



SAURASHTRA PAPER & BOARD MILLS LTD.

2000

26th Annual Report

Board of Directors

Shashikant K. Mehta
Chairman

Deepak S. Mehta
Managing Director

Pramod I. Shah
Director (Technical)

Mahendra K. Mehta
Director

Sheetal S. Mehta
Director

Hemant I. Shah
Director

Bharat K. Porecha
Nominee Director (G.I.I.C.)

Company Secretary
Nalin T. Ganatra

Auditors
M/s. Shanghavi & Co.
Aditya Centre
Phulchhab Chowk
Rajkot - 360 001.

Bankers
State Bank of India
Bank of India
Corporation Bank

Registered Office
204, Pattani Building
M. G. Road,
Rajkot.

Works
Navagam, Dist. Rajkot (PM I)
Shapar, Dist. Rajkot (PM II)

NOTICE

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the Members of SAURASHTRA PAPER & BOARD MILLS LTD. will be held on Monday the 1st January, 2001 at 04.00 p.m. at Taj Caterers, Kasturba Road, Rajkot to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 30th September, 2000 and the Profit & Loss Account for the period ended on that date together with the Auditors' and Directors' Report thereon.
2. To appoint a Director in place of Shri Shashikant K. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Deepak S. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To Appoint auditors and to fix their remuneration.

DATED : 15.11.2000

By order of the Board

For SAURASHTRA PAPER &
BOARD MILLS LTD.

REGISTERED OFFICE:
Pattani Building
M.G. Road
RAJKOT 360 001

NALIN GANATRA
Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT THE PROXY NEED NOT BE A MEMBER.
2. The proxy form duly executed and stamped should be deposited at the Registered Office of the Company not later than 48 hours before the time of the meeting.
3. The register of members and Share transfer books of the Company will remain closed from Tuesday the 26th December, 2000 to Friday the 29th December, 2000 (both days inclusive).
4. Members desiring any information as regards accounts are requested to write to the Company at least seven days in advance of the Annual General Meeting so as to enable the Management to keep the information ready.
5. Shareholders are requested to bring their copies of the Annual Report at the Meeting.
6. Members are requested to immediately intimate any change in their addresses registered with the Company to its Registered Office at 204, Pattani Building, M.G.Road, Rajkot.

DATED : 15.11.2000

By order of the Board

For SAURASHTRA PAPER &
BOARD MILLS LTD.

REGISTERED OFFICE:
Pattani Building
M.G. Road
RAJKOT 360 001

NALIN GANATRA
Company Secretary

DIRECTORS' REPORT

Your Directors have pleasure to present 26th Annual report together with the statement of accounts for the financial period ended 30th September, 2000.

Financial Results (Rs.in lacs)	<u>2000</u> (9 Months)	<u>1998-99</u> (15 Months)
Profit/(Loss) before interest, depreciation & taxation	(114.25)	426.09
Less :		
Interest	394.66	181.77
Depreciation	102.12	166.79
Taxation	-	-
Profit/(Loss) for the year	(611.03)	(435.03)
Add :		
Last years balance of P & L A/c.	(671.36)	(224.33)
Total	(1282.24)	(659.36)
Less : Prior period adjustment	(478.89)	(12.00)
	(1761.27)	
Transfer from General Reserve	478.21	--
Balance carried forward	(1283.06)	(671.36)

Directors' Panorama on Performance

Your company has recorded during the short financial year loss of Rs. 1089.92 lacs.

Operations

The production of paper from your company's two paper mills during the period under report was as under :

Production		<u>2000</u> (9 Month)	<u>1998-99</u> (15 Month)
Production	White	1423	9441
	Kraft	3630	6315
		<u>5053</u>	<u>15756</u>
Sales	White	1582	9871
	Kraft	3642	6348
		<u>5224</u>	<u>16219</u>

Dividend

The Board of Directors do not recommend payment of dividend for the year under consideration for both, Equity and Preference Shares.

