

NINETEENTH ANNUAL REPORT 2003-2004



RAMA PAPER MILLS LIMITED

RAMA PAPER MILLS LIMITED**RAMA PAPER MILLS LIMITED****BOARD OF DIRECTORS**

Shri Pramod Kumar	- Chairman & Managing Director
Shri Arun Goel	- Executive Director
Shri Amar Mittal	- Director
Shri N.K.Nathani	- Director
Shri Prabhat Agarwal	- Director

BANKERS

Bank of Baroda
Punjab National Bank

COMPANY SECRETARY

Shri Nitin Jain

AUDITORS

Shiam & Co
Chartered Accountant
Muzaffarnagar (U.P)

COST AUDITORS

ASEEM JAIN & ASSOCIATE
Cost Accountant
New Delhi

REGISTERED OFFICE & WORKS

4TH Km Stone
Najibabad Road
Kiratpur - 246 731
Dist.Bijnor (U.P)

CORPORATE OFFICE

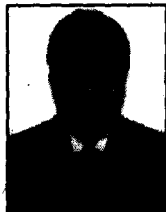
12/22 East Patel Nagar
New Delhi - 110 008.

REGISTRAR & TRANSFER AGENT

Indus Portfolio (P) Limited
DP-ID NO. INE425E01013
G-65, Bali Nagar, New Delhi
SEBI Registration No. INR000003845

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CHAIRMAN'S MESSAGE



Dear members

Indian paper Industry which was at the crossroad is now recovering at a very fast pace. The pulp and paper industry is one of the key industrial sectors of the country. It has an important social role to play for the country. Use of Paper is considered as an index of cultural growth. Key social objectives of the Government like eradicating illiteracy, making primary education compulsory etc. are very much related to the paper industry. The paper industry is also contributing towards fulfillment of various requirements of the industry as a whole like information dissemination, publicity etc., which in turn stimulate industrial growth of the country. The paper industry has, thus, a catalytic role to play not only for the overall growth of the industry but also for the living standards of the people. The new millennium is going to be the millennium of the knowledge. So demand for paper would go on increasing in times to come. In view of paper industry's strategic role for the society and also for the overall industrial growth it is necessary that the paper industry perform well.

I am glad to inform you the tremendous exceptional performance during the year 2003-2004 has demonstrated its abilities and capabilities to cope with any emerging challenges. The highlights of the performance of your company in FY 2003-2004 are:

Turnover reached to Rs 6211 lacs as compared to Rs 5096 lacs (FY 2002-2003) and Rs 4914 lacs (FY 2001-2002)

Cash accruals from operations are Rs 330 lacs against cash losses of Rs 480 lacs (FY 2002-2003) and cash losses of Rs 577 lacs (FY 2001-02)

Net profit after tax is Rs 534 lacs as compared to net loss of Rs 409 lacs (FY 2002-03) and net loss of Rs 708 lacs (FY 2001-02)

Plant capacity utilization is 84% as compared to 72% in FY 2002-03 and 65% in FY 2001-02.

Term loan reduced to Rs 1325 lacs as on March 2004 as compared to Rs 3737 lacs as on March 2003 and Rs 4289 lacs as on March 2002.

Company is heading for debt free of existing debt by March 2006.

Net worth of company became positive as on March'04 after remaining in red since 1999.

145% increase in sales and 116% growth in production over past five years.

Company had already applied for de registration of its reference from BIFR. henceforth company is a non BIFR company.

Above achievement can better be viewed as

'GROWTH WITHOUT BOUNDRIES'

Your company have three different manufacturing lines and produces three different product for three different segments viz News Print for News Paper publishers, Writing Printing paper for Government supplies as well as for printing of text books and note books and finally duplex board for industrial purpose and used in packaging of articles. Besides all products are supplied to throughout and every corner of the country.

we have national level news paper publishers in our customers fold. These are Hindustan Times, Jan Satta, Indian Express, rashtriya Sahara, Amar Ujjala group and Dainik Jagran group. In news print segment we have our presence in Northwest we have having more than 10 news paper publishers as our esteemed customers since last 5 years. In West we have Gujrat Samachar, Dainik Bhaskar, and so on. In south we have a very good base for our product duplex board.

While discharging commercial functions, your company had not forgotten its responsibilities towards societies and neighbourhood. Your company is

virtually a zero discharge unit. All effluent is treated proper and entire water is recycled and re consumed. A waste in the shape of sludge having leftover fibres is converted into mill board and sold in market which yields a good prices for waste. Mill board manufacturing equipments have been installed for this conversion.

