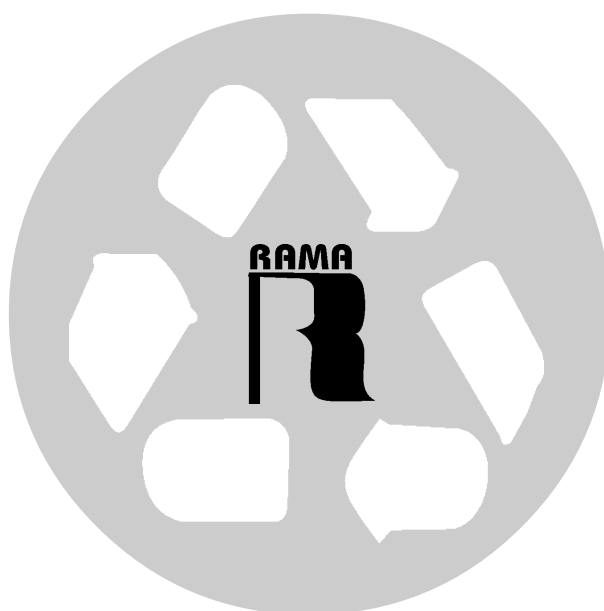


RAMA NEWSPRINT AND PAPERS LIMITED



20th ANNUAL REPORT
2010 - 2011

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BOARD OF DIRECTORS

Shree Kumar Bangur

Virendra Bangur

K. L. Chandak

Sudarshan Somani

Haigreave Khaitan

S. Doreswamy

Lt. Gen. (Retd) Ashok Kapur

Janak Mehta

P. S. Maharaj

Chairman

Vice Chairman

Director

Independent Director

Independent Director

Independent Director

Independent Director

Independent Director

Executive Director

Bankers

Bank of India

Oriental Bank of Commerce

Central Bank of India

Axis Bank Ltd.

ICICI Bank Ltd.

Registered Office & Factory

Village Barbodhan, Taluka Olpad,

District Surat, Gujarat – 395 005.

Corporate Office

Chandermukhi Building 8th Floor 'B' Block

R. Goenka Marg, Nariman Point,

Mumbai – 400 021

Ph. : 022-22821025/1014/1048

Fax : 022-22821083

E – mail : ramanewsprint@ramanewsprint.com

Website : www.ramanewsprint.com

Registrar & Transfer Agent

LINK INTIME INDIA PVT. LTD.

Unit : Rama Newsprint & Papers Ltd.

C – 13, Pannalal Silk Mills Compoud,

L.B.S Marg, Bhandup (W),

Mumbai – 400 078.

Ph. : 022 – 25963838

Fax : 022 – 25946969

E-mail : rnt.helpdesk@linkintime.co.in

Auditors

Haribhakti & Co., Mumbai

Advocates & Solicitors

Khaitan & Co., Mumbai.

Sr. Vice President (F & A) & Company Secretary

Girish Sharma

NOTICE

ANNUAL REPORT 2010 - 2011

NOTICE IS HEREBY GIVEN THAT THE 20th ANNUAL GENERAL MEETING OF THE MEMBERS OF RAMA NEWSPRINT AND PAPERS LIMITED WILL BE HELD ON THURSDAY, 29th SEPTMEBER 2011 AT. 2.30 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 31st March 2011, 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 Sudarshan Somani, who retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.
- (3) To appoint a Director in place of Shri Haigreave Khaitan, who retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.
- (4) To appoint a Director in place of Shri S. Doreswamy, who retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for 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 P. S. Maharaj, 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 of the said Act, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

"RESOLVED FURTHER THAT Shri P. S. Maharaj will be a Director who will not be liable to retire by rotation.

- (7) To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT consent of the members be and is hereby accorded pursuant to provisions of Section 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 and approval of the Central Government under Section 269(2) of the Act, if required, to the appointment of Shri P.S. Maharaj as Executive Director of the Company for a period of 3 (three) years with effect from 16th December, 2010, on the following terms and conditions.

A. EMOLUMENTS :

- i) Salary : Rs. 1,50,000/- (Rupees One Lac Fifty Thousand only) per month.
- ii) Special allowance : Rs. 6,100/- (Rupees Six Thousand One Hundred only) per month.

The Remuneration committee is authorised to revise salary by giving annual increment on 1st April 2012 onwards every year.

B. PERQUISITES :

- i) Housing: Furnished accommodation.
- ii) Medical Reimbursement: Medical and Hospitalization 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 Vice President (Corporate) of the Company will be reckoned for determining the completed years of service.
- 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/- (Rupees 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).

