

TWENTY THIRD ANNUAL REPORT 2007-2008



*Rama
Paper
Mills
Limited*

NAJIBABAD ROAD, KIRATPUR, (BIJNOR) U.P.

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

| | | |
|----------------------|---|------------------------------|
| Shri Pramod Agarwal | - | Chairman & Managing Director |
| Shri Arun Goel | - | Executive Director |
| Shri Amar Mittal | - | Director |
| Shri Prabhat Agarwal | - | Director |
| Shri H. S. Bhim Rao | - | Director |

COMPANY SECRETARY

Shri Pankaj Misra

BANKERS

Bank of Baroda

AUDITORS

Shiam & Co.
Chartered Accountant
Muzaffarnagar (U.P.)

COST AUDITORS

Aseem Jain & Asso.
Cost Accountant
New Delhi

REGISTERED OFFICE & WORKS

4th KM Stone, Najibabad Road,
Kiratpur-246731
Dist. Bijnor (U.P.)
Email : delhi@ramapaper.com
Website: www.ramapaper.com

CORPORATE OFFICE

12/22 IInd Floor, East Patel Nagar
New Delhi-110008.

REGISTRAR & TRANSFER AGENT

Indus Portfolio (P) Limited
ISIN INE425E01013
G-65, Bali Nagar, New Delhi
SEBI Registration No. INROOOO03845

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**RAMA PAPER MILLS LIMITED****Chairman's Message**

Dear Stakeholders,

I wish you, your family, friends and relatives, who are associated with the success of your company, directly or indirectly, in the pink of health, spirit and well being.

Your Company has sustained its growth path by achieving 0.71% increase in the turnover as compared to the previous year. The Management is putting all its efforts for manufacturing quality product and thus to fetch better realization of your Company's product at competitive rates. Moreover, in spite of sharp hike in raw material rates in the previous year could not be responded proportionately by the market, your Company succeeded to retain the Profit Before Tax (PBT) to a reasonable extent by adopting cost effective techniques. These are commendable achievements which, I feel confident, will be better in the coming years.

Your Company achieved almost 100% capacity utilization and stagnation in growth. Your Company foresee the market of Tissue/ Poster Paper in India and therefore, the Management has undertaken a project to install an imported MG Machine having capacity of 16320 TPA. The Project will cost Rs. 23.75 Crore and your Company has been sanctioned term loan of Rs.13.40 Crore from Bank of Baroda. The Civil work in the project has been at advanced stage. Moreover, your Company also plans for modernization to upgrade the quality in all its existing three units. The modernization mainly envisages replacement of old and obsolete equipments by technologically superior, high speed and energy efficient equipments, which will not only increase the speed of the lines but also result in manufacture of better quality paper. Improvement in quality is another main thrust area for undertaking the proposed project. For this purpose, your company has taken a programme for installing balancing equipments having cost of Rs.13 Crore and the term loan of Rs.7 Crore has been sanctioned by the Bank of Baroda. Your Company is proposing to produce and market complete range of quality products post modernization. With completion of all the projects the total production capacity would go up to around 80000 TPA.

Moreover, the Management of your Company will carefully inter-connect the above expansion and modernization programs in such a way so that each round of capacity expansion starts generating additional output before the next phase is taken up. In that manner, we would hopefully be able to grow capacities without affecting the on going production. Paper prices look to be firm, the comparative higher capacities, better quality and saving in power cost will enhance sales and profits. Though the full impact of expansion and modernization program will surface in 2009-10, still I believe that 2008-09 will be better year for your company.

Last but not the least; I take this opportunity to thank all our employees for their unstinted commitment and valuable contribution to the Company and my sincere thanks to all of you for your continuous confidence and interest in Rama Paper Mills Ltd. I also wish to convey my heartiest thanks to Bankers, Central and State Government, Local Bodies and our Valuable Customers.

With kind regards

Yours sincerely

31.07.2008

Pramod Agarwal

**EXECUTIVE DIRECTOR'S COMMUNIQUE**

Dear Members,

I wish you and your family in hale & hearty.

At the outset, I wish to convey my heartiest thanks to the Shareholders of the Company, Bankers, Central and State Government, Local Bodies, Customers and the Employees of the Company at all the levels.

