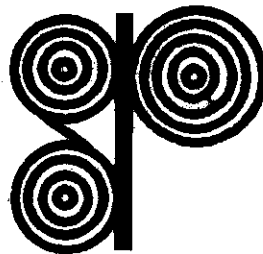


38TH ANNUAL REPORT

1998 - 99

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SPECIALITY PAPERS LIMITED



SPECIALITY PAPERS LIMITED

DIRECTORS	:	MR. P. J. GALA MR. L. J. GALA MR. M. J. GALA MR. S. K. JAJOO MR. L. M. SHAH MR. J. K. GHOSH (Nominee of I.I.B.I.) MR. A. K. JAIN (Nominee of B.I.F.R.)
BANKERS	:	DENA BANK BANK OF AMERICA
SOLICITORS	:	MULLA & MULLA & CRAIGIE BLUNT & CAROE 51, Mahatma Gandhi Road, Mumbai - 400 023.
AUDITORS	:	KETAN C. KOTHARI & CO. CHARTERED ACCOUNTANTS 14/2, Odhav Bhuvan, J. S. S. Marg, Mumbai - 400 002.
REGISTERED OFFICE AND FACTORY	:	MORAI, P. O. VAPI (W. RLY) DIST. BULSAR (GUJARAT)
CORPORATE OFFICE	:	FAMOUS CINE BUILDING 20, DR. E. MOSES ROAD, MAHALAXMI, MUMBAI - 400 011.
ADMINISTRATIVE OFFICE	:	93, DADI SETH AGIARY LANE, KALBADEVI ROAD, MUMBAI - 400 002.
SILVASA OFFICE	:	1/3 ANKUR INDUSTRIAL ESTATE, DEMNI ROAD, VILLAGE DADRA, SILVASSA



SPECIALITY PAPERS LIMITED

NOTICE

NOTICE is hereby given that 38th Annual General Meeting of the Speciality PAPERS LIMITED will held on Wednesday the 29th September 1999 at 11.00 A.M. at the Registered Office of the Company at P. B. O. 7, Morai, P. O., Vapi. Bulsar (W. Rly), to transact the following business :

ORDINARY BUSINESS

1. To Receive, consider and adopt the audited Profit & Loss account of the Company for the Year ended on 31st March 1999, the Balance Sheet as at the date along with the Schedule and Notes thereof and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri P. J. Gala who retire by rotation and being eligible offer himself for re-appointment.
3. To appoint M/s. R. D. Raigaglia & Co., Chartered Accountants as Auditors of the Company in place of M/s Ketan Kothari & Co, Chartered Accountants who hold office up to the date of ensuing Annual General Meeting, have shown their unwillingness to be reappointed as Auditors of the Company. To pass the following resolution with or without modification as an Ordinary Resolution :

"RESOLVED THAT M/s. R. D. Raigaglia & Co., Chartered Accountants be and are appointed as Auditors of the Company to Hold office from the conclusion of the next Annual General Meeting and that Shri Mekan Gala, Director be and are hereby authorised to fix their remuneration in consultation with them.

SPECIAL BUSINESS

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

" RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956 the Authorised share Capital of the Company be and is hereby increased from Rs. 50,00,000/- (Rupees Fifty Lacs only) divided into 4,50,000 (Four Lacs Fifty Thousand) Equity shares of Rs. 10/- (Rupees Ten only) each to Rs. 5,00,00,000/- (Rupees Five Crores only) divided into 49,50,000 (Forty Nine Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten only) Each and 50,000 (Fifty Thousand) 9.5% Redeemable Cumulative Preference Shares of Rs. 10/- (Rupees Ten only) each by creation of additional 45,00,000 (Forty five Lac) Equity Shares of Rs. 10/- (Rupees Ten only) each and the Memorandum of Association of the Company be and is hereby altered by substituting new Clause V in place of existing Clause V which is as under.

- V. The Authorised Share Capital of the Company is Rs. 5,00,00,000/- (Rupees five Crores only) divided into 49,50,000 (Forty Nine Lacs Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten only) Each and 50,000 (Fifty Thousand) 9.5% Redeemable Cumulative Preference Shares of Rs. 10/- (Rupees Ten only) each with power to increase or reduce the said capital and to issue any part of its capital, original or increased with or without any preference, priority or special privileges of subject to any postponement of rights or to any condition or restrictions, so that the unless the conditions of issue shall otherwise



SPECIALITY PAPERS LIMITED

be subject to the power herein contains. The rights and privileges attached to any shares having preferential, qualified or special rights, privileges of conditions attached thereto may be altered or dealt with in accordance with the clause of the accompanying Articles of Association but not otherwise.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this resolution and / or otherwise considered by them in the best interest of the Company.

