

RAMA NEWSPRINT AND PAPERS LIMITED



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8TH
ANNUAL REPORT 1998-99

Rama Newsprint And Papers Limited



Board of Directors

Vashu J. Ramsinghani	Chairman & Managing Director
H. K. Khan	
N. J. Jhaveri	
N. Ganga Ram	
Ajeet Prasad	(UTI Nominee)
N. S. Sadawarte	(ICICI Nominee)
Parshottam Kukreja	
Manohar S. Agicha	
Ramesh Narang	
Manju V. Ramsinghani	
S. P. Dasgupta	(Wholetime Director)
S. C. Bhargava	(Wholetime Director)

Senior Management Executives

Vashu J. Ramsinghani	Chairman & Managing Director
S. P. Dasgupta	Director - Projects
S. C. Bhargava	Resident Director
G. R. Karmakar	Sr. Vice President - Operations
S. S. Mande	Sr. Vice President - Corporate Development
S. Vijayakumar	Vice President - Finance
C. U. Mangtani	Vice President - Co-ordination
C. L. Gupta	Vice President - Purchase & Materials

Auditors

Haribhakti & Co.

Solicitors

Crawford Bayley & Co.

Bankers

Bank of India
Oriental Bank of Commerce
Indian Bank

Registered Office & Factory

Village Barbodhan, Taluka Olpad,
District Surat, Gujarat 395 005.

Corporate Office

181-B, Maker Tower 'E', Cuffe Parade,
Mumbai 400 005.

Registrars & Transfer Agents

MCS Ltd.
Sri Venkatesh Bhavan
Plot No. 27, Road No. 11,
MIDC Area, Andheri (E),
Mumbai 400 093.

This Annual Report has been printed on paper Manufactured by RNPL

ANNUAL REPORT 1 9 9 8 - 9 9

Notice

NOTICE is hereby given that the EIGHTH ANNUAL GENERAL MEETING OF THE MEMBERS OF RAMA NEWSPRINT AND PAPERS LIMITED will be held on Friday, the 24th September 1999 at 10.00 A.M. at the Registered Office of the Company situated at Village Barbodhan, Taluka Olpad, District. Surat, Gujarat, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999, Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Manju V. Ramsinghani, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr Ramesh G. Narang, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr Narendra J. Jhaveri, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting with authority to the Board of Directors of the Company to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. S.C. Bhargava, an Additional Director of the Company who, under Section 260 of the Companies Act, 1956, holds office only upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing under Section 257 and other applicable provisions, if any, of the said Act, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT consent of the Members be and is hereby accorded pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956 ("the Act") to the appointment of Mr. S.C. Bhargava as Whole-time Director of the Company for a period of 5 (five) years with effect from 28th July, 1999 on the terms and conditions, including expressly the remuneration payable to him as Whole-time Director and the minimum remuneration payable to him in case of absence or inadequacy of profits in any year, as set out in the draft letter of appointment

produced at this meeting and for the purpose of identification initialled by the Chairman hereof ;"

"RESOLVED FURTHER THAT the Directors be and are hereby authorised to issue the letter of appointment with such alterations, changes and variations in the remuneration payable to Mr. S.C. Bhargava as may be agreed between the Board of Directors and Mr. S.C. Bhargava provided that the said remuneration as altered, changed or varied shall not in any event, exceed the limits prescribed under Schedule XIII of the Act for the time being and from time to time in force."

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications or re-enactment thereof for the time being in force and the provisions of other statutes as applicable, the Articles of Association of the Company be and are hereby altered in the manner and to the extent as follows :-

- (A) In the existing Article 2, the definition of "Member" be substituted as under :

"Member "means the duly registered holder from time to time of the shares of the Company and includes the subscribers of the Memorandum of the Company and every person whose name is recorded as Beneficial Owner of the shares of the Company, in the records of the Depository."

- B) After the definition clause, "Member" in Article 2, the following sub-clause be inserted :

- (i) "Beneficial Owner" means the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996".

