

ANNUAL REPORT

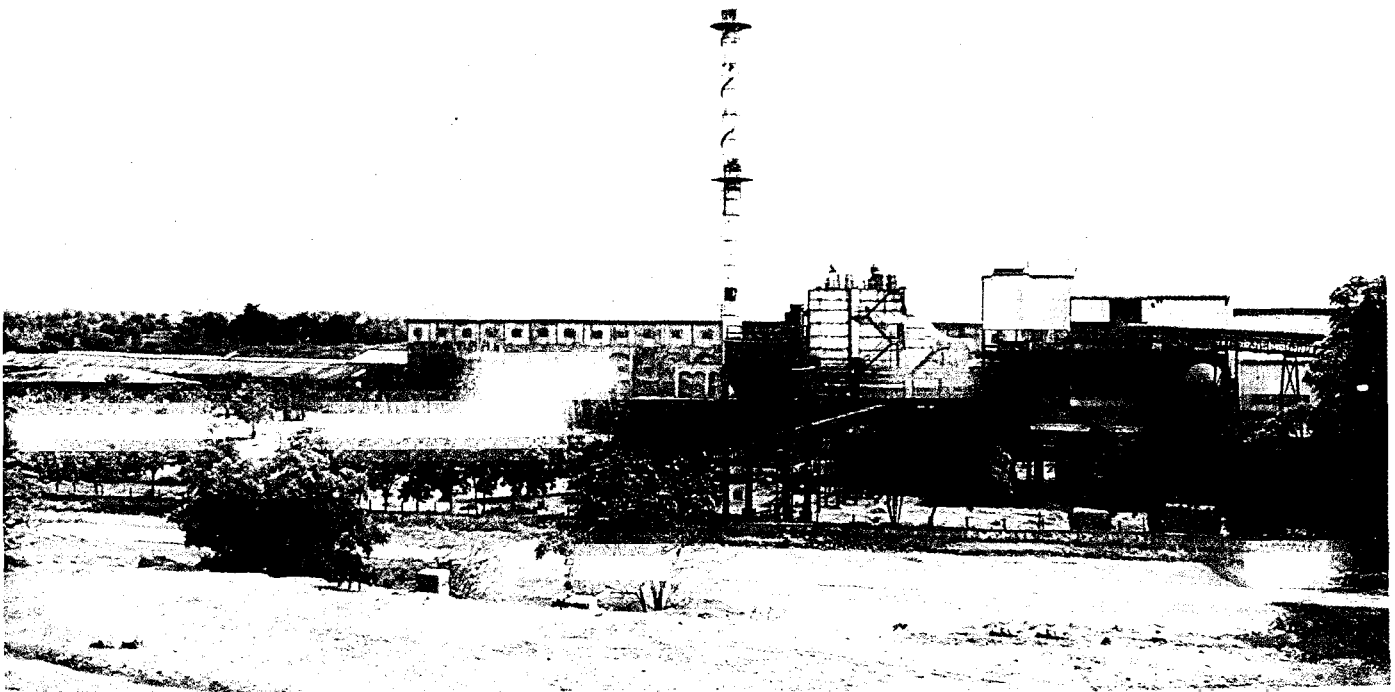


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PAPERS LIMITED

creating wealth from waste

all - the u



Chairman's Desk



Success is not derived
from machines or
material, but from the
mindset

Shri J. K. Gupta
Chairman

Dear Shareholders,

It is a matter of great pleasure & pride to address all of you on the occasion of 20th annual general meeting of your company & present annual accounts of KALPTARU PAPERS LTD for the year ended 31st march 2008

India is one of the lowest per capita consumption countries of paper in the world with the figure hovering at around 6 to 6.50kg as against more than 300kg of developed countries like U.S.A, Germany etc. Indian economy is taking rapid strides at the rate of 8% which makes it one of the fastest growing economy in the world. More over the process of reforms coupled with gradual opening of economy is attracting huge foreign direct investments. As a matter of little elaboration as regard the paper industry, sectors like food processing, packaging, computer aided design and manufacturing, increasing rate of literacy and last but not the least, the need to replace non-degradable material with most eco-friendly product like paper together is expected to place considerable demand on the paper industry.

