



RUCHIRA

27th
Annual Report
2006-2007



RUCHIRA PAPERS LIMITED



BOARD OF DIRECTORS:

Chairman

Subhash Chander Garg

Managing Director

Umesh Chander Garg

Whole Time Director

Jatinder Singh

Executive Director

Jaleshwar Narain Singh

Directors

Dalbir Singh

Surinder Gupta

S.K.Dewan

Avtar Singh Bajwa

Registered Office & Works:

Trilokpur Road, Kala Amb,

Distt. Sirmour

Himachal Pradesh-173030

Administrative Office:

21-22, New Professors Colony,

Yamuna Nagar-135001

Haryana

Auditors:

I.Chander Goel & Co.

Chartered Accountants

Railway Road,

Jagadhri (Haryana)

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NOTICE

Notice is hereby given to the members that the 27th Annual General Meeting of Ruchira Papers Limited, will be held at Hotel Black Mango, Nahan Road, Kala Amb, Distt- Sirmour (HP) 173 030 on Friday, 31st day of August, 2007 at 3:00 P.M. to transact the following business :

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2007, Profit and Loss Account for the year ended on that date together with the reports of Statutory Auditors' and Directors' thereon.
2. To appoint a Director in place of Shri Surinder Gupta, who retires from the office by rotation and, being eligible, offers himself for reappointment.
3. To appoint auditors 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 a special resolution:*

"RESOLVED THAT pursuant to Sections 198, 269, 309, 310, 314, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the shareholders be and is hereby accorded to the payment of increased remuneration to Mr. Subhash Chander Garg, Whole-Time Director, for a period of three years with effect from April 01, 2007 as set out below:-

- a. Salary: Rs. 2,75,000/- (Rupees Two Lacs and Seventy Five thousand Only) per month.
- b. House Rent Allowance @ 20 % of Salary per month.
- c. Medical Reimbursement: Expenses incurred for self and family subject to a ceiling of Rs. 1,00,000/- in a year.
- d. Club Fees: Fees for One Club not exceeding Rs. 20,000/- per year.
- e. Conveyance: Company's Car with Driver for Official Use.
- f. Telephone: Mobile and Telephone Facility at the residence for office purpose.

Where in any financial year, the Company has no profits or its profits are inadequate during the term of his office, the aforesaid annual remuneration shall be continued to be paid within the ceiling prescribed under Schedule XIII of the Companies Act, 1956.

In addition to the above remuneration, he shall also be entitled to the following benefits which shall not be

included in the computation of the ceiling on remuneration specified above:

1. Provident Fund: Company's Contribution towards Provident Fund shall be as per the rules of the Company i.e. 12 % of the Salary.
2. Gratuity: Payable at a rate not exceeding half a month's salary for each completed year of service.

RESOLVED FURTHER THAT Board of Directors and/or Remuneration Committee be and is hereby further authorized to revise, alter and vary the terms and conditions and remuneration of Mr. Subhash Chander Garg, from time to time subject to the applicable provisions of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to 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 Sections 198, 269, 309, 310, 314, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the shareholders be and is hereby accorded to the payment of increased remuneration to Mr. Umesh Chander Garg, Managing Director, for a period of three years with effect from April 01, 2007 as set out below:-

- a. Salary: Rs. 2,75,000/- (Rupees Two Lacs and Seventy Five thousand Only) per month.
- b. House Rent Allowance @ 20 % of Salary per month.
- c. Medical Reimbursement: Expenses incurred for self and family subject to a ceiling of Rs. 1,00,000/- in a year.
- d. Club Fees: Fees for One Club not exceeding Rs. 20,000/- per year.
- e. Conveyance: Company's Car with Driver for Official Use.
- f. Telephone: Mobile and Telephone Facility at the residence for office purpose.

Where in any financial year, the Company has no profits or its profits are inadequate during the term of his office, the aforesaid annual remuneration shall be continued to be paid within the ceiling prescribed under Schedule XIII of the Companies Act, 1956.

In addition to the above remuneration, he shall also be entitled to the following benefits which shall not be



included in the computation of the ceiling on remuneration specified above:

1. *Provident Fund:* Company's Contribution towards Provident Fund shall be as per the rules of the Company i.e. 12 % of the Salary.
2. *Gratuity:* Payable at a rate not exceeding half a month's salary for each completed year of service.

