



13th Annual Report 2009-2010



BOARD OF DIRECTORS

J K Khaitan, Chairman & Managing Director
Justice (Retd) S S Sodhi
D C Mehandru
U K Khaitan
Yashovardhan Saboo
D S Sandhawalia
Ashutosh Khaitan
Pavan Khaitan, Managing Director

SENIOR EXECUTIVES

Sushobhan Mahalanobis, President (Tech)
T Kathirvelu, President (Production)
Roshan Garg, Vice President (Finance) & CFO
P K Garg, Vice President (Commercial)
Somesh Jawa, Vice President (Marketing)
Col (Retd) Manohar Singh Birring, Sr GM (HR & Admn)

COMPANY SECRETARY

Vivek Trehan

AUDITORS

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

PRINCIPAL BANKERS

State Bank of India
State Bank of Patiala
State Bank of Bikaner and Jaipur
Punjab National Bank

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 - 160 009

WORKS

Saila Khurd 144 529
Distt Hoshiarpur (Punjab)

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NOTICE

NOTICE is hereby given that the 13th Annual General Meeting of the members of ABC Paper Limited will be held at National Cooperative Union of India (NCUI) Auditorium, 3, Siri Institutional Area, August Kranti Marg, New Delhi-110 016 on Friday, the 24th September, 2010 at 11.30 am to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date together with the reports of the Auditors and Directors thereon.
2. To declare dividend on the Equity Shares and Preference Shares.
3. To appoint a Director in place of Shri Ashutosh Khaitan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s B S R & Co., Chartered Accountants, Chandigarh, as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting in place of M/s V. Sahai Tripathi & Co., New Delhi 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 in partial Modification of the earlier resolution passed by the shareholders in their meeting held on 26th September 2007, Shri Pavan Khaitan, Managing Director 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 Justice S. S. Sodhi (Retd.), who was appointed by the Board as Additional Director w.e.f. 3rd August, 2010 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."
7. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY RESOLUTION :

"RESOLVED that Shri. Umesh Kumar Khaitan, who

was appointed by the Board as Additional Director w.e.f. 3rd August, 2010 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 D.C. Mehandru, who was appointed by the Board as Additional Director w.e.f. 3rd August, 2010 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 D.S. Sandhawalia, who was appointed by the Board as Additional Director w.e.f. 3rd August, 2010 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 pursuant to the provisions of Sections 198, 269 & 309 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 any, as may be required, the consent and approval of the Company be and is hereby accorded to the appointment of Shri J.K.Khaitan as Chairman & Managing Director of the Company w.e.f. 17th July, 2010 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 J.K.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 chairman & 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 J.K.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.

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

“RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) of the Companies Act, 1956 to the Board of Directors/Finance Committee of Directors of the Company to mortgage and/or charge all the immovable and movable properties of the Company, wheresoever situate, present or future and the whole or substantially the whole of the undertaking of the Company together with the power to enter upon and take possession of certain assets of the Company in certain events of default in favour of Punjab National Bank (PNB), State Bank of India(SBI), State Bank of Patiala (SBOP) and State Bank of Bikaner & Jaipur(SBBJ) to secure the Term Loan/Corporate Loan and/or other borrowings lent and advanced by the PNB, SBI, SBOP and SBBJ to the Company aggregating to Rs. 8,300 lacs (i.e. Term Loan/Corporate Loan of Rs. 3,300 lacs from SBI, SBOP and SBBJ and working capital of Rs. 5,000 lacs from PNB and SBOP) together with interest, additional interest, compound interest, liquidated damages/penal interest, premia on prepayment or

on redemption, costs, charges, expenses and all other monies payable by the Company to secure the said financial assistance/borrowings availed/to be availed by the Company from PNB, SBI, SBOP and SBBJ.

RESOLVED FURTHER that the mortgage/charges created/to be created and/or all agreements/ documents executed/to be executed and all acts done or to be done in terms of the above resolution by and with the authority of the Board of Directors or Committee(s) thereof, be and are hereby confirmed and ratified.