- 6 To consider and if thought fit, to pass the following resolution, with or without modification (s), as a Special Resolution :

"RESOLVED THAT" pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 the Existing Article 5 of the Articles of Association of the Company relating to the Share Capital be and is hereby altered by deleting the same and substituting in its place, the following new Article :

5. The Authorised Share Capital of the Company is Rs. 5,00,00,000/- (Rupees Five Crores only) divided into 49,50,000 (Forty Nine Lacs Fifty Thousand) Equity Shares of Rs 10/- each and 50,000 (Fifty Thousand) 9.5% Redeemable Cumulative Preference Shares of Rs. 10/- (Rupees Ten only) each with power to increase or reduce the said capital or increased with or without any preference, priority or special privileges of subject to any postponement of rights or if any conditions or restrictions, so that the unless the conditions of issue shall otherwise be subject to the power herein contains. The rights and privileges attached to any shares having preferential, qualified or special rights, privileges of conditions attached there to may be altered to dealt with in accordance with the clauses of the accompanying Articles of Association but not otherwise.

By order of the Board

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MEKAN GALA
DIRECTOR

MUMBAI

Dated : 24th AUGUST 1999

REGISTERED OFFICE

P. O. BOX NO - 7, Morai,
P. O. Vapi,
Dist. Bulsar (W. Rly),

SPECIALITY PAPERS LIMITED**NOTES**

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE IN THE MEETING IS ALSO ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- 2 The instrument appoint a Proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- 3 The Register of Members and Share Transfer Book of the Company will remain closed from Monday, the 24th September 1999 to Wednesday, the 29th of September 1999 (both days inclusive).
- 4 Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of item no 3 to 5 are annexed hereto.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) THE COMPANIES ACT, 1956**Item no. 3 :**

M/s Ketan Kothari & Co, Chartered Accountants the Auditors of the Company have expressed their unwillingness to be reappointed as Auditors of the Company for the next term. In view of the same, the Board of Directors recommends their appointment of M/s. R. D. Raigaga & Co., Chartered Accountants as Auditors of the Company from the conclusion of the Annual General Meeting, until the conclusion of the next Annual General Meeting.

None of the Directors of the Company be deemed to be interested or concerned in the resolution.

Item No. 4 & 5 :

The Authorised Share Capital of the Company is Rs. 50 Lacs. To accommodate the further issue of equity shares, it is necessary to enhance the authorised share capital of the Company from Rs. Lacs to Rs. 500 Lacs by creation of 45,00,000 New Equity Shares of Rs. 10/- each.

Consequent to increase in the Authorised Share Capital of the Company clause V of the Memorandum of Association and Article 5 of Articles of Association of the Company are required to amend suitably.

Your Directors recommends the said resolution for your approval.

None of the Directors shall be deemed to be concerned or interested in the above resolution.

By order of the Board

MUMBAI

Dated : 24th AUGUST 1999

REGISTERED OFFICE

P. O. BOX NO - 7, Morai,

P. O. Vapi,

Dist, Bulsar (W, Rly).

MEKAN GALA
DIRECTOR



SPECIALITY PAPERS LIMITED

DIRECTORS REPORT

**TO
THE MEMBERS OF
SPECIALITY PAPERS LIMITED**

Your Directors presents the Company's Thirty Eighth Annual Report of the Company along with Audited Statement of Accounts for the year ended 31st March, 1999.

1. FINANCIAL RESULTS

The Financial Results of the Company for the year ended 31st March 1999 are :

	For the Year ended 31st March '99 (Rs. in Lacs)	For the Year ended 31 March '98 (Rs. in Lacs)
Sales & other Income	672.22	697.44
Profit / Loss before Interest & Depreciation	75.11	81.28
Interest	24.57	41.59
Depreciation	12.61	9.71
Profit / Loss before Tax	37.93	29.98
Provision for Taxation	-	-
Profit / Loss after Tax	37.93	29.98
Balance Brought forward from earlier years	(285.03)	(315.01)
Balance carried to Balance Sheet	(247.10)	(285.03)

2. OPERATION

During the year under review , Company achieved a Sales turnover and Other Income of Rs. 672.22 lacs and Net Profit of Rs. 37.93 Lacs as against Rs. 697.44 and Rs. 29.98 lacs respectively of the corresponding previous year.

Your Directors would like to place on the record that the decrease in the turnover was on account of decrease in trading Sales. During the year under review the production and Sales of paper was at 2466.30 MT and 2452.85 MT as against 2123.24 MT and 2089.95 MT respectively for the corresponding previous year. further, your Directors would like to place on record that in spite of decrease in operation with the control over the expenses. the net profit margin has gone up from 4.30% to 5.64% of the operations.

During the current year, there has been a fire at the factory on 4th April 1999, whereby causing a monetary loss of Rs. 6 lacs to the Company. The impact of the same will be in current Accounting year.

3. DIVIDEND

In a view of carry forward losses. the Directors do not recommend any dividend for the year under review.