RESOLVED FURTHER THAT Board of Directors and/ or Remuneration Committee be and is hereby further authorized to revise, alter and vary the terms and conditions and remuneration of Mr. Umesh Chander Garg, from time to time subject to the applicable provisions of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this 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 Sections 198, 269, 309, 310, 314, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the shareholders be and is hereby accorded to the payment of increased remuneration to Mr. Jatinder Singh, Whole-Time Director, for a period of three years with effect from April 01, 2007 as set out below:-

- a. Salary: Rs. 2,75,000/- (Rupees Two Lacs and Seventy Five thousand Only) per month.
- b. House Rent Allowance @ 20 % of Salary per month.
- c. Medical Reimbursement: Expenses incurred for self and family subject to a ceiling of Rs. 1,00,000/- in a year.
- d. Club Fees: Fees for One Club not exceeding Rs. 20,000/- per year.
- e. Conveyance: Company's Car with Driver for Official Use.
- f. Telephone: Mobile and Telephone Facility at the residence for office purpose.

Where in any financial year, the Company has no profits or its profits are inadequate during the term of his office, the aforesaid annual remuneration shall be continued to be paid within the ceiling prescribed under Schedule XIII of the Companies Act, 1956.

In addition to the above remuneration, he shall also be entitled to the following benefits which shall not be included in the computation of the ceiling on remuneration specified above:

1. *Provident Fund:* Company's Contribution towards Provident Fund shall be as per the rules of the Company i.e. 12 % of the Salary.
2. *Gratuity:* Payable at a rate not exceeding half a month's salary for each completed year of service.

RESOLVED FURTHER THAT Board of Directors and/ or Remuneration Committee be and is hereby further authorized to revise, alter and vary the terms and conditions and remuneration of Mr. Jatinder Singh, from time to time subject to the applicable provisions of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution"

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 Section 198, 269, 309, 310, Schedule XIII and other applicable provisions , if any, of the Companies Act, 1956, subject to the provisions of the Memorandum and Articles of Association of the Company, the consent of the shareholders be and is hereby accorded to the re-appointment of Sh. Jaleshwar Narain Singh as the Whole-Time Director designated as the Executive Director of the Company for a period of two years with effect from 12.02.2007 upto 11.02.2009 on the following terms and conditions, in accordance with the norms laid down in Schedule XIII and other applicable provisions of the Companies Act, 1956 –

SALARY

Rupees 53700/- per month w.e.f. 12.02.2007 and an increment of Rs. 11300/- per month w.e.f. 01.04.2007 plus the following allowances/ benefits:-

1. Conveyance Allowance @ Rs. 800 per month.
2. Telephone: Mobile and Telephone facility at residence for official use.
3. Leave encashment: As per the rules of the company.
4. Company's Car with Driver for office use.
5. Provident Fund: Company's Contribution towards Provident Fund shall be as per the rules of the Company.
6. Gratuity: Payable at a rate not exceeding half a month's salary for each completed year of service.

Where in any financial year, the Company has no profits or its profits are inadequate during the term of office, the aforesaid remuneration shall be within the ceiling prescribed under Schedule XIII of the Companies Act, 1956.



RESOLVED FURTHER THAT the Board of Directors and/ or remuneration committee be and is hereby further authorized to alter and vary the terms and conditions and remuneration of Mr. Jaleshwar Narain Singh, from time to time subject to the applicable provisions of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary 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:*

Alteration of Article No. 63. of the Articles of Association:

"RESOLVED THAT pursuant to Section 31 of the Companies Act, 1956 and consistent with the conditions contained in the Memorandum of Association and other applicable provisions, if any, consent of the Shareholders be and is hereby given, to substitute the existing Article No. 63 by the below mentioned Article-

Article no. 63. At every General Meeting, the chair shall be taken by the Chairman of the Board of Directors. If at any meeting, the Chairman of the Board of Directors is not present within fifteen minutes after the time appointed for holding the meeting or, though present is unwilling to act as chairman, then co-chairman, if any, shall act as the Chairman of the meeting and in the absence of both or both of them unwilling to act as chairman, the members present shall choose one of the Director present to be Chairman or if no Directors is present or though present is unwilling to take the chair then members present shall choose one of their members, being a member entitled to vote, to be the Chairman.

