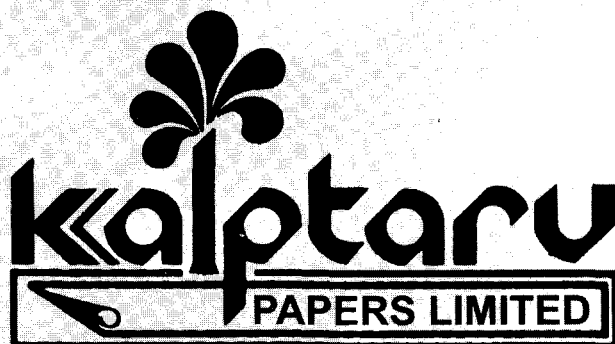
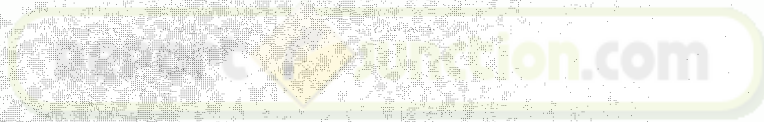




# Annual Report 2003-2004



creating wealth from waste





## Sixteenth Annual Report 2003 - 2004

### BOARD OF DIRECTORS

Shri J. K. Gupta	<i>Chairman</i>
Shri Naveen Gupta	<i>Managing Director</i>
Smt. Usha Gupta	<i>Director</i>
Shri Paresh Pandya	<i>Director</i>
Shri Mitesh S. Shah	<i>Director</i>

### AUDITORS

V. D. Aggarawal & Co.  
*Chartered Accountants*  
New Delhi

### INTERNAL AUDITORS

Shah Kantilal & Co.  
*Chartered Accountants*  
Ahmedabad

### COMPANY LAW CONSULTANT

Mehta Hurkat & Associates  
*Company Secretaries*  
Ahmedabad

### BANKERS

Indian Overseas Bank  
Ahmedabad

### REGISTERED & ADMINISTRATIVE OFFICE

701, Avdhesh House  
Opp. Gurudwara  
Near Thaltej Chokdi  
Ahmedabad - 380 054

### HEAD OFFICE

C - 8/10, Model Town  
Delhi - 110 009

### WORKS

Khatraj Chokdi  
Village Karoli  
Kalol  
Dist. Gandhinagar  
Gujarat.

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**NOTICE**

NOTICE is hereby given that the 16th Annual General Meeting of the Company will be held as under :

Day : Monday  
 Date : 20th September, 2004  
 Time : 10.30 a.m.  
 Place : At the Registered Office of the Company at :  
 701, Avdhesh House, Opp. Gurudwara,  
 Near Thaltej Chokdi,  
 Ahmedabad - 380 054.

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 and Profit and Loss Account for the year ended on that date together with the Report of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri Paresh Pandya, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS :**

5. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage or charge by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situated, present and future, and/or conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of Indian Overseas Bank to secure Fund based and Non-Fund based Financial Assistance of Rs. 499 Lacs (Rupees Four Hundred Ninety Nine Lacs only) lent and advanced/agreed to be lent/advanced to the Company by Indian Overseas Bank together with interest thereon at the agreed rate, compound interest, additional interest, liquidated damages, costs, charges, expenses and other monies payable by the Company to Indian Overseas Bank under the Loan Agreements / Letter of Intent / Memorandum of Terms and Conditions entered into/to be entered into by the Company in respect of the said financial assistance."

"RESOLVED FURTHER THAT the Board of Director of the Company be and is hereby authorised to finalise with Indian Overseas Bank the documents for creating aforesaid mortgage and/or the charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

6. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :

"RESOLVED THAT in supersession of the Ordinary Resolution passed at the Extraordinary General Meeting held on 12th December, 1994 and pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow any sums of money, from time to time from any one or more of the Company's bankers and/or from any other persons, firms, bodies corporate or financial institutions whether by way of cash credit, advance or deposits, loans, debentures or bill discounting or otherwise whether unsecured or secured so that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from Company's Bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, however that the total amount upto which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs. 50 crores (Rupees Fifty Crores only)."





7. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage or charge by the Board of Directors of the Company of all the Immovable and movable properties of the company wheresoever situated, present and future, and/or conferring power to enter events, to or in favour of any Bank/Financial Institution/Bodies Corporate/Overseas Bodies Corporate/Individual to secure Financial Assistance upto Rs. 50 crores (Rupees fifty crores only) lent and advanced/agreed to be lent/advanced to the Company by such Bank/Financial Institution/Bodies Corporate/Overseas Bodies Corporate/Individual together with interest thereon at the agreed rate, compound interest, additional interest, liquidated damages, costs, charges, expenses and other monies payable by the Company to such Bank/Memorandum of Terms and Conditions entered into/to be entered into by the Company in respect of financial assistance."

"RESOLVED FURTHER that the Board of Director of the Company be and is hereby authorised to finanleas with such Bank/Financial Institution/Bodies Corporate/Overseas Bodies Corporate/Individual the documents for creating mortgage and/or the charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

Registered Office :

701, Avdhesh House,

Opp. Gurudwara,

Near Thaltej Chokdi,

Ahmedabad-380 054.

Date : 19th June, 2004.

By order of the Board,

**J. K. Gupta**  
Chairman

#### NOTES:

1. The relevant Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business at Items Nos. 5 to 7 set out in the Notice dated 19th June, 2004 is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself. The proxy so appointed need not be a member of the company. In order to be effective, proxy must be received by the company not less than 48 hours before the time of the meeting.
3. Any member requiring information about the accounts etc. should inform at the Registered Office of the Company at least 7 days before the date of the meeting so that the same may be complied in advance.
4. Members are requested to notify immediately the change, if any, in their registered address.
5. The Register of Members and Shares Transfer Books of the Company will remain closed from Wednesday, the 1st September, 2004 to Monday, the 20th September, 2004 (both days inclusive) for the purpose of deciding the right of entitlement of dividend on Equity Shares for the year 2003-04. The dividend, if declared by the members, will be paid on or after 23rd September, 2004.
6. The Equity Shares of the Company are available for dematerialisation, as the Company has entered into agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Those shareholders who wish to hold shares in electronic form may approach their Depository Participant. The ISIN No. of the Equity Shares is INE783C01019.

#### ANNEXURE TO THE NOTICE:

##### Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956:

In conformity with the provisions of Section 173(2) to the Companies Act, 1956, following Explanatory Statement sets out all material facts relating to the Special Business mentioned at Items Nos. 5 to 7 in the accompanying Notice dated 19th June, 2004 and should be taken as forming part of the notice.



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**In respect of Item No. 5:**

The Company has made arrangement with Indian Overseas Bank for Fund-based and Non-fund based Financial Assistance of Rs. 499 Lacs (Rupees four hundred ninety-nine lacs only). The financial assistance from Indian Overseas Bank is to be secured by way of Hypothecation of Movable assets and Mortgage by way of first Charge on fixed assets of the Company.

Section 293(1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a Public Company shall not, without the consent of such public company 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 or substantially the whole, of any such undertaking.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of Indian Overseas Bank may be regarded as, disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

Copy of the Sanction letter No. STD/197/SSI/2003-04 dated 30th September, 2003 received from Indian Overseas Bank and copies of the relevant documents/agreements/correspondence between Indian Overseas Bank and the Company are open for inspection at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the meeting.

None of the Directors is in any way concerned or interested in the aforesaid resolution.

**In respect to Item No. 6:**

At the Extraordinary General Meeting held on 12th December, 1994 the Shareholders of the Company authorised the Board of Directors under Section 293(1)(d) of the Companies Act, 1956 to borrow any sum or sums of money not exceeding Rs. 5 Crores. The proposed increase in the borrowing power of the Board is required in view of certain borrowing power of the Board is required in view of certain borrowing proposed to be made by the Company from Financial Institution/Banks. The Board of Directors feel that the present limit of Rs. 5 crores be raised to Rs. 50 crores. The Resolution at Item No. 6 is of an enabling nature and would authorised the Directors to borrow from time to time sums not exceeding Rs. 50 crores. The Resolution would be in the supersession of the earlier resolution passed at the Extraordinary General meeting held on 12th December, 1994.

None of the Directors is in any way concerned or interested in the resolution.

**In respect of Item No. 7:**

The Company may require to borrow for New Projects, Modernisation of the Plant or for Working Capital from any Bank/Financial Institution/Bodies Corporate/Overseas Bodies Corporate/Individual etc. The borrower may require the Company to create Mortgage/Charge on the immovable and movable assets of the Company.

