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ANNUAL REPORT 2000-2001

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YASH PAPERS LIMITED

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YASH PAPERS LIMITED

BOARD OF DIRECTORS

G. NARYANA	*Chairman*
K. K. JHUNJHUNWALA	*Managing Director*
G. N. GUPTA, Retd. I.R.S.	
MANJULA JHUNJHUNWALA	
DR. P. BANERJEE	
A. R. NIGHOSKAR	
R. N. CHAKRABORTY	*Executive Director*
VED KRISHNA	*Joint Managing Director*
A. K. GUPTA	*Director Finance*

COMPANY SECRETARY
Rajiv Kapoor

BANKERS
State Bank of India
The Benares State Bank Limited

AUDITORS
Kapoor Tandon & Co.,
Chartered Accountants
Kanpur

REGISTERED OFFICE
47/81, Hatia Bazar
Kanpur-208 001

WORKS & CORPORATE OFFICE
Yash Nagar
P.O. Darshan Nagar,
Faizabad-224 135 (U.P.)
Phone : 05278-58589, 58777
Fax : 05278 - 58062
Web : www. yash-papers.com
email : info@yash-papers.com

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YASH PAPERS LIMITED

HIGHLIGHTS

(Rs. in lacs)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
OPERATING RESULTS										
Sales & Other Income	786.10	1017.74	1228.71	1619.23	1957.57	1722.05	1744.63	1729.72	1905.16	**2246.45**
Raw material	206.73	268.11	280.97	340.17	346.14	364.98	412.09	407.95	449.01	**432.60**
Manufacturing Expenses	137.19	218.11	263.90	337.40	339.07	321.60	297.79	288.38	339.59	**432.06**
Power & Fuel	144.29	222.88	256.75	361.93	412.93	452.70	363.64	276.87	227.84	**259.92**
Stores & Repairs	35.81	37.05	43.48	45.20	70.48	63.43	63.65	110.92	102.23	**120.26**
Salaries & Wages	48.65	61.96	86.29	99.10	106.19	103.36	115.07	122.10	148.70	**161.22**
Administrative & Selling Exp.	89.16	84.89	104.50	145.65	236.87	229.27	220.56	237.10	296.52	**448.13**
Interest	35.56	49.46	53.74	90.30	122.47	168.01	160.57	147.69	149.52	**133.87**
Gross Profit	88.72	75.28	139.08	199.48	323.42	18.70	111.26	138.71	191.75	**258.39**
Depreciation	42.71	47.42	44.48	58.38	69.20	83.72	100.34	103.93	107.42	**115.44**
Provision for Taxation	8.00	-	-	-	-	-	1.20	3.70	9.75	**12.50**
Net Profit/ (Loss)	38.01	27.86	94.60	141.10	254.22	(65.02)	9.72	31.08	74.58	**130.45**
Earning Per Share #	2.97	1.41	2.45	3.65	6.58	-	0.25	0.81	1.93	**3.37**
Dividend %	15	10	12	15	5	-	-	-	-	-
FINANCIAL SUMMARY										
Assets Employed										
Fixed Assets (At Cost)	698.48	1071.33	1339.44	1611.89	2046.67	2088.66	2127.85	2204.25	2353.59	**2691.67**
Fixed Assets (Net)	519.47	862.43	1095.75	1323.96	1703.25	1668.27	1612.53	1600.63	1669.53	**1906.28**
Investments	-	-	2.00	2.00	12.21	5.02	5.26	5.25	5.31	**5.31**
Current Assets (Net)	171.87	425.22	327.38	329.52	437.02	356.89	427.69	446.10	520.48	**540.56**
Total Assets	691.34	1287.65	1425.13	1655.48	2152.48	2030.18	2045.48	2051.98	2195.32	**2452.15**
Financed By										
Total Shareholer's Funds	306.38	789.31	842.83	961.92	1186.11	1151.83	1166.90	1203.04	1284.89	**1420.13**
Share Capital	*127.80	385.75	386.13	$416.50	$416.50	$416.50	$416.55	386.55	386.55	**386.55**
Reserves & Surplus (Net)	178.58	403.56	456.70	545.42	799.61	735.33	750.35	816.49	898.34	**1033.58**
Borrowings	384.96	498.34	582.30	693.56	936.37	878.35	878.58	848.94	910.44	**1032.02**
Long Term	244.95	387.98	390.95	527.40	711.94	674.06	605.16	576.41	600.06	**736.13**
Short Term	140.01	110.36	191.35	166.16	224.43	204.29	273.42	272.53	310.38	**295.89**
Debt : Equity	1.26	0.63	0.69	0.72	0.79	0.76	0.75	0.70	0.71	**0.73**
Other Information										
Production in M.T.	**6342**	**8172**	**9825**	**10759**	**10899**	**10577**	**11262**	**10980**	**12319**	**12757**

