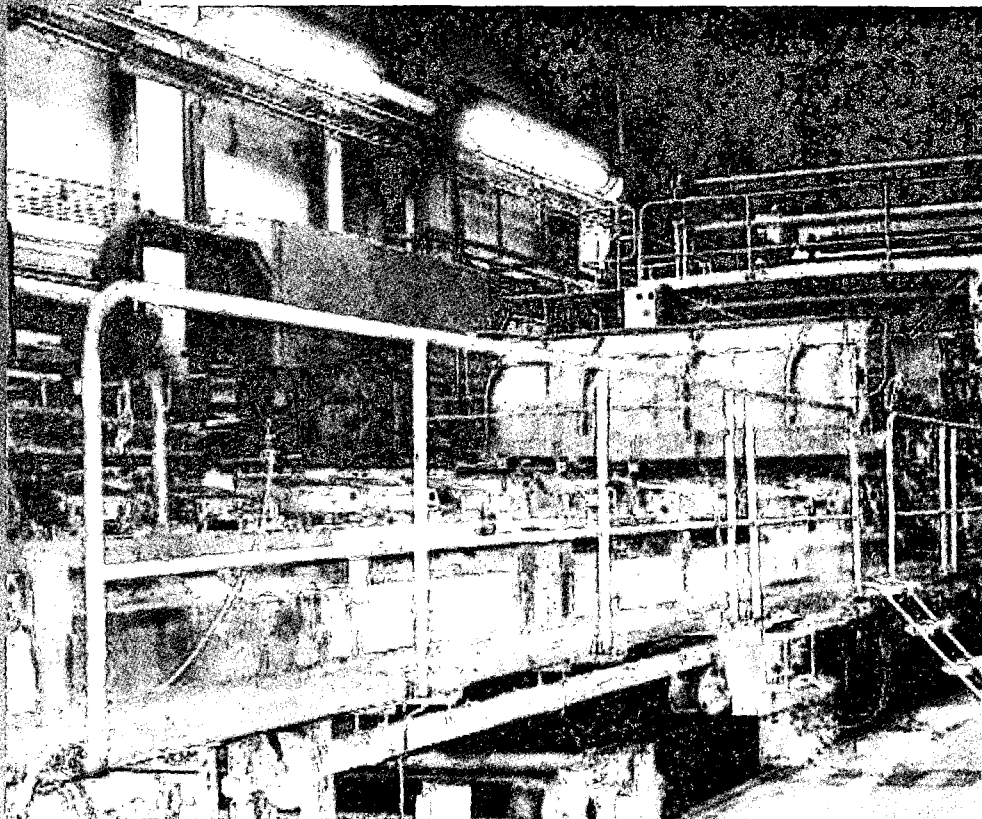
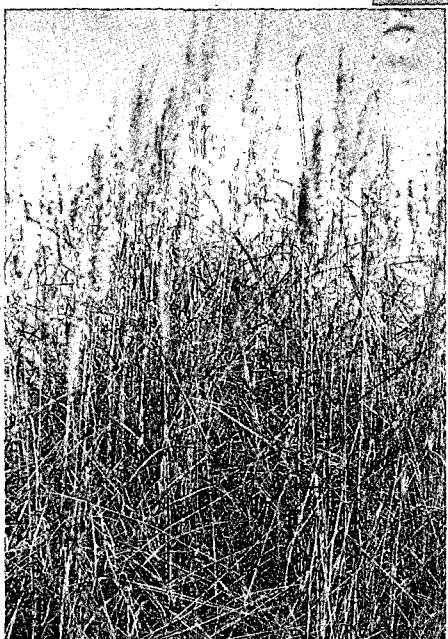


10th Annual Report 2006-2007

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**BOARD OF DIRECTORS**

N.K. Bajaj, Chairman & Managing Director
 J.K.Khaitan, Vice Chairman
 G.N.Mehra
 K.R.Ramamoorthy
 Prasanna Hota
 Yashovardhan Saboo
 Lalit Chainwala
 A.K.Bajaj
 V.K.Bajaj
 Ashutosh Khaitan
 J.C.Rana
 Pavan Khaitan, Managing Director

SENIOR EXECUTIVES

T Kathirvelu, President (Production)
 Roshan Garg, Vice President (Finance)
 P. K. Garg, Vice President (Commercial)
 Somesh Jawa, Vice President (Marketing)

