



# changing COLORS!

From commodity to niche. From brown paper to white paper. From two paper machines to three. From market-driven to market-driving. From standalone manufacture to complete integration. From limited applications to everyday uses. From environment management to extensive 'greening'. From India to the world. From volatility towards sustainability. From here to eternity. **Yash Papers Limited Annual report 2007-08**



Yash Nagar, P.O. Darshan Nagar, Faizabad 224135.

Phone: 05278 326611-14

Visit us at [www.yash-papers.com](http://www.yash-papers.com) • Email: [info@yash-papers.com](mailto:info@yash-papers.com)

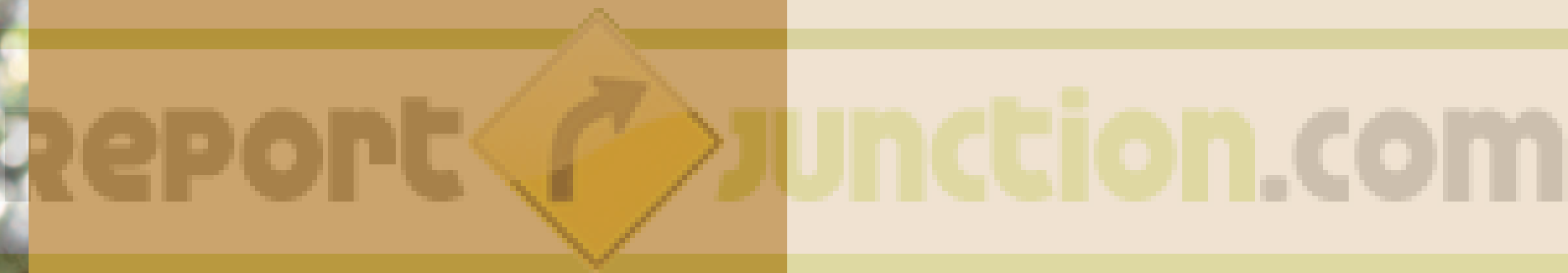


## Commemoration

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

## Disclaimer

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



A **TRISYS** PRODUCT  
[info@trisyscom.com](mailto:info@trisyscom.com)

Printed copies of the annual report may be downloaded from our website [www.yash-papers.com](http://www.yash-papers.com) or obtained by contacting our corporate office (see back cover).

# Corporate information

## Board of Directors

Mr. G. Narayana, *Chairman*

Mr. Ved Krishna, *Managing Director*

Mr. R.N. Chakraborty, *Executive Director*

Mr K.D. Pudumjee, *Director*

Mrs. Manjula Jhunjunwala, *Director*

Mr. G.N. Gupta, *Director*

Dr. P. Banerjee, *Director*

Mr. Yash Krishna, *Director*

Mrs. Sheetal Jhunjunwala, *Alternate Director to Yash Krishna*

Mr. Basant Kumar Khaitan, *Director*

Mr. Ramesh Narayan, *Director*

## Auditors

Kapoor Tandon & Co.

*Chartered Accountants*

Kanpur

## Bankers

State Bank of India

## Registered office

47/81, Hatia Bazar, Kanpur – 208001

## Works and corporate office

Yash Nagar, Faizabad – 224135, Uttar Pradesh

Phone: 05278 326611-14

Fax No: 05278- 258062

Website: [www.yash-papers.com](http://www.yash-papers.com)

Email: [info@yash-papers.com](mailto:info@yash-papers.com)

## Registrar and Share Transfer Agent

Skyline Financial Services Pvt. Ltd.

