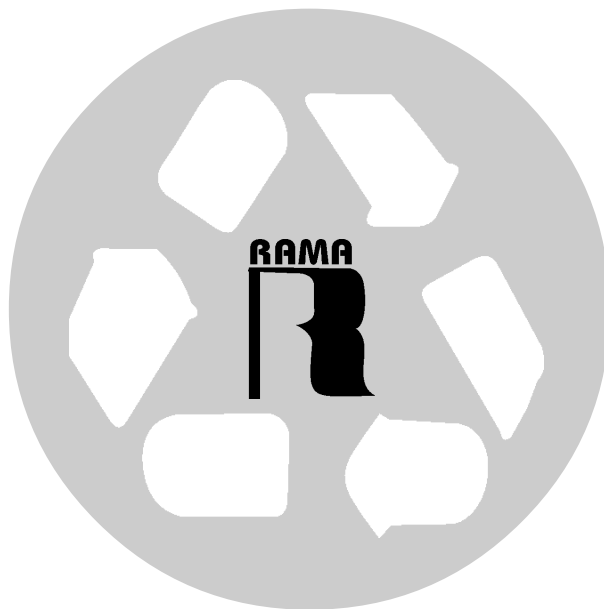


RAMA NEWSPRINT AND PAPERS LIMITED



20th ANNUAL REPORT
2010 - 2011

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BOARD OF DIRECTORS

Shree Kumar Bangur

Virendra Bangur

K. L. Chandak

Sudarshan Somani

Haigreve 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.

Registrar & Transfer Agent

LINK INTIME INDIA PVT. 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

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

Registered Office & Factory

Village Barbodhan, Taluka Olpad,

District Surat, Gujarat – 395 005.

Auditors

Haribhakti & Co., Mumbai

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

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 Haigreve 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

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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

- (i) 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.
- (ii) Past Remuneration :
Being appointed as Executive Director w.e.f. 16.12.2010.
- (iii) Recognition or awards/ Job Profile and his suitability
As detailed in Explanatory statement for Item nos. 6 & 7 of the Notice for AGM.
- (iv) 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

**ANNUAL REPORT
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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

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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 Haigreva 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

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 YEAR ENDED 31st MARCH 2011.

A. CONSERVATION OF ENERGY

1 Energy Conservation Measures Taken :

- i The speed of Dump tower agitator in FDP-2 has been reduced by 11%.
- ii The speed of Gould pump in FDP-2 further reduced from 1741 rpm to 1591 rpm by changing the motor pulley.
- iii All the lights of F/H & PWH section area were remaining ON during day hrs also .Timer control provided & modification of circuit done to switch off some of these during day time. (9 hours off during day time)
- iv Speed of Dry end pulpier in PM-1 reduced by 15 % to reduce power consumption.
- v PM-1 Primary screen 132 kw motor replaced with 110 kw motor.
- vi Reduced speed of trim pulpier in PM-1 by changing the pulley to save power.
- vii Trimming of impeller of pump by 05% for power saving.
- viii In PM-1 and PM-2, out of seven nos. cast aluminum impellers of hood exhaust fans, one no. replaced with energy efficient FRP impeller.
- ix 400 w x12 nos. lighting in new raw material godown kept OFF during day hrs. by installing timer to control these lights.
- x Exhaust fan of PM-2 post dryer made shut permanently to save power.
- xi Motor connection changed from delta to star in PM-2 Rewinder Hydraulic Pump.
- xii ETP sludge firing in power boiler to reduce coal consumption

2 Water Conservation Measures Taken :

- i Excess back water of paper machines stored in common wash water chest to use it as and when required. after transferring it to buffer tank.
- ii Installation of instrument valve on PM-1 main shower header for stoppage of water during machine stoppage.
- iii Separate high pressure pump of 10 bar pressure and 800 lpm to be installed in PM-II clear water chest to use clear water in stead of Fresh Water for Disc Filter showers.
- iv To collect fresh water going out from the gland cooling outlet from both coarse screen and sending the same water to back water chest no. 2.This water is used for dilution purpose in the plant.
- v Reuse of cooling tower blow down water for fire fighting purpose.
- vi Reuse of gland cooling water of consistency transmitter for Krima transmitter for screw press feed pump.
- vii Replacement of defective taps in colony to arrest water leakage.
- viii Rain water harvesting.

3 Energy Conservation Measures proposed for Future :

- i In PM-1 and PM-2 all the remaining six existing cast aluminum impellers of Hood Exhaust Fan will be replaced with Energy efficient FRP fans
- ii To replace Vac. Pump seal pit horizontal pump with submersible pump.
- iii To install small vac. Pump to meet actual short fall of 100 m3/min air flow for pick up zone in PM-2.
- iv Motors with efficiency lower than 85 % have been identified. It is proposed to replace it with high efficiency motors.
- v To replace existing cooling water booster pump with energy efficient pump in compressor house.
- vi AP-2 boiler Ash Handling Plant up-gradation.
- vii To replace FDP-2 krofta high pressure pump & motor by smaller size of pump and Motor.
- viii To replace SV lights at FDP-1 Floatation cells floor with MH lights.
- ix VFD installation in power boiler CE-4 and AP-2 for power saving.

4 Water Conservation Measures proposed for Future :

- i To reduce fresh water consumption by utilization of back water of ACF and DMF unit in DM Plant.
- ii Utilization of super clear water in Paper Machine Wire Showers after installing Disc Filter in PM-1.

5 Impacts of Measures (1 & 2) :

- i Reduction in fresh water consumption and power consumption for manufacturing Newsprint and Writing and Printing quality paper have been achieved during financial year as given below:

Reduction in Power consumption, KWH/Day	- 563
Reduction in Fresh Water Consumption, M3/Day	- 383

B. TECHNOLOGY ABSORPTION :

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

C. FOREIGN EXCHANGE EARNING AND OUTGO

(Rs. In Lacs)

	Current year ended 31.3.2011	Previous year ended 31.3.2010
Foreign Exchange Earning	553.81	1066.95
Foreign Exchange Used	3764.84	8170.62

FORM - A

Form of Disclosure of particulars with respect to Conservation of Energy

A) Power and Fuel Consumption

Sr. No.	For the Year ended <u>31.03.11</u>	For the Year ended <u>31.03.10</u>
1. Electricity		
a) Purchased		
Units (Kwh in thousand)	3401	2522
Total Amounts (Rs. in Lacs)	416.71	356.27
Rate/Unit (Rs)	12.25	14.12
b) Own Generation		
I. Through Diesel Generator		
Units (Kwh in thousand)	9	2
Unit per Litre of Diesel/Oil	2.47	3.31
Rate/Unit (Rs)	13.91	10.38
II. Through Steam Turbine/Generator		
Unit (Kwh in thousand)	117704	113128
Rate/Unit (Rs)	3.16	2.73
2. Coal		
Quantity (MT)	149888	135085
Total Cost (Rs. In lacs)	4827.16	4326.48
Average rate (Rs. per MT)	3220	3203
3. Furnace Oil		
Quantity (K.Ltr)	Nil	Nil
Total Amount (Rs. In lacs)	Nil	Nil
Average rate (Rs. Per K. Ltr)	Nil	Nil

B) Consumption per MT of Production of Newsprint / Writing & Printing Paper

	For the Year ended <u>31.03.11</u>	For the Year ended <u>31.03.10</u>
Electricity (kwh)	1108	1102
Furnace Oil (K. Ltr)	Nil	Nil
Coal (kgs)	1371	1287

FORM - B

Form for disclosure of particulars with respect to Technology Absorption

RESEARCH AND DEVELOPMENT (R & D)

- a. Plant trial of Antimussol BH Liq deformer started in PM # 1 Head Box to minimize Head Box stagnancy which helped in improving machine runnability with reduction in breaks due to lumps.
- b. Lab and plant trials carried out to evaluate the performance of PAC with respect to retention on machine for cost reduction. Satisfactory results achieved and established.
- c. Lab scale evaluation of stable HP-100(Peroxide stabilizer) to observe bleaching response of stable HP-100 with reduction of Hydrogen Peroxide. Implemented in plant and Hydrogen Peroxide could be reduced to the extent of 10-15 % thereby reducing cost of bleach chemical.
- d. Based on lab results, plant trial of OBA initiated for substitution and cost reduction.
- e. Lab studies followed by plant trial carried out to select alternative source of Krofta chemicals for better performance of water clarification vis a vis cost reduction without effecting quality.
- f. Based on lab scale results, plant trial of enzymatic stickies control chemical was conducted to reduce stickies breaks and improve machine runnability. However, the trial was discontinued due to no significant reduction in breaks due to stickies.
- g. Lab evaluation of OBA samples carried out against existing chemical being used, out of which one product selected as substitute and alternative source and proposed for plant trial for cost reduction.
- h. Lab evaluation of de-inking chemicals carried out against existing chemical being used, as substitute for cost effectiveness and improved performance. Plant trial proposed.

TECHNOLOGY ABSORPTION

1. **Efforts in brief made towards technology absorption, adoption and innovation:**
 - i] Increased ETP Sludge (non conventional fuel) firing in power boiler CE-4 after sun drying through existing under feed system along with imported and indian coal.
 - ii] Commissioning of three systems of ash handling system in AP-2 Boiler.
 - iii] Commissioning of on line felt cleaning system for better machine runnability in PM-2.
2. **Benefits derived as a result of above efforts:**
 - i] Use of waste by-product resulted in reduction of coal consumption.
 - ii] Aluminium fan being light in weight helps in substantial energy saving.
 - iii] Improved / upgraded technology for reliability in operation.
 - iv] Felt cleaning system resulted in better machine runnability and paper quality in PM-2..
3. **Details of Project Development work in the field of Energy which are in Progress:**
 - i] Up-gradation of ash handling system in AP-2 Boiler.
 - ii] Replacement of all the remaining six cast aluminium fans of hood exhaust fan with FRP fan.