AUDITORS

M/s. V. Sahai & Co.
 Chartered Accountants
 New Delhi

PRINCIPAL BANKERS

Punjab National Bank,
 Oriental Bank of Commerce

REGISTERED OFFICE

M-2, Akarshan Bhawan,
 4754/23, Ansari Road, Darya Ganj,
 New Delhi 110 002

HEAD OFFICE

SCO 18-19 First Floor
 Sector 8-C, Madhya Marg
 Chandigarh 160009

WORKS

Saila Khurd 144529
 Distt. Hoshiarpur, Punjab

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NOTICE

NOTICE is hereby given that the 10th Annual General Meeting of the members of **ABC Paper Limited** will be held at FICCI Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi 110 001 on **Wednesday, the 26th September, 2007** at 12.30 p.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2007 and the Profit & Loss Account for the year ended on that date together with the reports of the Auditors & Directors thereon.
2. To declare dividend on the Equity Shares and Preference Shares.
3. To appoint a Director in place of Shri J.C.Rana, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY RESOLUTION :

"RESOLVED that Shri N.K.Bajaj, who was appointed by the Board as Additional Director w.e.f. 23rd June, 2007 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company and that he shall not be liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY RESOLUTION :

"RESOLVED that Shri J.K.Khaitan, who was appointed by the Board as Additional Director w.e.f. 23rd June, 2007 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company and that he shall not be liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY RESOLUTION :

"RESOLVED that Shri Pavan Khaitan, who was appointed by the Board as Additional Director w.e.f. 23rd June, 2007 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."

8. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY RESOLUTION :

"RESOLVED that Shri Ashutosh Khaitan, who was

appointed by the Board as Additional Director w.e.f. 10th July, 2007 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."

9. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY RESOLUTION :

"RESOLVED that Shri G.N.Mehra, who was appointed by the Board as Additional Director w.e.f. 24th July, 2007 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."

10. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY RESOLUTION :

"RESOLVED that Shri K.R.Ramamoorthy, who was appointed by the Board as Additional Director w.e.f. 24th July, 2007 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."

11. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY RESOLUTION :

"RESOLVED that Shri Yashovardhan Saboo, who was appointed by the Board as Additional Director w.e.f. 24th July, 2007 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."

12. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY RESOLUTION :

"RESOLVED that Shri Prasanna Hota, who was appointed by the Board as Additional Director w.e.f. 24th July, 2007 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."

13. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY RESOLUTION :

"RESOLVED that Shri Lalit Chainwala, who was appointed by the Board as Additional Director w.e.f. 24th July, 2007 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."

14. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY RESOLUTION :

"RESOLVED that Shri A.K.Bajaj, who was appointed by the Board as Additional Director w.e.f. 24th July, 2007 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the



Company liable to retire by rotation."

15. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY RESOLUTION:

"RESOLVED that Shri V.K.Bajaj, who was appointed by the Board as Additional Director w.e.f. 24th July, 2007 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."

16. To consider and if thought fit, to pass with or without modifications, the following resolution as SPECIAL RESOLUTION:

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 & 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to such other approvals, if and as may be required, the consent and approval of the Company be and is hereby accorded to the appointment of Shri N.K.Bajaj as Chairman & Managing Director of the Company w.e.f. 1st April, 2007 for a period of five years on the remuneration and other terms & conditions, as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER that pursuant to Section 198 and all other applicable provisions of the Companies Act, 1956, the remuneration by way of salary and perquisites as set out in the annexed Explanatory Statement be paid as minimum remuneration to Shri N.K.Bajaj or such minimum remuneration as permissible in Schedule XIII to the Companies Act, 1956 notwithstanding that in any financial year of the Company during his tenure as Chairman & Managing Director, the Company has made no profits or profits are inadequate.

RESOLVED FURTHER that pursuant to Section 316 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Govt., Shri N.K.Bajaj be appointed as Chairman & Managing Director for all the three companies, namely, Amrit Corp. Ltd., ABC Paper Ltd. and Amrit Enterprises Ltd. which have come into being under the Scheme of Arrangement to manage the businesses which were earlier being carried on under a single entity, namely, Amrit Banaspati Company Ltd., and that he will draw remuneration from ABC Paper Ltd. only.

RESOLVED FURTHER that the Board of Directors/ Remuneration Committee be and are hereby authorised to alter or vary the terms of appointment of Shri N.K.Bajaj, including relating to remuneration, as it may, at its discretion, deem fit from time to time, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) or any amendments made thereto.

RESOLVED FURTHER that remuneration paid to Shri N.K.Bajaj for the financial year 2006-07 amounting to Rs.43,37,899/- (including commission) be and is hereby approved and ratified."

