

12th
ANNUAL REPORT
JANUARY 2007 - MARCH 2008

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RELIANCE JUTE MILLS (INTERNATIONAL) LIMITED

RELIANCE JUTE MILLS (INTERNATIONAL) LIMITED

BOARD OF DIRECTORS	:	Shri P. K. Kanoria - Chairman Shri S. Hada - Managing Director Shri P. Chakravarti Shri P. K. Jain Shri P. K. Mookerjee Shri P. Bhartia Shri R. C. Saboo - Director (Technical)
COMPANY SECRETARY	:	Shri S. K. Agarwal
REGISTERED OFFICE	:	Ideal Plaza, South Block, 4th Floor 11/1, Sarat Bose Road Kolkata - 700 020 Phone : 2280 7017/18 Fax : 2280 7016
WORKS	:	Reliance Jute Mills Bhatpara - 743 123 24 Parganas (North) West Bengal
AUDITORS	:	Singhi & Co. Chartered Accountants 1B, Old Post Office Street Kolkata - 700 001
REGISTRAR	:	S. K. Computers 34/1A, Sudhir Chatterjee Street Kolkata - 700 006
BANKER	:	Punjab National Bank 135, B. R. B. B. Road Kolkata - 700 001
LISTING OF SHARE	:	The Calcutta Stock Exchange Association Limited 7, Lyons Range, Kolkata - 700 001 Listing Fees paid upto date.

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NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the **12th Annual General Meeting** of the shareholders of **Reliance Jute Mills (International) Limited** will be held on Thursday, the 4th day of September, 2008 at Keshari Devi Kanoria Hall, 123, Dr. Meghnad Saha Sarani (Southern Avenue), Kolkata - 700029 at 4.30 P.M. to transact the following business :

AS ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2008 and the Profit & Loss Account for the period from 1st January, 2007 to 31st March, 2008, together with the Reports of the Auditors and the Directors thereon.
2. To appoint a Director in place of Shri P. K. Jain, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To declare dividend on Preference Shares.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED that in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof Shri P. Bhartia, who was appointed as an additional director pursuant to the provisions of Section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company.”

6. To consider and, if thought fit, to pass, with or without modifications, the following resolutions as a **Special Resolution**:

“Resolved that pursuant to the provisions of Sections 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the increase in the remuneration of Shri P. K. Kanoria, the Executive Chairman of the Company from Rs.1,00,000/- per month to Rs.2,00,000/- in the range of Rs.2,00,000/- to Rs.2,50,000/- per month by way of salary with effect from 1st April, 2008 with other terms and conditions including commission and perquisites remaining unchanged.”

7. To consider and, if thought fit, to pass, with or without modifications, the following resolutions as a **Special Resolution**:

“Resolved that pursuant to the provisions of Sections 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the consent of the Company be and is hereby

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accorded to the increase in the remuneration of Shri S. Hada, the Managing Director of the Company from Rs. 1,10,000/- per month to Rs.2,00,000/- in the range of Rs.2,00,000/- to Rs. 2,50,000/- per month by way of salary with effect from 1st April, 2008 with other terms and conditions including commission and perquisites remaining unchanged.”

By Order of the Board

Ideal Plaza,
11/1, Sarat Bose Road
Kolkata, the 27th day of June, 2008

S. K. Agarwal
General Manager (Finance)
& Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxy Forms in order to be effective, must be properly signed and received by the Company not less than 48 hours before the time of the meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 1st September 2008 to 4th September 2008 (both days inclusive).
4. In accordance with the provisions of Section 205C of the Companies Act, 1956 all amount of dividend remaining unpaid or unclaimed for a period of seven years from the date such dividend became due for payment have been transferred to the Investor Education and Protection Fund set up by the Government of India and no claim lies against the Fund or the Company in respect of individual amount so transferred.
5. The equity shares of the Company are activated for dematerialization with Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NDSL) under ISIN No. INE 297E 01016.
6. An explanatory statement relating to the business under Item No. 5, 6 and 7 of the Notice as required under Section 173(2) of the Companies Act, 1956, is enclosed.
7. Members/Proxies should bring the Attendance Slip duly filled-in for attending the meeting.