It is estimated that per capita consumption of paper by the end of this decade is likely to reach 8.50 or 9kg. An increase of 1kg consumption would lead to increase of 10 lacks ton per annum. It is expected that demand for paper will grow at 7% CAGR to aprx. 9 million tons by the end of this decade and the country may witness a shortage of 0.70 to 1.00 million tons.

The growth prospects of the Indian paper industry are quite promising. Demand and supply position has almost reached equilibrium. Govt. has increased its emphasis over literacy and education and the budget outlay for education sector has gone up considerably over the last few years. Provision of education cess in the Union budget can be perceived as a decisive step in the direction. In the Union budget 2006-07 allocation for education was enhanced by 31.5% or to Rs. 24115 Crore. Similarly outlay for SARV SHIKSHA ABHIYAN and PRARAMBHIK SHIKSHA KOSH had been raised to Rs.10041 crores and Rs. 8746 crores respectively. Even private sector expenditure in education has increased 11 times in the last decade. As a result India's literacy rate has improved from

52.21% in 1991 to 63.31% in 2001, strengthening the prospect of sustained growth and also to accelerate the growth of paper consumption.

Coming to KALPTARU PAPERS LTD and its performance during the year under review, after completing the renovation of Machine No. 1, we have completed the renovation of Machine No. 2 also. The production has commenced and the results are highly encouraging. We have already purchased light GSM Machine from CANADA and production is expected to commence from the month of October 2008. This Machine will produce value added items like TISSUE PAPER, OTC PAPER and POSTER GRADE PAPER. Demand for this in the domestic market is increasing four fold. There is a huge potential for export also.

I am extremely pleased to inform you that your company has taken over SAIPUDA PAPERS in MAHARASTRA the details of which are given in the director's report. It may be very much in place to mention here that this Mill was Inaugurated by the then Prime Minister of India SHREE CHANDRASHEKHAR in the year 1994 and the event was attended by the then Chief Minister (Mah.) SHREE SHARAD PAWAR and other political and social dignitaries. This Mill will be serving the industry by producing writing and printing paper and other value added products. The stature and significance of this Mill can not be over emphasized in terms of its contribution and providing major impetus to the growth of your company.

Your company remains growth oriented as always and will constantly strive to add value to its shareholders' investments.

I look forward for your Continued support.

Thanking you and with Regards,

Sincerely Yours,

J. K. Gupta
Chairman

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Corporate Information

BOARD OF DIRECTORS

Shri. Jaikishan Gupta	Chairman
Shri. Naveen Gupta	Managing Director
Smt. Usha Gupta	Director
Shri. Pareshbabu Pandya	Director
Shri. Mitesh Shah	Director

AUDIT COMMITTEE

Shri. Pareshbabu Pandya
Shri. Mitesh Shah
Shri. Jaikishan Gupta

AUDITORS

V D Aggarwal & Co.
Chartered Accountants
B. M-1 Abhipra Complex,
Dilkhush Industrial Area, G T Karnal Road,
Azadpur, Delhi-110033.

BANKER

INDIAN OVERSEAS BANK,
Stadium Road Branch, Ahmedabad-380009.

COMPANY LAW CONSULTANTS

Ashoka P. Pathak & Co.
Company Secretaries
U/4, Trupti Complex, Opp: Shreeji Petrol Pump,
Nr. Jivrajpark Bus Stand, Jivraj Park,
Ahmedabad-380051. Tel / Fax No.: 079-26631534
e-mail: ashokppathak@yahoo.com

REGISTRARS AND SHARES TRANSFER AGENTS

Pinnacle Share Registry Pvt. Ltd
Nr. Ashok Mills, Naroda Road, Ahmedabad-380025.
Phone: 079-22204026, 22200591
Fax: 079-22202963.
e-mail: investor.service@psrpl.com

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REGISTERED & ADMINISTRATIVE OFFICE:

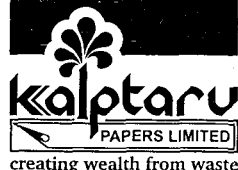
701, Avdhesh House,
Opp: Gurudwara, Nr. Thaltej Cross Road,
Ahmedabad-380054.
Phone: 079-26858510/511, 30171200/201
Fax: 079-26857590, 30171202
e-mail: contact@kalptaru.co.in

HEAD OFFICE:

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

WORKS:

Khatraj Chokdi,
Village Karoli, Kalol.
Dist. Gandhinagar,
Gujarat.



NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the Members of M/s. Kalptaru Papers Limited will be held on Monday, 29th day of September, 2008 at 10:00 a.m. at the Registered Office of the Company 701, Avdesh House, Opp : Gurudwara, Nr. Thaltej Cross Road, Ahmedabad - 380054 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Accounts for the Financial Year ended on 31st March 2008, and the reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on equity shares
3. To appoint a director in Place of Shri. Pareshbabu Pandya, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a director in Place of Smt. Usha Gupta, who retires by rotation and eligible, offers herself for appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting of the Company until the conclusion of next Annual General Meeting and fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT M/s. V D Aggarwal & Co., Chartered Accountants be and are hereby appointed Auditors of the Company from the conclusion of this Annual General Meeting of the Company until the conclusion the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors, exclusive of traveling and other out of pocket expenses."

SPECIAL BUSINESS :

6. TO CONSIDER AND IF THOUGHT FIT TO PASS, WITH OR WITHOUT MODIFICATION THE FOLLOWING AS A SPECIAL RESOLUTION

"RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval be and is hereby accorded to the re-appointment of Shri. Naveen Gupta, as Managing Director of the Company, for a further period of 5 (five) years with effect from 1st March, 2008 on the terms and conditions including remuneration as are set out hereunder."

FUNCTIONS: Shri. Naveen Gupta shall have substantial power of management subject to direction, control and supervision of the Board of Directors of the Company.

REMUNERATION: The Company shall, in consideration of the performance of his duties, pay to Shri. Naveen Gupta the following remuneration :

- | | |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Salary | Rs. 75,000 per month |
| 2. Conveyance | Free use of Company's car with driver for official purpose |
| 3. Traveling/Lodging | Actual expenditure to be reimbursed by the Company for outstation journey for official work, in India or abroad. |
| 4. Leave Travel | Entitled to travel with family by any Concession mode, i.e. air / train / road once in two years for visiting any place in India. |
| 5. Medical Benefit | Actual Expenses incurred for Managing Director and his family. |
| 6. Other Prequisites | As may be determined by the Board of Directors from time to time and may be payable monthly or otherwise provided that the perquisites shall be evaluated as per Income Tax Act and Rules wherever applicable. The remuneration for a part of the year shall be computed on pro rata basis. |

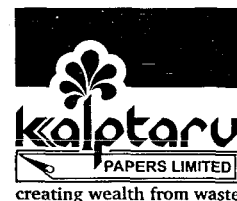
SITTING FEES: As long as Shri. Naveen Gupta functions as the Managing Director, he shall not be paid any sitting fees for attending the meetings of the Board of Directors / Committee thereof.

"RESOLVED FURTHER THAT where in a financial year during the currency of his tenure, the Company has no profits or its profits are inadequate the remuneration payable to him shall not exceed the ceiling prescribed in Section II of part II of Schedule XIII of the Companies Act for the year, which will be payable to him as minimum remuneration for that year."

7. TO CONSIDER AND IF THOUGHT FIT TO PASS, WITH OR WITHOUT MODIFICATION THE FOLLOWING AS A SPECIAL RESOLUTION MODIFICATION THE FOLLOWING AS A SPECIAL RESOLUTION

"RESOLVED THAT subject to such consents, permissions or sanctions as may be required from any authority, statutory or otherwise, particularly from the Securities and Exchange Board of India (SEBI) and pursuant to Section 61 and all other applicable provisions of the Companies Act, 1956 and Guidelines, Rules framed by SEBI in this regard, the Board of Directors of the Company be and is hereby authorized to seek Voluntary

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Delisting of its Equity Shares listed at the Stock Exchange, Ahmedabad at Ahmedabad and for that matter to apply to Stock Exchange Ahmedabad and / or any other concerned authority(ies) for Voluntary Delisting of the Equity Shares from the said Stock Exchange."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to settle all questions, difficulties or doubts as may arise, with regard to the Voluntary Delisting of Shares, as it may in its absolute discretion deem fit."

Regd. Office :

701, Avdhesh House,
Opp : Gurudwara,
Nr. Thaltej Cross Road,
Ahmedabad-380054,
Gujarat.

By Order of the Board
For, Kalptaru Papers Limited

Jaikishan B. Gupta
Chairman

Date: 30th day of June, 2008

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, VOTE INSTEAD OF HIMSELF, SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.

2. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956, in respect of special business in the Notice is annexed hereto. The relevant details has stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges(s), in respect of Directors seeking re-appointment as directors under Item Nos. 3, 4 and 6 above, are also annexed hereto.
3. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the company on all working days, except Sundays, between 11:00 a.m. and 1:00 p.m. up to the date of the meeting..
4. a) The register of Members and the Share Transfer Books of the Company will remain closed From Tuesday, 23rd day of September, 2008 To Monday, 29th day of September, 2008 (both days inclusive), for determining the names of Members eligible for dividend on equity shares, if declared in the meeting.

b) The dividend on equity shares, if declared at the meeting, will be paid on or after 05/10/2008 to those members whose Names shall appear on the Company's Register of Members on 23/09/2008.

5. In order to provide protection against fraudulent encashment of dividend warrants, Members who hold shares in physical form are requested to intimate the Company's Registrars and Transfer Agents, M/s. Pinnacle Shares Registry Private Limited, under the signature of the Sole / First joint holder, the following information to be incorporated on dividend warrants :

- i) Name of the Sole / First joint holder and the Folio Number.
- ii) Particulars of Bank Account, viz :
 - Name of the Bank
 - Name of the Branch
 - Complete address of the Bank with Pin Code Number
 - Account type, whether Savings Account (SA) or Current Account (CA)
 - Bank Account Number

6. The Equity Shares of the Company are available for Dematerialization, as the Company has entered into an agreement with National Securities Depository Limited (NSDL) and The Central Depository Services Limited (CDSL). Those Shareholders who wish to hold the Company's Share in electronic form may approach their Depository participants.
7. Members are requested to contact M/s. Pinnacle Shares Registry Pvt. Ltd., Near Ashoka Mills, Naroda Road, Ahmedabad-380 025 for recording any change of address, bank mandate, ECS or nominations, and for redressal of complaints contact the Compliance Officer at the Registered Office of the Company.
8. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
9. Members are requested to bring their copies of Annual Report at the meeting. Shareholders seeking any information with regard to account are requested to write to the Company early so as to enable the Management to keep the information ready.
10. Members / Proxies are requested to bring with them the attendance slip duly filled in and hand it over at the entrance.

Regd. Office :

701, Avdhesh House,
Opp : Gurudwara,
Nr. Thaltej Cross Road,
Ahmedabad-380054,
Gujarat.

By Order of the Board
For, Kalptaru Papers Limited

Jaikishan B. Gupta
Chairman

Date: 30th day of June, 2008



ANNEXURE TO THE NOTICE

Notes on Directors seeking appointment / re-appointment at the annual general meeting as required under the revised Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

Profile of Directors being Appointed / Re-appointed :

Item No. 3

Name	Shri. Pareshbabu L. Pandya
Qualification	Post Graduate in Philosophy, LLB
Experience	Over 25 years as Management Consultant
Other directorship	None
Chairman / Member of the Committees of the Board of the other companies on which he is a director	None
No. of shares held in the company	1000 Equity Shares of Rs. 10/- each
Disclosure of the relationships	Shri. Pareshbabu L. Pandya is not, in any way, concerned / interested / related with any of the other directors of the company.

Item No. 4

Name	Smt. Usha J. Gupta
Qualification	Metric (Old)
Experience	Over 30 years in the business in which company operates
Other directorship	Kalptaru Insurance Brokers Limited
Chairman / Member of the Committees of the Board of the other companies on which he is a director	None
No. of shares held in the company	209920 Equity Shares of Rs. 10/- each
Disclosure of the relationships	Smt. Usha J. Gupta is wife of Shri. Jaikishan Gupta, Chairman of the Company and She is mother of Shri. Naveen Gupta, Managing Director of the Company.

Item No. 5

Name	Shri. Naveen J. Gupta
Qualification	Graduate in Commerce
Experience	Over 15 years in Paper Industry
Other directorship	Kalptaru Softech Pvt. Ltd. 2. Kalptaru Alloys Pvt. Ltd. 3. Kalptaru Fincap Limited 4. Kalptaru Infosoft Pvt. Ltd.
Chairman / Member of the Committees of the Board of the other companies on which he is a director	None
No. of shares held in the company	311820 Equity Shares of Rs. 10/- each
Disclosure of the relationships	Shri. Naveen Gupta is son of Shri. Jaikishan Gupta, Chairman of the Company and Smt. Usha Gupta, Director of the Company.

