

**22<sup>nd</sup> ANNUAL REPORT  
2012-13**



**Shree Rajeshwaranand Paper  
Mills Limited**



## **SHREE RAJESHWARANAND PAPER MILLS LIMITED**

### **22<sup>ND</sup> ANNUAL REPORT 2012-13**

<b>BOARD OF DIRECTORS</b>	:	Mr. Amrish R. Patel Mr. Prakash R. Vora Mr. Udayan D. Velvan Mr. Vishrut K. Vora Mr. Ashok Kumar V. Shah	Chairman Managing Director Executive Director Director Director
<b>BANKERS</b>	:	State Bank of India, MID Corporate Group Industrial Finance Branch, Vadodara – 390 007	
<b>AUDITORS</b>	:	M/s. Sunderji Gosar & Co., Chartered Accountants, Mumbai.	
<b>COST AUDITOR</b>	:	M/s. V. H. Savaliya & Associates, Cost Accountants, Ahmedabad.	
<b>COMPANY LAW CONSULTANTS</b>	:	M/s. Kashyap R. Mehta & Associates, Company Secretaries, Ahmedabad.	
<b>REGISTERED OFFICE &amp; FACTORY</b>	:	Village: Govali, Bharuch – Jhagadia Road, Tal: Jhagadia Dist: Bharuch Gujarat – 392 022	
<b>REGISTRAR &amp; SHARE TRANSFER AGENT</b>	:	M/s. Sharex Dynamic (India) Pvt. Ltd. Unit-1, Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri (E), Mumbai - 400 072.	

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## **Shree Rajeshwaranand Paper Mills Limited**

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### **NOTICE**

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

Date : 21<sup>st</sup> September, 2013  
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 Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2013 and the Balance Sheet as on that date along with Directors' Report thereon.
2. To appoint a Director in place of Mr. Ashok Kumar V. Shah, who retires by rotation and, being eligible, offers himself for re appointment.
3. 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:**

4. To consider and if thought fit to, to pass with or without modification(s) 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 ` 100 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."

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

"RESOLVED THAT in super session of all the earlier resolutions passed at the Board Meeting/General Meeting if any, 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 paid up 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 ` 100 Crores (Rupees one hundred crores only)."

6. To consider and, if thought fit, to pass with or without modification(s) 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 State Bank of India to secure Financial Assistance of ₹ 36.55 Crores 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 the Agreements entered into/ to be entered into by the Company in respect of the said 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: 16<sup>th</sup> July, 2013.

**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. 4, 5 and 6 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 Saturday, the 7<sup>th</sup> September, 2013 to Saturday, the 21<sup>st</sup> September, 2013 (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 they 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 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:

**M/s. SHAREX DYNAMIC (INDIA) PRIVATE LIMITED**

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

## **Shree Rajeshwaranand Paper Mills Limited**

### **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. 4, 5 and 6 of the accompanying notice dated 16<sup>th</sup> July, 2013 and should be taken as forming part of the notice.

##### **In respect of Item No. 4:**

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. 5:**

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. 5 is of an enabling nature and would authorise the Directors to borrow from time to time sums not exceeding ` 100 crores.

The Resolution would be in the super session of the earlier resolution passed at the Board of Directors meeting of the Company, if any.

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

##### **In respect of Item No. 6:**

State Bank of India, MID Corporate Industrial Finance Branch, Vadodara has sanctioned/renewed Financial Assistance to ` 36.55 Crores. The Financial Assistance sanctioned by the Bank are to be secured by hypothecation of goods/ Machinery/ Book Debts and other movables and also Mortgage over the fixed assets/ immovable properties of the Company wheresoever situated in favour of State Bank of India.

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, Mortgage Deed, 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: 16<sup>th</sup> July, 2013.

**By Order of the Board,**

**Prakash R. Vora**  
Managing Director

**DIRECTORS' REPORT**

Dear Shareholders,

The Directors present the TWENTYSECOND ANNUAL REPORT together with the Audited Statement of Accounts for the Financial Year 2012-13 ended 31<sup>st</sup> March, 2013.

**1. FINANCIAL RESULTS:**

(` in lacs)

Particulars	2012-13	2011-12
Profit before Interest and Depreciation	839.40	786.31
Less: Interest	354.26	333.44
Profit before Depreciation	485.14	452.87
Less: Depreciation	261.50	239.65
Profit before Tax	223.64	213.22
Less: Provision for Taxation	73.90	37.84
Less: MAT Credit entitlement	(12.94)	-
Less : Prior period adjustments	6.41	8.61
Less: Deferred Tax Liability	12.01	11.67
Net Profit	144.26	155.10
Add: Balance Brought Forward	588.60	433.50
Balance carried to Balance Sheet	732.87	588.60

**2. DIVIDEND:**

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

**3. REVIEW OF OPERATIONS:**

The Company achieved production of 23301 M.T. of Newsprint/Writing and Printing paper during the year under review compared to 23546 M.T. during 2011-12. The Company achieved sales of 22576M.T. during the year under review compared to 23490 M.T. during 2011-12. The Company had to shut down its production facilities for 10 days for substantial expansion in the first phase which it had undertaken to be completed over a period of three years in five phases.

