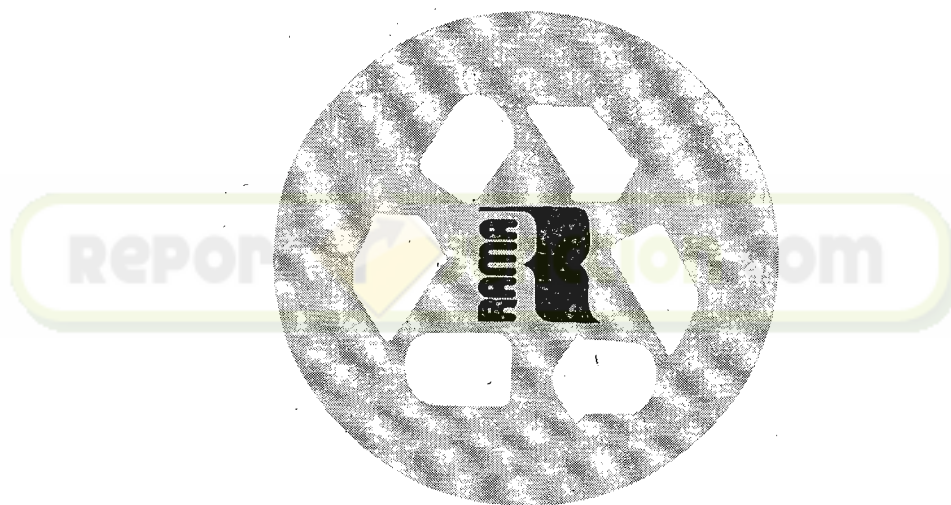


# **RAMA NEWSPRINT AND PAPERS LIMITED**



**16<sup>TH</sup> ANNUAL REPORT  
2006 - 2007**

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## BOARD OF DIRECTORS

**SHREE KUMAR BANGUR**

**CHAIRMAN**

**VIRENDRA BANGUR**

**VICE CHAIRMAN**

**VASHU J. RAMSINGHANI**

**VICE CHAIRMAN**

**K. L. CHANDAK**

**DIRECTOR**

**HAIGREVE KHAITAN**

**DIRECTOR**

**AMIT RAMSINGHANI**

**DIRECTOR**

**CHANDRAVADAN DESAI**

**INDEPENDENT DIRECTOR**

**M. P. TAPARIA**

**INDEPENDENT DIRECTOR**

**NEETA MUKERJI**

**(ICICI BANK LTD. NOMINEE)**

**ASHOK ALLADI**

**(ICICI BANK LTD. NOMINEE)**

**V. D. BAJAJ**

**EXECUTIVE DIRECTOR**

### **Bankers**

Bank of India  
Oriental Bank of Commerce  
Central Bank of India  
Axis Bank Ltd.

### **Registrar & Transfer Agent**

INTIME SPECTRUM REGISTRY LTD  
Unit : Rama Newsprint & Papers Ltd.  
C - 13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W),  
Mumbai - 400 078.  
Ph. : 022 - 25963838  
Fax : 022 - 25946969

### **Registered Office & Factory**

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

### **Auditors**

Haribhakti & Co., Mubai.

### **Corporate Office**

12th Floor, Nariman Bhavan,  
Nariman Point, Mumbai - 400 021.  
Ph. : 022 - 22020511  
Fax : 022 - 22821430  
E-mail : ramanewsprint@ramanewsprint.com  
website : www.ramanewsprint.com

### **Advocates & Solicitors**

Khaitan & Co., Mumbai.

### **Asst. Vice President (F & A) & Company Secretary**

Girish Sharma

This Annual Report has been printed on Paper Manufactured by **RNPL**

# NOTICE

**ANNUAL REPORT  
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**NOTICE IS HEREBY GIVEN THAT THE 16<sup>th</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF RAMA NEWSPRINT AND PAPERS LIMITED WILL BE HELD ON 27<sup>th</sup> SEPTEMBER, 2007 AT 2.00 P.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 31<sup>st</sup> March 2007, 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 Shri Shree Kumar Bangur, who retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for the re-appointment.
3. To appoint a Director in place of Shri Vashu J. Ramsinghani, who retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for the re-appointment.
4. To appoint a Director in place of Shri Amit Ramsinghani, who retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for the re-appointment.
5. To appoint M/s. Haribhakti & Company, Chartered Accountants, retiring Auditors, as Statutory Auditors of the Company to hold office from conclusion of the ensuing Annual General Meeting till the conclusion of next Annual General Meeting and to authorize the Board of Directors to fix remuneration of the Statutory Auditors.

