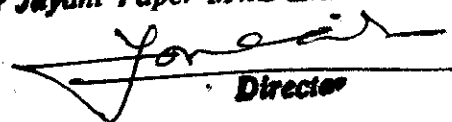


# TH ANNUAL REPORT 1998-99

CERTIFIED TO BE TRUE COPY

*For Jayant Paper Mills Ltd.*

  
Director

Report  junction.com



**JAYANT PAPER MILLS LIMITED**

**JAYANT PAPER MILLS LIMITED****BOARD OF DIRECTORS**

Hargovinddas R. Mehta  
 Yogesh H. Mehta  
 Mukesh H. Mehta  
 Jayantilal R. Mehta  
 Chandrakant D. Gala  
 Vijay H. Mehta  
 Velji S. Shah

Chairman  
 Managing Director  
 Director  
 Director  
 Director  
 Director  
 Director

**COMPANY SECRETARY**

D. R. Desai

**BANKERS**

UCO BANK

**AUDITORS**

M/S. J. L. BHATT & CO.  
 Yusuf Bldg, Mahatma Gandhi Road,  
 Mumbai - 400 001.

M/S. M. A. PARIKH & CO.  
 Yusuf Bldg, Mahatma Gandhi Road,  
 Mumbai - 400 001.

**SOLICITORS**

M/S. MANILAL KHER AMBALAL & CO.  
 Jehangir Wadia Bldg., 51,  
 Mahatma Gandhi Road, Mumbai - 400 001.

**REGISTERED OFFICE  
& MILLS**

UTRAN (DIST. SURAT)  
 GUJRAT - 394 105.

**ADMINISTRATIVE OFFICE**

2nd Floor, Resham Bhavan, Lal Darwaja,  
 SURAT : 395 003.

**CORPORATE OFFICE**

205, KAKAD CHAMBERS, 132,  
 DR. A. B. Road, Worli, Mumbai - 400 018.

**39th Annual General Meeting :**

Date : 31-08-1999

Day : Tuesday

Time : 10.00 A. M.

Place : Utran (Dist : Surat)



## JAYANT PAPER MILLS LIMITED

### NOTICE

Notice is hereby given that the Thirty Ninth Annual General Meeting of the Members of JAYANT PAPER MILLS LIMITED will be held on Tuesday, the 31st August, 1999 at 10.00 A. M. at the Registered Office of the Company at UTRAN Dist. Surat, (Gujarat) to transact the following business.

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March. 1999. Balance Sheet as at that date and the reports of the Directors and Auditors thereon
2. To appoint a Director in place of Shri C. D. Gala who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri V. S. Shah who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

#### SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications or re-enactment thereof for the time being in force and the provisions of other statutes as applicable, the Articles of Association of the Company be and are hereby altered in the manner and to the extent as follows :

After the Article 61, the following new Articles 61-A(1) to 61-A(5) and 61-B(1) to 61-B(5) be inserted under the heading "Nomination of Shares or Debentures".

#### NOMINATION OF SHARES OR DEBENTURES

- 61-A(1) Without prejudice to anything contained in the Article 50 to 61, relating to transfer and transmission of Shares, every holder of Shares in, or Debentures of the Company may at any time nominate in the manner prescribed under the Act, a person to whom his Shares in or Debentures of the Company shall vest in the event of death of such holder.
- 61-A(2) Where the Shares in, or Debentures of the Company are held by more than one person jointly, the joint holder may together nominate, in the prescribed manner, a person to whom all the right in the Shares or Debentures of the Company as the case may be, held by them shall vest in the event of death of all the joint holders.
- 61-A(3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, or in these Articles, in respect of such Shares in or Debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the Shares in or Debentures of the Company, the nominee shall, on the death of the holder, or as the case may be, on the death of the joint holders of Shares or Debentures become entitled to all the right of the deceased holder or, as the case may be, of all the deceased joint holders in such Shares or Debentures to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed under the provisions of the Act.
- 61-A(4) Where the nominee is a minor, it shall be lawful for the holder of the Shares or Debentures to make the nomination to appoint in the manner prescribed under the provisions of the Act, any person to become entitled to Shares in or Debentures of the Company, in the event of his death, during the minority.
- 61-A(5) The Provisions of this Article shall apply mutatis mutandis to a depositor of money with the Company as per the provisions of Section 58A of the Act.
- 61-B(1) Any person who becomes a nominee by virtue of the provision of Article 61-A upon production of such evidence as may be required by the Board and subject as hereinafter provided, shall elect, either
  - (i) to be registered himself as holder of the Shares or Debentures, as the case may be; or
  - (ii) to make such transfer of the Shares or Debentures, as the case may be, as the deceased Shareholder or Debentureholder, could have made.