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

The Explanatory statement pursuant to section 173 of the Companies Act, 1956 set out all material facts relating to the Special Business mentioned in the accompanying Notice are as follows :

Item No. 6

RE-APPOINTMENT OF SHRI. NAVEEN GUPTA AS MANAGING DIRECTOR :

Whereas the terms of appointment of Shri. Naveen Gupta as Managing Director was expired on 29th February, 2008.

Whereas subject to the approval of the members in their General Meeting, the Board of Directors vide resolution passed at its meeting held on 28/02/2008 has appointed Shri. Naveen Gupta as Managing Director for a further period of five years commencing from 01/03/2008 on terms and conditions mentioned in the resolution.

The resolution at Item No. 6 of the Notice seeks the approval of the members to the said appointment. Your directors recommend the resolution to the shareholders for adoption.

This shall be treated as circulation of abstracts to the members as required under section 302 of the Companies Act, 1956

None of the Directors except Shri. Naveen Gupta is in any way concerned or interested in the resolution.

Item No. 7

Members are aware that equity shares of the company are listed at the Stock Exchange, Mumbai and the Stock Exchange, Ahmedabad. The Board of Directors of the Company have recommended for delisting of its shares from the Stock Exchange, Ahmedabad in terms of the guidelines laid down by the Securities Exchange Board of India viz. SEBI (Delisting of Securities) Guidelines 2003.

The trading volume in the company's shares on the Stock Exchange, Ahmedabad are Nil which does not justify the payment of considerable amounts of listing fees and other expenses which the company is presently incurring. The Board of Directors vide its meeting held on 30th June, 2008 propose to voluntarily delist Company's equity shares from the Stock Exchange, Ahmedabad to save the recurring costs without affecting the interest of the investors of the Company and without affecting the liquidity of equity shares of the Company.

The Equity Shares of the Company will continue to be listed in the Stock Exchange, Mumbai (BSE) which has the connectivity in most of the cities across the country and hence the proposed delisting from the Stock Exchange, Ahmedabad will not be prejudicial to the interest of the Shareholders / Investors.

Accordingly Board have recommended the Special Resolution for approval of members for delisting of Company's equity shares from the Stock Exchange, Ahmedabad in terms of the SEBI (Delisting of Securities) Guidelines 2003.

All material documents, copies of the listing agreements are open for inspection to the members till the conclusion of the meeting at the registered office of the Company.

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

Regd. Office :

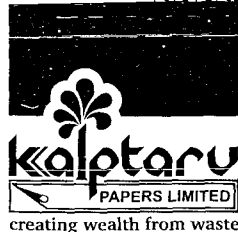
701, Avdhesh House,
Opp: Gurudwara,
Nr. Thaltej Cross Road,
Ahmedabad-380054,
Gujarat.

Date: 30th day of June, 2008

By Order of the Board
For, Kalptaru Papers Limited

Jaikishan B. Gupta
Chairman

“There are only
two lasting bequests
we can hope to
give our children.
One of these
is roots and the
other is wings.”



DIRECTORS' REPORT

To,
The Members,
Kalptaru Papers Limited,
Ahmedabad.

Your directors have pleasure in presenting herewith 20th Annual Report together with the Audited Statements of Accounts for the period ended on 31st March, 2008.

Particulars	(Rs. in Lacs)	
	Current year Ended on 31/03/2008	Previous year Ended on 31/03/2007
Turnover	3757.54	3553.84
Other Income	40.39	35.58
Profit / Loss before Taxation	308.43	356.22
Deferred Tax Credit	(98.84)	(55.28)
Adjustments relating to previous year	0.55	(0.33)
Less : Provision for	34.95	41.00
Taxation Fringe Benefit Tax	2.32	2.25
Net Profit	172.87	257.36
Balance Brought Forward	581.69	363.47
Amount available for appropriation	754.56	620.83
Appropriations :		
Proposed dividend Balance	39.21	39.15
carried to Balance Sheet	715.35	581.68

DIVIDEND :

For the Financial Year 2007-2008, your Directors are pleased to recommend a final dividend of 7.50 % on the paid up equity share capital of Rs. 4,46,81,200/- (Rs. 0.75 per equity share of Rs. 10/- each), which if approved at the forthcoming Annual General Meeting will be paid out of the profits of the Company to all those equity shareholders whose names appear in the Register of Members as on 23rd day of September, 2008. In respect of shares held electronically, dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories.

