

Report on Corporate Governance

1. Company's philosophy on Corporate Governance

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

2. Board of Directors

The Board consists of the Non-Executive Chairman, Managing Director, one Wholtime Director, seven Non-Executive Directors and one Non-Executive Alternate Director. Hence, the composition of the Board is in conformity with the Listing Agreement, as not less than 50 percent of the total strength of the Board consists of Non-Executive Directors and one-third of the Board comprises of Independent Directors (as the Chairman is Non-Executive).

2.1 Composition and category of Directors are as follows:

Category	Name of Directors
Promoter/ Executive Director	Mr. Ved Krishna (Managing Director)
Promoter/ Non-Executive Director	Mrs. Manjula Jhunjunwala Mr. Yash Krishna
Non-Promoter, Executive Director	Mr. R.N. Chakraborty (Executive Director)
Non-Promoter, Non Executive, Independent Director	Mr. G. Narayana (Chairman) Mr. G. N. Gupta Dr. P. Banerjee Mrs. Sheetal Jhunjunwala (Alternate to Mr. Yash Krishna) Mr. Ramesh Narayan Mr. Basant Kumar Khaitan Mr. K. D. Pudumjee

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

2.2 Board meetings

During the period, eleven Board meetings were held on 25th January, 2007, 23rd March, 2007, 31st March, 2007, 30th April, 2007, 30th June, 2007, 31st July 2007, 24th October 2007, 3rd December, 2007, 22nd December 2007, January 28th, 2008 and March 24th, 2008. The Annual General Meeting was held on 30th June, 2007.

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

Name of Directors	Board meetings		Last Annual General Meeting attended
	Held	Attended	
Mr. G. Narayana	11	6	Yes
Mr. Ved Krishna	11	11	Yes
Mrs. Manjula Jhunjunwala	11	7	Yes
Mr. A. K. Gupta*	11	10	Yes
Mr. R. N. Chakraborty	11	11	Yes
Mr. G. N. Gupta	11	7	Yes
Dr. P. Banerjee	11	9	Yes
Mr. Yash Krishna	11	0	No
Mrs. Sheetal Jhunjunwala (Alternate Director to Mr. Yash Krishna)	11	5	No
Mr. Ramesh Narayan	11	5	Yes
Mr. Basant Kumar Khaitan	11	1	No
Mr. K. D. Pudumjee**	11	3	No

* Resigned with effect from 04.03.2008

** Appointed with effect from 30.06.2007

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

Name of Directors	Directorship(s) in other companies		Committee Membership(s) held in other companies	
	As Director	As Chairman & Director	As Member	As Chairman & member
Mr. Ved Krishna	Nil	1	Nil	Nil
Mrs. Manjula Jhunjhunwala	1	Nil	Nil	Nil
Mr. A. K. Gupta*	Nil	Nil	Nil	Nil
Mr. G. N. Gupta	4	1	1	2
Mr. G. Narayana	2	2**	3	Nil
Dr. P. Banerjee	Nil	Nil	Nil	Nil
Mr. R. N. Chakraborty	Nil	Nil	Nil	Nil
Mr. Yash Krishna	Nil	Nil	Nil	Nil
Mrs. Sheetal Jhunjhunwala	3	Nil	Nil	Nil
Mr. Ramesh Narayan	Nil	Nil	Nil	Nil
Mr. Basant Kumar Khaitan	15	1	3	Nil
Mr. K. D. Pudumjee***	1	Nil	Nil	Nil

* Resigned with effect from 04.03.2008

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

***Appointed with effect from 30.06.2007

3. Audit Committee

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

The Audit Committee was constituted in accordance with the provisions of the Listing

Agreement. The terms of reference of the Audit Committee were in accordance with the Listing Agreement with stock exchanges, which inter-alia includes:

- Oversight of financial reporting process and to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required the replacement or removal of the statutory auditor and the fixation of the audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the financial statement before submission to the Board with particulars reference to:
 - Matters required to be included in the Director's Responsibility Statement, which is to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - Changes if any in accounting policies and practices and reasons for the same.
 - Major account entries, involving estimates bases on the exercise of judgment by the management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements related to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow-up thereon.

9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistleblower mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

During the period, six Audit Committee meetings were held on 25th January, 2007, 31st March, 2007, 30th April, 2007, 31st July, 2007, 23rd October, 2007 and 28th January, 2008.

The composition of the Audit Committee and attendance of each member Director at the Audit Committee Meetings during the period is as under:

Name of Directors	Position	Audit Committee Meetings	
		Held	Attended
Mr. G. N. Gupta	Chairman	6	6
Mr. Ved Krishna	Member	6	6
Dr. P. Banerjee	Member	6	4
Mrs. Sheetal Jhunjunwala	Member	6	4
Mr. Ramesh Narayan	Member	6	4

4. Remuneration Committee

The Company has constituted a Remuneration Committee of the Board to consider the remuneration of the Wholetime Directors, which is a part of non-mandatory requirement of the code. The Remuneration Committee comprises three Independent Directors viz. Mr. G. N. Gupta, Chairman of the Committee, Dr. P. Banerjee and Mr. Ramesh Narayan,

members of the Committee.

