

A photograph of five hands, each with a different skin tone, reaching from the edges of the frame towards the center. Their index fingers are extended and touching at the tips, forming a five-pointed star shape. The background is a soft, out-of-focus green. The text "Coming Together for Brighter Future" is centered within the star.

Coming Together for
Brighter Future

STAR PAPER MILLS LIMITED
ANNUAL REPORT 2010-11

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FORWARD LOOKING STATEMENT

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include but are not limited to raw material, cost or availability, demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. G.P. Goenka
Chairman & Whole Time
Director

Mr. Shiromani Sharma

Dr. B.L. Bihani
(upto 1st May, 2011)

Mr. Shrivardhan Goenka

Mr. C.M. Vasudev

Mr. M.P. Pinto

Mr. Madhukar Mishra
Managing Director

AUDITORS

Lodha & Co.
Chartered Accountants,
Kolkata

Mr. Saurabh Arora
Company Secretary

BANKERS

Bank of Baroda
Punjab National Bank

MILL

Saharanpur – 247 001
(Uttar Pradesh)

REGISTERED OFFICE

'Duncan House', 2nd Floor, 31, Netaji
Subhas Road, Kolkata – 700 001

REGISTRAR AND SHARE TRANSFER AGENTS

Karvy Computershare Private Limited
17-24, Vittal Rao Nagar, Madhapur,
Hyderabad-500081
Tel.: +91 40 44655000



COMPANY PROFILE

Brief

- Star Paper Mills Ltd. is an integrated pulp and paper mill, located in Saharanpur, Uttar Pradesh.
- The company possesses an installed manufacturing capacity of 75,000 tonnes per annum of paper and paperboard.
- It is a part of the Duncan Goenka Group of Companies.

Product Portfolio

- STAR has a wide products portfolio of Industrial and Cultural paper.
- We manufacture diverse variety of Industrial paper such as Absorbent Kraft, Poster ARSR, Ribbed Kraft etc.
- The company produces a variety of Cultural paper like SS Maplitho, Premier Maplitho Paper, MG cover Paper, Pulp Board and business communication papers i.e. Azurelaid and copier variety.

Distribution Network

- Our strength lies in strong network of 60 dealers having pan India presence.
- Our customers include Hindustan Uniliver Limited, Greenply, Eveready, Golden Laminates, Pearson Education (Singapore) Pte. Ltd., Century Laminating, Modcor-Saudi Arabia and major publishers in India.

Recognitions

- Our company's quality products, efficient environmental management and safety systems have been widely recognized.
- Quality consistency is reinforced by our ISO 9001:2008 certification.
- STAR is accredited with ISO 14001:2004 certification for environment consciousness & IS 18000:2007 certification for occupational health & safety measures.
- Greentech Award for Environmental Excellence and also for Safety in Paper Industry received from the Greentech Foundation reflect our commitment towards environment preservation and safe working conditions.
- We have also received Quality Circle Award from Quality Circle Forum of India.

Performance: 2010-11

- Capacity utilization for the year is 92.2%.
- The company clocked a turnover of Rs. 270 crores as against Rs. 262 crores in the last financial year, yet incurred a loss mainly due to increase in input costs.

Listing

- STAR is listed on the Bombay Stock Exchange and the National Stock Exchange, Mumbai.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economy & Industry Scenario

During the year, barring a temporary disruption in supplies due to earthquake in Chile etc. which led to spurt in Pulp & Paper prices, the global demand and supply remained in balance.

Thanks to the prudent measures taken by the Government of India, Indian Economy maintained its growth momentum. The demand for paper also increased in tandem with the rest of the Economy. However, the growth in demand was outstripped by fresh capacity additions in the domestic market.

Of late, inflationary situation in the economy has emerged as a cause for concern. Despite large scale tightening of the monetary policy by the RBI and other steps taken by the Government, inflation continues to remain close to double digit mark. This is also impacting the Industry in the form of higher interest cost and increase in input costs. Spikes in fuel oil and wood prices in Northern Region have been particularly severe.

While sales realisation improved during the year, full impact of the cost increase could not be passed on.

Growth Opportunities

The demand for paper is expected to continue to grow with GDP for writing and printing as well as packaging grades. With increasing per capita income, emphasis on inclusive growth and faster development of infrastructure, education and health sectors, India is well poised for a major leap forward. However, liquidity tightening undertaken by the Government, with a view to control the inflation may prove be a dampener in the near future.

SWOT analysis.

Strengths

With growth in GDP rate, improvement in standard of living & literacy rate, provision of education for children as fundamental right through passage of Right to Education Act, 2009 by the Government of India, the demand for paper is expected to continue to grow.

Organised Retail segment has been growing at a blistering pace. This will provide a boost for Packaging Grades of paper.

Weakness

Continuous rise in raw material and power & fuel prices are major constraints for the Paper Industry. Capacity added in the recent past has also not yet been fully absorbed by the market.

Opportunities

Increasing demand will lead to opportunities for capacity creation as well as technological upgradation.

Threats

Likelihood of a double-dip recession has not been fully dispelled. If it plays out, resultant surplus capacity in developed economies will lead to surge in imports in India. At the same time, lack of supply side reforms may require a long spell of tight liquidity regime in the Country. This will negatively impact demand growth and increase capital costs.

Social farm forestry

Social Farm Forestry programme maintained its momentum. Your company has facilitated more than 80,000 Hectare of plantations with the help of farmers under the programme. This initiative helps in enhancing rural incomes and facilitate sustained availability of raw material to the company at optimum cost.



Risks & Concerns

Demand-supply imbalance in key raw material resources may inflate procurement costs, impact production and affect profitability. Unabated increase in input prices particularly of wood, power & fuel are a cause for concern.

Other factors like economic slowdown, high inflation, sluggish demand, unforeseen political and social developments, natural calamities may affect the business of the company and the Industry. Risk is inseparable from business. Nonetheless, the company has undertaken a number of initiatives to mitigate risk impact through continuous risk identification and management.

Internal Control System

Your company's management continuously reviews the internal control system and procedure to ensure orderly and efficient conduct of business. The internal control system has been designed to provide for:

- Accurate recording of transactions with internal checks and prompt reporting
- Adherence to applicable accounting standards and policies
- Review of capital investments and long term business plans
- Periodic review meetings to manage effectively all working capital elements
- Compliance with applicable statutes, policies, listing requirements, and operating guidelines of the company
- Effective use of resources and safeguard of assets.

Financial Performance

The financial year 2010-11 was a difficult year for the company. The steep increase in raw material, power & fuel prices were major contributors to adverse financial performance of the company.

Human Resources

STAR regularly undertakes need-based human resources development programmes at all levels. Skill enhancement needs are identified and required training is imparted with the help of internal as well as external faculties.

Future Outlook

With the country's GDP growth and higher spending on education sector by the Government, domestic paper industry is expected to grow at a reasonable rate.

Forward Looking Statements

The Management Discussion & Analysis Report contains forward looking statements based upon the data available with the company, assumptions with regard to global economic conditions, Government policies etc. The company can not guarantee the accuracy of the assumptions and perceived performance of the company in future. Therefore, it is cautioned that the actual results may materially differ from those expressed or implied in the report.



DIRECTORS' REPORT

Dear Shareholders

The Directors of your company are pleased to place the 72nd Annual Report along with audited accounts of the company for the year ended 31st March 2011.

FINANCIAL PERFORMANCE

AUDITED FINANCIAL RESULTS

	(Rs. in Crores)	
	Year ended 31st March, 2011	Year ended 31st March, 2010
Profit before interest and depreciation	(1.65)	21.32
Interest and finance charges	1.67	2.75
Depreciation	11.76	11.95
Profit before tax	(15.08)	6.62
Provision for Income Tax	(4.93)	(1.72)
Profit after taxation	(10.15)	8.34
Balance brought forward	63.06	55.94
Transfer from Debenture Redemption Reserve	-	1.50
Available for appropriation:	52.91	65.78
- Transfer to General Reserve	-	1.35
- Proposed dividend	0.78	1.17
- Tax on proposed dividend	0.13	0.19
Balance carried to the Balance Sheet	52.00	63.07

DIVIDEND

The company incurred a loss for the current financial year. However, keeping in mind the growth outlook of the Economy & Industry and its resultant impact on prospects of your company, your directors recommend a dividend of Re. 0.50 (Fifty Paisa only) per equity share of face value of Rs. 10/- each for the financial year under review subject to members' approval in the ensuing Annual General Meeting.

OPERATIONS

Financial Year 2010-11 in retrospect

The financial year was characterised by steep increase in cost of inputs and capacity additions in the Industry. The annual results reflect the impact of these factors.

Your Directors have examined the underlying causes resulting in a loss during the financial year. All efforts are being made to reduce cost of production.

Financial Year 2011-12 prospects

There are no major fresh capacity additions in the pipeline in the Industry in the coming year, although full volume from previous expansions has yet to enter the market.

Cost pressure on wood and power & fuel is not expected to abate during the coming year too. Monetary steps to reduce inflation may also affect the growth of Economy.

ENVIRONMENT, POLLUTION CONTROL AND SAFETY

Your company has always articulated its concern for the environment and safety through various measures from time to time. Accredited with ISO 14001:2004, 9001:2008 and 18000:2007, the company has in place the integrated quality and environment management systems to harmonise industrial activity with environment preservation. The Gold Award for Environmental Excellence and Safety in Paper Industry from Greentech Foundation bears further testimony to our commitment towards environment preservation and safe working conditions. STAR has all the required environmental clearances from the Government authorities.

SOCIAL FARM FORESTRY

Your company has been promoting social farm forestry to increase green cover, enhance raw material base and supplement rural income generation.

During the year, your company increased propagation of Clonal Plants by 20% and further enhanced clonal multiplication capacity by 100%.

HUMAN RESOURCE AND WELFARE

Your company strives to improve employee skills through regular training and maintain cordial Industrial relations. Your directors wish to place on record their deep appreciation and gratefulness for the dedication of all the employees towards the organisation.



FIXED DEPOSITS

The company has not invited any fixed deposits during the financial year. The fixed deposits outstanding aggregated to 0.12 lacs on 31st March, 2011 (Previous year - Rs. 0.52 lacs on 31st March, 2010). There were no delays/defaults in the repayment of deposits during the financial year. The company has complied with the provisions of section 58-A of the Companies Act, 1956 and rules made there under.