## JAYANT PAPER MILLS LIMITED

### NOTICE

- 61-B(2) if the nominee elects himself to be registered as holder of the Shares or Debentures, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied by the certificate of death of the deceased holder or all the joint holders and the certificate of Shares or Debentures as the case may be held by the deceased in the Company.
- 61-B(3) Subject to the provisions of Section 109B(3) of the Act and these Articles, the Board may register the relevant Shares or Debentures in the name of the nominee or the transferee as if the death of the registered holder of the Shares or Debentures had not occurred and the notice of transfer were a transfer signed by the registered holder.
- 61-B(4) A nominee on becoming entitled to any Shares or Debentures by reason of the death of the holder or joint holders shall be entitled to the same dividends and other advantages to which he would have been entitled if he were the registered holder of the Shares or Debentures, except that he shall not, before being registered as holder of such Shares or Debentures, be entitled in respect of them to exercise any right conferred on a member or debentureholder in relation to meetings of the Company.
- 61-B(5) The Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Shares or Debentures, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses, interest or other moneys payable or rights accrued or accruing in respect of the relevant Shares or Debentures, until the requirements of the notice have been complied with.
6. To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution :
- "RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications or re-enactment thereof for the time being in force and the provisions of other statutes as applicable, the Articles of Association of the Company be and is hereby amended in the manner and to the extent as follows :**
- Following shall be added at the end of Article 170.**
- "Provided, however, that the Company shall comply with the provisions of Sections 205A and 205B read with Section 205C of the Act in respect of any dividend remaining unpaid or unclaimed with the Company."**

**BY ORDER OF THE BOARD OF DIRECTORS  
FOR JAYANT PAPER MILLS LIMITED**

**Date : 31-07-1999  
Place : Mumbai**

**D.R.DESAI  
COMPANY SECRETARY**

### **NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER.
2. Proxies in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered Office of 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.
4. The Register of Members and the Share Transfer books of the Company will remain closed from Wednesday, the 25th August, 1999 to Tuesday, the 31st August, 1999 (both days inclusive).
5. Members desirous of obtaining any information in respect of the accounts and operation of the Company are requested to send queries in writing to the Company at its Registered Office so as to reach at least seven clear days before the date of the meeting.
6. Members are requested to immediately notify any change in their addresses, quoting their folio numbers and indicating the pincode number of their delivery post office to the Company.
7. As a measure of economy, the Company does not distribute the copies of the Annual Report at the Meeting. Members, therefore, are requested to bring their copies with them.



## JAYANT PAPER MILLS LIMITED

8. The Companies (Amendment) Act, 1999 has inserted a new Section 109A, providing for the facility of nomination of Shares/Debentures/ Deposits in single name. In case where the Securities/Deposits are held in joint names, the nomination will get effective only on the death of all the holders.

Members are advised to avail of this facility, especially those members holding securities in single name, to avoid the process of transmission by law. Members desirous of making a nomination are requested to send the enclosed Nomination Form No.2B duly completed to the Share Department of the Company.

9. The Company has already transferred unclaimed dividend declared for the Financial Year 1993-94 and 1994-95 (Interim Dividend) to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those Shareholders who have so far not claimed or collected their dividend for the aforesaid Financial Year, may claim the same from the Registrar of Companies, Gujarat, ROC Bhavan, Opp. Rupal Park, Near Ankur Bus Stop, Naranpura, Ahmedabad - 380 015.

### ANNEXURE TO THE NOTICE

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

##### ITEM NO.5

The Companies Act, 1956 as amended by the Companies (Amendment) Act, 1999 has provided to every holder of securities of and every depositor with the Company, an option to nominate, a person to whom the rights of the holder of any securities of, or the depositor with a Company shall vest in the event of the death of the holder of such securities or of the depositor.

Necessary amendments are proposed in the Articles of Association of the Company to provide for the nomination facility to the holder of the securities of and the depositor with the Company, in the line with the amended provisions of the Companies Act, 1956.