9. *To Consider and if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:*

Alteration of Article No. 97. of the Articles of Association:

"RESOLVED THAT pursuant to Section 31 of the Companies Act, 1956 and consistent with the conditions contained in the Memorandum of Association and other applicable provisions, if any, consent of the Shareholders be and is hereby given,

to substitute the existing Article No. 97 by the below mentioned Article-

Article no. 97. The Chairman of the Board of Directors shall be the Chairman of the meetings of Directors. If at any meeting, the Chairman of the Board of Directors is not present within five minutes after the time appointed for holding the meeting or, though present is unwilling to act as chairman, then co-chairman, if any, shall act as the Chairman of the meeting and in the absence of both or both of them unwilling to act as chairman, the directors present shall choose one of their members to be Chairman of such meeting.

Regd. Office :

Trilokpur Road, Kala Amb.
Distt: Sirmour (HP) 173030

**By order of the Board
of Directors**

Place : Kala – Amb (HP).
Date : August 01, 2007.


SATINDER PAL SINGH
Company Secretary

Notes:-

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 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/ herself and the proxy need not be a member. Proxy form in order to be effective must be received by the company at their registered office not less than 48 hours before the commencement of the meeting. The proxy so appointed shall not have any right to speak at the meeting. The blank proxy form is appended with the attendance slip.**
3. The Register of Members and Share Transfer Books of the Company will remain closed from 25.08.2007 to 31.08.2007 (both days inclusive) for the purpose of Annual General Meeting.
4. Documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except holidays, between 11.00 A.M. to 1.00 P.M. upto the date of the Annual General Meeting.
5. Members desirous of getting any information on Accounts or others items of Agenda are requested to forward his/her queries to the Company at least ten working days prior to the date of the Annual General Meeting so as to enable the Management to keep the information ready.



6. Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representative to attend and vote at the Annual General Meeting.
7. Members are requested to notify immediately the change in their address, if any, to the Company or its Share Transfer Agent and in case the shares are held in dematerialized form, this information should be passed on to their respective Depository Participant without any delay and should always quote their folio number or DP ID & Client ID, as the case may be, in all correspondence.
8. Members/ Proxies attending the Meeting are requested to bring their copy of the Annual Report with them at the meeting as the same will not be distributed at the meeting. The enclosed attendance slip may kindly be delivered at the entrance of the meeting hall.
9. Statement pursuant to proviso to Schedule XIII (PART II Section II 1(B) (iv) of the Companies Act, 1956 is annexed herewith.
10. Information pursuant to Clause 49 of the listing agreement regarding appointment and re-appointment of directors is annexed herewith.

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

ITEM NO. 4, 5, 6 & 7

The members are aware that the company is going through the phase of substantial expansion by setting up a Writing and Printing Paper Plant resulting significant increase in job responsibilities of the Managing and Whole-Time Directors/ Executive directors. Considering the long experience, expertise, and in recognition of invaluable contribution to the Company's growth and implementation of several expansion plans undertaken in the past, the Board of Directors of the Company in its meeting held on July 30, 2007, and as approved by the remuneration committee, has increased the remuneration payable to

Shri Umesh Chander Garg, Shri Subhash Chander Garg, Shri Jatinder Singh & Shri Jaleshwar Narain Singh subject to the approval of the members at the ensuing Annual General Meeting. Shri Jaleshwar Narain Singh was re-appointed as the Executive Director of the Company by the Board in their meeting held on 29th January, 2007 subject to the approval by the Shareholders.

The Directors commend the Resolution No.4,5,6 & 7.

The Directors places before the members the aforesaid special Resolutions pursuant to the provisions of Schedule XIII for their approval.

None of the Directors except Shri Umesh Chander Garg, Shri Subhash Chander Garg, Shri Jatinder Singh and Shri Jaleshwar Narain Singh is concerned or interested in the aforesaid Resolutions.

The terms of appointment as detailed in the resolution may be regarded as Abstract / Memorandum of Interest under Section 302 of the Companies Act, 1956.

ITEM NO. 8 & 9

The Board of Directors in their meeting held on 30.04.2007 has appointed Shri Subhash Chander Garg, Whole-time Director, as the Chairman of the Board and designated him as Chairman-cum-Whole Time Director. The Board also recommended a post of Co-Chairman to be filled in the due course of time after incorporating suitable provisions in the Articles of Association. Accordingly the board presents before the shareholders the resolution no. 8 & 9 for approval.

