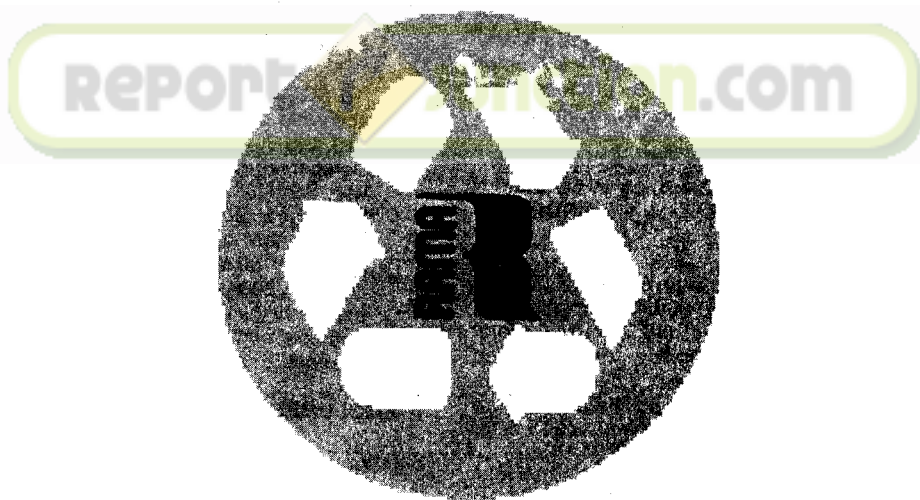


RAMA NEWSPRINT AND PAPERS LIMITED



**12th
ANNUAL REPORT FOR 18 MONTHS ENDED
30TH SEPTEMBER, 2003.**

**ANNUAL REPORT
FOR 18 MONTHS ENDED
ON 30TH SEPTEMBER, 2003.**

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWELFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF RAMA NEWSPRINT AND PAPERS LIMITED will be held at the Registered Office of the Company situated at Village Barbodhan, Taluka Olpad, District Surat, Gujarat, on Saturday, the 27th March, 2004, at 10.30 A.M, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30th September, 2003, Profit and Loss Account for the 18 months period ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint Shri Vashu J. Ramsinghani, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Shri. Shree Kumar Bangur, 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."

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

"RESOLVED THAT Shri. Virendra Bangur, 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."

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

"RESOLVED THAT Shri. K.L. Chandak, an Additional Director of the Company who, under section 260 of the Companies Act, 1956, holds office only up to 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 Shri. Haigreve Khaitan, an Additional Director of the Company who, under section 260 of the Companies Act, 1956, holds office only up to 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."

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

"RESOLVED THAT Shri. V.D. Bajaj, 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."

"FURTHER RESOLVED THAT Shri. V.D. Bajaj will be a Director whose period of office will not be liable to determination by retirement of Director by rotation.

9. 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 Section 198, 269, 309, 310 and 311 and all other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as the "Act") read with Schedule XIII of the Act, and also subject to approval of the Central Government as per section 269(2) of the Act to the appointment of Shri. V.D. Bajaj as Executive Director of the Company for a period of 3 (three) years with effect from 9th January, 2004, on following the terms and conditions, including expressly the remuneration payable to him as Executive Director and the minimum remuneration payable to him in case of absence or inadequacy of profits in any year,

1. EMOLUMENTS :

Salary

- i) Basic salary of Rs. 72,000/- (Rupees Seventy Two Thousand Only) per month.
- ii) Special allowance – Rs. 8,000/- (Rupees Eight Thousand Only) per month.

The Board is authorised to raise salary by giving annual increment of Rs. 4,250/- (Basic) on January every year.

2. PERQUISITES :

- i) **Housing** : Leased accommodation with free electricity and water supply subject to maximum Rs. 30,000/- (Rupees thirty thousand only) per month.
- ii) **Medical Reimbursement** : Medical and Hospitalisation benefits for him and his family by way of reimbursement of expenses actually incurred, the total cost of which to the Company shall

NOTICE



not exceed one month's salary in a year or three months' salary over a period of three years.