\# Subdivision of equity shares of Rs. 100.00 into shares of Rs. 10.00 made in 1991-92 and made Comparable. EPS has been annualised in 1992-93 for fresh equity shares alloted in December 1992.

* Increase due to issue of bonus shares in the ratio 4:5

$ Includes Rs. 30 lacs deposit against Prefrential Equity Warrants.

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YASH PAPERS LIMITED

NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of the Members of Yash Papers Limited will be held at Hotel, The Landmark, 10, The Mall, Kanpur-208 001 on Tuesday, the 31st day of July, 2001 at 1:15 PM to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance sheet as at 31st March, 2001 and the Profit & Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri G. Narayana, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mrs. Manjula Jhunjhunwala, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS

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

   "RESOLVED that the consent of shareholders in terms of voluntary delisting guidelines be and is hereby accorded to the Company to ensure delisting of equity shares from the Ahmedabad Stock Exchange which is not a Regional Stock Exchange.

   RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to apply to the Stock Exchange/ SEBI for voluntary delisting of the Equity Shares of the Company from Stock Exchange of Ahmedabad and to settle any question or dispute that may arise thereon and also to do all such acts, deeds and things as may be required by the relevant competent Authority for and on behalf of the Board."

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

   "RESOLVED that pursuant to the provisions of the Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1556, and subject to the approval of the Members and such other approvals as may be necessary, Shri K. K. Jhunjhunwala be and is hereby re-appointed as Managing Director of the company for a period of five years w.e.f. 1st June. 2001 to 31st May, 2006 on the following remuneration and terms and conditions:-

   (a) Salary : Rs. 66,000/- per month in the grade of Rs. 66,000-90,000.
   Increment will be effective from 1st June each year, the amount being decided by the Board.

   (b) Perquisites : In addition to the above, Shri K. K. Jhunjhunwala, shall be entitled to perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with utilities such as gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for himself and his family, club fees, medical insurance etc.; in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Shri K. K. Jhunjhunwala, such perquisites shall however not exceed Rs. 5,00,000/- per annum.

   For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable, in the absence of any such Rules, perquisites shall be evaluated at actual cost to the Company.

   Provision for use of the Company's car and telephone at residence (including payment for local calls and long distance official calls) for official duties shall not be included in the computation of perquisites for the purpose of calculating the said ceilings.

   (c) Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, 1961, gratuity payable as per Rules of the Company and encashment of leave at the end of his tenure shall not be included in the computation of limits for

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the remuneration or perquisites aforesaid.

(d) Minimum Remuneration : If in any financial year the Compapy has no profits or its profits are inadequate, remuneration by way of salary and perquisites will be subject to the ceilings set out in Section II of Part II of Schedule XIII of the Companies Act, 1956.

(e) Leave: On full pay and allowances, as per rules of the Company. Encashment of leave shall not be included in the computation of the ceiling on perquisites.

(f) Shri K. K. Jhunjhunwala shall also be entitled to reimbursement of entertainment, travelling, hotel and other expenses actually incurred by him in performance of the duties on behalf of the Company.

(g) Any other benefits, facilities, allowances and expenses may be allowed under Company rules/schemes and available to other employees.

(h) No sitting fees will be paid for attending the meetings of the Board of Directors of the Company or Committees thereof.

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

"RESOLVED that pursuant to the provisions of the Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the re-appointment of Shri R. N. Chakraborty as the Executive Director of the Company for a further period of five years w.e.f. 1st July, 2001 to 30th June, 2006 be and is hereby approved on the following remuneration and terms and conditions :-

(a) Salary : Rs. 17,500/- per month in the grade of Rs. 17,500-30,000.
Increment will be effective from 1st June each year, the amount being decided by the Board.