DIRECTORS

Mr. Sachikanta Mishra ceased to be director following withdrawal of nomination by IFCI with effect from 18th May, 2010. Dr. B. L. Bihani resigned from the Board of the company w.e.f. 2nd May, 2011 due to time constraint on taking up some other assignment. The Board places on record its appreciation for the valuable contribution made by these directors during their tenure. Mr. Shiromani Sharma and Mr. M.P. Pinto are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

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

Particulars regarding energy conservation, technology absorption and foreign exchange earnings/outgo pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are furnished as Annexure-I to this Report.

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended regarding employees is given in Annexure to this report. However, as per provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the annual report is being sent to all the members of the company excluding the aforesaid information. Any member interested in obtaining such information may write to the Secretary at the company's registered office address.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under the provisions of Section 217 (2AA), Directors Responsibility Statement on the preparation and presentation of these accounts is as per Annexure-II to this Report.

CORPORATE GOVERNANCE

A separate report on corporate governance, together with a certificate from the statutory auditors confirming compliance with corporate governance requirements has been annexed as Annexure-III to this annual report.

AUDITORS

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

AUDITORS' REPORT

The observations of the Auditors in their report read with relevant notes are self-explanatory and do not call for any further comments.

COST AUDIT

Pursuant to Section 233-B of the Companies Act, 1956, M/s R.J. Goel & Co., Cost Accountants, Delhi have been appointed to audit the Cost Accounts for 2010- 11.

LISTING ON STOCK EXCHANGES

The Company's equity shares are listed with The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Ltd. (NSE). The Company has paid the requisite listing fees to the stock exchanges for the financial year under review.

ACKNOWLEDGEMENTS

The Directors wish to place on record their gratitude to the Company's customers, dealers, suppliers, Government, financial institutions & banks and employees for their continued support to the Company.

Place : New Delhi
Date : 30th May , 2011

For and on behalf of the Board
G. P. Goenka
Chairman



ANNEXURE-I

Information pursuant to section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A. PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.

a) The Company has taken the following measures for conservation of energy:

- Installation of energy efficient pumps & Motors
- Installation of VFDs at various locations
- Installation of energy efficient luminaries
- Optimization of impeller sizes
- Re-orientation of pulp feeding system for power optimisation
- Increased recovery of condensate
- Utilization of digester relief gases to heat evaporator foul condensate resulting in reduction of steam consumption
- Thermal paint on PM-4 MG and covers.
- Installation of level transmitter with on/off valves on back water tank feeding water to waste paper recycling plant.

b) Additional investments and proposals, if any, being implemented for reduction in consumption of energy :

- Modification in Hot Stock Screening System to optimise cost and improve screening efficiency.
- Modification chips screening system to improve screening efficiency.

c) Impact of measures (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

- Reduction in power generation cost
- Reduction in power & steam consumption
- Increased efficiency in the production capacity of the plant.

d) Total energy consumption and energy consumption per unit of production (as per 'Form-A' of the annexure to the rules)-annexed

B. TECHNOLOGY ABSORPTION

Information as per 'Form-B' of the annexure to the rules – annexed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings -	Rs. 30.42 Lacs
Outgo-	Rs. 644.60 Lacs

FORM A

Particulars		Year ended 31st March, 2011	Year ended 31st March, 2010
a. POWER & FUEL CONSUMPTION			
1. Electricity			
a. Purchased			
Units	(Kwh in lakhs)	234.16	176.97
Total Amount	(Rs. in lakhs)	1291.73	890.69
Tariff Rate/Unit	(Rs.)	5.52	5.03
b. Own Generation Through			
i. Steam Turbine			
Units (Gross)	(Kwh in lakhs)	395.85	416.43
Units (Net)	(Kwh in lakhs)	385.59	404.16
Units per MT of Coal	(Kwh)	1685	1648
Cost/Unit	(Rs.)	3.92	3.73
ii. Power Generating Sets			
Units (Gross)	(Kwh in lakhs)	416.06	454.64
Units (Net)	(Kwh in lakhs)	394.95	431.13
Units per MT of fuel Oil	(Kwh)	4440	4433
Cost/Unit	(Rs.)	7.20	6.33
2. Coal (Specify quality and where used)			
Grade :- B & C used in Boilers			
Quantity	(MT)	55313	53676
Total Cost	(Rs. in Lakhs)	2533.77	2250.55
Average Cost	(Rs./MT)	4581	4193
3. Agro Residue			
Quantity	(MT)	30328	33039
Total Cost	(Rs. in lakhs)	492.65	440.24
Average Cost	(Rs./MT)	1624	1332
4. Fuel Oil			
Quantity	(MT)	13283	14339
Total Cost	(Rs. in lakhs)	3787.11	3507.58
Average Cost	(Rs./MT)	28512	24362
B. CONSUMPTION PER UNIT OF PRODUCTION			
Product-Paper	(MT)	69150	68592
Electricity	(Kwh)	1513	1528
Fuel Oils	(MT)	0.19	0.21
Coal	(MT)	0.80	0.78
Agro Residue	(MT)	0.44	0.48



FORM B

A. RESEARCH AND DEVELOPMENT (R&D)

Department of Science and Industrial Research (DSIR) under Ministry of Science and Technology, Government of India recognizes the in-house Research & Development (R&D) unit of the Company.

Your company undertook the following R&D activities during the year under review:

1 The major areas in which the company carried in-house R&D projects are as under:

- Study of different kinds of wood to assess suitability for use as raw material
- Introduction of AKD sizing on various grades of paper

2 Benefits derived as a result of above R&D projects

- Reduction in sizing cost in some grades of paper

3 Future Plan of Action

- Development of poster paper for Tobacco packaging.

4. Expenditure on R&D-

Rs. in lacs

a)	Capital	32.56
b)	Revenue	62.99
c)	Total	95.55
d)	R&D Expenditure as a percentage of total Turnover	0.35%

B. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

Efforts made, in brief, towards Technology absorption, adaptation & innovation are as under :

- Modification in pulp washing system to improve quality of pulp and reduce losses
- Installation of energy efficient luminaries, motors & VFDs.
- Installation, commissioning and stabilization of NCG Plant.
- Installation of press to recover black liquor from HSS rejects.

For and on behalf of the Board

Place : New Delhi
Date : 30th May, 2011

G. P. Goenka
Chairman

ANNEXURE-II

DIRECTORS' RESPONSIBILITY STATEMENT

As required under the provisions of Section 217(2AA) of the Companies Act, 1956 the Board wishes to confirm that:

1. In preparation of accounts, applicable accounting standards have been followed .
2. Such accounting policies as were reasonable and prudent were selected in preparing the accounts and these were applied consistently. Further judgements and estimates that were reasonable and prudent were also made in the course of preparing the accounts so as to give a true and fair view of the Company's state of the affairs as at the end of the financial year and its profit for financial year ended 31st March, 2011.
3. Proper and sufficient care was taken for the maintenance of proper accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
4. The accounts have been prepared on going concern basis.

For and on behalf of the Board

Place : New Delhi
Date : 30th May, 2011

G. P. Goenka
Chairman



ANNEXURE-III

REPORT ON CORPORATE GOVERNANCE (Pursuant to Clause 49 of the Listing Agreement)

The Directors present the Company's report on Corporate Governance for the financial year ended 31st March, 2011.

I. Company's philosophy on Corporate Governance

The basic philosophy of corporate governance in the company is to achieve business excellence and enhance shareholder value, keeping in view the interest of the stakeholders. It is about commitment of values, ethical business conduct and a high degree of transparency & accountability. The company believes in conduct of good corporate governance.

II. Board of Directors

The management of the company is controlled by a competent Board of directors comprising of an optimum combination of Executive, Non-executive and Independent directors. The Board monitors performance of the company, receives and approves policies, strategies and evaluate management performance. The Board ensures legal and ethical conduct and accurate financial reporting.

(a) Composition

The Board of Directors consists of six (6) directors including executive directors. None of the directors except Whole-Time Director and the Managing Director was paid any remuneration other than the sitting fees for the meetings of the Board and the Committees attended by them.

The following is the composition of the Board of Directors as on 31st March, 2011.

Director	Category of Director	Total No. of Directorships in other companies (*)	Total No. of Memberships/ Chairmanships of Committees in other companies (**)
Executive Director			
Sh. G.P. Goenka	Chairman cum Whole-Time Director	7	Nil
Sh. Madhukar Mishra	Managing Director	2	Nil
Non - Executive Directors			
Dr. B.L. Bihani***	Independent Director	Nil	Nil
Sh. Shiromani Sharma	Independent Director	2	2
Sh. S.V. Goenka	Promoter Director	7	Nil
Sh. C.M. Vasudev	Independent Director	3	2
Sh. M.P. Pinto	Independent Director	7	3
Sh. Sachikanta Mishra****	Independent Director - Nominee of IFCI		*****

* excludes Directorships in Indian Private Limited Companies, Foreign Companies, Companies under Section 25 of the Companies Act, 1956, memberships of Managing Committees of various Chambers/Bodies and Alternate Directorships.

** represents Memberships/Chairmanships of Audit Committee & Shareholders / Investors Grievance Committee only.

*** ceased to be a director w.e.f 2nd May, 2011 on account of resignation.

**** ceased to be a director following withdrawal of nomination by IFCl w.e.f 18th May, 2010.

(b) Meetings and Attendance

During the financial year ended 31st March, 2011, Five (5) meetings of the Board of Directors were held on 28th May, 2010, 30th July, 2010, 17th September, 2010, 10th November, 2010 and 14th February 2011.

Attendance of Directors at Board Meetings and Last Annual General Meeting:

Director Name	No. of Board Meetings attended	Attendance at last Annual General Meeting Yes / No
Sh. G.P. Goenka	5	Yes
Sh. Shiromani Sharma	3	Yes
Dr. B.L. Bihani	5	Yes
Sh. S.V. Goenka	3	Yes
Sh. C.M. Vasudev	4	Yes
Sh. Madhukar Mishra	5	Yes
Sh. M.P. Pinto	5	Yes

III. Code of Conduct

A code of Conduct for all its Board Members and Senior Management personnel for avoidance of conflict of interest has been laid down and is available on the Company's website. Necessary declarations affirming compliance have been received during the period since it has been in force. There were no material personal interest/personal benefits received by the Board Members/Senior Management personnel, which could lead to potential conflict of interest with the Company as a result of their position.