CORPORATE GOVERNANCE REPORT



ANNEXURE - II

CORPORATE GOVERNANCE REPORT

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

(The Corporate Governance Report is for the Year under review i.e. from 1st April 2010 to 31st March 2011)

1) Company's Philosophy on Code of Corporate Governance

The Company has ingrained the objectives of good quality Corporate Governance, which will lead to creation of value for all its stakeholders. The Company adopts the best of the Corporate Governance practices in its spirit, whereby the highest level of transparency, accountability and equity is maintained at all levels of its operations. The Company policies are drawn keeping in mind the interest of all its stakeholders and with an ultimate objective of creation of wealth for its stakeholders.

By following good corporate governance practices, the Company ensures transparency in its policies, processes, reporting and decision making processes. The Company emphasizes on effective and efficient accounting system, internal control mechanism and planning process. The practices adopted by the Company emphasize that all the resources are utilized optimally and effectively so that the Company grows from strength to strength and creates wealth for its stakeholders.

The Board of Directors of the Company has appropriate composition of Executive and Non-Executive Directors

The composition of Directors during the year under review and the attendance at the Board Meetings during the year under review and the last Annual General Meeting as also number of other Directorships and Committee Memberships are given below:

Sr. No.	Name of Director	Position	No. of Board Meetings attended	Attendance at last AGM	No. of other Public Co. Directorships	No. of other Committee Membership in other Public Company.*	
						Chairman	Member
1.	Shri Shree Kumar Bangur #	Chairman	2	No	10	-	-
2.	Shri Virendra Bangur #	Vice Chairman	2	No	5	-	1
3.	Shri K.L. Chandak	Director	4	No	2	-	-
4.	Shri Prem Shankar Maharaj (appointed w.e.f. 16.12.2010)	Director	1	No	4	-	-
5.	Shri Haigreve Khaitan	Non-Executive Independent Director	-	No	16**	-	9
6.	Shri V. D. Bajaj (ceased to be director on close of working hours on 08.01.2011)	Executive Director	3	Yes	-	-	-

including Independent Directors. The Board of Directors through their active participation ensures that the discussions and decisions on the policy matters are taken after due deliberation and discussion and in consonance with good corporate governance practices.

2) Board of Directors – Constitution and Composition

The present Board of Directors of the Company consists of Nine Directors, eight of whom are Non-Executive Directors including five Independent Directors. Shri S.K. Bangur is the Non-Executive Chairman and Shri Virendra Bangur is Non-Executive Vice Chairman of the Company. Shri K.L. Chandak is a Non-Executive Director while Shri P. S. Maharaj is the Executive Director of the Company. Shri Sudarshan Somani, Shri Haigreve Khaitan, Shri S. Doreswamy, Lt. General (Retd) Ashok Kapur and Shri Janak Mehta are other Non-Executive-Independent Directors. The composition of Board of Directors is well within norms of Corporate Governance as applicable as on 31st March 2011.

None of the Directors on the Board are Members in more than ten Committees and they do not act as Chairman of more than five Committees across all Companies in which they are Directors.

a) Number of Board Meetings and Attendance Record of the Directors

The Company has complied with the provisions with regard to holding of Board Meetings during the period under review, i.e. from 1st April 2010 to 31st March 2011.

During the year ended 31st March 2011 the Company had four Board Meetings. These were on 29th May 2010, 11th August 2010, 11th November 2010 and on 14th February 2011.

CORPORATE GOVERNANCE REPORT

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Sr. No.	Name of Director	Position	No. of Board Meetings attended	Attendance at last AGM	No. of other Public Co. Directorships	No. of other Committee Membership in other Public Company.*	
						Chairman	Member
7.	Shri M.P. Taparia (resigned w.e.f. 30.09.2010)	Non-Executive Independent Director	1	No	7	1	-
8.	Shri Sudarshan Somani	Non-Executive Independent Director	4	No	-	-	-
9.	Shri S. Doreswamy	Non-Executive Independent Director	4	No	6	2	6
10.	Lt. Gen. (Retd.) Ashok Kapur	Non-Executive Independent Director	1	No	-	-	-
11.	Shri Janak Mehta	Non-Executive Independent Director	3	No	2	-	-

* This relates to Committee referred to in clause 49 of the Listing Agreement, viz. Audit Committee and Investor Grievance Committee.

** Includes alternate directorship.

Shri Shree Kumar Bangur and Shri Virendra Bangur are relatives. (Father & Son)

3) Directors' Interest in the Company

For the sake of transparency the Company is committed to make full disclosures regarding the interest of and payments to all Directors. During the year under review the Company made payment of sitting fees of Rs. 4000/- per meeting to Non-Executive Directors for attending Board meetings, Audit Committee and Remuneration Committee meetings. The Company does not pay any other remuneration or commission to the non-executive Directors of the Company. Further, it is not a policy of the Company to give loans and advances to its Directors.

The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors during the year under review.

Sometimes, the Company does enter into contracts with Companies in which some of the Directors of the Company are interested as Director or member. However, these contracts are in the ordinary course of the Company's business without giving any specific weightage to them. Directors regularly make full disclosures to the Board of Directors regarding the nature of their interest in the companies in which they are directors and particulars of contracts, if any, entered with companies in which directors are directly or indirectly concerned or interested are recorded in the Register of Contracts.

Code of Conduct :- The Board of Directors has adopted the CODE OF CONDUCT to be observed by all the Directors and Senior Management while executing their official duties and responsibilities. The Code of Conduct is posted on the website of the Company. All Directors and designated senior management cadre of the Company have affirmed compliance of the Code of Conduct. The declaration to this effect signed by the Executive Director is annexed to this report.

CEO/CFO Certification :- As required under clause 49V of the listing agreement with stock exchanges, the Executive Director and Sr. Vice President (Fin & A/cs) have certified to the Board the financial statements for the year ended 31st March 2011.

4) Audit Committee

Terms of reference of the Audit Committee are as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreements with the Stock Exchanges that inter-alia, includes overseeing financial reporting process, reviewing periodic financial results, financial statements and adequacy of internal control system with the Management and adequacy of internal audit function, discussions with auditor about the scope of audit including the observation of the auditors and discussion with internal auditors on any significant findings. The Committee also reviews all matters and information required to be reviewed, discussed or investigated as per the provisions of the Corporate Governance clause and best of the corporate governance practices including but not limited to related party transactions, appointment or removal of chief internal auditors, compliances of legal provisions and accounting standards, etc.

CORPORATE GOVERNANCE REPORT



Composition of Audit Committee as on 31st March 2011

During the year under review following was the composition of the Audit Committee of the Board :

Sr. No.	Name of the Member	Status
1.	Shri S.Doreswamy Chairman	Non-Executive Independent Director
2.	Shri Sudarshan Somani	Non-Executive Independent Director
3.	Lt. General (Retd.) Ashok Kapur	Non-Executive Independent Director
4.	Shri Janak Mehta	Non-Executive Independent Director
5.	Shri V. D. Bajaj (upto 8th January 2011)	Executive Director
6.	Shri P.S. Maharaj (w.e.f.16th December 2010)	Executive Director

During the year under review, five meetings of the Audit Committee were held on the following dates:

(i) 29th May 2010, (ii) 12th July 2010, (iii) 11th August 2010, (iv) 11th November 2010 and (v) 14th February 2011.

Attendance of Members at Audit Committee Meetings are as under:

Name of the Director	No. of Meetings attended
Shri S.Doreswamy	5
Shri Sudarshan Somani	5
Lt.General (Retd.) Ashok Kapur	2
Shri Janak Mehta	4
Shri V.D. Bajaj	4
Shri P. S. Maharaj	1

The Statutory Auditors, Internal Auditors and the Head of Finance are invitees to the Audit Committee Meetings. The Company Secretary is in attendance at these Meetings. All members are financially literate and majorities have accounting & financial expertise. The Chairman of the Audit Committee could not attend the previous Annual General Meeting due to some emergency and he authorized Shri V D Bajaj, member of the audit committee on his behalf to answer the queries of shareholders.

5) Remuneration Committee

The Remuneration Committee was constituted on 16th January 2004 to decide the remuneration of Executive Director. The Remuneration Committee was last reconstituted on 16th December 2010. The composition of the Remuneration Committee during the year under review was as follow: -

Shri Haigreve Khaitan Non-Executive Independent Director (Chairman)
Shri M P Taparia Non-Executive Independent Director (Chairman)
(upto 30th September 2010)
Shri Sudarshan Somani Non-Executive Independent Director
Shri K. L. Chandak Non-Executive Director
Shri Janak Mehta Non-Executive Independent Director
(w.e.f 16th December 2010)

The Committee met twice during the year under review,
- 5th May 2010 where all Committee members were present except Shri M P Taparia
- 27th December 2010 where all Committee members were present except Shri Haigreve Khaitan.

6) Details of remuneration for the year ended 31st March 2011 (i) To Executive Director

Name	Salary (Rs.)	Comm-ission (Rs.)	Perqu- isites (Rs.)	Retirement Benefits (Rs.)
Shri V.D.Bajaj Executive Director (up to 08.01.2011)	36,26,636	NIL	25,44,807	NIL
Shri P.S. Maharaj Executive Director (w.e.f 16.12.2010)	6,98,867	NIL	1,17,077	NIL

Apart from above salary the Executive Director has received no remuneration or incentive during the year under review.

The appointment of the Executive Director is contractual in nature. The appointment may be terminated by either party by giving 3 months notice of such intention in writing to the other party. In the event the Executive Director delivers the notice, the Company shall have the option of determining the services of the Directors forthwith without any further liabilities whatsoever. In the event such notice is delivered by the Company, the Executive Director shall be entitled to be paid his full salary as per the terms of appointment for a period of three months as well as such other benefits which he would have earned during the same period.

There are no Stock options available / issued to any Directors of the Company and this does not form a part of their contract with the Company.

