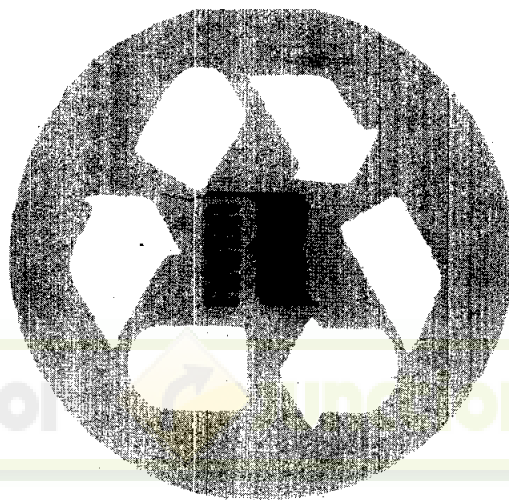


RAMA NEWSPRINT AND PAPERS LIMITED



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10TH
ANNUAL REPORT 2000-2001

RAMA NEWSPRINT AND PAPERS LIMITED**Board of Directors**

Vashu J. Ramsinghani	Chairman & Managing Director
H. K. Khan	
N. S. Sadawarte	
Manohar Agicha	
Ajeet Prasad	(UTI Nominee)
Sanjay Maheshka	(ICICI Nominee)
Parshottam Kukreja	
Ramesh Narang	
Mahendra Doshi	
Manju V. Ramsinghani	
S. C. Bhargava	(Whole-time Director)
S. S. Mande	(Whole-time Director)

Senior Management Executives

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

Auditors

Haribhakti & Co.

Solicitors

Crawford Bayley & Co.

BankersBank 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 2000-2001

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF RAMA NEWSPRINT AND PAPERS LIMITED will be held on Thursday, the 20th September, 2001 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, 2001, 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. Parshottam Kukreja, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Manohar Agicha who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S. C. Bhargava, 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.S. Mande, 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 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, 310 and 311 and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as the "Act") read with Schedule XIII of the Act, to the appointment of Mr. S.S. Mande as Whole-time Director of the Company for a period of 3 (three) years with effect from 31st July, 2001, 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 initialed 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.S. Mande, as may be agreed between the Board of Directors and Mr. S.S. Mande, 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 modification, the following resolution as an **ORDINARY RESOLUTION** :

"RESOLVED THAT Mr. Mahendra Doshi, 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 of the said Act, proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company."

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

(1) "RESOLVED THAT pursuant to the provisions of Section 94 and all other applicable provisions, of the Companies Act, 1956, enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the company are listed and such other approvals, sanctions and permission as may be necessary, the Authorised Share Capital of the Company be and is hereby altered from Rs. 2,27,00,00,000/- (Rupees Two Hundred Twenty Seven Crore Only) divided into 19,00,00,000 (Nineteen Crore) Ordinary Shares of Rs. 10/- each and 37,00,000 (Thirty Seven Lakh) Preference Shares of Rs. 100/- each to Rs. 2,27,00,00,000/- (Rupees Two Hundred Twenty Seven Crore Only) divided into :

(i) 22,70,00,000 (Twenty Two Crores Seventy lacs) Ordinary Shares of Rs. 10/- each.

- (2) To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **SPECIAL RESOLUTION**.

"RESOLVED THAT pursuant to the provisions of Section 31 (1) of the Companies Act, 1956, the existing Article 4 of the Articles of Association of the Company be and is hereby substituted by the following Article : -

"4. The Authorised Share Capital of the Company is Rs.2,27,00,00,000/- (Rupees Two Hundred Twenty Seven Crore Only) divided into :

(i) 22,70,00,000 (Twenty Two Crores Seventy lacs) Ordinary Shares of Rs. 10/- each."

