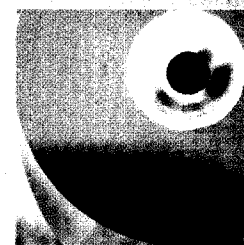
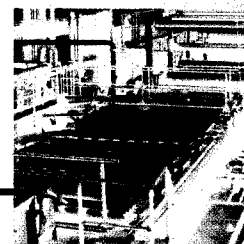
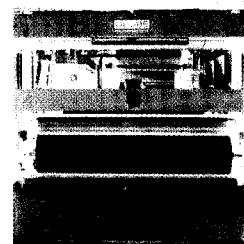
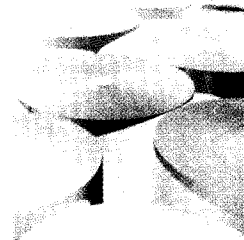


SPECIALITY PAPERS LIMITED

2005
2006



45th Annual Report

www.reportjunction.com

CORPORATE INFORMATION

BOARD OF DIRECTORS

MR. MEKAN J. GALA

Chairman & 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

Ghatkopar (West) Branch

Mumbai

AUDITORS

S.S.KAPADIA & ASSOCIATES

Chartered Accountants

5/B, Shopping Centre,

Near Bank of India, Silvasa Road,

G. I. D. C. Vapi 396195

SOLICITORS & ADVOCATE

L.D.SHAH & CO.

General Assurance Building,

232, D.N. Road, Ground Floor,

Mumbai 400 001.

REGISTRAR & TRANSFER AGENTS

BIGSHARE SERVICES PVT. LTD.

E 23, Ansa Industrial Estate,

Saki Vihar Road, Saki Naka,

Andheri (East), Mumbai 400 072.

REGISTERED OFFICE AND PLANT

Morai Village, National Highway No.8

P.O. Vapi 396191. Dist. Valsad (Gujrat).

CORPORATE OFFICE

27, Kermani Building, 3rd Floor, Jn. of

P.M. Road & D. N. Road, Opp. Citi Bank,

Mumbai 400 001

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NOTICE

Notice is hereby given that the Forty Fifth Annual General Meeting of the Members of Speciality Papers Limited will be held on Wednesday, 13th September, 2006 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 31st March, 2006 and the Profit and Loss Account for the year ended on that date and the Directors and the Auditor's Report thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri Lakhamshi J. Gala who retires by rotation and being eligible offers himself for reappointment.
4. 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.

SPECIAL BUSINESS:

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

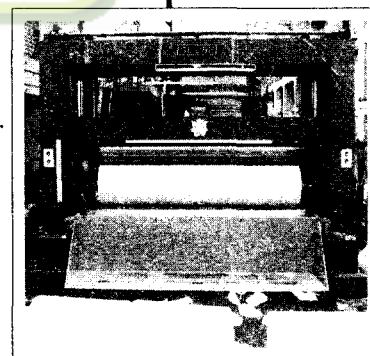
"RESOLVED THAT Shri. Brijmohan D. Agarwal, who was appointed as an Additional Director of the Company by the Board of Directors of the Company and who holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Shri. Chothmal M. Kabra, who was appointed as an Additional Director of the Company by the Board of Directors of the Company and who holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT in supersession of the resolution passed at the Extra-Ordinary General Meeting of the Company held on 10th March, 2004 and pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of such authority, institution and Government, whether within or outside India as may be required, the Board of Directors of the Company be and are hereby authorized and shall be deemed to have always been so authorized to raise or borrow, for and on behalf of the Company, any sum or sums of monies from time to time, from State or Central Government or one or more Bodies Corporate, or Banks or Financial Institution or Overseas Corporate Bodies, or Foreign Financial Institution, or any other agency, either domestic or foreign or the public, either Resident/Non Resident, by way of cash credit, advances, deposits or bridge loans, term loans, foreign currency loan, FCNR(B) loan or any other loans, either in Indian currency or in foreign currency, whether unsecured or secured by mortgage, charge, hypothecation or pledge of the Company's



assets and properties, whether movable and /or immovable or stock in trade (including book debts, bills, raw materials, stores and spare parts and components in stock or in transit) and debts and advances notwithstanding that the sum or sums so borrowed together with the monies, if any, already borrowed by the Company (apart from the temporary loans obtained from the Company Banker's in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but so that the total amount upto which the moneys may be so borrowed shall not at any one time exceed Rs. 100 Crores (Rupees One Hundred Crores only) excluding interest thereon."