- iii) **Leave** : On full pay and allowances in accordance with the Rules of the Company and encashment of leave (subject to maximum of Ninety days).
- iv) **Leave Travel Concession** : For him and his family once in a year in accordance with the Rules of the Company.
- v) **Club Fees** : Fees and subscription of two clubs.
- vi) **Personal Accident Insurance** : Premium as per the Rules of the Company.
- vii) **Provident Fund**: Contribution to Provident Fund in accordance with the Rules of the Company.
- viii) **Gratuity** : One half month's salary for each completed year of service in accordance with the Rules of the company.
- ix) **Conveyance** : Provision of Car for use on the Company's Business. In case Car is not provided, then reimbursement of expenses incurred on conveyance up to Rs. 30,000/- per month.
- x) **Telephone** : Free telephone facility at residence.

3. MINIMUM REMUNERATION :

Wherein any accounting year closing on and after 30th September, 2003, the Company has no profits or its profits are inadequate, the Company will pay to Shri. V.D. Bajaj minimum remuneration by way of salary, perquisites and other allowances not exceeding the ceiling limit specified under 1(A), 2 & 3 Section II of Part II of Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force.

4. TERMINATION :

The appointment may be terminated by either party by giving three months' notice of such intention in writing to the other party.

- 5. Shri. V.D. Bajaj will be a Director whose period of office will not be liable to determination by retirement of Director by rotation.

With the exception of Shri V.D. Bajaj, no other Directors are interested or concerned in the above appointment or the terms thereof.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps and actions and to sign and execute such papers, Forms and other documents as may be necessary and expedient to give effect to this resolution.

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be altered by insertion and or substitution of the following clauses :

- 1) In the Clause 2 of Definition following definition be inserted

- (i) "Vashu Group" means Vashu Ramsinghani and his affiliates /

relatives / nominees holding shares in the Company as on 6th September, 2003 and as more particularly described in the Share Holders Agreement dated 6th September, 2003.

- (ii) "West Coast" means The West Coast Paper Mills Limited a Company within the meaning of the Companies Act, 1956 having its registered office at P.B. No. 5, Bangur Nagar, Dandeli - 581 325, Uttara Kannada District, Karnataka.
- (iii) "Share Holders Agreement" means the Share Holders Agreement dated 6th September, 2003 among the Vashu Group, West Coast and the Company.

- 2) Sub Clause (g) be inserted in Clause No. 55

- (g) Notwithstanding anything contained in this Article 55, Vashu Group shall not sell, transfer, assign or otherwise dispose of shares of the Company representing more than 10% of the total capital of the Company in any Financial Year except to West Coast. If at any time the Vashu Group are desirous of disposing, all or part of its shares in the Company, it shall first offer the same to West Coast for purchase by it and /or its nominees at a price which shall be the average of the daily high and low prices of the National Stock Exchange during the seven trading days prior to such date. West Coast shall have the right to accept the offer within 7 days from the date of receipt of the offer. In case no written acceptance is received, Vashu Group shall have the right to dispose off the shares offered on no more favourable terms than those offered to West Coast and at a price which is not lower than 20% than the price offered to West Coast through the recognised stock exchanges within the next thirty days subject to a maximum of 10% of the paid up share capital of the Company in any Financial Year. In case, the offer is accepted by West Coast, West Coast shall make the payment for shares to be purchased within 15 days from the date of acceptance of the offer. For the provisions of this Article 55 (g) copies of all notices shall be marked to the Company.

- 3) Clause No. 113 be substituted by following Clause

113(a). 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 provided that (i) West Coast shall always be entitled to nominate the majority of directors on the Board, and (ii) the Vashu Group shall be entitled to nominate two directors so long as Vashu Group holds at least ten percent of the voting rights. However, in the event of default, lenders shall have a right to restore their right to appoint such number of Directors as they think fit, including majority number of Directors pursuant to the rights under the respective loan agreements.

- (b) The First Directors of the Company shall be :

- 1) Mr. Vashu Ramsinghani
- 2) Mr. Narendra Dalal
- 3) Mrs. Manju Ramsinghani
- 4) Mr. Ramesh Narang

- (c) West Coast shall be entitled to appoint the Chairman and Vice Chairman of the Board and the Vashu Group shall be entitled to appoint a Vice Chairman.

