

18th ANNUAL REPORT

2008-09

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**Shree Rajeshwaranand Paper
Mills Limited**

SHREE RAJESHWARANAND PAPER MILLS LIMITED**18TH ANNUAL REPORT 2008-09**

BOARD OF DIRECTORS	: Mr. Amrish R. Patel	Chairman
	Mr. Prakash R. Vora	Managing Director
	Mr. Udayan D. Velvan	Director
	Mr. Maulik P. Vyas	Director
	Mr. Mahendra V. Shah	Director
	Mr. Dhansukhbhai D. Patel	Director

BANKERS	: Bank of Baroda GIDC Industrial Estate, Ankleshwar – 393 002.
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AUDITORS	: M/s. Sunderji Gosar & Co., Chartered Accountants, Mumbai.
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REGISTERED OFFICE & FACTORY	: Village: Govali, Bharuch – Jhagadia Road, Tal: Jhagadia Dist: Bharuch Gujarat – 392 022
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NOTICE

NOTICE is hereby given that the **EIGHTEENTH ANNUAL GENERAL MEETING** of the Members of **SHREE RAJESHWARANAND PAPER MILLS LIMITED** will be held as scheduled below:

Date : 19th September, 2009
Day : Saturday
Time : 12.00 noon
Place : At the Registered Office of the Company at:
Village: Govali,
Bharuch – Jhagadia Road,
Tal: Jhagadia, Dist: Bharuch
Gujarat – 392 022

to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt Audited Profit and Loss Account for the year ended 31st March, 2009 and the Balance Sheet as on that date along with Directors' Report thereon.
2. To appoint a Director in place of Mr. Amrish R. Patel, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Udayan D. Velvan, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

SPECIAL BUSINESS:

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage or charge by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situated, present and future, and/or conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of Bank of Baroda, (the Bank) Industrial Estate Branch, Ankleshwar, to secure various Financial Assistance up to Rs. 50 Crores lent and advanced, agreed to be lent/advanced, will be advanced to the Company by the Bank together with interest thereon at the agreed rate, compound interest, additional interest, liquidated damages, costs, charges, expenses and other monies payable by the Company to the Bank under Financial Assistance Agreement entered into/to be entered into by the Company in respect of the such Financial Assistance."

"RESOLVED FURTHER THAT the Board of Director of the Company be and is hereby authorised to finalise with the Bank the documents for creating aforesaid mortgage and/or the charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

6. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage or charge by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situated, present and future, and/or conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of any Bank, Financial Institution or any other lender to secure Financial Assistance up to Rs. 50 Crores that may be lent/advanced to the Company by such Bank, Financial Institution or such other lender together with interest thereon at the rate, compound interest, additional interest, liquidated damages, costs, charges, expenses and other monies payable

by the Company to Bank, Financial Institution or any such lender under Financial Assistance Agreement to be entered into by the Company in respect of the such Financial Assistance."

"RESOLVED FURTHER THAT the Board of Director of the Company be and is hereby authorised to finalise with the Bank, Financial Institution or any such lender the documents for creating aforesaid mortgage and/or the charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

7. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT in super session of all the earlier resolutions passed at the General Meeting pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow any sums of money, from time to time from any one or more of the Company's bankers and/or from any other persons, firms, bodies corporate or financial institutions whether by way of cash credit, advance or deposits, loans, debentures or bill discounting or otherwise whether unsecured or secured so that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from Company's Bankers in the ordinary course of business) will or may exceed the aggregate of the paidup capital of the Company and its free reserves, however that the total amount upto which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs.100 Crores(Rupees one hundred crores only)."

Registered Office:

Village: Govali,
Bharuch – Jhagadia Road,
Tal: Jhagadia, Dist: Bharuch
Gujarat – 392 022
Date: 30th June, 2009.

By Order of the Board,

Prakash R. Vora
Managing Director

NOTES:

1. The relevant Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business at Item Nos. 5 to 7 set out in the Notice is annexed hereto.
2. 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 AND PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF MEETING.
3. Pursuant to section 154 of the Companies Act, 1956, Register of Members and Shares Transfer Books of the Company will remain closed from Tuesday, the 8th September, 2009 to Saturday, the 19th September, 2009 (both days inclusive).
4. Members intending to require information about accounts at the meeting are requested to write to the Company at least 10 days in advance of the Annual General Meeting.
5. Members are requested to:
Intimate, if Shares are held in the same name or in the same order and names, but in more than one account to enable the Company to club the said accounts in to one account. Notify immediately the Change if any, in the registered address, to the Company.
6. The Equity Shares of the Company are available for dematerialisation, as the Company has entered into agreement with National Securities Depository Limited (NSDL) and Central Depository Service's (India) Limited (CDSL). Those shareholders who wish to hold shares in electronic form may approach their Depository Participant. The ISIN of the Equity Shares is INE617D01017.