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

"RESOLVED THAT in supersession of the resolution passed at the Extra-Ordinary General Meeting of the Company held on 10th March, 2004 and pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the creation by the Board of Directors of the Company of such mortgage(s), charge(s), hypothecation(s), lien(s) and other encumbrances, if any, in addition to the existing mortgage(s), charge(s), hypothecation(s) lien(s) and other encumbrances, if any, created by the Company as the Board may direct, on such of the assets of the Company, both present and future, in such manner as the Board may direct, to or in favour of all or any of the financial institutions/banks/any other investing agencies in connection with

availing of term loans, foreign currency Loans etc., as the case may be from any of the financial institutions, banks, any other investing agencies or any other person, bodies corporate to secure rupee, foreign currency loan(s) etc., the value of which, not to exceed Rs. 100 Crores (Rupees One Hundred Crores only) excluding interest thereon."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to finalize with the concerned Financial Institutions/Banks or other Investing Agencies, the documents for creating the mortgages / charges / hypothecation etc. and accepting or making any alterations, changes, variations to or in the terms and conditions and to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purpose of giving effect to this resolution."

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

"RESOLVED THAT in supersession of the resolution passed at the Annual General Meeting of the Company held on 24th August, 2005 and pursuant to the provisions of Section 81(1), 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof, for the time being in force, the provisions of the Memorandum and Articles of Association of the Company and in accordance with listing agreement entered into by the Company with the Stock Exchange where the shares of the Company are listed and subject to the approval of the Securities and Exchange Board of India (hereinafter referred to as

"SEBI"), Reserve Bank of India (hereinafter referred to as "RBI") and all other appropriate authorities and departments, if and to the extent necessary and such other approvals, permissions and sanctions, as may be necessary, and subject to such condition(s) and modification(s) as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company and/or duly authorized Committee thereof for the time being exercising the powers conferred by the Board of Directors (hereinafter referred to as the "Board"), at its sole discretion, the consent of the Shareholders be and is hereby granted to the Board to create, offer, issue and allot Equity Shares/any securities convertible into Equity Shares whether optionally or otherwise/securities linked to Equity Shares/any other financial instrument (hereinafter referred to as "securities") for any aggregate amount not exceeding Rs. 100 Crores (Rupees One Hundred Crores only), to the existing shareholders / general public/promoters/Foreign Investors (whether institutions and/or incorporated bodies and/or individuals or otherwise) / Overseas Corporate Bodies / Non-Resident Indians/Foreign Institutional Investors / Financial Institutions/Banks/Mutual Funds/Companies/Group Companies and to such other persons/entities as may be considered to be in the best interest of the Company and whether or not such investors are members of the Company, through prospectus/letter of offer/circular and/or on private placement basis or otherwise, in one or more modes or combinations thereof, at such time or times, in such tranche or tranches, at such

price or prices, at a discount or premium to market price, in such manner and on such terms and conditions as may be decided or considered appropriate by the Board at the time of such issue or allotment considering the prevailing market conditions and other relevant factors and in consultation with the Lead Manager(s) and advisors.

“RESOLVED FURTHER THAT the Board is also authorized to enter into and execute all such arrangements with the Lead Managers / Underwrites / Depositories /

Custodians and all such agents as may be involved or concerned in such offering of securities and to remunerate them including by way of payment of commission, brokerage, fees or the like.

“RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Equity Shares/Securities/Instruments, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable and to settle any questions, difficulty or doubt that may arise

in regard to the offering, issue, allotment and utilization of the issue proceeds, as it may, in its absolute discretion, deem fit and proper.

FOR AND ON BEHALF OF THE BOARD

MEKAN J. GALA
CHAIRMAN AND
MANAGING DIRECTOR

Place : Mumbai

Date : August 12, 2006



NOTES:

- ◆ 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.

- ◆ 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.

- ◆ The Registered of Members and the Share Transfer Books of the Company will remain closed from September 6, 2006 to September 13, 2006 (both days inclusive).

- ◆ Payment of dividend as recommend by the Board, if approved at the Annual General Meeting, will be paid to those members, whose name appear in the Company's Register of Members, as at the close of business on August 16, 2005 and in respect of share held in electronic form, to those "deemed members" whose name appear in the statement of Beneficial Ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the close of business hours on September 5, 2006.

- ◆ In order to provide protection against fraudulent encashment of the warrants, shareholders holding shares in physical form, are requested to intimate 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, under

the signature of the Sole/First Joint holder, the following information for printing on the Dividend Warrants:

- I) Name of the Sole/First Joint Holder and the Folio Number
- II) Particulars of Bank account viz.
 - a) Name of the Bank
 - b) Name of the Branch
 - c) Complete address of the Bank with PIN Code Number
 - d) Account Type, whether Savings (SB) or Current Account (CA)
 - e) Bank Account number allotted by the Bank

Members will appreciate that the Company will not be responsible for any loss arising out of fraudulent encashment of the dividend warrants.

- ◆ 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.

- ◆ 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.

- ◆ 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.

- ◆ Members may note that the Company is accessible on the internet at the website reliablepaperindia.com
- ◆ 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.
- ◆ 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.
- ◆ 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.
- ◆ 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.
- ◆ 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 2006-07, 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 : August 12, 2006

**EXPANATORY STATEMENT
Pursuant to Section 173(2) of
the Companies Act, 1956.**

Item No.5.

Shri. Brijmohan D. Agarwal, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 with effect from December 27, 2005. Shri. Brijmohan D. Agarwal holds office upto the date of the ensuing Annual General Meeting. The notice under Section 257 of the Companies Act, 1956 has been received by the Company together with deposit of Rs.500/- from a member signifying his intention to propose Shri. Brijmohan D. Agarwal for appointment as a Director of the Company liable to retire by rotation.

Shri. Brijmohan D. Agarwal is a Graduate. He has very good experience in the industries. The Board considers Shri. Brijmohan D. Agarwal's association as an Independent, Non-Executive Director would be beneficial and in the best interest of the Company and recommends passing of the Ordinary Resolution contained in Item No. 5 of the accompanying Notice.

Shri. Brijmohan D. Agarwal may be considered interested in the resolution at Item No. 5 since it relates to his appointment as a Director of the Company. None of the Directors may be considered to be interested in the passing of the Resolution.

Item No.6.

Shri. Chothmal M. Kabra, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 with effect from December 27, 2005. Shri. Chothmal M. Kabra holds office upto the date of the ensuing Annual General Meeting. The notice under Section 257 of the Companies Act, 1956 has been received by the Company together with deposit of Rs.500/- from a member signifying his intention to propose Shri. Chothmal M. Kabra for appointment as a Director of the Company liable to retire by rotation.

Shri. Chothmal M. Kabra is a B. Sc. (Hon.). He has also done Post Graduate Diploma in Pulp and Paper Tech. He has done his M.S. from N.C. State University, USA. He has experience of more than 20 years in different paper industries. The Board considers Shri. Chothmal M. Kabra's association as an Independent, Non-Executive Director would be beneficial and in the best interest of the Company and recommends passing of the Ordinary Resolution contained in Item No. 5 of the accompanying Notice.

Shri. Chothmal M. Kabra may be considered interested in the resolution at Item No. 6 since it relates to his appointment as a Director of the Company. None of the Directors may be considered to be interested in the passing of the Resolution.

