generally all entries therein have been duly recorded
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act, and the Rules made there under.
3. The company, being a public limited company, comments are not required.
4. The Board of Directors duly met 6 (Six) times respectively on 07/04/2009, 24/06/2009, 30/07/2009, 30/10/2009, 11/01/2010 and 30/01/2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed, in the Minutes Book maintained for the purpose.
5. The company has close its Register of Members From Wednesday, 23rd day of September, 2009 To Tuesday, 29th day of September, 2009 (both days inclusive)
6. The annual general meeting for the financial year ended on 31st March 2009 was held on 29/08/2009 after giving duly notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose
7. No Extra Ordinary General Meeting was held during the financial year.
8. As per the information and explanation provided to us, the company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. As per the information and explanation provided to us, the company has not entered into any contracts falling within the purview of Section 297 of the Act, However during the year company has made sale transactions with associate concerns amounting to ₹20,66,854
10. The company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of directors, members or Central Government.
12. The company has not issued any duplicate share certificates during the financial year.
13. The Company has :
 - (i) not made any allotment of securities during the financial year The company has delivered all the certificate on lodgment thereof for transfer / transmission of securities during the year.
 - (ii) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.

- (iii) not required to post warrants to any members of the company as no dividend was declared during the financial year.
 - (iii) not declared any dividend, issued any debentures and has not accepted deposits, the question of transfer of dividend in the unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund does not arise.
 - (iv) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted The Company has appointed Shri. Pinakin M. Patel as Additional Director w.e.f 30/10/2009 by way of Resolution passed in the Board meeting held on 30/10/2009.
 15. The company has not appointed any managing director / whole time director / manager during the financial year
 16. The company has not appointed any sole selling agents during the financial year.
 17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
 18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
 19. The company has not issued any shares/debentures or other securities during the financial year.
 20. The company has not bought back any shares during the financial year.
 21. The company has no redemption of preference shares/debentures during the financial year under review.
 22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares
 23. The company has accepted unsecured loans from directors and has yet to file Statement in Lieu of Advertisement (SLA) pursuant to the provisions of the Companies (Acceptance of Deposit) Rules, 1975 read with section 58A of the Act.
 24. The amount borrowed by the company during the financial year are within the borrowing limits of the Company.
 25. The company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
 26. The company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one State to another during the year under scrutiny
 27. The company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
 28. The company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
 29. The company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.
 30. The Company has not altered its Articles of Association during the financial year.
 31. There was no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year for offences under the Act.
 32. The company has not received any money as security from its employees during the financial year.
 33. The Company has deposited both employee's and employer's contribution to provident fund with prescribed authority.

ANNEXURE A - SECRETARIAL COMPLIANCE CERTIFICATE

Registers as maintained by the Company

Sr. No.	Section Number	Name of the Register
1.	108	Register of Transfer
2.	143	Register of Charges
3.	150	Register of the Members
4.	193	Minutes of all meetings of Board of Directors
5.	193(1)	Minutes of General Meetings
6.	301	Register of Contracts
7.	303	Register of Directors
8.	307	Register of Directors' Shareholding
9.	372A (5)	Register of Investments or Loans made, Guarantee given or Security provided.

ANNEXURE B - SECRETARIAL COMPLIANCE CERTIFICATE

Forms / Documents / Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending 31st March, 2010.

FOR THE YEAR 2009-2010 (01/04/2009 To 31/03/2010)
REGISTRAR OF COMPANIES

Sr. No.	e-Form No.	Relevant Section	Description	Date of Document
1	e-Form 8	135	Modification of Charge ID-80041671 by way of letter of Hypothecation dated 28/04/2009 executed by the company in favour of Indian Overseas Bank to secure the credit facilities aggregating to ₹ 34.06 Crore	26/05/2009
2	e-Form 8	135	Modification of Charge ID-90096891 by way of third supplemental memorandum of deposit of title deeds dated 25/06/2009 executed by the company in favour of Indian Overseas Bank to secure the credit facilities aggregating to ₹ 34.06 Crore.	17/07/2009
3.	e-Form 66	383A	Compliance Certificate for the financial year ended on 31st March, 2009.	29/10/2009
4.	e-Form 23AC & e-Form 23ACA	220	Balance Sheet, Profit Loss Account, Auditors Report, Directors Report etc. for the Financial Year 2008-2009	30/10/2009
5	e-Form 32	303(2)	Appointment of Shri. Pinakin M. Patel as additional director w e f. 30/10/2009 by way of Resolution passed in the Board meeting held on 30/10/2009.	03/11/2009
6	e-Form 208	159	Annual Return made up to the date of AGM dated 29/09/2009	28/11/2009

REGIONAL DIRECTOR

NIL

CENTRAL GOVERNMENT & OTHER AUTHORITIES

NIL

For, Ashok P. Pathak & Co.,
Company Secretaries,

Place: Ahmedabad

Date : 31/08/2010

Sd/-
Ashok P. Pathak
Proprietor
C.P.No. 2662

AUDITOR'S REPORT

The Shareholders of
KALPTARU PAPERS LIMITED

We have audited the attached Balance Sheet of KALPTARU PAPERS LIMITED as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that.