(ii) To Non-Executive Directors

During the year ended 31st March 2011, the Company, paid remuneration to Non-executive directors by way of sitting fees of Rs. 4000/- per meeting for attending Board Meetings, Audit Committee Meetings and Remuneration Committee Meetings. Apart from payment of Sitting Fees, the company had no other pecuniary relationship or transactions with individual non-executive directors. There are no Stock options available / issued to any Directors of the Company. None of the Non-Executive Directors have shareholding in the Company expect the following:-

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Sr. No.	Director	Shares held as on 31.03.2011
1	Shri S. K. Bangur	13,27,885
2	Shri Virendra Bangur	2,45,352
3	Shri K. L. Chandak	6,250

7) Share Transfer / Investor Grievance Committee

The composition of the Share Transfer & Investors Grievance Committee during the year under review was as follow:

Shri K. L. Chandak	Non-Executive Director (Chairman)
Shri Haigreva Khaitan	Non-Executive Independent Director
Shri V. D. Bajaj	Executive Director (upto 08.01.2011)
Shri P. S. Maharaj	Executive Director (w.e.f 16.12.2010)
Shri Girish Sharma	Sr. VP (F&A) & CS (Compliance officer)

The Committee oversees the redressal of complaints of the shareholders and investors in relation to transfer of shares, non-receipt of annual reports, etc. and also approves split/consolidation of shares, issue of duplicate share certificate, etc.

8) General Body Meetings

The last three Annual General Meetings were held at Village Barbodhan, Taluka Olpad, District Surat, Gujarat – 395 005, as per details given below:

Year	Date	Day	Time
17th AGM-2008	September 19, 2008	Friday	2.30 P.M
18th AGM-2009	September 29, 2009	Tuesday	2.30 P.M
19th AGM-2010	September 29, 2010	Wednesday	2.30 P.M

Special Resolutions passed in the previous 3 Annual General Meetings:-

- 17th AGM - To approve appointment and terms of remuneration of Shri V. D. Bajaj, Executive Director for the period from 1st April, 2007 to 31st March 2010.
- 18th AGM - None
- 19th AGM - To approve the terms of remuneration of Shri V. D. Bajaj, Executive Director for the period from 1st April, 2010 to 8th January 2011.

No special resolutions were required to be put through postal ballot last year. At the forthcoming Annual General Meeting also, there is no item on the agenda that needs approval by Postal Ballot.

9) Disclosures

- (i) There were no instances of non-compliance on any other matter related to the capital market, during the last three years.

- (ii) There are no transactions, which may have potential conflict with the interest of the Company. Schedule 18 of the Annual Accounts contains the details of related party transactions.

- (iii) The Company has complied with all the mandatory requirements prescribed under Clause 49 of the Listing Agreement. Regarding non – mandatory requirements:

- * Remuneration Committee has been constituted to approve remuneration of Executive Director.
- * The Board members are having adequate experience and expertise to deal with business matters.
- * The Company has not established whistle blower policy.

10) Means of Communication

- (i) Quarterly results are published in newspapers viz Business standard and vernacular newspaper Economics times at Ahmedabad. The annual report is also posted to every shareholder of the Company.
- (ii) The Company's website at www.ramanewsprint.com is regularly updated with financial results and any Official news releases are given directly to the press.
- (iii) Management Discussion and Analysis forms a part of this Annual Report, which is also being posted to all the Shareholders of the Company.

11) General Shareholder Information

- (i) Annual General Meeting
Date & Time : Please refer to Notice of the Annual General Meeting being sent alongwith the Annual Report.
Venue : Registered Office at Village Barbodhan, Taluka Olpad, Dist. Surat, Gujarat.
- (ii) The Company has furnished information as required by Clause 49 (iv) of the Listing Agreement of the Stock Exchanges, relating to the appointment and re-appointment of Directors.
- (iii) Financial Calendar (Tentative)

Adoption of Quarterly Financial Results:-

Quarter ending June 2011 : Last week of July 2011
Quarter ending Sept. 2011 : Last week of October 2011
Quarter ending Dec. 2011 : Last week of Jan. 2012
Quarter ending March 2012 : Last week of May 2012
Annual General Meeting : September 2012
2011-2012

12) Dates of Book Closure

Please refer to Notice of the Annual General Meeting being sent along with the Annual Report.

13) Listing of Equity Shares on Stock Exchanges, etc.

The Company's shares are listed on Bombay Stock Exchange & National Stock Exchange of India Ltd.

CORPORATE GOVERNANCE REPORT



Stock Market price data for the year ended 31st March 2011

Month	B S E		Sensex	
	High (Rs.)	Low (Rs.)	High	Low
April, 2010	27.30	20.6	18047	17276
May, 2010	21.75	18.00	17536	15960
June, 2010	19.80	17.60	17919	16318
July, 2010	18.75	16.80	17919	17395
August, 2010	18.10	14.90	18475	17819
September, 2010	24.85	15.55	20267	18027
October, 2010	23.00	19.25	20854	19768
November, 2010	22.70	17.10	21108	18954
December, 2010	25.05	16.90	20552	19074
January, 2011	20.60	17.20	20664	18038
February, 2011	20.05	15.30	18690	17295
March, 2011	19.55	17.10	19575	17792

14) Stock Codes & ISIN No.

Bombay Stock Exchange Ltd.: 500356
National Stock Exchange of India Ltd.: RAMANEWS
ISIN of the Company: INE278B01020

15) Share Transfer Agent

The Company has engaged the services of M/s. LINK INTIME INDIA PVT. LTD., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400078, a SEBI registered Registrar, as their Share Transfer Agents, for processing the transfers, sub-division, consolidation, splitting of securities, etc. Since trades in Company's shares are required to be done only in dematerialized form, request for demat and remat should be sent through the Depository Participants (DP) to

M/s. LINK INTIME INDIA PVT. LTD.
Unit: Rama Newsprint & Papers Ltd
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai – 400078.
Phone No. 25963838 Fax: 25946969.

16.1) Share Transfer System

The Company's shares are traded on the Stock Exchanges compulsorily in demat mode. Therefore, Investors / Shareholders are requested to kindly note that physical documents, viz. Demat Request Forms (DRF) and Share Certificates, etc. should be sent by their Depository Participants (DP's) directly to the Share Transfer Agents. Any delay on the part of the DP's to send the DRF and the Share Certificates beyond 15 days from the date of generation of the DRF by the DP will be rejected / cancelled. This is being done to ensure that no demat requests remain pending with the Share Transfer Agent beyond a period of 30 days. Investors / Shareholders should, therefore, ensure that their DP's do not delay in sending the DRF and Share Certificates to Share Transfer Agent after generating the DRF. Shares in physical are processed by Registrar & Transfer Agent who attend to share transfer formalities normally once in 10 days.

16.2) Investor Grievance Redressal System

The Investors' grievances against the Company are handled by the Company's Registrars and Share Transfer Agents, M/s. Link Intime India Pvt. Ltd., in consultation with the Head of the Secretarial Dept. of the Company. The Registrars have adequate infrastructure facilities coupled with skilled staff with professional qualifications for speedy redressal of Investors' grievances.

All investor complaints, which cannot be settled at the level of the Company Secretary or the Share Transfer Registrars, are forwarded to the Shareholders / Investors Grievance Committee for final settlement. During the year under review the Company received 179 complaints from Shareholders / Debentureholders and same were attended.

17) Distribution of Shareholding as on 31st March 2011

No. of Shares	No. of Shareholders	No. of Shares held
Upto 500	98591	7397120
501 – 1000	2551	2105678
1001 – 2000	1396	2097108
2001 – 3000	503	1285468
3001 – 4000	217	786713
4001 – 5000	250	1196025
5001 – 10000	321	2416674
10001 and above	291	40873246
Total	104120	58158032

CORPORATE GOVERNANCE REPORT

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18) Pattern of Shareholding as on 31st March 2010

1. Category	No. of shares held	Percentage of shareholding
Promoters	30145803	51.83
Mutual Funds & UTI	60000	0.10
Banks, Financial Institutions	22625	0.04
Foreign Institutional Investors	95234	0.16
Foreign Mutual Funds	12300	0.02
Others		
a) Private Corporate Bodies	5669755	09.75
b) Indian Public	21227745	36.50
c) NRIs / OCBs	416658	0.72
d) Others	507912	0.87
Grand Total	58158032	100.00

19) Dematerialization of Shares

As on 31st March 2011, 55280437 shares of the Company representing 95.05% of total paid-up share capital were held in dematerialized form and the balance 2877595 shares representing 4.95% of total paid-up share capital were in physical form.

20) Factory Location

The Company's factory is located at Village Barbodhan, Taluka – Olpad, District – Surat, Gujarat – 395 005.

21) Address for Correspondence

The Company's Registered Office is situated at Village Barbodhan, Taluka – Olpad, District – Surat, Gujarat – 395 005.

All Shareholders correspondence should be addressed to any of the following:-

RAMA NEWSPRINT AND PAPERS LTD.

Chandermukhi Building 8th Floor 'B' Block
R. Goenka Marg, Nariman Point,
Mumbai – 400 021

Ph. : 022-22821025/1014/1048

Fax : 022-22821083

E – mail : grievances@ramanewsprint.com

Contact Person: Company Secretary/Compliance Officer

OR

LINK INTIME INDIA PVT. LTD.

Unit: Rama Newsprint & Papers Ltd.

C-13, Pannalal Silk Mills Compound,

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

Mumbai – 400078.

Phone No. 25963838 Fax: 25946969

22) Management Responsibility Statement

The Management confirms that the financial statements are in full conformity with requirements of the Companies Act, 1956 and the Generally Accepted Accounting Principles (GAAP) in India. The Management accepts responsibility for the integrity and objectivity of these financial statements as well as for estimates and judgments relating to matters not concluded by the period end. The management believes that the financial statements of operation reflect fairly the form and substance of transactions and reasonably present the Company's financial condition and the results of operations. The Company has a system of internal control, which is reviewed, evaluated and updated on an ongoing basis. The Internal Auditors have conducted periodic audits to provide reasonable assurance that the Company's established policy and procedures have been followed.