## SPECIAL BUSINESS

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

"RESOLVED THAT Shri M. P. Taparia who was appointed as an additional Director of the Company under Section 260 of the Companies Act, 1956 and who holds office 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 Companies Act 1956, from a member proposing name of Shri M. P. Taparia as candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."
7. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary

Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 263, 309 and Schedule XIII, and all other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals, as may be required, consent of the Company be and is hereby granted to the re-appointment of Shri V. D. Bajaj as Executive Director of the Company for a period of 4 (four) years, w.e.f. from 9<sup>th</sup> January 2007, on the following terms and conditions:-

## 1. EMOLUMENTS :

- i) **Salary:** Rs.1,97,500/- (Rupees One Lakh Ninety Seven Thousand Five Hundred Only) per month.
- ii) **Special allowance:** Rs. 8000/- (Rupees Eight Thousand Only) per month.

The Remuneration Committee is authorised to raise salary by giving annual increment on 1<sup>st</sup> January every year.

## 2. PERQUISITES :

- i) **Housing:** Furnished accommodation with free electricity and water supply.
- 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 not exceed one month's salary in a year or three months' salary over a period of three years.
- iii) **Leave:** On full pay in accordance with the Rules of the Company.
- 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. The past period of his service as an Executive Director of the Company will be reckoned for determining the completed years of service.

# NOTICE



- 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.60,000/- (Rs. Sixty Thousand Only) per month.
  - x) **Telephone:** Free telephone facility at residence.
  - xi) Other benefits as are applicable to other senior executives of the Company (including but not limited to production /incentive bonus, ex-gratia, encashment of leave, subject to a maximum of Ninety days, compensatory allowance in accordance with the schemes of the Company).
3. The appointment may be terminated by either party by giving three months' notice of such intention in writing to the other party.

"RESOLVED FURTHER THAT in the event of any modification or revision in the provisions of remuneration payable to whole time directors, as set out in Schedule XIII of the Companies Act, 1956, the Remuneration Committee of Directors shall be entitled at their discretion to revise the remuneration payable to Shri V. D. Bajaj from the date of such modification or revision, without any further reference to the Company in general meeting."

"RESOLVED FURTHER THAT where in any accounting year closing on and after 1<sup>st</sup> April, 2006, 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, on the terms and conditions mentioned above, and in accordance with the applicable provisions of Schedule XIII of the Companies Act, 1956 and subject to the approval of the Central Government, if required."

"RESOLVED FURTHER THAT Shri. V. D. Bajaj shall not, during his term of office as an Executive be liable to retire by rotation "

"RESOLVED FURTHER THAT the Board of Directors of the Company or a Committee thereof be and is hereby authorised to vary and/or revise the remuneration of the said Executive Director within the overall limits approved herein and settle any question or difficulty in connection therewith and incidental thereto."

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

**V.D. BAJAJ**  
**EXECUTIVE DIRECTOR**

Mumbai, 26<sup>th</sup> July 2007

**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 18<sup>th</sup> September, 2007 to 27<sup>th</sup> September, 2007 (both days inclusive).
5. Re-appointment of Directors: At the ensuing Annual General Meeting, Shri Shree Kumar Bangur, Shri Vashu J. Ramsinghani and Shri Amit Ramsinghani, retire by rotation and being eligible offer themselves for re-appointment. The information and details, pertaining to appointment of the directors at the ensuing Annual General Meeting, to be provided in terms of Clause 49 of the listing agreement with the stock exchanges are furnished in the report on the Corporate Governance published in this annual report.
6. Members are requested to notify immediately any change in their Registered Address to the Company's Registrar, **INTIME SPECTRUM REGISTRY LIMITED**, Unit: Rama Newsprint & Papers Ltd, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400 078.
7. Members who were holders of 16% Non-Convertible Debentures of the Company, are requested to note that the Company had redeemed the entire debenture series on 30<sup>th</sup> September 2004 and had sent the Redemption-cum-interest warrants to all the outstanding debentureholders on the said date. The debentureholders of the said series who have not yet encashed/claimed or deposited the said warrants in their banks are requested to write to the Company Secretary for details and clarification.
8. Members, who hold shares in de-materialized form are requested to bring their Client ID and DP ID Nos. for easier identification of attendance at the Meeting.
9. 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.
10. The documents referred to in this Notice 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



**NOTICE****ANNUAL REPORT  
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and will also be available for inspection at the Meeting.