- (a) We have obtained all the information & explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our opinion proper books of accounts, as required by law, have been kept by the Company as far as appears from our examination of those books
- (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with books of account.
- (d) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section 3 (C) of Section 211 of the Companies Act, 1956,

- (e) Based on the representations made by all the Directors of the company as on 31st March, 2010 and taken on record by the Board of Directors of the company and in accordance with the information and explanations as made available, the directors of the company do not, Prima Facie have any disqualification as referred to in clause (g) of Sub Section (1) to section 274 of the Act.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2010; and
 - (ii) In the case of the Profit & Loss Account, of the profit for the year ended on that date.

For V.D. AGGARWAL & CO
CHARTERED ACCOUNTANTS

RANJEET KESARWANI
(PARTNER)
Membership No.407741
FRN No. 008332N

PLACE : DELHI
DATE : 31 08 2010

“ We are not
here to dream
to drift. We have
hard works to do
and loads to lift. ”

ANNEXURE TO THE AUDITOR'S REPORT KALPTARU PAPERS LIMITED

(Annexure referred to in paragraph (1) of our report of even date as on 31st March, 2010)

- 1) a) The company has maintained proper records showing full particulars including quantitative details & situation of fixed assets.
- b) The management has confirmed that wherever practicable, physical verification of all major items of fixed assets has been carried out during the year & the discrepancies noticed on physical verification were not material. The same have been properly dealt with in the books of accounts. In our opinion, frequency of verification is reasonable.
- 2) a) The stocks of finished goods, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) No discrepancies noticed on verification between physical stock and the book records.
- 3) a) The company has taken unsecured loan from companies, firm and other parties covered in the register maintained under Section 301 of the Act. Details of which are as follows:

No. of Parties	Maximum Amount (₹)	Year End Balance (₹)
8	127525910.00	99609300.00
- b) In our opinion, the rate of interest & other terms & conditions on which loan have been taken from / granted to companies, firms or other parties, listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- c) Stipulations regarding repayment of principal amount and interest are also regular at the close of the year.
- d) There is no over due amount of loan of more than one lakh rupees taken from or granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act.
- 4) In our opinion and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of the business with regard to purchase of inventory & fixed assets and with regard to sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- 5) a) According to the information & explanations given to us, we are of the opinion that the transaction that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion & according to information & explanation given to us, the transactions entered in the register maintained u/s 301 & aggregating during the year to ₹ 5,00,000 or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or prices at which transactions for similar goods, materials or services have been made with other parties.
- 6) In our opinion and according to information and explanations given to us the company has not accepted any deposit from the public under the provisions of Section 58-A & Section 58AA of the Companies Act, 1956 and Companies (Acceptance of deposits) Rules, 1975.
- 7) In our opinion, the company has an adequate internal audit system commensurate with size and nature of the business.
- 8) In our opinion, and according to information and explanations given to us, the company has made and maintained cost records u/s 209 (1) (d) of the Companies Act, 1956. We have, however not examined the records with a view to determining whether they are accurate or complete.
- 9) a) According to information and explanations given to us no undisputed amount payable in respect of Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom duty, Excise Duty & Cess were outstanding as at 31st March, 2010.

for a period of more than six months from the date they become payable.

- b) According to information & explanations given to us an amount of ₹ 149410/= in respect of sales tax is disputed & appeal for the same is still pending with Assistant Commissioner of Sales Tax, Kalol, Gujarat.
- 10) In our opinion, the accumulated losses at the end of the financial year are not more than fifty percent of its net worth.
- 11) According to information & explanations given to us, the company has defaulted in repayment of dues to financial institution / bank during the financial year, however, the loan has been rescheduled during the financial year and after re-schedulement of account, the company has not defaulted in repayment of dues to the financial institutions.
- 12) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor Report) Order, 2003 are not applicable to the company
- 13) In our opinion and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. Also shares, securities, debentures and other investments have been held by the company in its own name except to the exemption granted under Section 49 of the Companies Act, 1956.
- 14) As per the information & explanation given to us, the company has not given any guarantee for loans taken by others from banks / financial institutions.
- 15) As per the information and explanation given to us term loans have been applied for the purpose for which they were raised.
- 16) According to the information and explanations given to us and on overall examination of the balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment. No long term funds have been used to finance short term assets except permanent working capital.
- 17) The company has not made any preferential allotment of shares during the year under consideration to parties and companies covered in the register maintained under Section 301 of the Act, hence the question of whether the price at which shares have been issued is prejudicial to the interest of the company does not arise.
- 18) According to the information and explanations given to us and records examined by us during the period covered by our audit report, no debentures has been issued by the company
- 19) The company has not raised monies during the year under consideration from public issue & hence the question of disclosure & verification of end-use of such monies does not arise
- 20) According to the information & explanations given to us no fraud on or by company has been noticed / reported during the course of our audit.
- 21) The nature of the company's business / activities during the year have been such, that other provisions of Companies (Auditor's Report) Order, 2003 are not applicable to the company.