123, Vinoba Puri, Lajpat Nagar – II

New Delhi – 110024

Phone: 011-29833777, 29847136

Fax: 011-29848352

Email: [admin@skylinerta.com](mailto:admin@skylinerta.com)

# Across the pages

**02** Corporate identity

**04** Chairman's statement

**12** Our corporate strategy

**14** 10 minutes with the Managing Director

**18** Management discussion and analysis

**25** Managing risks at Yash Papers

**28** 10-year financial summary

**30** Director's report

**36** Corporate governance report

**45** Auditors' report

**48** Balance sheet

**49** Profit and loss account

**50** Schedules

**68** Balance sheet abstract

**69** Cash flow statement

# How ethics translate into value

## Vision

To create the largest speciality paper manufacturing company in the world by 2025.

## Mission

- ◆ Ensure higher profitability than the industry average year-on-year for continuous growth.
- ◆ Provide a working environment with freedom of thought and innovation; hire and cultivate the best people and provide work conditions that energise.
- ◆ Find solutions for customers and add value to their processes. Create a dedicated customer base.
- ◆ Work as partners with vendors; ensure integrity and create processes that provide them with ease in dealing with us.
- ◆ Provide the optimum ROI to our stakeholders, ensuring their continuous support.
- ◆ Invest time, effort and resources to continuously improve the environment; ensure 'clean and green' surroundings for future generations.
- ◆ Develop the community around us by encouraging entrepreneurship.
- ◆ Spread the goodwill of our nation around the world.

# How our culture influences growth

## Business

- ◆ The largest manufacturer of low-grammage unbleached kraft paper through the 'green' route (bagasse raw material) in India.
- ◆ Commenced the production of white paper (various grades of MG poster paper) through the installation of paper machine III in 2007-08. With this, we possess the largest installed capacity of poster paper in the country, producing up to 23,100 MT per year.
- ◆ Commissioned an integrated infrastructure comprising a state-of-the-art 130-tpd pulping stream, chemical soda recovery plant and a 6-MW cogeneration facility.
- ◆ Realigned the Company's operating period from the calendar year to a financial year, resulting in a 15-month working period in 2007-08.
- ◆ Focused on the development of customer-specific speciality paper grades.
- ◆ Listed on the Uttar Pradesh Stock Exchange, Kanpur and Bombay Stock Exchange, Mumbai.

## Location

- ◆ Mills located in the Faizabad district of Uttar Pradesh, India's largest sugarcane belt, facilitating the easy procurement of bagasse, our primary raw material.
- ◆ Products distributed through a network comprising 37 dealers in India; exports to more than 15 countries.

## Products

- ◆ Manufacture of speciality paper, out-performing the domestic paper industry growth by a factor of two.
- ◆ Product range comprising the manufacture of unbleached kraft paper including hard tissues (28–30 GSM), wrapping grades (30–60 GSM) and packaging/stationery grades (60–80 GSM) with average GSM range of 49–64.
- ◆ Commenced the production of MG poster paper (26–70 GSM), extensively used in FMCG (soaps, detergents, packaged food and health drinks, among others) and pharmaceutical (band-aid and medicine packaging) applications.
- ◆ Alternative paper varieties catering to the growing downstream demand for matchboxes, *bidi* covers, cigarette recliners, gum tape, plywood, coated papers and tea pouches, among others.

## Post-balance sheet developments

- ◆ Fully commercialised PM III with an average capacity utilisation of 70 percent (first quarter of 2008-09).
- ◆ Secured PM III paper supplies to Hindalco, Hindustan Unilever and McDonald's converters, among others.
- ◆ Completely switched production on PM III from unbleached paper to bleached varieties in April 2008, enhancing realisations.
- ◆ Stabilised the cogeneration of power with an average plant load factor of 79 percent in the first quarter of 2008-09; caustic recovery stabilised at 88–90 percent during the period under review.
- ◆ Commenced sales of excess pulp from June 2008, helping enhance revenues while efficiently utilising idle plant capacity.
- ◆ Increased income by 118.36 percent to Rs 1855.42 lacs in Q1 FY'09 compared with Rs 870.48 lacs in the corresponding quarter of the previous year.
- ◆ Increased EBIDTA by 390 percent to Rs 457.83 lacs in Q1 FY'09 compared with Rs 93.42 lacs reported in the corresponding quarter of the previous year.
- ◆ Strengthened cash profit by 627.96 percent to Rs 125.50 lacs in Q1 FY'09 compared with Rs 17.24 lacs in the corresponding quarter of the previous year.
- ◆ Reinforced post-tax profit to Rs 13.45 lacs in Q1 FY'09 compared with a loss of Rs 84.68 lacs reported in the corresponding quarter of the previous year.



