

# **SPECIALITY PAPERS LIMITED**



## **47<sup>TH</sup> ANNUAL REPORT 2007-2008**

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

**MR. MEKAN J. GALA**  
Chairman and Managing Director  
**MR. LAKHAMSHI J. GALA**  
Director  
**MR. PREMJI J. GALA**  
Director  
**MR. PRADEEP K. CHOPRA**  
Director  
**MR. BRIJMOHAN D. AGARWAL**  
Director  
**MR. CHOTHMAL M. KABRA**  
Director

### **BANKERS**

**STATE BANK OF INDIA**

### **AUDITORS**

**KAPADIA SHAH & CO.**  
Chartered Accountant  
Vapi

### **REGISTRAR & TRANSFER AGENT**

**BIGSHARE SERVICES PVT. LTD.**  
E-2/3, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (East), Mumbai – 400 072

### **REGSITERED OFFICE & PLANT**

Village Morai, National Highway No. 8,  
Vapi, Dist. Valsad, Gujarat – 396 191

### **CORPORATE OFFICE**

27, Kermani Building, 3<sup>rd</sup> Floor,  
Jn. of P.M. Road & D.N. Road,  
Opp. Citi Bank, Mumbai – 400 001

## **SPECIALITY PAPERS LIMITED**

Registered Office.: Village Morai, National Highway No. 8,  
Vapi, Dist. Valsad, Gujarat -396 191

### **NOTICE**

Notice is hereby given that the Forty Seventh Annual General Meeting of the Members of Speciality Papers Limited will be held on Wednesday, 31st December, 2008 at 11.00 A. M. at the Registered Office of the Company at Village Morai, National Highway No. 8, Vapi, Distt. Valsad (Gujarat) - 396 191 to transact the following business as:

#### **ORDINARY BUSINESS:**

1. To consider, approve and adopt the Balance Sheet as on 31<sup>st</sup> March 2008 and the Profit and Loss Account for the year ended on that date and the Directors and the Auditor's Report thereon.
2. To appoint a Director in place of Shri. Brijmohan D. Agarwal who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

FOR AND ON BEHALF OF THE BOARD



**MEKAN J. GALA**  
**CHAIRMAN AND**  
**MANAGING DIRECTOR**

Place: Mumbai

Date: December 6, 2008

#### **NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business under item 5 to 8 is annexed hereto.
3. The Registered of Members and the Share Transfer Books of the Company will remain closed on 31<sup>st</sup> December 2008.
4. Members (those holding shares in physical form only) are requested to intimate change of address, if any, to the Company's Registrars, M/s. Bigshare Services Private Limited at E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai - 400 072 or to the Company's Corporate Office quoting the relevant folio number in each case.

5. The members holding shares in the dematerialisation mode are requested to intimate all changes with respect to their bank details, mandate, nomination, power of attorney, change of address, change in name etc. to their depository participant (DP). These changes will be automatically reflected in Company's records, which will help the Company to provide efficient and better service to members.
6. In order to render better and efficient services, we request you to consolidate the multiple folios existing in the same names and in identical order. Consolidated of folios does not amount to transfer of shares and therefore, no stamp duty or other expenses are payable by you. In case you decide to consolidate your folios, you are requested to forward your share certificates to the Company's Corporate Office or to the Company's Registrar and Transfer Agent.
7. Members may note that the Company is accessible on the internet at the website [reliablepaperindia.com](http://reliablepaperindia.com)
8. Members desiring any information relating to the Company's Accounts are requested to write to the Company at least 10 days in advance, so as to enable the Management to keep the information ready.
9. For the convenience of the Members, an Attendance Slip is annexed to the Proxy Form. Members are requested to affix their signature at the space provided and fill up the particulars and hand over the attendance slip at the place of the Meeting.
10. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
11. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the Annual Report to the Meeting.
12. Company's Equity Shares are listed on The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. The listing fees for the financial year 2008-09, is already paid to The Stock Exchange, Mumbai.

FOR AND ON BEHALF OF THE BOARD



**MEKAN J. GALA  
CHAIRMAN AND  
MANAGING DIRECTOR**

Place : Mumbai

Date : December 6, 2008

**SPECIALITY PAPERS LIMITED**

Registered Office.: Village Morai, National Highway No. 8,  
Vapi, Dist. Valsad, Gujarat -396 191

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting 47<sup>th</sup> Annual Report and Audited Accounts of the company for the year ended 31<sup>st</sup> March 2008.