CODE OF CONDUCT DECLARATION

I hereby declare that all Board members of the Company and senior management personnel have affirmed compliance with the Code of Conduct of the Company.

For Rama Newsprint and Papers Ltd.

P. S. Maharaj

Executive Director

Date : 25th May, 2011

ANNEXURE - III

MANAGEMENT DISCUSSION & ANALYSIS

Paper Industry Outlook

The steady growth of GDP in India of about 8.5% to 9% augurs well for paper industry in general which has a direct relationship with GDP growth. In addition, the existing low base of per capita consumption of paper in India as compared to the global benchmark, the continuing thrust and focus of the Government of India for growth of literacy through programmes like 'Sarva Shiksha Abhiyan', growth in industrial production and the growing trend of expenditure incurred on the print media are the major contributing factors for the sustainable growth in the demand of paper in India. As per the research report of CRISIL the paper industry is poised to grow at a CAGR of about 6.8% over next 4-5 years.

Newsprint Industry

The demand from Newsprint in India which witnessed a temporary set back due to sudden recession in the world economy for last 2 years has come back to the growth path again. The expected growth in print media particularly the vernacular newsprint and the increasing level of literacy in the country continue to be the major contributing factors for the growth in the demand for domestic newsprint in India. The demand for newsprint, is expected to increase by about 8.6% CAGR to about 2.7 million MT in 2013-14.

Company's Performance & Outlook

This has been discussed at length in Director's Report.

SWOT Analysis

Strengths

- 1) Strategic location of the plant, good proximity to both market for its finished product and source of its raw material i.e. wastepaper and chemicals.
- 2) Customer's appreciation of company's products.
- 3) Countrywide customer base and Dealer / Distributor network.
- 4) Swing facility on the Paper Machine to produce Newsprint / Writing & Printing grades of paper as the market situation may demand.
- 5) Over 400 acres of land available with the Company sufficient enough for any future expansion and growth.
- 6) Support from the group companies:- The company can count on the support from group companies as and when needed.

Weakness

The Company manufactures its products with 100% recycled fibre, which is perceived a shade below high-end products manufactured from virgin pulp.

However, company's products both newsprint paper and writing print paper are well accepted in the market place due to continuous Research & Development and Technological improvement which have helped the company to improve the quality of its products.

Opportunities

The Company, can encash on the increased outlay by Government for growth in the education sector by producing writing and printing paper. The company can also take the advantage of expected growth in newsprint sector. Being an

eco-friendly process based on recycling, the Company also can gain from increased awareness of global warming among its customers as can be seen from trends in developed countries.

Threats

- 1) The Company imports about 30% of the raw material, which is prone to the foreign exchange fluctuations.
- 2) The Company is susceptible to cyclicity in International newsprint market and the availability & prices of recycled fibre across the globe.

Internal Control Systems & its Adequacy

The Company has in place a proper and adequate system of Internal Controls through which management ensures proper and effective controls and checks over all operations and transactions of the Company. The Internal Control System ensures that financial and other records are reliable and are in conformity with applicable laws & regulations of the land. The system has automatic checks and reporting process whereby the financial information, data and transactions are properly verified, accounted, records are maintained and human errors are minimized / eliminated. To ensure the effectiveness of Company's Internal Control System, the Company has appointed external firm of Chartered Accountants, as Internal Auditors who on regular basis carries Internal Audit. The management does a periodic review meeting with them and their observations and suggestions are taken into consideration to enhance the quality of Internal Control System. Apart from this the Company has Audit Committee of the Board, which reviews and monitors the Internal control measures.

Human Resources

The management believes that people working in and working with the organization are of the key resource for the success of the organization. The sincere effort put in by the employees has translated into quality improvements, productivity improvements, cost reduction, etc. Paper industry in India faces dearth of talented and experienced people. Therefore, management firmly believes in developing and nurturing its human resources and improving their talents for taking up positions of responsibility in the company. The company recruits fresh trainees in different categories every year and sincerely trained them to occupy suitable position in various departments. Training programmes are organised both in-house and also by deputing the employees to other forums and participating in technical seminar for updating the knowledge and skill levels of the employees. Proper care is taken for safety, health and welfare of the employees.

Cautionary Statement

Statements in this report on Management's Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws of regulations. These statements are based on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand supply conditions, finished goods prices, raw materials cost availability, changes in Government regulations, tax regimes, economic developments within India and other factors such as litigation and industrial relations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

AUDITORS' REPORT

ANNUAL REPORT
2010 - 2011

To,
The Members of
RAMA NEWSPRINT & PAPERS LIMITED

1. We have audited the attached Balance Sheet of RAMA NEWSPRINT AND PAPERS LIMITED ('the Company') as at March 31, 2011 and the Profit and Loss account and also the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent they are applicable to the Company.
 - v. On the basis of the written representations received from the Directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - b) in the case of the Profit and Loss account, of the Loss for the year ended on that date; and
 - c) in the case of Cash Flow statement, of the cash flows for the year ended on that date.

For HARIBHAKTI & CO.
Chartered Accountants
FRN No.103523W

Place: Mumbai
Date: 25th May, 2011

Rakesh Rathi
Partner
Membership No. 045228

ANNEXURE TO AUDITORS' REPORT



REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF RAMA NEWSPRINT AND PAPERS LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company were physically verified by the management in accordance with a planned Programme of verifying them in a phased manner over a period of 3 years. In our opinion, it is reasonable having regard to the size of the Company and nature of its assets. As informed to us, no material discrepancies between the book records and the physical verification were noticed. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and consequently sub clause (b), (c), (d) of clause 4 (iii) are not applicable.
- (b) The Company had taken loan from a Company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1688.31 lacs and the year-end balance of loan taken from such party was Rs 1388.31 lacs.
- (c) In our opinion, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (d) In respect of the aforesaid loans, the Company is regular in repaying the principal amounts as stipulated above. However the Company is not regular in the payment of interest, wherever applicable.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct weaknesses in internal control system of the Company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of these records and we have not received cost audit report by the date of signing of the financials and audit report.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

ANNEXURE TO AUDITORS' REPORT

ANNUAL REPORT
2010 - 2011

(c) According to the records of the Company, the dues outstanding of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess on account of any dispute, are as follows :

Name of Statute	Nature of Dues	Amount (Rs. in Lacs)	Forum where dispute is pending
Excise/ Customs Act	Duty Demanded on waste for the period April, 2000 to September, 2000	4.00	Dy. Commissioner of Central Excise, Surat.
Excise / Customs Act.	Interest and Penalty on excess credit taken	2.71	Commissioner of appeal Central excise, Surat.
Bombay Stamp Act	Stamp Duty and registration fees including penalty.	130.75	Judge (Senior Division) Surat Civil Court.

(x) The accumulated losses of the Company are more than fifty percent of its net worth. Further, the Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to Financial Institutions/Banks as follows:

Sr. No.	Particulars	Bank	Due Date	Period	Amt. (Rs. in lacs)
1.	Principal	Bank of India	15th Feb, 2011	November to January, 2011	250.00
		Bank of India (WCTL)	28th Feb, 2011	December to February, 2011	16.35
		LIC	15th Feb, 2011	November to January, 2011	57.35
		Axis Bank	31st March 2011	January to March, 2011	250.00
		Axis Bank (WCTL)	31st March 2011	January 2011 to March, 2011	44.08
		ARCIL	15th Feb, 2011	November to January, 2011	52.37
		ICICI Bank (Lease Rent)	15th March 2011	December to March 15, 2011	208.31
2	Interest	Axis Bank	31st March 2011	January to March, 2011	73.55
		Bank of India	28th Feb. and 31st March 2011	For the Month February and March, 2011	39.31
		L.I.C. Term Loan (CDR)	28th Feb. & 31st March 2011	For the Month February and March, 2011	9.68
		Axis Bank (WCTL)	31st March 2011	For the Month of March, 2011	7.90
	TOTAL				1008.90

(xii) We are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

(xvi) In our opinion, the term loans had been applied for the purpose for which the loans were raised.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds amounting to Rs 6293.15 lacs raised on short-term basis have been used for long-term investment.

(xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

(xix) The Company did not have any outstanding debentures during the year.

(xx) During the year, the Company has not raised any money by way of public issue.

(xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For HARIBHAKTI & CO.
Chartered Accountants
FRN No. 103523W

Place : Mumbai
Date : 25th May, 2011

Rakesh Rathi
Partner
Membership No. 045228

**AUDITORS' CERTIFICATE ON CORPORATE
GOVERNANCE REPORT**



**AUDITORS' CERTIFICATE ON
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF LISTING AGREEMENT(S)**

To
The Members of
Rama Newsprint and Papers Limited

We have examined the compliance of conditions of Corporate Governance by Rama Newsprint and Papers Limited, for the year ended on 31st March, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For HARIBHAKTI & CO.
Chartered Accountants
FRN No. 103523W

Rakesh Rathi
Partner
Membership No. 045228

Place : Mumbai
Date : 25th May, 2011

BALANCE SHEET

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BALANCE SHEET AS AT 31st MARCH, 2011