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

"RESOLVED THAT in accordance with the provisions of Section 81(1-A) of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) (hereinafter referred to as "the Act"); provisions of

NOTICE



Memorandum & Articles of Associations of the Company; the Listing Agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed; guidelines for disclosure and investor protection for preferential issue dated 4th August, 1994 issued by the Securities And Exchange Board of India (SEBI); SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 and other guidelines issued by SEBI or any amendment thereof and such other approvals, consents, permissions and/or sanctions, as may be necessary, of appropriate authorities or institutions under the law, regulations or guidelines or under the covenants of agreements, if any, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall include any committee(s) which the Board may have or may hereafter constitute to exercise the powers of the Board including the powers conferred by this resolution), to issue, offer and allot to ICICI Ltd., from time to time, in one or more tranches, Equity Shares of the aggregate nominal value not exceeding Rs.37.00 crores (Rupees Thirty Seven Crores Only) on preferential allotment basis at such price which is not lesser than the issue price to be determined in accordance with the SEBI guidelines for preferential allotment dated 4th August, 1994 as amended from time to time to ICICI as the Board may consider proper and in such numbers as may be agreed to between the Board and the said subscribing financial institution."

"RESOLVED FURTHER THAT the equity shares allotted pursuant to this resolution shall in all respects rank pari-passu with the existing equity shares of the company save and except that these shares shall rank for dividend, if any, pro-rata for the period from the date of allotment till the end of the financial year in which the allotment of the new equity shares pursuant to this Resolution is made.

"RESOLVED FURTHER THAT the Board be and is hereby authorised to agree to such conditions and modifications, if any, in the terms of issue as may be required by the appropriate authorities, or financial institutions while according approvals to the proposed issue of shares and to do all such acts, deeds and things as it may deem necessary and to settle any question or difficulty whatsoever that may arise with regard to the issue and allotment of said shares."

By Order of the Board
For RAMA NEWSPRINT AND PAPERS LIMITED

VASHU J. RAMSINGHANI
CHAIRMAN & MANAGING DIRECTOR

Mumbai, 31st July, 2001

Registered Office :
Village Barbodhan, Taluka Oipad,
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 Saturday, the 1st September, 2001 to Thursday, the 20th September, 2001 (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 (East), Mumbai - 400 093.
6. Members, who hold shares in de-materialised form are requested to bring their Client ID and DP ID Nos. for easier identification of attendance at the Meeting.
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.
9. Investors / Shareholders are requested to kindly note that if physical documents viz. Demat Request Forms (DRF) and Share Certificates etc. are not received from their DPs by the Registrar within a period of 15 days from the date of generation of the DRN for dematerialisation, the DRN will be treated as rejected/cancelled. This step is being taken on the advice of National Securities Depository Limited (NSDL), so that no demat request remains pending beyond a period of 30 days. Upon rejection / cancellation of the DRN, a fresh DRF has to be forwarded along with the Share Certificates by the DPs to the Registrar. This note is only to caution Investors/ Shareholders that they should ensure that their DPs do not delay in sending the DRF and Share Certificates to the Registrar after generating the DRN.

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ANNEXURE TO NOTICE

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

ITEM NO. 2

Re-election of Mr. Parshottam Kukreja (Resume)

(As required by Clause 49 (vi) of the Listing Agreement of the Stock Exchanges)

Mr. Parshottam Kukreja is an Arts Graduate from the Punjab University.

He started export business in India in the year 1979 and then he moved to USA and started a Company, Kikomo Limited, an import business of ready made clothes from India, Middle East, Far East and South America. Mr. Parshottam Kukreja is the Chairman of Kikomo Limited and serves as a consultant in seven Companies, which is revolutionising new ways of marketing garments.

He has been a Director of Rama Newsprint and Papers Ltd. since its inception.

ITEM NO. 3

Re-election of Mr. Manohar Agicha (Resume)

(As required by Clause 49 (vi) of the Listing Agreement of the Stock Exchanges)

Mr. Manohar Agicha is a B. Com. graduate from Mumbai University.

Mr. Manohar Agicha has more than 35 years of enriched experience in international and national trade and is specialised in timber and plywood and also in real estate development. He is an active member of Chemical and Allied Export Promotion Council, Indo American Chamber of Commerce and Indian Merchants Chamber.