- (ii) "Depositories Act, 1996" includes any statutory modification or re-enactment thereof, for the time being in force.

- (iii) "Depositories" means a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.

"Security" means such security as may be specified by Securities and Exchange Board of India from time to time.

- (C) After the existing Article 12, the following Article be inserted as Article 12 A :

"12A. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder.

The Company shall further be entitled to maintain a Register

Notice



of Members with the details of Members holding shares both in material and dematerialised form in any media as permitted by law including any form of electronic media."

- (D) In the Article 13, after the words, "no shares shall be subdivided", the words, "provided, however, that the provisions relating to progressive numbering shall not apply to the shares of the Company which have been dematerialised." be added.

- (E) After the existing Article 24, the following Article 24A be inserted :

"24A. Notwithstanding anything contained in the Article, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the Beneficial Owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable, contingent or other claim or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof."

- (F) After the existing Article 68, the following Article 68A be inserted :

"68A. Notwithstanding anything contained in the Article hereinabove relating to transfer and transmission of share and Debentures, in the case of transfer of shares or other marketable securities where the Company has not issued any Certificate and where such shares or securities are being held in an electronic and fungible form by a Depository, the provisions of the Depositories Act, 1996 shall apply".

9. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications or re-enactment thereof for the time being in force and the provisions of other statutes as applicable, the Articles of Association of the Company be and are hereby altered in the manner and to the extent as follows :-

After the Article 68A referred to above, the following two new Articles be inserted under the heading "Nomination Inter Vivos"

NOMINATION INTER VIVOS

- *68B (1) Without prejudice to anything contained in the Article 54 to Article 68A hereinabove relating to transfer and transmission of shares, every holder of shares in, or debentures of the Company may at any time nominate in the manner prescribed under the Act, a person to

whom his shares in, or debentures of, the Company shall vest in the event of death of such holder.

- (2) Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company as the case may be, held by them shall vest in the event of death of all the joint holders.

- (3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, or in these Articles, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the holder, or as the case may be, on the death of the joint holders of shares or debentures become entitled to all the rights of the deceased holder or, as the case may be, of all the deceased joint holders in such shares or debentures to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed under the provisions of the Act.

- (4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures to make the nomination to appoint in the manner prescribed under the provisions of the Act, any person to become entitled to shares in or debentures of the Company, in the event of his death, during the minority.

- (5) The provisions of this Article shall apply mutatis mutandis to a depositor of money with the Company as per the provisions of Section 58A of the Act."

- "68C (1) Any person who becomes a nominee by virtue of the provisions of Article 68B upon production of such evidence as maybe required by the Board and subject as hereinafter provided, shall elect, either -

- (i) to be registered himself as holder of the shares or debentures, as the case may be; or
- (ii) to make such transfer of the shares or debentures, as the case may be, as the deceased shareholder or debentureholder, could have made.

- (2) If the nominee elects himself to be registered as holder of the shares or debentures, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied by the certificate of death of the deceased holder or all the joint holders and the certificate of shares or debentures as the case may be held by the deceased in the Company.

- (3) Subject to the provisions of Section 109B(3) of the Act and these Articles, the Board may register the relevant shares or debentures in the name of the nominee or the

ANNUAL REPORT
1 9 9 8 - 9 9

Notice

transferee as if the death of the registered holder of the shares or debentures had not occurred and the notice of transfer were a transfer signed by the registered holder.