For V.D. AGGARWAL & CO.
CHARTERED ACCOUNTANTS

RANJEET KESARWANI
(PARTNER)

PLACE : DELHI
Dated : 31.08.2010

Membership No 407741

“ Knowledge is
the only instrument of
production that is not
subject to diminishing
returns. ”

**BALANCE SHEET
AS AT 31ST MARCH, 2010**

	Schedule Number	Figures for the Current Year	Figures for the Previous Year
I. Sources of funds			
1 Shareholder's funds:			
(a) Capital	1	44681200.00	44681200.00
(b) Reserve and Surplus	2	82604270.56	107285470.56
			56213160.89
2 Loan Funds:			
(a) Secured Loans	3	256331185.44	308191089.00
(b) Unsecured Loans	4	181904081.00	355235215.44
			97645879.00
3 Deferred Tax Liabilities (Net)	5	30977774.92	28008016.33
TOTAL		496498481.92	534739345.22
II APPLICATION OF FUNDS			
1 Fixed Assets	6		
(a) Gross Block		593838422.45	492242849.04
(b) Less Depreciation		113108633.11	93857980.69
Net Block		480729789.34	398384868.35
2 Investments	7	1241500.00	1241500.00
3 Deferred Tax Assets(Net)			
4 Current Assets, Loans & Advances:	8		
(a) Inventories		37013150.36	76880629.19
(b) Sundry Debtors		101238508.88	93737210.14
(c) Cash and Bank Balances		873668.20	1232210.92
(d) Other Current Assets			
(e) Loans & Advances		45372862.07	132436154.36
Less: Current Liabilities & Pro.	9		
(a) Liabilities		165478555.81	160778138.74
(b) Provisions		4293750.00	8395089.00
Net Current Assets		14527072.58	135112978.87
5 Misc. Expenditure (To the extent not written off or adjusted)			
TOTAL		496498481.92	534739345.22

NOTES ON ACCOUNTS

20

Form 01 to 20 form an Integral Part of the Balance Sheet and Profit and Loss Account

For and on behalf of the Board
Kalptaru Papers Limited

Auditor's Report
As per our report of even date attached
For V.D. Aggarwal and Co.
Chartered Accountants

M.D/ Director Naveen Gupta
Director J. K. Gupta
Place : Delhi
Date : 31.08.2010

Ranjeet Kesarwani
(Partner)
M.No. 407741

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED
31ST MARCH, 2010**

	Schedule Number	Figures for the Current Year	Figures for the Previous Year
INCOME			
Turnover	10	851041230.84	522425945.82
Other Income	11	3902730.26	6897374.70
Closing Stock	12	4507929.00	26530059.00
TOTAL		539511890.10	555853379.52
EXPENDITURE			
Opening Stock	13	26530059.00	386335.00
Manufacturing Expenses	14	441502052.87	484036201.97
Personnel Expenses	15	20032171.00	31818445.00
Administrative Expenditure	16	8929628.42	9080154.01
General Expenses	17	2668266.74	5452316.17
Financial Expenses	18	27253901.28	39988977.22
Selling & Distribution Expenses	19	5183111.34	4368606.25
Depreciation		18377221.45	18408978.15
Miscellaneous Expenditure W.off		0.00	0.00
TOTAL		549476418.10	593540013.77
Profit/Loss Before Taxation		10035471.00	-37686634.25
Deferred Tax Credit(Current)		-2069758.59	15311423.67
Adjustment Relating to Previous year		-674802.74	-1820769.30
Provision for Taxation		0.00	0.00
FBT		0.00	-341390.00
Loss Transferred of Satpuda Unit			
Net Profit/Net Loss During the Year		8361109.67	-24537369.88
Balance B/F from Previous Year		46997478.64	71534848.52
Balance Carried over to Balance Sheet		53988588.31	46997478.64

NOTES ON ACCOUNTS

Schedule 01 to 20 form an integral part of Balance Sheet and Profit & Loss Account.

For and on behalf of the Board
Kalptaru Papers Limited

M D/ Director **Naveen Gupta**
Director **J. K. Gupta**
Place : Delhi
Date : 31.08.2010

Auditor's Report
As per our report of even date attached
For V.D. Aggarwal and Co.
Chartered Accountants