17. To consider and if thought fit, to pass with or without modifications, the following resolution as SPECIAL RESOLUTION:

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 & 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to such other approvals, if and as may be required, the consent and approval of the Company be and is hereby accorded to the appointment of Shri Pavan Khaitan as Managing Director of the Company w.e.f. 1st April, 2007 for a period of five years on the remuneration and other terms & conditions, as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER that pursuant to Section 198 and all other applicable provisions of the Companies Act, 1956, the remuneration by way of salary and perquisites as set out in the annexed Explanatory Statement be paid as minimum remuneration to Shri Pavan Khaitan or such minimum remuneration as permissible in Schedule XIII to the Companies Act, 1956 notwithstanding that in any financial year of the Company during his tenure as Managing Director, the Company has made no profits or profits are inadequate.

RESOLVED FURTHER that the Board of Directors/ Remuneration Committee be and are hereby authorised to alter or vary the terms of appointment of Shri Pavan Khaitan, including relating to remuneration, as it may, at its discretion, deem fit from time to time, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) or any amendments made thereto.

RESOLVED FURTHER that remuneration paid to Shri Pavan Khaitan for the financial year 2006-07 amounting to Rs.35,97,149/- (including commission) be and is hereby approved and ratified."

By Order of the Board
For ABC PAPER LTD.

PAVAN KHAITAN
Managing Director

Regd. Office:

M-2, Akarshan Bhawan,
4754/23, Ansari Road,
Darya Ganj, New Delhi 110002.

Dated: July 24, 2007

NOTES:

1. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE DEPOSITED DULY COMPLETED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 17th September, 2007 to Wednesday, the 26th September, 2007 (both days inclusive).
4. The dividend for the year 2006-07 on the equity and preference share capital (which after allotment of the Equity Shares under the Scheme of Arrangement stands at Rs. 1072.64 lacs comprising of 87,26,363 Equity Shares of Rs.10/- each and 20,00,000 - 7% Redeemable Preference Shares of Rs.10/- each) will be paid to those members whose names appear in the Registers of Members of the Company as on 26th September, 2007. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership position as at the end of the day on 17th September, 2007 as per data to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
5. Members holding shares in physical form are requested to intimate immediately to the Registrar & Share Transfer Agent of the Company, M/s MAS Services Ltd., AB-4, Safdarjung Enclave, New Delhi-110 029 quoting registered Folio No. (a) details of their bank account/change in bank account, if any, to enable the Company to print these details on the dividend warrants; and (b) change in their address, if any, with Pin Code number. The following information to be incorporated on the dividend warrants may be furnished:
 - i) Name of Sole/First joint holder and the folio number.
 - ii) Particulars of Bank Account, viz.
 - (a) Name of the Bank
 - (b) Name of the Branch
 - (c) Complete address of the Bank with Pin Code number
 - (d) Bank Account Number allotted by the Bank and nature of the Account (Savings/Current etc.)
6. In terms of Section 109A of the Companies Act, 1956, the shareholders of the Company may nominate a person on whom the shares held by him/them shall vest in the event of his/their death. Shareholders desirous of availing this facility may submit nomination in Form 2B.
7. Any member requiring further information on the Accounts at the meeting is requested to send the queries in writing to Vice President (Finance) by 15th September, 2007.
8. Members are requested to bring their copies of Annual Report at the meeting, as extra copies will not be supplied.
9. In respect of the matters pertaining to Bank details, ECS mandates, nomination, power of attorney, change in name/address etc., the members are requested to approach the Company's Registrars and Shares Transfer Agents, in respect of shares held in physical form and the respective Depository Participants, in case of shares held in electronic form. In all correspondence with the Company/Registrars and Share Transfer Agents, members are requested to quote their account/folio numbers or DP ID and Client ID for physical or electronic holdings respectively.
10. The documents referred to in the proposed resolutions are available for inspection at its Registered Office of the Company between 11.00 a.m. and 2.00 p.m. on any working day, except Saturdays and holidays upto the date of the meeting.

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

Item No. 5 to 15

In order to ensure independence in functioning and decision making, it is proposed to broad-base the Board of Directors so as to have a healthy mix of promoters and independent Directors. Towards this end, Shri N.K.Bajaj, Shri J.K.Khaitan and Shri Pavan Khaitan were appointed as Additional Directors on 23rd June, 2007 and Shri Ashutosh Khaitan was appointed as Additional Director on 10th July, 2007. Shri G.N.Mehra, Shri K.R.Ramamoorthy, Shri Yashovardhan Saboo, Shri Prasanna Hota, Shri Lalit Chainwala, Shri A.K.Bajaj and Shri V.K.Bajaj have been appointed as Additional Directors on 24th July, 2007 by the Board of Directors of the Company. Brief profile of these directors is given hereunder:

Shri N.K.Bajaj, aged about 70 years, has graduated in Commerce from Shriram College of Commerce, Delhi University, and has over 43 years of experience in managing and running of industrial enterprises. Shri N.K.Bajaj is the Chairman & Managing Director of Amrit Corp. Limited (earlier known as 'Amrit Banaspati Company Ltd.') and Amrit



Enterprises Ltd. Shri N.K.Bajaj is on the Board of Directors of various other reputed companies.