ITEM NO. 4

Re-election of Mr. S. C. Bhargava (Resume)

(As required by Clause 49 (vi) of the Listing Agreement of the Stock Exchanges)

Mr. S.C. Bhargava is a B.Tech (Chemical Engineering) from I.I.T. Mumbai and obtained PG Diploma (DIT) in Cellulose Technology from IIT, Mumbai. He has also done an advance course in Pulp and Paper from Sweden.

Mr. S.C. Bhargava, has been in the paper industry for last 35 years. Before joining our Company Mr. Bhargava was associated with Tamil Nadu Newsprint and Papers Ltd. He had undertaken lot of schemes in improving the quality of Newsprint and Writing & Printing papers.

ITEM NO. 6

Mr. S.S. Mande was appointed by the Board of Directors as an Additional Director with effect from 31st July, 2001. Under Section 260 of the Companies Act, 1956, Mr. S.S. Mande 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.S. Mande as a candidate for the office of Director. Mr. S.S. Mande aged 54 years, is M.Tech (Chemical Engineering) from I.I.T. Mumbai with over 30 years of experience in Chemical / Petrochemical / Paper Industry.

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

Mr. S.S. Mande 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.S. Mande as a Whole-time Director in charge of Corporate Development, technical services and new projects of the Company for a period of 3 years from 31st July, 2001, 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 : 3 years with effect from 31st July, 2001.

II. Remuneration :

(i) Salary : Rs. 40,000/- per month inclusive of all other allowances with such increments as may be determined by the Board of Directors of the Company from time to time in the salary range from Rs. 40,000/- to 60,000/- per month.

(ii) Perquisites :

Part - A

1. House Rent Allowance (H.R.A.) not exceeding 15% of the salary.
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 months' salary in a block of three years.
4. Personal accident insurance of an amount the annual premium of which does not exceed Rs. 4,000/-.
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 purpose shall be billed by the Company to the Whole-time Director.

ANNEXURE TO NOTICE



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.S. Mande as a Whole-time Director will not require approval of the Central Government in terms of the provisions of Section 269 of the Companies Act, 1956 read with Schedule XIII to the said Act.

Mr. S.S. Mande, aged 54 years is M.Tech. (Chemical Engineering) from I.I.T. Mumbai and is having over 30 years of experience in Chemical / Petrochemical / Paper Industry in the field of Process Engineering, Project Management, Erection & Commissioning of plants as well as Factory Management and New Projects development. Mr. S.S. Mande joined the Company in 1992 and was responsible for the successful implementation of the project including project management, procurement of Plant & Machinery as well as handling new projects. He is an associate member of Indian Institute of Chemical Engineering. The Board of Directors appointed him as an Additional Director with effect from 31st July, 2001. He joined the services of the Company as a Whole-time Director from 1st August, 2001 and is in charge of Corporate Development, technical services and new projects. Your Directors are of the view that having regard to inter alia, Mr. S.S. Mande's age, education 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. to 1.00 p.m. on all working days (except Saturdays).

Mr. S.S. Mande 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

Mr. Mahendra Doshi was appointed by the Board of Directors as an Additional Director with effect from 31st July, 2001. Under Section 260 of the Companies Act, 1956, Mr. Mahendra Doshi 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. Mahendra Doshi, as a candidate for the office of Director. Mr. Mahendra Doshi, aged 52 years, who is a MBA from U.S.A. has over 20 years of experience in the field of Finance and Stock Market.

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

Mr. Mahendra Doshi 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. 9 (1 & 2)

The present Authorised Share Capital of the Company is Rs. 227,00,00,000/- divided into 19,00,00,000 Equity Shares of Rs. 10/- each and 37,00,000 Preference Shares of Rs. 100/- each. The Company wants to allot Equity Shares to ICICI, as they have decided to convert their Cumulative Optionally Convertible Preference Shares into Equity Shares in terms of the Subscription Agreement entered into by the Company with them.