(b) Perquisites : In addition to the above, Shri R. N. Chakraborty, shall be entitled to perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with utilities such as gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for himself and his family, club fees, medical insurance etc.; in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Shri R. N. Chakraborty, such perquisites shall however not exceed Rs. 1,25,000/- per annum.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable, in the absence of any such Rules, perquisites shall be evaluated at actual cost to the Company.

Provision for use of the Company's car and telephone at residence (including payment for local calls and long distance official calls) for official duties shall not be included in the computation of perquisites for the purpose of calculating the said ceilings.

(c) Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, 1961, gratuity payable as per Rules of the Company and encashment of leave at the end of his tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

(d) Minimum Remuneration : If in any financial year the Compapy has no profits or its profits are inadequate, remuneration by way of salary and perquisites will be subject to the ceilings set out in Section II of Part II of Schedule XIII of the Companies Act, 1956.

(e) Leave: On full pay and allowances, as per rules of the Company. Encashment of leave shall not be included in the computation of the ceiling on perquisites.

(f) Shri R. N. Chakraborty shall also be entitled to reimbursement of entertainment, travelling, hotel and other expenses actually incurred by him in performance of the duties on behalf of the Company.

(g) Any other benefits, facilities, allowances and expenses may be allowed under Company rules/schemes and available to other employees.

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(g) Any other benefits, facilities, allowances and expenses may be allowed under Company rules/schemes and available to other employees.

(h) No sitting fees will be paid for attending the meetings of the Board of Directors of the Company or Committees thereof.

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

"RESOLVED that in supersession of resolution passed at the 12th Annual General Meeting of the Company held on 10th September, 1991, the consent of the Company be and is hereby accorded pursuant to Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 for borrowings by the Board of Directors of the Company from time to time any sum or sums of monies which together with the monies already borrowed by the Company (apart from the temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business), may exceed the agreegate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Company shall not, at any time, exceed the sum of Rs. 15 crores (Rupees fifteen crores), over and above the aggregate of the paid-up capital of the Company and its free reserves.

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

"RESOLVED that the consent of the Company be and is hereby accorded to the Board of Directors of the Comapny in terms of section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage and/ or charge and/or hypothecate by way of first charge and/or second charge and/or pari-passu, in addition to the mortgages/charges/hypothecations created or to be created by the Company on all or any of the immovable and/or movable properties of the company wheresoever situated both present and future and the whole of the undertaking of the Company and/or to giving the power to takeover the management of the business and concern of the Company in certain events (whether such power is contained in the documents creating the morgage/charge or otherwise) to secure:-

(a) Rupee term loan not exceeding Rs. 350 lakh (Rupees three hundred fifty lakh only) lent and advanced/agreed to be lent and advanced by Industrial Development Bank of India (IDBI) to the Company togetherwith interest thereon, compound interest, additional interest, liquidated damages, premia on pre-payment or on redemption, costs, charges, expenses and other monies payable by the Company to IDBI under their loan agreement entered/to be entered by the company in respect of the aforesaid term loan.

FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to finalise with IDBI the documents for creating the aforesaid mortgage and or charge and to do all such acts and things as may be necessary for giving effect to the above resolution.

(b) Rupee term loan lent and advanced/agreed to be lent and advanced by IDBI, PICUP, UPFC and other Financial Institution or Banks to the Company togetherwith interest thereon, compound interest, additional interest, liquidated damages, premia on pre-payment or on redemption, costs, charges, expenses and other monies payable by the Company to IDBI, PICUP, UPFC and other Financial Institution or Banks under their loan agreement entered/to be entered by the Company in respect of the term loan granted/to be granted provided the same shall not exceed including existing borrowings in terms of Section 293 (1) (d) beyond Rs. 15 crore in aggregate.

FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to finalise with IDBI, PICUP, UPFC and other Financial Institution or Banks the documents for creating the aforesaid mortgage and or charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ONLY ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

2. The proxy form must be deposited at the Registered office of the company not less than 48 hours before the commencement of the Annual General Meeting.