C. MINIMUM REMUNERATION:

If the Company has no profits or its profits are inadequate, the Company will pay to Shri P. S. Maharaj minimum remuneration by way of salary, perquisites and other allowances, on 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.

D. TERMINATION:

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

- E. Shri P.S. Maharaj will not be paid any sitting fees for attending the meetings of Board of Directors or Committees thereof".

NOTICE



“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.”

“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 its discretion to revise the remuneration payable to Shri P. S Maharaj from the date of such modification or revision, without any further reference to the Company in general meeting.”

“RESOLVED FURTHER THAT the consent of the Company be and is hereby granted and deemed to have been granted to pay Shri P. S. Maharaj, in the event of no profit or inadequate profit, 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 the Board of Directors of the Company or a Committee thereof be and is hereby authorized 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.”

- (8) To consider the report under Section 23(1) of Sick Industrial Companies (Special Provisions) Act, 1985 and consider passing the following resolution as an Ordinary Resolution:

“RESOLVED THAT the report of Board of Directors as required under Section 23(1) of Sick Industrial Companies (Special Provisions) Act, 1985 on erosion of more than 50% of the Company's net worth as at the end of the financial year ended 31st March, 2011 in relation to its peak net worth during the immediately preceding four financial years be and is hereby received, considered and adopted.”

By Order of the Board
For RAMA NEWSPRINT AND PAPERS LIMITED

Girish Sharma
Sr. Vice President (F & A) & Company Secretary

Mumbai, Date: 25th May 2011

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. Books of the Company shall remain closed from 18th September 2011 to 29th September 2011 (both days inclusive).
4. Members are requested to notify immediately any change in their Registered Address to the Company's Registrar, LINK INTIME INDIA PVT. LIMITED, Unit: Rama Newsprint & Papers Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400078.
5. 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.
6. Shareholders seeking any information with regard to the Accounts are requested to write to the Company at an early date to enable the Management to keep the information ready.
7. 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 and will also be available for inspection at the Meeting.
8. 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.
9. Investors / Shareholders are requested to kindly note that as per SEBI notification MRD/DoP/Cir-05/2009 dated 20th May 2009, it is mandatory for the transferee(s) to furnish a copy of PAN card to the Company/RTAs for registration of any transfer of shares in physical form.

NOTICE

ANNUAL REPORT 2010 - 2011

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

ITEM NOS. 6 and 7

Your Directors vide board resolution by circulation dated 16th December 2010 have appointed Shri P. S. Maharaj as Additional Director and also Executive Director subject to the approval of the members of the Company in general meeting.

Shri P. S. Maharaj is holding office of director of the Company till the date of ensuing Annual General Meeting. A Notice under Section 257 of the Companies Act, 1956 along with deposit of Rs. 500/- has been received from a member signifying his intention to propose the name of Shri P. S. Maharaj as candidate for the post of Director of the Company. Shri P. S. Maharaj is eligible for the appointment.

Shri P. S. Maharaj is a MBA (Marketing) from Kolkata University. He has about 34 years of experience in Market Planning, Sales Promotion, and other Commercial and Administrative functions. He has been associated with the Promoter Group for last 34 years including about 5 years in Company as Vice President (Corporate).

Shri P. S. Maharaj 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 P. S. Maharaj is made in accordance with the conditions specified in schedule XIII of the Companies Act, 1956, subject to the approval of the members of the Company and Central Government, if required.

An abstract of terms and conditions of appointment of Shri P. S. Maharaj as an Executive Director under section 302 of the Companies Act, 1956 along with memorandum of interest was sent to the members on 29th December 2010.

Your Directors are of the view that having regard to Shri P. S. Maharaj's educational 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 resolutions of Item Nos. 6 & 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).

Shri P. S. Maharaj is interested in the Resolution at item nos. 6 & 7 since it concerns to his appointment as director & his own remuneration. None of the other Directors are interested in the passing of these resolutions.

ITEM NO. 8

REPORT OF EROSION OF NET WORTH PURSUANT TO SECTION 23(1)(B) OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985 (SICA)

A. EROSION OF NET WORTH UNDER SECTION 23 OF SICA

The Company's net worth, as a result of accumulated losses as at 31.03.2011, has been eroded by more than 50% of Rs. 30534.09 lacs, the peak net worth of the Company in the preceding four financial years.

B. CAUSES OF EROSION

The Company commenced its commercial production in August 1996. However, the Company's performance was not satisfactory since inception due to delays in implementation of project, cost overrun coupled with volatility in international newsprint prices. As a result the Company was referred to Corporate Debt Restructuring (CDR) Cell in September 2003.

