

NEPA LTD : NEPANAGAR

CHAIRMAN'S SPEECH



Ladies and Gentlemen,

I own my behalf and on behalf of Board of Directors, extend a hearty welcome to you all to the 68th Annual General Meeting of the Company.

The Directors' Report on the working of the Company, audited Balance Sheet and Accounts for the year 2014-15, 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

Global economy is passing through a difficult phase; we are living in a world where volatility and uncertainty have become order of the day. Overall the global economy remained on a weak and uncertain footing throughout the year. Let me begin by sharing with you the highlights of the year's performance. The production of newsprint during the year was 30035 MT as compared to 43110 MT in the previous year showing decrease of 30.33%. During the year, the sale was 30111 MT as compared to 41216 MT in the previous year, showing a decrease of 26.94%. Average sales realization was Rs. 27750/- PMT as compared to Rs. 28981/- 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 34.13% against previous year 48.98% and turnover Rs. 8455.93 Crores against previous year Rs. 11901.17 Crores respectively. Due to the ageing of the paper machines and power plant, there were frequent breakdowns. This coupled with interruptions in the supply of coal resulted in substantial loss of production.

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 31.03.2014 for financial year 2014-15 and likely to achieve "Good" grading this year. MoU for 2015-16 also has been signed with Department of Heavy Industry on 31/03/2015 and the company will strive to achieve the highest grading i.e. "Excellent" in the next year.

Status of RMDP:

1. **Major Activities to be under taken in RMDP are :-**
 - a) Installation of 300 TPD De-inking Plant (DIP)
 - b) Renovation of both Paper Machines.
 - c) Refurbishment of 12.27 MW Power Plant.
 - d) Installation of New 9 MW Plant.

Present status :

2. **De-inking Plant**
 - a) Plant ordered with M/S Andritz
 - b) **Status:** The first lot of equipment is scheduled to be dispatched during 3rd week of Oct 2015. The entire Plant & Machinery will reach at site by Feb-2016.

c) **Civil work: Status:** The civil work at the site has already commenced and the work is scheduled to be completed in 10 months.

3. Renovation of Paper Machines:

- a) Work order issue for paper machines 1 & 2 revamping issued.
Status: Contract was signed on 29th July, 2015.
- b) Work order issue for Reel wrapping machine Vendor Selected.
Order will be placed after visiting reference installation during 2nd week of Oct-2015.
- c) Tender issued for Rewinder 1 & 2 rebuild
Tender process is in progress. Expected to be closed during next 2 weeks.

4. Power Plants :

- a) Revamping of 12.27 MW BHEL make power plant
Status: BHEL team has visited for study of the existing plant on 6th & 7th Oct, 2015 for submitting a proposal for revamping.
- b) Revamping of existing 132/6.9 KV substation
Status: Study & Tendering for supply and erection completed.

❖ **Award From Commercial Tax Department**

I am pleased to inform that your company also received prestigious “Bhamashah Puraskar” worth Rs.1.00 Lakhs since last seven 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

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 Auditor, 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.

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.

Best Regards,

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