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

During the period, no remuneration committee meeting was held. The composition of the Remuneration Committee and attendance of each member Director at the Committee meetings during the period is as under:

Name of Directors	Position	Audit Committee Meetings	
		Held	Attended
Mr. G. N. Gupta	Chairman	0	0
Dr. P. Banerjee	Member	0	0
Mr. Ramesh Narayan	Member	0	0

The details of remuneration paid to all the Directors during the period ended on 31st March, 2008 are as follows:

Name of Directors	Service Contract/ Notice period	Remuneration paid (in Rs.)		
		Sitting fees	Salaries, perquisites and contribution to Provident Fund	Total
Mr. Ved Krishna	Appointment made for three years	Nil	26,43,650	26,43,650
Mrs. Manjula Jhunjunwala*	Retire by rotation	38,000	6,00,000*	6,38,000
Mr. Arvind Kumar Gupta**	Appointment made for five years	Nil	5,88,624	5,88,624

Name of Directors	Service Contract/ Notice period	Remuneration paid (in Rs.)		
		Sitting fees	Salaries, perquisites and contribution to Provident Fund	Total
Mr. R. N. Chakraborty	Appointment made for five years	Nil	5,87,948	5,87,948
Mr. G. N. Gupta	Retire by rotation	40,000	–	40,000
Mr. G. Narayana	Retire by rotation	24,000	–	24,000
Dr. P. Banerjee	Retire by rotation	54,000	–	54,000
Mr. Yash Krishna	Retire by rotation	–	–	–
Mrs. Sheetal Jhunjhunwala	Alternate to Mr. Yash Krishna	28,000	–	28,000
Mr. Ramesh Narayan	Retire by rotation	28,000	–	28,000
Mr. Basant Kumar Khaitan	Retire by rotation	4,000	–	4,000
Mr. K. D. Pudumjee***	Retire by rotation	12,000	–	12,000
Total		2,28,000	44,20,222	46,48,222

* Wife of late Mr. K.K. Jhunjhunwala, amount was paid as pension in the event of his death

** Resigned with effect from 04.03.2008

*** Appointed with effect from 30.06.2007

5. Shareholders'/Investors' Grievance Committee

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

The Committee also looks into redressing of shareholders' complaints like transfer of

shares, non-receipt of Annual Report, non- receipt of declared dividends, complaints related to public issues such as refund of application money, credit of shares allotted in the client account etc. The Committee looks after the performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services.

Other disclosures related to shareholder's aspect have been furnished in the Shareholder Information Section of the Annual Report.

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

Name of Directors	Category	No. of meetings	
		Held	Attended
Dr. P. Banerjee (Chairman)	Non Promoter, Non Executive Independent Director	5	5
Mrs. Manjula Jhunjhunwala	Promoter, Non Executive Director	5	5
Mr. Arvind Kumar Gupta*	Non Promoter, Independent Executive Director	5	5
Mr. R. N. Chakraborty**	Non Promoter, Independent Executive Director	0	0

* Resigned with effect from 04.03.2008

** Appointed with effect from 24.03.2008

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

The total numbers of complaints received during the period ended 31st March 2008 are two

Note: Complaints/correspondence related to public issue have also been considered, while mentioning the number of correspondence/ complaints received.

The number of complaints that were resolved to the satisfaction of the shareholders during the period ended 31st March 2008 – two

The number of pending complaints as on March 31, 2008 – Nil

6. General Body Meetings

The details of the last three General Body Meetings of the shareholders are as under:

Date	Meeting	Time	Location	No. of special resolutions
April 20, 2005	25th AGM	1:00 P.M.	Hotel, The Landmark, The Mall, Kanpur-208 001	1
May 19, 2006	26th AGM	1:00 P.M.	Hotel, The Landmark, The Mall, Kanpur-208 001	2
June 30, 2007	27th AGM	1:00 P.M.	Hotel, The Landmark, The Mall, Kanpur-208 001	3

Postal ballot

During the period of fifteen months ended March 31, 2008, the ordinary resolution for seeking approval under Section 293(1)(a) of the Companies Act, 1956, for mortgaging and/or charging of all or any of the immovable and or movable properties of the Company wheresoever situate, present and future and whole of the undertaking(s) of the Company was put through postal ballot. The postal ballot notice was sent to each shareholder as on the cut off date decided.