The performance of the Company after takeover by the new management under the CDR scheme showed all around improvement in terms of capacity utilization as well as profitability as under:

Year	Production (MT)	Profit before Tax (Rs. in Lacs)
2004-05	100049	896.94
2005-06	114867	(560.70)
2006-07	133144	3689.89
2007-08	138771	181.75

However, the performance of the Company witnessed a sudden and unexpected jolt in the fourth quarter of 2008-09 due to slowdown in the over all economy consequent to historic recession which caused a steep decline in the demand and prices of domestic newsprint in India.

The demand for domestic newsprint and the selling prices did gradually pick up in 2009-10 and 2010-11, but the same was neutralized by the disproportionate increase in the input costs. At times the Company had to resort to supply management by rationalizing its production. The write-back of the deferred tax asset amounting to Rs. 6168.20 lacs as on 31.03.2010 pursuant to AS-22 in 2010-11 further increased the accumulated losses. The accumulated losses as on 31.03.2011 amounted to Rs. 20421.61 lacs.

INFORMATION REQUIRED UNDER CLAUSE (IV) OF PROVISIO TO PARAGRAPH 1(B) OF SECTION II OF PART II OF SCHEDULE XIII OF THE COMPANIES ACT, 1956

I. General Information

- (1) Nature of Industry
Manufacturing and sale of Newsprint and Writing & Printing Paper.
- (2) Date of commencement of commercial production.
The company commenced commercial production in August 1996.
- (3) In case of new companies, expected date of commencement of activities :
Not applicable, as the company is an existing company.

NOTICE



(4) Financial performance based on given indicators

(Rs. In lacs)

	31.03.2009	31.03.2010	31.03.2011
Sales (Gross)	34228.45	31222.78	31884.96
Profit/(Loss) before tax	(4854.40)	(6813.74)	(7860.72)
Profit/(Loss) after tax	(2727.09)	(5664.56)	(14028.92)
Shareholder's Funds	28535.14	28535.14	28525.14

(5) Export Performance and net foreign exchange collaborations :

The FOB value of the company's exports was Rs. 95.42 lacs in 2008-09, Rs. 1066.95 lacs in 2009-10 and Rs. 605.40 lacs in 2010-11

(6) Foreign investments or collaborators, if any – NIL

II. Information about the Appointee

- Background details :
Shri P. S. Maharaj who is 57 years of age, is an MBA (Marketing) from Kolkata University with about 34 years of rich experience.
- Past Remuneration :
Being appointed as Executive Director w.e.f. 16.12.2010.
- Recognition or awards/ Job Profile and his suitability
As detailed in Explanatory statement for Item nos. 6 & 7 of the Notice for AGM.
- Remuneration proposed :
The remuneration of Shri P. S. Maharaj is set out above.

(v) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person :

The substantive remuneration of Shri P. S. Maharaj is not out of tune with the remuneration in similar sized industries in same segment of business.

(vi) Pecuniary relationship directly or indirectly with the Company or relationship with managerial personnel, if any :

Other than the remuneration stated above, Shri P. S. Maharaj has no other pecuniary relationship directly or indirectly with the Company.

III. Other Information

1. Reasons for inadequate profits :

The performance of the Company during the year ended 31st March 2011, as explained in the Directors' Report and Management Discussions and Analysis annexed, was adversely affected due to higher input cost without commensurate increase in the selling prices.

2. Steps taken or proposed to be taken for improvement:

With the growth in demand and increase in the selling prices of domestic newsprint from the quarter beginning April, 2011 and the further increase expected in the coming quarters, the Company expects an improved performance during 2011-12. In addition, the proposed right issue of equity shares, leveraging of surplus assets will help reduce the interest cost.

Go Green Initiative in Corporate Governance: Register E-mail Address

The Ministry of Corporate Affairs has now permitted companies to send various notices / documents under the Companies Act 1956, to its shareholders, through electronic mode. We request the Members to support this initiative and register their E-mail addresses in respect of shares held in : (1) dematerialized mode, with their Depository Participants; and (2) physical mode with M/s. Link Intime India Pvt. Ltd. (RTA). Please quote the following particulars in the E-mail Registration Request : Folio No./ DP ID-Client ID, PAN, Name(s) of Registered Holder(s), Address, Telephone and **E-mail Address (to be registered for sending future communication through E-mail)** and send the same under your signature(s).