In order to enable the Company to issue and allot Equity Shares to ICICI Ltd. as and when necessary, it is proposed to alter the Authorised Share Capital presently from Rs. 2,27,00,00,000/- (Rs. Two Hundred Twenty Seven crores) divided into 19,00,00,000 (Nineteen Crores) Equity Shares of Rs. 10/- each and 37,00,000 (Thirty Seven Lacs) Preference Shares of Rs. 100/- each to Rs. 2,27,00,00,000/- (Rs. Two Hundred Twenty Seven Crores Only) divided into 22,70,00,000 (Twenty Two Crores Seventy Lacs) Equity Shares of Rs. 10/- each.

The Special Resolution set out at Item No. 2 seeking to amend the relevant Article to reflect the altered Authorised Share Capital is of a consequential nature.

In view of the above, the sanction of the Members is requested for the alteration in the Authorised Share Capital and for the consequential amendment of the Articles of Association, as proposed.

A copy of the existing Memorandum and Articles of Association of the Company together with a copy of proposed alteration is open for inspection at the Registered Office of the Company between 10:30 a.m. to 1:00 p.m. on all working days (except Saturdays) prior to the date of the ensuing Meeting and will also be available for inspection at the Meeting.

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

ITEM NO. 10

The Company had issued Cumulative Optionally Convertible Preference Shares to ICICI Ltd. on private placement basis. As per the terms of issue, ICICI had the right to convert the Preference Shares into Equity Shares. Therefore, the Company proposes to pass a Special Resolution at the ensuing Annual General Meeting to make allotment of Equity Shares by way of preferential issue.

3,70,00,000 Equity Shares of the face value of Rs. 10/- each amounting to Rs. 37 crores will be allotted to ICICI Ltd.

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ANNEXURE TO NOTICE

Price at which the Allotment is proposed

Price for allotment of Equity Shares will be as determined under SEBI guidelines on Preferential Issue or at par value of Rs. 10/- each, whichever is higher. The relevant date for determining the price at which the Shares are being issued to ICICI Ltd. is 19th August, 2001.

Consequential changes, if any, in control over the Company or in the Board of Directors of the Company.

There is no consequential change in the control over the Company or in the Board of Directors of the Company. It is further clarified, as a result of the allotment, the controlling interest of the promoters group will decrease presently from 29.10% to 24.30%. The Post Issue Shareholding percentage of ICICI Ltd. will increase from 20.59% to 33.70%. The voting rights of the Shareholders of the Company will change in accordance with the change in the Shareholding pattern given below:

Shareholding Pattern of the Company

The Shareholding Pattern of the Company shall change as under: -

	Pre-Allotment Holding (%)	Post Allotment Holding (%)
Promoters	29.10	24.30
Financial Institutions, Banks & Mutual Funds	24.61	37.05
Foreign Institutional Investors	4.69	3.92
Non Resident Indians	0.97	0.81
Public	40.63	33.92

The promoters/directors/key management persons of the Company do not intend to subscribe to the offer.

In view of the foregoing, consent of the Members is being sought in terms of Section 81(1-A) and other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreement executed by the Company with various Stock Exchanges, where the Company's shares are listed. Mr. Sanjay Maheshka may be deemed to be indirectly interested in the resolution, as regards to allotment of Equity Shares, since he is the Nominee Director of ICICI Ltd.

None of the other Directors of the Company is concerned or interested in the resolution.

The Directors commend the resolution at item no. 10 for your approval.

By Order of the Board
For RAMA NEWSPRINT AND PAPERS LIMITED

VASHU J. RAMSINGHANI
CHAIRMAN & MANAGING DIRECTOR

Mumbai, 31st July, 2001

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

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DIRECTORS' REPORT



The Members

RAMA NEWSPRINT AND PAPERS LIMITED

Your Directors are pleased to present the Tenth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS

	Year Ended 31.03.2001	(Rs. in lacs) Year Ended 31.03.2000
Sales	28052.36	9827.72*
Other Income	346.89	100.98
Gross Profit before Interest and Depreciation	6467.87	963.70
Interest and Finance Charges	1924.00	1941.22
Profit/(Loss) before Depreciation and Tax	4543.87	(977.52)
Depreciation	3033.61	1241.32
Tax	-	-
Net Profit / (Loss)	1510.26	(2218.84)

PERFORMANCE OF THE COMPANY AND ITS OPERATIONS

During the year, the Company has achieved total Sales of Rs. 28052.36 lacs, as compared to Rs. 14669.91 lacs in 1999-2000 *(including sales out of Phase-II trial run production of Rs. 4842.19 lacs), recording a quantum leap of over 91%. Your Company has made a turnaround this year, it has achieved a net profit after tax of Rs. 1510.26 lacs as against a loss of Rs. 2218.84 lacs incurred during the previous year. In view of the brought forward losses, the Company has not declared any dividend.