11. 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 dematerialization, 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.

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

**ITEM NO. 6**

The Board of Directors have appointed Shri M. P. Taparia as an additional director of the Company on 3<sup>rd</sup> May 2007. Shri M. P. Taparia is a reputed industrialist and has expertise and wide experience in business management, marketing operations and he is also actively involved in various industry forums. Shri M. P. Taparia is holding office of director of the Company till date of the ensuing Annual General Meeting. A Notice under Section 257 of the Companies Act, 1956 alongwith deposit of Rs. 500/- has been received from a member signifying his intention to propose the name of Shri M. P. Taparia as candidate for the post of director of the Company. Shri M. P. Taparia is eligible for the appointment. He does not hold any shares of the Company in his personal capacity. Your directors are of the opinion that appointment of Shri M. P. Taparia will be in the interest of the Company and hence commend the same for approval of members.

None of the other Directors is interested in the Resolution.

**ITEM NO. 7**

The Board of Directors in its meeting held on 8<sup>th</sup> January, 2007 re-appointed Shri V. D. Bajaj as Executive Director for a further period of 4 (four) years w.e.f. January 09, 2007. The remuneration and other terms & conditions were also approved by the Remuneration Committee of the Board of Directors in its meeting held on 8<sup>th</sup> January 2007.

Shri V. D. Bajaj, Masters in Commerce - Gold Medalist, joined paper industry in the year 1970 and has about 37 years of experience, i.e., in paper industry. He joined the Company as Executive Director on 09.01.2004 and since then the Company has made all round progress. He is a member of Share Transfer & Investor's Grievances Committee and Audit Committee of the Directors. He is also on the Board of Speciality Coatings & Laminations Ltd.

The re-appointment of Shri V. D. Bajaj has been made in accordance with the conditions specified in Part I & II of Schedule XIII of the Companies Act, 1956 and is subject to approval of the Members of the Company.

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.

Your Directors are of the view that having regard to inter alia, Shri V. D. Bajaj's performance and experience, his re-appointment will be in the interest of the Company and its Shareholders and accordingly, commend the resolution of item no. 7 for your approval.

Shri V. D. Bajaj is interested in the Resolution at item no. 7 since it concerns his own remuneration. None of the other Directors is interested in the resolution.

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

**V.D. BAJAJ  
EXECUTIVE DIRECTOR**

Mumbai, 26<sup>th</sup> July 2007

**Registered Office:**

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

# DIRECTORS' REPORT



To  
The Members of  
**RAMA NEWSPRINT AND PAPERS LIMITED**

Your Directors are pleased to present the 16<sup>th</sup> Annual Report and the Audited Accounts for the Financial Year ended 31<sup>st</sup> March 2007

## FINANCIAL RESULTS

	(Rs. in lacs)	
	Year Ended 31.03.2007	Year Ended 31.03.2006
Sales (Net of Excise Duty)	35198.25	32210.64
Other Income	384.12	268.47
Profit before Interest and Depreciation	9695.07	4881.76
Less: Interest & Lease rent	2705.27	2242.79
Profit / (Loss) before Depreciation and Tax & Extraordinary Item	6989.80	2638.97
Add: Extraordinary Item (remission in principal loan amount)	-	28.25
Less: Depreciation	3299.91	3199.67
Less : Tax – Current (Fringe Benefit Tax)	20.23	16.11
Less: Deferred Tax	1217.34	(11.39)
<b>Net Profit / (Loss)</b>	<b>2452.32</b>	<b>(559.95)</b>

## DIVIDEND

In order to conserve the resources for the Capex Plan, the Board has not recommended dividend for the year ended 31<sup>st</sup> March, 2007.