The continued untiring and persistent efforts of the management, coupled with the whole hearted support of all concerned with your company, who are associated in its well being directly or indirectly, have profounded its results in the financial year 2007-08 and your Company achieved turnover of Rs. 8509.59 lacs and the profit after tax of Rs. 305.11 lacs. The Management of your Company is further endeavoring all its attempts to retain and sustain its path of achievements in future as well. Consequent there-to, your Company has further undertaken to install one more Tissue/ Poster Paper Manufacturing Machine (MG) to increase it's production capacity by another 16320 TPA. Moreso, to strengthen quality base, your company has targeted to install balancing equipments in all its three units having cost of project of Rs.13 Crore. Of course, the Bank of Baroda has kind enough to part-finance both the above projects by way of term loan.

I am confident that the above highly promotional steps of the Management, coupled with saving in power cost, will give further heights of success to the performance of your Company in the years to come.

I am very pleased to inform that the 6 MW Bio-mass based Co-generation Project of your company has been registered with United Nations Framework Convention on Climate Change (UNFCCC) February 1, 2008 under Kyoto Protocol for getting the benefits of carbon credits under Clean Development Mechanism (CDM) The UNFCCC Reference Number is 1181. The project has been registered for a renewable period of seven years for 24640 Tons Certified Emission Reduction per annum.

I trust that with the continued support and patronage of all concerned, your Company will touch the heights of success in the coming years.

Thank you very much.

With best regards,

Arun Goel

31.07.2008



RAMA PAPER MILLS LIMITED

NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of the Members of RAMA PAPER MILLS LIMITED will be held on Friday, the 19th September, 2008 at 10.00 A.M at the Registered Office of the Company at Najibabad Road, Kiratpur, Distt. Bijnor (U.P.) to transact the following business:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2008, Balance Sheet as at that date together with the Reports of Auditors' and Directors' thereon.
2. To appoint a Director in place of Shri H.S. Bhimrao, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit to pass, with or without modification(s), the following resolution as an **SPECIAL RESOLUTION**

"RESOLVED THAT pursuant to Section 81, 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification (s) or re-enactment thereof for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchange (s) where the Shares of the Company are listed and subject to approval of the Securities and Exchange Board of India (SEBI) and all other appropriate Authorities and Departments, if any, to the extent necessary and such other approvals, permissions or sanctions as may be necessary and subject to such condition(s) and modification(s) as may be prescribed or imposed by any of them while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter called 'the Board' which term shall be deemed to include any Committee which the Board may constitute to exercise its powers conferred by this resolution), consent of the Company be and is hereby accorded to the Board to issue, offer and allot Equity shares of the aggregate nominal value not exceeding Rs. 50,00,00,000/- (Rupees Fifty Crores only) comprising of 5,00,00,000 (Five Crores) Equity Shares of the face value of Rs. 10/- each to the existing Shareholders, domestic and/ or foreign investors, Institutions, Corporate Bodies, Mutual Funds, Banks, Insurance Companies and to such other persons or entities, whether or not such persons/ entities are Members of the Company, by way of Public Issue, Rights Issue, Private Placement or Preferential issue or by any one or more or a combination of the above methods through Prospectus, Letter of Offer, Circular or other offer document and such issue and allotment to be made at such time /times in one or more tranche or tranches at such price or prices and on such terms and conditions and in such manner as the Board may in its absolute discretion think fit in consultation with Merchant Bankers, Underwriters, Advisors and other Intermediaries which the Board is empowered to engage for the purpose."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to enter into and execute all such arrangements with any Lead Managers, Underwriters, Depositories, Custodians and all such intermediaries as may be involved or concerned in such offering of Equity Shares and to remunerate them including by way of payment of commission, brokerage, fees or the like."

"RESOLVED FURTHER THAT for the purpose of giving effect to the issue and allotment of Equity Shares as above, the Board be and is hereby authorized on behalf of the Company to make or accept or agree for any modification(s), variation(s) or alteration(s) in respect of any one or more terms of issue including revision/adjustment in total quantum of issue and to do all acts, deeds, matters and things as it may at its absolute discretion deem necessary or desirable for the purpose and to settle any question, difficulties, or doubts that may arise in regard to the issue, allotment, utilization of issue proceeds or otherwise, as it may in its absolute discretion deem fit and proper without any requirement to seek any further consent of members or otherwise to the end or intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution".