REVIEW OF OPERATIONS AND FUTURE PROSPECTS:

Financial Performance :

The directors are pleased to report that your company has been continuously following the strategy of upgrading its products and as a result thereof, for the year under review, in spite of competitive market conditions, your company

through strategic planning, sustained efforts coupled with continued focus on increase in productivity and minimizing the cost has been able to achieve better results. During the year under report, the company has achieved a gross turnover of Rs. 3757.54 Lac as compared to Rs. 3553.84 Lac during the previous year and the operations for the year under review has resulted in net profit of Rs. 172.87 Lac.

A detailed analysis of the financial results is given in the Management Discussion and Analysis Report, which forms part of this Report.

Satpuda Paper Mill Unit :

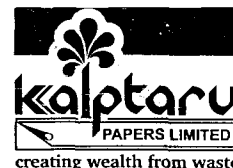
The company has signed and executed the Memorandum of Understanding on 29th August, 2007 with Shree Satpuda Tapi Parisar Sahakari Sakhar Karkhana Limited situated at Purushottamnagar, Tal : Shahada, Dist : Nandubar, Maharashtra to run the paper plant on lease basis. Satpuda Paper Mill, as taken over by the company on lease, is a division of Satpuda Industries Complex located in huge complex of 600 acres of land housing a sugar mill, a distillery, a particle board unit and paper mill. The paper mills is established on covering land of 220 acres. The Satpuda Industries Complex situated at Shahada, 35 kms from Nandubar Railway Station on Surat Bhusawal main line and it is on the border of the state of Gujarat and Madhyapradesh.

The installed annual capacity of paper mill is 30000 tons paper and is based on baggasse, capable of manufacturing 'A' grade writing printing paper and other online coated good quality papers like maplitho and copier paper etc.

The paper Mill is having world best machinery supplied by one of the most reputed supplier Macno. It is equipped with Pressurized Head Box, Suction Cutch Roll, Bynip Press, Online Coating System, and Double Custer Calendar. All These Equipment are imported and supplied by world best manufactures of paper machines. Paper produced on this machine, in the past, is of extremely good quality and the consumers and dealers / distributors who have been dealing with Satpuda Paper Mill are having very high opinion about the quality of product of this unit.

Basic raw material for the paper mill is baggasse which is available in plenty in this area. This area is called as Sugar Belt having six big sugar mills in the radius of 50km. producing about 2,00,000 tones of baggasse where as our requirement will be only about 1.2 lacs tons and there are

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many more mills in the nearby areas producing many lacs of tons of bagasse. So there will be no problem for raw material. Other inputs like Coal & Castic Lie which are the other main items required for paper making are available from short distance of 200km only i.e. Surat, Bh aruch and Baroda. The mill is ideally placed as far as raw material, fuel and chemicals are concerned. Many big cities like Bombay, Ahmedabad, indore, Surat, Pune, Aurangabad, Nagpur etc. are within the radius of 400km. Satpuda Paper Mill Unit have locaton advantage in respect of both sales as well as raw material.

Future projections (Current year) of Satpuda Paper Unit & Tissue Paper Unit :

Your company is going to commence its commercial production during the month of August, 2008 in its new unit situated at Satpuda Industries Complex and Tissue Paper Unit of the Company will commence its production during the month of October, 2008. The future projections of both the unit for the current year is as follows :

Particulars	Satpuda Paper Unit	Tissue Paper Unit
Commencement of Commercial Production	August, 08	October, 08
Production (Per Month)	1800 Tons	700 Tons
Rate per ton	Rs.36,000/-	Rs.32,000/-
Sale (Per Month)	Rs.6,48,00,000/-	Rs.2,24,00,000/-
Total	Rs.51,84,00,000/-	Rs.13,44,00,000/-

On account of renovation of two existing machines, production is increased and sales for the current year will be estimated to Rs. 55.00 crore from those machines and the consolidated sales / turnover for the current year will be estimated to Rs. 120.28 crore.

Your company could achieve sustained growth in business due to continued pursuit of our strategy to work with innovative ideas, developing new areas of its activities and reducing cost of products through process innovation.