IV. Committees of the Board

The Board of Directors has constituted two Committees - the Audit Committee and the Shareholders/Investors Grievance Committee.

(i) Audit Committee

The Company has set up the Audit Committee in accordance with the requirements of Section 292A of the Companies Act, 1956 and the terms of reference are in conformity with clause 49 of the listing agreement entered into with the stock exchanges. On occasions statutory auditors, Internal auditors and Cost Auditors are invitees to the Committee meetings. The Company Secretary acts as the Secretary to the Committee.



Composition

The composition of the Audit Committee as on 31st March, 2011 is as under :

Sl. No	Name of the Director	Designation	No. of Meetings attended
1.	Sh. Shiromani Sharma	Chairman	2
2.	Dr. B.L. Bihani*	Member	4
3	Sh. S.V. Goenka	Member	2
4	Sh. C.M. Vasudev**	Member	2

* ceased to be member of the committee w.e.f 2nd May, 2011.

** appointed to be member of the committee w.e.f 17th Sept., 2010.

During the financial year ended 31st March, 2011, Four (4) Audit Committee meetings were held on 28th May, 2010, 30th July, 2010, 10th November, 2010 and 14th February 2011.

(ii) Shareholders/Investors Grievance Committee

The Committee oversees redressal of shareholder and investor grievances, like transfer of shares, non-receipt of Annual Report, dividends and approves of sub-division, transmission, issue of duplicate shares etc. The Company Secretary acts as the Secretary to the Committee.

Composition

In the financial year 2010-11, the composition of the Committee was as under :

Name of the Director	Category
Mr. Shiromani Sharma - Chairman	Non- Executive, Independent
Dr. B.L. Bihani*	Non-Executive, Independent
Mr. Madhukar Mishra	Executive

* ceased to be member of the committee w.e.f 2nd May, 2011.

V. Remuneration of Directors

Remuneration of Managing Director and Whole-Time Director is determined by the Board of Directors. Remuneration of Non-Executive Directors is restricted to only sitting fees for attending meetings of the Board, Audit Committee and Shareholders/Investor Grievance Committee.

The details of remuneration of the directors for the financial year ended 31st March, 2011 are as under:

Director	Salary#	Perquisites and other benefits##	Sitting Fees	In Rupees
				Total
Mr. G.P. Goenka	48,60,000	17,12,197	-	65,72,197
Mr. Shiromani Sharma	-	-	55,000	55,000
Dr. B.L. Bihani	-	-	1,15,000	1,15,000
Mr. S.V. Goenka	-	-	40,000	40,000
Mr. C.M. Vasudev	-	-	55,000	55,000
Mr. M.P. Pinto	-	-	45,000	45,000
Mr. M. Mishra	72,25,000	32,76,115	-	1,05,01,115
Total			3,10,000	1,73,83,312

Salary also includes allowances, performance pay and commission on net profits, if any.

Perquisites and other benefits include contribution to Provident and other funds but exclude Company's contribution to Gratuity Fund.

The non-executive directors are not holding any shares in the company except 45,500 Equity Shares held by Mr. S.V. Goenka.

Apart from the above, none of the Non-Executive Directors had any pecuniary relationship or transactions with the Company.

Service contracts, severance fees and notice period

The appointment of the Executive Directors is governed by resolutions passed by the Board of Directors and the shareholders of the company, which covers the terms and conditions of such appointment.

There is no separate provision for payment of severance fee under the resolutions governing the appointment of Executive Director. Statutory provisions however will apply in case of severance of service. The appointments are terminable by six months' notice from either side.

VI. Disclosures

There were no materially significant related party transactions which may have potential conflict with the interest of the company at large. All related party transactions during the year under reference were in the ordinary course of business and on arm's length basis. The Board periodically reviews risk management policy of the company. There was no non-compliance during the last three years by the company on any matter relating to the Capital Markets. There were no penalties imposed on the Company by stock exchanges/SEBI or any Statutory Authority. There were no pecuniary relationships or transactions with Non-Executive Directors.



VII. Means of communication

The quarterly results of the Company were announced within 45 days of the end of each quarter, except for March 2011 and the audited results were announced within 60 days of the close of the financial year; such results were published in the 'The Financial Express' and 'Aajkal'. The Management Discussion and Analysis Report forms part of the Annual Report. The financial results of the Company is provided at the website www.starpapers.com.

VIII. Shareholder Information

72nd AGM Details

Date	Venue	Book Closure Dates	Time	Dividend Payment dates
29th Sept., 2011	'KalaKunj' (Kalamandir basement), 48, Shakespeare Sarani, Kolkata 700 017	22.09.2011 to 29.09.2011	10.45 A.M.	After 29.09.2011

Registrar & Share Transfer Agents :

The Company's Registrar and Share Transfer Agent is Karvy Computershare Pvt. Ltd..

Address for correspondence :

17-24, Vittal Rao Nagar, Madhapur, Hyderabad 500 081

Telephone : 040-44655000/ 44655178

Fax : 040-23420859

e-mail : einward.ris@karvy.com

The Shareholders holding shares in the electronic form should address their correspondence, except those relating to dividend, to their respective Depository Participants.

Compliance Officer

Mr. Saurabh Arora, Company Secretary, is the Compliance Officer under Clause 47 of the listing agreement.

Transfer System

The Registrars and Share Transfer Agents process every fortnight requests for approving share transfers. The processing activities with respect to requests received for share transfer are completed within 7-10 days from the date of receipt of request.

There were no shares pending for transfer as on 31st March, 2011.

Compliance certificate of the Auditors

The Company has obtained certificate from the statutory auditors certifying compliance of conditions of corporate governance as stipulated in Clause 49 of the listing agreement and the same is annexed.

The certificate will also be sent to the stock exchanges along with the Annual Report that will be filed by the Company.

Dematerialization of Shares and Liquidity

The shares of the Company can be traded in dematerialized form with both NSDL (National Securities Depository Ltd.) and CDSL (Central Depository Services (India) Ltd.)

As on 31st March, 2011, a total of 1,44,36,370 shares of the Company, which form 92.49% of the share capital, stand dematerialized. The processing activities with respect to the requests received for de-materialization are completed within 3-5 days from the date of receipt of request.

Under the depository system, the International Securities Identification Number (ISIN) allotted to the company is INE 733A01018.

Shareholders Complaints

No complaint is pending at close of the financial year.

Distribution of Shareholding as on 31st March, 2011

Slab	No. of Shareholders		No. of Equity Shares	
	Total	% of shareholders	Total	% to share capital
1-500	9249	87.04	1198046	7.68
501-1000	662	6.23	552313	3.54
1001-2000	364	3.43	568310	3.64
2001-3000	121	1.14	316506	2.03
3001-4000	51	0.48	180804	1.16
4001-5000	37	0.35	170285	1.09
5001-10000	54	0.51	403906	2.59
10001 and above	88	0.83	12218180	78.28
Total	10626	100.00	15608350	100.00



Category of Shareholders as on 31st March, 2011

Category	No. of Shares	% of Shareholding
Promoter Group	8317219	53.29
Financial Institutions	701900	4.50
Banks and Mutual Funds	4116	0.03
Insurance Companies	558667	3.58
Non Resident Indian (NRI)	68198	0.44
Clearing Member (NSDL & CDSL)	50010	0.32
Public - Bodies Corporate	869860	5.57
- Individuals	4615327	29.56
- Others	423053	2.71
Total	15608350	100.00

Monthly high and low quotations of shares traded on the listed stock exchanges

Month	NSE		BSE	
	High	Low	High	Low
2010				
April	41.00	32.15	40.65	32.60
May	39.25	33.05	39.35	33.10
June	51.20	33.00	51.25	33.25
July	43.20	38.10	43.05	38.60
August	44.00	35.00	43.00	35.15
September	40.50	35.50	40.50	35.65
October	39.25	36.05	39.25	35.00
November	40.50	27.80	40.90	28.50
December	34.30	26.15	34.95	24.10
2011				
January	31.60	21.15	30.85	22.15
February	25.80	18.25	25.00	18.85
March	31.40	20.60	31.40	20.50

Listing on stock exchanges

The Company's Equity Shares are currently listed with the Stock Exchange, Mumbai (BSE) and the National Stock Exchange of India Ltd. (NSE) under Stock Codes '516022' and 'STARPAPER' respectively. The Company has paid the requisite listing fees to the stock exchanges for the financial year 2010-11.

Registered Office :

Duncan House, 2nd Floor
31, Netaji Subhas Road
Kolkata - 700 001

Plant location :

Seth Baldeodas Bajoria Road,
Saharanpur - 247 001,
Uttar Pradesh

Branches at :

- i) 2nd Floor, Express Building,
9-10, Bahadur Shah Zafar Marg,
New Delhi - 110 008
- ii) 23, Mauji Colony,

Financial Calendar 2011-12

The next financial year of the Company is 1st April, 2011 to 31st March, 2012
The schedule of approving the Financial Results of the Company is given below:-

S. No.	Financial Results	Date for approving the Results (Tentative)
1.	First quarter results	Latest by 14th August
2.	Second quarter and half yearly results	Latest by 14th November
3.	Third quarter results	Latest by 14th February
4.	Fourth quarter & Annual results	Latest by 30th May

Details of Past Three Annual General Meeting

Year	Venue	Date	Time
2009-10	Kala Kunj', 48, Shakespeare Sarani, Kolkata - 700 017	17.09.2010	11.15 A.M.
2007-2009	'Kala Kunj', 48, Shakespeare Sarani, Kolkata - 700 017	30.09.2009	10.30 A.M.
2006-2007	'Kala Kunj', 48, Shakespeare Sarani, Kolkata - 700 017	29.02.2008	4.00 P.M.

Postal Ballot

No special resolution requiring a postal ballot was placed before the last Annual General Meeting. Similarly, no special resolution requiring a postal ballot is being proposed at the forthcoming Annual General Meeting.

Declaration of Managing Director under Clause 49(1)(D)(ii) of the Listing Agreement

I hereby declare that to the best of my knowledge & belief, all the members of the Board and the senior management personnel of the company have affirmed their respective compliance with the code of conduct of the company for the financial year ended 31st March, 2011.