Item No.7 & 8.

Section 293(1)(d) of the Companies Act, 1956, stipulates that the Board of Directors of a Company can not borrow money (apart from temporary loans obtained from the Company's Banker's in the ordinary course of business) in excess of the Company's paid up capital and free reserves (not set apart for any specific purposes) without the consent of the shareholders.

In order to fund the Company's expansion plan and to meet the capital expenditure in connection with the expansion plan and also to meet the increased working capital needs, the Company proposes to avail of necessary financial assistance in the coming years upto an equivalent aggregate value of Rs. 100 Crores (Rupees One Hundred Crores only) excluding interest thereon from the financial institutions/banks/any other investing agencies.

To secure such borrowings, the Company may be required to mortgage/charge/hypothecate the assets and properties of the company, both present and future, as may be required by the financial institutions / banks / any other investing agencies.

It is necessary for the members to pass the necessary resolution under Section 293(1)(a) and (d) of the Companies Act, 1956 and

accordingly, the Directors recommend the above resolutions for approval of the members. None of the Directors may be considered to be interested in the passing of the Resolution.

Item No.9.

The Company has embarked upon expansion cum modernization projects and expansion cum modernization plans envisages infusion of fresh funds in the share capital of the Company. To part finance the Company's expansion plans, the Company proposes to make an offering of Equity Shares/any securities convertible into Equity Shares whether optionally or otherwise/ securities linked to Equity Shares/any other financial instrument for any aggregate amount not exceeding Rs. 100 Crores (Rupees One Hundred Crores).

Funds from the issue would be utilized for meeting the capital expenditure requirements, as well as for long term working capital, modernization and general corporate purpose etc. Therefore your Company proposes that the decision to undertake an offering of securities be taken pursuant to a special resolution passed in accordance with the provisions of Section 81(1), 81(1A) and all other relevant provisions of the Companies Act, 1956. The Directors consider the proposal to be in the interest of the Company and accordingly recommend the above special resolution for approval of the members.

The Directors of the Company may be deemed to be concerned or interested in the said resolution to the extent of shares issued and allotted, if any to them.

