

FROM THE CHAIRMAN



Cmde A.N. Sonsale
CMD

I on my behalf and on behalf of Board of Directors, extend a hearty welcome to all of you to the 70th Annual General Meeting of the Company.

The Directors' Report on the working of the Company, Financial Statement for the year 2016-17, Statutory Auditor's Report and C&AG comments are already before you and with your permission, I presume these having been read.

Highlights of the Operations

Let me begin by sharing with you the highlights of the performance during the year. The plant was handed over to the contractors with effect from 25th July, 2016 for modernization work. As such the production was stopped for over 8 months. Therefore production of newsprint during the year was 4493 MT only as compared to 21825 MT in the previous year showing a decrease of 79.42% and the sale was 8043 MT as compared to 22676 MT in the previous year, showing a decrease of 64.54%. Average sales realization at Rs. 25717/- PMT as compared to Rs. 25291/- PMT in the previous year. For the same reason, capacity utilization was 5.10% only against 24.80% during the previous year. Total revenue during the year was Rs. 4331.43 lakhs against Rs. 8006.48 lakhs during the previous year.

Some of the other activities undertaken during the year are:-

MoU Signed With DHI

MoU (Memorandum of Understanding) for the financial year 2016-17 was signed with the Department of Heavy Industry. MoU targets however could not be achieved due to delay in RMDP on account of unforeseen circumstances

RMDP (Revival & Mill Development Plan):

The Revival and Modernisation plan was originally sanctioned at a cost of Rs. 285 crore and was to be completed within a period of 24 months i.e. by March 2016. However the project has got significantly delayed on account of delay in obtaining BIFR approval, statutory requirements such as Environment Clearance and Consent to Establish and additional defects discovered after opening of the machineries amongst other reasons. The cost estimates have also gone up to Rs.399 crore from the original Rs.285 crore on account of inflation during the period from original TEV studies to commencement of work, additional scope of work discovered on opening of machineries, technological advancements, revised environmental requirements and many other reasons. The sanction of funds for salary support and revised cost estimates and expected bank loans have got inordinately delayed leading to a severe financial Crunch for the company and has resulted in further delays in project progress. All efforts are being made to arrange funds at the earliest.

Transfer of Civic Amenities , Social Welfare Functions And Surplus Land:

As per direction received from the PMO, the Civic amenities such as drinking water supply distribution, street light, sanitation services and 300 acres surplus land is being transferred to Nepa Nagar Parishad. Social welfare functions such as School and Hospital are also being transferred to Govt. of M.P. On transfer of these services, it is expected that corresponding revenue load will be reduced from your Company and will help in regaining its competitiveness in future.

Corporate Governance:

Your Company is ensuring compliance with the guidelines of Corporate Governance as applicable to the Company.

Social Responsibility

Your Company is committed to maintain highest standard of safety and social responsibility in its business activities. To cater to important needs of the society and to *contribute to the development of the Community*, we endeavor to make a positive contribution to the Communities in the nearby areas in every possible way.

Before I conclude, I would like to express my gratitude to the shareholders, who have remained with the company without receipt of any dividend due to continuous losses suffered by the Company. I am also thankful for the support and co-operation received from the Government of India, Government of MP, Office of Comptroller and Auditor General of India, Statutory Auditors, Cost Auditors, Consortium of Banks, District Administration, Customers and Suppliers.

I wish to place on record my thanks and appreciation for the hard work put in through dedication by all our employees in whatever positions they are engaged, in order to keep the Company operative in the very difficult phase of the company's life.

I am confident that with the continued support and co-operation from all of you in the near future, the Company will overcome the present difficulties and regain its profitable status.

Best Regards,

Cmde A N Sonsale
Chairman-cum-Managing Director