Place : New Delhi
Date : 30th May, 2011

Madhukar Mishra
Managing Director



Auditors' Certificate on compliance of conditions of Corporate Governance

To The Members of Star Paper Mills Limited

1. We have examined the compliance of conditions of Corporate Governance by Star Paper Mills Limited, for the year ended on 31st March 2011 as stipulated in clause 49 of listing agreement of the said company with Stock Exchanges in India.
2. The compliance of conditions of corporate governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement) issued by the Institute of Chartered Accountants of India and limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and explanations given to us and representations made by the Directors and the management, we certify that the company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement. The Company has established risk assessment and minimization procedures which are being implemented/ formalized.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Lodha & Co.
Chartered Accountants
Firm ICAI Registration No. 301051E

H.S. Jha
Partner
Membership No. 55854

Place : Kolkata
Date : 30th May, 2011

AUDITORS' REPORT
TO THE MEMBERS OF STAR PAPERS MILLS LIMITED

We have audited the attached Balance Sheet of Star Paper Mills Limited as at 31st March 2011 and also the Profit and Loss account and the cash flow statement 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 the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

I. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 ("the order") issued by the Central Government in exercise of the powers conferred by section 227(4A) of the Companies Act, 1956("the Act") and according to the information and explanations given to us and on the basis of such checks as we considered appropriate, we state that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is regular programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. There were no material discrepancies with regard to book records in respect of the assets verified during the year.
- (c) During the year, the Company has not disposed off substantial part of its fixed assets.
- (ii) (a) The inventory has been physically verified by the management at regular intervals during the year. In our opinion and according to the information and explanations given to us, the frequency of verification is reasonable.
- (b) In our opinion, the procedure for the physical verification of the inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. As explained to us, discrepancies noticed on physical verification of inventory were not material.
- (iii) (a) According to information and explanations given to us the company had given unsecured loans to three companies listed in the register maintained under Section 301 of the Act. The maximum amount involved during the year was Rs.125.96 lacs and the year-end balance of such loans was Rs.64.96 lacs.
- (b) In our opinion, the rate of interest and other terms and conditions on which the unsecured loans as mentioned in (a) above were prima facie not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us, the principal amount and interest in respect of loan granted as mentioned above are repayable on demand. These loans have not been recalled.



(d) As informed to us, having regards to terms and conditions of the loan as mentioned above, there is no overdue amount outstanding in respect of such loans. However, interest has not been recovered regularly and at the year end outstanding interest were Rs. 79.29 lacs.

(e) As informed to us, the Company has not taken loan, secured or unsecured, from any companies, firms or other parties covered in the Register maintained under Section 301 of the Act. Accordingly, the provisions of clause (iii) (f) and (g) of the order are not applicable to the company.

- (iv) In our opinion there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- (v) (a) According to the informations and explanations given to us, we are of the opinion that transactions that need to be entered into the register maintained under section 301 of the Act, have been so entered.
- (b) Based on the audit procedures applied by us and according to the information and explanations given to us, the transactions made pursuance of contracts or arrangements exceeding the value of Rs.5 lacs in respect of a party has been made at prices which are reasonable having regard to prevailing market prices
- (vi) The Company has not accepted any deposits from the public under Section 58A, 58AA or any other relevant provision of the Act and the rules framed there under.
- (vii) In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Act in respect of the Company's product and are of the opinion that prima facie the prescribed records have been made and maintained. However, we have not carried out any detailed examination of such records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding, as at 31st March 2011 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company and according to the information and explanation given to us by the management, the details of disputed statutory dues are as below:

Name of the Statute	Nature of the Dues	Forum where dispute is pending	Period to which the amount relate (Financial Year)	Amount (Rs. in Lacs)
The Uttar Pradesh Trade Tax Act, 1948	Sales Tax	Joint Commissioner (Appeals)	2000-01	1.97
		Additional Commissioner (Appeals)	2005-2011	144.21
		Trade Tax Tribunal	2002-04	0.21
The Uttar Pradesh Trade Tax Act, 1948	Entry Tax	Additional Commissioner (Appeals)	2007-2009	237.50
The Central Sales Tax Act, 1956	Sales Tax	High Court	1996-97	4.29
		Additional Commissioner (Appeals)	1995-1996 and 2005-07	406.00
The Central Excise Act, 1944	Excise Duty	Commissioner (Appeals)	May 2009 to June 2009	7.22

- (x) The Company does not have any accumulated losses. The Company has incurred cash losses during the year covered by our audit but had not incurred cash losses in the immediately preceding financial year. The effect of unquantified qualification has not been taken into consideration for the purpose of making comment in respect of this clause.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that during the year the Company has not defaulted in repayment of dues to financial institutions, bank or debenture holders.
- (xii) Based on our examination of documents and records and according to information and explanations given to us, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund / society. Accordingly, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- (xv) The Company has not given guarantees for loans taken by others from bank or financial institutions.
- (xvi) As per the information and explanation given to us, the Company has not availed fresh term loan during the year.
- (xvii) According to the information and explanations given to us and on overall examination of the Balance Sheet of the company, we report that short-term funds amounting to Rs. 1,358.79 lacs have been used for long-term investments, i.e. for acquisition of fixed assets.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- (xix) The Company has created security in respect of debentures issued.



(xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

II. Attention is invited to the following Notes as given in Schedule 16 regarding:

- a) non-provision and non-ascertainment of diminution in value of investment, the impact of which is presently non-ascertainable. (Note 5); and
- b) payment of managerial remuneration amounting to Rs. 62.34 lacs which is subject to approval of the Central Government. (Note 11(c))

III. We further report that overall impact with respect to the Notes given in paragraph II above cannot be ascertained and commented by us.

IV. Further to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
- (v) On the basis of information available with the company and written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as directors in terms of section 274(1) (g) of the Act ;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the financial statements, subject to our remarks as given in Para II above whereby as given in Para III above, we are unable to ascertain and indicate the impact thereof on these accounts, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March 2011;
 - b) in the case of the profit and loss account, of the loss for the year ended on that date; and
 - c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Place : Kolkata
Date : 30th May, 2011

For Lodha and Co.,
Chartered Accountants
Firm ICAI Registration No: 301051E

H S Jha
Partner
Membership Number: 55854

BALANCE SHEET as at 31ST MARCH, 2011

	Schedule		As at 31st March 2011 (Rs.Lakhs)	As at 31st March 2010 (Rs.Lakhs)
I. SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	1560.83		1560.83
Reserves and Surplus	2	11070.05		12175.92
			12630.88	13736.75
Loan Funds				
Secured Loans	3	1518.45		423.45
Unsecured Loans	4	0.50		0.50
			1518.95	423.95
Deferred Tax Liabilities (Net) (Refer Note 6 of Schedule 16)			2344.62	2837.76
			<u>16494.45</u>	<u>16998.46</u>
II. APPLICATION OF FUNDS				
Fixed Assets	5			
Gross Block		25393.04		25165.53
Less: Depreciation		13270.39		12112.15
Net Block		12122.65		13053.38
Capital Expenditure in Progress		258.30		292.78
			12380.95	13346.16
Investments	6		3578.89	3578.89
Current Assets, Loans and Advances				
Inventories	7	3234.79		2977.79
Sundry Debtors	8	948.72		1066.38
Cash and Bank Balances	9	111.76		166.36
Loans and Advances	10	1347.72		1074.45
		5642.99		5284.98
Less: Current Liabilities and Provisions	11	5,108.38		5211.57
Net Current Assets			534.61	73.41
			<u>16494.45</u>	<u>16998.46</u>
Accounting Policies and Notes to the Accounts	16			
The Schedules referred to above form part of the Balance Sheet				

For Lodha & Co.
Chartered accountants

On behalf of the Board

H.S. Jha
Partner
Membership No. 55854
Place: New Delhi
Date: 30.05.2011

Saurabh Arora
Company Secretary

G.P. Geonka
Chairman and
Whole-Time Director
Madhukar Mishra
Managing Director

Shiromani Sharma
C.M. Vasudev
M.P. Pinto
Directors



PROFIT AND LOSS ACCOUNT for the year ended 31st MARCH, 2011

	Schedule		Year ended 31 st March 2011 (Rs.Lakhs)	Year ended 31 st March 2010 (Rs.Lakhs)
INCOME				
Sales (Gross)		27105.22		26225.83
Less: Excise Duty		<u>1146.56</u>		<u>1098.96</u>
Sales (Net)			25958.66	25126.87
Other Income	12		996.57	1027.29
			<u>26955.23</u>	<u>26154.16</u>
EXPENDITURE				
Decrease/(Increase) in Stocks	13		(514.70)	658.34
Raw Materials Consumed			10281.24	7902.76
Manufacturing, Administrative and Selling Expenses	14		17354.05	15461.47
Interest and Finance Charges(Net)	15		166.58	275.13
			<u>27287.17</u>	<u>24297.70</u>
PROFIT BEFORE DEPRECIATION			(331.94)	1856.46
Depreciation			1176.36	1194.80
PROFIT BEFORE TAX			(1508.30)	661.66
Provision for Income Tax				
-Provision of Income Tax of earlier years (Net)		-		15.70
-Current Tax / MAT		-		113.37
-Deferred		(493.13)		(255.77)
		<u>(493.13)</u>		<u>(126.70)</u>
Less: MAT Credit entitlement		<u>-</u>		<u>45.20</u>
			(493.13)	(171.90)
PROFIT AFTER TAX			(1015.17)	833.56
Profit brought forward			6306.16	5594.11
Transfer from Debenture Redemption Reserve			0.00	150.00
PROFIT AVAILABLE FOR APPROPRIATION			<u>5290.99</u>	<u>6577.67</u>

PROFIT AND LOSS ACCOUNT for the year ended 31st MARCH, 2011

	Schedule	Year ended 31st March 2011 (Rs.Lakhs)	Year ended 31st March 2010 (Rs.Lakhs)
APPROPRIATIONS :			
Proposed Dividend		78.04	117.06
Tax on Proposed Dividend		12.66	19.45
Transfer to General Reserve		-	135.00
Balance Carried To The Balance Sheet		5,200.29	6,306.16
		<u>5290.99</u>	<u>6577.67</u>
Basic & Diluted earning per Share (Rs.)		(6.50)	5.34
(Equity Shares of Face Value of Rs. 10 each)			
Number of shares used in computing earning per Share			
-Basic & Diluted		15608350	15608350