- (d) The Managing Director or Chief Executive Officer shall be appointed by West Coast.

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4) Clause No. 151 be substituted by following Clause

151. Questions arising at any meeting of the Board of Directors shall be decided by a majority of votes and in the case of an equality of votes, the Chairman shall have a second or a casting vote provided that for any resolution relating to the further issue of equity shares or issue of securities convertible to equity shares, the affirmative vote of the director nominated by the Vashu Group shall be required. Nothing in proviso to this Article 151 shall apply if the share holding of the Vashu Group is less than 20% of the total paid up capital of the Company."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such action and steps as may be necessary and expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of the SEBI (Delisting of Securities) Guidelines 2003, and subject to the provisions of the applicable laws, guidelines, rules and regulations including the Companies Act, 1956, Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder in this regard and subject to such other approvals, permissions and sanctions as may be required from the Stock Exchanges with which the Securities of the Company are listed and/or any other relevant Authority and subject to any conditions or modifications as may be imposed while granting such approvals, permissions and sanctions and mutually agreed to in the best interest of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company (which terms shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board of Directors by this Resolution) to seek voluntary delisting of its Equity Shares from The Delhi Stock Exchange Association Ltd., The Calcutta Stock Exchange Association Ltd., Madras Stock Exchange Ltd., The Stock Exchange, Ahmedabad and Vadodara Stock Exchange Ltd. after taking into account various factors such as but not limited to the incidents impact or burden of the cost of listing fee payable to the Stock Exchanges and volume of trading on the Stock Exchanges."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do and perform all such acts, deeds, matters and things as it may in its absolute discretion deems necessary, desirable or appropriate and execute all such applications, deeds, agreements, documents and writing as it may consider necessary, usual requisite or proper for giving effect to this resolution."

By Order of the Board
For RAMA NEWSPRINT AND PAPERS LIMITED

**V.D. BAJAJ
EXECUTIVE DIRECTOR**

Mumbai, 20th day of February, 2004

Registered Office :
Village Barbodhan, Taluka Olpad,
District Surat, Gujarat – 395005.

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. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members/Proxies should bring, duly filled-in, Attendance Slip sent herewith for attending 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 15.3.2004 to 27.3.2004 (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.

ANNEXURE TO NOTICE



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

ITEM NO. 4

Shri. Shree Kumar Bangur was appointed by the Board of Directors as an Additional Director with effect from 9th January, 2004. Under Section 260 of the Companies Act, 1956, Shri. Shree Kumar Bangur 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, alongwith a deposit of Rs. 500/- from a member signifying his intention to propose the name of Shri. Shree Kumar Bangur as a candidate for the office of Director. Shri. Shree Kumar Bangur aged 53 years, is Chairman and Managing Director of The West Coast Paper Mills Ltd. An industrialist of repute with extensive experience. He is a Chairman of Fort Gloster Industries Ltd., Jayshree Chemicals Ltd., The Kil Kotagiri Tea & Coffee Estates Co. Ltd. and Director of Hindustan National Glass and Industries Ltd., Gloster Telecom Ltd., Mothola Company Ltd., Shree Satyanarayan Investments Co. Ltd., The Diamond Co. Ltd., The Indra Company Ltd. and Union Company Ltd. He is the immediate past president of Indian Paper Manufacturers Association. He is executive committee member of Bharat Chamber of Commerce, Federation of Indian Chambers of Commerce & Industry and Indian Chamber of Commerce.

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

Shri. Shree Kumar Bangur being appointee and Shri Virendra Bangur being relative of Shri. Shree Kumar Bangur are deemed to be concerned or interested in the resolution.

ITEM NO. 5

Shri. Virendra Bangur was appointed by the Board of Directors as an Additional Director with effect from 9th January, 2004. Under Section 260 of the Companies Act, 1956, Shri. Virendra Bangur 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, alongwith a deposit of Rs. 500/- from a member signifying his intention to propose the name of Shri. Virendra Bangur as a candidate for the office of Director. Shri. Virendra Bangur aged 28 years, is a Director of Akhivi Tea Plantations and Agro Industries Ltd., Dristi Finance Ltd., Jayshree Chemicals Ltd., Orient Pratisthan Ltd., Union Company Ltd., Gold Mohore Investment Co. Ltd. and High Profile Travels Pvt. Ltd. An industrialist of repute with extensive experience.

