

RAMA NEWSPRINT AND PAPERS LIMITED



9TH
ANNUAL REPORT 1999-2000

RAMA NEWSPRINT AND PAPERS LIMITED



Board of Directors

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

Senior Management Executives

Vashu J. Ramsinghani	Chairman & Managing Director
S. C. Bhargava	Resident Director
S. S. Mande	President - Projects & Corporate Development
C. U. Mangani	Sr. Vice President - Administration
S. Vijayakumar	Vice President- Finance
C. L. Gupta	Vice President - Purchase & Materials

Auditors

Haribhakti & Co.

Solicitors

Crawford Bayley & Co.

Bankers

Bank of India
Oriental Bank of Commerce

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 1999- 2000

NOTICE

NOTICE IS HEREBY GIVEN THAT THE NINTH ANNUAL GENERAL MEETING OF THE MEMBERS OF RAMA NEWSPRINT AND PAPERS LIMITED will be held on Saturday, the 30th September 2000 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, 2000, 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 Mr. Vashu J. Ramsinghani, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. H.K. Khan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. N. Ganga Ram, 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. N.S. Sadawarte, 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 notice in writing under Section 257 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 a **SPECIAL RESOLUTION** :

"RESOLVED THAT pursuant to Section 31 and all applicable provisions, if any, of the Companies Act, 1956, Article No. 113 of the Articles of Association of the Company shall stand deleted and the following Article shall stand substituted in its place with effect from the date of the

Central Government approval in accordance with the provisions of the Companies Act, 1956:

ARTICLE 113

Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three or more than fifteen.

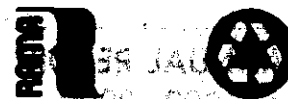
"RESOLVED FURTHER THAT pursuant to Sections 258, 259 and all other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force, the provisions of other statutes as applicable and subject to the approval of the Central Government and any other statutory authorities as may be required, the maximum number of Directors of the Company for the time being in office be increased from 12 (twelve) to 15 (fifteen);

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT in pursuance of Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and in supersession of the resolution passed at the Seventh Annual General Meeting of the Company held on 29th September, 1998, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow, from time to time, all such sums of money as it may deem requisite or proper for the purpose of the business of the Company, notwithstanding that the moneys to be borrowed by the Company together with the moneys, if any, already borrowed by the Company (neither of which sums shall include the temporary loans, if any, obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the maximum amount of moneys so borrowed by the Board shall not at any time exceed Rs.750 crores (Rupees seven hundred fifty crores)."

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

NOTICE

"RESOLVED THAT in supersession of the resolution passed at the Seventh Annual General Meeting of the Company held on 29th September, 1998, consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and/or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situated, present and future, and the whole undertaking of the Company (subject to prior charges in favour of the Company's bankers for cash credit and other facilities) together with power of the mortgagee/s to take over the management of the business and concern of the Company in certain events, in order to secure Rupee Term Loans/Foreign Currency Loans and the issue of Partly Convertible Debentures and Non Convertible Debentures or any other debt taken by the Company for amounts not exceeding in the aggregate Rs.750 crores (Rupees seven hundred fifty crores) obtained/to be obtained from the Financial Institutions and/or Banks or issued/to be issued by the Company or to be privately placed with the Financial Institutions and/or Banks and/or Mutual Funds or any other person as the case may be, and interest at the respective agreed rates, compound/additional interest, commitment charges, premium on prepayment, costs, charges, expenses, remuneration of the Trustees and all other moneys payable in respect of the aforementioned borrowings as may be agreed to by the Board of Directors of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with the Financial Institutions, Banks, Mutual Funds and/ or Trustees for the Debentureholders, the documents for creating the aforesaid mortgages and/or charges and to do all such acts and things as may be required for giving effect to the Resolution."

By Order of the Board

For RAMA NEWSPRINT AND PAPERS LIMITED

VASHU J. RAMSINGHANI
CHAIRMAN & MANAGING DIRECTOR

Mumbai, 29th July, 2000

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 Friday the 15th September, 2000 to Saturday, the 30th September, 2000 (both days inclusive).
5. The company has signed an agreement on 31.03.2000 with National Securities Depository Ltd. and Central Depository Services (India) Ltd., for dematerialisation of shares. The Securities and Exchange Board of India has indicated that delivery of shares of your Company in dematerialised form will be compulsory, for Institutional Investors with effect from 26.06.2000. The Members are requested to avail of the demat facility.
6. 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.
7. 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.
8. The documents referred to in this Notice/ Explanatory Statement are open for inspection by any Member at the Registered Office of the Company during the Company's business hours on any working day upto the date of the Annual General Meeting and will also be available for inspection at the Meeting.