## PERFORMANCE:

During the year under review, the continuous efforts of the Company to streamline and optimize its operations, upgrading the quality of products and aggressive marketing and brand building has yielded positive results. The impressive growth of the economy over four consecutive years coupled with buoyancy in the demand for the newsprints also helped the Company to increase its production and operational margins. The Company could attain *numero uno* status in the newsprint paper manufacturing Industries in India by recording highest ever production and sales during the year. Further the Operating Margins also almost doubled from Rs. 48.82 crores in the year 2005-06 to 96.95 crores in the year under review. Thus achieving highest Operating Margins in Industry. However, increased cost of borrowing continued to affect the net margin.

The Company has successfully upgraded its Effluent Treatment Plant to meet all the required norms for environmental management. Also the Company has completed its first phase of conversion of Washing De-inking Plant Technology to Flootation De-inking Technology. This will help the Company to improve the quality & yield of its pulp. This is the latest technology globally and will result in putting our paper at premium in domestic and international markets.

The Company has registered total production of 133162 MT during the year as compared to 123109 MT in the previous year - growth of 8.17% and the capacity utilization at more than 100%. During the year, the Company only produced Newsprint, as the margins were higher in Newsprint segment.

The Company has registered total sales volume of 130991 MT Newsprint as against 119257 MT and 8413 MT Newsprint and writing & printing paper, respectively in the previous year. The over all sales registered a growth of 2.61%. The Company has added many new customers to its fold.

Your Company has achieved turnover of Rs. 35198.25 lacs (net of Excise Duty) as compared with turnover of Rs. 32210.64 lacs in the year 2005-06 - increase of 9.28%.

## CONSERVATION OF ENERGY AND WATER

Through various energy conservation measures undertaken, annual specific electricity consumption could come down to 912 kwh per MT against 1095 kwh per MT in the previous year. Similarly consumption of coal could also come down to 995 kg. per MT of paper from 1085 kg. per MT of paper in the previous year.

The Company also conserved water by recycling and reusing and minimizing the wastage and thus could bring down water consumption to 36.58m<sup>3</sup>/ MT, which was 43.3m<sup>3</sup>/MT in the previous year.

## RAW MATERIAL

The Company use eco-friendly raw material of recycled fibre viz., Old Newspaper (ONP), other waste paper and pulp, for manufacturing Newsprint and high quality waste paper & virgin pulp for Writing & Printing Paper through totally chlorine free process. The Company imports as well as procures raw materials domestically. During the year under review, though the availability of raw materials was normal, the prices rose steeply in the last quarter due to rise in demand.

## EXPORTS

The Company exported goods worth Rs. 354.30 lacs during the year as compared with Rs.527.72 Lacs of goods exported during the pervious year ended 31<sup>st</sup> March 2006. The export was less as there was higher realization in domestic market.

## CAPITAL REDUCTION

The Hon'ble High Court of Gujarat, Ahmedabad, by its Order dated 5<sup>th</sup> May 2006, has approved the special resolution passed by the shareholders at their meeting held on 23<sup>rd</sup> December 2005, for reduction in the paid up equity share capital of the Company. Copy of the said Order was registered with the Registrar of Companies on 7<sup>th</sup> June 2006 consequent to which –

- (i) Rs 7.50 of every equity share of Rs 10 each fully paid up stands cancelled and
- (ii) simultaneously four fully paid-up equity shares of Rs 2.50 each have been consolidated into one equity share of Rs.10 each fully paid [after cancellation of 1 (one) fractional equity share], resulting in reduction in the issued, subscribed and paid up equity share capital of the Company from Rs. 232,63,21,290 consisting of 23,26,32,129 equity shares of Rs. 10 each to Rs. 58,15,80,320 consisting of 5,81,58,032 equity shares of Rs. 10 each fully paid-up, with effect from 7<sup>th</sup> June 2006.

# DIRECTORS' REPORT

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The debit balance in the profit & loss account amounting to Rs. 64,93,55,597 as on 31<sup>st</sup> March 2005 stands adjusted against the part of the paid up share capital of Rs. 174,47,40,970 so cancelled in above manner and for the balance of the cancelled capital a Capital Reserve of Rs. 109,53,85,373 is created.

The effect of reduction of paid up share capital, adjustment of the debit balance in the profit & loss account as on 31<sup>st</sup> March 2005 and creation of the Capital Reserve has been taken into consideration in the books of accounts of the accounting year under review.

The Company had fixed 28<sup>th</sup> July, 2006 as Record date for the purpose of ascertaining the list of shareholders eligible to receive the New shares on reduction of capital.