Paper Industry Review

The general Indian Industry showed very small signs of coming out of the prolonged economic slump, though in the last three months there were some positive imprints about a chance of betterment by April'2000. Paper industry was no bar in the ceaseless recessive period. However, low demand continued with steady imports of paper resulting into a skinny business year for paper. Because of the continuous imports of News prints, the Indian manufacturers could not transform & continued their supply of writing printing varieties. As a result there was no clue of an increase in the price of paper. Inspite of the closure of many small mills & medium sized mills the sketch of paper industry did not change.

There has been a silverlining in the industry scenario since February 2000, where there was a impulsive demand of pulp because of closure of large capacity manufacturers. This resulted into an increase in rates of paper in the international market and there by adding indirect fuel to the Indian industry also. Because of more realisation in the international market the Indian manufacturers started exporting paper ending up with a slight shortage in the local market.

The government also has not extended comfort to invigorate this alarming situation, though industry has exemplified the reality several times.

Public Deposits

During the year under consideration, company continually received the good response to it's public deposit scheme. The total amount of fixed deposits received by the company from the shareholder and the public stood at Rs. 305.09 lacs. The company has no deposit, which are matured and claimed, but remained unpaid.

Directors

Shri SK Mehta and Shri DS Mehta retire by rotation at the forth coming agm and being eligible offer themself for reappointment.

Statutory Disclosures

Particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are annexed hereto.

Statement pursuant to Section 217(2A) of the Companies Act, 1956 is not applicable.

Auditors' Report

With regard to the various qualifications made by Auditors in their Report, Notes forming part of the Schedule : R of the Accounts are self explanatory.

Auditors

You are requested to appoint Auditors at the forthcoming Annual General Meeting and to fix their remuneration.

Acknowledgments

Your Directors are pleased to place on record their appreciation for co-operation received during the year from Industrial Development Bank of India, Gujarat Industrial Investment Corporation Ltd., State Bank of India and Bank of India.

The relations with the staff continued to remain cordial. Your directors also record their sense of appreciation for the unstinted support given by them.

For & on Behalf of
Board of Directors

Place : Rajkot
Date : 15.11.2000

Shashikant K. Mehta
Chairman

ANNEXURE TO THE DIRECTOR'S REPORT
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Information under 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 and forming part of the Directors Report for the year ended 30th September, 2000.

A. Conservation of Energy:

- | | | | |
|----|---|---|---|
| a) | Energy conservation measures taken | : | Company undertook appropriate steps to avoid undue loss of energy during the year by constantly monitoring energy consumption levels. |
| b) | Additional investment proposals, if any being implemented for reduction of energy consumption. | : | |
| c) | Impact of measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods. | : | Not Quantifiable |
| d) | | : | Total energy consumption and energy consumption per unit of production as per Form-A: |

FORM-A (See Rule-2)

		<u>2000</u>	<u>1998-99</u>
		(9 Months)	(15 Months)
I	Power & Fuel Consumption:		
	A. Electricity		
	(I) a) Purchased units	30,36,509	65,43,924
	b) Rate/Unit (Rs.)	5.55	4.63
	c) Total Amount (Rs.)	1,68,65,908	3,02,91,535
	(II) a) Units generated through DG Set	5,49,570	64,22,612
	b) Rate/Unit (Rs.)	4.10	4.00
	c) Total Amount (Rs.)	22,53,237	2,57,49,657
	B. Lignite (used in boiler)		
	a) Quantity	1541,365	915,520
	b) Rate/Unit	1874.13	1558.37
	c) Total cost	28,47,099	14,26,718
	C. Groundnut Shell(used in boiler)		
	a) Quantity	1805,023	10921,001
	b) Rate/Unit	1351.44	849.73
	c) Total cost	24,39,382	92,79,886
II.	Consumption per unit of Production:	<u>2000</u>	<u>1998-99</u>
		(9 Months)	(15 Months)
1.	Electricity	Not comparable per M.T. of paper production	*822.98 units per M. T. of paper production.
2.	Lignite & Groundnut Shell	Not Comparable per M.T. of paper production.	0.751 M.T. per M.T. of paper production

Note :

- * For the purpose of calculation of units per M.T., units purchased from GEB and units captively generated from DG sets have been considered.