The borrowing power of the Company under Section 293(1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a Public Company shall not, without the consent of such public Company in General Meeting sell, lease or otherwise, dispose of the whole or substantially the whole of the undertaking of the Company or where or substantially the whole of one undertaking, of the whole or substantially the whole, of any such undertaking.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of such Bank/Financial Institution/Bodies Corporate/Overseas Bodies Corporate/Individual may be regarded as, disposal of the Company's properties/ under takings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

None of the Directors is in any way concerned or interested in the aforesaid resolution.

Registered Office :  
701, Avdresh House,  
Opp. Gurudwara,  
Near Thaltej Chokdi,  
Ahmedabad-380 054.  
Date : 19th June, 2004.

By order of the Board,

**J. K. Gupta**  
Chairman



## DIRECTORS' REPORT

Dear Shareholders,

Your directors have pleasure in presenting the 16th Annual Report together with Audited Statement of Accounts for the Financial year 2003-04 ended 31st March, 2004.

### 1. FINANCIAL RESULTS :

(Rs. in Lacs)

Particulars	2003-04	2002-03
Total Turnover	2375.48	1831.79
Profit Before Interest and Depreciation	235.13	155.19
Less : Depreciation	43.23	27.53
Profit Before Depreciation	191.90	127.66
Less : Interest	57.82	48.92
Profit before Tax	134.08	78.74
Less : Provision for : Current Taxation	20.36	9.01
: Deferred Taxation	27.45	24.31
Profit after Taxation	86.27	45.42
Balance brought forward from last year	76.88	56.66
Profit available for Appropriation	163.15	102.08
<b>APPROPRIATIONS :</b>		
Dividend	33.51	22.34
Dividend Distribution Tax	4.29	2.86
Balance carried to Balance Sheet	125.35	76.88
	163.15	102.08

### 2. DIVIDEND :

Your Directors recommend a higher dividend @ Re. 0.75 on 44,68,120 Equity Shares of Rs. 10/- each fully paid-up for the year ended on 31st March, 2004. (Previous Year : Rs. 0.50 per Equity Share). The dividend is tax-free in the hands of shareholders. The outflow of dividend, if approved by Members would be Rs. 33.51 Lacs.

### 3. REVIEW OF OPERATIONS :

During the year under review, the Company produced Kraft paper of 11,152 M.T. and Newsprint paper of 6,376 M.T. aggregating to 17,528 against 6,838 M. T., 6,185 M. T. and 13,023 M. T. respectively during 2002-03. Thus, the Company has achieved 35% higher production during the year under review compared with production in the year 2002-03.

During the year under review, the Company achieved turnover of Rs. 2375.48 lacs as compared to Rs. 1831.79 lacs during 2002-03 registering an increase of 30%. The Profit before Interest and Depreciation increased from Rs. 155.19 lacs in the year 2002-03 to Rs. 235.13 lacs during 2003-04 registering an increase of 52%. The Profit before Tax of the Company has also increased to Rs. 134.08 lacs during the year under review against Rs. 78.74 lacs during 2002-03.

After providing for Taxation and Deferred Taxation, the Net Profit of the Company stood at Rs. 86.27 lacs during the year under review compared to Rs. 45.42 lacs during 2002-03. No material changes have occurred during the date of Balance Sheet and this Report which has any adverse impact on the working of the Company. Your Directors are hopeful to achieve better results during 2004-05.

### 4. FUTURE PROSPECTS / MODERNISATION :

In view of growing competition and demand for quality products, the Management has installed On Line Quality Control System on both the machines at the factory of the Company because of that the quality of paper has improved and GSM variation has also come down. The Management has installed MG Cylinders on Machine No. 2 and has installed new Dryers with higher drying capacity. The Management is confident that with the introduction of the above, the qualitative production will increase which would result in higher sales. The Management expects to achieve turnover of Rs. 40 crores in the year 2004-05.



**ANNUAL REPORT 2003 - 2004**

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The Management has planned to replace boiler with more efficient boiler and back pressure turbine which will result in power generation of approx. 1 MW which will be captively used to reduce the cost of power and in turn increase in profits.