NOTICE

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DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT IN FORTHCOMING ANNUAL GENERAL MEETING (In pursuance of Clause 49 of the Listing Agreement)

Name of Director	Shri Sudarshan Somani	Shri Haigreave Khaitan	Shri S. Doreswamy
Date of Birth	21.12.1963	13.07.1970	29.08.1946
Qualifications	B.Com.	L.L.B.	B.Com., ACA
Expertise in specific functional areas	He has expertise and wide experience in international commodity trading & terminal markets such as London metal exchange. He has dealt in soft & hard commodities specialising in non-ferrous metals, agricultural produce & waste papers.	He is an Advocate and Solicitor of Khaitan & Co. having branches all over India. He is head of Khaitan & Co. for its Mumbai Office. He has expertise in Commercial & Corporate laws, tax laws, mergers and acquisitions, restructuring, foreign collaboration, licensing etc.	He has been a professional banker with about 35 years of experience. He has held a variety of senior operational and administrative assignments. He was the Chairman and Managing Director of two large public sector banks, Dena Bank and Central Bank of India, making significant contribution to their growth and progress during his tenure.
Directorship in Other Companies	Sudarshan Investment & Export Co. Private Ltd., Satyanarayan Traders & Investors Private Ltd., Amigo Mercantile Private Ltd., Kanakratan Agency Pvt. Ltd., Vinay Enterprises, Sudarshan Enterpsie.	Bajaj Corp Limited, Ceat Limited, Harrisons Malayalam Ltd., Dhunseri Tea & Industries Ltd., Hindustan Composites Ltd., Inox Leisure Ltd., Ispat Industries Ltd., National Engineering Industries Ltd., Jindal Steel & Power Ltd., Sterlite Technologies Ltd., The Oudh Sugar Mills Ltd., Xpro India Ltd., AVTEC Limited, Bennett, Coleman & Co. Ltd., Bonanza Trading Company Pvt. Ltd., BTS Investment Advisors Pvt. Ltd., Great Eastern Energy Corpn. Ltd., I.E.G. (India) Ltd., Khaitan Consultants Ltd., The Madras Aluminium Co. Ltd., Vinar Systems Pvt. Ltd.	Ceat Ltd., Pantaloon Retail (India) Ltd., Shakti Sugars Ltd., Caliber Point Business Solutions Ltd., D.S.P. Black Rock Trustee Co. Ltd., Hexaware Technologies Ltd.
Membership of Committees of Board of other Companies	-	<u>Audit Committee :</u> Harrison Malayalam Ltd., INOX Leisure Ltd., National Engineering Industries Ltd., Jindal Steel & Power Ltd., Sterlite Technologies Ltd., AVTEC Ltd., Bennett, Coleman & Co. Ltd., <u>Shareholders' Grievance Committee :</u> National Engineering Industries Ltd.	<u>Audit Committee :</u> Ceat Ltd., Pantaloon Retail (I) Ltd., Shakti Sugars Ltd., Calibar Point Business Solutions Ltd., Hexaware Technologies Ltd. <u>Shareholders' Grievance Committee :</u> Ceat Ltd., Pantaloon Retail (I) Ltd.
Shareholding in the Company	-	-	-

By Order of the Board
For RAMA NEWSPRINT AND PAPERS LIMITED

Mumbai, Date: 25th May 2011
Registered Office :
Village Barbodhan, Taluka Olpad,
District Surat, Gujarat – 395 005.

GIRISH SHARMA
Sr. Vice President (F&A) & Company Secretary

DIRECTORS' REPORT



To
The Members of
RAMA NEWSPRINT AND PAPERS LIMITED

Your Directors are pleased to present the 20th Annual Report and the Audited Accounts for the Financial Year ended 31st March 2011.

FINANCIAL RESULTS

	(Rs. in lacs)	
	Year ended 31-03-2011	Year ended 31-03-2010
Sales (Net of Excise Duty)	31780.64	30911.72
Other Income	315.96	581.95
Profit/(Loss) before Interest, Depreciation and Tax	(621.58)	(108.10)
Interest & Lease rent	3754.00	3241.56
Profit/(Loss) before Depreciation and Tax	(4375.58)	(3349.66)
Depreciation	3485.14	3464.08
Profit/(Loss) before Tax	(7860.72)	(6813.74)
Deferred Tax/(Credit)	6168.20	(1149.18)
Net Profit/(Loss)	(14028.92)	(5664.56)

PERFORMANCE DURING 2010-2011

The year under review proved to be another turbulent year in succession for the operations of the Company. The increasing trend in the prices of raw materials continued unabatedly without commensurate increase in the selling prices. During the year the Company had to shift back its focus on Newsprint owing to negative margins in Writing & Printing Papers. The increase in the selling prices of Newsprint during the year was also not significant to neutralize the impact of increase in the cost. As a result of the reduced availability of raw materials and coal, coupled with higher level of finished stocks, the Company had to rationalize its production particularly in the 4th quarter of the year.