RESOLVED FURTHER that the Board of Directors/ Finance Committee of Directors be and is hereby authorized to make or accept any amendment, modification, change or alterations as may be required from time to time in connection with the creation of aforesaid mortgages/charges in favour of PNB, SBI, SBOP and SBBJ.

RESOLVED FURTHER that the Board of Directors/ Finance Committee of Directors of the Company be and is hereby authorized to finalise the documents to secure the facilities/borrowings as aforesaid and to do all such things, deeds, matters as may be necessary, desirable, expedient for giving effect to the above resolution.”

By Order of the Board
For **ABC PAPER LTD**

Vivek Trehan
Company Secretary

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

Dated : August 13, 2010

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. Information required under Clause 49 IVG(i) of the Listing Agreement (relating to Corporate Governance) with respect to the Directors retiring by rotation and, being eligible, seeking re-appointment is given in the Corporate Governance Report annexed to this Annual Report.
4. The Registers of Members and Share Transfer Books of the Company will remain closed from 15th September 2010 to 24th September, 2010 (both days inclusive).
5. The dividend for the year 2009-10 on the equity and preference shares will be paid to those members whose names appear in the Registers of Members of the Company as on 24th September 2010. 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 14th September, 2010 as per data to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
6. Shareholders of the Company are informed that pursuant to the provisions of Section 205C of the Companies Act, 1956, the amount of dividend which remains unpaid/unclaimed for a period of 7 years would be transferred to the 'Investor Education & Protection Fund' constituted by the Central Govt. Shareholders who have not encashed their dividend warrant(s) for the years 2006-07, 2007-08 and 2008-09 are requested to make claim with the Company immediately as no claim shall lie against the Fund or the Company in respect of individual amount once credited to the said Fund.
7. Members holding shares in physical form are requested to intimate immediately to the Registrar & Share Transfer Agent of the Company, **MAS Services Limited**, T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020 Ph: 011-26387281/ 82/ 83 Fax: 011-26387384 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.)
8. 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.
9. Any member requiring further information on the Accounts at the meeting is requested to send the queries in writing to Vice-President (Finance), by 13th September, 2010.
10. Members are requested to bring their copies of Annual Report at the meeting, as extra copies will not be supplied.
11. 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 Registrar and Share Transfer Agent, 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/Registrar and Share Transfer Agent, members are requested to quote their folio numbers or DP ID and Client ID for physical or electronic holdings respectively.
12. It may please be noted that pursuant to amendment to the Listing Agreement- Clause 11 vide SEBI's Circular dated May, 20, 2009, it has now become mandatory for the transferee(s) to furnish copy of their PAN card to the Company/RTAs for registration of transfer of shares in physical form.
13. The documents referred to in the proposed resolutions are available for inspection at the Registered Office of the Company between 11.00 a.m. and 2.00 p.m. on all working days upto the date of the meeting.

14. The Statutory Auditors M/s V. Sahai Tripathi & Co., Chartered Accountants, New Delhi have expressed their unwillingness to be reappointed as Statutory Auditors at the forthcoming Annual General Meeting. No representation from the retiring auditors referred to under section 225(3) has been received. It is proposed to appoint M/s B S R & Co., Chartered Accountants, Chandigarh, as the Statutory Auditors for the financial year 2010-11. The company has received a certificate under section 224 (1-B) of the Companies Act, 1956 from M/s B S R & Co., confirming that, if appointed, their appointment will be within the limits prescribed in sub-section (1-B) of section 224 of the Companies Act, 1956.

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

Item No. 5

Shri Pavan Khaitan, Managing Director was, in the meeting of shareholders, held on 26th September 2007, was appointed as a director liable to retire by rotation. Now the Board of Directors have decided that he shall not be liable to retire by rotation.

None of the Directors of the Company, except Shri Pavan Khaitan and Shri J.K.Khaitan being related to Shri Pavan Khaitan, are concerned or interested in the resolution.