	SCHEDULE	AS AT 31.3.2011 (Rs.in lacs)	AS AT 31.3.2010 (Rs.in lacs)
SOURCES OF FUNDS:			
Shareholder's Funds			
Share Capital	1	5,815.80	5,815.80
Reserves and Surplus	2	<u>22,719.34</u>	<u>22,719.34</u>
		<u>28,535.14</u>	<u>28,535.14</u>
Loan Funds			
Secured Loans	3	19,723.81	21,183.10
Unsecured Loans	4	<u>3,923.06</u>	<u>2,429.79</u>
		<u>23,646.87</u>	<u>23,612.89</u>
TOTAL		<u>52,182.01</u>	<u>52,148.03</u>
APPLICATION OF FUNDS:			
Fixed Assets			
Gross Block	5	71,217.51	71,154.88
Less: Depreciation		<u>40,391.00</u>	<u>36,905.87</u>
Net Block		<u>30,826.51</u>	<u>34,249.01</u>
Capital Work In Process including Capital Advances	6	<u>177.14</u>	<u>176.53</u>
		<u>31,003.65</u>	<u>34,425.54</u>
Investments	7	1.63	1.63
Net Deferred Tax Asset		-	6,168.20
Current Assets, Loans & Advances			
Inventories	8	3,713.12	7,016.28
Sundry Debtors	9	5,437.88	4,122.77
Cash & Bank Balances	10	127.93	101.71
Other Current Assets	11	96.39	74.35
Loans & Advances	12	<u>3,277.05</u>	<u>3,453.56</u>
		<u>12,652.37</u>	<u>14,768.66</u>
Less: Current Liabilities & Provisions			
Current Liabilities	13	11,640.30	9,352.78
Provisions		<u>256.95</u>	<u>255.92</u>
		<u>11,897.25</u>	<u>9,608.70</u>
Net Current Assets		<u>755.12</u>	<u>5,159.96</u>
Debit Balance in P & L A/c.		20,421.61	6,392.69
TOTAL		<u>52,182.01</u>	<u>52,148.03</u>
Notes to Accounts	18		

The Schedules referred to above forms an Integral Part of the Balance Sheet

As per our attached report of even date
For HARIBHAKTI & CO.
Chartered Accountants
FRN No. 103523W

Rakesh Rathi
Partner
Membership No. 045228
Place : Mumbai
Dated : 25th May, 2011

Girish Sharma
Sr. VP (F & A) & Company Secretary

Shree Kumar Bangur
Chairman
Lt. General (Retd.) Ashok Kapur
Independent Director
Kanhaiya Lal Chandak
Director
S Doreswamy
Independent Director
Prem Shankar Maharaj
Executive Director

PROFIT AND LOSS ACCOUNT



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

SCHEDULE	For the Year	
	ended 31.3.2011 (Rs.in lacs)	ended 31.3.2010 (Rs.in lacs)
INCOME :		
Sales		
Domestic	31,215.07	30,131.71
Export	669.89	1,091.07
	<u>31,884.96</u>	<u>31,222.78</u>
Less : Excise Duty	104.32	311.06
	<u>31,780.64</u>	<u>30,911.72</u>
Other Income	14	
	<u>315.96</u>	<u>581.95</u>
	<u>32,096.60</u>	<u>31,493.67</u>
EXPENDITURE :		
Material Cost	15	
	<u>22,508.09</u>	<u>22,321.28</u>
Manufacturing & Other Expenses	16	
	<u>10,210.09</u>	<u>9,280.49</u>
	<u>32,718.18</u>	<u>31,601.77</u>
Profit/(Loss) before Interest & Depreciation		
	<u>(621.58)</u>	<u>(108.10)</u>
Interest and Lease Rent	17	
	<u>3,754.00</u>	<u>3,241.56</u>
Depreciation		
	<u>3,485.14</u>	<u>3,464.08</u>
Profit/(Loss) before Tax		
	<u>(7,860.72)</u>	<u>(6,813.74)</u>
Deferred Tax		
	<u>6,168.20</u>	<u>(1,149.18)</u>
Profit/(Loss) after Tax		
	<u>(14,028.92)</u>	<u>(5,664.56)</u>
Add : Brought Forward Profit / (Loss)		
	<u>(6,392.69)</u>	<u>(728.13)</u>
Carried to Balance Sheet		
	<u>(20,421.61)</u>	<u>(6,392.69)</u>
Basic / Diluted Earnings Per Share		
	<u>(24.12)</u>	<u>(9.74)</u>

Notes to Accounts

18

As per our attached report of even date
For HARIBHAKTI & CO.
Chartered Accountants
FRN No. 103523W

Rakesh Rathi
Partner
Membership No. 045228
Place : Mumbai
Dated : 25th May, 2011

Girish Sharma
Sr. VP (F & A) & Company Secretary

Shree Kumar Bangur
Chairman
Lt. General (Retd.) Ashok Kapur
Independent Director
Kanhaiya Lal Chandak
Director
S Doreswamy
Independent Director
Prem Shankar Maharaj
Executive Director

SCHEDULES

**ANNUAL REPORT
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SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET & PROFIT & LOSS ACCOUNT

	AS AT 31.3.2011 (Rs.in lacs)	AS AT 31.3.2010 (Rs.in lacs)
SCHEDULE 1:		
<u>SHARE CAPITAL:</u>		
Authorised Capital :		
23,30,00,000(P.Y 23,30,00,000) Equity Shares of Rs. 10/- each	<u>23,300.00</u>	<u>23,300.00</u>
Issued & Subscribed Capital:		
5,81,58,032 (P.Y 5,81,58,032) Equity Shares of Rs.10/- each fully paid-up	<u>5,815.80</u>	<u>5,815.80</u>
	<u>5,815.80</u>	<u>5,815.80</u>
SCHEDULE 2:		
<u>RESERVES & SURPLUS:</u>		
Capital Reserve	<u>10,953.85</u>	10,953.85
Contingency Reserve	<u>11,765.49</u>	<u>11,765.49</u>
	<u>22,719.34</u>	<u>22,719.34</u>
SCHEDULE 3:		
<u>SECURED LOANS</u>		
<u>Rupee Term Loans from:</u>		
Axis Bank	<u>2,323.55</u>	3,000.00
Bank of India	<u>5,497.31</u>	5,957.70
ARCIL (Assigned from IIBI)	<u>333.29</u>	476.13
Life Insurance Corporation	<u>411.14</u>	<u>573.51</u>
	<u>8,565.29</u>	10,007.34
<u>Working Capital Term Loans:</u>		
Bank of India	<u>1,328.85</u>	1,575.00
Oriental Bank of Commerce	<u>1,237.50</u>	1,350.00
Central Bank of India	<u>1,046.00</u>	1,046.00
Axis Bank	<u>536.90</u>	<u>529.00</u>
	<u>4,149.25</u>	4,500.00
Working Capital Demand Loan and Cash Credit from Banks	<u>7,009.27</u>	<u>6,675.76</u>
	<u>19,723.81</u>	<u>21,183.10</u>

Notes :

1. The Term Loans are secured by first charge ranking pari passu on all immovable properties of the company, both present and future and hypothecation of all company's moveable machinery,spares,tools and accessories,present and future, subject to prior charges created on Company's stock of raw materials, stock in process, finished goods, consumable stores etc. in favour of the Company's Bankers for securing borrowings for working capital requirements, and Corporate guarantee by The West Coast Paper Mills Ltd.
2. The Working Capital Term Loans are secured by first charge ranking pari passu on all immovable properties of the company, both present and future and hypothecation of all Company's movable machinery,spares,tools and accessories, present and future, subject to prior charges created on Company's stock of raw materials, stock- in - process, finished goods, consumable stores etc. in favour of the Company's Bankers for securing borrowings for working capital requirements.
3. Working Capital Demand Loan and Cash Credit are secured by hypothecation of the Company's stocks of finished goods, stock-in-process, raw materials, stores and spares,book debts,etc.and by a second charge created on all immovable properties of the company, both present and future.

SCHEDULES



AS AT **AS AT**
31.3.2011 **31.3.2010**
(Rs.in lacs) **(Rs.in lacs)**

SCHEDULE 4:

UNSECURED LOANS:

Interest Free Sales Tax Loan from Government of Gujarat
Inter Corporate Deposits
(Due within One Year 2295.26 Lacs. P Y. 404.96 Lacs)
(Maximum amount raised during the year 2188.31 PY.500.00)

2,034.75 2,429.79
1,888.31 -
3,923.06 2,429.79

SCHEDULE 5:

FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 1.4.2010	Addition during the Year	Deduction during the Year	As at 31.03.2011	As at 1.4.2010	Depreciation for the Year	Deduction during the Year	Total depreciation as on 31.03.2011	As at 31.03.2011	As at 31.03.2010
Freehold Land	201.86	-	-	201.86	-	-	-	-	201.86	201.86
Buildings	9,987.08	57.90	-	10,044.97	3,161.25	262.11	-	3,423.36	6,621.61	6,825.81
Plant & Machinery	60,292.43	1.73	-	60,294.17	33,242.54	3,183.62	-	36,426.16	23,868.01	27,049.89
Furniture & Fittings	363.25	0.84	-	364.09	284.05	17.95	-	302.00	62.10	79.21
Office Equipment	264.40	2.16	-	266.57	191.71	17.35	-	209.06	57.51	72.70
Vehicles	45.86	-	-	45.86	26.32	4.11	-	30.43	15.42	19.54
Total	71,154.88	62.64	-	71,217.52	36,905.87	3,485.14	-	40,391.01	30,826.51	34,249.01
Previous Year	70,334.41	828.11	7.65	71,154.88	33,444.83	3,464.08	3.04	36,905.87	34,249.01	36,889.59

SCHEDULE 6 :

CAPITAL WORK IN PROGRESS AND CAPITAL ADVANCES

Plant & Machinery **177.14** 118.63
Building **-** 57.90
177.14 **176.53**

SCHEDULE 7:

INVESTMENTS

LONG TERM:

Trade Investments

A) QUOTED: EQUITY SHARES

50	Equity Shares of Rs.10/-each of the Andhra Pradesh Paper Mills Ltd.	0.08	0.08
03	Equity Shares of Rs.10/-each of the Bengal & Assam Co. Ltd.	0.03	0.03
1000	Equity Shares of Rs.1/- each of Orient Paper Mills Ltd.	0.24	0.24
250	Equity Shares of Rs.2/- each of West Coast Paper Mills Ltd..	0.02	0.02
165	Equity Shares of Rs.10/- each of Shree Vindhya Paper Mills Ltd.	0.13	0.13
50	Equity Shares of Rs.10/- each of Nath Pulp & Paper Mills Ltd.	0.04	0.04
500	Equity Shares of Rs.10/- each of Pudumjee Pulp & Paper Mills Ltd.	0.15	0.15
300	Equity Shares of Rs.2/- each of Ballarpur Industries Ltd.	0.28	0.28
100	Equity Shares of Rs.10/- each of Sirpur Paper Mills Ltd.	0.07	0.07
50	Equity Shares of Rs.10/- each of Rohit Pulp & Paper Mills Ltd.	0.06	0.06
180	Equity Shares of Rs.10/-each of J.K.Lakshmi Cement Ltd.	0.31	0.31
100	Equity Shares of Rs.10/-each of Mysore Paper Mills Ltd.	0.01	0.01
600	Equity Shares of Rs.10/-each of Tamilnadu Newsprint and Papers Ltd.	0.18	0.18
		1.61	1.61

