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SHREE RAJESHWARANAND PAPER MILLS LIMITED

8TH ANNUAL REPORT & ACCOUNTS

1998-99

8TH ANNUAL REPORT**BOARD OF DIRECTORS****Shri Shantilal B. Dave***Chairman***Shri Yashwant C. Oza***Managing Director***Shri Yogesh R. Trivedi***Jt. Managing Director***Shri Satish M. Dave***Technical Director***Shri Devshankar A. Dave****Shri Mohanlal J. Trivedi****Shri Ratilal S. Trivedi****Shri Dharamdutt V. Trivedi****Shri Narendra J. Shah****Shri Sunderji M. Gosar****Shri Kirit N. Modi****CONTENTS**

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REGISTERED OFFICE

Shop No. 82, 4th Lane,
Ghadial Gali, Mangaldas Market,
Mumbai - 400 002.

FACTORY LOCATION

Bharuch-Jhagadia Road,
Village-Govali,
Taluka-Jhagadia,
Dist - Bharuch
Gujarat (INDIA)

BANKERS

Bank of Baroda
GIDC Indl. Estate,
Ankleshwar - 393 002.

AUDITORS

A. K. SAVLA & CO.
Chartered Accountants

8TH ANNUAL GENERAL MEETING**Day and Date :****Monday, 20th September, 1999****Venue :**

THE SILK MERCHANT ASSOCIATION HALL,
480, Kalbadevi Road, Dhanukar Building,
1st Floor, Mumbai - 400 002.

Time :**1.00 p.m.**

Shree Rajeshwaranand Paper Mills Limited**N O T I C E**

Notice is hereby given that the Eighth Annual General Meeting of SHREE RAJESHWARANAND PAPER MILLS LIMITED, will be held at The SILK MERCHANT ASSOCIATION HALL, Dahanukar Building, 480, Kalbadevi Road, 1st Floor, Mumbai - 400 002 on 20th September, 99 at 1.00 p.m. to transact the following business;

ORDINARY BUSINESS :

1. To receive, consider & adopt the Audited Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended as on that date and the Reports of the Directors and Auditor's thereon.
2. To Appoint a Director in place of Shri Devshankar A. Dave who retires by rotation & being eligible, offers himself for reappointment.
3. To Appoint a Director in place of Shri Ratilal S. Trivedi who retires by rotation & being eligible, offers himself for reappointment.
4. To Appoint a Director in place of Shri Dharamdutt V. Trivedi who retires by rotation & being eligible, offers himself for reappointment.
5. To appoint Auditors and to authorise the Board to fix their remuneration
6. To consider and, if thought fit, to pass with or without modifications, the following as an Ordinary Resolution :

"RESOLVED THAT in supercession of all the resolutions passed earlier the concept of the Company be and is hereby accorded in terms of section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company for borrowing such money OR sums of monies on such terms and conditions as the borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the Ordinary Course of Business may exceed the aggregate of paid-up Capital of the Company and its free reserves, provided, the total amount so borrowed by the Board shall not at any time exceed a sum of US\$ 7,000,000 (US\$ SEVEN MILLIONS ONLY).

'EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**Item No. 6:**

Your Company is in the process of expansion of its business activities and it also proposes to repay its high cost domestic debts and in view of the same it is proposed to authorise the Board of Director of your Company to borrow upto a sum of US\$ 7,000,000 (US\$ SEVEN MILLIONS ONLY), from various Foreign Lenders on such terms and conditions as the Board may deem fit, subject to the guidelines of the External Commercial Borrowings as issued by the Ministry of Finance, Government of India.

None of the Directors of your Company are concerned OR interested in passing of the said Resolution.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER .
The proxy form should be lodged with the company at its Registered Office at least 48 hours before the time of the meeting.
2. The Register of Members & Share Transfer Books of the Company will remain closed from 17th September, 99 To 20th September, 99 (both days inclusive).
3. Members are requested to promptly notify any changes in their address to the company at its Registered Office.
4. All documents referred to in the notice are open for inspection at the Registered Office of the Company during office hours on all days except Saturday, Sunday and Public Holidays between 11.00 a.m. to 1.00 p.m. up to the date of Annual General Meeting.