The New shares certificates on reduction of capital were issued to all the shareholders holding equity shares in physical form as on Record date and an automatic dematerialization adjustment effect was given in the shareholding of the shareholders holding equity shares in electronic form as on Record date. The old share certificates of the Company lying with the shareholders are treated as cancelled and not required to be surrendered to the Company.

The Company has not sent any fractional certificates in respect of fractional entitlement and all fractional entitlement consolidating to 1692 shares were allotted to Shri V. D. Bajaj, Executive Director, who was holding the said shares in trust on behalf of such shareholders of the Company. The above consolidated fractional 1692 shares were sold in the market and the net sale proceeds were paid to the shareholders entitled to the same in proportion to their respective fractional entitlements.

## **EXIT OF THE COMPANY FROM CORPORATE DEBT RESTRUCTURING (CDR) MECHANISM**

The Company had duly complied with the required criteria prescribed for exiting from Corporate Debt Restructuring (CDR) Mechanism and the CDR Empowered Group, in its meeting held on 31<sup>st</sup> October, 2006 had considered the proposal of exit of the Company from CDR Mechanism which had received unanimous recommendation from all the lenders and the Empowered Group had finally approved the exit of the Company from CDR Mechanism by their letter dated November 16, 2006.

## **EXPANSION PROGRAMME AND FUTURE PROSPECTS**

Considering healthy economy and huge demand for its products, the Company is planning an expansion programme for enhancing the total production capacity from 132,000 TPA to 3,00,000 TPA by adding one more paper machine and modernizing the existing plant & machinery.

In India, currently, we have a demand of about 16.5 lac TPA of Newsprint Paper. Roughly half of this demand is met through Indigenous supply and the balance is met by imports. The increase in ad-spreads by Corporates, Governments, Institutions and NGOs etc. is helping to further boost up the circulation of the Newspapers and thereby increasing the demand for Newsprint. The Newsprint demand in India is growing at a CAGR of above 12% as compared to the growth rate of about 1% in developed countries.

Your Company will be the biggest beneficiary of this growth by owning largest manufacturing facility at a single site at strategic location.

At present RNPL with 1,32,000 MT production per annum enjoys a market share of about 17% in the domestic Newsprint segment and has well established marketing network and customer base. For the last 2 years, the Company has also strengthened its Process, Engineering, Power block and Project & Development wing and is now well equipped to undertake the expansion programme.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Company is alive to its social responsibilities towards the public living within the vicinity of its Mills. The Company imparts regular health check up facilities for the community in the nearby villages and distributes free medicines assistance to the needy.

The Company has open modern English medium School to impart quality education to the student in the vicinity. The Company supply free drinking water on regular basis in the nearby villages.

Further the Company also undertakes various community welfare jobs as and when necessity arises.

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

The Directors hereby confirm that: -

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. 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 financial year of the profit of the company for that period;
3. the proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. the annual accounts have been prepared on a "going concern" basis.

## **PUBLIC DEPOSITS:**

The Company has not accepted any deposits from public during the year under review.

## **LISTING OF SHARES:**

Equity Shares of Company are listed on Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). The Company has duly paid listing fees to stock exchanges.



# DIRECTORS' REPORT



## DIRECTORS

During the year under review, Industrial Investment Bank of India (IIBI) withdrew the nomination of Shri S Ramalingam as the Director of the Company w.e.f. 30.06.2006. ICICI Bank Limited appointed Smt Neeta Mukerji as its nominee director w.e.f. 02.08.2006 and withdrew the nomination of Shri Nagesh Pingre w.e.f. 02.08.2006, who was appointed as Director on 15.09.2004. Shri Chandravadan Desai was appointed as Director of the Company w.e.f. 27.07.2006.

Shri Madhukar V. Gore, Director, resigned w.e.f. 03.05.2007. The Board of Directors has appointed Shri M. P. Taparia, Director as an Additional director w.e.f. 3<sup>rd</sup> May 2007, who will hold the said post till the date of ensuing Annual General Meeting. The Company has received notice u/s 257 of the Companies Act, 1956, from a member proposing candidature of Shri M. P. Taparia for post of Directorship of the Company

Shri Shree Kumar Bangur, Shri Vashu J. Ramsinghani and Shri Amit Ramsinghani are retiring by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for the re-appointment.