The Resolution is recommended for the approval of the Members.

None of the Directors of the Company is concerned or interested in the Resolution.

##### ITEM NO.6

In terms of new Section 205A(5) and 205C of the Companies Act, 1956 inserted by the Companies (Amendment) Act, 1999, the dividend which remains unclaimed/unpaid for seven years from the date of transfer to unpaid dividend account shall be transferred to 'the Investor Education and Protection Fund' established by the Central Government and no claims shall lie against the fund or the Company in respect of such amounts transferred to the Fund.

It is proposed to amend the Company's Articles to bring it in line with the Companies Act, 1956, as amended.

The Resolution is recommended for the approval of the Members.

None of the Directors of the Company is concerned or interested in the Resolution.

**BY ORDER OF THE BOARD OF DIRECTORS  
FOR JAYANT PAPER MILLS LIMITED**

Date : 31-07-1999  
Place : Mumbai

**D.R.DESAI  
COMPANY SECRETARY**



# JAYANT PAPER MILLS LIMITED

## DIRECTORS' REPORT

To,  
The Members,

Your Directors have pleasure in presenting the Thirty Ninth Annual Report together with the Audited Annual Accounts for the year ended 31/03/1999 of your Company.

The Salient features of Financial Performance of the Company in 1998-99 are as follows.

### FINANCIAL RESULTS

	1998-99 (Rs.in lacs)	1997-98 (Rs.in lacs)
Sales and Other Income (Net)	177.69	911.76
GROSS PROFIT/(LOSS)	(522.97)	(913.62)
Less : Depreciation	71.66	81.39
PROFIT/(LOSS) BEFORE TAX	(594.63)	(995.01)
Less : Taxes	----	----
PROFIT /(LOSS) AFTER TAX	(594.63)	(995.01)
Add/(Less) : Surplus/(Loss) from previous year	(957.90)	41.80
AMOUNT AVAILABLE FOR APPROPRIATIONS	(1552.53)	(953.21)
i) Debenture Redemption Reserve	----	4.69
BALANCE CARRIED TO BALANCE SHEET	(1548.32)	(957.90)

### DIVIDEND :

In view of the huge loss, the Board of Directors regret their inability to recommended payment of any dividend for the year under review.

### OPERATIONS :

The Company mark the year under review as the year of full of despair and difficulty.

During the year under review, the overall operation of the Company continued to be unsatisfactory due to overall economic scenerio and unfavourable conditions prevalent in the Paper Industry. The reasons stated herein under were responsible for the closure of the Mill on 19th July, 1998.

The Production of Paper and Paper Board during the year under review has decline to 915 M.T. as against 4012 M.T. in the previous year. However, Sales Turnover has decreased from Rs. 706.26 Lacs to Rs.163.68 Lacs.

The Company reported huge loss from Rs.995.01 Lacs of previous year to Rs. 1548.32 Lacs for the year under review mainly due to stiff competition, suspension of production due to Labour unrest and unfavourable market conditions, lower margin made available, recessionary condition prevailing in Paper Industry, steep rise in price of Gas, electricity and other materials coupled with liquidity crunch and recessionary trend prevailing in the Industry as a Whole.

The losses of the Company were mainly on account various reasons stated above coupled with other reasons like loss on sale of investments/assets, huge bad debts, heavy interest burden of loans and other borrowings, blocking up of funds in idle and unproductive capital assets & expansion project thereby further eroding the cash profit and networth of the Company.

### STATUS OF THE PROJECT :

As the members are aware the Company had been setting up a plant of manufacturing of 80 T.P.D. of Newsprint at the existing site at Utran, Dist. Surat, Gujarat-394 105 at the approximate cost of Rs.1450 Lacs. The Company has received second hand imported Paper Machine from West Germany in the year 1995. The machine is capable of manufacturing 80 tons per day of Newsprint as well as other varities of writing and printing paper.



## JAYANT PAPER MILLS LIMITED

Delay in the Expansion Project because of the untimely disbursement from the Financial Institutions and subsequent depression of market due to heavy dumping of our products mainly newsprint from countries like Russia, Indonesia, America, Canada, all the domestic Newsprint manufacturers heavily suffered as well as our Company. This heavy cost involved in importing the second hand paper machine affected the financial position and disturbed the existing activities. Resultantly, the Company could either not pay or delay the payment of Electricity charges, Gas Bills, payment to its workers, payment to Government and Semi-government authorities which resulted into disconnection of Power and gas supply thereby leading to cessation of the manufacturing activities.