Item No. 6

Justice S. S. Sodhi (Retd.) was appointed as Additional Director on 3rd August, 2010 by the Board of Directors of the Company. Brief profile of Justice S.S. Sodhi (Retd.) is given hereunder:

Justice S. S. Sodhi (Retd.) was District and Sessions Judge from 1968 to 1982 at various places besides holding posts of Registrar of the High Court, Chandigarh and Deputy Registrar (Research) at the Supreme Court of India. Thereafter he was Judge, High Court of Punjab and Haryana for about 12 years. He was then elevated as Chief Justice of the High Court of Allahabad where he remained for 2 years. Thereafter he was Lokpal Punjab during 1995-1996. Justice Sodhi was then the Chairman of the Telecom Regulatory Authority of India from 1997 to 2000. Presently he is the Trustee of the Tribune group of Newspapers, Director at Fortis Healthcare Limited and Director, Board of Trustees of Fidelity Fund Management Co. Pvt. Ltd. He is also the author of a famous book 'The other side of Justice'.

According to the provisions of Section 260 of the Companies Act, 1956 and Article 89 of the Articles of Association of the Company, Justice S. S. Sodhi (Retd.) holds office as Director of the Company up to the date of this Annual General Meeting.

The Board of Directors feels that the experience and knowledge of Justice S. S. Sodhi (Retd.) will be of immense value to the Company in pursuing its growth plans and, therefore, recommends his appointment.

Notice is hereby given to the Members that notice u/s 257 of the Companies Act, 1956 has been received from a member along with a deposit of Rs.500/- intending to propose the name of Justice S. S. Sodhi (Retd.) as Director of the Company at this Annual General Meeting who shall be liable to retire by rotation.

None of the Directors of the Company, except Justice S. S. Sodhi (Retd.), is concerned or interested in the resolution.

Item No. 7

Shri Umesh Kumar Khaitan was appointed as Additional Director on 3rd August, 2010 by the Board of Directors of the Company. Brief profile of Shri Umesh Kumar Khaitan is given hereunder:

Shri Umesh Kumar Khaitan is the managing partner in Khaitan, Jayakar, Sud & Vohra (KJSV) and heads the Delhi office. He has nearly 35 years of legal experience dealing with all aspects of corporate law. He was admitted to the Bar in 1972, and earned his solicitor's degree in the same year. He founded KJSV in 1996, after having spent 24 years as a partner in one of India's leading law firms. His prominent clients have included major players in the pharmaceutical and petrochemical sectors, India's largest brewery, numerous processed food giants, leading hoteliers, infrastructure development corporations, banks and financial institutions as well as leading information technology and telecom companies. In addition to his vast legal practice, Mr. Khaitan has been entrusted with the directorships of many large corporate groups and also with the trusteeship of a few select organizations. Besides this, he is also member of many Professional Bodies and Honour Societies.

According to the provisions of Section 260 of the Companies Act, 1956 and Article 89 of the Articles of Association of the Company, Shri Umesh Kumar Khaitan holds office as Director of the Company up to the date of this Annual General Meeting.

The Board of Directors feels that the experience and knowledge of Shri Umesh Kumar Khaitan will be of immense value to the Company in pursuing its growth plans and, therefore, recommends his appointment.

Notice is hereby given to the Members that notice u/s 257 of the Companies Act, 1956 has been received from a member along with a deposit of Rs.500/- intending to propose the name of Shri Umesh Kumar Khaitan as Director of the Company at this Annual General Meeting who shall be liable to retire by rotation.

None of the Directors of the Company, except Shri Umesh Kumar Khaitan, and Shri J.K. Khaitan and Shri Ashutosh Khaitan being related to Shri Umesh Kumar Khaitan, are concerned or interested in the resolution.