FINANCE :

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

PUBLIC DEPOSITS :

The Company has not accepted any deposits as defined under section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975, as amended during the year under review.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS / OUTGO :

The information relating to conservation of Energy, Technology, Absorption and Foreign Exchange Earning / Outgo as required under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given by way of annexure attached hereto which forms part of this report.

PARTICULARS OF EMPLOYEES :

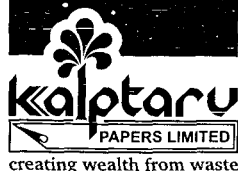
Provision of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company, since none of the employees of the Company was in receipt of total remuneration exceeding of Rs. 24,00,000/- p.a. or Rs. 2,00,000/- p.m. for part of the year during the financial year under review.

BOARD OF DIRECTORS :

In accordance with provisions of Section 256 of the Companies Act, 1956, Shri. Paresh Pandya, and Smt. Usha Gupta retires by rotation and being eligible offers themselves for re-appointment. The term of appointment of Shri. Naveen Gupta as Managing Director was expired on 29/02/2008 and the Board of directors at their meeting held on 28/02/2008 have re-appointed him for a further period of five years subject to your approval in the ensuing Annual General Meeting.

COMPOSITION OF AUDIT COMMITTEE :

The Board of directors of the company has constituted an Audit Committee comprising two independent Non-Executive Directors viz. Shri. Paresh Pandya, Chairman (having financial and accounting knowledge), Shri. Mitesh Shah and one Non-Executive Director Shri Jaikishan Gupta. The constitution of Audit Committee meets with the requirements under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing agreement of the Stock Exchanges as well.



ACCOUNTING STANDARDS AND FINANCIAL REPORTING :

The Company incorporates the accounting standards as and when issued by the institute of Chartered Accountants of India. The Company complied with the Stock Exchange and legal requirement concerning the Financial Statements at the time of preparing them for the Annual Report.

CORPORATE GOVERNANCE :

Your Company follows the principles of effective Corporate Governance. The Company has complied with the mandatory provisions of Corporate Governance as prescribed in the revised Clause 49 of the Listing Agreement executed with the Stock Exchange(s).

A separate section on Corporate Governance is included in the Annual Report and Certificate from Company's Auditors confirming the compliance with the code of Corporate Governance as enumerated in Clause-49 of the listing agreement with the Stock Exchange is annexed hereto.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT :

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement executed with the Stock Exchanges, is presented in a separate section forming part of the Annual Report.

DEMATERIALISATION OF EQUITY SHARES :

As per direction of the SEBI and the Bombay Stock Exchange Limited, the shares of the Company are under compulsory demat form. The Company has established connectivity with both the Depositories i.e. National Securities Depository Limited [NSDL] and Central Depository Services India Limited [CDSL] and the demat activation number allotted to the Company is ISIN : INE783C01019. Presently shares are held in electronic and physical mode (94.10% of shares in demat, 5.90% in physical mode.)

LISTING :

The Equity Shares of the Company are listed in the Stock Exchange, Mumbai (BSE) which has the connectivity in most of the cities across the country

Pursuant to the special resolution passed in the 19th Annual General Meeting held on 29/09/2007, the Company have made applications for de-listing of its equity shares from the Delhi Stock Exchange Association Limited and Jaipur Stock Exchange Limited. Now, the Board of Directors propose to de-list equity shares of the Company from the Ahmedabad Stock Exchange on account of Nil / negligible trading thereon, subject to your approval in the ensuing Annual General Meeting.

AUDITORS :

M/s. V. D. Aggarawal & Co., Chartered Accountants, Delhi, retire at the conclusion of this ensuing Annual General Meeting. The Company has received a certificate under Section 224 (1) (B) of the Companies Act, 1956 to the effect that their re-appointment, if made will be in accordance to the limit specified in the said Section. You are requested to consider their re appointment as Auditors of the Company for the Current Year.

AUDITORS REPORT :

The comments in the Auditors Report with Notes on Accounts referred to the Auditor's Report are self explanatory and, therefore do not call for any further explanation.

DIRECTORS' RESPONSIBILITY STATEMENT :

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

- (i) that in the preparation of the Annual Accounts for the Financial Year ended 31st March, 2008, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the Director had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the Financial Year and of the Profit or Loss of the Company for the Company for the year under review;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of Adequate accounting records in according with the provisions of the