5. 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 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as the 'Act') including any statutory modification(s) or re-enactment thereof for the time being in force and enabling provisions of the Memorandum and Articles of Association of the



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Company and the Listing Agreement entered into by the Company with the Stock Exchange(s) where the Shares of the Company are listed and subject to all necessary approvals, permissions and sanctions as may be required from any Governmental or regulatory authority and / or all other Institutions and bodies and subject to such condition(s) and modification(s) as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter called 'the Board' which term shall be deemed to include any Committee which the Board may constitute to exercise its powers conferred by this resolution), the consent and approval of the Company be and is hereby accorded to the Board to issue and allot 22,72,726 (Twenty Two Lacs Seventy Two Thousand Seven Hundred Twenty Six) Equity Shares of Rs. 10/- each of the aggregate nominal value of Rs.2,27,27,260/- (Rupees Two Crores Twenty Seven Lacs Twenty Seven Thousand Two Hundred Sixty only) at a price of Rs. 22/- per Share, which is higher than the price determined in accordance with the applicable Guidelines and Regulations issued by SEBI, to the holders of 6% Non-Cumulative Convertible Preference Shares (hereinafter referred to as the "Preference Shares") of Rs. 100/- each upon exercise of conversion rights attached to the said Preference Shares and upon such other terms and conditions as may be deemed appropriate by the Board and permitted under the relevant guidelines in force at the time of issue of such Equity Shares upon conversion."

"RESOLVED FURTHER THAT the Equity Shares so allotted upon conversion of Preference Shares shall rank pari-passu in all respects with the existing Equity Shares of the Company."

"RESOLVED FURTHER THAT the 'Relevant Date' for the purpose of computing the price for issue and allotment of Equity Shares shall be 19th August, 2008.

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation to enter into arrangements/ agreements and to settle all questions, difficulties or doubts that may arise in regard to such issue and take all steps which are incidental, consequential, relevant or ancillary in this connection."

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 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as the 'Act') including any statutory modification(s) or re-enactment thereof for the time being in force and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchange(s) where the Shares of the Company are listed and subject to all necessary approvals, permissions and sanctions as may be required from any Governmental or regulatory authority and / or all other Institutions and bodies and subject to such condition(s) and modification(s) as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter called 'the Board' which term shall be deemed to include any Committee which the Board may constitute to exercise its powers conferred by this resolution), the consent and approval of the Company be and is hereby accorded to the Board to create, offer, issue and allot on preferential basis 6,28,286 (Six Lacs Twenty Eight Thousand Two Hundred and Eighty Six) Equity Shares of Rs. 10/- each of the aggregate nominal value of Rs. 62,82,860/- (Rupees Sixty Two Lacs Eighty Two Thousand Eight Hundred Sixty only) at a price of Rs.22/- per Share, which is higher than the price determined in accordance with the applicable Guidelines and Regulations issued by SEBI to the 'Promoter Group' (which expression shall mean and include the Promoters and present Management in control of the Company and their Friends, Associates, Companies controlled by them or in which they are Directors or Shareholders, hereinafter referred to as 'Promoter Group') and upon such other terms and conditions as may be deemed appropriate by the Board and permitted under the relevant guidelines in force at the time of issue of such Equity Shares."

"RESOLVED FURTHER THAT the Equity Shares so allotted on Preferential basis shall rank pari-passu in all respects with the existing Equity Shares of the Company."

"RESOLVED FURTHER THAT the 'Relevant Date' for the purpose of computing the price for issue and allotment of Equity Shares shall be 19th August, 2008.

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation to enter into arrangements/ agreements and to settle all questions, difficulties or doubts that may arise in regard to such issue and take all steps which are incidental, consequential, relevant or ancillary in this connection."



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7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:-**

"RESOLVED THAT pursuant to provisions of Section 269, 198, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Shri Pramod Agarwal as the Chairman & Managing Director of the Company for a further period of Three years with effect from 1st February, 2008 on the following terms and conditions as approved by the Remuneration Committee:

I. SALARY

Rs. 2,75,000/- (Rupees Two Lacs Seventy Five Thousand only) per month (in the scale of Rs. 2,75,000 – 25,000 – 3,50,000).

II. COMMISSION

In addition to Salary as aforesaid, the Chairman & Managing Director shall be entitled to Commission @ 2% of the Net Profits provided that the total remuneration shall not exceed the limits as laid down in Section 198 and 309 of the Companies Act, 1956.

