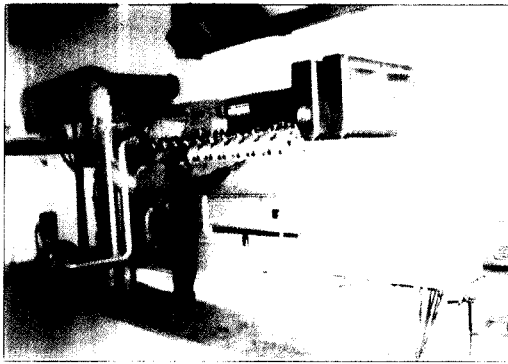


17th Annual Report 2004-2005



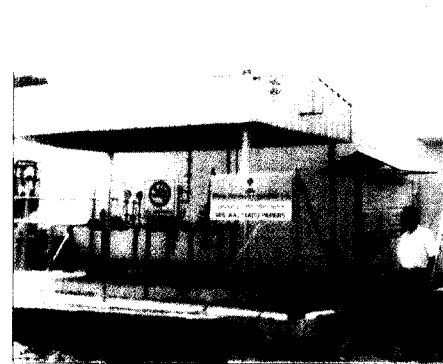
INDEPENDENCE DAY CELEBRATION



NEW GAS ENGINE FROM AUSTRIA



WASTE HEAT RECOVERY BOILER



GAS METERING STATION

PROTECTING ENVIRONMENT



S. K. MAHESHWARI



ARPIT GUPTA



J. K. GUPTA



GIRISH VERMA



REWARDING THE SKILL



Seventeenth Annual Report

2004 - 2005

BOARD OF DIRECTORS

Shri J. K. Gupta *Chairman*
 Shri Naveen Gupta *Managing Director*
 Smt. Usha Gupta *Director*
 Shri Paresh Pandya *Director*
 Shri Mitesh S. Shah *Director*

AUDITORS

V. D. Aggarwal & Co.
 Chartered Accountants
 New Delhi.

INTERNAL AUDITORS

Shah Kantilal & Co.
 Chartered Accountants
 Ahmedabad.

COMPANY LAW CONSULTANTS

Mehta Hurkat & Associates.
 Company Secretaries
 Ahmedabad.

BANKERS

Indian Overseas Bank
 Ahmedabad.

REGISTERED & ADMINISTRATIVE OFFICE

701, Avdhesh House,
 Opp. Gurudwara,
 Near Thaltej Cross Roads,
 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 17th Annual General Meeting of the Company will be held as under :

Day : Wednesday
 Date : 14th September, 2005
 Time : 10.30 a.m.
 Place : At the Registered Office of the Company at :
 701, Avdhesh House, Opp. Gurudwara,
 Near Thaltej Cross Roads,
 Ahmedabad - 380 054.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 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 Smt. Usha Gupta, who retires by rotation and being eligible offers herself for reappointment.
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. 1850 Lacs (Rupees one thousand eight hundred fifty 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(s), the following Resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions of the Companies Act, 1956 and Clause 6.1 and other applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as 'Delisting Guidelines') and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company ('the Board' which term shall be deemed to include any Committee thereof), consent of the Company be and is hereby accorded to the Board to delist the Equity Shares of the Company from the Stock Exchanges at Ahmedabad, Delhi and Jaipur."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the aforesaid voluntary delisting of Shares as it may in absolute discretion deem fit without being required to seek any further approvals of the Members or otherwise to the end and intend that the Members shall be deemed to have given their approvals expressly by the authority of this resolution."



"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all necessary steps in this regard in order to comply with all the legal and procedural formalities and further to authorise any of its committees or any of its directors or any of the officers of the Company to do all such acts, deeds or things to give effect to the aforesaid resolution."

Registered Office :
701, Avdhesh House,
Opp. Gurudwara,
Near Thaltej Cross Roads,
Ahmedabad-380 054.
Date : 15th June, 2005.

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 Item Nos. 5 and 6 set out in the Notice dated 15th June, 2005 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 Thursday, the 1st September, 2005 to Wednesday, the 14th September, 2005 (both days inclusive) for the purpose of deciding the right of entitlement of dividend on Equity Shares for the year 2004-05. The dividend, if declared by the members, will be paid on or after 16th September, 2005.
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.