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

Item No. 5

The Board of Directors of the Company has appointed Shri P. Bhartia as Director of the Company with effect from 31st July, 2007, pursuant to the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company.

In terms of the provisions of Section 260 of the Companies Act, 1956, Shri Bhartia would hold office up to the date of this Annual General Meeting.

The Company has received notice in writing from a member along with requisite deposit, proposing the candidature of Shri P. Bhartia for the office of the Director of the Company under the provisions of Section 257 of the Companies Act 1956.

The Board recommends the resolution set out at Item Nos. 4 of the Notice for your approval.

Save and except Shri P. Bhartia, none of the Directors of the Company are, in any way, concerned or interested in the above resolution.

Item No. 6

Shri P. K. Kanoria was appointed as Executive Chairman of the Company with effect from 1st April, 2007 for a period of 5 years. His present salary is Rs.1,00,000/- per month. Considering the growth in the activities of the Company and responsibility shouldered by Shri Kanoria, the Board of Directors in its meeting held on 27th June, 2008 decided to increase his remuneration to Rs.2,00,000/- in the range of Rs.2,00,000/- to Rs.2,50,000/- per month as salary with other terms and conditions including commission and perquisites remaining unchanged for the remaining period of his present contract subject to approval of the members of the Company.

The above revision in remuneration is in accordance with Schedule XIII of the Companies Act, 1956.

Hence, the proposed resolution seeking approval of shareholders of the Company.

Except Shri P. K. Kanoria and Shri S. Hada, no other Director is interested or concerned in the Resolution.

In this regard, as required under Part II, Section II of Schedule XIII of the Companies Act, 1956, the following information is furnished:

I GENERAL INFORMATION

(i) **Nature of Industry**
Jute Textile Industry

(ii) **Commencement of Commercial Production**

The mill of the Company situated at Bhatpara, 24 Parganas (N), West Bengal started its Commercial Production in 1996.

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(iii) Financial performance based on given Indicators

The Financial performance of the Company during the last 3 years as per audited accounts is as under:

Particulars	(Rs. in lacs)		
	2007-08 (01.01.07 to 31.03.08)	2006-07 (01.04.06 to 31.12.06)	2005-06 (01.04.05 to 31.03.06)
Turnover	16,539.14	9,487.26	7,852.67
Operating Profit (before interest, depreciation and taxation) excluding extra-ordinary items	866.83	202.59	110.46
Net Profit before Extra-ordinary items	531.82	16.23	38.60
Amount of dividend paid	-	-	-

(iv) Export performance and net foreign exchange collaboration:

During 2007-08 (15 months), the Company's foreign exchange earnings on account of exports on FOB basis is Rs. 4,714.12 lacs and expenditure in foreign currency is Rs.1,679.16 lacs inclusive of CIF value of imports.

(v) Foreign investments or collaborators, if any:

Not Applicable.

II. INFORMATION ABOUT THE APPOINTEES/MANAGERIAL PERSON:**(i) Background details, recognition / awards:**

Shri P. K. Kanoria is an entrepreneur with more than 4 decades of vast experience in Jute, Sugar, Tea and Steel Industry. Reliance Jute Mill is being run under the stewardship of Shri Kanoria for the last 36 years. He has been appointed as the Executive Chairman of the Company w. e. f. 01.04.2007. He has been the Chairman of Pratappur Sugar & Industries Ltd. and during his tenure he contributed in expanding its production capacity by more than double in a short span of time. He has been Past-President of Indian Sugar Mills Association, Tea Association of India and Indian Chamber of Commerce (a leading Chamber in Kolkata).

(ii) Past Remuneration:

(Amount in Rs.)

Period	Salary	Perquisites	Retirement Benefits	Total Amount
01.04.07 to 31.03.08	9,75,000	2,25,000	1,90,000	13,90,000

(iii) Job Profile and his suitability:

Shri P. K. Kanoria, Chairman of the Company is vested with powers of overall management of the affairs of the Company subject to the superintendence and guidance of the Board of Directors. He is also involved in policy planning, vision & strategy and long term development activities of the Company, besides Corporate Governance and Board co-ordination. He is the Chairman of the Board of Directors of the Company.