The Company's total production in the year under review was 1,09,980 MTs as compared to 70,570 MTs in the previous year *(including 25,028 MTs of Trial Production from Phase-II), representing an increase of over 55%.

EXPORTS

During the year, the Company has achieved a break through in the Export Market and received orders for over Rs. 900 lacs from Thailand. The Foreign Exchange earnings through Exports during the current year amounted to Rs. 26.26 lacs. We expect the export sales to grow substantially in the years to come.

CURRENT YEAR AND FUTURE PROSPECTS

In spite of the softening of prices of Newsprint in the international market and consequently in the domestic market, the Company has been able to maintain net sales at Rs. 6847.99 lacs during the first quarter, which is marginally higher as compared with first quarter of the last year (Rs. 6756.91 lacs). The Company has produced 26174 MTs of Newsprint as compared to 24142 MTs, produced during the first quarter of last year, an increase of 9%.

The market for Newsprint and Writing and Printing papers both in Domestic and in International market has stabilised in terms of demand and sales realisation. Though the prices of Newsprint have been softening during the last six months, there is considerable reduction in raw material prices also. In the light of these trends, your Directors hope that barring unforeseen circumstances, the Company will perform reasonably well in the years to come.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Mr. Parshottam Kukreja, Mr. Manohar Agicha and Mr. S.C. Bhargava, 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. P.R. Krishnamoorthy and appointed Mr. Sanjay Maheshka in his place. Mr. N.J. Jhaveri, who has been associated with the Company since 1995, resigned as Director with effect from June 7, 2001 and Mr. N. Ganga Ram, who has been associated with the Company since 1993, resigned as Director with effect from June 5, 2001. The Directors placed on record their deep appreciation of the valuable contribution made by Mr. P.R. Krishnamoorthy, Mr. N. J. Jhaveri and Mr. N. Ganga Ram during their tenure as Directors.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956.

The Directors hereby confirm :-

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the year under review;
- 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;
- that the directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

Corporate Governance and Management Discussion and Analysis Reports are set out as separate Annexure III to this Report.

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

Place : Mumbai,

Date : 31st July, 2001

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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, 2001.

A. CONSERVATION OF ENERGY :

a) Energy Conservation measures taken :

Following measures have been taken for Energy Conservation.

- i. Various measures were undertaken to optimise the operation of power plant and generate more power from T.G. sets. This has resulted in increased use of own generated power from 70% in previous year to 84% in current year and thereby achieving substantial savings in fuel and power cost per M.T. of paper.
 - ii. Detailed study and technical audit was carried out for compressed air system in the plant. Improvements were carried out in the operation of compressed air system, based on this study, which resulted in reduction in air consumption as well as power consumption for air compressors.
 - iii. Installation and commissioning of 11 KV HT Capacitor Banks has helped to improve power factor and reduce the I² R losses resulting in conservation of energy.
 - iv. Streamlining and optimisation of various operations in the plant has benefited in reducing power consumption per MT of paper.
- b) Additional Investment and proposals for reduction of conservation of energy :
- Various proposals under study are at different stages of implementation.
- i. It is proposed to install a new 23 MW TG Set (Extraction-cum-Condensation type) to suit our process parameters. This new TG set will require less steam compared to existing 2 nos. TG sets for generation of same quantity of power. This would result in substantial reduction in steam consumption, thereby achieving lower fuel cost per MT of paper.
 - ii. To carry out energy audit through expert outside agency to achieve further reduction in energy consumption.
 - iii. To carry out detailed study of steam and condensate system of paper machine and carry out required improvements to reduce steam consumption in paper machine area.
- 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.
- Various energy conservation measures have helped to achieve savings in power consumption. The power consumption during current year of operation was reduced to 1124 KWH from 1368 KWH per MT of paper in previous year. Further, purchased power consumption during the year was reduced to 16% of the total power consumption as against 30% in the previous year. These two factors resulted in substantial saving in power and fuel cost.