The Board appointed Mr. Rajeev Kapoor of M/s Rajeev Kapoor & Associates, Practicing Company Secretaries as scrutiniser to conduct the postal ballot in respect of the said ordinary resolution. Based on the report submitted by the scrutiniser, the result of postal ballot was declared on February 6, 2008 and the ordinary resolution was passed by a majority of 93.28% of the total valid votes polled.

Number of valid postal ballot forms received	268
Votes in favour of the Resolution	12,28,943
Votes against the Resolution	14,802
Number of invalid postal ballot forms received	10

7. Disclosures

a. There are no significant related party transactions during the period of fifteen months

ended on March 31, 2008 of material nature, with its promoters, the Directors or the management or their subsidiaries or relatives etc. potentially conflicting with Company's interest at large.

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

- b. The Company complied with the requirements of the stock exchanges/ SEBI/ statutory authorities on all matters related to the capital market during the last three years. There were no penalties or strictures imposed on the Company by the stock exchanges or SEBI or any statutory authority relating to the above.
- c. As per Clause 49(V) of the Listing Agreement, the Chief Executive Officer i.e. Managing Director and the Chief Financial Officer i.e. Manager Finance certified to the Board on their review of financial statements and cash flow statements for the period of fifteen months ended 31st March, 2008 in the form prescribed by Clause 49 of the Listing Agreement, which is annexed.
- d. The Company has framed a code of conduct for the prevention of Insider Trading, based on SEBI (Insider Trading). This code is applicable to all Directors and designated employees having access to unpublished price sensitive information.
- e. The Company has complied with the requirements of mandatory provisions of the Corporate Governance as required under Clause 49 of the Listing Agreement and has not adopted few non-mandatory requirements thereof.
- f. At present, the Company does not have Whistleblower policy.

8. Means of communication

Recommendation	Compliance
Quarterly results	Published in leading newspapers.
Which newspapers normally published in	Hindustan /Amar Ujala (Kanpur edition), Business Standard/ Economic times (All editions)

Any Website, where displayed	http://www.yash-papers.com http://www.corpfiling.co.in/ http://www.sebiedifar.nic.in SEBI's EDIFAR (Electronic Data Information Filing And Retrieval)
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Whether it also displays official news releases and presentations made to institutional investors/ analysts	No
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9. General shareholder information

1. Annual General Meeting

Date, time and venue : 26th September, 2008 at 1.00 p.m.
Hotel "Little Chef", 15/198, Civil Lines, Kanpur 208 001.

2. Financial year

Financial year of the Company has been changed from 31st December 2007 to 31st March 2008 and the accounts of the Company be prepared for a period of 15 months ended 31st March 2008. However, the subsequent financial year of the Company will be commenced from 1st April 2008 and end on 31st March 2009

3. Book closure date

4th September, 2008 to 26th September, 2008 (both days inclusive)

4. Dividend payment date

Dividend has not been recommended by the Board

5. Listing of equity shares on stock exchanges at:

1. Bombay Stock Exchange Limited, Mumbai
2. The U.P. Stock Exchange Association Ltd., Kanpur

6. Payment of annual listing fees to the stock exchanges

Listing Fee has been paid to the Stock Exchanges up to 31st March 2009.

7. Stock code

BSE Code – 516030

8. Market price data

Separately given

9. Demat ISIN numbers of equity shares NSDL & CSDL

INE 551D01018

10. Registrar and Share Transfer Agent

Skyline Financial Services Pvt. Ltd.

123, Vinoba Puri, Lajpat Nagar – II, New Delhi 110 024

Tel No.: (011) 29833777, 29847136

Fax No. : (011) 29848352

Email: admin@skylinerta.com

11. Share transfer system

The share transfers in physical form are presently processed and the Share Certificates returned within a period of 15 days from the date of receipt, if the documents being valid and complete in all respects.

12. Distribution of shareholding as on March 31, 2008.

Separately given

13. Shareholding pattern

Sl. No.	Categories of shareholders	As on 31-03-2008		As on 31-12-2006	
		No. of Shares	% to Shares	No. of Shares	% to Shares
1.	Promoters	67,68,511	29.995	52,43,744	25.374
2.	Mutual Funds and UTI	1,000	0.004	1,000	0.005
3.	Banks, Financial institutions	100	0.000	800	0.004
4.	Central/ State Government	2,11,121	0.936	2,11,121	1.022
5.	Corporate bodies	15,02,693	6.659	12,35,810	5.980
6.	Individuals	1,39,76,186	61.936	1,35,29,739	65.470
7.	NRIs / OCBs	1,05,889	0.469	4,43,286	2.145
	Total	2,25,65,500	100.00	2,06,65,500	100.00

14. Dematerialisation of shares

The shares of the Company are compulsorily traded in dematerialized form. The shares are available for trading with both the depositories namely, NSDL and CDSL. As on March 31, 2008, 2,09,87,533 equity shares have been demated, representing 93.01% of the issued capital.