All the Directors of the Company may be deemed to be interested in the above proposed special resolution to the extent if any of them is appointed as the Co-Chairman of the board in the due course of time.

Regd. Office :
Trilokpur Road, Kala Amb.
Distt: Sirmour (HP) 173030

Place : Kala – Amb (HP).
Date : August 01, 2007.

By order of the Board
of Directors


SATINDER PAL SINGH
Company Secretary



ANNEXURE TO THE AGM NOTICE

A. STATEMENT PURSUANT TO PROVISIO TO SCHEDULE XIII (PART II SECTION II 1(B)(Clause iv)) OF THE COMPANIES ACT, 1956.

I. GENERAL INFORMATION				
(1) Nature of Industry	Paper Industry: The Company is presently engaged in the manufacture of Kraft paper which is used as a Raw Material in the Packaging Industry.			
(2) Date of expected date of commencement of commercial production	The Company is engaged in commercial production since 1983			
(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	N.A.			
(4) Financial performance based on given indicators.	The Financial Results for the Last three years are as follows:			
	Particulars	2006-07 (Rs. In lacs)	2005-06 (Rs. In lacs)	2004-05 (Rs. In lacs)
	Sales	7486.19	6261.23	4870.92
	PBIDT	937.70	932.37	666.45
	PBT	587.41	607.83	414.56
	PAT	400.03	451.79	379.44
(5) Export performance and net foreign exchange collaboration.	Nil			
(6) Foreign investments or collaborators, if any.	Nil			
II. INFORMATION ABOUT THE APPOINTEE/EXISTING MANAGERIAL PERSONNEL TO WHOM INCREASED REMUNERATION IS PROPOSED:	Shri Subhash Chander Garg, Chairman-cum-Whole Time Director	Shri Umesh Chander Garg, Managing Director	Shri Jatinder Singh, Whole-Time Director	Shri Jaleshwar Narain Singh, Executive Director
(1) Background Details	Shri Subhash Chander Garg aged 65 years is the Chairman-cum- Whole Time Director of the company. He is looking after the Marketing, Sales, Taxation and Company Law Matters, ably assisted by the respective department heads. He has been associated with the company since its inception as promoter Director.	Shri Umesh Chander Garg aged 58 years is the Managing Director of the Company. He is looking after the production, maintenance & Plant erection and expansion programmes. He has been attached to the company as a promoter director since incorporation in 1980 and has a rich experience of over 26 years in the paper industry.	Shri Jatinder Singh aged 52 years is the Whole-Time Director of the Company. He is an Engineering graduate and is looking after Finance, Administration and HR Functions and is the promoter of the company. He has an experience of over 26 years in the paper industry.	Shri Jaleshwar Narain Singh aged 53 years is the Whole -Time Director designated as the Executive Director of the Company. He is a Science graduate and is looking after Production and Expansion Work. He has an experience of over 23 years in the paper industry.
(2) Past Remuneration	Rs. 2.0 Lac p.m. + 20% (HRA)	Rs. 2.0 Lac p.m. + 20% (HRA)	Rs. 2.0 Lac p.m. + 20% (HRA)	Rs. 53700/- p.m. plus benefits as per Schedule XIII
(3) Recognition or awards	He is closely associated with the ROTARY CLUB and has also served as Dist. Governor, D.I.-3080.	He is a President of Chamber of Commerce and Industries, Kala-Amb.	—	—
(4) Job Profile and his suitability	As per (1) above	As per (1) above	As per (1) above	As per (1) above
(5) Remuneration proposed	Rs. 2,75,000 p.m. + 20 % (HRA) + other benefits as disclosed in the resolution	Rs. 2,75,000 p.m. + 20 % (HRA) + other benefits as disclosed in the resolution	Rs. 2,75,000 p.m. + 20 % (HRA) + other benefits as disclosed in the resolution	Rs. 65000/- p.m. plus other benefits as disclosed in the resolution
(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	Between Three Lacs to Four Lacs per mensem	Between Three Lacs to Four Lacs per mensem	Between Three Lacs to Four Lacs per mensem	Between Three Lac to Four Lacs per mensem
(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	No pecuniary relationship with the Company except that Shri Umesh Chander Garg, Managing Director is the brother of Shri Subhash Chander Garg.	No pecuniary relationship with the Company except that Shri Subhash Chander Garg, Whole-Time Director is the brother of Shri Umesh Chander Garg.	—	—