Ranjeet Kesarwani
(Partner)
M.No. 407741

**Schedules Forming Part of Balance Sheet and
Profit & Loss Account for the year ended 31/03/2010**

	Figures for the Current Year	Figures for the Previous Year
Schedule 1 Share Capital		
Authorised Share Capital		
10000000 Equity Shares of ₹ 10/- each (Previous Year 10000000 Equity Shares of ₹ 10/- each)	100000000.00	100000000.00
Paid up share capital	44681200.00	44681200.00
4468120 Equity Shares of ₹ 10/- each fully paid up		
Total	44681200.00	44681200.00
Schedule 2 Reserve & Surplus:		
Capital Reserve	2227481.25	2227481.25
General Reserve	6988201.00	6988201.00
Profit & Loss A/c	53388588.31	46997478.64
Total	62604270.56	56213160.89
Schedule 3 Secured Loans:		
Cash credit form Indian Overseas Bank (Refer Note No. 5 of Notes to Accounts)	44,885,846.26	104,966,424.94
Cash credit form Axis Bank Ltd. (Refer Note No. 6 of Notes to Accounts)	7,540,426.04	8,013,056.18
Term loan Bank & Non Banking Finance Companies (Secured against hypothecation of Vehicles)	1,064,115.65	2,096,274.26
Term Loan from Indian Overseas Bank (Refer Note No. 5 of Notes to Accounts)	175,899,456.00	144,455,527.62
Term Loan from Axis Bank Ltd. (Refer Note No. 6 of Notes to Accounts)	23,722,588.00	27,594,154.00
Term Loan from Indiabulls Financial Service Ltd. (Secured against hypothecation of residential bungalow at delhi which is in the name of directors) L & T Finance Limited Secured against hypothecation of vehicles	717,812.49	1,206,144.00
Total	256331165.44	308191089.00
Schedule 4 Unsecured Loans:		
From Corporate Sectors	100659751.00	78221615.00
From Others (Directors)	1244300.00	19424264.00
Total	101904051.00	97645879.00
Schedule 5 Deferred Tax Liabilities:		
Deferred Tax Charges as on 31/03/2010	30877774.92	28008016.33
Total	30877774.92	28008016.33

FIXED ASSET Balance	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening in the Year	Additions Adjustments	Sales / Balance	TOTAL the year	Opening Year	Adjustments Year	Dep. for	TOTAL	Current	Previous
Free Hold Land	1057469.00	0.00	0.00	1057469.00	0.00	0.00	0.00	0.00	1057469.00	1057469.00
Building	40445870.82	11500.00	0.00	40457370.82	9036942.75	1263970.29	0.00	10300913.04	30150457.78	31405928.07
Plant & Machinery	281666290.86	2571574.92	578.00	284237287.78	67379940.14	14932968.20	"	82312908.34	201924379.44	214286360.72
Furniture & Fittings	2428258.80	88164.00	0.00	2516422.80	1282938.43	156341.25	0.00	1439277.68	1077145.11	1145322.37
Vehicles	12954711.40	0.00	226000.00	12728711.40	3791495.55	1229727.98	125880.00	4895343.53	7833367.87	9163215.85
Electrical Installation	21900787.00	440960.00	0.00	22341747.00	8443249.90	1050128.91	0.00	9493378.81	12848398.19	13457517.10
Office Equipment	5685423.41	567546.00	14040.00	6239929.41	3920415.92	744084.77	789.00	4663711.69	1576217.72	1766007.49
Advance against Capital Goods	3075292.00	2896485.00	288079.00	5883698.00	0.00	0.00	0.00	0.00	5883698.00	3075292.00
Capital Work in Progress	123027765.75	95548050.49	0.00	218575816.24	0.00	0.00	0.00	0.00	218575816.24	123027765.75
Total	492242849.04	102124270.41	528697.00	593838422.45	93857980.59	1937721.41	126669.00	113106533.10	480729889.35	386384868.35
Previous Year Figures	423594470.29	88949259.09	20300880.34	492242849.04	75870226.89	1840978.15	421224.35	93857980.69	398384868.35	347724243.40

	Figures for the Current Year	Figures for the Previous Year
Schedule 7 Investments (Traded):		
Quoted shares		
2300 Equity shares of Rs 20 each fully paid in . G.S.F.C	46000.00	46000.00
Unquoted shares		
Equity Shares of Rs 10 each fully paid up in : Kalptaru Alloys Pvt. Ltd.	1195500.00	1195500.00
Total	1241500.00	1241500.00
Schedule 8 Current Assets Loans and Advances:		
A. Current Assets.		
Inventories		
(Valued & Taken as certified by the management)		
Work in Progress	276000.00	220000.00
Finished Goods	4907929.00	26530059.00
Raw Materials	7871637.31	30550699.67
Stores & Spare Parts	22858826.44	19220821.42
Goods in Transit	1398758.61	359049.10
Total	97016150.36	76880629.19
Sundry Debtors		
(Unsecured considered good)		
Debts outstanding for a period exceeding		
Six months	18716723.70	8147193.10
Other Debts	84621734.98	85590017.04
Total	101238508.56	93737210.14
Cash and Bank Balances		
Cash in hand	608288.00	642283.00
With Scheduled Banks	63800.20	589927.92
Total	873068.20	1232210.92
Total (A)	136924777.12	171850050.25
B. Loan and advances:		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to		
be received/adjusted	28192217.07	115517730.00
Security Deposits	3884672.00	617771.00
Advance to Parties	13216773.00	16300653.36
Total (B)	45373662.07	132436154.36
Total (A+B)	184297369.19	304286204.61