Accounting Policies and Notes to the Accounts

16

The Schedules referred to above form part of
Profit & Loss Account

This is the Profit & Loss Account referred to in our Report of even date

For Lodha & Co.
Chartered accountants

On behalf of the Board

H.S. Jha
Partner
Membership No. 55854
Place: New Delhi
Date: 30.05.2011

Saurabh Arora
Company Secretary

G.P. Geonka
Chairman and
Whole-Time Director
Madhukar Mishra
Managing Director

Shiromani Sharma
C.M. Vasudev
M.P. Pinto
Directors



SCHEDULES		As at 31st March 2011 (Rs.Lakhs)	As at 31st March 2010 (Rs.Lakhs)
1. SHARE CAPITAL			
Authorized			
10,000 5% Cumulative Tax Free			
Redeemable Preference Shares of Rs.100 each		10.00	10.00
3,98,00,000 Equity Shares of Rs.10 each		3980.00	3980.00
1,00,000 'A' Equity Shares of Rs.10 each		10.00	10.00
		<u>4000.00</u>	<u>4000.00</u>
Issued			
1,55,11,250 Equity Shares of Rs.10 each		1551.12	1551.12
1,00,000 'A' Equity Shares of Rs.10 each		10.00	10.00
		<u>1561.12</u>	<u>1561.12</u>
Subscribed & Paid-up			
1,55,08,350 Equity Shares of Rs.10 each fully			
paid-up (including 8,96,875 Equity			
Shares allotted as fully paid-up Bonus			
Shares by capitalization of Reserves)		1550.83	1550.83
1,00,000 'A' Equity Shares of Rs.10 each			
fully paid-up		10.00	10.00
		<u>1560.83</u>	<u>1560.83</u>
2. RESERVES AND SURPLUS			
Capital Reserve			
Other Reserve (As per last account)		3.20	3.20
Capital Redemption Reserve			
As per last account		50.00	50.00
Debenture Redemption Reserve			
As per last account	-		150.00
Less:-Transfer to Profit & Loss Account	<u>-</u>		<u>150.00</u>
		-	-
Securities Premium Account			
As per last account		4459.50	4459.50
General Reserve			
As per last account	1357.06		1222.06
Add:-Transfer from Profit & Loss Account	<u>-</u>		<u>135.00</u>
		1357.06	1,357.06
Surplus in Profit and Loss Account		5200.29	6306.16
		<u>11070.05</u>	<u>12175.92</u>

SCHEDULES		As at 31st March 2011 (Rs.Lakhs)	As at 31st March 2010 (Rs.Lakhs)
3. SECURED LOANS			
Rupee Term Loan from:			
Financial Institutions (including funded interest term loan)		-	125.00
Vehicle Loan		4.54	18.18
Cash Credit from Banks		1513.91	280.27
		<u>1518.45</u>	<u>423.45</u>

Notes:

- 1 Vehicle Loan is secured by Hypothecation of the Vehicle purchased.
- 2 Cash Credit, and other Working Capital facilities from Banks are secured by way of hypothecation of stocks of finished goods, raw materials, chemicals, stores, other materials including those in transit, book-debts both present and future and second charge on the fixed assets of the company, ranking pari-passu in favour of the banks.

SCHEDULES		As at 31st March 2011 (Rs.Lakhs)	As at 31st March 2010 (Rs.Lakhs)
4. UNSECURED LOANS			
Short Term Loans from Bodies Corporate		0.50	0.50
		<u>0.50</u>	<u>0.50</u>

5. FIXED ASSETS

Rs. In lakhs

Particulars	As on 1.4.2010	GROSS BLOCK			DEPRECIATION				NET BLOCK	
		Additions during the Period	Sale/Adjust- ments during the Period	As on 31.3.2011	Upto 31.3.2010	For the year	Sale/Adjust- ments during the Period	Upto 31.3.2011	As on 31.3.2011	As on 30.3.2010
Land	20.99	-	-	20.99	-	-	-	-	20.99	20.99
Buildings	826.26	-	-	826.26	531.41	24.90	-	556.31	269.95	294.85
Railway Siding	6.83	-	-	6.83	6.75	0.01	-	6.76	0.07	0.08
Machinery	23,926.80	234.40	-	24,161.20	11,300.07	1,123.82	-	12,423.89	11,737.31	12,626.73
Furniture and Fittings	219.68	8.51	1.84	226.35	181.28	8.47	1.24	188.51	37.84	38.40
Vehicles	164.97	7.10	20.66	151.41	92.64	19.16	16.88	94.92	56.49	72.33
Total	25,165.53	250.01	22.50	25,393.04	12,112.15	1,176.36	18.12	13,270.39	12,122.65	13,053.38
Previous Year	24,976.67	202.26	13.40	25,165.53	10,927.29	1,194.80	9.94	12,112.15	13,053.38	-

Note: Gross block and Net block of Buildings include flat acquired under joint ownership with others at New Delhi amounting Rs 55.30 Lakhs and Rs. 38.62 Lakhs (Previous period Rs. 55.30 Lakhs and Rs 40.65 Lakhs) respectively



SCHEDULES	No. of Shares Current Year (Previous Year)	As at 31st March 2011 (Rs.Lakhs)	As at 31st March 2010 (Rs.Lakhs)
6. INVESTMENTS (Long Term other than Trade)			
ISG Traders Limited	1745786 (1745786)	3578.89	3578.89
Fully paid equity shares of Rs.10 each (refer to Note no. 5 of Schedule 16)		3578.89	3578.89
Aggregate amount of:			
Quoted Investments		3578.89	3578.89
(Market value - Rs Nil (Previous year - Nil)		3578.89	3578.89
Note: Market quotation in respect of Non-traded shares are not available since long, there fore the market value of these investments has not been stated.			
		As at 31st March 2011 (Rs.Lakhs)	As at 31st March 2010 (Rs.Lakhs)
7.INVENTORIES (As certified by the Management)			
Spare Parts, Components,			
Other Consumable Stores etc.(Includes Rs.0.81 lakh;Previous year Rs 0.81 lakh of discarded assets)		874.90	883.45
Loose Tools		1.86	1.52
Raw Materials		560.71	800.22
Chemicals and Dyes		174.64	184.62
Finished Paper		1217.91	766.89
Stock in Process		404.77	341.09
		3234.79	2977.79
		As at 31st March 2011 (Rs.Lakhs)	As at 31st March 2010 (Rs.Lakhs)
8.SUNDRY DEBTORS (Considered good unless otherwise stated)			
Debts due for a period exceeding six months			
Secured	48.93		17.39
Unsecured	10.41		51.32
		59.34	68.71
Other Debts			
Secured	379.02		503.31
Unsecured	510.36		494.36
		889.38	997.67
		948.72	1066.38

SCHEDULES		As at 31st March 2011 (Rs.Lakhs)	As at 31st March 2010 (Rs.Lakhs)
9.	CASH AND BANK BALANCES		
	Cash in hand	9.24	16.09
	Cheques/Drafts in hand and/or in transit	6.03	24.70
	Balances with Scheduled Banks		
	- In Current Accounts	7.79	31.53
	- In Unpaid Dividend Accounts	17.54	22.47
	- In Deposit/Margin Money Accounts (Under lien)	58.95	62.66
	In Fixed Deposit/Saving Accounts (Employees Security Deposits)	12.21	8.91
		<u>111.76</u>	<u>166.36</u>
10.	LOANS AND ADVANCES		
	(Unsecured considered good unless otherwise stated)		
	Loans to other bodies corporate	64.96	75.96
	Advances recoverable in cash or in kind or for value to be received	856.31	548.20
	Advance payment of Income-Tax including Tax deducted at source	1352.88	1328.94
	Less: Provision for Taxation	<u>1321.27</u>	<u>1321.27</u>
		32.27	7.67
	Advance Fringe Benefit Tax	65.31	65.31
	Less: Provision for Fringe Benefit Tax	<u>62.00</u>	<u>62.00</u>
		3.31	3.31
	MAT Credit Entitlement as per Last account	92.68	47.48
	Add: Credit entitlement	<u>0.00</u>	<u>45.20</u>
		92.68	92.68
	Balances with Customs and Excise	118.29	111.79
	Deposits with Government Authorities and Others	179.90	234.84
		<u>1347.72</u>	<u>1074.45</u>
11.	CURRENT LIABILITIES AND PROVISIONS		
	Current Liabilities		
	Sundry Creditors (Refer Note No 7. Of schedule 16)	1733.24	1218.70
	Other Liability for expenses	2485.61	3046.52
	VAT payable	33.18	38.38
	Unclaimed liability in respect of redeemed preference shares*	1.14	1.34
	Unclaimed Dividend *	17.50	22.42
	Unpaid Matured Deposits*	0.12	0.52
	Interest accrued on Matured Deposits*	0.20	0.42
	Deposits from whole sellers	745.00	743.00
	Interest accrued but not due on Loans	1.69	3.76
		<u>5017.68</u>	<u>5075.06</u>
	Provisions		
	Proposed Dividend	78.04	117.06
	Tax on Proposed Dividend	12.66	19.44
		<u>90.70</u>	<u>136.50</u>
		<u>5108.38</u>	<u>5211.56</u>
Note: *This is not due for payment to 'Investor Education and Protection Fund'.			