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

Shri. Virendra Bangur being appointee and Shri Shree Kumar Bangur being relative of Shri. Virendra Bangur are deemed to be concerned or interested in the resolution.

ITEM NO. 6

Shri. Kanhaiya Lal Chandak was appointed by the Board of Directors as an Additional Director with effect from 9th January, 2004. Under Section 260 of the Companies Act, 1956, Shri. Kanhaiya Lal Chandak 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, alongwith a deposit of Rs. 500/- from a member

signifying his intention to propose the name of Shri. Kanhaiya Lal Chandak as a candidate for the office of Director. Shri. Kanhaiya Lal Chandak, aged 57 years, has been the Executive Director of The West Coast Paper Mills Ltd. A coveted rank-holder in India's Chartered Accountancy examination. A fellow member of The Institute of Chartered Accountants of India. Shri. K.L. Chandak is also on the Board of Speciality Coatings & Lamination Ltd., Bharat Sugars Mills Ltd. and Bahubali Papers Ltd.

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

Shri. Kanhaiya Lal Chandak 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

Shri. Haigreave Khaitan was appointed by the Board of Directors as an Additional Director with effect from 9th January, 2004. Under Section 260 of the Companies Act, 1956, Shri. Haigreave Khaitan 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, alongwith a deposit of Rs. 500/- from a member signifying his intention to propose the name of Shri. Haigreave Khaitan as a candidate for the office of Director. Shri. Haigreave Khaitan, aged 33 years, is an Advocate and Solicitor of Khaitan & Co. having branches all over India. He is head of Khaitan & Co. for its Bombay Office. He is expert in Commercial & Corporate laws, tax laws, mergers and acquisitions, restructuring, foreign collaboration, licensing etc. He is a Director of Cheviot Company Ltd., Ceat Ltd., Dhunseri Tea & Industries Ltd., Gujarat Borosil Ltd., India Foils Ltd., J.L. Morison (India) Ltd., Ritssfibra Pte Ltd., Kothari Plantations & Industries Ltd. etc.

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

Shri. Haigreave Khaitan 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. 8 and 9

Your Directors have subject to the approval of the Company's Members in General Meeting, appointed Shri. Vaishnav Das Bajaj as Executive Director.

Shri. Vaishnav Das Bajaj is a Post Graduate in Commerce and has vast experience in paper industry since 1970s. Shri. V.D. Bajaj joined The West Coast Paper Mills Ltd. in 1998 as President (Corporate) and was mainly in charge of sales & marketing, purchases and co-ordination with the mills and other offices.

Shri. V.D. Bajaj shall carry out such duties as may be entrusted to him, subject to the supervision and control of the Board of Directors and he shall also perform such other duties and services as may, from time to time, be entrusted to him by the Board of Directors.

The appointment of Shri. Vaishnav Das Bajaj is made in accordance with the conditions specified in parts I & II of schedule XIII of the Companies Act, 1956 and subject to the approval of the members of the Company and also approval of the Central Government as per

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ANNEXURE TO NOTICE

Section 269(2) of the Companies Act, 1956.

In accordance with the provisions of section 302 of the Companies Act, 1956, an abstract of terms and conditions of appointment of Shri. Vaishnav Das Bajaj as an Executive Director is set out in draft letter of appointment.

Your Directors are of the view that having regard to inter alia, Shri. Vaishnav Das Bajaj's age, education qualification and experience, he is fit and proper person to be appointed as Executive 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. 9 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).

Shri Vaishnav Das Bajaj is interested in the Resolutions at item no.8 & 9 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. 10

The Company has entered into Shareholders Agreement dated September 6, 2003 with The West Coast paper Mills Ltd. Consequent to entering of the said Shareholders Agreement, amendment by way of insertion and/or substitution of certain clauses of Articles of Association of the company, as mentioned in the Resolution set out at item no.10 was required so that the Shareholders Agreement and the Articles of Association of the Company are harmonized.

The approval of the Members of the Company is therefore being sought pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 to the amendment of the Articles of Association as above.