	Figures for the Current Year	Figures for the Previous Year
Schedule 9 Current Liabilities:		
A. Current Liabilities:		
Sundry creditors.		
Against Supply	58548287.40	93811010.69
Against Expenses	7066549.92	16973276.81
Advance from Parties	1116911.00	1768426.00
Other Liabilities	5724154.86	816431.97
Sundry Creditors for Capital goods	14799953.33	10487067.27
Trade Deposit	80222820.00	36921926.00
Total (A)	165473566.81	160778138.74
B. Provisions:		
Provision from Income Tax	3495000.00	7595000.00
Provision for FBT	798390.00	798390.00
Provision for Expenses	385.00	1699.00
Total (B)	4293750.00	8395089.00
Total (A+B)	169770316.81	169173227.74
Schedule 10 Turnover		
Sales (Net of return)	558,331,388.97	535,192,556.51
Less. Excise Duty	17,390,438.13	12,766,610.69
Total	541,041,230.84	522,425,945.82
Schedule 11 Other Income		
Misc Income	899,378.94	-
Sale of Scrap	392,036.00	2,559,585.45
Profit on sale of Assets	-	8,415.40
Interest on GSFC & GIC & GEB - SD	154,026.87	118,492.92
Sale Others	2,253,862.41	1,768,206.98
Foreign Exchange Flacuation	215,785.40	-
Insurance Claim	-	411,255.00
Insurance Income (Keyman Policy)	-	1,999,479.89
Round Off	1.79	-
Balance W/off	46,641.75	-
Interest Received	-	31,939.06
Total	9,962,730.26	6,897,374.70
Schedule 12 Closing stock		
Stock of Finished goods	4,507,929.00	26,530,059.00
Total	4,507,929.00	26,530,059.00

	Figures for the Current Year	Figures for the Previous Year
Schedule 13 Opening Stock		
Stock of Finished Goods	386335.00	386335.00
Total	386335.00	386335.00
Schedule 14 Manufacturing Expenses		
Raw Material Consumed	31300374.13	310097977.27
Add: Opening WIP	21000.00	21000.00
Less: Closing WIP	-37000.00	-22000.00
Packing Material Consumed	4572547.45	5378992.12
Power Electricity & Water Charges	67401273.36	86012877.00
Stores Consumed	47527870.57	64295712.23
Building Repair & Maintenance	509480.00	386220.05
Machinery Repair & Maintenance	5428221.20	11513903.82
Electric Repair & Maintenance	73512.75	2333336.26
Boiler Repair & Maintenance	472119.57	1660755.70
Manufacturing Expenses (Others)	767043.54	1131203.52
Royalty	0.00	1227224.00
Total	441902062.57	484036201.97
Schedule 15 Personnel Expenses		
Salaries	4879334.00	15837803.00
Contribution to PF	710000.00	990086.00
Staff Welfare	381700.00	654183.00
Watch and Ward	1735070.00	2211354.00
Gratuity	242374.00	218538.00
Wages/Labour	11878734.00	10682815.00
Bonus	505561.00	588251.00
Earn Leave	447112.00	635415.00
Total	20032171.00	31818445.00
Schedule 16 Administrative Expenses		
Directors remuneration	100000.00	90000.00
Rent	545625.00	545625.00
Postage Telegram & Telephone	88582.47	1321769.88
Legal & Professional	768403.00	804413.00
Insurance	752658.82	1565137.91
Vehicle running and Maintenance	1079457.00	1470171.00
Repair & Maint.- Others	471554.15	849971.43
Travelling & Conveyance: Directors	473710.00	781226.79
Others	221347.00	515541.00
Auditor's Remuneration- Audit fee	64931.00	72798.00
Internal Audit Fee	240000.00	240000.00
Electricity & Power Expenses	493711.00	13500.00
Total	5829025.42	9080154.01

	Figures for the Current Year	Figures for the Previous Year
Schedule 17 Genral Expenses		
Misc. Expenses	346388.25	942080.24
Charity & Donation	28211.00	204200.00
Printing & Stationery	167160.00	279281.20
Subscription/Membership Fee	68471.00	140597.00
Rates & Taxes	1301117.00	49097.00
Balance W/off	712448.43	330777.73
Sales Tax Exp (03-04)	0.00	772318.00
Loss on Sale of Assets	49471.00	90289.00
Foreign Exchange Fluctuation	0.00	2204610.00
Electricity and Water Charges		439066.00
Total	2698266.74	5452316.17
Schedule 18 Financial Expenses		
Bank Interest & Charges	28957966.97	39596381.24
Other Interest	220696.48	160779.00
Interst on Car Loan	173296.82	231816.98
Total	27253960.28	39988977.22
Schedule 19 Selling & Distribution Expenses		
Advertisement	107851.00	88457.00
Freight & Cartage outwards	868381.34	1367497.25
Commission Rebat and Discount	4188438.00	2884158.00
Loss of goods during transits	11360.00	0.00
Selling & Distribution Exp. (Others)	27171.00	28494.00
Total	5183111.34	4368606.25

