



ANNUAL REPORT

30TH

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**SPECIALITY
PAPERS
LIMITED**

1999 - 2000

**SPECIALITY PAPERS LIMITED**

DIRECTORS	:	MR. P. J. GALA MR. L. J. GALA MR. M. J. GALA MR. P. K. CHOPRA MR. S. K. JAJOO MR. L. M. SHAH MR. A. K. JAIN (Nominee of B.I.F.R.)
BANKERS	:	DENA BANK ABN - AMRO BANK
SOLICITORS	:	MULLA & MULLA & CRAIGIE BLUNT & CAROE 51, Mahatma Gandhi Road, Mumbai - 400 023.
AUDITORS	:	R. D. RAIGAGLA & CO. <i>CHARTERED ACCOUNTANTS</i> 105, Kaji Sayed Street, 2nd Floor, Above Union Bank of India, Mumbai - 400 003.
REGISTERED OFFICE AND FACTORY	:	MORAI, P. O. VAPI (W. RLY.) DIST. VALSAD (GUJRAT)
CORPORATE OFFICE	:	FAMOUS CINE BUILDING 20, DR. E. MOSES ROAD, MAHALAXMI, MUMBAI - 400 011.
SILVASA OFFICE	:	1/3 ANKUR INDUSTRIAL ESTATE, DEMNI ROAD, VILLAGE DADRA, SILVASA.

SPECIALITY PAPERS LIMITED**NOTICE**

Notice is hereby given that the 39th Annual General Meeting of the Members of **SPECIALITY PAPERS LIMITED** will be held on Wednesday, the 30th August, 2000 at 11.00 A.M. at the Registered Office of the Company at P. O. Box No.7, Morai, N. H. No.8, Vapi, Dist. Valsad (Gujarat) to transact the following Business as :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2000 and the Audited Balance Sheet as at that date together with the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri L. J. Gala retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri S. K. Jajoo retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company & fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT Shri Pradeep Kumar Chopra who was appointed as an Additional Director of the Company and vacates office on the date of this Annual General Meeting, pursuant to provisions of section 260 of the Companies Act, 1956 and in respect of whom the Company has received Notice proposing his candidature for the office of the Director pursuant to section 257 of the Companies Act, 1956 along with the requisite deposit be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT in accordance with the provisions of sections 198, 269, 309, 310 & 311 read with Schedule XIII, as amended upto date and all other applicable provisions, if any, of the Companies Act, 1956, and other approvals, permission required from any other authorities, the consents of the Company be and is hereby accorded to the appointment and remuneration payable to Shri Pradeep Kumar Chopra as Joint Managing Director of the Company for a period of 3 (three) years with effect from 6th May, 2000 on the terms and conditions as set out in the explanatory statement :

RESOLVED FURTHER THAT Shri Pradeep Kumar Chopra, Joint Managing Director of the Company shall not retire by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as be necessary, expedient or desirable, including power to delegate, in order to give effect to this resolution or otherwise considered best in the interest of the Company."



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

"RESOLVED THAT pursuant to provisions of section 94 and all 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 Lakhs only) divided into 4,50,000 (Four Lakhs Fifty Thousand only) Equity Shares of Rs.10/- (Rupees Ten only) and 50,000 (Fifty Thousand) 9.5% Redeemable Cumulative Preference Shares of Rs.10/- (Rupees Ten only) each to Rs.5,00,00,000 (Rupees Five Crores only) divided into 49,50,000 (Fourty Nine Lakhs Fifty Thousand only) 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 and the existing Clause V of the Memorandum of Association of the Company be & is hereby altered by substituting new Clause V :

V. The Authorised Share Capital of the Company is Rs.5,00,00,000/- (Rupees Five Crores only) divided into 49,50,000 (Fourty Nine Lakhs Fifty Thousand only) 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 & reduce the said capital and to issue any part of its capital, original or increased with or without any preference, priority or special privileges or subject to any postponement of rights or to any condition 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 or conditions attached thereto may be altered or dealt within accordance with the clause of the accompanying Articles of Association but not otherwise.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be required to give effect to this resolution."

8. To consider & if thought, fit to pass with or without modification(s) the following as an **Special Resolution** :

"RESOLVED THAT pursuant to provisions of section 31 and all 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 Authorised Share Capital of the Company be and is hereby altered by deleting the same and substituting in its place, the following as new Article 5 :

5. The Authorised Share Capital of the Company is Rs.5,00,00,000/- (Rupees Five Crores only) divided into 49,50,000 (Fourty Nine Lakhs Fifty Thousand only) 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 & reduce the said capital and to issue any part of its capital, original or increased with or without any preference, priority or special privileges or subject to any postponement of rights or to any condition 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

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special rights, privileges or conditions attached thereto may be altered or dealt within accordance with the clause of the accompanying Articles of Association but nor otherwise.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby Authorised to to do all such acts, deeds and things as may be required to give effect to this Resolution."