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 enclosed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

	(Rs. In lacs)	
	Current year	Previous year
a. Foreign Exchange earning & outgo :		
Foreign Exchange earnings :	26.26	—
Foreign Exchange used :	6113.63	3071.42

FORM A

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

	YEAR ENDED 31.03.2001	YEAR ENDED 31.03.2000
A) Power and Fuel Consumption		
1. Electricity		
a) Purchased		
- units (KWH in Thousand)	19978	28474
- Total Amount (Rs. Lacs)	1083.59	1330.27
- Rate / unit (Rs.)	5.42	4.67
b) Own Generation		
i) Through Diesel Generator		
- Units (KWH in Thousand)	5	13
- Unit per litre of Diesel/Oil	2.22	1.63
- Rate / unit (Rs.)	5.25	5.61
ii) Through Steam Turbine / Generator		
- Units (KWH in Thousand)	103648	68027
- Rate / unit (Rs.)	2.72*	3.22*
2. Coal		
- Quantity (Mts)	118037	84717
- Total Cost (Rs. In lacs)	2596.34	1610.67
- Average rate (Rs. Per MT)	2200	1901
3. Furnace Oil		
- Quantity (K. Ltrs)	2150.13	6109.56
- Total Amount (Rs. In lacs)	220.10	578.35
- Average Rate (Rs. Per K. Ltrs)	10237	9466
4. Other / Internal Generation		
- Quantity	—	—
- Total Cost	—	—
- Rate / unit	—	—

ANNEXURE TO DIRECTORS' REPORT



B. Consumption per MT of production of Newsprint / Writing and Printing Paper.

	Current Year	Previous Year
Electricity (KWH)	1124	1368
Furnace Oil (Ltr)	20*	87*
Coal (Kgs.)	1073*	1200*

* This includes the Furnace Oil / Coal for own generation of power and steam for process.

FORM - B

Form for disclosure of particulars with respect to Technology Absorption.

RESEARCH & DEVELOPMENT (R & D)

- Studies on new schemes to increase the recycled water utilisation and finally to reduce water consumption per MT of paper.
- To study recovery of fibres from Krofta sludge as well as use of chemicals from different vendors for Krofta clarification to effectively control the clarity of water and reduce the chemical cost inputs.

- Studies on utilisation of lower grades of Waste paper as well as waste paper containing Flexo Ink for manufacture of Newsprint.

- Development of indigenous process chemicals to substitute imported chemicals to reduce cost of production.

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :

- Efforts in brief made towards technology absorption, adoption and innovation.
 - Standardisation of process parameters to facilitate use of locally available raw materials (Waste Paper) as well as other cheaper varieties of Waste Paper.
 - Replacement of some imported chemicals and spare parts by indigenous equivalents through joint development with indigenous suppliers.
- Benefit derived as a result of above efforts.
 - Improvement in quality of paper and reduction in cost per ton of paper.
 - Easy availability as well as reduction in cost of spare parts and chemicals.

ANNEXURE - II

Statement pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2001.

Name of Employee	Age in years	Designation	Gross Remuneration Rs.	Qualification	Experience	Date of Commencement	Previous Employment
Employed during the financial year							
Vashu J. Ramsinghani	58	Chairman & Managing Director	6,77,745	S.S.C.	38 years	18.05.1992	President, Rama Holdings Inc., U.S.A.

Notes :

- Remuneration as above includes salary and other perquisites valued in accordance with Income Tax Rules, 1962.
- Mr. V. J. Ramsinghani is relative of Mrs. M. V. Ramsinghani and Mr. Ramesh Narang, Directors of the Company.
- Appointment of Mr. V.J. Ramsinghani is contractual.