

NEPA LTD : NEPANAGAR

CHAIRMAN'S SPEECH



Ladies and Gentlemen,

It gives me immense pleasure in extending a very warm and cordial welcome to you all on this 67th Annual General Meeting of the Company.

The Directors' Report on the working of the Company, audited Balance Sheet and Accounts for the year 2013-14, Statutory Auditors' Report and C&AG comments are already before you and with your permission I presume these having been read.

Highlights of the Operations

The production of newsprint during the year was 43,110 MT as compared to 50,055 MT in the previous year showing decrease of 13.87%. During the year, the sale was 41,216 MT as compared to 50,305 MT in the previous year, showing a decrease of 18.06%. Average sales realization was Rs. 28981/- PMT as compared to Rs.26280/- per M.T. in the previous year.

All out efforts were made to procure raw material in time and to run both machines on sustained basis, to ensure maximum capacity utilization. Capacity utilization was 48.98% against previous years 56.88% and Operating Revenue Rs.145.07 Crore against previous year Rs.155.86 Crores respectively. Required repairs in the Power House have been under taken to some extent. However, comprehensive repairs will be undertaken during the RMDP to optimize performance.

Some of the other activities under taken during the year are:-

MOU Signed With DHI

Company had signed MoU (Memorandum of Understanding) with Department of Heavy Industry on 31.03.2013 for financial year 2013-14 and likely to achieve "Good" grading this year. MoU for 2014-15 also has been signed with Department of Heavy Industry on 31/03/2014 and the company will strive to achieve the highest grading i.e."Excellent" in the next year.

Present status of RMDP (Revival & Mill Development Plan):

A. Approval of DRS (Draft Rehabilitation Scheme) By BIFR

- ❖ SBI, SAM (Stressed Assets Management) Branch Bhopal, OA (Operating Agency) submitted Revival Plan as DRS (Draft Rehabilitation Scheme) of the Company to BIFR 4/10/2012.

- ❖ After a few hearings, BIFR sanctioned the DRS of Nepa Ltd. on 23/01/2014. This DRS hereinafter will be called as Sanctioned Scheme duly signed by the BIFR was issued on 4/3/2014. The Company, however, will be under observation of BIFR till completion of RMDP & turnaround of the mill.

B. Work Completed

- ❖ Vide order no Proj / 3001 / 2013 dated 12/06/2013 M/S TCE, Mumbai has been appointed as PMC (Project Management Consultant) through global tender for implementation of RMDP.
- ❖ Plant survey & contour mapping of factory premise of 166 Acres is completed.
- ❖ Geotechnical Investigation and soil testing work completed.
- ❖ Vibration monitoring and analysis for paper machine 1 & 2 is completed.
- ❖ Stability testing of buildings is completed.

C. Work in progress

- ❖ LoI was issued to M/S Andritz (China) Ltd, China on 2/7/2014 for installation of 300 BD TPD DIP (De-Inking Plant). Agreement is being finalized.
- ❖ Global tender notice floated for installation of new 9 MW CPP (Captive Power Plant) on 18/01/2014. Technical evaluation is in progress.
- ❖ Global tender notice floated for refurbishment of existing 12.27 MW CPP (Captive Power Plant) on 10/02/2014. Technical evaluation is in progress.
- ❖ Global tender notice for renovation of both the paper machines has been published on 11/08/2014.
- ❖ After appointment of consultant, the process of environment impact assessment and clearance from MoEF was initiated with the submission of Form-I. Presentation before EAC (Expert Appraisal Committee) of MoEF regarding TOR (Terms of Reference) was held on 28.05.14 and the same was approved by MoEF. Recently, during the meeting on 30th July, 2014 the MoEF directed to submit application to MPPCB (Madhya Pradesh Pollution Control Board) for environment clearance.

D. Loan from Financial Institution

- ❖ In principle consent letters obtained from SBI & BoI on 17/12/2012 for grant of Loan.
- ❖ Company has not yet drawn any amount from the banks against our requirement of Rs. 128 Crore. After getting another Rs. 45.90 Crore as equity from GoI, banks will be requested to release Rs. 44 Crore as first installment as required in FY 2014-15.

Hindrance in implementing RMDP

- ❖ It is pertinent to mention here that in absence of senior officials in various departments and specially in Project department there has been some delay in implementation of the RMDP as per schedule.

- ❖ Director (Finance) joined Nepa Ltd on 2/5/2014, I am certain with his experience he will made a substantial contribution to company's growth.
- **Award From Commercial Tax Department:**
I am pleased to inform that your company is receiving prestigious "Bhamashah Puraskar" worth Rs.1.00 Lakhs since last six years.
- **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 maintaining the 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 near by providing health and education facilities.

ACKNOWLEDGEMENT

I am grateful 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 to 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 Auditor, Consortium of Banks, Customers and Suppliers.

I wish to 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.

I am confident that with the continued support and co-operation from all of you in the near future, the Company will reach new heights in the coming years.

Best Regards,

Brig. S. K. Mutreja
Chairman-cum-Managing Director