9. To consider & if thought, fit to pass with or without modification(s) the following as an **Special Resolution** :

"RESOLVED THAT pursuant to section 81 and all other applicable provisions of the Companies Act, 1956, and subject to the necessary approvals, consents, permissions and / or sanctions of the Government of India, Reserve Bank of India, Securities and Exchange Board of India (SEBI), financial institutions or Bank(s) and any other appropriate authorities, bodies as may be necessary under any law for the time being in force and subject to such terms, conditions and modifications thereto as may be prescribed by them in granting such approvals and which may be agreed to by the Board of Directors of the Company, the consent of the Company be and is hereby accorded to the Board of Directors to make a private placement / preferential issue of not more than 45,96,275 Equity Shares and 50,000, 9.5% Redeemable Cumulative Preference Shares at such price and upon such terms and conditions as the Board may in its absolute discretion deem fit, to the shareholders, promoters, directors, their friends and relatives and associates, as the Board may in its absolute discretion deem fit.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to issue and allot such number of additional equity shares as may be required to be issue and allotted in pursuance of the above issue and that the equity shares so allotted shall rank pari passu with the existing equity shares of the Company save and except that they shall carry the right to receive dividend which may be declared for the financial year in which the allotment of the equity shares shall become effective, pro-rata to the amount actually paid thereon and the proportionate from the date of allotment.

RESOLVED FURTHER THAT the equity shares so allotted shall be listed on the stock exchanges on which the existing shares of the Company are listed.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to to do all such acts, deeds and things as may be required to give effect to this resolution."

NOTES :

1. A MEMBER ENTITLED TO APPOINT AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxy Forms should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.



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3. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd August, 2000 to 30th August, 2000.
4. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item nos. 5 to 9 are annexed hereto.

Place : **Mumbai**
Date : 29th July, 2000

By Order of the Board

MEKAN J. GALA
MANAGING DIRECTOR

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 5 & 6 :

Shri Pradeep Kumar Chopra was appointed as an Additional Director and Joint Managing Director of the Company for a period of 3 (three) years with effect from 6th May, 2000. Pursuant to section 260 of the Companies Act, 1956, he holds office till the date of ensuing Annual General Meeting of the Company.

The Company has received notice from a member proposing the candidature of Shri Pradeep Kumar Chopra for the office of the Director pursuant to section 257 of the Act alongwith the requisite deposit.

Shri Chopra is qualified B. Tech. (Chemical Engineering) and has specialised in Pulp & Paper technology. Shri Chopra has been in paper industry for last 24 years. The Company hope that the knowledge and experience of Shri Chopra would be of immense value to the Board in its deliberations and decisions. The terms and conditions including remuneration payable to him are as under :

- 1) The Period of Appointment is for 3 (three) years w.e.f. 6th May, 2000.
- 2) Remuneration payable is as under :
 - A) Basic Salary Rs.20,000/- per month.
 - B) Perquisites :
 - (a) Contribution to provident fund, superannuation fund as per the Income Tax Act, 1961.
 - (b) Gratuity of half month's salary for each completed years of service.
 - (c) Encashment of leave as per the rules of the Company.
 - (d) Medical Expenses upto 1 (one) month's salary in a year.
 - (e) Leave Travel Assistance upto 1 (one) month's salary in a year.
 - (f) Entertainment expenses for the Company's business.

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- C) Provision for car use on the Company's business and telephone at residence for business purpose only will not be considered as perquisites.

Your Directors recommends the resolutions No. 5 & 6 for your approval.

The explanation together with the resolution set out in accompanying notice should be treated as an abstract u/s. 302 of the Act in respect of appointment of Shri P. K. Chopra as Joint Managing Director.

Except Shri Pradeep Kumar Chopra, no other Directors shall be deemed to be concerned or interested in the above resolutions.

ITEM NO. 7 & 8

The Authorised Share Capital of the Company is Rs.50,00,000/-. To accommodate the further issue of equity shares, it is necessary to enhance the Authorised Share Capital from Rs.50,00,000/- to Rs.5,00,00,000/- by creation of 45,00,000 New Equity Shares of Rs.10/- each.

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

Your Directors recommends the resolutions No. 7 & 8 for your approval.

None of the Directors shall be deemed to be concerned or interested in the above resolutions except to the extent of their entitlement that may be allotted to them.

A copy of the existing Memorandum and Articles of Association of the Company is available for inspection at the Registered Office of the Company during business hours or any working day upto the date of Annual General Meeting of the Company.

ITEM NO. 9

The Company intends to go in for the expansion of the business of the Company which is poised to substantially increase the turnover and profitability of the Company shall necessitate to meet the increasing requirements of the Company. The Board therefore, proposes to raise funds by issue of fresh equity shares as may be permitted in the resolution. However any such issue of shares may result in the dilution of the existing holding of the promoters.