- (4) A nominee on becoming entitled to any shares or debentures by reason of the death of the holder or joint holders shall be entitled to the same dividends and other advantages to which he would have been entitled if he were the registered holder of the shares or debentures, except that he shall not, before being registered as holder of such shares or debentures, be entitled in respect of them to exercise any right conferred on a member or debentureholder in relation to meetings of the Company.
- (5) The Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares or debentures, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses, interest or other moneys payable or rights accrued or accruing in respect of the relevant shares or debentures, until the requirements of the notice have been complied with."
10. To consider and, if thought fit, to pass, with or without modification, the following resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force and the provisions of other statutes as applicable, the Articles of Association of the Company be and are hereby altered in the manner and to the extent as follows :

The existing Article 175 (c) be substituted as under :

"175 (c) The Company shall comply with the provisions of Sections 205A and 205B read with Section 205C of the Act

in respect of any dividend remaining unpaid, or unclaimed with the Company."

By Order of the Board
For **RAMA NEWSPRINT AND PAPERS LTD.**

VASHU J. RAMSINGHANI
Chairman & Managing Director

Mumbai, 26th July, 1999.

Registered Office:

Village Barbodhan, Taluka Olpad,
District Surat, Gujarat-395 005

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER.
2. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the commencement of the Meeting.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, the 16th September, 1999 to Friday the 24th September, 1999 (both days inclusive).
5. Members are requested to notify immediately any change in their Registered Address to the Company's Registrar, MCS Limited, Sri Venkatesh Bhavan, Plot No. 27, Road No. 11, MIDC Area, Andheri (E), Mumbai - 400 093.
6. Shareholders seeking any information with regard to the Accounts are requested to write to the Company at an early date to enable the Management to keep the information ready.

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Annexure to Notice

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 6**

Mr. S.C. Bhargava was appointed by the Board of Directors as an Additional Director with effect from 26th July, 1999. Under Section 260 of the Companies Act, 1956, Mr. S.C. Bhargava holds office only upto the date of this Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956, along with a deposit of Rs. 500/- from a member signifying his intention to propose the name of Mr. S.C. Bhargava as a candidate for the office of Director. Mr. S.C. Bhargava aged 57 years, is a B. Tech (Chem. Engg) from I.I.T. Mumbai with over 35 years of experience in the paper industry. Your Directors are of the view that his appointment will be in the interest of the Company and its shareholders.

Mr. S.C. Bhargava is interested in the resolution since it concerns his own appointment. None of the other Directors is concerned or interested in passing of this resolution.

ITEM NO. 7

Your Directors have, subject to the approval of the Company's Members in General Meeting, appointed Mr. S.C. Bhargava as a Whole-time Director in charge of operations of the Company for a period of 5 years from 28th July, 1999 on the terms and subject to the conditions set out in the draft letter of appointment referred to in the resolution.

The material terms, including remuneration, of the said letter of appointment are as follows:

I. Period : 5 years with effect from 28th July, 1999.

II. Remuneration :

(i) Salary : Rs. 40,000/- per month inclusive of all other allowances.

(ii) Perquisites :

Part A

1. Use of furnished residential accommodation (with furniture, fixtures and fittings) at Surat owned, leased or licensed by the Company.
2. Ex-gratia/bonus as per the Rules of the Company not exceeding 20% of the Salary.
3. Reimbursement of medical expenses actually incurred for self and family the total cost of which shall not exceed one month's salary in a year or three month's salary in a block of three years.
4. Personal accident insurance of an amount the annual premium of which does not exceed Rs.4000/-

5. Free use of car with driver, the monetary value of which will be evaluated as per Income Tax Rules, 1962.

Part B

- (a) Company's contribution towards Provident Fund to the extent that is not taxable under the Income Tax Act, 1961.
- (b) Gratuity : One-half month's salary for each completed year of service.
- (c) Encashment of leave at the end of tenure.

Part C

1. Leave travel concession for self and family once in a year in accordance with the Rules of the Company.
2. Leave on full pay and allowances as per the Rules of the Company but not exceeding one month's leave per year of service and leave accumulated but not availed of will be allowed to be encashed as per the Rules of the Company.
3. Reimbursement of entertainment and all other expenses actually and properly incurred for the purpose of the Company's business.
4. Free telephone facility at residence. However, personal long distance calls on the telephone for private purposes shall be billed by the Company to the Whole-time Director.