The Company has earned Profit before Interest and Depreciation of ` 839.40 Lacs during the year under review compared to ` 786.31 Lacs during 2011-12. The above results have been achieved by improving product quality resulting in increased realization and efficiently running the plant resulting in lesser consumption of raw materials.

After providing for Depreciation, Prior period adjustments and Taxation, the Net Profit for the year under review stood lower at ` 144.26 Lacs compared to ` 155.10 Lacs during 2011-12.

**4. CAPACITY EXPANSION AND CAPITAL EXPENDITURE:**

The Company has spent approx. ` 251.49 lacs during the year under review for increasing the installed capacity to 100 M.T. per day as well as for providing facilities for better quality of production.

During this first phase of expansion, the Company has installed a Pressurised Head Box in replacement of its old Head Box which will increase the production with improvement in quality of the product. The Company has also installed various other balancing equipments to increase the production. The amount spent during first phase on substantial expansion purpose is ` 251.49 lacs.

The Company has planned to diversify into Abrasive Tools Manufacturing activity and for this purpose the Company has made capital expenditure of ` 232.10 lacs till 31<sup>st</sup> March 2013. Few plant and

## **Shree Rajeshwaranand Paper Mills Limited**

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machineries have already arrived at site and rest of the machineries shall be procured in coming financial years. The diversification is presently funded from Company's internal accruals and funds mobilized from Directors through their own resources. Once the unit is established, the Company shall approach its Bankers for providing Working Capital Finance and also for its further Capital Expenditure required by way of Term Loan.

### **5. FUTURE PLANS:**

As informed earlier, the installed capacity to manufacture Newsprint/Writing & Printing Paper is increased to 100 M.T. per day. The Management is planning to increase the installed capacity in a phased manner and to further modernise the plant for saving of various energies such as power, steam etc.

The expansion will be funded out of internal accruals and term loans from Banks and Financial Institution. The Company will be able to undertake good quality of Writing and Printing paper in addition to Newsprint with this substantial expansion production.

### **6. DIRECTORS:**

One of your Directors viz. Mr. Ashok Kumar V. Shah retires by rotation in terms of the Articles of Association of the Company. However, being eligible offers him 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 31<sup>st</sup> March, 2013 being end of the financial year 2012-13 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. LISTING :**

The Equity Shares of the Company are listed on Bombay Stock Exchange. The Company is regular in payment of Annual Listing Fees. The Company has paid Listing fees upto the year 2013-14.

### **9. 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.

### **10. 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.

### **11. CORPORATE GOVERNANCE:**

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



**12. GENERAL:**

**12.1 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.

**12.2 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.

**12.3 DEPOSITS:**

At the end of the Financial Year there were no overdue deposits.

**12.4 COST AUDIT:**

The Board of Directors have appointed M/s. V.H. Savaliya & Associates, Cost Accountants, Ahmedabad as Cost Auditors to conduct cost audit for the year ended on 31<sup>st</sup> March, 2013 and also for the year to be ended on 31<sup>st</sup> March, 2014.

**13. 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.

**14. 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.

**15. 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 : 16<sup>th</sup> July, 2013.

**Amrish R. Patel**  
*Chairman*

**Shree Rajeshwaranand Paper Mills Limited****ANNEXURE - I****FORM - A**

<b>Disclosure of particulars with respect to Conservation of Energy:</b>		
	<b>2012-13</b>	<b>2011-12</b>
<b>(A) Power and fuel Consumption</b>		
<b>1. Electricity</b>		
(a) Purchased Power (units)	<b>12838344</b>	12151620
Total Amount ( ` in lacs)	<b>723.35</b>	781.12
Rate (unit)	<b>5.63</b>	6.43
(b) Own generation Through Diesel Generator	<b>N.A.</b>	N.A.
<b>2. Coal/Lignite</b>		
Consumption (Qty. in Tonnes)	<b>13720.05</b>	11085.00
Total Amount ( ` in lacs)	<b>384.63</b>	347.35
Average Rate per KG. ( ` )	<b>2.80</b>	3.13
<b>(B) Consumption of Electricity units per ton of production:</b>		
Newsprint/Writing & Printing Paper		
Production (M.T)	<b>23300.96</b>	23545.93
Consumption per M.T. of Production:		
Electricity (Unit)	<b>550.98</b>	516.08
Coal/Lignite (Qty in KG)	<b>588.82</b>	470.78
<b>B. TECHNOLOGY ABSORPTION :</b>		
1. No research & development is carried out by the company.		
2. No new technology is adopted or innovated.		
<b>C. FOREIGN EXCHANGE EARNINGS &amp; OUTGO:</b>		
1. Total Foreign Exchange used ( ` in lacs)	<b>94.21</b>	302.32
2. Total Foreign exchange earnings	<b>NIL</b>	NIL

**For and on behalf of the Board,**

Place : Jhagadia  
Date : 16<sup>th</sup> July, 2013.

**Amrish R. Patel**  
Chairman