A copy of the existing Memorandum and Articles of Association of the Company together with a copy of the proposed alteration is open for inspection at the Registered Office of the Company between 10:30 a.m. and 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.

The Directors nominated by West Coast and Mr. Vashu J. Ramsinghani are deemed to be concerned or interested in this Resolution.

ITEM NO. 11

Members of the Company had passed a Special Resolution, at their 7th Annual General Meeting held on 29th September, 1998, authorising the delisting of the Company's Equity Shares from The Delhi Stock Exchange Association Ltd. (DSE), The Calcutta Stock Exchange Association Ltd. and Madras Stock Exchange Ltd. in view of infrequent/non-trading of Company's equity shares on these Exchanges.

As per the new SEBI (Delisting of Securities) Guidelines – 2003

(Guidelines), which have been notified recently, the Company can delist its Securities from all the exchanges including Regional Stock Exchange without providing an exit opportunity, provided that the Securities will continue to be listed on a stock exchange having nation wide trading terminals i.e. The Stock Exchange, Mumbai (BSE) or National Stock Exchange of India Ltd. (NSE). The Company's Equity Shares are listed on BSE and NSE, which has nation wide trading terminals and it will continue to be listed on BSE, hence, it intends to delist its shares from The Delhi Stock Exchange Association Ltd., The Calcutta Stock Exchange Association Ltd., Madras Stock Exchange Ltd., The Stock Exchange, Ahmedabad and Vadodara Stock Exchange Ltd.

Though the aforesaid approval granted by the Members at their 7th Annual General Meeting held on 29th September, 1998, is subsisting in case of The Delhi Stock Exchange Association Ltd., The Calcutta Stock Exchange Association Ltd. and Madras Stock Exchange Ltd., this approval is being sought in the light of new Guidelines, out of abundant caution.

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

By Order of the Board
For **RAMA NEWSPRINT AND PAPERS LIMITED**

V.D. BAJAJ
EXECUTIVE DIRECTOR

Mumbai, 20th day of February, 2004

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

DIRECTORS' REPORT



The Members,

RAMA NEWSPRINT AND PAPERS LIMITED

Your Directors are pleased to present the 12th Annual Report and the Audited Statement of Accounts for the 18 months period ended 30th September 2003.

FINANCIAL RESULTS

	(Rs. in lakhs)	
	18 months Period Ended 30.09.2003	Year Ended 31.03.2002
Sales(Net of Excise Duty)	31339.66	19842.21
Other Income	541.61	483.77
Profit before Interest and Depreciation	445.03	2809.70
Interest	3487.49	2026.07
Profit / (Loss) before Depreciation and Tax	(3042.46)	783.63
Depreciation	4569.44	3045.42
Tax - Current	—	—
- Deferred Tax Asset	(2753.43)	(807.45)
Net Loss	4858.47	1454.34

DIVIDEND

In view of the loss incurred, the Company has not declared any dividend for the period under review.

PERFORMANCE REVIEW :

Newsprint market witnessed significant reduction in prices during first five quarters of the 18 months period under review. However, the trend started reversing during the sixth quarter with the upswing in the newsprint prices globally. The outlook for writing & printing and cultural varieties of paper improved during the period.

Your Company registered total production of 1,36,675 MT of writing & printing paper and newsprint during the period from 1st April, 2002 to 30th September, 2003, i.e., an annualized production of 91,117 MT (69% of capacity) as compared to 85,136 MT (64% of capacity) during the year 2001 – 2002 – higher by 5981 MT(7%).

The production of Newsprint was 105879 MT and that of writing & printing paper being 30796 MT during the period under review, as compared to 81383 MT and 3753 MT, respectively, during the year 2001 – 2002. The total sales volume was 114061 MT of Newsprint and 31484 MT of writing & printing grades during the period under review as against 82838 MT of Newsprint and 2179 MT of writing & printing grades during the 12-month period of 2001-'02.

The Company achieved a turnover of Rs. 31339.66 lacs (net of Excise Duty) as compared to Rs.19842.21 lacs (net of excise duty) in the year 2001 – 2002. On an annualized basis, this works out to Rs.20,893.11 lacs – i.e., higher by 5%.