**ANNUAL REPORT
1999- 2000****ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO. 6**

Mr. N.S. Sadawarte was appointed by the Board of Directors as an Additional Director with effect from 25th January, 2000 under Section 260 of the Companies Act, 1956. Mr. N.S. Sadawarte 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. N.S. Sadawarte as a candidate for the office of Director. Mr. N.S. Sadawarte aged 65 years, is a M.S. in pulp and paper from U.S.A. and is acclaimed as Paper Industry expert by Industry, Financial Institutions and International Bodies like UNIDO. Mr. N.S. Sadawarte has over 35 year of experience in the paper industry and was the Managing Director of Central Pulp Mills Ltd. Mr. Sadawarte was on our Board as Nominee Director of ICICI from 29th March, 1994 to 25th January, 2000.

Your Directors are of the view that his appointment will be in the interest of the Company and its Shareholders.

Mr. N.S. Sadawarte may be deemed to be concerned or interested in the Resolution. None of the other Directors of the Company is in any way concerned or interested in the Resolution.

ITEM NO. 7

With a view to comply with the mandatory requirements stipulated in the Corporate Governance Code, it is necessary to increase the representation of non-executive Directors on the Board of the Company. For this purpose it is necessary to increase the total number of Directors for the time being in office from presently 12 (twelve) to 15 (fifteen). In terms of Section 259 of the Companies Act, 1956, the aforesaid proposal requires the approval of the Shareholders by a Special Resolution and the approval of The Central Government.

To give effect to the above, it has become necessary for the Company to amend its Articles of Association as proposed under Item No. 7.

The Articles of the Company is available for inspection at the Registered Office of the Company.

The Resolution is recommended for the approval of the Members.

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

ITEM NO. 8

Section 293(1)(d) of the Companies Act, 1956 provides that the Board of Directors of the Company shall not, except with the consent of such Company in General Meeting, borrow monies (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital and free reserves (that is to say, reserves not set apart for any specific purpose).

As the Members are aware, the consent of the Company was obtained at the Seventh Annual General Meeting held on 29th September, 1998 to empower the Board to borrow upto Rs.550 crores. However, due to cost overrun and future expansion/modernisation and diversification which may be taken up, it is proposed to enhance the limit to Rs.750 crores.

None of the Directors is in anyway concerned or interested in the resolution.

ITEM NO. 9

As the Members are aware, the consent of the Company was accorded at the Seventh Annual General Meeting held on 29th September, 1998 to empower the Board to mortgage the properties of the Company to secure borrowings upto a limit of Rs.550 crores. However, in view of the cost overrun and future expansion/modernisation and diversification which may be taken up, it is proposed to enhance the limit to Rs.750 crores.

None of the Directors is in anyway interested or concerned in the resolution.

By Order of the Board

For RAMA NEWSPRINT AND PAPERS LIMITED

VASHU J. RAMSINGHANI

CHAIRMAN & MANAGING DIRECTOR

Mumbai, 29th July, 2000

Registered Office :

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

DIRECTORS' REPORT



The Members

RAMA NEWSRPRINT AND PAPERS LIMITED

Your Directors present the Ninth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2000.

FINANCIAL RESULTS

	(Rs. in lakhs)	
	Year Ended 31.03.2000	Year Ended 31.03.99
Sales	9827.72 *	9756.75
Other Income	100.98	90.29
Gross Profit before Interest and Depreciation	963.70	2178.06
Interest and Finance Charges	1941.22	2092.90
Profit/(Loss) before Depreciation and Tax	(977.52)	85.16
Depreciation	1241.32	1228.26
Tax	—	—
Prior period adjustments	—	611.68
Net Loss	2218.84	531.42

OPERATIONS

During the year, the Company achieved total Sales of Rs.14669.91 lacs *(Including Sales of out of Phase II trial run production of Rs.4842.19 lacs) as compared to Rs.9756.75 lacs in 1998-99, recording a quantum leap of over 50%. However, owing to highly competitive market conditions resulting from dumping of imported Newsprint, lower realisation per MT and increase in the cost of main raw material, the Company incurred a net loss of Rs.2218.84 lacs after interest and finance charges (Rs.1941.22 lacs) and depreciation (Rs.1241.32 lacs).

The Company's total production in the year under review was 70,570 MT (including 25,028 MT of trial production from Phase II) as compared to 53,095 MT in the previous year, representing an increase of over 33%.

REVIEW OF THE PROGRESS OF THE PROJECT

The second machine for the manufacture of Writing and Printing Paper/Newsprint (Phase II) commenced trial production of creamwove paper from October 1999 and is fully stabilised and performing as of now with maximum efficiency. With both the machines in regular commercial production, the Company in the

current year will have a better product mix, leading to more flexibility, economies of scale and profitability.

With the commissioning of coal fired boiler for captive generation of power in the last quarter of the year, which is the largest fluidised bed boiler in India, the dependency of the Company on Gujarat Electricity Board for power requirements has reduced substantially, and will result in considerable saving in the power cost in the current year. The Company plans to diversify into more value added products like S.S. Maplitho paper, Photocopier and Light weight coated Newsprint/Magazine, which would enhance the profitability of the Company further.

During the year the Company allotted 150,00,000 Equity Shares of Rs.10/- each at par to the Promoters and associates on a preferential basis in January 2000 and 3,81,32,129 Equity shares of Rs.10/- each at par to ICICI Ltd in March 2000, in terms of their Loan Agreements.