Item No. 8

Shri D.C. Mehandru was appointed as Additional Director on 3rd August, 2010 by the Board of Directors of the Company. Brief profile of Shri D.C. Mehandru is given hereunder:

Shri D.C. Mehandru has a wide ranging experience for more than 35 years in finance and industrial Development. He, after working on many senior positions, retired as Additional Managing Director from Punjab State Industrial Development Corporation (PSIDC), Chandigarh in the year 1996 and thereafter worked as whole time director (Finance) in a large Telecommunication Cables Manufacturing Company till 2004. Presently independent Director on a few companies including Punjab Alkalies and Chemicals Ltd.

According to the provisions of Section 260 of the Companies Act, 1956 and Article 89 of the Articles of Association of the Company, Shri D.C. Mehandru holds office as Director of the Company up to the date of this Annual General Meeting.

The Board of Directors feels that the experience and knowledge of Shri D.C. Mehandru will be of immense value to the Company in pursuing its growth plans and, therefore, recommends his appointment.

Notice is hereby given to the Members that notice u/s 257 of the Companies Act, 1956 has been received from a member along with a deposit of Rs.500/- intending to propose the name of Shri D.C. Mehandru as Director of the Company at this Annual General Meeting who shall be liable to retire by rotation.

None of the Directors of the Company, except Shri D. C. Mehandru, is concerned or interested in the resolution.

Item No. 9

Shri D. S. Sandhawalia was appointed as Additional Director on 3rd August, 2010 by the Board of Directors of the Company. Brief profile of Shri D. S. Sandhawalia is given hereunder:

Shri D. S. Sandhawalia is a graduate in Science and has been associated with Corporate entities in designing and implementing of a customized ERP package and Management Information System besides other consultancy work. He has studied special course in Information Technology at the University of London(U.K.).

According to the provisions of Section 260 of the Companies Act, 1956 and Article 89 of the Articles of Association of the Company, Shri D. S. Sandhawalia holds

office as Director of the Company up to the date of this Annual General Meeting.

The Board of Directors feels that the experience and knowledge of Shri D. S. Sandhawalia will be of immense value to the Company in pursuing its growth plans and, therefore, recommends his appointment.

Notice is hereby given to the Members that notice u/s 257 of the Companies Act, 1956 has been received from a member along with a deposit of Rs.500/- intending to propose the name of Shri D. S. Sandhawalia as Director of the Company at this Annual General Meeting who shall be liable to retire by rotation.

None of the Directors of the Company, except Shri D. S. Sandhawalia, is concerned or interested in the resolution.

Item No. 10

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 2009-10, the remuneration of the wholetime Directors are well within the ceiling of 10% of the net profit for the year 2009-10.

Accordingly, it is proposed to appoint Shri J.K.Khaitan as Chairman & Managing Director of the Company with effect from 17th July 2010 on the remuneration and other terms and conditions as given hereunder. After approval of the Board, requisite approval of the shareholders is being obtained at the Annual General Meeting of the Company in accordance with the provisions of the Companies Act, 1956.

(1) Salary

Name and designation	Salary p.m. (Rs.)	Pay-scale (Rs.)
Shri J.K.Khaitan, Chairman & Managing Director	2,20,000/-	2,20,000-15,000- 3,00,000

(2) Perquisites and allowances

- The Chairman & 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.

- ii) 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.
- iii) 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.
- iv) 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.

- (4) Shri J.K.Khaitan will not be entitled to sitting fee for attending meetings of the Board or Committee(s) thereof.
- (5) Shri J.K.Khaitan will not be liable to retire by rotation. The ordinary resolution set out in Item No.10 is intended to obtain approval of the members to the appointment and payment of remuneration to Shri

J.K.Khaitan as Chairman & Managing Director and the Board recommends the same.

The explanatory statement and the resolutions at Item No. 10 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 J.K.Khaitan is interested or concerned in the proposed resolution. Shri Umesh Kumar Khaitan and Shri Pavan Khaitan, being related to Shri J.K.Khaitan, may also be deemed to be interested in the said resolution. None of the other Directors of the Company is concerned or interested in the resolutions.