**SCHEDULE 20 : FINANCIAL NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDING
31st MARCH, 2010**

A) ACCOUNTING POLICIES

- 1) i) Fixed assets are valued at cost less depreciation.
- ii) Capital work – in – progress is valued at cost.
- iii) Land is valued at cost.
- 2) **Depreciation**
 - i) Depreciation on fixed assets has been provided on straight line basis at the rates prescribed in schedule XIV of the Companies (Amendment) Act, 1988.
 - ii) There are no Fixed Assets purchased below ₹ 5000/- that has been fully written off in the year.
- 3) **Inventories**
 - Raw Material at cost.
 - Stores & Spare parts at cost
 - Work in Progress at cost.
 - Stock in Transit is valued at cost.
 - Finished goods at cost or realisable value whichever is lower
 - Packing material at cost
- 4) **Recognition of Income & Expenditure**
 - Items of income and expenditure are recognized on accrual basis, except Various Govt. revenues.

5) Excise Duty

Excise duty on manufactured goods is accounted for at the time of their clearance from the factory rather than at the time of manufacturing. The above policy has, however, no impact on the operating results of the company.

6) Investment

Investments are valued at cost.

7) Contingent Liability

Contingent liability is generally not provided for in the books of accounts and is shown separately in the notes on account, if any. The contingent liability as on 31st March, 2010 is as under:

a) Inland Letter of Credit (ILC)	₹ 99,96,470.00
b) Bank Guarantee	₹ 71,49,600.00

8) Foreign Exchange Transaction

During the period, foreign currency transactions relating to purchases and sale of goods and services are translated at the rates prevailing at the time of settlement of the transactions.

9) Revenue Recognition

Revenue is recognized on completion of sale of goods.

B) NOTES

- 1) Previous year figures have been regrouped / rearranged wherever necessary to make them comparable with current year's figures.
- 2) Estimated amount of contracts remaining to be executed on capital account and not provided for:

CURRENT YEAR	:	400.00 Lacs
PREVIOUS YEAR	:	250.00 Lacs
- 3) Claims against the company not acknowledged as debts:

CURRENT YEAR	:	NIL
PREVIOUS YEAR	:	NIL
- 4) Sundry debtors / creditors / loans and advances are subject to confirmations and reconciliation.
- 5) Loan of the company from Indian Overseas Bank Limited are primarily secured by stock, book debts, land and building, and plant and machinery of the company. Besides, the loans are collaterally secured by residual value of existing fixed assets of the company, equitable mortgage of office premises, personal guarantee of directors and associate concerns namely Kalptaru Alloys Pvt. Ltd., Kalptaru Fincap Pvt. Ltd., Kalptaru Softech Pvt. Ltd. and Kalptaru Insurance Brokers Pvt. Ltd.
- 6) Loan of the company from Axis Bank Limited is collaterally secured by residential property in the name of directors of the company and the personal guarantee of the directors of the company.
- 7) In the opinion of the Board of Directors, the current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.
- 8) Information pursuant to the provisions of paragraph 3 and 4(D) of Part II of Schedule VI of the Companies Act, 1956:

PARTICULARS OF CAPACITY AND PRODUCTION	CURRENT YEAR (Qty in TONS)	PREVIOUS YEAR (Qty in TONS)
Licensed Capacity	N.A	N.A
Installed Capacity	160.00 TPD	160.00 TPD
Actual Production		
a) Kraft Paper	23298.458	16021.1490
b) News paper Print	6645.828	12629.3878
c) Sundry Board	6.595	0.000

Manufactured Goods	Quantity (In Tons)	Amount (in ₹)	Quantity (in Tons)	Amount (in ₹)
(A) OPENING STOCK				
a) Kraft Paper	379.526	7243179.00	19 270	317955 00
b) News Paper Print	1011.711	19286880.00	3.419	68380 00
		<u>26530059.00</u>		<u>386335.00</u>
(B) CLOSING STOCK				
a) Kraft Paper	167.867	3147506.00	379.526	7243179.00
b) News Paper Print	61.435	1320853.00	1011.711	19286880.00
c) Sundry Board	6.595	39570.00	0 000	0.00
		<u>4607929.00</u>		<u>26530059.00</u>
(C) TURNOVER				
a) Kraft Paper	23510.147		15660.893	
b) News Print Paper	7596.105		11621.095	
		<u>551205021.84</u>		<u>535192555.51</u>
Less Excise		<u>17290439.13</u>		<u>12766610.69</u>
		<u>533914582.71</u>		<u>522425945.82</u>
(D) Raw Material Consumption				
a) Waste Paper	33405.100	306125274.32	30142 598	276987367 31
b) Colour & Chemicals		7681099.81		16965952.53
c) Baggase	0.00	0.00	5314 69	16144657.43
		<u>313808374.13</u>		<u>310097977.27</u>
Note : The Quantitative Details of colour & chemicals can not be furnished due to multiplicity of items				
(E) C.I.F. Value of Goods Imported				
a) Raw Material	4068.850	25824113.84	2475.760	33460511 38
b) Goods in Transit	172.320	1033142.00	NIL	
c) Components Spare Parts		NIL		NIL
d) Capital Goods		NIL		9179327 00
(F) Expenditure In Foreign Currency				
a) Travelling		230862.00		341952 00
(G) Earnings In Foreign Currency		₹ NIL		
(H) a) Value of consumption of imported and indigenous raw materials and stores and spare parts and components.	Value in ₹	Percentage	Value in ₹	Percentage
i) Raw Materials				
Imported	46275445.90	15.12%	28559448.26	9.21%
Indigenous	259649826.42	84.88%	281538529.01	90.79 %
Total	<u>306125274.32</u>	<u>100.00%</u>	<u>310097977.27</u>	<u>100.00%</u>
ii) Store & Spare Parts				
Imported	-	-	-	-
Indigenous	47527870.87	100.00%	64295712 23	100.00%
Total	<u>47527870.87</u>	<u>100.00%</u>	<u>64295712.23</u>	<u>100.00%</u>
b) Amount remitted during the year in foreign currencies on account of dividend				NIL