With the requisite knowledge and experience as detailed in the background and considering the talent and skills acquired in the course of his career development, it is considered that Shri Kanoria is suitable for the post of the Chairman.

(iv) Remuneration proposed

- Salary** : Rs.2,00,000/- per month in the salary range of Rs.2,00,000/- to Rs.2,50,000/- per month with such increments as may be decided by the Board from time to time.
- Commission** : 5% of the net profits computed under Sections 349 and 350 of the Companies Act, 1956.
- Perquisite** : Unless the context otherwise requires the perquisites are classified into two categories A & B and shall be evaluated as per Income-Tax Rules, wherever applicable.

Category – A

- a) Company's contribution to Provident Fund as per Company's rules. The Company's contribution to the Superannuation Fund subject to a maximum ceiling of Rs. 1,00,000/- per annum.
- b) Gratuity not exceeding half a month's salary for each completed year of service.
- c) Entitlement of leave, accumulation of leave and encashment (at the end of the tenure) will be as per Company's rules.

Category – B

- a) Fees of Clubs subject to a maximum of two Clubs; this will not include Admission and/or Life Membership Fees.
- b) The Company shall provide a Car with driver and telephone facility at the residence of the Chairman. Provision of a Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purpose shall be billed by the Company to the Chairman.
- c) The Company may provide rent free accommodation or house rent allowance to the Chairman which, together with salary and other benefits, will be subject to a ceiling of Rs. 1,00,000/- per month or such higher amount of ceiling to which he may be entitled as per Schedule XIII of the Companies Act, 1956 or under any other applicable provision of the said Act.
- d) Reimbursement of medical expenses incurred in India or abroad including hospitalization and surgical charges for self and family and travel relating thereto.

Minimum Remuneration

The remuneration aforesaid shall be the minimum remuneration payable to Shri. P. K. Kanoria.

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

The executive remuneration in the industry is on the rise. Appreciating this, the Central Government has also from time to time raised the ceiling specified in Schedule XIII dealing

with the remuneration of managerial person. The 'Remuneration Committee' constituted by the Board perused the remuneration of the managerial persons in the Jute Industry and other Companies comparable with the size of the Company, industry benchmarks in general, profile and responsibilities of Shri P. K. Kanoria & considered the revised remuneration package as very reasonable.

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

Besides the remuneration proposed, Shri P. K. Kanoria does not have any pecuniary relationship with the Company. Shri. Sanjay Hada, Managing Director of the Company is relative of Shri.P. K. Kanoria.

III. OTHER INFORMATION:

(i) Reasons of loss or inadequate profits:

The working and profitability of the Company affected due to adverse market condition and also due to labour problems. Although the working of the Company improved during 2006-07, due to industry-wide strike from 5th January, 2007 to 8th March, 2007 the overall working and also the profitability of the Company were affected during the above period. However, the productivity of the Company improved during 2007-08 and is expected to improve further. Like any other manufacturing industry, the future trend in profitability of the Company will largely depend on labour cost, borrowing cost, business environment in the domestic and global markets and cost of other inputs for the industry.

(ii) Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms :

The Company has taken several measures to reduce the cost of production and other operational expenses to improve the profit. The Company has undertaken expansion and modernization programme so as to improve the productivity of the operations of the Company. The Company has also taken several steps to reduce the borrowing cost of funds.

None of the Directors of the Company other than Shri S. Hada, being a relative of Shri P. K. Kanoria, may be deemed to be concerned or interested in the aforesaid Resolution.

The terms of remuneration now proposed to be drawn by the Chairman from the Company set out hereinabove may also be treated as abstract of Memorandum of Interest of the Directors under Section 302 of the Companies Act, 1956.

Item No. 7

Shri S. Hada is presently the Managing Director of the Company with effect from 1st January, 1999. His present salary is Rs. 1,10,000/- per month. Considering the growth in the activities of the Company and responsibility shouldered by Shri Hada, the Board of Directors in its meeting held on 27th June, 2008 decided to increase his remuneration to Rs.2,00,000/- in the salary range of Rs.2,00,000/- to Rs.2,50,000/- per month as salary with other terms and conditions including commission and perquisites remaining unchanged for the remaining period of his present contract subject to approval of the members of the Company.