The Company coupled with above-mentioned factors and also non-realisation of sales proceeds, loss of sale of investment and payment of heavy interest burden further aggravated position of the Company thus weakening further the position of the Company and causing in all, substantial overall losses and erosion of profits and network.

### **FUTURE OUTLOOK:**

The Promoters has initiated efforts to dispose off the imported Second-hand Paper manufacturing machine and restart the existing manufacturing operations. The Company also awaits the sanctions of the Cost of the Scheme submitted to Industrial Development Bank of India for the availment of the proposed Reliefs and concessions. The Company has sought the co-operation of the Bankers and participating financial institutions favourably considering the Company's proposed rehabilitation proposal. Your Directors are keen of restarting the manufacturing operations as soon as possible.

### **AUDITOR'S QUALIFICATIONS :**

The Auditors of the Company have qualified their report in respect of certain matters as referred to therein. Some of the matters qualified by them are self-explanatory. As mentioned earlier, the Company has been facing severe operational, financial, staff and managerial problems on account of various factors beyond the control of the management. In these circumstances, certain irregularities, lapses and non-compliances has occurred. However, your Directors are taking necessary corrective actions and measures to remedy the same at the earliest.

### **REFERENCE TO BIFR :**

Based on the Audited Financial Results for the year ended 31st March, 1998, the Company has become a "Sick Industrial Company" within the meaning of Section 3 (1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). The Company has made a reference in accordance with the proviso to Section 15 (1) of the said Act, to the Board for Industrial and Financial Reconstruction (BIFR). The Hon'ble Members of the Bench - I admitted the reference and declared the Company as a "sick industrial undertaking" within the meaning of section of 16(1) of SICA of 1985 vide their order of dated: 16-03-1999. As per the directives of the Hon'ble Members of the Bench-I of the Company has prepared the Rehabilitation proposal and submitted the same to IDBI for the approval of the Cost of the Scheme.

Under the directions of the Operating Agency and BIFR, the Company has undertaken the revaluation of its assets at Utran and Ankleshwar by M/s. Dixit Consultants, Ahmedabad, appointed valuer by IDBI. Necessary Valuation Reports has been already submitted by M/s. Dixit Consultants to IDBI.

### **ENVIRONMENT**

Since all the manufacturing operations are been suspended and there are no effluent discharge, the effluent treatment plant for the Paper Machine is still in a working conditions to the satisfaction and as per the norms laid down by Gujarat Pollution Control Board.

### **DEBENTURE REDEMPTION**

In view of the continued heavy losses and severe financial crunch, the Company is unable to redeem outstanding amount of First Second and Third instalment of Rs.35/-each in respect of 14% Secured Non-convertible Debenture of Rs.100/- each. The Company has proposed for reschedulement of payment of First, Second and Third instalments in its Rehabilitation Proposal submitted to IDBI and expect to be approved at the earliest.

### **INSURANCE**

The Company has made adequate arrangements for insuring its properties and assets against fire and other probable risks.

### **SUBSIDIARY:**

As required under Section 212 of the Companies Act, 1956, the Audited Annual Accounts alongwith the Directors' Report for the year ended 31st March, 1999 of M/s Jayant Pack (Gujarat) Limited, a wholly owned subsidiary of the Company are attached herewith.



## JAYANT PAPER MILLS LIMITED

### DIRECTORATE

Shri Mukesh H. Mehta resigned as Executive Directors from the Board of Directors of the Company with effect from 31.07.99. The Board of Directors places on records its sincere appreciation of the valuable services rendered by Shri Mukesh H. Mehta during his period of associations with the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Chandrakant D. Gala and Shri Velji S. Shah retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

### AUDITORS

M/s. M.A. Parikh & Co., Chartered Accountants and M/s. J.L. Bhatt & Co., Chartered Accountants, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are recommended for reappointment. The Company has received a Certificate from the Auditors under Section-224 (1B) of the Companies Act 1956 as to their eligibility for the reappointment.

### COST AUDITORS :

Shri D.K. Visariya, Cost Accountant has been appointed as Cost Auditor for conducting the audit of the Cost Accounts maintained by the Company relating to "Paper" for the year ended 31st March 1999.