CURRENT YEAR AND FUTURE PROSPECTS

The Company has produced 24,142 MT of Newsprint and achieved Sales of the value of Rs.6756.91 lacs, during the first quarter of the current year, with an increase in sale of almost 140% over that of last 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 both in Domestic and other markets has started showing signs of improvement in terms of demand and sales realisation.

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

DEMATERIALIZATION OF SHARES

The Company has entered into an Agreement with National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd for dematerialisation of its Equity Shares. Members can take the benefit of holding their Equity Shares in Demat form. The number allotted to our Company is INE 278B01012.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Mr. Vashu J. Ramsinghani, Mr. H.K. Khan, and Mr. N. GangaRam, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

During the year, ICICI withdrew its Nominee Director, Mr. N.S. Sadawarte and appointed Mr. P.R.

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DIRECTORS' REPORT

Krishnamoorthy in his place. Mr. N.S. Sadawarte has been re-inducted on our Board as an additional Director to continuously have the benefits of his rich experience of 35 years in the paper industry. Mr. S.P. Dasgupta, who has been associated with the Company since 1997, resigned as Director with effect from 25th January, 2000. The Directors placed on record their deep appreciation of the valuable contribution made by Mr. S.P. Dasgupta during his tenure as Director.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are furnished as Annexure 1 to this Report.

PARTICULARS OF EMPLOYEES

The Statement giving particulars of employees in accordance with Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of

Employees) Rules, 1975 is furnished in Annexure II to this Report.

AUDITORS

The present Auditors of your Company, M/s. Haribhakti & Co., Chartered Accountants hold office until the conclusion of this Annual General Meeting and being eligible offer themselves for re-appointment.

ACKNOWLEDGEMENT

The Directors place on record their sincere appreciation of the unstinted co-operation received during the year under review from the Central Government, the Gujarat Government, Financial Institutions, Banks, Shareholders, Executives and Employees at all levels and look forward to their continued support and co-operation.

By Order of the Board

VASHU J. RAMSINGHANI
CHAIRMAN & MANAGING DIRECTOR

Mumbai,

Date : 29th July, 2000.

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ANNEXURE TO DIRECTORS' REPORT



ANNEXURE - 1

INFORMATION AS PER SECTION 217(1) (e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2000.

A. CONSERVATION OF ENERGY

a) Energy Conservation measures taken:

Following measures have been taken for Energy Conservation.

- I. Commissioned high efficiency fluidized bed boiler based on coal. This has given benefits in terms of reduced fuel & power costs per MT of paper.
- II. Improved working of co-generation TG set attributed to utilise more process steam, after generation of power and resulting in energy efficiency.
- III. Procured and installed efficient refiners (2 nos.) in stock preparation area to replace old less efficient refiners to save energy.

b) Additional investment and proposals for reduction of consumption of energy:

Various proposals under study are at different stages of implementation.

- i) Study undertaken for compressed air system with a view to reduce air consumption.
- ii) Studies undertaken to reduce steam consumption in paper machine area by improvement of steam and condensate system.
- iii) Orders have been placed for HT Capacitors for reduction of power factor.

c) Impact of the measures at (a) & (b) above:

The above measures taken by the Company will help to reduce cost of production in long run.

d) Total energy consumption and energy consumption per unit of production as per Form-A.

Form - A enclosed.

B. TECHNOLOGY ABSORPTION :

Efforts made in Technology Absorption as per Form - B
Form - B enclosed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

(Rs. in lacs)

Current Year	Previous Year
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a. Foreign Exchange earnings & outgo:

Foreign Exchange earnings :

Foreign Exchange used : 3071.42 1679.39

FORM - A

Form for Disclosure of Particulars with respect to Conservation of Energy.

YEAR ENDED 31/03/2000	YEAR ENDED 31/03/1999
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A) Power and Fuel Consumption

1) Electricity

a) Purchased

- Units (KWH in Thousand)	28474	14914
- Total Amount (Rs. lakhs)	1330.27	738.12
- Rate/Unit (Rs.)	4.67	4.95

b) Own Generation

i) Through Diesel Generator

- Units (KWH in Thousand)	13	95
- Unit per litre of Diesel/Oil	1.63	2.52
- Rate/Unit (Rs.)	5.61	4.38

ii) Through Steam Turbine/Generator

- Units (KWH in Thousand)	68027	52915
- Rate/Unit* (Rs.)	3.22*	1.78

2) Coal

- Quantity (Mts)	84717	72645
- Total Cost (Rs. in lacs)	1610.67	1297.94
- Average rate (Rs. Per MT)	1901	1787

3) Furnace Oil

- Quantity (K. Ltrs)	6109.56	3140.97
- Total Amount (Rs. lakhs)	578.35	192.75
- Average Rate (Rs. per K. Ltr.)	9466	6137

4) Others/Internal Generation

- Quantity	-	-
- Total Cost	-	-
- Rate/Unit	-	-