The above revision in remuneration is in accordance with Schedule XIII of the Companies Act, 1956.

Hence, the proposed resolutions seeking approval of shareholders of the Company.

Except Shri P. K. Kanoria and Shri S. Hada, no other Director is interested or concerned in the Resolution.

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In this regard, as required under Part II, Section II of Schedule XIII to the Companies Act, 1956, the following information is furnished:

I GENERAL INFORMATION**(i) Nature of Industry**

Jute Textile Industry

(ii) Commencement of Commercial Production

The mill of the Company situated at Bhatpara, 24 Parganas (N), West Bengal started its Commercial Production in 1996.

(iii) Financial performance based on given Indicators

The Financial performance of the Company during the last 3 years as per audited accounts is as under:

(Rs. in lacs)

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Net Profit before Extra-ordinary items	531.82	16.23	38.60
Amount of dividend paid	-	-	-

(iv) Export performance and net foreign exchange collaboration :

During 2007-08 (15 months), the Company's foreign exchange earnings on account of exports on FOB basis was Rs.4,714.12 lacs and expenditure in foreign currency is Rs.1,679.16 lacs inclusive of CIF value of imports.

(v) Foreign investments or collaborators, if any:

Not Applicable.

II. INFORMATION ABOUT THE APPOINTEES/MANAGERIAL PERSON:**(i) Background details, recognition / awards :**

Shri Sanjay Hada has more than 18 years of vast experience in textile spinning, mini steel and Jute Industry. Presently, Shri Hada is working as Managing Director of Reliance Jute Mills (International) Ltd. w. e. f. 01.01.99. Shri Hada has also served as Vice-Chairman of Indian Jute Industries Research Association (IJIRA). He is a member of the Executive Committee of Indian Jute Mills Association (IJMA) and has been member of Executive Committee of Jute Manufactures Development Council (JMDC).

(ii) Past Remuneration:**(Amount in Rs.)**

Period	Salary	Perquisites	Retirement Benefits	Total Amount
01.04.07 to 31.03.08	12,20,000	Nil	2,22,000	14,42,000

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(iii) Job Profile and his suitability:

Shri Sanjay Hada, Managing Director of the Company is responsible for production, purchase and resource management. He is responsible for implementation of expansion and modernization programme to improve the production and productivity of the Company. He is also involved in policy planning, vision & strategy and long term development activities of the Company.

With the requisite knowledge and experience as detailed in the background and considering the talent and skills acquired in the course of his career development, it is considered that Shri Hada is suitable for the post of Managing Director.

(iv) Remuneration proposed:

- Salary** : Rs.2,00,000/- per month in the salary range of Rs.2,00,000/- to Rs.2,50,000/- per month with such increments as may be decided by the Board from time to time.
- Commission** : 5% of the net profits computed under Sections 349 and 350 of the Companies Act,1956.
- Perquisite** : Unless the context otherwise requires the perquisites are classified into two categories A & B and shall be evaluated as per Income-Tax Rules, wherever applicable.

Category – A

- a) Company's contribution to Provident Fund as per Company's rules. The Company's contribution to the Superannuation Fund subject to a maximum ceiling of Rs.1,00,000/- per annum.
- b) Gratuity not exceeding half a month's salary for each completed year of service.
- c) Entitlement of leave, accumulation of leave and encashment (at the end of the tenure) will be as per Company's rules.

Category – B

- (a) Fees of Clubs subject to a maximum of two Clubs; this will not include Admission and / or Life Membership Fees.
- (b) The Company shall provide a Car with driver and telephone facility at the residence of the Managing Director. Provision of a Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purpose shall be billed by the Company to the Managing Director.
- (c) The Company may provide rent free accommodation or house rent allowance to the Managing Director which, together with salary and other benefits, will be subject to a ceiling of Rs.1,00,000/- per month or such higher amount of ceiling to which he may be entitled as per Schedule XIII of the Companies Act,1956 or under any other applicable provision of the said Act.
- (d) Reimbursement of medical expenses incurred in India or abroad including hospitalization and surgical charges for self and family and travel relating thereto.

Minimum Remuneration

The remuneration aforesaid shall be the minimum remuneration payable to Shri. Sanjay Hada.