Shri J.K.Khaitan, aged 62 years, has been associated with the edible oil industry for the last 36 years and is the Vice Chairman & Managing Director of Amrit Enterprises Ltd. Shri Khaitan is associated with various trade associations and Chamber of Commerce & Industry. He is also on the Board of Directors of various reputed companies including Amrit Corp. Ltd., Amrit Enterprises Ltd. and Kamla Dials & Devices Ltd.

Shri Pavan Khaitan, aged 39 years, is a Chartered Accountant and has over 15 years of experience in trade & industry. Shri Pavan Khaitan was Managing Director of Amrit Corp. (earlier known as 'Amrit Banaspati Company Ltd.') and has been looking after the affairs of ABC Paper Mill at Saila Khurd. Shri Pavan Khaitan was also Managing Director of Amrit Enterprises Ltd. Shri Pavan Khaitan has taken several initiatives in ABC Paper Mill on the cost optimization front including setting up of captive power plant and other measures aimed at cost reduction. His initiatives on creating value added branded paper in a commoditized paper business has paid rich dividends as a result of which ABC Paper Ltd. has shown growth on year to year basis.

Shri Ashutosh Khaitan has obtained Bachelor of Law Degree from the University of Buckingham, UK and has been practising law in Delhi. He is a partner of a law firm, M/s Khaitan Jayakar, Sud & Vohra, New Delhi and has extensive law experience in mergers & acquisitions, arbitration, joint-ventures & collaborations, documentations for overseas funding and general corporate law.

Shri G.N.Mehra is a retired bureaucrat having wide ranging experience in administration and industrial development. Shri Mehra has had a distinguished career as a member of the Indian Administrative Service. He held top positions in the Government of India as Secretary in the Ministry of Industry, Information & Broadcasting. He was Chief Secretary of the U.P.State Govt. besides being the Industries Commissioner in U.P. and Chairman, PICUP. He was also associated in the running and management of various public sector companies having been, at various times, a Director on the Boards of Hindustan Zinc Ltd., Instrumentation Ltd., Air India, Indian Airlines, Maruti Udyog Ltd., International Airports Authority of India etc. At the time of his retirement, Shri Mehra was India's High Commissioner to Canada. Of his career with the Govt. spanning over 37 years, Shri Mehra has spent 20 years in the field of industrial development and management. Presently, he is on the Boards of many reputed companies, namely, Subros Ltd., U.P. Hotels Ltd., Usha Breco Ltd., Bharat Seats Ltd. etc.

Shri K.R. Ramamoorthy is a senior banker with over 40 years of commercial and banking experience. He was the Chairman & Managing Director of the Corporation Bank and Chairman & CEO of Vysya Bank Ltd. Shri K.R. Ramamoorthy's experience and expertise has also been

availed by the banking industry and the Reserve Bank of India by associating him in various Committees and Working Groups on topics of contemporary relevance to the banking industry. After his rewarding career in banking, Shri K.R. Ramamoorthy has been consulting for commercial banks in India and other developing countries. His firm, Bank Consult specializes in strategy formulation for banks, restructuring & turnaround, credit risk management, loan portfolio evaluation and due diligence. Shri K.R. Ramamoorthy holds degrees in Economics and Law and is a senior fellow member of the Institute of Company Secretaries of India. Currently, Shri K.R. Ramamoorthy is on the Boards of ING Vysya Bank Ltd., Clearing Corporation of India Ltd., Subros Ltd; GMR Infrastructure Ltd., and a few other leading corporate entities as an independent Director.

Shri Yashovardhan Saboo, aged 49 years, is an industrialist. He is BA (Hons.) and MBA from IIM, Ahmedabad having more than 20 years experience in business & industry. Shri Saboo is Managing Director of M/s Kamla Dials & Devices Ltd. and is on the Board of Directors of various public companies including Krypton Outsourcing Limited, Hindustan Everest Tools Limited, Himachal Fine Blank Limited, Saboo Coatings Limited, Kamla Tesio Dials Limited, among others.

Shri Prasanna Hota is a senior professional with over 38 years of experience in development administration with specific expertise in public administration, health, industry, urban development, project management, public sector restructuring and privatization. A member of the Indian Administrative Services, Shri Hota worked in various responsible positions as Secretary, Health & Family Welfare, Govt. of India; Vice-Chairman, Delhi Development Authority; Chairman, Industrial Promotion & Investment Corporation Ltd; and held various other senior positions in the Govt. of India & Govt. of Orissa. Shri Hota retired as Secretary, Health & Family Welfare, Ministry of Health, Govt. of India. He is presently Resident Director in United Nations Office for Project Services, New Delhi.