B) UNQUOTED : EQUITY SHARES

100	Equity Shares of Rs.10/-each of Titaghur Paper Mills Ltd.	0.02	0.02
		1.63	1.63

Note:

Market value of Quoted investments as on 31.03.2011 Rs. 2.27 Lacs
(As on 31.3.2010 - Rs.1.48 lacs)

SCHEDULES

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	AS AT 31.3.2011 <u>(Rs.in lacs)</u>	AS AT 31.3.2010 <u>(Rs.in lacs)</u>
SCHEDULE 8 :		
<u>INVENTORIES</u>		
(As taken, valued and certified by Management)		
Raw materials	1,517.09	2,694.99
Chemicals	244.61	232.43
Stores, Spares and Packing Material	1,936.59	2,013.73
Stock-in-Process	14.83	401.09
Finished Goods	-	1,674.03
	<u>3,713.12</u>	<u>7,016.28</u>
SCHEDULE 9 :		
<u>SUNDRY DEBTORS</u>		
(Unsecured, considered good, unless otherwise stated)		
Exceeding six months	184.19	298.79
Other Debts	5,253.69	3,823.98
	<u>5,437.88</u>	<u>4,122.77</u>
SCHEDULE 10:		
<u>CASH AND BANK BALANCES</u>		
Cash on hand	4.22	5.08
<u>Balances with Scheduled Banks:</u>		
in Current Accounts	3.75	61.59
in Fixed Deposit Accounts (Under lien of Banks)	98.72	13.74
in Other Accounts	21.24	21.30
	<u>127.93</u>	<u>101.71</u>
SCHEDULE 11:		
<u>OTHER CURRENT ASSETS</u>		
Interest Receivable	9.79	17.59
Export Incentives Recievable-Customs Duty	86.60	56.76
	<u>96.39</u>	<u>74.35</u>
SCHEDULE 12 :		
<u>LOANS AND ADVANCES</u>		
(Unsecured, considered good, unless otherwise stated)		
Advances recoverable in cash or in kind		
or for value to be received	34.32	254.37
Security & Other Deposits,etc.	506.98	500.15
Balances with Excise and Sales Tax Authorities	2,697.53	2,663.25
Income Tax deducted at source	38.22	35.79
	<u>3,277.05</u>	<u>3,453.56</u>

SCHEDULES



	<u>AS AT</u> <u>31.3.2011</u> <u>(Rs.in lacs)</u>		<u>AS AT</u> <u>31.3.2010</u> <u>(Rs.in lacs)</u>
SCHEDULE 13 :			
<u>CURRENT LIABILITIES & PROVISIONS</u>			
<u>Current Liabilities:</u>			
Acceptances	6,080.89		5,649.20
Sundry Creditors :			
Due to Small Scale industrial units	-		-
Others	<u>2,798.40</u>		<u>2,312.44</u>
	2,798.40		2,312.44
Other Liabilities	2,703.48		1,330.94
Unclaimed Interest on Debentures (Shall be credited to Investor Education and Protection Fund, to the extent and as and when required)	21.24		21.30
Lease rent accrued but not due	36.29		36.23
Interest accrued but not due	-		2.67
	<u>11,640.30</u>		<u>9,352.78</u>
<u>Provisions :</u>			
Provision for Retirement Benefits	256.95		255.92
	<u>11,897.25</u>		<u>9,608.70</u>
	<u>Year ended</u> <u>31.3.2011</u> <u>(Rs.in lacs)</u>		<u>Year ended</u> <u>31.3.2010</u> <u>(Rs.in lacs)</u>
SCHEDULE 14:			
<u>OTHER INCOME :</u>			
Interest from Banks and Others	12.44		10.63
Dividends	0.03		0.06
Export Incentives	48.13		52.07
Insurance Claims	12.05		84.77
Sale of Scrap	143.15		128.90
Profit on High Seas Sale	-		62.85
Miscellaneous Income	100.16		242.67
	<u>315.96</u>		<u>581.95</u>
SCHEDULE 15 :			
<u>MATERIAL COST</u>			
<u>Consumption of Raw Materials:</u>			
Opening Stock	2,694.99	1,338.46	
Add: Purchases	<u>15,065.76</u>	<u>16,284.03</u>	
	17,760.75	17,622.49	
Less: Closing Stock	<u>1,517.09</u>	2,694.99	14,927.50
Consumption of Chemicals	2,608.61		2,923.60
Consumption of Stores and Spares & Packing Materials	<u>1,595.53</u>		<u>1,551.70</u>
	20,447.80		19,402.80
Increase (-)/Decrease (+) in Stock of Finished Goods & Stock in Process			
Opening Stocks :			
Finished Goods	1,674.03	4,699.39	
Stock-in-Process	<u>401.09</u>	<u>294.22</u>	
	2,075.12	4,993.61	
Closing Stocks:			
Finished Goods	-	1,674.03	
Stock-in-Process	<u>14.83</u>	<u>401.09</u>	
	14.83	2,075.12	2,918.49
	<u>2,060.29</u>	<u>2,075.12</u>	<u>2,918.49</u>
	<u>22,508.09</u>		<u>22,321.28</u>

SCHEDULES

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	Year ended 31.3.2011 (Rs.in lacs)		Year ended 31.3.2010 (Rs.in lacs)
SCHEDULE 16:			
MANUFACTURING AND OTHER EXPENSES			
Power and Fuel	5,455.26		4,697.55
Water Charges	391.45		393.41
Salaries,Wages,Bonus and Ex-gratia	1,282.15	1,216.46	
Company's contribution to Provident and Other Funds	110.52	81.78	
Gratuity and Leave Encashment	62.05	63.73	
Staff Welfare Expenses	33.46	33.08	1,395.05
Repairs and Maintenance:			
Buildings	0.05	0.09	
Plant & Machinery	171.04	147.69	
Others	56.35	45.31	193.09
Insurance	51.44		49.59
Raw material Handling and Operation Charges	546.10		529.30
Rent	153.83		148.52
Rates and Taxes	21.57		20.50
Excise Duty and Cess	104.57		61.96
Director's Sitting Fees	1.64		2.68
Legal and Professional Fees	104.84		52.84
Payment to Auditors :			
Audit Fees	3.75	3.75	
For Taxation matters	0.60	0.60	
Others	3.32	4.35	8.70
Premium on Redemption of Debentures	3.44		6.16
Miscellaneous Expenditure :			
Advances to Creditors W/off	-		416.44
Selling Expenses			
Advertisement & Publicity	9.85	4.28	
Freight on Sales	116.80	153.25	
Other Selling Exps	0.63	0.39	
Export Exps.	-	3.96	
Freight and Handling Charges	96.04	83.61	
Commission on Sales	596.33	371.20	
Discount	139.57	68.93	685.62
Loss on Sale of Fixed Assets	-		1.49
Sundry Expenses	693.44		617.59
	10,210.09		9,280.49
SCHEDULE 17:			
INTEREST AND LEASE RENT			
Interest			
Term loan	1,633.28		1,285.45
Working Capital Loans	657.95		824.20
Others	628.73		298.68
	2,919.96		2,408.33
Lease Rent	834.04		833.23
	3,754.00		3,241.56

SCHEDULES



SCHEDULE 18

NOTES TO ACCOUNTS

1) Significant Accounting Policy

a) Method of Accounting:

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956 on the basis of accrual basis of accounting, except unascertained insurance claims and comply in all material respects with the accounting standards issued by the Institute of Chartered Accountants of India / accounting standards notified under sub-section (3C) of section 211 of the Companies Act, 1956 (to the extent applicable).

b) Use of estimates

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known / materialize.

c) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i) Sale of Product:

Revenue is recognized when the significant risks & rewards of ownership of the goods have passed to the buyer. Sales include the amount of Sales Tax/Vat refunds received/due in accordance with incentive scheme.

ii) Interest and Dividend Income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income is recognized when the shareholders' right to receive dividend is established.

iii) Export Incentive

Incentive on Export Income is recognized when certainty of receipts is established.

iv) Insurance Claim

Claims receivable are accounted at the time when such income has been earned by the Company depending on the certainty of receipts.

v) Rent

Rent Income is recognized on the accrual basis based on agreement entered by the Company with the tenants.

d) Fixed Assets :

Fixed Assets are stated at cost less accumulated depreciation thereon. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

e) Borrowing cost:

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the revenue.

f) Depreciation:

Depreciation has been provided on straight-line basis pursuant to Schedule XIV of the Companies Act, 1956.

g) Foreign Currency Transactions:

i) Fixed Assets acquired out of foreign currency loans are recorded at the actual transaction rate. As per revised Accounting Standard – 11 "The Effects of changes in Foreign Exchange Rates", the gain or loss due to exchange rate fluctuations on repayment of such loans during the year is recorded at the actual transaction rates and consequent adjustments are made to the Profit & Loss Account. The gain or loss on translation of such loan liabilities at the year-end is adjusted in the Profit & Loss Account.

ii) Foreign Currency Current Assets and Current Liabilities are recorded at the actual transaction rate. The gain or loss arising out of settlement/ translation of the assets and liabilities at the closing rates due to exchange fluctuations is recognized as income/ expenditure in the profit and loss account.