- ANNUAL REPORT 2004 - 2005**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) of the Companies Act, 1956, following Explanatory Statement sets out all material facts relating to the Sepcial Business mentioned at Item Nos. 5 and 6 in the accompanying Notice dated 15th June, 2005 and should be taken as forming part of the notice.

In respect of Item No. 5 :

The Company has made arrangements with Indian Overseas Bank for Fund-based and Non-fund based Financial Assistance of Rs. 1850 lacs (Rupees one thousand eight hundred fifty 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 dated 25th August, 2004 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 of Item No. 6 :

In order to provide liquidity to the Shareholders and Investors, the Company's Equity Shares are listed on the Stock Exchanges at Mumbai (BSE), Ahmedabd (ASE), Delhi and Jaipur. The most of the trading in the Company's Equity Shares takes place on BSE only.

It has been observed that trading in Equity Shares of the Company on Ahmedabd, Delhi and Jaipur is rare and negligible and is disporoportionate to the listing fees payable by the Company to the said Stock Exchanges owing to expansion of BSE, Further, the Company has been spending money on listing fees, advertisement in newspapers etc. and no particular benefit is available to the Shareholders of the Company by continuing the listing of the Equity Shares on the said Stock Exchanges.

In view of the aforesaid, it is considered desirable to delist the Equity Shares of the Company from Ahmedabad, Delhi and Jaipur Stock Exchange, Subject to the Company complying the various provisions of SEBI (Delisting of Securities) Guidelines, 2003 and obtaining requisite approvals, permissions and sanctions in this regard. The Company's Equity Shares, however, will continue to be listed on The Stock Exchange - Mumbai.

In terms of the delisting guidelines, a public announcement regarding proposed delisting will be published. The delisting will take effect only after all approvals, permissions and sanctions have been received. The exact date on which delisting will take place will be notified.

No Director is concerned or interested in the said resolution.

Registered Office :
701, Avdhesh House,
Opp. Gurudwara,
Near Thaltej Cross Roads,
Ahmedabd-380 054.
Date : 15th June, 2005.

By Order of the Board

J. K. Gupta
Chairman

DIRECTORS' REPORT

Dear Shareholders,

Your directors have pleasure in presenting the 17th Annual Report together with Audited Statement of Accounts for the financial year 2004-05 ended 31st March, 2005.

1. FINANCIAL RESULTS :

(Rs. in lacs)

Particulars	2004-05	2003-04
Total Turnover	3479.25	2375.48
Profit before Interest and Depreciation	339.14	235.13
Less : Interest	62.22	43.23
Profit before Depreciation	276.92	191.90
Less : Depreciation	73.96	57.82
Less : Prior period adjustments	0.27	1.16
Profit before Tax	202.69	132.92
Less : Provision for : Current Taxation	22.25	19.20
: Deferred Taxation	57.30	27.45
Profit after Taxation	123.14	86.27
Balance brought forward from last year	125.35	76.88
Profit Available for Appropriation	248.49	163.15

APPROPRIATION :

Dividend	33.51	33.51
Dividend Distribution Tax	4.38	4.29
Balance Carried to Balance Sheet	210.60	125.35
	248.49	163.15

2. DIVIDEND :

Your Directors recommend dividend @ Re. 0.75 on 44,68,120 Equity Shares of Rs. 10/- each fully paid-up for the year ended on 31st March, 2005. (Previous Year : Re. 0.75 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 20,291 M.T. and Newsprint paper of 3,685 M.T. aggregating to 23,976 M.T. against 11,152 M.T., 6,376 M.T. and 17,528 M.T. respectively during 2003-04. Thus, the Company has achieved 37% higher production during the year under review compared with production in the year 2003-04.

During the year under review, the Company achieved turnover of Rs. 3479.25 lacs as compared to Rs. 2375.48 lacs during 2003-04 registering an increase of 46%. The Profit before Interest and Depreciation increased from Rs. 235.13 lacs in the year 2003-04 to Rs. 339.14 lacs during 2004-05 showing an increase of 44%. The Profit before Tax of the Company has also increased to Rs. 202.69 lacs during the year under review against Rs. 132.92 lacs during 2003-04 registering an increase of 53%.