From the desk of the Chairman

What gives me optimism is our enhanced capacity, an increase in the value-added proportion of our production, growth in realisations and an increase in exports.

For us, the period from December 2006 to March 2008 was marked by significant changes.

During this period, we were challenged by cost increases in material, interest and fuel as well as a project time overrun; we were simultaneously confronted with the need to attract, train and retain people. We responded to these realities through an investment in our engineering capabilities and I am proud to state that the result is our new 70-TPD paper plant, with the ability to manufacture speciality poster and other value-added paper varieties, which has graduated our Company to a new level of innovative technology and productisation.

The efforts of Mr Ved Krishna and his team members are reflected in the following lines:

*'Prarabhyate na khalu vighna bhayena neechaih  
Praarabhya vighna nihataa viramanti madhyah  
Vighnaih muhur muhurapi pratihanyamaanaah  
Praarabdam uttama gunaah na parityjanti.'*

*Bhartruhari Neetishatakam 72*

'There are some people without adequate courage who do not initiate new assignments, scared of problems and failures. There are others who commence new ventures, but abandon them, faced with obstruction and challenges. There are still others – the rare, brave individuals - who not only embark on projects but complete them successfully with determination and perseverance, overcoming obstacles consistently.'

Even as one test is over, another begins. From a profit of

Rs 110.09 lacs in the financial year 2006, we reported a loss of Rs 324.23 lacs in 2007-08 and look forward to a better 2008-09. What gives me optimism is our enhanced capacity, an increase in the value-added proportion of our production, growth in realisations and an increase in exports from 1,891 MT to 3,526 MT over two years.

We are thankful of the support and confidence of all our stakeholders. I am sure you will join me in appreciating the staff for their tireless efforts and in extending our best wishes for their greater success!

Sincerely,

**G. Narayana**

*Chairman, Yash Papers Limited*

# Adnan Bel

Delicatessen  
Istanbul

Brown paper bag

Falafel



The falafel may be quintessentially Turkish. The paper integrally Indian. From Yash Papers.

Few consumers may know of us; few industries don't.

Because at Yash Papers, we have created a range of papers to help our customers make better products. So that their consumers, in turn, can benefit from enhanced convenience.

The result is that Yash's products address the growing needs of diverse downstream sectors like food, pharmaceuticals, stationery, personal care, household products and industrial applications.



**Soham Kapur. USA. Kitchen.**

**Readymade masala packet.**

Inhales and exclaims,  
"Waah! Ghar ki yaad aa gayee!"

The location may be international. The paper used in product packaging completely Indian. From Yash Papers.

The bottomline is a customer's smile. The bottomline is a repeat product offtake using our products. The bottomline is enhancing the brand of our customer.

At Yash Papers, we have integrated sales, marketing, technology and manufacturing competencies. Unleashing the potential of these resources. To keep packaged foods safe, fresh and hygienic.

Working closely with newer technologies. But actually getting closer to people.





**Young Girija.**

**Favourite bathing soap.**

**Unwraps carefully.**

**Preserves the  
white wrapper.**

**Places it in her cupboard.  
Ah, the smell!**

The brand may be multinational.  
The packaging paper Yash.

At Yash Papers, we combine the principles of teamwork, innovation and marketing.

The result is a loyal customer relationship with personal healthcare companies. Addressing product safety, convenience and sophistication.

Creating the best possible products at home, work or on-the-go.