**FINANCIAL RESULTS**

	<b>Current Year</b>	<b>Previous Year</b>
	<b>31/03/2008 (Rs. in Lacs)</b>	<b>31/03/2007 (Rs. in Lacs)</b>
Sales & Other Income	7518.63	4941.53
Profit/(Loss) before Interest & Depreciation	672.45	716.08
Less: Interest	250.22	154.45
Less: Depreciation	182.17	74.43
Net Profit/ (Loss) for the year before Taxation	240.25	487.19
Less: Provision for Taxation	63.87	56.00
Net Profit/(Loss) after Tax	176.38	431.19
Less: Provisions for Taxation (Deferred)	(49.63)	112.10
Net Profit/(Loss) after Deferred Tax	226.00	319.09
Add/(Less) earlier year tax adjustment	00.90	(3.66)
Add: B/F from earlier years	254.34	178.67
Dividend	--	19.20
Tax on Dividend	--	4.35
Balance in Profit & Loss Account carried forward to next year	480.09	254.35

**DIVIDEND**

The Director do not recommended any dividend for the financial year 2007-2008 (previous year @ 5% i.e. Rs. 0.50 per Equity Share).

**BONUS SHARES**

During the year, your Company has issued fully paid up Bonus Equity Shares in the ration of 1:1 to the equity shareholders of the Company.

**OPERATIONS - PERFORMANCE HIGHLIGHTS**

The year under review was overall, a good and eventful year for the Company. Despite of stiff competition, the company has achieved net sales of Rs 7289.20 Lacs and a net profit of Rs. 240.25 Lacs as against Rs. 4891.63 Lacs and Rs 487.19 Lacs respectively of the corresponding previous year.

## **PROGRESS OF SCHEME OF AMALGAMATION/MERGER**

During the year, as per the direction of the Honorable High Court Gujarat, your company had convened special court convened meeting of the Equity Share holders, the Secured and Unsecured Creditors of the company on the September 15, 2008 and accordingly the scheme of Amalgamation of Reliable Paper (India) Ltd., Opel Paper Mill Ltd and Prime Hygiene Products Pvt. Ltd. with your Company was unanimously approved at the said respective court convened meetings.

The High Court approvals are in progress and once granted the amalgamation will be completed with effect from respective appointed dates stipulated in the Amalgamation Scheme approved by the Honorable High Court.

## **EXPORTS**

During the year, the company has bagged big orders from buyers abroad and commences exports to various countries abroad. Company has achieved exports sales of (FOB) Rs.805.00 lacs during the year as against sales of (FOB) Rs. 816.17 lacs of the previous year.

## **DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri. Brijmohan D. Agarwal, Director of the Company retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

## **POLLUTION CONTROL SAFETY AND ENVIRONMENTAL PROTECTION**

The Company is very much concerned for the safety of men and machines. The preservation of the environment in and around the manufacturing plants has always received high weightage in all over corporate decisions.

## **FIXED DEPOSITS**

The Company has not accepted any deposits during the year from the public within the meaning of section 58A of the Companies Act, 1956.

## **INSURANCE**

The movable and immovable properties of the Company including plant and machinery and stocks wherever necessary and to the extent required have been adequately insured.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO**

The information pertaining to conservation of energy, technology absorption, foreign exchange earning and outgo required to be disclosed as per 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 "A" to this Report

### **AUDITOR'S**

M/s. Kapadia Shah & Co., Chartered Accountants (Formerly M/s. S. S. Kapadia & Associates) the Statutory Auditors of the Company, are retiring at the conclusion of Forty Seventh Annual General Meeting, and being eligible offer, themselves for reappointment. The Auditor's has furnished a Certificate as required under section 224(1B) of the Companies Act, 1956 and has consented to continue to act as auditors of the Company for the current year, if re-appointed. The shareholders of the Company are requested to appoint Auditors and to authorize Directors to fix their remuneration.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under section 217 (2AA) of the Companies Act, 1956 the Directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. 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 as on 31<sup>st</sup> March, 2008 and of the profit of the Company for the year ended on that date.
3. The Directors have taken proper and sufficient care for the 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 and
4. The Directors have prepared the annual accounts on a going concern basis.

### **DEMAT OF SHARES**

As on date, about 97.98% shares of the Company have been dematerialized and the Company solicits co-operation from its investors to have their holdings converted in demat form to provide them better liquidity in future.

### **PARTICULARS OF EMPLOYEES**

None of the employees of the Company drew a remuneration of Rs. 24,00,000/- for the full year or Rs. 2,00,000/- per month for a part of the year and hence do not fall under category as specified under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of the Employee) Rules, 1975.

