

19th ANNUAL REPORT
2009-10



Shree Rajeshwaranand Paper
Mills Limited



SHREE RAJESHWARANAND PAPER MILLS LIMITED

19TH ANNUAL REPORT 2009-10

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.	
AUDITORS	:	M/s. Sunderji Gosar & Co., Chartered Accountants, Mumbai.	
COST AUDITOR	:	M/s. V. H. Savaiya & Associates, Cost Accountants, Ahmedabad.	
COMPANY LAW CONSULTANTS	:	M/s. Mehta Hurkat & Associates, Company Secretaries, Ahmedabad.	
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 **NINETEENTH ANNUAL GENERAL MEETING** of the Members of **SHREE RAJESHWARANAND PAPER MILLS LIMITED** will be held as scheduled below:

Date : 18th September, 2010
Day : Saturday
Time : 1.00 p.m.
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, 2010 and the Balance Sheet as on that date along with Directors' Report thereon.
2. To appoint a Director in place of Mr. Mahendra V. Shah, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Dhansukhbhai D. Patel, who retires by rotation and, being eligible, offers himself for re-appointment.
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 Financial Assistance up to Rs. 21.00 Crores (Rupees Twenty One Crores Only) lent and advanced/agreed to be lent/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 Agreements 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."

Registered Office:

Village: Govali,
Bharuch – Jhagadia Road,
Tal: Jhagadia, Dist: Bharuch
Gujarat – 392 022
Date: 29th May, 2010.

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 No. 5 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 Wednesday, the 8th September, 2010 to Saturday, the 18th September, 2010 (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 Services (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.
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 No. 5 of the accompanying notice dated 29th May, 2010 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, (the Bank) Industrial Estate Branch, Ankleshwar, the Financial Assistance enhanced up to Rs. 21.00 Crores (Rupees Twenty One Crores Only) sanctioned by the Bank 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 Sanction Letter, Agreement, Deed of Hypothecation, correspondence of the Company with the Bank and copies of the relevant documents 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.

Registered Office:

Village: Govali,
Bharuch -- Jhagadia Road,
Tal: Jhagadia, Dist: Bharuch
Gujarat -- 392 022
Date: 29th May, 2010.

By Order of the Board,

Prakash R. Vora
Managing Director

DIRECTORS' REPORT

Dear Shareholders,

The Directors present the NINTENTH ANNUAL REPORT together with the Audited Statement of Accounts for the Financial Year 2009-10 ended 31st March, 2010.

1. FINANCIAL RESULTS:

(Rs. in lacs)

Particulars	2009-10	2008-09
Profit before Interest and Depreciation	545.93	611.00
	<u>216.29</u>	<u>206.10</u>
Less: Interest	329.64	404.92
Profit before Depreciation	195.19	179.90
Less: Depreciation	134.45	225.02
Profit before Tax	16.56	25.66
Less: Provision for Taxation	-	1.45
Less: Provision for Fringe Benefit Tax	117.89	197.91
Profit after tax	2.20	20.30
Less : Prior period adjustments	32.83	130.23
Less: Deferred Tax Liability	82.86	47.38
Net Profit	226.20	178.82
Add: Balance Brought Forward	309.06	226.20
Balance carried to Balance Sheet		

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 18,468 M.T. of Newsprint/Writing and Printing paper during the year under review compared to 22,247 M.T. during 2008-09. The Company achieved sales of 18,807 M.T. during the year under review compared to 23,002 M.T. during 2008-09.

The Company has earned Profit before Interest and Depreciation of Rs. 545.93 Lacs during the year under review compared to Rs. 611.00 Lacs during 2008-09. The above results have been achieved by efficiently running the plant resulting into less consumption of raw material (Waste Paper) per unit of Production (Newsprint Paper).

After providing for Depreciation, Prior period adjustments, Taxation and after taking into account Deferred taxation, the Net Profit for the year under review stood higher at Rs. 82.86 Lacs compared to Rs. 47.38 Lacs during 2008-09.

4. CAPACITY EXPANSION AND CAPITAL EXPENDITURE:

The Company has spent approx. Rs. 500 lacs during the year under review 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 75 to 80 M.T. per day by end of second quarter of the year 2010-11.

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 in a phased manner and to further modernise the plant for saving of various energies such as power,

Shree Rajeshwaranand Paper Mills Limited

steam etc. The Board of Directors have planned to incur capital expenditure to the tune of Rs. 500 lacs during 2010-11 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. Mahendra V. Shah and Mr. Dhansukhbhai D. Patel, 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, 2010 being end of the financial year 2009-10 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. REVOCATION OF SUSPENSION OF TRADING IN EQUITY SHARES:

The Equity Shares of the Company are listed on Bombay Stock Exchange Limited. The Equity shares of the Company were suspended for trading by Bombay Stock Exchange Limited since December, 2004 on the grounds of certain non compliances of the Listing Agreement. The management took initiative and complied with all the stipulations / conditions imposed by Bombay Stock Exchange Limited for revocation of suspension of trading. The management is pleased to inform that the Equity shares of the Company are now being traded at Bombay Stock Exchange Limited since October, 2009 as Bombay Stock Exchange Limited revoked suspension.

9. RELEASE OF LOCK IN OF PROMOTER'S SHAREHOLDING:

One of the conditions stipulated by the Bombay Stock Exchange Limited at the time of revocation of suspension of trading of Equity shares of the Company was lock in of entire Promoters' Shareholding up to 31st December, 2009 and the same was released from lock in from 1st January, 2010.

10. 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.

11. 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.

12. CORPORATE GOVERNANCE:

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

13. GENERAL:**13.1 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.

13.2 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.

13.3 DEPOSITS:

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

14. 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 re-appointment under Section 224(1-B) of the Companies Act, 1956. The notes of Auditors on accounts are self-explanatory.

15. 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.

16. 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 : 29th May, 2010.

Prakash R. Vora
Managing Director

Udayan D. Velvan
Director

ANNEXURE - I

FORM - A

A. Disclosure of particulars with respect to Conservation of Energy:		
	2009-10	2008-09
(A) Power and fuel Consumption		
1. Electricity		
(a) Purchased Power (units)	9401760	10139700
Total Amount (Rs. in lacs)	583.40	616.48
Rate (unit)	6.21	6.08
(b) Own generation Through Diesel Generator	N.A.	N.A.
2. Coal/Lignite		
Consumption (Qty. in Tonnes)	9043.55	9606.32
Total Amount (Rs. in lacs)	234.30	296.95
Average Rate per KG. (Rs.)	2.59	3.09
(B) Consumption of Electricity units per ton of production:		
Newsprint/Writing & Printing Paper		
Production (M.T)	18468.46	22247.26
Consumption per M.T. of Production:		
Electricity (Unit)	509.07	455.77
Coal/Lignite (Qty in KG)	489.68	431.80
B. TECHNOLOGY ABSORPTION :		
1. No research & development is carried out by the company.		
2. No new technology is adopted or innovated.		
C. FOREIGN EXCHANGE EARNINGS & OUTGO:		
1. Total Foreign Exchange used (Rs. in lacs)	135.72	626.33
2. Total Foreign exchange earnings	NIL	NIL

for and on behalf of the Board,

Place : Jhagadia
Date : 29th May, 2010.

Prakash R. Vora
Managing Director

Udayan D. Velvan
Director