### ENERGY CONSERVATION AND TECHNOLOGY ABSORPTION

Information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules 1988 regarding conservation of energy technology absorption and foreign exchange earning and outgo is given in the Annexure forming part of this report.

### PARTICULARS OF EMPLOYEES

As required under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, information relating thereto are set out in the Annexure to the Directors Report.

### STATUS OF Y2K COMPLIANCE

The Company has taken effective steps to become Y2K compliant in time. The expenditure for achieving Y2K compliance is not expected to have any material impact to its financial position or results of operation.

### FIXED DEPOSIT :

The total amount of Fixed Deposits which remained due for repayment on 31st March, 1999 was Rs.17,01,021=94 in respect of 167 Depositors. Since then, the deposits of Rs.1,57,566=62 from 25 depositors have been repaid.

### APPRECIATION

Your Directors place on record their appreciation for the untiring efforts made by the Chairman Shri H.R. Mehta, the Managing Director Shri Y.H. Mehta and Shri M.H. Mehta, the Director and the officers, employees and workers at all levels during the year under review.

Your Directors also acknowledge with gratitude for the co-operation and assistance extended by Industrial Development Bank of India, Uco Bank, Suppliers, Fixed Deposit Holders, Debenture Holders, and others who have extended direct or indirect assistance during the year under review.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS.**

Place : Mumbai  
Dated : 31-07-1999

**H. R. MEHTA**  
**CHAIRMAN**



# JAYANT PAPER MILLS LIMITED

## ANNEXURE - I TO DIRECTORS' REPORT

Conservation of Energy, Technology Absorption and Foreign Exchange Earning and outgo pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

### A. Conservation of Energy :

In view of the closure of the factory on 19th July 1998 due to labour unrest, it is possible to obtain necessary information for the items stated herein under, as all the records are situated at the mill site.

	Current Year 1998-99	Previous Year 1997-98
<b>(I) Power and Fuel Consumption :</b>		
1. Electricity		
a. Purchased Unit	1299	3888
(in 000 Kwh)		
b. Total Amount		
(Rs. in lakhs)	104.28	185.32
(Rate/Unit (Rs.))	—	4.77
2. Natural Gas		
Quantity (M3)	60288	1227276
Total Cost (Rs. in lakhs)	5.16	81.05
Average Rate (Rs.per 1000 M3)	860	660
<b>(II) Consumption per unit of Production</b>		
<b>(Product-Paper &amp; Paper Board)</b>		
Electricity KWH/M.T.	129.89	955
Furance Oil Ltr. / M.T.	2.26	2.80
Natural Gas M3/M.T.	0.60	301.39

### B. TECHNOLOGY ABSORPTION

#### (I) RESEARCH AND DEVELOPMENT (R & D)

Expenditure on Research & Development

The Company has not incurred any revenue expenditure during the year under report.

#### (II) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Due to the closure of the factory ,the Company has not undertaken any projects for development, improvement of the products.

### C. FOREIGN EXCHANGE EARNING AND OUTGO

The Company has incurred foreign exchange expenses to the tune of Rs.Nil during the year under report. There has not been any Foreign Exchange earnings during the year under review.



## JAYANT PAPER MILLS LIMITED

### ANNEXURE - II TO DIRECTORS' REPORT

#### PARTICULARS OF EMPLOYEES

Statement showing particulars of Employees pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended on 31.03.1999

#### EMPLOYEES WHO WERE IN SERVICE THROUGH-OUT THE YEAR.

Sr. No.	Name	Designation & Nature of Duties	Remuneration Rs.	Date of Commencement of Employment	Qualification & No. of years experience	Age	Last Employment
1.	Shri Y.H.Mehta	Managing Director	144000	WholtimeDirector from 1.5.1977 and Managing Director from 1.5.1981	B.E.(Mech) Bombay M.S.(Mech) U.S.A 23 years	47	Nil
2.	Shri M.H.Mehta	Executive Director	90000	Sales Executive from 6.9.80 & Executive Director from 19.3.1985	B.Com 19 year	42	Nil

#### NOTES

1. Shri Y.H.Mehta & Shri M.H.Mehta are related to each other and they are related to Shri H. R. Mehta, Shri J.R.Mehta and Shri V.H.Mehta, Directors of the Company and their employment is contractual.
2. Remuneration includes salary, contribution to Provident fund and other perquisites wherever applicable.