The Directors accordingly recommend the resolutions set out in at these items of the Notice for the appoval of the shareholders.

None of the Directors shall be deemed to be concerned or interested in the above resolutions except to the extent of their entitlement that may be allotted to them.

Place : **Mumbai**
Date : 29th July, 2000

By Order of the Board

MEKAN J. GALA
MANAGING DIRECTOR



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DIRECTORS' REPORT

To The Members,

The Directors present their Thirty Ninth Annual Report together with the Audited Balance Sheet as at 31st March, 2000.

FINANCIAL RESULTS

The Financial Results of the Company for the year ended 31st March, 2000 are as under :

	Current Year 31/03/2000 (Rs. In Lacs)	Previous Year 31/03/1999 (Rs. In Lacs)
Sales & Other Income	789.55	672.22
Profit / (Loss) before Interest & Depreciation	89.73	75.11
Less : Interest	28.08	24.57
Less : Depreciation	14.20	12.61
Net Profit / (Loss) for the year before Taxation	47.45	37.93
Less : Provision for Taxation	-	-
Net Profit / (Loss) after Taxation	47.45	37.93
Amount available for Appropriations	47.45	37.93
Add : Balance brought forward from earlier years	(247.10)	(285.03)
Balance in Profit & Loss Account carried forward to next year	(199.65)	(247.10)

OPERATIONS

During the period under review, the Company achieved a Sales Turnover and Other Income of Rs.789.55 Lakhs and Net Profit of Rs.47.45 Lakhs as against Rs.672.22 Lakhs and Rs.37.93 Lakhs respectively of the corresponding previous year. The net profit margin has gone up from 5.64% to 6.01%.

DIVIDEND

In view of the carried forward losses, the Directors express their inability to declare any dividend for the year ended 31st March, 2000.

SCHEME OF REHABILITATION

The Scheme of Modification in Rehabilitation Scheme is under consideration of the Authorities and Directors are hopeful of receiving its approval shortly.

FIXED DEPOSITS

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

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri L. J. Gala and Shri S. K. Jajoo retires by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Shri J. K. Ghosh has resigned as a Nominee Director of Industrial Investment Bank of India

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Limited from the Board of Directors of the Company with effect from 4th May, 2000. The Board places on record its appreciation for the valuable services rendered by Shri Ghosh during his tenure as Director of the Company.

Shri Pradeep Kumar Chopra was appointed as an Additional Director and Joint Managing Director of the Company with effect from 6th May, 2000 by the Board of Directors at their meeting held on 4th May, 2000. Shri Chopra is qualified B. Tech. (Chemical Engineering) and has specialised in Pulp & Paper technology. Shri Chopra has been in paper industry for last 24 years. The Company hope that the knowledge and experience of Shri Chopra would be of immense value to the Board in its deliberations and decisions.

The Company has received notice from a member proposing the candidature of Shri Chopra for the office of the Director pursuant to section 257 of the Companies Act, 1956 alongwith the requisite deposits. The Board recommends resolution for your approval.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGES EARNINGS AND OUTGO

The details of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings Foreign Exchange 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 the Board of Directors) Rules, 1988 are furnished in the Annexure to this Report.

PARTICULARS OF EMPLOYEES

None of the employees of the Company were in receipt of remuneration of Rs.6,00,000/- per annum and 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.

AUDITORS

The Board of Directors recommend the appointment of M/s. R. D. Raigagla & 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 Chartered Accountants to that effect that if the appointment is made, the same would be within the limit prescribed under section 224 (1B) of the Companies Act, 1956.

STATUS OF 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 operation processing of functions is expected. Your Company has smoothly transformed into new millenium.

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.

By Order of the Board

Place : **Mumbai**

Date : 29th July, 2000

MEKAN J. GALA
MANAGING DIRECTOR



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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) REPORT

ENERGY CONSERVATION :

FORM A

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

	For the Year ended 31 st March '00 (Rs. in Lacs)	For the Year ended 31 st March 99 (Rs. In Lacs)
A. Power and Fuel Consumption		
1. Electricity		
(a) Purchased Units lac KWH	13.79	14.56
Total Amount	69.50	66.30
Rate / Unit (Rs.)	5.04	4.55
2. Coal / Lignite		
Quantity (Tonnes)	1956.45	2341.59
Total Cost	30.74	40.14
Average rate Rs./ per Ton	1571.21	1714.22
3. Diesel		
Quantity (KL)	277.67	342.80
Total Cost	24.23	32.69
Average rate Rs. / per KL	8726.00	9551.00
B. CONSUMPTION PER UNIT OF PRODUCTION :		
PRODUCT PAPER		
Electricity (KWH/MT)	618	590
Coal (KWH/MT)	878	949