III. Minimum Remuneration :

The above remuneration including the perquisites aforesaid, shall, nevertheless, be paid as minimum remuneration for any financial year in case of absence or inadequacy of profits for such year.

IV. Other Terms :

1. The Whole-time Director shall not be paid any sitting fees for attending any meeting of the Board or Committee thereof.
2. The Whole-time Director shall be liable to retire by rotation.
3. The Whole-time Director shall not, without the Board's approval, engage himself in any business, occupation or employment competing with the Company's business.
4. The Whole-time Director shall not divulge or disclose any confidential information or knowledge as to the business and affairs of the Company.
5. Both parties are entitled to terminate the appointment by giving to the other party ninety days notice in writing without showing any cause.

The Company has been advised that the appointment of Mr. S.C. Bhargava as a Whole-time Director will not require approval of the Central Government in terms of the provisions of Section 269 of

ANNUAL REPORT
1 9 9 8 - 9 9

Annexure to Notice

the Companies Act, 1956 read with Schedule XIII to the said Act.

Mr. S.C. Bhargava, aged 57 years, is a B.Tech (Chem. Engg) from I.I.T. Mumbai with over 35 years of experience in the paper industry. He was appointed by the Board of Directors as an Additional Director with effect from 26th July, 1999. He joined the services of the Company as a Whole-time Director from 28th July, 1999 and is in charge of operations. Your Directors are of the view that having regard to, inter alia, Mr. S.C. Bhargava's age, educational qualification and experience, he is a fit and proper person to be appointed as a Whole-time Director of the Company and that his appointment will be in the interest of the Company and its shareholders and, accordingly, commend the resolution of item no. 7 for your approval.

The draft letter of appointment referred to in the Resolution is available for inspection of members at the Registered Office of the Company between 10.30 a.m. and 1.00 p.m. on all working days (except Saturdays)

Mr. S.C. Bhargava is interested in the Resolution at item No.7 since it concerns his own remuneration. None of the other Directors is interested in the passing of this resolution.

This Explanation, together with the accompanying Notice, is and shall be treated as an abstract under Section 302 of the Companies Act, 1956.

ITEM NO. 8

Consequent upon the passing of the Depositories Act, 1996 and the introduction of the Depository system, some of the provisions of the Companies Act, 1956 pertaining to issue, holding, transfer and dealing in shares and other securities as also certificates have been amended to facilitate the introduction and implementation of the Depository system. A few Articles in the Articles of Association of the Company pertaining to issue, holding and dealing in shares and securities which were in line with the erstwhile provisions of the Companies Act, 1956, are conflicting with the provisions of the Depositories Act, 1996 and, therefore, the relevant Articles need to be amended to dematerialise, as and when deemed necessary by the Board of Directors of the Company, its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder.

The Resolution proposes such amendments and it is recommended for the approval of the Members.

None of the Directors of the Company is concerned or interested in the Resolution.

ITEM NO. 9

The Companies Act, 1956 as amended by the Companies (Amendment) Act, 1999 has provided to every holder of securities of and every depositor with a Company, an option to nominate, a person to whom the rights of the holder of any securities of, or the depositor with a Company shall vest in the event of the death of the holder of such securities or of the depositor.

Necessary amendments are proposed in the Articles of Association of the Company to provide for the nomination facility to the holder of the securities of and the depositor with the Company, in line with the amended provisions of the Companies Act, 1956.

The Resolution is recommended for the approval of the Members.

None of the Directors of the Company is concerned or interested in the Resolution.

ITEM NO. 10

In terms of new Section 205A(5) and 205 C of the Companies Act, 1956 inserted by the Companies (Amendment) Act, 1999, the dividend which remains unclaimed/unpaid for seven years from the date of transfer to unpaid dividend account shall be transferred to 'the Investor Education and Protection Fund' established by the Central Government and no claims shall lie against the fund or the Company in respect of such amounts transferred to the Fund.