Shri Lalit Chainwala, aged 47 years, has a B.Com Degree from St. Joseph's College, Darjeeling and Post Graduate Diploma in Management with specialization in Finance & Marketing from Indian Institute of Management, Bangalore. He worked with Usha Martin Group between 1982 and 2004 in the Corporate Office, Steel, Machine-building, Ropeways and Telecom businesses of the Group. His last responsibilities in the Group were as CEO and Executive Director of Usha Martin Telekom Limited-the group's diversification in GSM Cellular and Paging Businesses and as Managing Director of Usha Breco Ltd.-a ropeways company. He was also President and CEO-India Copper Sterlite Industries Ltd. in 2004. He is an independent Director on the Board of Usha Breco Ltd. He currently pursues his own business interests in the real estate arena.

Shri A.K.Bajaj is a Graduate in Science from Delhi University.



Shri Bajaj joined Amrit Group in the year 1984 and worked as Chief Executive of the flagship company, Amrit Banaspati Company Ltd. now renamed as 'Amrit Corp. Ltd.'. He was appointed as Joint Managing Director of Amrit Banaspati Co. Ltd. on 1st August, 1992. Shri A.K.Bajaj was instrumental in setting up the dairy business of Amrit Banaspati Co. Ltd. and establishing state-of-the-art facility for processing of UHT milk and other dairy products. Shri A.K.Bajaj is on the Boards of various companies, including, Amrit Corp. Ltd; Amrit Enterprises Ltd; Amrit Learning Ltd., among others.

Shri Vikram Bajaj, aged 42 years, is a Graduate in Commerce from Shri Ram College of Commerce, Delhi. After working for some companies of Amrit Group as Manager and Director, he was appointed as Managing Director of Amrit Agro Industries Ltd. (also named as 'Uncle Chipps Company Ltd.') w.e.f. 21st November, 1986 and is still continuing in that position. During his tenure in AAIL spanning nearly 20 years, Shri Vikram Bajaj was instrumental in putting up the potato chipps factory and introduced a range of potato chips under the brand name 'Uncle Chipps' in the market. Later, AAIL ventured into various other snack food items, including extruded snacks and conventional namkeens. The snacks food business was later sold by AAIL to Frito-Lay India, a subsidiary of Pepsico Holdings, in the year 2000. AAIL is now engaged in trading of agri-products and other items. Shri Vikram Bajaj is also involved in the business of language instruction & corporate training in collaboration with a Swiss company, namely, Inlingua. Shri Vikram Bajaj is on the Board of Directors of various group companies, including, Amrit Corp. Ltd., Amrit Agro Industries Ltd., Amrit Learning Ltd. among others.

According to the provisions of Section 260 of the Companies Act, 1956 and Article 81 of the Articles of Association of the Company, all the above Additional Directors hold office as Directors of the Company up to the date of this Annual General Meeting.

The Board of Directors feels that the experience and knowledge of Shri N.K.Bajaj, Shri J.K.Khaitan, Shri Pavan Khaitan, Shri Ashutosh Khaitan, Shri G.N.Mehra, Shri K.R.Ramamoorthy, Shri Yashovardhan Saboo, Shri Prasanna Hota, Shri Lalit Chainwala, Shri A.K.Bajaj and Shri V.K.Bajaj will be of immense value to the Company in pursuing its growth plans and, therefore, recommends their appointment.

Notice is hereby given to the Members that notices u/s 257 of the Companies Act, 1956 have been received from members along with a deposit of Rs.500/- each intending to propose the names of Shri N.K.Bajaj, Shri J.K.Khaitan, Shri Pavan Khaitan, Shri Ashutosh Khaitan, Shri G.N.Mehra, Shri K.R.Ramamoorthy, Shri Yashovardhan Saboo, Shri Prasanna Hota, Shri Lalit Chainwala, Shri A.K.Bajaj and Shri V.K.Bajaj as Directors of the Company at this Annual General Meeting who, except Shri N.K.Bajaj and Shri J.K.Khaitan, shall be liable to retire by rotation.

The concerned Directors are interested in the respective resolutions. Shri N.K. Bajaj, Shri A.K. Bajaj and Shri Vikram Bajaj are related to each other and may be deemed to be interested in each other's resolutions for appointment. Similarly, Shri J.K. Khaitan and Shri Pavan Khaitan are related to each other and may be deemed to be interested in each others resolution for appointment.