After providing for Taxation of Rs. 22.25 lacs and Deferred Taxation of Rs. 57.30 lacs, the Net Profit of the Company stood at Rs. 123.14 lacs during the year under review which is higher by 43% when compared to Rs. 86.27 lacs during 2003-04. 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 2005-06.

4. KEEPING UP WITH THE TIMES :

With opening up of Country's economy, demand for quality products with most competitive rates have increased. To meet the requirements, one has to ponder over bringing down the cost on all possible fronts.

Power is the main component of cost for manufacturing paper. With a view to bring down power cost, the Management installed Gas Engine with a capacity of 1.4 MW which was imported from Austria. It is of world's most renowned company viz. GE Jenbacher. It will be a source of cheaper power with consistent quality.

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Your company has also installed modern pulping equipment like High Consistency Pulper and Screens with latest features for improving the quality.

Management has decided to install complete Effluent Treatment Plant (ETP) having primary and secondary clarifiers. The manufacturing unit of your Company was already a Zero Discharge unit and there will not be discharge of water even after installation of ETP. ETP will help to improve the quality of the products because treated water is being used in the process.

The above measures will lead to better quality and improved production which will generate more profits. As higher and improved production require more steam, the management has decided to install a 12 ton boiler with latest control system. The Management is confident that with all these improvement, your Company will be able to keep pace with the coming times.

5. FINANCE :

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

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. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirements 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 judgments 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 ongoing concern basis.

8. DIRECTORATE :

One of your Directors viz. Smt. Usha Gupta retires by rotation in terms of Articles 146 and 147 of the Articles of Association of the Company. She, however, being eligible, offers herself for reappointment.

9. LISTING OF EQUITY SHARES AT BSE (INDONEXT) :

The Equity Shares of the Company were listed on Mumbai Stock Exchange (Indonext) w.e.f. 7th January, 2005. The Equity Shares of the Company can now be dealt on Mumbai Stock Exchange's on line trading system i.e. BOLT. The Equity Shares of the Company, therefore, have become more liquid and can be easily dealt at Mumbai Stock Exchange.

10. LISTING :

10.1 The Equity Shares of the Company are listed at Ahmedabad, Delhi, Jaipur and Mumbai Stock Exchanges. The Company has paid Annual Listing Fees to all the Stock Exchanges for the year 2005-06.

10.2 The trading of the Equity Shares of the Company at the Stock Exchanges at Ahmedabad, Delhi and Jaipur is rare and negligible. The Company has to spend for listing fees and other compliances without any benefit to Company or Investors. In view of that the Board of Directors have decided to voluntarily delist the Equity Shares from the Stock Exchanges at Ahmedabad, Delhi and Jaipur. The Equity Shares can be easily dealt at the Stock Exchange Mumbai.

11. 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.

**12. GENERAL :****12.1 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.

12.2 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.

The notes of the Auditors to the accounts are self-explanatory.

12.3 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.

12.4 DONATIONS

During the year under report, the Company has donated Rs. 5.74 lacs for religious/charitable purposes.

12.5 DEPOSITS

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

13. 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 to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo are given in Annexure 'A' annexed hereto and forming part of this report.

14. 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.

15. 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

J. K. Gupta

Date : 15th June, 2005.

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 Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2005.

I. Energy Conservation Measures :

Energy conservation is the most essential part in today's working. It is the duty of every individual at all levels to save energy as far as possible. Saving energy is not one time job but constant efforts are required for the same. The Management has formed Committee to look into the matter and suggest latest measures to save steam and power.

AC Variable Drive is being introduced to save energy. Modification in some Pumps and Drives is going on to achieve energy savings.

II. Technology Absorption, Adoption and Innovation :

Use of the latest technology is the dire need of the industry if it has to survive and keep pace with others in the changed environment.

Keeping in view the above, a Gas Engine with the latest technology to produce power was imported from Austria. Engine is manufactured by GE Jenbacher, world leaders in Gas Engine manufacturing.

A new boiler is being installed with latest automation instruments to save power and fuel.