It is a matter of great concern to all of you that your company is a part of Indian paper Industry the growth rate of which is 6-7% per annum. India accounts for a little over 1% of world paper demand. However projected growth rates in India (6%-7%) are among the highest in the world. Over the last few years there has been a significant improvement in quality due to modernisation programmes undertaken by paper companies. These programmes have also reduced the cost of production. The figures pertaining to demand and supply of paper vary by source. The domestic demand of paper, paperboard and newsprint has been forecasted to be 7.5 million tons by 2010 and 10.9 million tons by the years 2015-16 as per the experts group. The key demand drivers are the overall economic growth, rising literacy levels in the country and increasing penetration of books and periodicals in the country. All these factors are bolstering the demand for paper. India as in the case of other commodity is lowest consumer of paper. Per capita consumption of paper stands at 4.5 kg as against world average of 53 kg and Asian average of 27 kg.

The fortune of the paper industry is closely linked to the buoyancy of the national economy. When the economy grows, the consumption of paper increases. The general recession in the industry and the consequent sluggish market has lead to an unprecedented slump in the paper industry since 1995. However In the past two or three years the industry passed through a consolidation phase which resulted in the firming of paper prices. How ever for a sustained growth the industry needs the following for being globally more competitive.

- (i) Sustained availability of good quality of raw materials and bulk import of waste paper to supplement the availability of raw materials.
- (ii) Adequate modernization of the manufacturing assets.
- (iii) Improvement of the infrastructure.
- (iv) Effective environmental management.
- (v) Quality improvements and reduction in cost of production
- (vi) Import policy conducive for import of material, equipment, instruments, raw materials & technologies, which are bearing of the quality and environment

Your company is in endeavor to make wealth from waste and proud to be associated with the national cause of conserving its forest reserve and making environment green and clean by consuming waste paper.

Energy is main concern of every paper unit. Decline quality, irregular way of supply and ever increasing cost of power supplied by State Electricity Board, had forced your company for conceptualizing a captive power plant of 6MW. Company is in process to tie up external as well as internal funds for this project the expected outlay on which on a rough estimation is about Rs 2000 lacs. A fair payback period of captive power plant works out to be 3 years and would ensures a sustained growth of your company.

I join my all colleagues herein your company with rededication and commitment for surging ahead coping with the challenges of future and in discharging responsibilities towards its stakeholders, Government and Society.

Looking forward to your continued patronage

With warm wishes

Yours Sincerely

(Pramod Kumar)

Chairman & Managing Director

NOTICE

NOTICE is hereby given that the 19th Annual General Meeting of the Members of Rama Paper Mills Limited will be held on Wednesday, August 11, 2004 at 11.00 A.M. at Najibabad Road, Kiratpur - 246 731 Dist. Bijnor (U.P) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2004 and the profit & loss account for the year ended on that date and the report of the Auditors and Directors' Report thereon.
2. To appoint a Director in place of Shri Prabhat Agarwal, who retires by rotation and is being eligible, offers himself for the appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

4. **To consider and if thought fit, to pass the following resolution with or without Modifications, as an ordinary resolution:**

"RESOLVED THAT consent of the Company be and is hereby granted and accorded to the Board of Directors pursuant to Section 293(1) (d) and other applicable provisions of the Companies act, 1956, for borrowing monies in any manner and from time to time for the purpose of the business of the Company upto a limit not exceeding in aggregate Rs. 200 crores (Two Hundred Crores Only) exclusive of interest notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose and that the Directors are hereby authorized to execute such deeds, documents, papers, instruments or writings as they may think fit in this regard and further to do all such acts, deeds, matters and things as are necessary and are ancillary or incidental thereto..

5. **To consider, if thought fit, to pass the following resolution with or without modifications, as ordinary resolution.**

"RESOLVED THAT pursuant to the provisions of Section 94(1)(a) of the Companies Act, 1956 and other applicable provisions, if any equity, the equity authorised share capital of the Company be and is hereby increased from Rs.6.00,00,000/- (Rupees Six Crores only) divided into 60,00,000 (Sixty Lac) equity shares of Rs. 10/- each to Rs. 12,00,00,000/-(Rupees Twelve Crore) divided into 1,20,00,000 (One Crore Twenty Lacs) equity shares of Rs. 10/-(Rupees Ten) each."