The Company achieved a production of 1,09,355 MT (including 4,686 of Writing & Printing paper) during the year under review as against 1,04,931 MT (including 33,082 MT of Writing & Printing paper) during 2009-10. The capacity utilization during the year was 83%. The Company registered a sales volume of 1,14,830 MT (including 7,791 MT of Writing & Printing paper) as against 1,19,395 MT (including 30,003 MT of Writing & Printing Paper) during 2009-10. As a result, the Company could bring down the inventory of finished goods to NIL as on 31-03-2011. Another major factor contributing to the increased loss during 2010-11 is higher interest cost on account of increase in the rates as well as the amount of debt availed by the Company to fund the cash loss.

The Company has become potentially sick under the provisions of Sick Industrial Companies (Special Provisions Act) (SICA).

CURRENT YEAR'S PROSPECTS & FUTURE PLANS

The year 2011- 12 has begun with a positive note with the selling prices of Newsprint having witnessed a significant increase in April-June, 2011 quarter. However, there is so far no respite in the cost of inputs i.e. raw materials and coal.

The Company has since received SEBI observations on the Draft Letter of Offer for the proposed Right Issue of Equity Shares of upto Rs.50 Crores and is now gearing up to launch the same shortly. This would significantly help the Company bridge the Working Capital deficit. In addition, the Company has also tied up new Term Loans aggregating to Rs.210 Crores for refinancing of all the existing Term Loans, funding the Capex projects with quick pay back period and the deficit in Working Capital. The moratorium period of two years and also the extended repayment schedule in the new Term Loans would certainly reduce the liquidity crunch being faced by the Company.

CORPORATE SOCIAL RESPONSIBILITY

The Company continues to be conscious about its social responsibilities towards the public living within the vicinity of its Mills. Apart from imparting regular health check facilities for the community in the nearby villages, distributing free medicines to the needy, the Company supplies free Drinking Water on a regular basis to the nearby villages.

The Company has opened a modern English Medium School to impart quality education to the students in the vicinity. In addition, the Company also undertakes various community welfare jobs as and when needed.

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 and of the profit of the company for that period;
3. 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 the stock exchanges.

DIRECTORS' REPORT

**ANNUAL REPORT
2010 - 2011**

DIRECTORS

During the year under review, Shri V. D. Bajaj has ceased to be Executive Director of the Company on close of working hour on 8th January, 2011.

During the year under review, Shri M. P. Taparia resigned on 30th September, 2010 due to his personal commitments.

The Directors place on record their appreciation of the valuable contribution made by Shri V. D. Bajaj & Shri M. P. Taparia during their tenure as Directors and members of various Committees of the company.

Shri P.S.Maharaj was appointed as Additional Director and Executive Director vide resolution by circulation dated 16th December, 2010. Shri P.S.Maharaj holds the post of director 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 P.S.Maharaj for the post of Directorship of the Company.

Shri Sudarshan Somani, Shri Haigreave Khaitan and Shri S.Doreswamy are retiring by rotation at the ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment.

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.

CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION & ANALYSIS

Report on Corporate Governance is made part of this Annual Report as Annexure – II and Management Discussion and Analysis Report as 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 25th May, 2011.

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.

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 31st March, 2011 and Profit & Loss Account for the year ended on that date, referred to in the Auditors' Report are self explanatory.

COST AUDIT

The cost accounting records maintained by the company are subject to audit by the qualified Cost Auditors. Your Company has appointed Shri Narottam Tola, a qualified Cost Accountant for conducting the audit of cost account records for the year ended 31st March, 2011 and the Cost Audit report will be submitted to the Ministry of Corporate Affairs, Government of India in due course. The Cost Audit report for the year ended 31st March, 2010 was filed on 16th September, 2010 i.e. well within the due date i.e., 30th Sept., 2010.

INDUSTRIAL RELATIONS

The industrial relations remained cordial throughout the year under review.

ACKNOWLEDGEMENT

The Directors wish to place on record and acknowledge their appreciation and gratitude for the continued co-operation and support received from the Central Government, the State Government of Gujarat, Regulatory Bodies, participating Financial Institutions and Banks, Customers, Suppliers and Dealers. The Directors take this opportunity to express their appreciation towards the dedication, commitment and teamwork shown by employees. Your Directors further thank the fraternity of Members/ Shareholders for their continued confidence reposed in the management of the Company.

By Order of the Board

Place: Mumbai
Date: 25th May, 2011

S. K. BANGUR
CHAIRMAN