Items No. 16 & 17

Pursuant to transfer of the Paper and Edible Oils Businesses of Amrit Corp. Ltd. (Earlier known as 'Amrit Banaspati Company Ltd.') to the Company and to Amrit Enterprises Ltd. respectively under the Scheme of Arrangement, management arrangement has been proposed whereby Shri N.K.Bajaj will be the Chairman & Managing Director of all the three companies, namely, Amrit Corp. Ltd., ABC Paper Ltd. and Amrit Enterprises Ltd. subject to the approval of the Central Govt. under Section 316 and other applicable provisions, if any, of the Companies Act, 1956. Shri N.K.Bajaj will, however, draw remuneration from ABC Paper only.

The arrangement of common Chairman & Managing Director for all the three companies has been proposed to ensure that all the companies in the Group work cohesively, understand Group's social and corporate governance responsibilities and speak common language and business vision. The common Chairman & Managing Director for all the three companies would also ensure laying down broad level business vision and strategy for the Group companies. Necessary application will be made to the Central Govt. under Section 316 of the Companies Act, 1956 seeking approval for appointment of Shri N.K.Bajaj as Chairman & Managing Director of Amrit Corp. Ltd., ABC Paper Ltd. and Amrit Enterprises Ltd. and in the event of such approval not being granted by the Central Govt., Shri N.K.Bajaj will be the Chairman & Managing Director of Amrit Corp. Ltd. and ABC Paper Ltd.

In accordance with the provisions of the Companies Act, 1956, the companies can, on their own, appoint and remunerate its managerial personnel (i.e. managing director, whole time director, manager) within the laid-down parameters without going to the Central Government for approval so long as the requirements prescribed in Schedule XIII of the Companies Act, 1956 are fulfilled. The profit making companies can fix remuneration of its managerial personnel within the ceiling of 5% of its net profit where there is only one managerial personnel and upto 10% of its net profit where the managerial personnel are more than one. In the case of the company which has no profit or the profits are inadequate, graded remuneration has been prescribed in Schedule XIII. Based on the Audited Accounts of the Company for the financial year 2006-07, the remuneration of the Chairman & Managing Director and the Managing Director, are well within the ceiling of 10% of the net profit for the year 2006-07.

Accordingly, it is proposed to appoint Shri N.K.Bajaj as Chairman & Managing Director and Shri Pavan Khaitan as



Managing Director of the Company with effect from 1st April, 2007 on the remuneration and other terms and conditions as given hereunder. After approval of the Board, requisite approval of the shareholders will be obtained at the 10th Annual General Meeting of the Company in accordance with the provisions of the Companies Act, 1956.

(1) Salary

Name	Salary p.m. (Rs.)	Pay-scale
Shri N.K.Bajaj, Chairman & Managing Director	2,00,000/-	2,00,000-15,000-3,00,000
Shri Pavan Khaitan, Managing Director	1,40,000/-	1,20,000-10,000-2,00,000

(2) Perquisites and allowances

- The Chairman & Managing Director and the Managing Director shall also be entitled to perquisites and allowances like furnished accommodation or house rent allowance in lieu thereof subject to a ceiling of 60% of the salary, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, servants' salaries, medical reimbursement for self and dependent family, medical accident/Keyman Insurance, leave travel concession for self and family, club membership subject to maximum of two clubs; such perquisites and allowances will be restricted to an amount equal to their annual salary.
- For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per the Income-tax Rules, wherever applicable. In the absence of such Rules, perquisites and allowances shall be evaluated at actual cost.
- Provision for use of Company's car for official duties and telephone at residence shall not be included in the computation of perquisites and allowances for the purpose of calculating the said ceiling. Personal long distance calls on telephone and use of car for personal purposes shall be billed by the Company.
- Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the Rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

(3) Commission

Such remuneration by way of commission in addition to

the salary, perquisites and allowances subject to a ceiling of 50% of the annual salary calculated with reference to the net profit of the Company in a particular financial year as may be determined by the Board of Directors at the end of each financial year subject to the overall ceilings as stipulated in the Sections 198 and 309 of the Companies Act, 1956.

- Shri N.K.Bajaj and Shri Pavan Khaitan will not be entitled to sitting fees for attending meeting of the Board or Committee(s) thereof.

- Shri N.K.Bajaj will not be liable to retire by rotation.

The Company has paid remuneration of Rs.43,37,899/- (including commission) to Shri N.K.Bajaj and Rs.35,97,149/- (including commission) to Shri Pavan Khaitan for the financial year 2006-07 when the paper business of the Company was being carried on by Amrit Corp. Ltd. (earlier known as 'Amrit Banaspati Company Ltd.') on behalf of and in trust for the Company in terms of the Scheme of Arrangement. The said payment of remuneration requires your approval.