Shree Rajeshwaranand Paper Mills Limited

7. 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 Wednesday and Public Holidays between 11.00 A.M. and 1.00 P.M. up to the date of Annual General Meeting.
8. In order to exercise strict control over the transfer documents, Members are requested to send the transfer documents/correspondence, if any, directly to:

SHAREX DYNAMIC (INDIA) PRIVATE LIMITED

Unit: SHREE RAJESHWARANAND PAPER MILLS LIMITED

Unit – 1, Luthra Industrial Premises,
Andheri Kurla Road, Safed Pool,
Andheri (E),
Mumbai – 400 072.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, following Explanatory Statement sets out all material facts relating to the Special Business mentioned at Item Nos. 5 to 7 of the accompanying notice dated 30th June, 2009 and should be taken as forming part of the notice.

In respect of Item No. 5:

As per the Financial Assistance Agreement already entered and to be entered with Bank of Baroda, Industrial Estate Branch, Ankleshwar (the Bank), the Financial Assistance granted/to be granted are to be secured by hypothecation / pledge of the Company's entire goods movables and other assets, present and future, including documents title to goods and other assets such as book-debts, outstanding moneys, receivables, claims, bills, invoices, documents, contracts, engagements, securities, investments and rights and all machinery, present and future, and are to be further secured by (a) deposit of all title deeds of the existing immovable properties of the Company with intent to create a security in favour of the Bank on such terms and conditions as may be arranged by the Bank.

Section 293(1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a Public Company shall not, without the consent of such public in General Meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole, of any such undertaking.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the Bank may be regarded as, disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

Copy of Financial Assistance Agreement, Loan Agreement, Deed of Hypothecation, correspondence of the Company with the Bank and copies of the relevant documents/correspondence between the Bank and the Company are open for inspection at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the meeting.

None of the Directors is in any way concerned or interested in the aforesaid resolution.

Your Directors recommend the Resolutions.

In respect of Item No. 6:

The Company is planning to borrow funds from any Bank, Financial Institution or any other lender to meet its short term and long term financial requirements. Normally such Financial Assistance are to be secured by hypothecation / pledge of the Company's entire goods movables and other assets, present and future, including documents title to goods and other assets such as book-debts, outstanding moneys, receivables, claims, bills, invoices, documents, contracts, engagements, securities, investments and rights and all machinery, present and future, and are to be further secured by (a) deposit of all title deeds of the existing immovable properties of the Company with intent to create a security in favour of such Bank, Financial Institution or such other lender on such terms and conditions.

Section 293(1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a Public Company shall not, without the consent of such public in General Meeting sell; lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole, of any such undertaking.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the Bank may be regarded as, disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

Copy of Draft Financial Assistance Agreement and correspondence of the Company with such Bank, Financial Institution or such other lender are open for inspection at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the meeting.

None of the Directors is in any way concerned or interested in the aforesaid resolution.

Your Directors recommend the Resolutions.

In respect of Item No. 7:

The proposed increase in the borrowing power of the Board is required in view of certain borrowing proposed to be made by the Company from Financial Institution/Banks/other lender. The Board of Directors feel that the limit be raised to Rs.100 crores. The Resolution at item No.7 is of an enabling nature and would authorise the Directors to borrow from time to time sums not exceeding Rs.100 crores. The Resolution would be in the super session of the earlier resolution passed at the General meeting of the Members of the Company.

None of the Directors is in any way concerned or interested in the resolution.

Registered Office:

Village: Govali,
Bharuch – Jhagadia Road,
Tal: Jhagadia, Dist: Bharuch
Gujarat – 392 022
Date: 30th June, 2009.

By Order of the Board,

Prakash R. Vora
Managing Director

Shree Rajeshwaranand Paper Mills Limited

DIRECTORS' REPORT

Dear Shareholders,

The Directors present the EIGHTEENTH ANNUAL REPORT together with the Audited Statement of Accounts for the Financial Year 2008-09 ended 31st March, 2009.