III. PERQUISITES

CATEGORY – A:-

- I. HOUSING:** The expenditure by the company on hiring unfurnished accommodation for the Chairman & Managing Director or House Rent Allowance subject to 60% of salary over and above ten percent payable by the Chairman & Managing Director.
- II. Soft-furnishing** worth Rs. 2 Lacs once in 3 years.
- III. Reimbursement** of cost of two support staff at residence, upto Rs. 60,000/- per annum.
- IV. FURNISHING GAS ETC.** The expenditure incurred by the company on Gas, Electricity, Water, furnishing including, Air Conditioners, Geysers shall be valued as per Income Tax Rules, 1962 subject to a ceiling of 10% of the salary of the Chairman & Managing Director.
- V. MEDICAL REIMBURSEMENT:** Expenses incurred for the Chairman & Managing Director and his family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- VI. LEAVE TRAVEL CONCESSION:** For Chairman & Managing Director and his family once in a year to and from New Delhi to any place in India subject to the condition that only actual Rail (1st AC) or Air fare by the shortest route and no hotel expenses.
- VII. CLUB FEES:** Fees of the club subject to a maximum of two clubs. This will not include admission and life membership fees.
- VIII. PERSONAL ACCIDENT INSURANCE:** Premium not to exceed Rs. 12,000/- per annum.

EXPLANATION: For the purpose of category 'A' family means the spouse and minor children.

CATEGORY 'B':-

- I. CONTRIBUTION TO PROVIDENT FUND:** As per rules of the Company but not exceeding 12% of the salary as laid down under the Income Tax Rules, 1962.
- II. COMPANY'S CONTRIBUTION TOWARDS PENSION / SUPER ANNUATION FUND:** As per rules of the Company but not exceeding (together with Company's contribution to the provident fund) 25% of the salary as laid down under the Income Tax Rules, 1962.
- III. GRATUITY:** Half a month's salary for each completed year of service. Contribution to provident fund and super annuation fund will not be included in the computation of ceiling on perquisites to the extent these, either singly or put together are not taxable under the Income Tax Act.
- IV. LEAVE:** The Chairman & Managing Director shall also be entitled to leave on full pay and allowance as per rules of the Company not exceeding one month's leave for every eleven months of service subject to the condition that leaves accumulated but not availed of will not be allowed to be encashed during the currency of service (encashment allowed at the end of tenure).
- V. The Chairman & Managing Director** will be entitled to free use of Company's Cars with drivers for use of Company's business.
- VI. Free Telephone facility** will be provided to the Chairman & Managing Director at his residence.
- VII. Corporate Relation Expenses** reimbursement for an amount of Rs. 25,000/- per annum.
- VIII. Educational support** to dependent children including their travel, hostel and tuition fees, subject to maximum of Rs. 50,000/- (Rupees Fifty Thousand only) in the aggregate, in a year.

MINIMUM REMUNERATION

RESOLVED FURTHER THAT where in any Financial Year during the currency of tenure of Chairman & Managing Director, the Company has no profits or its profits are inadequate, Shri Pramod Agarwal, Chairman & Managing Director shall be entitled to remuneration by way of salary and perquisites restricted to the overall limits laid down in Schedule XIII of the Companies Act, 1956 as in force from time to time, as minimum remuneration, subject to such approvals, as may be necessary.



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RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorised to complete all necessary formalities and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to provisions of Section 269, 198, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Shri Arun Goel as the Whole-time Director designated as Executive Director of the Company for a further period of Three years with effect from 1st February, 2008 on the following terms and conditions as approved by the Remuneration Committee:

I. SALARY

Rs. 2,75,000/- (Rupees Two Lacs Seventy Five Thousand only) per month (in the scale of Rs. 2,75,000 – 25,000 – 3,50,000).

II. COMMISSION

In addition to Salary as aforesaid, the Whole-time Director shall be entitled to Commission @ 2% of the Net Profits provided that the total remuneration shall not exceed the limits as laid down in Section 198 and 309 of the Companies Act, 1956.

III. PERQUISITES

CATEGORY – A: -

- I. HOUSING:** The expenditure by the company on hiring unfurnished accommodation for the Executive Director or House Rent Allowance subject to 60% of salary over and above ten percent payable by the Executive Director.
- II. Soft-furnishing** worth Rs. 2 Lacs once in 3 years.
- III. Reimbursement** of cost of two support staff at residence, up Rs. 60,000/- per annum.
- IV. FURNISHING GAS ETC.** The expenditure incurred by the company on Gas, Electricity, Water, furnishing including, Air Conditioners, Geysers shall be valued as per Income Tax Rules, 1962 subject to a ceiling of 10% of the salary of the Executive Director.
- V. MEDICAL REIMBURSEMENT:** Expenses incurred for the Executive Director and his family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- VI. LEAVE TRAVEL CONCESSION:** For Executive Director and his family once in a year to and from Kiratpur to any place in India subject to the condition that only actual Rail (1st AC) or Air fare by the shortest route and no hotel expenses.
- VII. CLUB FEES:** Fees of the club subject to a maximum of two clubs. This will not include admission and life membership fees.
- VIII. PERSONAL ACCIDENT INSURANCE:** Premium not to exceed Rs. 12,000/- per annum.