"RESOLVED FURTHER THAT existing Clause V of the Memorandum of Association be and is hereby deleted and its place the following Clause V be substituted :

The Authorised Share Capital of the Company is Rs. 17,00,00,000/-(Rupees Seventeen Crore) divided into 1,20,00,000 (One Crore Twenty Lacs) equity shares of Rs. 10/- (Rupees Ten) each and 5,00,000 (Five Lacs) Preference shares of Rs. 100/- (Rupees Hundred only) each with power to increase and reduce the capital and to attach thereto such preferential qualified or special rights privileges and conditions as may be determined by or in accordance with the Companies Act, 1956 for the time being in force.."

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any of the Companies Act, 1956 the existing Article 4 of Articles of Association be amended by substituted by the following new Clause.

Article 4

"The Authorised share capital of the Company shall be such amount and be divided into such shares as may from time to time, be provided in clause V of Memorandum of Association payable in the manner as may be determined by the Directors, from time to time with power to increase, reduce, sub divide or to repay the same or to divide the same into several classes and to attach thereto any right and to consolidate or subdivide or re-organise the shares subject to the provisions of the Act, to vary such rights as may be determined in accordance with the regulations of the Company".

By Order of the Board of Directors
for RAMA PAPER MILLS LTD.

Date : May 29, 2004

Place : Kiratpur

Sd/-

Nitin Jain

Company Secretary

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. The instrument appointing a proxy should however be deposited at the registered office of the Company not less than 48 hours before the commencement of meeting.
2. The relative explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 setting out the material facts in respect of the special Businesses to be transacted at the meeting in annexed hereto.
3. Members who hold shares in dematerialized form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting and for easy identifications of attendance at the meeting.
4. All documents referred to in the accompanying notice and explanatory statement are open for inspection at the registration between 11.00 A.M. to and 1.00 P.M. up to the date of the Annual General Meeting.
5. The Company has already notified closure of Register of members and the share transfer books from Friday August 6, 2004 to Wednesday, August 11, 2004 (both days inclusive) for the purpose of Annual General Meeting.

EXPLANATORY STATEMENT

(Pursuant to Section 173 (2) of the Companies Act, 1956)

ITEM NO-4

For the purpose of expansion/ modernization, present and future, and to augment the long term resources of the Company, the Company may be required to borrow beyond Rs. 100 crores. In order to enable the Board of Directors to borrow more funds, it is necessary to enhance the limit of borrowing powers of the Directors from Rs. 100 crores to Rs. 200 Crores.

The Board recommends the resolution for your approval.

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

Item No. 5 & 6

The present authorized capital of the Company is Rs. 11 Crores and the paid up share capital is Rs. 1008.14 crores and it is proposed to induct more funds into the company, it is necessary to increase the authorized share capital. Therefore there is need to alter the clause V of the Memorandum of Association of the Company and accordingly clause 4 of the Articles of Association also needs to be altered.

The Directors recommend the resolutions for approval of the the Shareholders.

None of the Directors of the Company is concerned or interested in this item.

**By Order of the Board of Directors
for RAMA PAPER MILLS LTD.**

Date : May 29, 2004

Place : Kiratpur

**Sd/-
Nitin Jain
Company Secretary**

Report of The Board of Directors

To

The Members

The Directors of your Company present their Nineteenth Annual report of the Company along with the Audited Accounts of the year ended March 31, 2004

FINANCIAL RESULTS

S.No.	Particulars	Current Year 31.03.2004	Previous Year 31.03.2003
1	Profit Before depreciation and Preliminary Expenses Written Off.	60668385	48989756
	Less Depreciation	21603263	20925528
	Deferred revenue Expenses(Written Off)	<u>56477</u> 21659740	<u>56477</u> 20982005
2	Operating Profit	82328125	69971761
3	Other Income	28876728	29026981
4	Profit Before Tax	53451397	40944780
5	Provisions Before Tax	Nil	Nil
6	Profit/(Loss) Balance as per Last Balance Sheet	(294728047)	(307682168)
7	Excess provisions for taxation.	Nil	Nil
8	Previous year adjustment.	Nil	Nil
9	Exceptional Items	197252067	53898901
10	Balance Available for appropriation.	Nil	Nil
11	Profit/ (Loss)	44024583	(294728047)
12	APPROPRIATIONS		
	Transfer to General reserve	Nil	Nil
	Interim Dividend	Nil	Nil
	Final Dividend	Nil	Nil
13	Previous Year Adjustment		
	Balance carried Over to Balance Sheet	Nil	Nil
	Balance transferred from investment services	Nil	Nil
		<u>44024583</u>	<u>(294728047)</u>

Dividend

In absence of inadequate profits, your directors regret their inability to recommend dividend on equity shares and preference shares for the year under review.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of the Association of the Company, Shri Prabhat Agarwal shall retire by rotation and being eligible to offer himself for re-appointment. Shri Dhani Ram who was appointed as an additional director of the Company during the year and his term expires on the ensuing Annual General Meeting.