- iii) Premium or discount arising at the inception of forward exchange contract is amortized as expense or income over the life of the contract. Any gain or loss arising due to exchange difference at the end of the year on such contract are recognized in profit & loss account.
- h) Taxation:
Income Tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law), deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period)
- i) Current Tax:
Provision for current tax is made on the basis of estimated taxable income for the accounting year in accordance with the Income Tax Act, 1961.
- ii) Deferred taxation:
In compliance with Accounting Standard – 22 issued by the Institute of Chartered Accountants of India, The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets, subject to the consideration of prudence, are recognized and carried forward only to the extent that there is reasonable certainty that the sufficient future taxable income will be available against which such deferred tax can be realized. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realizations of the assets.
- i) Inventories:
Inventories are valued at cost or net realizable value whichever is lower. The costs for the purpose of valuation are determined as under:
- | | |
|---------------------------------------|--------------------------|
| --Finished goods and Stock-in-process | :- Manufacturing cost |
| --Raw materials & others | :- Weighted Average cost |
| --Coal & Chemical | :- FIFO |
- j) Investments :
Investments are classified into long-term investments and current investments. Investments that are intended to be held for one year or more are classified as long-term investments and investments that are intended to be held for less than one year are classified as current investments.
- Long-term investments are valued at cost. Provision for diminution in value of long term investments is made if in the opinion of management such a decline is other than temporary.
- Current investments are valued at cost or market/fair value, whichever is lower.
- k) Research & Development Expenditure:
Revenue expenditure on research & development is charged to Profit & Loss account and capital expenditure is added to the cost of fixed assets in the year in which it is incurred.
- l) Preliminary and Issue Expenses:
Preliminary and share/debenture issue expenses are amortized over a period of ten years.
- m) Bad debts/ advances are written off in the year in which they become irrecoverable.
- n) Contingent Liabilities are shown by way of notes.
- o) Employee Benefits
Contributions to defined contribution schemes such as Provident Fund etc. are charged to the Profit and Loss account as incurred. The Company also provides for retirement/post-retirement benefits in the form of gratuity and leave encashment. Such defined benefits are charged to the Profit and Loss account based on valuations, as at the balance sheet date, conducted by independent actuaries.
- 2) Notes to Accounts
- The Company has classified various employee benefits as under:
 - Defined Contribution Plans
 - Provident fund
 - State defined contribution plans
Employers' Contribution to Employees' State Insurance

The provident fund and the state defined contribution plan are operated by the Regional Provident Fund Commissioner. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes, to fund the benefits. These funds are recognized by the Income tax authorities.

The Company has recognized the following amounts in the Profit and Loss Account.

SCHEDULES



Sr.No.	Particulars	Year ended 31.03.2011 (Rs. in lacs)	Year ended 31.03.2010 (Rs. in lacs)
(i)	Contribution to Provident Fund	109.23	81.09
(ii)	Contribution to Employee's State Insurance Scheme	1.29	0.69
	Total	110.52	81.78

(B) Defined Benefit Plans

Gratuity

Leave Encashment

Leave encashment is payable to eligible employees who have earned leaves, during the employment and/or on separation as per the company's policy.

		(Rs. in Lacs)	
		Year ended 31.3.2011	Year ended 31.3.2010
		Gratuity	
(i)	Changes in present value of Obligation		
	(a) Present value of Obligation as at 1st April 2010	176.48	153.91
	(b) Interest Cost	14.67	13.40
	(c) Past Service Cost	-	-
	(d) Current Service Cost	19.50	19.77
	(e) Benefits Paid	(36.40)	(12.27)
	(f) Actuarial (Gains)/Loss	20.10	1.66
	(g) Present value of obligation as at 31st March 2011.	194.35	176.48
(ii)	Amount recognized in the Balance Sheet		
	(a) Present value of obligation as at 31st March 2011.	194.35	176.48
	(b) Fair value of plan assets as at 31st March 2011.	-	-
	(c) (Asset)/Liability recognized in the balance sheet	194.35	176.48
(iii)	Expenses recognized in the Profit and Loss Account		
	(a) Current service cost	19.50	19.77
	(b) Past service cost	-	-
	(c) Interest cost	14.67	13.40
	(d) Curtailment Cost/(Credit)	-	-
	(e) Settlement Cost/(Credit)	-	-
	(f) Net Actuarial (Gain)/Loss	20.10	1.66
	(g) Employer's Contribution	-	-
	(h) Total Expenses recognized in the P & L A/c	54.27	34.84
(iv)	Details of Assumption		
	(a) Discounted Rate	8.25%	8.25%
	(b) Salary Escalation	4.50%	4.50%
	(c) Attrition Rate	2.00%	2.00%

2. Claims against the Company not acknowledged as debts Rs. 1,620.93 Lacs (as on 31.03.2010 Rs. 1,523.47 Lacs).

3. Estimated amount of contracts remaining to be executed on Capital Account (Net of Advance) NIL (as on 31.03.2010 NIL).

4. Unexpired Letter of Credits established in respect of Plant & Machinery, Raw Materials and Stores & Spares Rs. 6,349.24 Lacs (as on 31.03.2010 Rs. 3,697.62 Lacs)

SCHEDULES

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5. Bank guarantees issued by banks Rs. 223.17Lacs (as on 31.03.2010 Rs. 1,158.04 Lacs).
6. Arrears of dividend on Cumulative Preference Shares from 15th April 1998 to 15th Dec. 2001 aggregate Rs. 2,069.95Lacs.
7. In Respect of Plant & Machinery taken on lease during financial year 1996-97 & 1997-98, the future minimum lease rent payable is as under:

	(Rs. In Lacs)	
	<u>As on 31.03.2011</u>	<u>As on 31.03.2010</u>
Not later than one year	833.23	833.23
Later than one year and not later than five years	414.90	1248.13
Later than five years	-	-
Total	1248.13	2081.36

8. Interest free Loan under Sales Tax deferral scheme from Government of Gujarat is repayable in Six equal annual installments of Rs. 406.95 Lacs starting from 31.05.2010.
9. Contingency reserve represents remission granted by CDR members (except those with whom one time settlement was made) in principal loan amount to the Restructuring Scheme approved by the Corporate Debt Restructuring Cell on 27th Sept.2003. The said Scheme of Restructuring stipulates repayment of outstanding Loans in installments ending on 15th August 2012 and a Corporate guarantee from The West Coast Paper Mills Ltd. As additional Security and that on certain special events of default, the remission granted would be retrospectively revoked.
10. In respect of Sundry Creditors which are Micro, Small & Medium Enterprises, the company has not availed credit facility beyond 45 days. There is no outstanding payable to Micro, Small & Medium Enterprises as on the date of Balance Sheet.

No interest is outstanding to any Small Scale or Ancillary Unit as on 31st March, 2011, under the provisions of Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertaking Act, 1993.

11. Exchange difference (net) Credit of Rs. 216.13 Lacs (previous year (net) Credit Rs. 604.66Lacs) has been included in respective heads of accounts in Profit and Loss account.
12. Details of consumption of raw materials:

Particulars	Year ended		Year ended	
	31 st March, 2011		31 st March, 2010	
	Quantity	Value	Quantity	Value
	(MT)	(Rs. In lacs)	(MT)	(Rs. In lacs)
Old Newsprint	93,667.34	10,466.05	58,469.96	5,044.01
White Ledger Cuttings	5,002.21	708.89	7,286.47	889.70
Pulp	361.50	80.00	6,010.26	1,328.53
Magazines & WP Materials	37,067.64	4,678.79	52,695.33	6,174.65
Others	4,020.67	309.93	20,227.30	1,490.61
	140,119.40	16,243.66	144,689.32	14,927.50

Break-up of consumption of imported and indigenous raw materials, chemicals and stores and spares

Particulars	Year ended		Year ended	
	31 st March, 2011		31 st March, 2010	
	Value	%	Value	%
	(Rs. In lacs)		(Rs. In lacs)	
Indigenous	11164.52	67.39	7309.19	37.67
Imported	5401.88	32.61	12093.60	62.34
	16566.40	100.00	19402.79	100.00

SCHEDULES



13. Particulars of Capacity, Production, Stock and Turnover:

Particulars	Year ended 31 st March, 2011		Year ended 31 st March, 2010	
	Quantity (MT)	Value (Rs. In lacs)	Quantity (MT)	Value (Rs. In lacs)
* Installed Capacity (per annum)				
Newsprint /Writing & Printing Paper	1,32,000	-	1,32,000	-
a) Opening Stock				
Newsprint	2,370	606.22	19,913	4814.45
Writing & Printing Paper	3,105	1,067.81	26	8.60
TOTAL	5,475	1,674.03	19,939	4823.05
b) Production				
Newsprint	104,669	-	71,849	-
Writing & Printing Paper	4,686	-	33,082	-
TOTAL	109,355	-	1,04,931	-
c) Sales				
Newsprint	107,039	29,238.39	89,392	21,270.13
Writing & Printing Paper	7,791	2639.00	30,003	9,938.65
TOTAL	114,830	31,877.39	1,19,395	31,208.78
d) Closing Stock				
Newsprint	-	-	2,370	606.22
Writing & Printing Paper	-	-	3,105	1,067.81
TOTAL	-	-	5475	1,674.03
e) Other Sales	-	7.57	-	13.99

*As certified by the Management, this being a technical matter.

14. The details of remuneration paid to Executive Director is as follows:

Particulars	Year ended 31 st March, 2011 (Rs. In Lacs)	Year ended 31 st March, 2010 (Rs. In Lacs)
Salary	43.26*	29.10
Contribution to Provident Fund	3.86	3.11
Other perquisites	22.76	9.01
	<u>69.88</u>	<u>41.22</u>

* Includes Rs. 18.48 Lacs towards Gratuity & Encashment of Leave paid at the end of the tenure (P Y Rs. Nil.)