The Paper Mill Unit of the Company is 'Zero Discharge' Paper Mill, as the Unit recycles water and use it for further process. The Unit thus uses minimum possible water. The Management has undertaken a detailed study for Pollution Control and is planning to introduce two-stage clarification system which will maintain BOD and COD.

**5. FINANCE :**

5.1 During the year under review, the Company regularly paid the principal and interest to the term lender.

5.2 The Company is at present enjoying Financial Assistance in the form of Working Capital facilities and Term Loan from Indian Overseas Bank, Stadium Road Branch, Ahmedabad.

**6. CORPORATE GOVERNANCE :**

As per Clause 49 of the Listing Agreement with the Stock Exchange/s, a Management Discussion & Analysis Statement, a Report on Corporate Governance together with Auditor's Certificate regarding compliance of conditions of Corporate Governance form part of the Annual Report.

**7. DIRECTOR'S RESPONSIBILITY STATEMENT :**

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

- i) That in the preparation of the Annual Accounts, all the applicable accounting standards have been followed :
- ii) That the accounting policies are adopted and consistently followed 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 of the Company for the Financial Year :
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing/detecting fraud and irregularities :
- iv) That the Directors have prepared the Annual Accounts on going concern basis.

**8. DIRECTORATE :**

8.1 Shri D. C. Gupta resigned as Director of the Company w.e.f. 7th April, 2004. The Board places on record its sense of appreciation for the advices that the Company received during his tenure as Director of the Company.

8.2 One of your Directors viz. Shri Paresh Pandya retires by rotation in terms of Article 146 and 147 of the Articles of Association of the Company. He, however, being eligible, offers himself for reappointment.

**9. LISTING :**

The Equity shares of the Company are listed at Ahmedabad, Delhi and Jaipur Stock Exchanges. The Company has paid Annual Listing Fees to all the Stock Exchanges for the year 2004-05.

**10. DEMATERIALISATION OF EQUITY SHARES :**

As informed to you earlier, the Company has entered into an agreement with the NSDL and CDSL to facilitate the holding and settlement of trades in the Equity Shares of the Company in electronic form. All those shareholders who have not got their share certificates demated are requested to get in touch with any of the depository participants and take the benefits of the depository system.

**11. GENERAL :****11.1) INSURANCE :**

The Company's properties including Plant, Machinery, Stock, Store etc., continue to be adequately insured against risks, such as fire, riot, strikes, earthquake etc.



**11.2) AUDITORS :**

The present Auditors of the Company M/s. V. D. Aggarwal & Co., Chartered Accountants, Delhi will retire at the ensuing Annual General Meeting of the Company. They have submitted Certificate for their eligibility for re-appointment under Section 224 (1-B) of the Companies Act, 1956.

**11.3) PARTICULARS OF EMPLOYEES :**

- There is no employee drawing remuneration for which information is required to be submitted under Section 217(2-A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

**11.4) DONATIONS :**

During the year under report, the Company has donated Rs. 1.67 lacs for religious/charitable purposes.

**11.5) DEPOSITS :**

The Company has not invited/accepted any Deposits from the Public within the meaning of Section 58A of the Companies Act, 1956 and Rules made thereunder.

**12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

In accordance with the requirement of 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, with respect the Conversation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo are given in Annexure'A' annexed hereto and forming part of this report.

**13. INDUSTRIAL RELATIONS :**

The Directors are happy to note that Industrial Relations continued to remain cordial during the year. The directors express their appreciation towards the workers, staff and executive staff for their co-operation and hope for a continued harmonious relations.

**14. ACKNOWLEDGEMENT :**

Your Directors are pleased to take opportunity to express sincere gratitude for assistance and continued co-operation extended by Promoters, Financial Institutions, Banks, Government Authorities, Shareholders, Suppliers and Customers.

For and on behalf of the Board,

Place : Mumbai  
Date : 19th June, 2004.

**J. K. Gupta**  
Chairman

**ANNEXURE - 'A'**

Information as per section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of the Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2004.

**1. Energy Conversation Measures Taken :**

The Company has installed Energy saver system to save steam and have also installed Soft Starters to lessen starting load of motors. The Company is in the process of installing 'Energy Management System' to save electrical energy.

**2. Technology Absorption, Adoption and Innovation :**

To overcome the constraints in the paper industry, the use of latest and advanced technology is must so that the operations become technically and financially viable.