Item No. 11

Section 293(1)(a) of the Companies Act, 1956, inter-alia, provides that the Board of Directors of a Public Ltd. Company shall not, except with the consent of the members in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking of the whole of each such undertaking.

Punjab National Bank (PNB), State Bank of India(SBI), State Bank of Patiala (SBOP) and State Bank of Bikaner & Jaipur(SBBJ) have sanctioned Term Loan/Corporate Loan and working capital to the Company aggregating to Rs. 8,300 lacs (Term Loan/Corporate Loan of Rs. 3,300 lacs from SBI, SBOP and SBBJ and working capital of Rs. 5,000 lacs from PNB and SBOP).

The creation of mortgage/charge for the above Term loan/Corporate loan and working capital to the Company requires approval of the members under section 293(1)(a) of the Companies Act, 1956.

None of the Directors of the Company is concerned or interested in the proposed resolution.

By Order of the Board
For **ABC PAPER LTD**

Vivek Trehan
Company Secretary

Regd Office

M-2, Akarshan Bhawan,
4754/23, Ansari Road,
Darya Ganj, New Delhi - 110002
Dated : August 13, 2010

DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting the 13th Annual Report on the business and operations, together with audited statements of Accounts of your Company, for the financial year ended 31st March, 2010.

FINANCIAL HIGHLIGHTS

The summarized financial results of the Company for the year 2009-10 are given hereunder.

	(Rs. in lacs)	
	2009-10	2008-09
Sales & other income	22,134.04	21,000.63
Operating Profit	3,851.93	3,935.10
Interest	1,709.09	1,040.72
Gross Profit	2,142.84	2,894.38
Depreciation	1,205.96	793.91
Profit before tax	936.88	2,100.47
Provision for		
- Current Tax (incl FBT)	159.45	249.57
- Deferred Tax	2,188.92	575.72
- MAT credit entitlement	159.17	100.43
Profit after tax	(1,252.32)	1,375.61
Balance b/f from previous year	2,441.08	1,537.09
Profit available for appropriations	1,188.76	2,912.70
Appropriations		
- Proposed Dividend on		
(a) Equity shares @	87.26	218.16
Rs. 1.00 Per share		
(b) Preference Shares @	12.23	14.00
Rs. 0.70 Per share		
(c) Tax on dividend	16.91	39.46
(d) Capital Redemption	50.00	-
Reserve		
(e) General Reserve	100.00	200.00
Balance carried to Balance Sheet	922.36	2,441.08

DIVIDEND

Your Directors are pleased to recommend Rs. 0.70 per share (7%) on the Preference Shares of Rs.10/- each, on the preference share capital of Rs. 1,50,00,000/- and Rs. 1.00 per share (10%) on the Equity Shares of Rs.10/- each, on the equity share capital of Rs. 8,72,63,630/- for the year ended 31st March, 2010 aggregating to Rs. 99,48,966/- and to pay a dividend tax of Rs. 16,90,827/-.

OPERATIONS

The production of paper during the year under review was 60,553 tonnes as against 54,277 tonnes in the previous year. The figures given in the Financial Highlights for the

current year under review show the following trends over the previous year;

Gross sales turnover is up by 5.40%, operating profit is lower by 1.34%, Profit before Tax is down by 5.79%, and Net loss after providing for Deferred Tax Liability provision showing a variance of 191.05% compared to operations in the previous year.

The impact of slowdown and recessionary trends in the industrial activity had its effect during the first half of the current year and it was only in the 2nd half that the demand and the prices picked up. Your company has recorded higher turnover under the difficult times during the year under review. The operating profit stood at the similar level. During the year, the Govt. continued with the concessional excise duty of 4% to the paper industry to stimulate demand.