1. FINANCIAL RESULTS:

Particulars	(Rs. in lacs)	
	2008-09	2007-08
Profit before Interest and Depreciation	611.0	509.52
Less: Interest	206.10	264.71
Profit before Depreciation	404.92	244.81
Less: Depreciation	179.90	172.18
Profit before Tax	225.02	72.63
Less: Provision for Taxation	25.66	9.35
Less: Provision for Fringe Benefit Tax	1.45	1.27
Profit after tax	197.91	62.01
Add/(Less): Prior period adjustments	(20.30)	15.40
Less: Deferred Tax Liability	130.23	30.49
Net Profit after Deferred Tax	47.38	46.92
Add: Balance Brought Forward	178.82	131.90
Balance carried to Balance Sheet	226.20	178.82

2. DIVIDEND:

With a view to conserve the resources for the working capital requirement of the Company, the Board of Directors have not recommend any dividend on the Equity Shares for the year under review.

3. REVIEW OF OPERATIONS:

The Company achieved production of 22,247 M.T. of Newsprint/Writing and Printing paper during the year under review compared to 19,004 M.T. during 2007-08. The Company achieved sales of 23,002 M.T. during the year under review compared to 17,771 M.T. during 2007-08.

The Company has earned Profit before Interest and Depreciation of Rs. 611 lacs during the year under review compared to Rs. 509.52 lacs during 2007-08. The above results have been achieved by efficiently running the plant and thereby reducing Electricity/Coal cost per unit/kg of production. The raw material (Waste Paper) consumption per unit of Production (Newsprint Paper) has also been reduced.

After providing for Depreciation, Prior period adjustments, Taxation and after taking into account Deferred taxation, the Net Profit for the year under review stood at Rs. 47.38 lacs compared to Rs. 46.92 lacs during 2007-08.

4. CAPACITY EXPANSION AND CAPITAL EXPENDITURE:

The Company has spent approx. Rs. 300 lacs during the year under review and also up to the date of this report for increasing the installed capacity from 70 M.T. per day to 80 M.T. per day as well as for providing facilities for better quality of production. The Management is hopeful of achieving the actual production of 80 M.T. per day by second quarter of the year 2009-10.

5. FUTURE PLANS:

As informed earlier, the installed capacity to manufacture Newsprint/Writing & Printing Paper is increased to 80 M.T. per day. The Management is planning to increase the installed capacity to 100 M.T. per day and to further modernise the plant for saving of various energies such as power, steam etc. The Board of Directors have planned to incur capital expenditure to the tune of Rs. 500 lacs during next 6 to 12 months so as to increase the installed capacity to 100 M.T. per day. The investment would

increase the installed capacity of the Company to 100 M.T. per day and would also improve quality of Newsprint/Writing & Printing Paper which would help the Company to reduce its power cost and steam consumption cost.

6. DIRECTORS:

Two of your Directors viz. Mr. Amrish R. Patel and Mr. Udayan D. Velvan retires by rotation in terms of the Articles of Association of the Company. They, however, being eligible offers themselves for reappointment.

7. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at 31st March, 2009 being end of the financial year 200809 and of the profit of the Company for the year;
- (iii) that the Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the annual accounts on a going concern basis.

8. CHANGE OF CONTROL IN THE MANAGEMENT:

The Management has undergone change in part of the Control on 27th November, 2006 when Mr. Prakash R. Vora became Managing Director of the Company and full Control of Management of the Company on 19th June, 2008 when Mr. Yogesh R. Trivedi, Managing Director of the Company and Mr. Raman R. Trivedi, Director resigned from the Board of Directors of the Company and Mr. Prakash R. Vora, Managing Director and Mr. Udayan D. Velvan took full Control of Management after complying with relevant provisions of the Companies Act, 1956 and Regulation 12 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and Section 192A of the Companies Act, 1956 for the compliance of the provisions of the Postal Ballot for the same.

9. INCREASE IN AUTHORISED SHARE CAPITAL:

The Authorised Share Capital of the Company has been increased from Rs. 10 Crores to Rs. 13 Crores divided into 1,30,00,000 Equity shares of Rs. 10/- each w.e.f. 13th September, 2008 pursuant to the Special Resolution passed through Postal Ballot.

10. ALLOTMENT OF SHARES ON PREFERENTIAL BASIS:

The Company allotted on 7th October, 2008, 50,00,000 Equity Shares of Rs. 10/- each for cash at par to Non Promoters on preferential basis pursuant to the Special Resolution passed through Postal Ballot. The paid up capital of the Company is now Rs. 12,45,00,000 w.e.f. 7th October, 2008.

The Company has submitted application to the Bombay Stock Exchange Limited for its approval and listing of this 50,00,000 Equity Shares of Rs. 10/- each.