The Directors place on record their note of appreciation of the valuable contribution made by Shri S. Ramalingam, Shri Nagesh Pingre, Shri Madhukar V. Gore during their tenure as Directors of the Company.

## CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION & ANALYSIS

Report on Corporate Governance and Management Discussion and Analysis is made part of this Annual Report and are annexed as Annexure – II and Annexure – III.

As required by the Listing Agreements the Certificate of Auditors on Corporate Governance compliance is also annexed to this Annual Report.

The Certificate from CEO/CFO was placed before the Board of Directors at the meeting held on 26<sup>th</sup> June 2007.

## 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

During the year under review no employee has drawn remuneration in excess of the limits specified under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended to date.

## CASH FLOW STATEMENT

As required under clause 32 of the listing agreement with the Stock Exchanges, the Cash Flow Statement is attached to the Balance Sheet.

## DEBENTURES

The Company has sent Debenture Redemption-cum-Interest Warrants dated 30<sup>th</sup> September 2004 to all the outstanding Public Debentureholders without waiting for the surrender of Original Debenture certificates by them and the said certificates are treated as cancelled/redeemed. The unclaimed redemption amount of debentures is kept in a separate Bank account with UTI Bank Limited, under instructions to Debenture Trustees.

## 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.

## AUDITORS REPORT

The Notes to accounts, forming part of Balance Sheet as at 31<sup>st</sup> March 2007 and Profit & Loss Account for the year ended on that date, referred to in the Auditor's Report are self explanatory.

## COST AUDIT

The cost accounts records maintained by the company are subject to audit by the qualified Cost Auditors. Your Company had appointed Shri. Narottam Tola, a qualified Cost Accountant for conducting the audit of cost account records for the year ended 31<sup>st</sup> March 2007 and the Cost Audit report will be submitted to the Department of Company Affairs, Government of India in due course.

## ACKNOWLEDGEMENT

The Directors place on record their sincere gratitude for guidance and co-operation extended by the Central Government, the State Government of Gujarat, Regulatory Bodies, participating Financial Institutions and Banks, Shareholders, Debentureholders, Customers, Suppliers and Dealers. The Directors take this opportunity to express their appreciation towards the dedication, commitment and teamwork shown by employees, which has contributed in taking the Company on path of prosperity.

By Order of the Board

S. K. BANGUR  
CHAIRMAN

Place: Mumbai,  
Date: 26.06.2007

# ANNEXURE TO DIRECTORS' REPORT

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## 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 YEAR ENDED 31<sup>st</sup> MARCH 2007.**

### A. CONSERVATION OF ENERGY

#### 1. ENERGY CONSERVATION MEASURES TAKEN:

Following measures have been taken during 2006-07 for energy conservation –

- i) Installation of Air Chillers in both the Paper Machines to reduce compressed air consumption in Calendar section.
- ii) Installation of automatic control valves in both the Paper Machines to stop steam in PV inlet system during paper break.
- iii) Optimization in power consumption by bypassing & stopping some equipment in Paper Machine & Deinking area.
- iv) Installation of Mega boosters to reduce compressed air consumption in coal handling section.
- v) Modification in Stock preparation system in Paper Machine no#2 to save power.

#### 2. ADDITIONAL INVESTMENT AND PROPOSAL FOR ENERGY CONSERVATION ARE:

- a. Optimization in compressed air system.
- b. Installation of small Trim pulper in place of existing pulper to save power.
- c. Use of boiler blow down water in suitable place instead of steam & water.
- d. Modification in intake pump to increase efficiency.
- e. Water & air flow meter installation in different department for monitoring & controlling purpose.
- f. Heat recovery from hood system in both the Paper Machines.

#### 3. IMPACT OF MEASURES (1) & (2) ARE:

With implementation of measures mentioned in (1) we could achieve annual specific power consumption 912 KWh/MT which was 1095 KWh/MT in previous year. Though power consumption is increased after modifications in Deinking Plant, we are expecting to optimize specific power consumption in coming year.

### B. TECHNOLOGY ABSORPTION

Effort made in Technology Absorption as per Form B – enclosed.

### C. FOREIGN EXCHANGE EARNING AND OUTGO.

	Rs. (In Lacs)	
	Current year ended	Previous year ended
	31.3.2007	31.3.2006
Foreign Exchange Earning	322.54	487.70
Foreign Exchange Used	5530.78	5024.42