III. OTHER INFORMATION:	
(1) Reasons of loss or inadequate profits	The Company is in the advanced stages of setting up a 33000 TPA writing and printing unit to augment its product base and market share. Keeping in line with the Industry Standards and in view of additional responsibilities the remuneration of Managing/ Whole-Time/Executive Directors is proposed to be increased within the limits of Schedule XIII. In view of substantial expansion & on account of heavy depreciation charge & interest outflow, the profits of the company will be under pressure; therefore the company proposes to pay the proposed remuneration as minimum remuneration.
(2) Steps taken or proposed to be taken for improvement	The Company has already started the process of setting up a manufacturing unit for Writing and Printing Paper having capacity of 33000 TPA adjacent to the existing unit.
(3) Expected increase in productivity and profits in measurable terms	The production capacity would be increased by 33000 TPA (for Writing and Printing paper) from the existing 52800 TPA (Kraft paper). The profits (PAT) for the Kraft and Writing and Printing paper unit for the financial year 2007-2008 is expected to Rs.1497 Lacs (approx.)
IV. DISCLOSURES:	
(1) Remuneration Package	<p>(i) Shri Umesh Chander Garg, Shri Subhash Chander Garg and Shri Jatinder Singh, Whole-Time Directors, each of them would be entitled to the following remuneration as under:</p> <ol style="list-style-type: none"> Salary: Rs. 2,75,000/- (Rupees Two Lacs and Seventy Five thousand Only) per month. House Rent Allowance @ 20 % of Salary per month. Medical Reimbursement: Expenses incurred for self and family subject to a ceiling of Rs. 1,00,000/- in a year. Club Fees: Fees for One Club not exceeding Rs. 20,000/- per year.] Conveyance: Company's Car with Driver for Official Use. Telephone: Mobile and Telephone Facility at the residence for office purpose. Provident Fund: Company's Contribution towards Provident Fund shall be as per the rules of the Company i.e. 12 % of the Salary. Gratuity: Payable at a rate not exceeding half a month's salary for each completed year of service. <p>(ii) Shri Jaleshwar Narain Singh , Executive Director, would be entitled to a monthly salary of Rs. 65000/- plus benefits and perquisites as under:</p> <ol style="list-style-type: none"> Conveyance Allowance @ Rs. 800 per month. Telephone: Mobile and Telephone facility at residence. Leave encashment as per the rules of the company. Company's Car with Driver for office use. Provident Fund: Company's Contribution towards Provident Fund shall be as per the rules of the Company. Gratuity : Payable at a rate not exceeding half a months salary for each completed year of service as per rules of the Company

A. INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT REGARDING APPOINTMENT OR RE-APPOINTMENT OF A DIRECTOR.

Particulars	Mr. Surinder Gupta	Mr. Jaleshwar Narain Singh
Date of Birth	20.11.1953	20.04.1953
Date of Appointment	30.12.2004	12.02.1997
Qualifications	Chartered Accountant	Science graduate
Expertise in Specific functional area	Audit and Taxation	Paper Manufacturing
Directorship of other companies (excluding foreign companies)	Nil	Nil
Chairman/ Member of committees* of the Board of Companies of which he is a director	Ruchira Papers Limited: Audit Committee Remuneration Committee	Nil
Shareholding of Non-Executive Directors as stated in Clause 49 (IV) (E) (V) as on 31.03.2007	100	Not Applicable

* includes Audit, Remuneration and Shareholders'/ Grievance Committees.



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 27th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2007.