## **CORPORATE GOVERNANCE**

Your Company has complied with the mandatory requirement of Corporate Governance provisions prescribed under Clause 49 of the Listing Agreement with Stock Exchange. A detailed report Corporate Governance is included in the Annual Report.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis Report as per requirement of Clause 49 of the Listing Agreement with Stock Exchange is included in the Annual Report.

## **INDUSTRIAL RELATION**

Yours Directors are pleased to report that the relations with the employees and workers continued to be cordial during the year under review.

## **ACKNOWLEDGEMENT**

The Directors would like to acknowledge the support received from the Shareholders, Customers, State Bank of India, Government Departments, Vendors, Contractors and all the other business associates for the continuous support given by them to the Company and their confidence in its management. The Directors also acknowledges with thanks the dedicated efforts of all the staff and employees of the company.

FOR AND ON BEHALF OF THE BOARD

Report



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**MEKAN J. GALA**  
**CHAIRMAN AND**  
**MANAGING DIRECTOR**

  
**LAKHAMSHI J. GALA**  
**DIRECTOR**

Place: Mumbai  
Date: December 6, 2008



## SPECIALITY PAPERS LIMITED

Registered Office.: Village Morai, National Highway No. 8,  
Vapi, Dist. Valsad, Gujarat -396 191

### CORPORATE GOVERNANCE REPORT FOR THE YEAR 2007-08

(As required under Clause 49 of the Listing Agreements entered into with Stock Exchange)

#### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity, in all facts of its operations, and in all its interactions with its stakeholders, including shareholders, employees, the government and lenders.

The company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

#### 2. BOARD OF DIRECTORS:

##### a) Composition of the Board

The Board consist of six Directors as on March 31, 2008, of whom only the Managing Director is in whole time employment of the Company. All the other five Directors are Non-Executive Directors of the Company. The details of which are given in Table-1 below.

##### b) Board Meeting held and Directors' Attendance Record

During the Financial Year 2007-08, 7 (Seven) Board Meetings were held on 30<sup>th</sup> April, 2007, 31<sup>st</sup> July, 2007, 1<sup>st</sup> September, 2007, 31<sup>st</sup> October, 2006, 5<sup>th</sup> January, 2008, 31<sup>st</sup> January, 2008 and 31<sup>st</sup> March, 2008.

Table – 1 : Details of the Board of Directors and meetings attended by Directors during the Financial Year:

Name of Director	Category	Shareholding	No. of Board Meeting		Whether Attended Last AGM	Directorships in Public Companies Incorporated in India	Committee Membership in Companies	
			Held	Attend			As Chairman	As Member
Mr. Mekan J. Gala	Executive Chairman, Promoter	1447407	7	7	YES	THREE	NONE	2
Mr. Lakhamshi J. Gala	Non-Executive Director, Promoter	10250	7	7	YES	NONE	1	NONE

Mr. Premji J. Gala	Non-Executive Director, Promoter	250	7	7	YES	NONE	NONE	1
Mr. Pradeep K. Chopra	Non-Executive & Independent Director	00	7	5	YES	NONE	NONE	NONE
Mr. Chotmal M. Kabra	Non-Executive & Independent Director	00	7	5	NO	NONE	NONE	1
Mr. Brijmohan D. Agarwal	Non-Executive & Independent Director	00	7	5	NO	NONE	1	NONE

None of the Directors is a member of more than 10(Ten) Board Level Committees or a Chairman of more than 5(Five) such Committees, as required under Clause 49 of the Listing Agreement.

**c) Disclosure regarding Directors Appointment/Re-appointment**

Disclosure regarding Directors Appointment/Re-appointment are furnished below in terms of Clause 49 of the listing Agreement:

Shri. Brijmohan D. Agarwal aged 52 years is a Graduate. He has very good experience in the paper industries. He is a Chairman of Audit Committee.

**3. BOARD COMMITTEES:**

**a) Audit Committee**

Pursuant to the provisions of the Companies Act, 1956 and the Listing Agreement with the Stock Exchange, an Audit Committee has been constituted to cover the matters specified for Audit Committee under the Listing Agreements as well under the provisions of the Companies Act, 1956.

As on March 31, 2008, Audit Committee comprises of following:

1. Mr. Brijmohan D. Agarwal – Non-Executive Director - Chairman
2. Mr. Chotmal M. Kabra – Non-Executive Director
3. Mr. Mekan J. Gala –Executive Director

During the Financial Year 2007-08, 5 (Five) Audit Committee Meetings were held on 30<sup>th</sup> April, 2007, 31<sup>st</sup> July, 2007, 1<sup>st</sup> September, 2007, 31<sup>st</sup> October, 2007 and 31<sup>st</sup> January, 2008 and the meeting was attended by all the members of the Audit Committee.