The special resolutions set out in Item No.16 & 17 are intended to obtain approval of the members to the appointment and payment of remuneration to Shri N.K.Bajaj as Chairman & Managing Director and Shri Pavan Khaitan as the Managing Director and the Board recommends the acceptance thereof.

The explanatory statement and the resolutions at Items No. 16 & 17 of the Notice are and may be treated as an abstract of the terms and memorandum of interest pursuant to the provisions of Section 302 of the Companies Act, 1956.

Shri N.K.Bajaj and Shri Pavan Khaitan are interested or concerned in the proposed resolutions. Shri A.K.Bajaj and Shri V.K.Bajaj, being related to Shri N.K.Bajaj and Shri J.K.Khaitan being related to Shri Pavan Khaitan, may also be deemed to be interested in the said resolutions. None of the other Directors of the Company is concerned or interested in the resolutions.

By Order of the Board
For ABC PAPER LTD.

PAVAN KHAITAN
Managing Director

Regd. Office:

M-2, Akarshan Bhawan,
4754/23, Ansari Road,
Darya Ganj,
New Delhi 110002.

Dated: July 24, 2007



DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 10th Annual Report on the business and operations of the Company together with Audited Statements of Accounts of your Company for the financial year ended 31st March, 2007.

FINANCIAL HIGHLIGHTS

The summarized financial results of the Company for the year 2006-07 are given hereunder. The figures for the year include the operations of the paper business of Amrit Corp. Limited (earlier known as 'Amrit Banaspati Company Ltd.') vested in our Company pursuant to the Scheme of Arrangement and, therefore, are not comparable with the figures of previous year:

	(Rs.in lacs)	
	2006-07	2005-06
Sales & other income	16747.38	3.86
Operating Profit (EBIDTA)	2523.50	(1.32)
Interest	403.15	-
Gross Profit (PBD)	2120.35	(1.32)
Depreciation	476.47	0.30
Profit before tax (PBT)	1643.88	(1.62)
Provision for		
- Current Tax (incl.FBT)	386.81	0.02
- Deferred Tax	105.98	25.34
Net Profit after tax (PAT)	1151.09	26.98
Prior period adjustments	0.09	-
Balance brought forward from previous year	(27.06)	(0.08)
Profit available for appropriation	1124.12	(27.06)
Appropriations:-		
- Proposed Dividend on		
(a) Equity shares @15%	115.23	-
(b) 7% Preference Shares	7.13	-
(c) Tax on dividend	20.80	-
- General Reserve	200.00	-
Balance carried to Balance Sheet	780.96	(27.06)

DIVIDEND

Your Directors are pleased to recommend dividend @ 7% on the Preference Shares of Rs.10/- and @ 15% on the Equity Shares of Rs.10/- each for the year ended 31st March, 2007. The Equity and Preference Shares allotted during the year will be paid dividend on pro-rata basis. However, in respect of the equity shares allotted under the Scheme of Arrangement, the shareholders will be entitled to the full equity dividend for the year.

RESTRUCTURING SCHEME

As a part of the long term business planning and growth strategy, Amrit Corp. Limited (earlier known as 'Amrit Banaspati Company Ltd.'), restructured its business portfolio under the Scheme of Arrangement (Scheme) between Amrit Corp. Limited (Amrit Corp.), ABC Paper Ltd. (ABC Paper) and Amrit Enterprises Ltd. (AEL) envisaging inter-alia demerger of the Paper Business and Edible Oils Business and transferring & vesting the same in ABC Paper and AEL respectively. The Scheme has been sanctioned by the Hon'ble High Courts at Allahabad, Delhi and Chandigarh. The High Court Orders have been filed with the concerned Registrars of Companies by all the three companies on 23rd June, 2007. The Scheme has, therefore, come into force on 23rd June, 2007, being the 'Effective Date' under the Scheme.

In terms of the Scheme, the Paper Business together with the assets and liabilities has been transferred to and vested in our Company w.e.f. 1st April, 2006. The Scheme also provides that the shareholders of Amrit Corp. holding equity shares as on the Record Date i.e. 20th July, 2007, will be allotted equity shares by our Company in the ratio of two (2) Equity Shares of the face value of Rs.10/- each credited as fully paid-up for every four (4) Equity Shares of the face value of Rs.10/- each of Amrit Corp. The Company has, therefore, allotted 64,26,463 Equity Shares of Rs.10/- each to the shareholders of Amrit Corp. on 24.7.2007.