EXPLANATION: For the purpose of category 'A' family means the spouse and minor children.

CATEGORY 'B':-

- I. CONTRIBUTION TO PROVIDENT FUND:** As per rules of the Company but not exceeding 12% of the salary as laid down under the Income Tax Rules, 1962.
- II. COMPANY'S CONTRIBUTION TOWARDS PENSION / SUPER ANNUATION FUND:** As per rules of the Company but not exceeding (together with Company's contribution to the provident fund) 25% of the salary as laid down under the Income Tax Rules, 1962.
- III. GRATUITY:** Half a month's salary for each completed year of service. Contribution to provident fund and super annuation fund will not be included in the computation of ceiling on perquisites to the extent these, either singly or put together are not taxable under the Income Tax Act.
- IV. LEAVE:** The Executive Director shall also be entitled to leave on full pay and allowance as per rules of the Company not exceeding one month's leave for every eleven months of service subject to the condition that leaves accumulated but not availed of will not be allowed to be encashed during the currency of service (encashment allowed at the end of tenure).
- V. The Executive Director** will be entitled to free use of Company's Cars with drivers for use of Company's business.
- VI. Free Telephone facility** will be provided to the Executive Director at his residence.
- VII. Corporate Relation Expenses** reimbursement for an amount of Rs. 25,000/- per annum.
- VIII. Educational support** to dependent children including their travel, hostel Fee and tuition fees, subject to maximum of Rs. 50,000/- (Rupees fifty thousand only) in the aggregate, in a year.

MINIMUM REMUNERATION

RESOLVED FURTHER THAT where in any Financial Year during the currency of tenure of Executive Director, the Company has no profits or its profits are inadequate, Shri Arun Goel, Executive Director shall be entitled to remuneration by way of salary and perquisites restricted to the overall limits laid down in Schedule XIII of the Companies Act, 1956 as in force from time to time, as minimum remuneration, subject to such approvals, as may be necessary.



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RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorised to complete all necessary formalities and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

By order of the Board

Date:-20/08/2008

Place: - Kiratpur

**Pankaj Misra
Company Secretary**

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxy in order to be effective must be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Annual General Meeting.
2. The Explanatory Statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956 in respect of the Special business (es) under Item Nos. 4 to 8 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 16th September, 2008 to Friday, the 19th September, 2008, both days inclusive.
4. It may be noted that Dividends, which remain unpaid or unclaimed for a period of Seven years from the date they became due for payment shall be transferred by the Company to the "Investor Education and Protection Fund" established by the Government of India and that thereafter no claim shall lie against the Fund or the Company in respect of the amount so transferred. Members who have not so far encashed dividend warrant(s) may send their outdated dividend warrants to the Company or to the Registrars and Transfer Agents, M/s Indus Portfolio Private Limited for issue of duplicate warrant(s) in lieu thereof.
5. Members seeking any information regarding Accounts should write to the Company at its Registered Office at least seven days before the date of the Meeting so as to enable the management to keep the information ready, if the Chairman so permits.
6. The Members are requested to intimate to the Registrar of the Company immediately any change in their address alongwith the Pin Code Number indicating their Folio Number to "M/s Indus Portfolio Private Limited" G-65, Bali Nagar, New Delhi.
7. The Members holding Shares in the physical form, who are desirous of making nominations as permitted under Section 109A of the Companies Act, 1956 in respect of the Shares held by them may write to the RTA for the prescribed form.
8. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking re-appointment at the forthcoming Annual General Meeting is given in the Annexure.

ANNEXURE TO NOTICE

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

Item No. 4:

The Company has embarked upon ambitious expansion and modernization Programs envisaging setting up a project for manufacture of Tissue and Poster Paper and modernization of existing facilities by replacement of old and obsolete equipments by technologically superior high speed and energy effective equipments. In order to part finance the cost of the above projects and for general Corporate needs, the Company proposes to raise funds by issue of further Capital. The detailed terms and conditions of issue as and when made, will be determined by the Board of Directors in consultation with the Merchant Bankers, Managers, Advisors, Underwriters and other experts in accordance with the law and prevailing guidelines and terms and conditions of approval of the appropriate Authorities. The proposed issue of Equity Shares may be made in one or more tranches by way of Public Issue, Rights Issue, Private placement or on Preferential basis or any combination of the above methods subject however that the increase in Issued and Subscribed Capital of the Company would not be more than 5,00,00,000 Equity Shares of the face value of Rs. 10/- each of the Company. The mode and manner of issue and the issue price of the Equity Shares in the proposed offerings will be determined by the Board of Directors at the time of the offer in consultation with Merchant Bankers and other Intermediaries.