The members are aware that the company had been implementing Mill Expansion Plan comprising mainly of putting up an additional Paper Machine (PM-4) alongwith pulp street to enhance the manufacturing capacity of paper from the existing capacity of 50,000 MTPA to over 1,00,000 MTPA; and the Chemical Recovery Plant and the Co-generation plant have already been commissioned in the previous year towards cost reduction initiatives in the manufacturing of paper, as part of the Mill Expansion Plan. The directors are pleased to report that PM-4 has been commissioned during the year under review. It took longer time than envisaged to stabilize operations thereby affecting the operational performance. The incidence of depreciation and interest is higher during the year consequent to the commissioning and capitalization of PM-4 which has had its effect on the profitability. With the implementation and commissioning of these projects, the company is heading towards achieving the benchmark of one of the most cost competitive paper units and will make your company one of the large paper manufacturers in the industry. Further it will enable the manufacturing of premium quality paper, which is placed in maplitho paper category, competing with quality specifications of other large paper mills. The results of enhanced capacity operations will be visible in the current financial year 2010-11.

The implementation of pulp street; the remaining project, of the Mill Expansion Plan is at advanced stage and will be commissioned during current year. The members were informed last year that the cost of the projects has undergone a revision from Rs. 157 crores to Rs. 197 crores.

The increased cost was funded by way of term loans of Rs. 28 crores by the Banks and the balance amount was contributed by way of internal accruals and unsecured loans by promoters.

The detailed performance of Company's operations for the year ended 31st March, 2010 has been stated in the Management Discussion & Analysis which appears as a separate statement in the Annual Report.

FINANCE

(a) Project finance

State Bank of India in consortium with State Bank of Patiala and State Bank of Bikaner and Jaipur had sanctioned further Term Loan of Rs. 2800 lacs, for the revised cost of the Mill Expansion Plan of the Company and the same has been disbursed during the year under review.

(b) Working capital

The enhanced working capital limits amounting to Rs. 5,000 lacs (fund based Rs. 3,000 lacs & non-fund based Rs. 2,000 lacs) were sanctioned by the consortium of bankers, comprising of Punjab National Bank and State Bank of Patiala.

(c) Fixed Deposits

As on 31st March, 2010, your Company had Fixed Deposits of Rs. 717.23 lacs. There were no overdue deposits as on 31st March, 2010; nor there was any failure in making repayment of the fixed deposits on maturity, including 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 to be 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)/ Company Secretary at the Registered Office of the Company.

DIRECTORS

Sh. N.K. Bajaj, Chairman & Managing Director, Sh. G.N. Mehra, Sh. K.R. Ramamoorthy, Sh. Mohit Satyanand, Sh. Ravindra Gupta, Sh. A.K. Bajaj, Sh. V.K. Bajaj, and Sh. J.C. Rana, Directors resigned from the Board of Directors of the Company on 16th July 2010. The Board places on record its appreciation of the valuable contribution made by the directors during their tenure. Justice S.S. Sodhi (Retd.), Sh. D.C. Mehandru, Sh. U.K. Khaitan and Sh. D.S. Sandhawalia were appointed as Additional Directors in the meeting of Board of Directors held on 3rd August, 2010. These directors retire at the ensuing annual general meeting of the Company and being eligible offers themselves for re-appointment.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri Ashutosh Khaitan retires by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

The vacancy created upon the resignation of Sh. Lalit Chainwala, an independent director, on 26.02.2009 was filled with the induction of Sh. Ravindra Gupta on 29.09.2009 due to non-availability of a suitable director in the interim period.

AUDITORS

The Statutory Auditors M/s V. Sahai Tripathi & Co., Chartered Accountants, New Delhi have expressed their unwillingness to be reappointed as Statutory Auditors at the forthcoming Annual General Meeting. No representation from the retiring auditors referred to under section 225(3) has been received. It is proposed to appoint M/s B S R & Co., Chartered Accountants, Chandigarh, as the Statutory Auditors for the financial year 2010-11. The company has received a certificate under section 224 (1-B) of the Companies Act, 1956 from M/s B S R & Co., confirming that, if appointed, their appointment will be within the limits prescribed in sub-section (1-B) of section 224 of the Companies Act, 1956.