SCHEDULES	Year Ended 31st March 2011 (Rs.Lakhs)	Year Ended 31st March 2010 (Rs.Lakhs)
12. OTHER INCOME		
Sale of Scrap, etc.	316.02	305.28
Profit on Sale/Discard of Fixed Assets(Net)	2.12	(0.22)
Liabilities and balances no longer required	509.90	508.10
Foreign exchange fluctuation	7.86	14.47
Interest Received	27.36	62.88
(Tax deducted at source Rs1.79 Lakhs; Previous year Rs1.20 lakhs)		
Miscellaneous Receipts	<u>133.31</u>	<u>136.78</u>
	<u>996.57</u>	<u>1027.29</u>
13. DECREASE/(INCREASE) IN STOCKS		
Opening Stock:		
Stock in Process	341.09	316.09
Finished Paper	<u>766.89</u>	<u>1450.23</u>
	<u>1107.98</u>	<u>1766.32</u>
Closing Stock:		
Stock in Process	404.77	341.09
Finished Paper	<u>1217.91</u>	<u>766.89</u>
	<u>1622.68</u>	<u>1107.98</u>
	<u>(514.70)</u>	<u>658.34</u>
14. MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES		
Salaries, Wages and Bonus	2151.26	2260.92
Contribution to:		
Provident and Other Funds	227.97	265.37
Employees State Insurance	66.07	52.15
Workmen and Staff Welfare Expenses	126.85	130.75
Chemicals and Dyes consumed	3229.33	2651.04
Stores and Components consumed	989.46	918.66
Power and Fuel	8473.14	7364.17
Repair & Maintenance :		
Buildings	106.03	88.20
Machinery	475.42	479.92
Others	6.41	13.22
Rent	103.09	93.21
Rates and Taxes	46.07	41.61
Excise Duty on Stocks (Net)	29.89	(37.35)
Insurance(Net of recoveries)	3.61	4.36
Packing, Selling & Distribution Expenses	298.91	266.72
Charity and Donations	2.42	1.69
Directors' Fees	3.10	2.20
Research and Development Expenses	62.99	63.83
Miscellaneous Expenses	<u>952.03</u>	<u>800.80</u>
	<u>17354.05</u>	<u>15461.47</u>

SCHEDULES	Year Ended 31st March 2011 (Rs.Lakhs)	Year Ended 31st March 2010 (Rs.Lakhs)
15. INTEREST AND FINANCE CHARGES		
On Debentures and Fixed Loans	10.93	156.98
On Working Capital	126.37	84.25
On Other Accounts	47.19	64.29
	<u>184.49</u>	<u>305.52</u>
Less: Interest Income(Gross) on overdue debtors (Tax deducted at source Rs 2.43 lakhs, Previous year Rs. 4.05 lakhs)	<u>29.26</u>	<u>44.93</u>
	155.23	260.59
Finance Charges	11.35	14.54
	<u>166.58</u>	<u>275.13</u>

16. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

1) Accounting Policies

i) Basis of Preparation of Financial Statements

The accounts have been prepared under the historical cost convention and in accordance with the provision of the Companies Act, 1956 and accounting standards notified vide Companies (Accounting Standards) Rules, 2006. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

ii) Use of Estimates

The preparation of financial Statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as at the Balance Sheet date and the reported amounts of income and expenses during the year. Contingencies are recorded when it is probable that a liability will be incurred and the amounts can reasonably be estimated. Difference between the actual results and the estimates are recognised in the year in which the results become known/ materialise.

iii) Fixed Assets

- Fixed assets are stated at cost of acquisition/construction. Cost includes borrowing cost and pre-operative expenses as allocated to the fixed assets.
- Capital Work-in-progress includes Machinery to be installed, Construction and Erection Materials, Advances etc.

iv) Investments

Long-term investments are stated at cost less provisions, if any, for diminution in the values thereof, other than temporary.



SCHEDULES

16. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

v) Inventories

- a) Inventories are valued at cost or estimated net realisable value whichever is lower. The value of inventories other than raw materials is determined on weighted average basis. The value of raw materials is determined by first in first out method. Cost of raw materials includes expenses incurred for procuring the same. Cost in respect of finished goods, stock in process and wrapper represents manufacturing cost and does not include interest, selling and distribution and certain administrative overheads.
- b) Customs duty on materials in bond and excise duty on finished goods lying in the factory as at the year-end is considered as cost for valuation of stocks.

vi) Impairment

Fixed Assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognised, whenever the carrying amounts of assets exceeds recoverable amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing the value in use, the estimated future cash flows from the use of assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof is adjusted to the carrying value of the respective assets.

vii) Foreign Exchange Transactions and Derivatives

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of the transaction. Foreign currency monetary assets and liabilities at the year end are translated using closing exchange rates. The loss or gain thereon and also on the exchange differences on settlement of foreign currency transactions during the year are recognised as income or expenses and are adjusted to the profit and loss account under respective heads of accounts.

Exchange differences arising with respect to forward contracts other than those entered into, to hedge foreign currency risk on unexecuted firm commitments or of highly probable forecast transactions are recognized in the year in which they arise and the difference between the forwards rate and exchange rate at the date of transaction is recognized as income / expense over the life of the contract.

Keeping in view the announcement of Institute of Chartered Accountants of India dated March 29, 2008 regarding accounting for derivatives, mark to market losses on all other derivatives contracts (other than forward contracts dealt as above) outstanding as at the year end, are recognized in the accounts.

SCHEDULES

viii) Revenue Recognition

- a) Revenue is being recognised on accrual basis.
- b) All expenses, claims, interest on overdue debts/demands and other incomes to the extent ascertainable and considered payable or receivable as the case may be, have been accounted for.

ix) Sales

Sales are recognised on passing of the property in the goods as per the terms of the sales, irrespective of actual delivery. Sales include excise duty and incidental charges but rebates, discounts and Sales Tax/Value Add Tax (VAT) are excluded there from.

x) Employee Benefits

Employee benefits are accrued in the year services are rendered by the employees. Contribution to defined contribution schemes such as Provident Fund etc. are recognized as and when incurred. Long term employee benefits under defined benefit scheme such as contribution to gratuity, leave etc. are determined at clause of the year at present value of the amount payable using actuarial valuation techniques. Actuarial gains and losses are recognised in the year when they arise.

xi) Borrowing Costs

Borrowing costs that are attributable to the acquisition/construction of fixed assets are capitalised as part of the assets. Other borrowing costs are recognised as expenses in the year in which they are incurred.

xii) Depreciation

- a) Depreciation has been provided for as per Schedule XIV of the Companies Act, 1956, on written down value method and in respect of plant and machinery acquired on or after 1.4.76, on straight-line method. Certain plants have been considered as continuous process plants on technical evaluation.
- b) Machinery Spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are amortised over the useful life of the respective fixed assets and the amount amortised is included under stores and spares consumed.

xiii) Taxation

Provision for tax is made for both current and deferred taxes. Current tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing differences, which are capable of reversal in subsequent years are recognised using tax rates and tax laws, which have been enacted or substantively enacted. Deferred tax assets other than in respect of carried forward losses or unabsorbed depreciation are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realized. In case of carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is "virtual certainty" that such deferred tax assets can be realized against future taxable profits.



SCHEDULES

xiv) Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements.

- 2) Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs. 26.07 lakhs (Previous year Rs.77.36 lakhs).

3) Contingent Liabilities

Sl. No.	Particulars	31 March 2011 (Rs. In Lakhs)	31 March 2010 (Rs. In Lakhs)
A	In respect of various demands raised, which in the opinion of the management are not tenable and are under appeal at various stages		
i	Sales Tax including Trade Tax	556.68	185.65
ii	Entry Tax	237.50	108.58
iii	Excise Duty	7.22	-
iv	Electricity Duty	2.70	2.70
v	Employees State Insurance Corporation (On Good work bonus)	4.90	4.90
vi	Claims against the company not acknowledged as debts;		
	Interest on Mandi Fee which is sub judice - to the extent ascertainable	-	173.07
B	Workmen Claims	71.22	65.30

Note: Future cash outflows in respect of A to B is dependent upon the outcome of judgements/decisions

- 4) Capital work-in-progress includes machinery in stock, construction / erection of material, advances for construction/erection works and machinery etc
- 5) The company has investments in ISG Traders Ltd. (ISG) and ISG has, in turn, investments which form part of groups controlling interest in several companies. In addition, ISG has investment in preference shares as well as other classes of assets. Considering the fact the company's investments in ISG is of long term in nature, revenue recognition with respect to diminution, if any, in the value of investments in ISG has not been made.
- 6) The break-up of Deferred Tax Assets and Liabilities is follows:

(Rs. In Lakhs)

SCHEDULES	Opening as on 1st April 2010	Charge/(Credit) during the year	Closing as on 31st March, 2011
Deferred Tax Assets			
Unabsorbed business loss	-	(228.14)	228.14
Expenses Allowable on Payment Basis and Others	487.25	40.38	446.87
Sub Total	487.25	(187.75)	675.01
Deferred Tax Liabilities			
Depreciation Difference	3325.01	(305.38)	3019.63
Sub Total	3325.01	(305.38)	3019.63
Deferred Tax Liabilities (Net)	2837.76	(493.14)	2344.62

- 7) The company is in the process of compiling information with regard to suppliers covered under Micro, Small and Medium Enterprise Development Act, 2006. To the extent classified, none of the suppliers fall under Micro, Small or Medium enterprises under the Act. Accordingly, no disclosure as required under Section 22 of the said Act has been given in these accounts.
- 8) Foreign currency exposure outstanding as on 31.03.2011 which has not been hedged Rs. 150.94 lakhs. (Previous year Rs. 321.11 lakhs).
- 9) Related Party disclosures as identified by the management in accordance with the Accounting Standard 18:

(a) **Key Management Personnel and their relatives**

Mr. G. P. Goenka (Chairman and Whole Time Director)
 Mr. S. V. Goenka (Director and son of Whole Time Director)
 Mr. M. Mishra (Managing Director)
 Mrs. M. Mishra (Wife of Managing Director)

(b) **Associates/Group Companies:**

(i) **With whom the Company had transactions**

Duncans Industries Limited, Duncans Tea Limited, Gujarat Carbon and Industries Limited, NRC Limited, Andhra Cements Limited, Silent Valley Investment Company Limited, Kavita Marketing Private Limited, ISG Traders Limited, Subh Shanti Services Limited, Sewand Investments Private Limited, Stone India Limited, Odyssey Travels Limited, Unimers India Limited

(ii) **Others**

Albert Trading Company Private Limited, Bargate Communications Private Limited, Boydell Media Private Limited, Continuous Forms (Calcutta) Limited, Dail Consultants Limited, Duncans Agro Chemicals Limited, North India Fertilisers Ltd., Duncans Tea House Pvt. Limited, Infratech Software Services Private Limited, Julex Commercial Company Limited, Leyden Leasing and Financial Services Limited, Marleybone Travels and Resorts Private Limited, Stone Solar Private Limited, Octave Technologies Private Limited, Orchard Holdings Private Limited, , Pentonville Software Limited, Santipara Tea Company Limited, Skylight Trading Company Limited, Sprint Trading Company Limited, Stone Intermodal Private Limited.



SCHEDULES

The parties listed in (ii) above, though are not required to be disclosed as per the requirement of AS-18, have been included hereinabove in view of the requirement of Clause 32 of the Listing Agreement.