During the period ended 30th September, 2003, the Company exported goods worth Rs. 886.88 lacs as compared to Rs. 968.75 lacs during the year ended 31st March, 2002. The exports were low due to fall in Newsprint prices in the international market.

The lower prices due to sluggish market conditions for newsprint, lower capacity utilization, high rate of interest and inadequacy of working capital resulted in losses during the period under review.

RAW MATERIALS :

The required quantity of different grades of waste paper (both imported and indigenous) and pulp was procured during the period under review as per production schedules.

The prices of imported waste papers were highly volatile due to increased demand from China and new recycled fibre based plants set up in Europe and U.S.A. Prices of major varieties went up by more than 30% including the impact of rising ocean freight.

Detailed analysis of the Company's performance is covered in the "Management Discussion and Analysis" a part of this Annual Report.

ENVIRONMENT AND SAFETY :

The Company commits itself to discharge its responsibility as corporate citizen by using eco-friendly raw materials and enviro-friendly processes, thus contributing in creating a better world for the present and the future generations. The Company also provides safe working environment to its employees and ensures that they are trained to work with all safety precautions while discharging their duties.

CURRENT SCENERIO AND FUTURE PROSPECTS :

As reported earlier, the newsprint prices started showing an upward trend with effect from July, 2003. All out efforts were made to optimise the capacity utilisation of the plant to take advantage of the growth in the demand and increase in prices of newsprint.

The production of newsprint and writing & printing paper during the quarter ended 31st December, 2003 was 29037 MT as compared to 24470 MT in the corresponding period of the previous year and 24330 MT during the quarter ended 30th September, 2003. Thus there was increase of 18.66% in capacity utilisation during the quarter ended 31st December, 2003 as compared to the corresponding period of the previous year and 19.35% as compared to quarter ended 30th September, 2003. This improvement has been reflected in the working results for the quarter ended 31st December 2003.

The production during the quarter ended 31st December, 2003 would have been further up by about 1500 MT but for the fire incident occurred in the plant during November 2003.

The Company has identified the bottlenecks at the plant, so as to achieve better capacity utilisation of the plant and has already initiated steps for de- bottlenecking. The Company is gearing up to meet the challenges of increased production with continual improvement in Quality.

The domestic demand for newsprint is expected to improve during the current year due to increase in the international prices and thereby reduced imports by the Publishers. Thus the contribution from newsprint is expected to be better under this backdrop. On account of upturn in the general economy as a whole, the domestic demand of writing & printing paper is also expected to be better than previous year.

With emphasis on increasing capacity utilisation, by de-bottlenecking and installation of balancing equipments, quality up-gradation for achieving better customer satisfaction, improvement in productivity

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DIRECTORS' REPORT

and reduction in costs through introduction of better working practices and benchmarking, improved morale of employees and maximising Company's profitability in each and every transaction by better supply and demand chain Management by strengthening the Suppliers and Dealers network, the Company's working results for the current year are expected to improve.

DIRECTORS

Shri. Vashu J. Ramsinghani resigned as Chairman of the Company w.e.f. 15th February, 2003.

During the period, ICICI Bank Limited appointed Shri. M. Sudhendranath, Shri. Devendra Gupta and Shri. V. Nachiappan as its Nominee Directors and Western India Trustee and Executor Company Limited (Trustees of Debenture Holders) appointed Shri. V. G. Pathak and Shri. S. G. Pawar as its Nominee Directors. IIBI Ltd. appointed Shri S. Ramalingam as its Nominee Director. Shri. C. U. Mangtani, Senior Vice President – Administration was appointed as Whole-time Director of your Company with effect from 26th October, 2002.

Further, during the period, ICICI Bank Limited withdrew its Nominee Director Shri. V. Nachiappan and appointed Shri. N. P. Subramanian in his place.

Shri. S.S. Mande has resigned w.e.f. 28th September, 2002, Shri. Ramesh Narang has resigned w.e.f. 28th September 2002, Shri. Shrichand Agicha has resigned w.e.f. 24th October, 2003, Mr Parshottam Kukreja has also resigned w.e.f. 24th October 2003, who has been associated with the Company Since 1992.