15. Outstanding GDR/ADR/ warrants or convertible bonds, conversion date and likely impact on equity

NIL

16. Plant locations

Yash Nagar, Faizabad (UP) 224 135

17. Addition to equity share capital during the period ended on 31st March 2008

The Company has raised its paid-up capital by Rs.1,90,00,000. The Company has allotted 10,00,000 equity shares at Rs. 10 each at a premium of Re. 1 on March 31, 2007 to M/s Sargam Exim Private Limited, an associate Company of promoters' group on conversion of 10,00,000 preferential warrants of Rs. 11 each out of 40,00,000 preferential warrants allotted on 23rd March 2007. The Company has again allotted 9,00,000 equity shares of Rs.10 each at a premium of Re. 1 per share to M/s Sargam Exim Private Limited on 24th March 2008 out of remaining 30,00,000 warrants.

18. Address for correspondence

Corporate Office

YASH PAPERS LIMITED

Yash Nagar,

Faizabad 224 135 (U.P.)

Ph. (05278) 326611-14; Fax. (05278) 258062

E-mail : info@yash-papers.com;

19. Website

www.yash-papers.com

Distribution of shareholding as on 31st March 2008

No. of equity share held	Shareholders		Equity share held	
	Number	% to total	Number	% to total
Upto 250	8,535	46.213	10,30,961	4.569
251 - 500	4,892	26.488	22,33,654	9.899
501 - 1000	3,175	17.191	26,43,946	11.717
1001 - 2000	992	5.371	15,83,014	7.015
2001 - 3000	299	1.619	7,73,800	3.429
3001 - 4000	125	0.677	4,56,885	2.025
4001 - 5000	140	0.758	6,69,089	2.965
5001 - 10000	172	0.931	12,81,926	5.681
10001 and above	139	0.753	1,18,92,225	52.701
Total	18,469	100.000	2,25,65,500	100.000

Top 10 shareholders as on 31st March, 2008 (excluding Promoters' Group)

Sl. no.	Name of the shareholders	No. of shares held	%
1.	Hemant Kumar Gupta	6,95,680	3.08
2.	Sharon Gupta	3,30,987	1.47
3.	Boi Shareholding Ltd.	3,24,513	1.44
4.	S Sangeetha	2,38,890	1.06
5.	United India Insurance Company Limited	2,11,121	0.94
6.	Angel Broking Limited	1,31,935	0.58
7.	Chirayush Pravin Vakil	1,28,600	0.57
8.	Yoganand Sinha	1,00,000	0.44
9.	Sarla Argal	1,00,000	0.44
10.	Sarekhan Limited	87,889	0.39

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

Month	High (Rs.)	Low (Rs.)
January 2007	11.40	8.57
February 2007	11.00	8.40
March 2007	9.50	7.86
April 2007	9.25	8.15
May 2007	10.25	8.01
June 2007	9.60	7.93
July 2007	10.25	8.25
August 2007	9.96	8.26
September 2007	15.00	8.95
October 2007	12.70	9.00
November 2007	11.53	8.56
December 2007	14.85	10.45
January 2008	16.64	9.01
February 2008	10.37	8.14
March 2008	8.80	6.15

For and on behalf of the Board

Ved Krishna
Managing Director

Camp : New Delhi
Date : July 26, 2008

CEO and CFO certification

We, Ved Krishna, Managing Director and Manoj Maurya, Manager Finance, responsible for the finance function certify that:

- a) We have reviewed the financial statements and cash flow statement for the period ended 31st March, 2008 and to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the period ended 31st March, 2008 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d) i) There has not been any significant change in internal control over financial reporting during the period under reference;
- ii) There has not been any significant change in accounting policies during the period requiring disclosure in the notes to the financial statements; and
- iii) We are not aware of any instance during the period of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For Yash Papers Limited

Camp : New Delhi
Date : July 26, 2008

Ved Krishna
Managing Director

Manoj Maurya
Manager Finance

Declaration regarding compliance to code of conduct

I hereby confirm that the Company has adopted code of conduct for the Board of Directors and the senior management of the Company.

I hereby declare that the Board of Directors and senior management personnel have affirmed compliance with the code of conduct of the Company, in compliance of the requirements of Corporate Governance.

For Yash Papers Limited

Camp: New Delhi
Date: July 26, 2008

Ved Krishna
Managing Director

Auditors' Certificate

To
The Members of Yash papers Limited

We have examined the compliance of conditions of Corporate Governance by Yash Papers Limited for the period of fifteen months ended on 31st March 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange(s) in India.

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

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

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

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

For Kapoor Tandon & Co.,
Chartered accountants

Rajesh Parasramka
Partner

Camp: New Delhi
Date: July 26, 2008

Membership No.74192