The aggregate amount of transactions with the related parties as mentioned in (a) above is as below:

Particulars	Amounts (Rs. in lakhs)	
	Year Ended 31.3.2011	Year Ended 31.3.2010
Managerial Remuneration		
-Mr. G. P. Goenka	65.72	98.57
-Mr. M.Mishra	105.01	84.17
Expenditure		
-Rent		
Mrs. M. Mishra	18.00	18.00
Outstanding		
-Security Deposit Given		
Mrs. M. Mishra	6.00	6.00
Remuneration Payable		
-Mr. G. P. Goenka	34.00	34.00
-Mr. M.Mishra	28.56	25.00

The aggregate amount of transactions with the related parties as mentioned in (b)(i) above is as below:

Particulars	Amounts (Rs. in lakhs)	
	31.3.2011	31.3.2010
Transactions during the year:		
A.Income		
Sales :		
ISG Traders Limited	6.43	24.86
Interest :		
ISG Traders Limited	6.66	4.89
Subh Shanti Services Limited	7.22	7.22
Silent Valley Investment Company Limited	4.05	4.05
Services Rendered (Netted with Miscellaneous Expenditure):		
Duncans Industries Limited	2.49	1.62
Andhra Cements Limited	0.54	0.94
National Rayon Corpn. Ltd.	0.46	0.41
Others	-	0.05
B. Expenditure		
Miscellaneous Expenditure:		
Duncans Industries Limited	4.80	4.80
Services Received :		
Odyssey Travels Ltd.	8.25	12.75
Duncans Industries Limited	0.24	0.16

SCHEDULES

Particulars	Amounts (Rs. in lakhs)	
	31.3.2011	31.3.2010
ISG Traders	121.35	1.45
Rent :		
Kavita Marketing Private Limited *	2.40	2.40
Duncans Industries Limited	2.40	2.40
Interest :		
ISG Traders Limited	1.72	5.84
C. Loans Paid		
ISG Traders Limited	50.00	-
D. Loans Repaid		
ISG Traders Limited	61.00	51.50
E. Outstanding		
Loan Given :		
Silent Valley Investment Company Limited	22.50	22.50
ISG Traders Limited	-	11.00
Subh Shanti Services Limited	42.46	42.46
Interest Receivable :		
Silent Valley Investment Company Limited	11.18	7.54
ISG Traders Limited	-	11.48
Subh Shanti Services Limited	68.11	61.61
Security Deposit received :		
ISG Traders Limited	27.50	27.50
Security Deposit Given :		
Kavita Marketing Private Limited *	35.00	35.00
Sewand Investments Private Limited.	5.00	5.00
Debtor/Debit Balance :		
Duncans Industries Limited	0.02	0.02
Duncans Tea Limited	2.07	2.07
National Rayon Corp Ltd.	0.54	0.31
Andhra Cements Limited	0.77	0.32
Others	0.04	0.04
Creditor/ Credit Balances :		
Duncans Industries Limited	0.67	0.26
ISG Traders Limited	44.88	2.52
Subh Shanti Services Limited	0.07	0.07
Investment in Shares :		
ISG Traders Limited	3578.89	3578.89



* a company in which one of the director is a director.

Note:

- (I) In respect of the above parties, there is no provision for doubtful debts as on 31.3.2011 and no amount has been written off or written back during the year in respect of debts due from/to them.
- (II) The above related party information is as identified by the management and relied upon by the auditors.
- 10) Disclosure required vide Clause 32 of the listing Agreement-
- a) Amount of loans/advances in the nature of loans outstanding from Associates/Group Companies as at the year ended 31st March, 2011

Name of the Company	Year Ended 31st March 2011	(Rs. in lakhs) Maximum during the Year
Silent Valley Investment Company Limited	33.68	34.09
Subh Shanti Services Limited	110.57	111.30
ISG Traders Limited	-	79.14

b) Investment by loanee companies in the shares of the company:-

Name of the Company	Year Ended 31st March 2011		Maximum during the year	
	No. of Shares	Rs. Lakhs	No. of Shares	Rs. Lakhs
Silent Valley Investment Company Limited	771000	202.77	771000	378.94
ISG Traders Ltd.	5385019	1416.25	5385019	2646.73

11) a) Remuneration paid or payable to Whole Time Director and Managing Director:

	Year Ended 31.3.2011		Year Ended 31.3.2010	
	Whole Time Director	Managing Director	Whole Time Director	Managing Director
Salary and Performance Pay	36.00	51.25	36.00	43.00
Other Allowances **	15.10	23.73	15.10	13.00
Contribution to Provident and other Funds*	4.32	2.97	4.32	2.16
Commission payable (Previous year @3.99% of Profit)	-	-	34.00	-
Other Benefits (Actual)	10.30	27.06	9.15	26.01
Total	65.72	105.01	98.57	84.17

* Excluding Company's contribution to Gratuity Fund.

** Includes Medical Reimbursement/Medical Allowance, Leave travel concession, Car Allowance, House Rent Allowance, Electricity expense and Club fee.

SCHEDULES

b) Computation of Net Profit in accordance with Section 349 and 198 of the Companies Act, 1956:

	31.3.2011 (Rs. in lakhs)	31.3.2010 (Rs. in lakhs)
Profit Before Taxation	(1508.30)	661.66
Add: Remuneration, Perquisite and other benefits payable to Managing Director and Whole Time Director	170.73	182.74
Director Sitting Fees	3.10	2.20
Depreciation in the books of accounts	1176.36	1194.80
Loss on sale of Fixed assets	-	0.22
Provision for wealth Tax	5.00	5.00
	(153.11)	2046.62
Less: Depreciation as per section 350 of the Companies Act 1956	1176.36	(1194.80)
Profit on sale of Fixed assets	2.12	-
Profit (Loss) as per Section 198 of the Companies Act, 1956	(1331.59)	851.82
Maximum Managerial Remuneration payable at 10 percent	Nil	85.18

- c) In view of the inadequacy of profit, excess remuneration of Rs.62.34 (Including Rs. 56.83 lakhs for current year) of Whole Time Director and Managing Director is subject to approval of the shareholders and Central Government under clause C of Section II of Part II of Schedule XIII of Companies' Act 1956.

12) Employee Benefits

The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:

I. Defined Contribution Scheme

Contribution to Defined Contribution Plan, recognized for the year are as under:

Employer's Contribution to Provident Fund Rs. 134.97 lakhs (Previous year Rs 129.63 lakhs)

II. Defined Benefit Scheme

A) The employee's gratuity fund scheme is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for pension and leave encashment is recognized in the same manner as gratuity.

Expenses recognized during the Year ended March 31, 2011	Gratuity (funded)		Pension (non-funded)		Leave Encashment (non-funded)	
	31.3.2011	31.3.2010	31.3.2011	31.3.2010	31.3.2011	31.3.2010
1. Current Service Cost	33.13	31.97	6.10	8.29	10.23	6.64
2. Interest Cost	56.05	50.22	31.66	28.56	6.05	5.04
3. Expected return on plan assets	(47.06)	(45.36)	-	-	-	-
4. Past Service Cost due to revision in gratuity limit	11.06	-	-	-	-	-
5. Actuarial Losses/(Gains)	110.31	82.73	(15.45)	20.10	14.40	26.14
Total Expenses	163.49	119.56	22.31	56.95	30.68	40.82
Less: Adjustment due to revision in wage rate (Refer Note (ii) below)	(88.09)	-	-	-	-	-



SCHEDULES						
	Gratuity (funded)		Pension (non-funded)		Leave Encashment) (non-funded)	
	31.3.2011	31.3.2010	31.3.2011	31.3.2010	31.3.2011	31.3.2010
Total Expenses recognized during the year ended 31.03.2011	75.40	119.56	22.31	56.95	30.68	40.82
Change in the obligation during the Year ended March 31, 2011						
1. Present value of Defined Benefit Obligation at the beginning of the year	805.59	759.23	436.95	413.42	94.15	86.63
2. Current Service Cost	33.13	31.97	6.10	8.29	10.23	6.64
3. Interest Cost	56.05	50.22	31.66	28.56	6.05	5.04
4. Plan Amendments due to revision in gratuity limit	11.06	-	-	-	-	-
5. Benefit Paid	(136.27)	(123.40)	(40.78)	(33.42)	(29.04)	(33.30)
6. Actuarial (Gains) / Losses	105.18	87.57	(15.45)	20.10	14.40	26.14
Present value of Defined Benefit Obligation at the end of the year	874.74	805.59	418.48	436.95	95.79	94.15
Change in Assets during the Year ended March 31, 2011						
1. Plan Assets at the beginning	571.80	545.66	-	-	-	-
2. Contribution by Employer	100.00	99.34	40.78	33.42	29.04	33.30
3. Expected return on plan assets	47.06	45.36	-	-	-	-
4 Benefit Paid	(136.27)	(123.40)	(40.78)	(33.42)	(29.04)	(33.30)
5. Actuarial Gains/(Losses)	(5.13)	4.84	-	-	-	-
Plan Assets at the end of the year	577.46	571.80	-	-	-	-
Reconciliation of Net Asset/(Liability) recognized in the Balance Sheet during the Year ended March 31, 2011						
1. Net Asset/(Liability) at beginning of the year	(233.79)	(213.57)	(436.95)	(413.42)	(94.15)	(86.63)
2. Employer Expenses	163.49	119.56	22.31	56.95	30.68	40.82

SCHEDULES

3. Employer Contributions	100.00	99.34	40.78	33.42	29.04	33.30
4. Net Asset/(Liability) at the end of the year	(297.28)	(233.79)	(418.48)	(436.95)	(95.79)	(94.15)
Actuarial Assumptions						
1. Discount Rate	8.00%	7.60%	8.00%	7.60%	8.00%	7.60%
2. Expected Rate of Return on Plan Assets	8.00%	8.50%	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Notes:

- Assumptions related to future salary increases, attrition, interest rate for discount and overall expected rate of return on Assets have been considered based on relevant economic factors such as inflation, market growth and other factors applicable to the year over which the obligation is expected to be settled.
- Due to revision of workers' rate with retrospective effect from 1st April, 2008, gratuity amounting to Rs. 88.09 lakhs as actuarially determined at the year end has been adjusted with the overall liability for increase in wages as provided in the earlier years.