The shareholders are being sent the share certificates and are also being informed of the methodology to deal with the fractions arising out of the allotment of the shares under the Scheme. With the allotment of the equity shares under the Scheme, the Paid-up Share Capital now stands at Rs.10,72,63,630/- (Rupees ten crores, seventy two lacs, sixty three thousand six hundred & thirty) comprising of 87,26,363 Equity shares of Rs.10/- each fully paid-up and 20,00,000 - 7% Redeemable Preference Shares of Rs.10/- each, fully paid-up.

OPERATIONS

The operations of the Company for the year 2006-07 pertains to the transferred Paper Business of Amrit Corp. to the Company. The production of paper during the year under review was 47,821 tonnes as against 42,583 tonnes of the Paper Division of Amrit Corp. in the previous year. Sales & Other Income was Rs.16,747.38 lacs and operating profit (EBIDTA) of Rs. 2,523.50 lacs. The operations recorded strong growth during the year in terms of sales and operating profit as stated in the Management Discussion & Analysis. Your Company has taken up Mill Expansion Programme which envisage setting up of Chemical Recovery Plant, Co-generation Power Plant, installation of Paper Machine-IV of the capacity of 175 tpd of finished paper, Wood-Pulp street and Grid-upgradation-66 KV, involving a total outlay of



Rs.156.93 crores. The implementation of the Mill Expansion Programme besides enhancing the capacity to over one lac tonnes of finished paper per annum, will enable the Company to have an edge in quality due to use of kana grass and hard pulp combination since kana grass fibre has higher strength properties and cheaper price than the other agro-based raw material.

The detailed performance of Company's business for the year ended 31st March, 2007 has been stated in the Management Discussion & Analysis Report which appears as a separate statement in the Annual Report.

FINANCE

(a) Share Capital

The Share Capital of the Company after allotment of shares under the Scheme stands at Rs.10,72,63,630/- comprising of 87,26,363 Equity Shares of Rs.10/- each fully paid-up and 20,00,000- 7% Redeemable Preference Shares of Rs.10/- each fully paid-up. Upon allotment of equity shares under the Scheme, the Company has ceased to be the subsidiary of Amrit Corp. Ltd.

(b) Loans

Upon transfer of the term loans/ WCTL, working capital borrowings and the unsecured loans of the paper business to the Company by Amrit Corp. under the Scheme, the secured and unsecured loans stand at Rs.2543.08 lacs and Rs.1336.33 lacs respectively as on 31st March, 2007. The unsecured loans include the fixed deposits of Rs. 273.87 lacs.

(c) Fixed Deposits

As on 31st March, 2007, your Company had Fixed Deposits of Rs. 273.87 lacs (including interest accrued and due). There were no outstanding deposits as on 31st March, 2007 nor there was any failure in making repayment of the fixed deposits on maturity and interest due thereon in terms of the conditions of your Company's Fixed Deposits Scheme.

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

The information relating to conservation of energy, technology absorption and foreign exchange earnings & outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure which forms part of this Report.

PERSONNEL

Cordial employee relations were maintained throughout the year in the Company. The Directors express their appreciation for the contribution made by the employees to the operations of the Company during the year.

The particulars of employees as per Section 217(2A) of the Companies Act, 1956 are set out in the Annexure which forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the report and accounts are being sent to all the members of the Company excluding the aforesaid information. This statement shall be made available for inspection by any member during working hours for a period of 21 days before the date of the Annual General Meeting. Any member interested in obtaining such particulars may write to the Vice President (Finance) at the Registered Office of the Company.

DIRECTORS

Shri H.S.Goenka, Shri Roshan Garg and Shri Y.V.Dhiman resigned from the Board of Directors of the Company on 20th July, 2007. The Board places on record its appreciation of the valuable contribution made by Shri H.S.Goenka, Shri Roshan Garg and Shri Y.V.Dhiman in the deliberations of the Board.

Shri N.K.Bajaj, Shri J.K.Khaitan and Shri Pavan Khaitan were appointed as Additional Directors on 23rd June, 2007. Shri Ashutosh Khaitan was appointed as Additional Director on 10th July, 2007. Shri G.N.Mehra, Shri K.R.Ramamoorthy, Shri Yashovardhan Saboo, Shri Prasanna Hota, Shri Lalit Chainwala, Shri A.K.Bajaj and Shri V.K.Bajaj were appointed as Additional Directors on 24th July, 2007. All the above Directors retire at the ensuing general meeting of the Company and being eligible offer themselves for re-appointment.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri J.C.Rana retires by rotation and is eligible for re-appointment.

AUDITORS

M/s V.Sahai & Co., Chartered Accountants, Statutory Auditors, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 217(2AA) of the Companies Act, 1956, your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the accounting policies selected and applied are consistent and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.