11. LISTING AND APPLICATION FOR REVOCATION OF SUSPENSION:

The Equity Shares of the Company are listed on Bombay Stock Exchange but presently are in suspension mode at the Bombay Stock Exchange Limited. The Company has already submitted an Application to the Bombay Stock Exchange Limited for revocation of suspension of trading and the management is hopeful to get revocation lifted by the Bombay Stock Exchange in near future.

Shree Rajeshwaranand Paper Mills Limited**12. SHIFTING OF REGISTERED OFFICE TO THE STATE OF GUJARAT:**

The members of the Company in their 17th Annual General Meeting held on 30th September, 2008 accorded their approval for shifting of Registered Office from the State of Maharashtra to the State of Gujarat. The Company, thereafter, filed petition with the Company Law Board, Mumbai for its confirmation under section- 17 of the Companies Act, 1956.

The Company Law Board, Mumbai have passed necessary Order confirming alteration to Clause II of the Memorandum of Association by substituting the words 'State of Gujarat' in place of 'State of Maharashtra'.

The Registered Office of the Company is shifted w.e.f. 2nd June, 2009 to Village: Govali, Bharuch Jhagadia Road, Dist. Bharuch, Gujarat – 392 022 where the Factory and Corporate Office of the Company is situated. The Management is confident that centralization of activities will save time, cost and energy at the benefit of the Company.

13. DEMATERIALISATION OF EQUITY SHARES:

Shareholders have an option to dematerialise their shares with either of the depositories viz NSDL and CDSL. The ISIN No. allotted is INE617D01017.

14. PERSONNEL AND H. R. D.:

The industrial relations continued to remain cordial and peaceful and your Company continued to give ever increasing importance to training at all levels and other aspects of H. R. D.

15. CORPORATE GOVERNANCE:

The Report on Corporate Governance as per Clause 49 of the Listing Agreement is annexed.

16. GENERAL:**16.1 INSURANCE:**

The Company's properties including building, plant and machinery, stocks, stores etc. continue to be adequately insured against risks such as fire, riot, strike, civil commotion, malicious damages, machinery breakdown etc.

16.2 PARTICULARS OF EMPLOYEES:

None of the employees of the Company is drawing remuneration requiring disclosure of information under Section 217(2-A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

16.3 DEPOSITS:

At the end of the Financial Year there were no over due deposits.

17. AUDITORS:

The present Auditors of the Company M/s. Sunderji Gosar & Co., Chartered Accountants, Mumbai will retire at the ensuing Annual General Meeting. They have submitted certificate for their eligibility for reappointment under Section 224(1-B) of the Companies Act, 1956. The notes of Auditors on accounts are self-explanatory.

18. PARTICULARS AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information required under Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, relating to the conservation of Energy and Technology Absorption forms part of this report and is given by way of Annexure.

19. ACKNOWLEDGMENT:

Your Directors express their sincere thanks and appreciation to Promoters, Shareholders, Suppliers and Customers for their constant support and co-operation.

Your Directors also place on record their gratitude to the Banks, Financial Institutions and Government Departments for their confidence reposed in the Company.

for and on behalf of the Board,

Place : Jhagadia
Date : 30th June, 2009.

Prakash R. Vora
Managing Director

Udayan D. Velvan
Director

ANNEXURE - I

FORM - A

A. Disclosure of particulars with respect to Conservation of Energy:

	2008-09	2007-08
(A) Power and fuel Consumption		
1. Electricity		
(a) Purchased Power (units)	10139700	9339450
Total Amount (Rs. in lacs)	616.48	496.92
Rate (unit)	6.08	5.32
(b) Own generation Through Diesel Generator	N.A.	N.A.
2. Coal/Lignite		
Consumption (Qty. in Tonnes)	9606.32	7201.08
Total Amount (Rs.)	296.95	232.40
Average Rate per KG. (Rs.)	3.09	3.23
(B) Consumption of Electricity units per ton of production:		
Newsprint/Writing & Printing Paper		
Production (M.T)	22247.26	19004
Consumption per M.T. of Production:		
Electricity (Unit)	455.77	491.44
Coal/Lignite (Qty in KG)	431.80	378.92

B. TECHNOLOGY ABSORPTION :

- No research & development is carried out by the company.
- No new technology is adopted or innovated.

2008-09	2007-08
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C. FOREIGN EXCHANGE EARNINGS & OUTGO:

1. Total Foreign Exchange used (Rs. in lacs)	626.33	404.90
2. Total Foreign exchange earnings	NIL	NIL

for and on behalf of the Board,

Place : Jhagadia
Date : 30th June, 2009.

Prakash R. Vora
Managing Director.

Udayan D. Velvan
Director