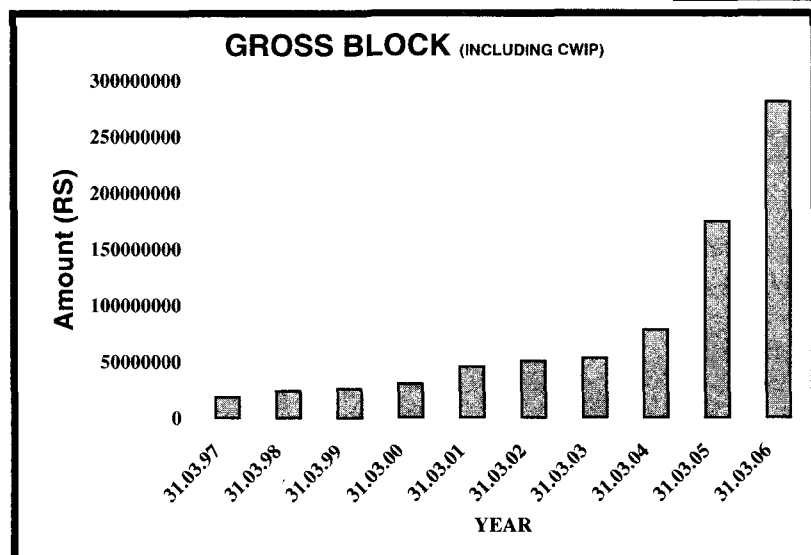
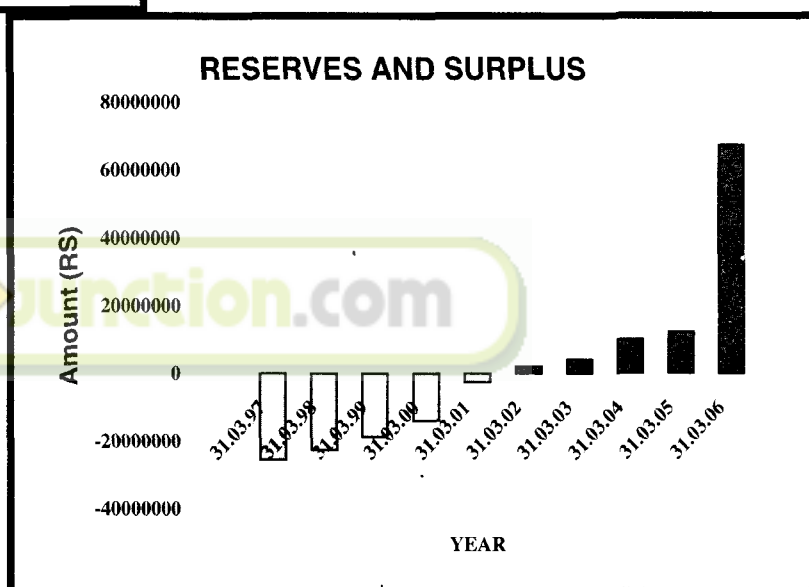
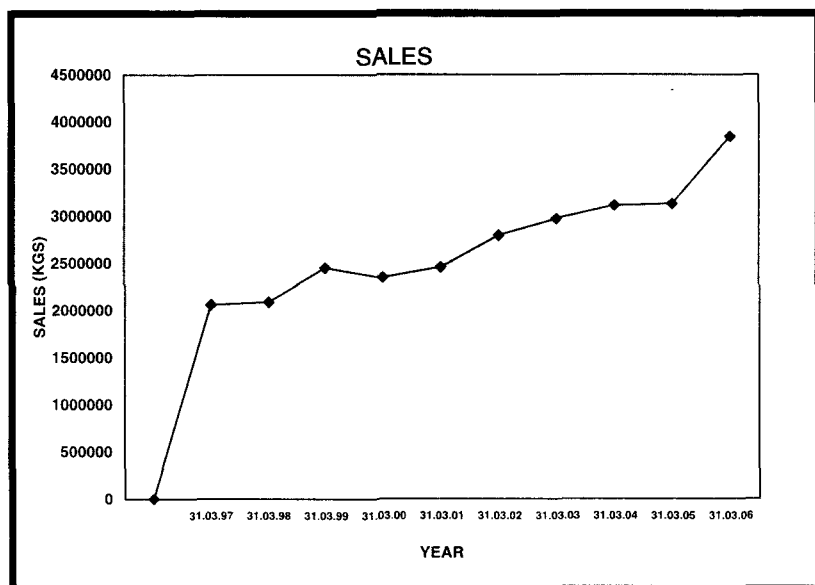
FOR AND ON BEHALF OF THE BOARD

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

Place : Mumbai

Date : August 12, 2006

GROWTH AT A GLANCE



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting 45th Annual Report and Audited Accounts of the company for the year ended 31st March 2006.

FINANCIAL RESULTS

	Current Year	Previous Year
	31/03/2006 (Rs. in Lacs)	31/03/2005 (Rs. in Lacs)
Sales & Other Income	1657.64	1184.87
Profit/(Loss) before Interest & Depreciation	330.09	218.10
Less: Interest	126.84	53.29
Less: Depreciation	62.99	25.42
Net Profit/ (Loss) for the year before Taxation	140.26	138.52
Less: Provision for Taxation	15.00	11.00
Net Profit/(Loss) after Tax	121.28	127.52
Less: Provisions for Taxation (Deferred)	22.63	39.46
Net Profit/(Loss) after Deferred Tax	98.65	88.93
Prior Period Adjustments	3.98	6.75
Amount available for Appropriation	206.74	122.32
Add: B/F from earlier years	109.01	40.14
Dividend	15.87	11.78
Tax on Dividend	2.23	1.54
Balance in Profit & Loss Account carried forward to next year	178.67	109.06