Fixed Deposits

The Company has complied with the provisions of Section 58A and 58 AA of the Companies Act, 1956 and the rules framed there under with regard to the deposits accepted from the public.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo.

The information as required under Section 217 (1) (c) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 with respect to these matters forms part of this report and is annexed hereto.

Delisting

The company has already applied for delisting of its securities from Delhi Stock Exchange Association Ltd., Jaipur Stock Exchange, Ahmedabad & Uttar Pradesh Stock Exchange. The company has received letters from these stock exchanges and is in process of replying/providing documents & information to the stock exchanges for the purpose of delisting of securities from their exchanges.

Corporate Governance and Management's Discussion and Analysis Reports.

The Corporate Governance and Management discussion and analysis reports, which form an integral part of this report are set out as separate Annexure to this Report, together with the Certificate from the Auditors of the Company confirming compliance of the Conditions of Corporate Governance as stipulated in clause 49 of the listing Agreements with the Stock Exchanges.

Statutory Auditors

Messrs Shiam & Co., Chartered Accountant, were appointed Auditors of the company to hold office until the conclusion of the forth coming Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends their appointment.

The report of the Auditors is self-explanatory, therefore does not require any specific comments.

Directors Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed that:

- a) in the preparation of the annual accounts for the year ended 31st March, 2004 the applicable accounting standards have been followed along with proper explanations relating to material department.
- b) Appropriate-accounting policies have been selected and applied consistently and judgments and estimates has been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2004 and of the profit of the Company for the year ended 31st March, 2004.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The financial statement have been prepared on a going concern basis.

Particulars of Employees

The information required under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not applicable to the Company.

Acknowledgements

Your Director wish to place on record their appreciation for the support received from different Central and State Government Departments and agencies, Company's Bankers, customers and vendors, Your Directors also wish to place on record their deep sense of appreciation to all the employees of the Company for their outstanding contribution to the operations of the Company.

By Order of the Board of Directors

Place : Kiratpur
Date : May 29 ,2004

Sd/-
Pramod Kumar
Chairman & Managing Director

Report  Junction.com

Annexure to the report of the Board of Directors

(Particulars required by the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the year ending 31st March, 2004)

Conservation of Energy

Measures taken, additional investments and impact on reducing of energy consumption.

The Company continued its policy of giving priority to energy conservation measures by regular review of energy generation, distribution & consumption and effective control on utilization of energy.

"FORM - A"

Disclosure of Particulars with respect to Conservation of Energy

POWER & FUEL CONSUMPTION

	Current Year (03-04)	Previous Year (02-03)
ELECTRICITY		
Purchased Unit	1327321	12868309
Total Amount	53200063	50020756
Rate/Unit	4.01	3.89
Own Generation		
Through Diesel Generator Unit	11556115	9659514
unit per ltr of Diesel Oil	3.60	3.00
Cost/ Unit (Rs.)	5.07	5.33
Through Steam Turbine/Generator Unit		
per ltr of fuel Oil	N.A	N.A
Gas Cost/ Unit	N.A	N.A

COAL & FUEL

COAL (Steam Coal used as fuel for

Boiler Qty Tonnes)	2030.380	Nil
Total Cost	3792793	Nil
Average Rate	1868.02	Nil

Husk & Buggasse

Qty (Tonnes)	28291.465	29082.120
Total Cost	35936762	40406501
Average Rate	1270.23	1389.39

FURANCE OIL

Qty (K. Ltrs)	Nil	Nil
Total Amount	Nil	Nil
Average Rate	Nil	Nil

OTHER / INTERNAL GENERATION

Qty (K. Ltrs)	Nil	Nil
Total Amount	Nil	Nil
Average Rate	Nil	Nil

CONSUMPTION PER UNIT PRODUCTION

(IN ONE TON)

Product details & Unit (if any)	33253.7779	28359.1216
News Print	399.16	453.76
Electricity	Nil	Nil
Furance Oil	Nil	Nil
Coal	0.061	0.000
Other Husk & Buggasse Etc	0.851	1.025

For and on Behalf of the Board
For RAMA PAPER MILLS LIMITED

Sd/-

Pramod Kumar
Chairman & Managing Director

Date : 29TH May, 2004
Place : Kiratpur