B) Disclosures in terms of Para 120 (n) of AS15 (revised AS-15):

Particulars	Gratuity Funded (Rs. in lakhs)			
	Year ended 31.03.2011	Year ended 31.03.2010	Period ended 31.03.2009	
1. Defined Benefit obligation at end of the period	(874.74)	(805.59)	(759.23)	
2. Plan Assets at end of the period	577.46	571.80	545.66	
3. Surplus / (Deficit)	(297.28)	(233.79)	(213.57)	
4. Experience Gain / (Loss) adjustments on plan liabilities	(118.72)	(101.10)	(18.21)	
5. Experience Gain / (Loss) adjustments on plan assets	(5.13)	4.84	(0.23)	

- The company is engaged primarily in the business of "Paper" and all other activities are incidental thereto. Further, the company sells primarily in the domestic market where its operations are governed by the same set of risks and returns and the overseas sales are insignificant. Accordingly the separate primary and secondary segment reporting disclosure as envisaged in Accounting Standards (AS-17) on Segment Reporting is not applicable to the company.
- Salary/wages Rs.38.15 lakhs (Previous year Rs.32.25 lakhs) Provident Fund and Employee State Insurance Rs.1.93 lakhs (Previous year Rs.0.96 lakhs), Stores & Components and Repairs Rs 351.35 Lakhs (Previous year Rs.285.55 lakhs), Rent Rs 4.83 Lakhs (Previous year 5.34 lakhs), and Insurance Rs 0.55 lakhs (Previous year Rs.0.62 lakhs) have been classified functionally under other heads of accounts.



SCHEDULES

15) Miscellaneous Expenses include: Auditors Remuneration	(Rs. in lakhs)	
	Year ended 31-3-2011	Year ended 31-3-2010
i) Statutory Auditors		
a) Audit Fee	5.62	5.62
b) In other capacities		
-Fees for Tax Audit	1.50	1.13
-Fees for Certificates and Review	1.83	1.97
ii) Cost Audit Fees	0.35	0.35

16) Miscellaneous income includes "Sale of clonal plants"-Rs.49.57 lakhs (Previous year-Rs 43.55 lakhs).

17) Additional information pursuant to the provisions of paragraphs 3, 4 (c) and 4 (d) of Part-II of Schedule-VI of the Companies Act, 1956:-

a) Particulars in respect of Capacity, Production, Turnover and Stocks

	Year ended 31.3.2011		Year ended 31.3.2010	
	Not Applicable		Not Applicable	
Licenced Capacity	Not Applicable		Not Applicable	
Installed Capacity (TPA) (As certified by the Management)	75000		75000	
Paper and Paper Board of different varieties	Tonnes	Rs. lakhs	Tonnes	Rs. lakhs
Production	69150		68592	
Turnover	67700	27105.22	70056	26225.83
Opening Stock	2144	766.89	4381	1450.23
Closing Stock	2944	1217.91	2144	766.89

Notes:

- Pulp Plant is an integrated part of the paper plant and therefore, the capacity and actual production of pulp are not separately ascertained.
- Production and Stocks excludes Wrapper produced for the packing of finished goods.
- Production includes wastage of 127 MT (Previous year 183 MT) on conversion of reels into sheets on job work basis outside the plant and 193 MT (Previous year 291 MT) re-pulped during the year.
- Turn over excludes 330 MT (Previous year 299 MT) of self consumed paper.

b) Raw Materials Consumed

	31.3.2011		31.3.2010	
	Quantity Tonnes	Rs.lakhs Value	Quantity Tonnes	Rs.lakhs Value
i) Wood, bamboo and wood waste	242019	9140.30	228655	6963.08
ii) Waste paper and wood pulp	6310	1140.94	5912	939.68
		<u>10281.24</u>		<u>7902.76</u>

SCHEDULES

c) Value of Raw Materials and Spare Parts and Components consumed

	31.3.2011 Rs.lakhs	%	31.3.2010 Rs.lakhs	%
i) Raw Materials				
- Indigenous	9480.72	92	7490.98	95
- Imported	800.52	8	411.78	5
	<u>10281.24</u>	100	<u>7902.76</u>	100
ii) Spare Parts and Components	989.46		918.66	
- Indigenous		100		100
- Imported	-	-	-	-
	<u>989.46</u>	100	<u>918.66</u>	100

d) C.I.F. Value of Imports

Rs. lakhs

	Year ended 31.3.2011	Year ended 31.3.2010
-Raw Materials	562.77	305.58
-Components and Spare Parts	80.49	93.12

e) Expenditure incurred in Foreign Currency

- Travelling	0.55	5.54
- Professional Fee and Technical Services	0.64	1.01
- Others	0.15	0.09

f) Earning in Foreign exchange

F O B Value of Exports	30.42	34.33
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18) Figures have been given in Rupees lakhs and have been rounded off to the nearest thousand.

19) Previous year's figures have been regrouped / rearranged wherever necessary.

Signatures to Schedule 1 to 16 forming part of Balance Sheet and Profit & Loss account as per our report of even date.

For Lodha & Co.
Chartered accountants

H.S. Jha
Partner
Membership No. 55854
Place: New Delhi
Date: 30.05.2011

Saurabh Arora
Company Secretary

G.P. Geonka
Chairman and
Whole-Time Director
Madhukar Mishra
Managing Director

On behalf of the Board

Shiromani Sharma
C.M. Vasudev
M.P. Pinto
Directors



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

I. Registration Details

Registration No.	<input type="text"/> <input type="text"/> 2 1 - 8 7 2 6	State Code	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 2 1
Balance Sheet Date	<input type="text"/> 3 <input type="text"/> 1 <input type="text"/> 0 3 <input type="text"/> 2 0 1 1		
	Date Month Year		

II. Capital raised during the year

(Amount in Rs. thousands)

Public Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	Rights Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
Bonus Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	Private Placement	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L

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

Total Liabilities	<input type="text"/> <input type="text"/> <input type="text"/> 2 1 6 0 2 8 3	Total Assets	<input type="text"/> <input type="text"/> <input type="text"/> 2 1 6 0 2 8 3
Sources of Funds			
Paid up Capital	<input type="text"/> <input type="text"/> <input type="text"/> 1 5 6 0 8 3	Reserves and Surplus	<input type="text"/> <input type="text"/> <input type="text"/> 1 1 0 7 0 0 5
Secured Loans	<input type="text"/> <input type="text"/> <input type="text"/> 1 5 1 8 4 5	Unsecured Loans	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 5 0
Net Deferred Tax Liabilities	<input type="text"/> <input type="text"/> <input type="text"/> 2 3 4 4 6 2		
Application of Funds			
Net Fixed Assets	<input type="text"/> <input type="text"/> <input type="text"/> 1 2 3 8 0 9 5	Investments	<input type="text"/> <input type="text"/> <input type="text"/> 3 5 7 8 8 9
Net Current Assets	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 5 3 4 6 1	Misc. Expenditure	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 0
Accumulated Losses	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 0		

IV. Performance of Company (Amount in Rs. thousands)

Turnover & Other Income	<input type="text"/> <input type="text"/> <input type="text"/> 2 6 9 5 5 2 3	Total Expenditure	<input type="text"/> <input type="text"/> <input type="text"/> 2 8 4 6 3 5 3
Profit before Tax	<input type="text"/> <input type="text"/> <input type="text"/> - 1 5 0 8 3 0	Profit after Tax	<input type="text"/> <input type="text"/> <input type="text"/> - 1 0 1 5 1 7
Earning per share (in Rs.)	<input type="text"/> <input type="text"/> <input type="text"/> - 6 . 5 0	Dividend rate %	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 5 . 0
-Basic & Diluted			

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

Item Code No.	<input type="text"/> <input type="text"/> <input type="text"/> 4 8 0 2 4 0 0	Product Description	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> P A P E R
Item Code No.	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N A	Product Description	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N A

For Lodha & Co.
Chartered accountants

H.S. Jha
Partner
Membership No. 55854
Place: New Delhi
Date: 30.05.2011

Saurabh Arora
Company Secretary

G.P. Geonka
Chairman and
Whole-Time Director
Madhukar Mishra
Managing Director

On behalf of the Board

Shiromani Sharma
C.M. Vasudev
M.P. Pinto
Directors

CASH FLOW STATEMENT for the year ended 31st March, 2011

	(Rs.lakhs) Year ended 31st March 2011	(Rs.lakhs) Year ended 31st March 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax	(1,508.30)	661.66
Adjustments for:		
Depreciation	1,176.36	1,194.80
Loss/(Profit) on sale of Fixed Assets	(2.12)	0.22
Liabilities & balances no longer required	(509.90)	(508.10)
Foreign exchange fluctuation	(7.86)	(14.47)
Interest Received	(56.62)	(107.81)
Interest & Financing Charges (net)	195.85	320.06
Operating Profit before Working Capital Changes	(712.59)	1,546.36
Adjustments for:		
Trade and Other Receivables	(131.87)	(150.22)
Inventories	(257.00)	1,478.28
Trade and Other Payables	444.31	157.45
Cash generated from Operations	(657.15)	3,031.87
Income Tax (Paid)/ Refund (NET)	(24.60)	873.69
Net Cash From Operating Activities	(681.74)	3,905.56
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(202.14)	(312.38)
Sale of Fixed Assets	6.49	3.24
Interest Income	57.48	95.73
Net Cash From Investing Activities	(138.17)	(213.41)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings	(138.64)	(1,664.43)
Short Term Borrowings	1,235.64	(1,361.30)
Foreign exchange fluctuation	7.86	14.47
Dividend Paid	(122.18)	(234.49)
Dividend tax	(19.45)	(39.79)
Interest paid	(197.92)	(351.96)
Net Cash From Financing Activities	765.31	(3,637.50)
Net Increase/(Decrease) in Cash & Cash Equivalents	(54.60)	54.66
Cash and Cash Equivalents at the beginning of the year	166.36	111.70
Cash and Cash Equivalents at the end of the year	111.76	166.36

For Lodha & Co.
Chartered accountants

On behalf of the Board

H.S. Jha
Partner
Membership No. 55854
Place: New Delhi
Date: 30.05.2011

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STAR PAPER MILLS LIMITED

Registered Office : Duncan House, 2nd Floor, 31 Netaji Subhas Road, Kolkata-700 001