Section 81 of the Companies Act, 1956, provides, inter-alia, that where it is proposed to increase the Subscribed Share Capital of the Company by allotment of further Shares, such further Shares shall be offered to the persons, who at the date of the offer are holders of the Equity Shares of the Company, in proportion to the Capital paid-up on those Shares as on that date unless the Shareholders in a General Meeting decide otherwise. The Listing Agreement executed by the Company with the various Stock Exchange(s) also provide that the Company shall issue or offer in the first instance all



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Securities to the existing Equity Shareholders of the Company unless the Shareholders in a General Meeting decide otherwise.

The Special Resolution seeks the consent of the Shareholders authorizing the Board of Directors to make the proposed issue of Equity Shares in the event it is decided not to offer the whole or any part of the Equity Shares for subscription to the holders of existing Equity Shares of the Company or in the event where the Company intends to offer the whole or any part of the Equity Shares for subscription on Rights basis to the existing Equity Shareholders of the Company with a right of renunciation.

The Special Resolution gives adequate flexibility to the Board to finalize the mode and manner of Issue, the terms and conditions thereof in consultation with Merchant Bankers, Managers, Underwriters, Legal Advisors and experts or other Intermediaries as need to be consulted including pricing and timing of the issue.

The Directors of the Company may be considered as interested in the concerned Special Resolution to the extent the Equity Shares which may be offered or allotted to them or to their relatives or Companies in which they are Directors or Shareholders or interested otherwise.

Item No. 5:

The existing Preference Shares of the Company were allotted on 10th December, 2002 carrying a coupon rate of 12% p.a. The rights attached to the Preference Shares were subsequently varied with the approval of Preference Shareholders thereby, the coupon rate was reduced to 6% and the same were made non-cumulative and redeemable after the expiry of seven years but before the expiry of ten years from the date of allotment. The Company has under consideration expansion and modernization programs which need further infusion of funds. With a view to strengthen the capital base, improve the cash flow position and discharge the impending liability on account of redemption of Preference Shares, the Board of Directors of the Company considered it appropriate to vary the rights of Preference Shareholders so as to make them convertible into Equity Shares.

The Board of Directors of the Company after obtaining approval of the holders of the Preference Shares and also the Equity Shareholders of the Company varied the rights attached to the Preference Shares making them convertible into Equity Shares in such mode and manner, terms and conditions and price having regard to the prevailing Rules, Regulations and Guidelines. The Board of Directors of the Company at its Meeting held on 31st July, 2008 has accordingly, decided to convert the Preference Shares into Equity Shares as under:-

- The Company shall issue of 50 (Fifty) Equity Shares of Rs.10/- each at a premium of Rs.12/- per share for every 11 (Eleven), 6% Non-Cumulative Convertible Preference Shares of Rs. 100/- each.
- The Equity Shares allotted upon conversion shall be locked in as per the provisions of Chapter XIII (Guidelines for Preferential Issues) of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.
- That upon conversion of Preference Shares into Equity Shares, the Company's liability for redemption of Preference Shares shall stand fully discharged.

The intimation as required under SEBI (Disclosure and Investor Protection) Guidelines, 2000 is as under:-

1. Objects of the Issue:

To augment the long term resources of the Company and to discharge the liability of Preference Shares.

2. Pricing of the Issue:

The issue price of Equity Shares of Rs. 10/- each to be allotted upon conversion of Preference Shares, shall be Rs. 22/- per Equity Share. This price is higher than the price of Rs. 21.42 only determined as per SEBI Guidelines considering 19th August, 2008 as the 'Relevant Date'.

3. Intention of Promoters / Directors / Key Management Persons to subscribe to the Offer:

The Issue of Equity Shares is being made to the holders of Preference Shares against exercise of conversion rights attached to Preference Shares held by them and such Preference Shareholders do not belong to the Category of Promoters, Directors and Key Managerial Persons.

4. Shareholding Pattern before and after the offer

Shareholding Pattern before and after exercise of conversion rights attached to Preference Shares shall be as under:-