The Board of Directors was reconstituted on 9th January, 2004. Shri. Vashu J. Ramsinghani resigned as Managing Director. However, he continues to be a Non-Executive Director on the Board. Shri V.D. Bajaj was taken on the Board as Additional Director and was appointed as Executive Director of the Company. M/s. S.C. Bhargava and C.U. Mangtani resigned from the Directorship and M/s. S.K. Bangur, Virendra Bangur, K.L. Chandak and Haigreave Khaitan were taken on the Board as Additional Directors. Shri. Mujib Mundewadi was appointed as Nominee Director of the ICICI Bank Ltd. Subsequently, Shri. S.K. Bangur assumed charge as Chairman of the Board of Directors of the Company.

The Directors place on record their deep appreciation of the valuable contribution made by Shri. S.S. Mande, Shri. Ramesh Narang, Shri. Shrichand Agicha, Shri. Parshottam Kukreja, Shri. C.U. Mangtani, Shri. S.C. Bhargava and Shri. V. Nachiappan during their tenure as Directors and Shri. Vashu J. Ramsinghani as Chairman and Managing Director.

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

The Directors hereby confirm that :-

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) 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 at the end of the current period and of the loss of the Company for the period under review;

- c) 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) the directors had prepared the 18 months accounts on a "going concern" basis.

PUBLIC DEPOSIT

The Company has not accepted any deposits from public during the period.

CORPORATE DEBT RESTRUCTURING

Your Company is in default to the financial institutions and banks against both principal and interest on the term loans availed and privately placed debentures. The Company is also in default to public debenture-holders. These defaults are due to losses suffered by the Company and not a willful default.

Under these circumstances, The West Coast Paper Mills Ltd. (WCPM) has come forward to take over the management of your Company to infuse fresh capital for normal plant operations and gradually convert the plant facility to manufacture 100% Newsprint or 100% Writing & Printing Paper in order to have a competitive price advantage between these two segments as the present facility is for manufacturing of Writing & Printing paper on one of the machines only. Further, the takeover of your Company by the WCPM is expected to synergise the operations of both the Companies.

The WCPM is a profit making Company having the largest and integrated pulp and paper mill at Dandeli in Karnataka, with a production capacity of 1.75 lakh tonnes per annum. It is a Company with very low debt and has a consistent track record of profits, profitability and dividend payment. Your Company submitted application to ICICI Bank Ltd., Mumbai on 25th August, 2003 for restructuring of its secured debts (including leases) with change in Management. The ICICI Bank Ltd took up the matter with Corporate Debt Restructuring (CDR) Cell vide its application dated 17th September, 2003.

The CDR empowered group has approved the restructuring of the debt of your Company in its meeting held on 27th September, 2003 on the similar lines as requested by our letter dated 25th August, 2003, whereby the total outstanding secured debts of the Company amounting to Rs.432.40 crores as on 25th August, 2003 (Rs.434.04 Crores as on 30th September, 2003) were realigned to a serviceable Debt Rs.210 Crores and balance was waived. However, Non-CDR members have, yet to confirm the debt restructuring scheme approved by CDR.

The Company is taking necessary action to file petition before the High Court of Gujarat under section 391 and other applicable provisions of the Companies Act for approval of the "Scheme of Arrangement

DIRECTORS' REPORT



and Compromise" between your Company and the existing lenders on the similar lines as approved by the CDR Cell.

While your Company falls within the definition of a "sick industrial Company" under Section 2(46AA) of the Companies Act, 1956 as amended by the Companies Second Amendment Act 2002, the provisions of the Companies Act, 1956 requiring a reference to be made to the National Company Law Tribunal have not yet come into force. Further your directors are of the view that on implementation of the CDR package, the Company would not be a sick industrial Company and therefore there is no requirement of making a reference.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Corporate Governance Report is made a part of this Annual Report. A certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated by Clause 49 of the listing agreements is attached to this Report.

MANAGEMENT DISCUSSION & ANALYSIS

A comprehensive Management Discussion and Analysis Report forming part of the Corporate Governance is carried out elsewhere in this Annual Report.

As required by the Listing Agreements an Auditors Report on Corporate Governance is also attached to the said 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 - I to this Report and forms part of it.