FORM- B (See Rule-2)

B. Technology Absorption**I. RESEARCH & DEVELOPMENT (R & D)**

- | | | |
|---|---|---|
| 1. Specific areas in which R & D :
carried out by the company. | - | - |
| 2. Benefits derived as a result of
the above R & D. | - | - |
| 3. Future plan of action. | - | - |
| 4. Expenditure on R & D : | - | - |
| (a) Capital | - | - |
| (b) Recurring | - | - |
| (c) Total | - | - |
| (d) Total R & D expenditure as a
percentage of total turnover. | - | - |

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- | | | |
|---|------------------------------------|---|
| 1. Efforts, in brief, made towards
technology absorption, adoption
and innovation | - | - |
| 2. Benefits derived as a result of
the above efforts, e.g. product
improvement, cost reduction,
product development, import
substitution etc | - | - |
| 3. In case of imported technology
(imported during the last 5
years reckoned from the
beginning of the financial
year), following information
may be furnished : | | |
| (a) Technology imported. | Deinking and Dispersion Technology | |
| (b) Year of import. | 1995 and 1996 | |
| (c) Has technology been fully
absorbed ? | Yes | |
| (d) If not fully absorbed, areas
where this has not taken
place, reasons therefore and
future plans of action. | N.A. | |

	<u>2000</u> (9 Months)	<u>1998-99</u> (15 Months)
C. Foreign Exchange Earnings and Outgo:		
1. CIF value of Imports		
i) Stores	--	3,79,955
ii) Waste paper	1,68,83,737	7,50,10,115
iii) Chemicals	--	8,14,340
2. Expenditure incurred in foreign currency :		
i) Foreign Travels	NIL	39,002
3. Amount remitted during the year in foreign currency on account of dividend to non-resident shareholders.	--	--
4. FOB Values of Export	33,62,420	2,59,46,955

For & on Behalf of
Board of Directors

Place : Rajkot
Date : 15.11.2000

Shashikant K. Mehta
Chairman



AUDITORS' REPORT

To

The Members of Saurashtra Paper & Board Mills Limited

We have audited the attached Balance Sheet of SAURASHTRA PAPER & BOARD MILLS LIMITED as at 30th September, 2000 and also the Profit & Loss Account of the company for the period ended on that date annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph (1) above,
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of accounts as required by the law have been kept by the company so far as appears from our examination of the books;
 - (iii) The Balance Sheet and Profit & Loss Account dealt with by the report are in agreement with the books of accounts;
 - (iv) In our opinion, the Profit & Loss account and the Balance Sheet comply with the Accounting Standards referred to in sub section (3C) of section 211 except for Accounting Standard (AS) 2 in so far as it relates to valuation of finished goods as referred in Note No.3, Accounting Standard (AS) 15 in so far as it relates to leave encashment benefits to the employees as referred to in Note No.10.
 - (v) In our opinion and to the best of our information and according to the explanations given to us, the accounts subject to –
 - Note no. 4 regarding quality claims for imported waste papers;
 - Note no. 5 regarding non provision of interest ; and
 - Note no. 8 and 12 regarding balance confirmations,

and subject to and read with all the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

- (a) In the case of Balance Sheet of the State of affairs of the company as at 30th September, 2000; and
- (b) In the case of Profit & Loss Account of LOSS of the company for the period ended on that date.

For SANGHAVI & COMPANY
Chartered Accountants

Rajkot
15th November, 2000

GAURANG R. SANGHAVI
Partner