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5. For convenience of members, an attendance slip is annexed to the proxy form. Members are requested to affix their signature at the space provided and hand over the attendance slips at the place of meeting. The proxy of a member should mark on the attendance slip as "proxy".
6. Members who are holding shares in identical order of names in more than one folio are requested to write to the Company to consolidate their holdings in one Folio.
7. THE MEMBERS DESIROUS OF GETTING ANY INFORMATION ABOUT THE ACCOUNTS AND OPERATION OF THE COMPANY ARE REQUESTED TO ADDRESS THEIR QUERIES TO THE COMPANY IN WRITING AT ITS REGISTERED OFFICE ATLEAST 10 DAYS BEFORE THE MEETING, SO THAT THE SAME CAN BE REPLIED AT THE TIME OF ANNUAL GENERAL MEETING TO THE MEMBERS' SATISFACTION.

For and on behalf of the Board

Registered Office :

S. Deepak Kumar & Co.,
Shop No. 82, 4th Lane, Ghadial Galli,
Mangaldas Market, Mumbai - 400 002.

sd/-
(SHANTILAL B. DAVE)
CHAIRMAN

PLACE : GOVALI

DATE : 5-8-1999

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DIRECTOR'S REPORT:

Dear Members,

Your Directors have pleasure in presenting the 8th Annual Report of the company together with the Audited Accounts for the year ended 31st March, 1999.

SUMMARISED FINANCIAL RESULTS :

	Year ended 31-3-1999 Rs. in Lacs	Year ended 31-3-1998 Rs. in Lacs
Profit before Interest & Depreciation	318.68	256.36
Less : Interest	301.21	300.00
Profit Before Depreciation	17.47	(43.64)
Less : Depreciation	98.87	95.42
Profit Before Tax	(81.40)	(139.06)
Less : Provision for Tax	—	—
Profit / Loss	<u>(81.40)</u>	<u>(139.06)</u>

DIVIDEND :

In view of the loss incurred by the company during the year under review, your Directors are unable to recommend any dividend for the year ended March 31, 1999.

REVIEW OF OPERATION :

Global recessionary trends in the Paper Industry had left their mark in India and your Company has been no exception. Pressures on margins constituted the biggest challenge to the Company.

Despite these adverse circumstances, the challenges faced by the company were met with great courage by the entire work-force of dedicated employees headed by the re-organized and re-charged team of senior executives and a turn-around was achieved in the last quarter of the year under review. Total sales have gone upto Rs.2316 Lacs as against Rs.1775 lacs, thereby registering a growth of 30%. At the beginning of the year the demand for paper was slightly sluggish and the price realisation were comparatively less. However, with the increase in Pulp and Paper prices in International Market, the demand picked up steadily, which resulted in high turnover. Reduction in loss was achieved through higher volume and cost control measures.

OUT LOOK :

Your company is looking at 1999-2000 as a year during which the emphasis would be on improving capacity utilisation of plants and maximization of customer satisfaction. With a nominal capital expenditure, the company has planned to increase the production, better quality and maximum utilisation of existing plants.

Industry circle feels that the worst is over and during current year the Paper Industry volume will improve.

Barring unforeseen circumstances, the management is hopeful of improving its performance during the current year.

FIXED DEPOSITS :

At the end of the financial year there was no over due Deposits.

INSURANCE :

The Assets of the Company are fully and adequately insured for all risks.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association Shri D. A.

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Dave, Shri R. S. Trivedi and Shri D. V. Trivedi the Directors retire by rotation at the Eighth Annual general meeting of the company and being eligible offer themselves for re-election.

AUDITORS :

M/s. A. K. SAVLA & CO. Chartered Accountants, Statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for reappointment.

RESIGNATION OF DIRECTOR:

Shri Dinesh N. Shah has resigned from the Directorship of the Company. The Board has accepted the same and express their sincere thanks for the services rendered by Shri D. N. Shah during the period of his directorship.

PARTICULARS OF EMPLOYEES :

The information required under section - 217 (2A) of the Companies Act., 1956 and the rules framed thereunder is not furnished as none of the employees are in receipt of the remuneration as per the limits prescribed in these rules.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO :

Conservation of Energy , Technology Absorption and Foreign Exchange earnings and the information pursuant to section 217(1)(e) of the Companies Act., 1956, read with the rules thereunder is given in the Annexure - A to this report.

ACKNOWLEDGEMENT :

The directors wish to place on record their appreciation for the co-operation and assistance received by the company from concerned ministries of Government of India and various department of Government of Gujarat, Financial Institutions, Bankers, Suppliers, Customers. The Director also wish to thank all the Employees of the company at all levels for their active participation and co-operation.

The Directors wish to record their special thanks to the esteemed Shareholders for reposing their confidence in the company.

For and on behalf of the Board.

sd/-
(SHANTILAL B. DAVE)
CHAIRMAN

PLACE : GOVALI
DATE : 5-8-1999