PARTICULARS OF EMPLOYEES

No employee was in receipt of remuneration as required to be disclosed in accordance with Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

CASH FLOW STATEMENT

As required under Clause 32 of the Listing Agreements with the Stock Exchange, a Cash Flow Statement is attached to Balance Sheet.

DEBENTURES

The Company is making arrangement to clear the outstanding amount due to public debentureholders.

AUDITORS

The present Auditors of your Company, M/s. Haribhakti & Co., Chartered Accountants will retire at the conclusion of the 12th Annual General

Meeting but offer themselves for re-appointment for the ensuing year.

AUDITORS REPORT

Referring to the remarks in para 2(d) and 2(g) of the Auditors Report, the Directors would like to refer to note no. 8, 10 and 20(c) of Schedule 19 to the accounts, which is self-explanatory.

COST AUDIT

The cost accounts records maintained by your Company are subject to audit by the Cost Auditor. Your Company has appointed Shri Mahendra T. Kampani, Cost Auditor for conducting the audit of cost account records for the 18 months period ended on 30th September, 2003 and their report will be submitted to the Company Law Board, as per the Cost Audit Rules, 2001.

ACKNOWLEDGEMENT

The Directors place on record their sincere appreciation of the unstinted co-operation received during the period under review from the Central Government, the State Government of Gujarat, participating Financial Institutions, Banks, Shareholders, Debenture Holders, Customers, Suppliers and Dealers and look forward to their continued support and co-operation.

The Directors place on record their appreciation of the dedication and loyalty of the employees at all levels, which enabled the Company to function under adverse circumstances.

By Order of the Board

Place: Mumbai
Date : 20th February 2004.

S.K. BANGUR
CHAIRMAN

**ANNUAL REPORT
FOR 18 MONTHS ENDED
ON 30TH SEPTEMBER, 2003.**

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE - I

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 PERIOD ENDED 30TH SEPTEMBER, 2003.

A. CONSERVATION OF ENERGY:

1) Energy Conservation measures taken:

Following measures have been taken for Energy conservation.

- i) Efforts were made to increase co-generation of power and captive generation continue to be 94% of the total power requirement.

AEG Turbine (TG-II) rotor has been changed for smooth operations and improved efficiency.

- ii) Some of the schemes suggested during the energy audits are implemented and plant operation logic was programmed to minimise the equipment running hours to reduce energy consumption.

- iii) Some of the steps carried out for energy savings are:

- a) Installation of inverter units on additional equipments like washer, screw press, mount hope roll and reel spool starter etc.

- b) Installation of A.P.F.C at water intake house and this helped to improve the power factor.

- c) Installation of Boiler Feed pumps (BFP) & motor (with higher efficiency).

- d) Installation of Condensate storage tank pumps with higher efficiency.

- e) Installation of electronic ballasts for lighting and fixtures.

2) Additional Investment and proposals for Conservation of Energy:

1. The Company has since revived the order placed on M/s. BHEL Ltd for new 23 MW T.G. set to reduce steam required for generation of power thereby achieving lower cost per unit of generated power.

2. Based on study of steam and condensate system of paper machines, new scheme has been finalised for reduction of steam consumption and is under implementation.

3) Impact of the measures (1) & (2) above:

The above measure will help to reduce cost of production in long run Improved generation will enable to reduce the unit cost

of power generation and to reduce cost of power input in the manufacturing cost.

The specific consumption was at 1296 kwh/ton of Production against previous year's average of 1242 kwh/ton. This is due to increased quantum of production of writing/printing grades made, which need more power because of additional equipment in FDP and finishing house section. However, the cost of generation has come down to Rs. 2.65 per unit power against previous rate of Rs. 2.72.

However, during the current period the absolute consumption has started showing downward trend after corrective actions initiated at the Mills by the Task Force created for the purpose. The specific consumption of energy per ton of production has also started coming down with improved capacity utilisation.

- 4) 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)	
	<u>Current period</u>	<u>Previous year</u>
a. Foreign Exchange earning & outgo :		
Foreign Exchange earnings	886.88	968.75
Foreign Exchange used	7030.47	3562.40