4 SCHEME OF REHABILITATION

The Scheme of Modification in Rehabilitation Scheme is under consideration of the Authorities and Directors are hopeful of receive its approval within a month.



SPECIALITY PAPERS LIMITED

5. FIXED DEPOSIT

The Company has not accepted / renewed any Deposit within the meaning of section 58 A of the Companies Act, 1956 and the (Acceptance of Deposits) Rules, 1975 During the year under review.

6. CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of Conservation of Energy, Technology Absorption and Foreign Exchange Earning Outgo as required pursuant to 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 are furnished in the Annexure to this Report.

7 PARTICULARS OF EMPLOYEES

None of the employees of the Company were in receipt of remuneration of Rs. 6 Lac p. a. or Rs. 50,000/- per month if employed for a part of the year. Hence information required under Section 217 (2A) of the Companies Act, 1956 is not furnished.

8 DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Shri P. J. Gala retires by rotation at the forthcoming Annual General Meeting and being eligible offer himself for appointment.

9. AUDITORS

M/s Ketan Kothari & Co., Chartered Accountants the Auditors of the Company have expressed their unwillingness to be reappointed as Auditors of the Company for the next term. In view of the Same, The Board of Directors recommends the appointment of M/s. R. D. Raigaglia & Co., Chartered Accountants as Auditors of the Company from the Conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting. The Company has received a letter from M/s Chartered accountants to that effect that if the appointments be made, the same would be within the limit prescribed under Section 224 (1B) of the Companies, Act 1956.

10 STATUS ON THE Y2K PREPAREDNESS LEVEL

The Company's Hardware and Software System are Y2K compliant and therefore, no adverse effect of the Y2K problem on the Company's operations processing of functions is expected.

11 ACKNOWLEDGEMENT

Your Directors record their appreciation of the contribution made by the employees at all the levels during the year and also expressed their gratitude to the Company's esteemed clients, contractors, suppliers, bankers, consultants, auditors, and various Government Authorities for their valuable contribution and continued support.

For and on behalf of the Board

MUMBAI
Dated : 24th AUGUST 1999

MEKAN GALA
DIRECTOR



SPECIALITY PAPERS LIMITED

ANNEXTURE TO DIRECTORS REPORT INFORMATION UNDER SECTION 217 (1) (E) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT

ENERGY CONSERVATION :

FORM A

(Form of Disclosure of particulars with respect to conservation of energy)

	For the year ended 31st March '99 (Rs. in lacs)	For the year ended 31st March '98 (Rs. in lacs)
A. Power and Fuel Consumption		
1. Electricity		
(a) Purchased Units lac KWH	14.56	20.00
Total Amount	66.30	84.82
Rate / Unit (Rs.)	4.55	4.24
2. Coal		
Quantity (Tonnes)	2341.59	1834.41
Total cost	40.14	36.02
Average rate Rs / per Ton	1714.22	1963.57
3. Diesel		
Quantity (KL)	342.80	128.86
Total Cost	32.69	16.18
Average rate Rs / per KL	9551.00	12556.00

B. CONSUMPTION PER UNIT OF PRODUCTION :

PRODUCT	Electricity	Coal	Electricity	Coal
PAPER PER MT	590	949	942	864
(KWH)				

SPECIALITY PAPERS LIMITED**FROM B**

(Form of Disclosure of particulars with respect to Technology Absorption)

RESEARCH & DEVELOPMENT

1. Specific areas in which R & D carried out by the Company : The Company has not carried out the R & D activities in a specific area but, generally to reduce the process loss and to effective utilisation of all critical components of process
2. Benefits derived as result of the above R & D : The Company always giving thrust to reduction in process loss and utilisation of critical components of process.
3. Future Plant of Action : The Company is planning to developed the process to use an alternate to conversional type of energy used in process.
4. Expenditure on R & D
 - a) Capital : Rs. Nil
 - b) Recurring : Not significant
 - c) Total : Not significant
 - d) Total R & D expenditure as a percentage of total Turnover : Not applicable

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made in brief towards technology absorption, adaptation and innovation : The Company has developed the technology for manufacture of various types of papers in house. The technology is fully absorbed. The Directors taking effective steps to update with latest available technology in the industry
2. Benefits derived as a results of the above efforts
 - Product Improvement : The Company's plant is operating successfully and satisfactory.
 - Cost Reduction : The quality of the products are satisfactory and well accepted be the market.
 - Products Development : There has been no reduction in cost directly, due to the same.
 - Import substitution : The Company is able to satisfy the demand of various type of Industry and Customers.
 - Nil.



SPECIALITY PAPERS LIMITED

3. Information required in case if imported technology (imported during the last 5 years reckoned from the beginning of the financial year) : Not applicable. as the technology is not imported.

FOREIGN EXCHANGE EARNING & OUT GO

The Company has expended foreign Exchange equivalent to Rs. 3978640/- (CIF) towards purchase of Raw materials.

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