Financial Results

The operating and financial results for the financial year ended 31st March, 2007 are as follows:

Rs. in Lacs

Particulars	2006-2007	2005-2006
Sales	7486.19	6261.23
Other Revenue Receipts	55.52	51.53
Profit (Before Interest, Depreciation & Taxes)	937.70	932.37
Less : Depreciation	189.42	169.98
Interest	160.87	154.56
Profit before Tax	587.41	607.83
Less: Provision for Tax	187.38	156.04
Net Profit after Tax	400.03	451.79

Result of Operations

The Sales of the Company for the year under review increased to Rs.7486.19 Lacs as compared to Rs. 6261.23 Lacs in the previous financial period, registering a growth of 19.56 % percent. The operating profit (PBIDT) of the Company grew from Rs.932.37 Lacs in previous period to Rs. 937.70 Lacs in the year under review. The operating profit (PBIDT) of the company was 12.52% of the net sales during F.Y.2006-07 against 14.89 % in F.Y.2005-06. The operating profits were lower due to steep increase in the prices of the raw materials, chemicals and fuel.

Dividend

In order to conserve the resources and to strengthen the financial base of the company, your directors do not recommend dividend for the year ended 31st March, 2007.

Initial Public Offer (IPO)

The Company came out with an Initial Public Offering (IPO) of 12391304 equity shares of Rs. 10/- each at a premium of Rs. 13/- each in the month of November, 2006 amounting to Rs. 2850 Lacs. The Issue got an overwhelming response from the investors.

The shares of the Company got listed at "Bombay Stock Exchange Limited (BSE)" and "National Stock Exchange of India Limited (NSE)" w.e.f. December 20, 2006.

Expansion/ New Unit

The Company is setting up Writing and Printing paper plant with a capacity of 33000 TPA along with Chemical Recovery Plant and Co-Generation Power Plant at the site adjacent to the existing plant. The total cost of the project envisaged is Rs. 13549.70 Lacs. The project is

being financed through term loan amounting to Rs. 9347.70 Lacs and balance has been raised through equity and internal accruals. The project has been appraised by Punjab National Bank. The project is in advance stage of implementation.

Directors

The Board of Directors in its meeting held on 30th April, 2007, appointed Shri Subhash Chander Garg as the Chairman of the Company and redesignated him as Chairman-cum-Whole Time Director of the Company. In accordance with the provisions of the Companies act, 1956 and the Company's Articles of Association, Shri Surinder Gupta, Director of the Company will retire by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment

Fixed Deposits

The Company has not invited or accepted Fixed Deposits from the Public or else where.

Management Discussion and Analysis

Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is presented in a separate section forming part of the Annual Report

Corporate Governance

The Company believes that Corporate Governance is a way of business than legal compulsion. The Company is committed to the application of best management practices, compliance with law, adherence to ethical standards and discharge of social responsibilities

A Report on Corporate Governance as required under clause 49 of the Listing Agreement with the Stock Exchanges, is annexed and forms an integral part of this report. An Auditors' Certificate on Corporate Governance is also annexed to the said Report.

Auditors

M/s I. Chander Goel & Co., Chartered Accountants, Jagadhri, Statutory Auditors of the Company, retire at the conclusion of ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The Company has received letters from them to the effect that their appointment/ reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment/ reappointment within the meaning of Section 226 of the said Act

Auditors Report

The observations of the Auditors in their report read with relevant notes are self-explanatory and require no further comments.

**Cost-Audit**

To comply with the provisions of Section 233 B of the Companies Act, 1956 the Board of Directors has re-appointed subject to the approval of the Central Government, M/s Sanjay Kumar Garg & Associates, Cost Accountants as Cost Auditors of the Company for the period ending 31st March, 2008.

Energy Conservation, technology Absorption, foreign exchange earnings and outgo

A statement giving details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo, in accordance with Section 217 (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 , is set out in Annexure -1 hereto and forms part of this Report.

Particulars of Employees

As required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in annexure included in this report.

Directors' responsibility statement under section 217 (2aa) of the companies act, 1956.

The Statement of the Directors' Responsibility on the Annual Accounts of the Company for the year ended March 31, 2007 is given as follows :-

- a. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- b. that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent , so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2007 and of the profit of the Company for the year ended as on that date;
- c. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. that the directors had prepared the Annual Accounts on a going concern basis.

Acknowledgements

Your directors wish to express their grateful appreciation for the cooperation and continued support received from Bankers, Financial Institutions, Government agencies, Shareholders, vendors, customers and society at large. Your directors also take, on record, their appreciation for the contribution and hard work of the Executives, Employees and Workers.

For and on behalf of the Board.

Place: Kala Amb
Dated: 30th July, 2007

Subhash Chander Garg
Chairman