- 9) a. Pursuant to Accounting Standard for Taxes on Income (AS-22) the Deferred Tax Assets of ₹ 2969758.59 relating to the period upto 31.03.2010 has been recognized in the Profit & Loss Account.

- b. The Composition of Deferred Tax Assets as at 31.03.2010

				Amount
	Timing Difference	DTL	DTA	Total
Depreciation	141580241.60	43748294.65	—	
Gratuity	611654.00	—	189001.09	
Leave Encashment	459686.00	—	142042.97	
Bonus	597417.00	—	184601.85	
LTCL	479870.71	—	98853.37	
Business Loss	39339872.00	—	12156020.45	
Total		43748294.65	12770519.73	30977774.92

- 10) Payment made to auditor

	Current Year	Previous Year
Audit Fees	84931.00	72798.00

- 11) Guarantee issued by bank on behalf of Company stands for ₹ 76.00 Lakhs.

- 12) It is not possible for the company to identify which are small scale industrial and ancillary industrial undertakings to whom amount is unpaid alongwith interest due, if any. Moreover, no claim has been received for interest from suppliers

- 13) Details of related party transactions made during the year

S. No.	Nature of Transaction	Key Management Personnel	Associate Concerns	Outstanding Balance
1	Director's Remuneration	1008000	—	—
2	Rent Paid	60000	480000	—
3	Rent Security Paid	—	—	500000
4	Loans accepted	13341446	54147558	100459300
5	Loans repaid	22430910	32521358	100459300
6	Balance Outstanding	—	—	—
7	Purchase	—	—	—
8	Sale	—	2068854	—

Note .

- A) **Key Management Personnel**

Sh. J.K. Gupta	(Director Cum Chairman)
Sh Naveen Gupta	(Managing Director)
Sh Pinnakinbhai Patel	(Director)
Sh Parsh Babu Laxminandan Pandya	(Director)

- B) **Associate Concerns**

Kalptaru Fincap Ltd	Kalptaru Alloys Pvt. Ltd.
Kalptaru Softech (P) Ltd	Kalpatru Insurance Broker Ltd
Jai Kishan & Sons (HUF)	Kalpatru Infosoft Pvt. Ltd.
Naveen Gupta (HUF)	

Naveen Gupta
Managing Director

J. K. Gupta
Chairman

Ranjeet Kesarwani
Chartered Accountants

Place: Delhi
Date : 31.08.2010

14. Additional Information pursuant to Part IV of schedule VI of the Companies Act, 1956

I. Registration Details

Registration No	L21019GJ2002PLC040325	State Code	55
Balance Sheet Date	31 03 2010		
	Date Month Year		

II. Capital raised during the year(Amount in ₹ Thousands)

Public Issue	—	Rights Issue	—
Bonus Issue	—	Private Placement	—

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

Total Liabilities	666268.78	Total Assets	666268.78
Sources of Funds			
Paid-up Capital	44681.20	Reserves & Surplus	62604.27
Secured Loans	256331.17	Unsecured Loans	101904.05
Application of Funds			
Net Fixed Assets	480729.89	Investments	1241.50
Net Current Assets	14527.07	Misc Expenditure	—
Accumulated Losses	—		

IV. Performance of Company (Amount in ₹ Thousands)

Turnover/Interest Income	559511.89	Total Expenditure	549476.42
Loss before tax	10035.47	Loss after tax	6391.11
Earning per Share in ₹	1.43	Dividend rate %	—

V. Generic Names of Three Principal Products/Services of Company(as per monetary terms)

Item Code No. (ITC Code)	280510004
Product Description	KRAFT PAPER
Item Code No. (ITC Code)	4801
Product Description	NEWS PRINT PAPER
Item Code No. (ITC Code)	
Product Description	