It is proposed to amend the Company's Articles to bring it in line with the Companies Act, 1956, as amended.

The Resolution is recommended for the approval of the Members.

None of the Directors of the Company is concerned or interested in the Resolution.

By Order of the Board
For **RAMA NEWSPRINT AND PAPERS LTD.**

VASHU J. RAMSINGHANI
Chairman & Managing Director

Mumbai, 26th July, 1999.

Registered Office:

Village Barbodhan, Taluka Olpad,
District Surat, Gujarat-395 005

Directors' Report



The Members,

RAMA NEWSPRINT AND PAPERS LIMITED

Your Directors present the Eighth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

	(Rs. in lakhs)	
	Year Ended 31.03.99	Year Ended 31.3.98
Sales	9756.75	7681.04
Other Income	90.29	196.85
Operating Profit	2178.06	480.79
Interest and Finance Charges	2092.90	1986.77
Profit/(Loss) before Depreciation and Tax	85.16	(1505.98)
Depreciation	1228.26	1191.46
Tax	—	—
Prior period adjustments	611.68	—
Net Loss	531.42	2697.44

OPERATIONS

During the year, the Company achieved sales of Rs.9756.75 lacs as compared to Rs.7681.04 lacs in 1997-98, recording an increase of over 27%. Due to this and coupled with benefit of cost reduction measures taken during the year, the operating profit increased substantially to Rs.2178.06 lacs from Rs.480.79 lacs in the previous year. However, owing to highly competitive market conditions and unremunerative realisation per MT of Newsprint mainly on account of dumping by overseas manufacturers, the Company incurred net loss of Rs.531.42 lacs after interest (Rs.2092.90 lacs) and depreciation (Rs.1228.26 lacs) as also prior period adjustments (Rs.611.68 lacs). This could be considered an improvement over the previous year in which there was net loss of the order of Rs.2697.44 lacs.

The Company's total production in the year under review amounts to 53095 MT as compared to 34744 MT in the previous year, representing an increase of over 50%.

The first Newsprint machine is now fully stabilised and it is running with maximum efficiency.

REVIEW OF THE PROGRESS OF THE PROJECT

During the year under review, the Coal/Lignite based Boiler for captive generation of electricity was fully stabilised thereby reducing the dependence on power from the Gujarat Electricity Board as well as on Oil Fired Boiler, and thereby contributing to significant savings in energy cost.

The second paper machine for the manufacture of Writing and Printing Paper/Newsprint commenced trial runs of Newsprint during the year. It is expected to be fully stabilised in the current year and begin production of Writing and Printing Paper by October, 1999. With this, the installed capacity of your Company will increase from 61,380 TPA to 1,32,000 TPA.

With both the paper machines in regular commercial production, your Company will have a better product mix leading to more flexibility in marketing and distribution of overheads as also reduction in the per tonne cost of production and improvement in profit margins.

To improve the profit margins further, your Company proposes to install online coating machine for manufacture of LWC Newsprint and Magazines, a value added product. The initial feasibility study has already been carried out and the proposal is under discussion with Financial Institutions.

CURRENT YEAR AND FUTURE PROSPECTS

The Company has produced 12,342 MT of Newsprint and achieved sales of the value of Rs. 2816.95 lacs during the first quarter of the current year. The benefit of the second Writing and Printing Paper/Newsprint machine is expected to be fully available in the current year. The market scenario for Newsprint and Writing and Printing Paper has started showing signs of improvement in terms of demand and sales realisation.

In the light of these trends, your Directors hope that barring unforeseen circumstances, the Company will perform better in the coming years.

STATUS ON YEAR 2000 PREPAREDNESS

The Company has been addressing its Year 2000 (Y2K) compliance issues since November, 1998. Internally developed software is now fully Y2K compliant and significant 3rd party software and operating system will be fully Y2K compliant by October, 1999. All computer hardware has been tested for Y2K compliance and where necessary will