The Company has installed On-line Quality Control System to achieve consistency in paper production and moisture control. Some automation instruments with latest technical know-how on boiler have also been installed to save power and fuel. The Company has installed 3 DG Sets of 960 KVA each to save cost of power.



**ANNUAL REPORT 2003 - 2004****FORM - 'A'**

(Disclosure of Particulars with respect to Conversation of Energy)

Particulars	2003-04	2002-03
<b>(A) Power and fuel consumption :</b>		
<b>1. Electricity</b>		
(a) Purchased Power (units)	4945720	5298860
Total Amount	24015345.00	26308136.45
Rate (Unit)	4.86	4.96
<b>2. Boiler Fuel</b>		
Quantity (kg)	9410915	10539156
Total Amount	15559497.42	13115097.48
Average Rate (kg)	1.65	1.24
<b>3. (a) Diesel</b>		
In liters	16830	2600
In Rs.	370659	52000
Average Rate	22.02	20.00
Total Units	56356	8613
Rate per Unit	6.58	6.04
<b>(b) L. D. O.</b>		
In liters	160870	1697675
In Rs.	2918176.00	9747694.25
Average Rate	18.13	13.97
Total Units	532892	2311094
Rate per Unit	5.48	4.22
<b>(c) Furnace Oil</b>		
In liters	1011019	32325
In Rs.	11129063.55	383876.85
Average Rate	11.01	11.88
Total Units	2840266	107079
Rate per Unit	3.92	3.59
<b>(d) Kerosene</b>		
In liters	4000	-----
In Rs.	58600.00	-----
Average Rate	14.65	-----
Total Units	11200	-----
Rate per Unit	5.23	-----
<b>(B) Consumption per unit for Production :</b>		
Electricity (unit)	0.478	0.407
Coal (kg)	0.537	0.809
<b>III. Foreign Exchange Earnings and Outgo :</b>		
(a) Foreign Exchange Earnings :	Current Year : Nil.	
	Previous : Nil.	
(b) Foreign Exchange Outgo :	Current Year : Rs. 68,33,384/-	
(For import of raw materials and travel)	Previous Year : Rs. 56,61,772/-	

For and on behalf of the Board,

Place : Mumbai  
Date : 19th June, 2004.**J. K. Gupta**  
Chairman





## REPORT ON CORPORATE GOVERNANCE

### INTRODUCTION :

Corporate Governance is very important to built confidence and trust which leads to strong, stable and long term partnership with the Investors and all other Stakeholders. The detailed Report on Implementation of Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with the Stock Exchange/s is set out below :

#### 1. Company's Philosophy on code of Governance :

The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and ability. The Company has implemented the mandatory requirements of the 'Code of Governance' as mentioned in Clause 49 of the Listing Agreement. The Compliance Report of the Company vis-a-vis the Stock Exchange Listing Agreement is presented below.

#### 2. Board of Directors :

##### a) Composition and Category of Directors :

Name of Directors	Category of Directorship	No. of Other Director Ships*	Committee (1) Membership / (2) Chairmanship in other Companies	No. of Board Meetings attended	Attendance at the AGM held on 15 Sept. 2003 Yes (Y) / No (N)
J. K. Gupta, Chairman	Non Executive	2	—	7	Y
Naveen Gupta, MD	Executive	1	—	7	Y
Usha Gupta	Non Executive	1	—	7	Y
D. C. Gupta @	Non Executive	—	—	4	N
Paresh Pandya	Independent Non Executive	—	—	4	Y
Mitesh S. Shah	Independent Non Executive	1	—	5	N

\* Private Companies excluded.

@ Ceased to be Director in resignation w.e.f. 7th April, 2004.

# Seven Board Meeting were held on 16-06-2003, 21-07-2003, 23-08-2003, 3-10-2003, 18-10-2003, 13-12-2003 and 19-01-2004.

##### b) Details of the Directors seeking Appointment / Reappointment in fourthcoming Annual General Meeting :

Name of Directors	Paresh Pandya
Date of Birth	11-10-1950
Date of Appointment	21-03-2000
Expertise in specific functional areas	Management Consultant
List of Public Limited Companies in which Directorships held	Nil
Chairman / Member of the Committees of the Board of Directors of the Company	Audit Committee, Remuneration Committee
Chairman / Member of the Committees of Directors of other Companies.	Nil