15. Value of Imports calculated on C.I.F. basis :

a) Capital Goods	-	-
b) Raw Materials & Chemicals	3366.99	7,793.52
c) Spare Parts	322.74	352.16
d) Components	-	-
Total	<u>3689.73</u>	<u>8,145.68</u>

16. Expenditure in Foreign Currency:

a) Traveling Expenses	0.63	2.60
b) Foreign Technicians Fees	-	-
c) Interest on FCNR Loans	74.48	22.34
d) Others	-	-
	<u>75.11</u>	<u>24.94</u>

17. Earnings in Foreign Exchange :

Particulars		
Export of goods calculated on F.O.B. basis	605.40	1,066.95

18. Deferred Taxation

The Company had recognized Deferred Tax Asset in earlier years pursuant to Accounting Standard-22. However, in the absence of virtual certainty about the availability of future taxable income to realize the Deferred Tax Asset as on 31-03-2011 and as a matter of prudence, the Deferred Tax Asset amounting to Rs. 6168.20 Lacs as on 31-03-2010 has been written off during the year. As per the accounting policy being followed by the Company, the Company would again create Deferred Tax Asset, to the extent there is a virtual certainty of realization of the same in future.

SCHEDULES

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19. Earnings per share:

Particulars	Year ended 31 st March 2011 (14028.92) 58158032	Year ended 31 st March 2010 (5,664.56) 58158032
a) Net Profit (Rs. in Lacs)		
b) Weighted average number of equity shares of Rs.10 each outstanding during the year (No. of shares)		
c) Basic / Diluted Earnings per Share (Rs.)	(24.12)	(9.74)

20. The Company's products namely Newsprint and Writing & Printing paper are classified under one segment.

21. Related Party Disclosures:

i) Related Party Relationships	
a) Enterprises who exercise control	The West Coast Paper Mills Ltd.
b) Key Management Personnel	Shri V.D.Bajaj-Executive Director (upto 8th January, 2011) Shri P.S.Maharaj-Executive Director (from 16th Dec., 2010)
c) Enterprises owned or significantly influenced by Relatives of Key Management Personnel	Sai Jyoti Paper Products Pvt. Ltd. Shrinath Printers Pvt.Ltd.

Note: In respect of above parties, there is no provision for doubtful debts as on 31st March,2011 and no amount has been written off or written back during the year in respect of debts due from/to them.

ii) Transactions with Related Parties:

(Rs.In Lacs)

Type of Related Party	Nature of the transactions	Year ended 31.03.2011	Outstanding As on 31.03.2011		Year ended 31.03.2010	Outstanding As on 31.03.2010	
			Receivable	Payable		Receivable	Payable
Enterprises who exercise control (The West Coast Paper Mills Ltd.)*	Rent Paid	1.20	-	-	1.20	-	-
	ICD taken	1688.31	-	-	500.00	-	-
	ICD repaid	300.00	-	1388.31	500.00	-	-
	Interest paid on ICD	98.31	-	37.67	43.38	-	-
	Security deposit given	2.00	2.00	-	2.00	2.00	-
Key Management Personnel (V.D.Bajaj & P. S. Maharaj)	Managerial Remuneration paid	69.88	-	-	41.22	-	-

* Further disclosure in conformity with clause 32 of listing agreement the maximum amount outstanding of said loan was Rs. 1688.31 Lacs during the year.

22. Particulars of Derivative Instruments:

- No Derivative Instruments are acquired for hedging purpose.
- No Derivative Instruments are acquired for speculation purpose.
- Foreign currency exposures that are not hedged by the derivative instruments or otherwise are:

Currency	Current Year	Previous Year
USD (In Lacs)	89.58	85.08
Equivalent to Rupees (Rs. In Lacs)	4014.00	3,856.51

23. Previous year figures have been regrouped / rearranged wherever necessary.

Signatures to Schedules 18

	Shree Kumar Bangur	Chairman
	Lt. General (Retd.) Ashok Kapur	Independent Director
	Kanhaiya Lal Chandak	Director
	S Doreswamy	Independent Director
Girish Sharma Sr. VP (F & A) & Company Secretary	Prem Shankar Maharaj	Executive Director

**BALANCE SHEET ABSTRACT AND
COMPANY'S GENERAL BUSINESS PROFILE**



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Company's Registration details :

Registration No.	04-19432
State Code	4
Balance Sheet Date	31st March 2011

2. Capital Raised during the year : (Rs. in lacs)

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

3. Details of Mobilisation and Deployment of Funds : (Rs. in lacs)

Total Liabilities	52,182.01
Total Assets	52,182.01

Sources of Funds

Paid - Up Capital	5,815.80
Advance against Shares	NIL
Reserves & Surplus	22,719.34

Secured Loans	19,723.81
Unsecured Loans	3,923.06

Application of Funds

Net Fixed Assets	30,826.51
Capital Work In Progress	177.14
Investments	1.63
Deferred Tax Assets	-
Net Current Assets	755.12
Miscellaneous Expenditure	20,421.61

4. Performance of company : (Rs. in lacs)

Total Turnover including other income	32,096.60
Total Expenditure	39,957.31
Profit / (Loss) before Tax	(7,860.72)
Profit / (Loss) after Tax	(14,028.92)
Earning Per Equity Share (Rs)	(24.12)
Dividend Rate	NIL

**5. Generic names of three principal products / services of company
(as per monetary terms) :**

<u>Product / Services Description</u>	<u>Item Code No.</u>
Newsprint	1) 48010009
Writing & Printing Papers	2) 48026009

	Shree Kumar Bangur	Chairman
	Lt. General (Retd.) Ashok Kapur	Independent Director
	Kanhaiya Lal Chandak	Director
Girish Sharma	S Doreswamy	Independent Director
Sr. VP (F & A) & Company Secretary	Prem Shankar Maharaj	Executive Director

CASH FLOW STATEMENT

ANNUAL REPORT
2010 - 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH,2011
(Pursuant to clause 32 of the listing agreement with Stock exchanges)

	Year ended 31.3.2011 (Rs. in lacs)	Year ended 31.3.2010 (Rs. in lacs)
A Cash Flow from Operating Activities		
Net Profit before Taxation	(7,860.72)	(6,813.74)
Adjustments for:		
Depreciation	3,485.14	3,464.08
Interest	2,919.96	2,405.29
Other Income (Interest & Dividend)	(12.47)	(9.24)
Loss on sale of Fixed Assets	-	1.49
Operating Profit / before working capital changes	<u>(1,468.10)</u>	<u>(952.12)</u>
(Increase)/Decrease in Inventory	3,303.16	1,804.25
(Increase)/Decrease in Debtors	(1,315.11)	(204.38)
(Increase)/Decrease in Loans and Advances	154.46	(293.77)
Increase/(Decrease) in current liability	2,287.52	855.13
Increase/(Decrease) in Provision	<u>1.03</u>	<u>28.37</u>
Cash Generated from Operations	<u>2,962.96</u>	<u>1,237.48</u>
Income Taxes paid	-	-
Net Cash from Operating Activities	<u>2,962.96</u>	<u>1,237.48</u>
B Cash Flow from Investing Activities		
Purchase of Fixed Assets	(62.63)	(828.11)
(Increase)/Decrease in capital work-in-progress	(0.61)	698.03
Sale of Fixed Assets	-	3.11
Interest Received	12.44	9.18
Dividend Received	0.03	0.06
Net Cash Used in Investing Activities	<u>(50.77)</u>	<u>(117.73)</u>
C Cash Flow from Financing Activities		
Proceeds from borrowings	(350.75)	4,500.00
Repayment of Borrowings	384.72	(3,159.84)
Payment of Interest and Lease Rent	(2,919.96)	(2,405.29)
Net Cash from Financing Activities	<u>(2,885.99)</u>	<u>(1,065.13)</u>
Net Change in Cash & Cash Equivalents (A+B+C)	<u>26.22</u>	<u>54.61</u>
Cash & Cash Equivalents (Opening Balance)	101.70	47.10
Cash & Cash Equivalents (Closing Balance)	127.93	101.71

Note : Previous year figures have been re-grouped/ rearranged wherever necessary.

As per our attached report of even date
For HARIBHAKTI & CO.
Chartered Accountants
FRN No. 103523W

Rakesh Rathi
Partner
Membership No. 045228
Place : Mumbai
Dated : 25th May, 2011

Girish Sharma
Sr. VP (F & A) & Company Secretary

Shree Kumar Bangur Chairman
Lt. General (Retd.) Ashok Kapur Independent Director
Kanhaiya Lal Chandak Director
S Doreswamy Independent Director
Prem Shankar Maharaj Executive Director

RAMA NEWSPRINT & PAPERS LIMITED
Village Barbodhan, Taluka Olpad, District Surat, Gujarat – 395 005.

PROXY FORM

I/We _____
of _____ being a Member(s)
of Rama Newsprint and Papers Limited hereby appoint _____
_____ of _____
or failing him _____ of _____ as

my (our) Proxy to attend and vote for me (us) and on my (our) behalf at the TWENTIETH ANNUAL GENERAL MEETING of the Company to be held on Thursday, 29th September 2011 at 2:30 p.m. at the Registered office of the Company, and at any adjournment thereof.

Signed this _____ day of _____ 2011

Signature _____

Affix a
1 Rupee
Revenue
Stamp here

This Proxy form must be duly completed and deposited with the Company at its Registered Office, at least 48 HOURS before the Meeting.

----- (TEAR HERE) -----

RAMA NEWSPRINT & PAPERS LIMITED
Village Barbodhan, Taluka Olpad, District Surat, Gujarat – 395 005.

ATTENDANCE SLIP

TO BE SIGNED AND HANDED OVER AT THE ENTRANCE OF THE MEETING HALL
(To be filled in BLOCK LETTERS)

Full name of the member attending _____

Full name of the first joint holder _____

(To be filled in if first named joint holder does not attend the meeting)

Name of Proxy _____

(To be filled in if proxy form has been duly deposited with the Company)

I hereby record my presence at the TWENTIETH ANNUAL GENERAL MEETING of the Company held on Thursday, 29th September 2011 at Village Barbodhan, Taluka Olpad, District Surat, Gujarat – 395 005.

Register Folio No. _____

DPID _____

Account ID _____

No. of Shares held _____

Member's / Proxy's Signature

(To be signed at the time of
handling over this slip)

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