Naveen Gupta
Managing Director

J. K. Gupta
Chairman

Ranjeet Kesarwani
Chartered Accountants

Place: Delhi
Date 31.08.2010

**CASH FLOW STATEMENT FOR
THE YEAD ENDED ON 31ST MARCH 2010**

Particulars	Current Year Amount (₹)	Previous Year Amount (₹)
[A] Cash Flow from Operating Activities		
Net Profit after tax as per Profit and Loss Account	6391109.67	-24537369.88
Add: Adjustments for Non Cash Items		
Fringe Benefit Tax	0.00	341390.00
Deferred Tax	2969758.59	-15311423.67
Previous Year Adjustment	0.00	1820769.30
Depreciation	19377221.45	18408978.15
Loss on Sale of Assets	49471.00	90289.00
Profit on Sale of Assets	0.00	-8415.40
Asset Written Off	578.00	0.00
Interest Paid	27253901.28	39988977.22
Operating Profit before Working Capital changes	56042039.99	20793194.72
Adjustment for changes in working capital		
Change in Inventories	39867478.83	-35533687.09
Change in Sundry Debtors	-7501298.42	32964607.54
Change in Loans and Advances	87063492.29	0.00
Change in Advance against Capital Goods	-2608406.00	4991942.27
Change in Current Liabilities	4698427.87	102721588.40
Change in Provisions	-4101339.00	0.00
	173460395.56	125937645.84
Less: Taxes Paid	0.00	2501763.00
Net Cash Inflow from Operating Activities [A]	173460395.6	123435882.8
[B] Cash Flow from Investing Activities		
Purchase of Fixed Assets and Capital Work-in-Progress	-99227785.44	-72802068.28
Sale of Fixed Assets	63900.00	3650591.58
Net Cash Inflow from Investing Activities [B]	-99163885.44	-69151476.70
[C] Cash Flow from Financing Activities		
Change in Secured Loans	-51859923.56	41902821.38
Change in Unsecured Loans	4258172.00	-52722243.00
Interest Paid	-27253901.28	-39988977.22
Proposed Dividend Paid	0.00	-3351090.00
Deferred Sales Tax Paid	0.00	-2572828.75
Net Cash Inflow from Financing Activities [C]	-74855652.84	-56732317.59
Net Cash And Cash Equivalents [A + B + C]	-559142.72	-2447911.45
Opening Balance of Cash and Cash Equivalents	1232210.92	3680122.37
Closing Balance of Cash and Cash Equivalents	673068.20	1232210.92

AUDITOR'S REPORT

We have examined the above cash flow statement of Kalptaru Paper Limited for the year ended 31st March 2010. The statement has been prepared by the company in accordance with the requirements of listing agreements clause 31 with the Stock Exchange and is based on and in agreement with the corresponding profit & Loss Account and Balance Sheet of the Company covered by our report of even to the members of the Company.

As per our report of even date annexed

For V.D. AGGARWAL & CO.,

Chartered Accountants

Ranjeet Kesarwani

(Partner)

Place : Delhi

Dated : 31/08/2010

For and on behalf of the Board

Managing Director **NAVEEN GUPTA**

Chairman **J. K. GUPTA**

Place : Delhi

Dated : 31/08/2010



KALPTARU PAPER LIMITED

701, Avdhesh House, Opp : Gurudwara, Nr. Thaltej Cross Road, Ahmedabad – 380054

FORM OF PROXY

I/We _____
of _____ in the district of _____
Being a member / members of the above named company hereby appoint _____
of _____ in the District of _____
or failing him/her _____
of _____ in the district of _____
as my / our proxy to vote for / me / us on my / our behalf at the 22nd Annual General Meeting of the members of the company to be held on Wednesday, 29th day of September, 2010 at 10 00 a.m and at any adjournment thereof.
Signed this _____ days of _____ 2010

Signed _____
L.F No * _____ No. of Shares (s) held _____
DP Id * _____ No. of Shares (s) held _____
Client Id. _____

1. Rupees
Revenue
Stamp

- Note :-
- 1 A Member entitled to attend and vote is entitled to appoint a proxy to attend vote instead of himself
 - 2 A Proxy need not be a member.
 - 3 The proxy form duly completed must be deposited at the registered Office of the Company not less that 48 hours before the time for holding the Meeting.
The proxy need not be a Member of the Company

*Applicable for investors holding shares in electronic form

KALPTARU PAPER LIMITED

701, Avdhesh House, Opp : Gurudwara, Nr. Thaltej Cross Road, Ahmedabad – 380054

ATTENDANCE SLIP

Reg Folio No _____ DP Id.* _____
Client Id * _____

I certify that I am a registered shareholder / proxy for the registered shareholder of the company.
I hereby record my presence at the 22nd Annual General Meeting of the company at 701, Avdhesh House, Opp : Gurudwara, Nr. Thaltej Cross Road, Ahmedabad - 380054 at 10:00 a.m. on Wednesday, 29th day of September, 2010.

Member's / Proxy's name
In Block Letters

Member's / Proxy's Signature

Note : Please fill in this attendance slip and hand it over at the entrance of the meeting hall
*Applicable for investors holding shares in electronic form