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3. The Explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.

4. The Register of Members and the Share Transfer Books of the Company shall remain closed from the 28th day of July, 2001 to the 31st day of July, 2001 (both days inclusive).

5. Pusuant to the Section 205A of the Companies Act, 1956, all unclaimed dividends upto the financial year ended 31st March, 1994 have been deposited to the General Revenue Account of the Central Government. The Members who have not encashed the Dividend warrant(s) for the said year(s) are requested to claim the amount(s) from the Registrar of Companies U.P., Westcot Building, The Mall, Kanpur-208001. In case any assistance is required members may write to the Company.

6. The unclaimed/unencashed dividends for the following financial years shall be transferred by the Company, to 'Investor Education and Protection Fund' (IEPF) constituted by the Central Government under applicable provsions of the Companies Act, 1956, on the dates specified against the year :

31st March, 1995	-	7th November, 2002
31st March, 1996	-	22nd December, 2003

Please note that under the amended provisions of Section 205B of the Companies Act, 1956 no claim shall lie for the unclaimed dividend from IEPF by the shareholders.

Shareholders who have not encashed the dividend warrants for the above year(s) are therefore, requested to approach the Company for the revalidation of warrant(s) or issue of duplicate thereof.

7. Members are requested to inform the change, if any, in their registered address to the Company at its Corporated office at Yash Nagar, P.O. Darshan Nagar, Faizabad 224 135 (U.P.) by quoting their folio numbers.

8. Members desirous of obtaining any information as regard accounts and operations of the Company are requested to write to the Company at least one week before the meeting, so that the information could be made available at the meeting.

9. **The Company has entered into agreements with NSDL and CDSIL and script of the Company has been activated under demat. Company has been alloted ISIN No. INE551D01018. Members are requested to approach their DPs for dematerialisation of equity shares of the Company.**

Members and DPs are requested to send physical shares for dematerialisation only to Corporate Office of the Company, situated at Yash Nagar, P.O. Darshan Nagar, Distt. Faizabad - 224 135 (U.P.).

10. The Company has setup in-house Investor Service Department at our Corporate Office, Yash Nagar, P.O. Darshan Nagar, Distt. Faizabad- 224 135 (U.P.) in order to render prompt and efficient services to all investors. The investors are requested to correspond at the aforesaid address in respect of all communications.

11. All material documents are open for inspection by the members on all working days at the Registered Office of the Company till the conclusion of the meeting.

12. As per the provisions of the Companies (Amendment) Act, 1999, facility for making nominations is now available to the shareholders, debentureholders and fixed depositholders in respect of the shares, debentures or deposits held by them. The nominations can be made by filing the prescribed Form No. 2B. Nomination forms may also be requisitioned from the Company.

By Order of the Board

K. K. JHUNJHUNWALA
Managing Director

Place : Lucknow
Date : 28.06.2001

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YASH PAPERS LIMITED

ANNEXURE TO NOTICE :

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

ITEM NO. 5

The equity share of the Company are listed at Kanpur, Mumbai and Ahmedabad Stock Exchanges. The U.P. Stock Exchange happen to be Regional Stock Exchange. In the recent past, The Stock Exchange, Mumbai, had provided its terminals at places all over India in order to facilitate trading of securities listed at the Exchance. Thus the investor can deal in securities irrespective of its listing in Ahmedabad Stock Exchange. Therefore on one hand the voluntary delisting, if permitted by the Ahmedabad Stock Exchange would not deprive the shareholders from dealing in securities of the Company residing in the region and on other hand this would be beneficial to the Company.

Securities and Exchange Board of India (SEBI) have laid down certain guidlines vide their circular No. SMDRP/ CIR-14/98 dated 29.04.1998 for voluntary delisting of shares, which, inter alia require the holders of the shares residing within the jurisdication of the aforesaid Exchanges being given an exit opportunity to dispose off their shareholdings. The promoters or those in the control of the management of the Company are required to buy back the shares so offered by the shareholders concerned at a price as prescribed in the SEBI guidelines, viz., it shall not be less than the weighted average of the traded price in the preceding six months at any of the Exchange on which the shares were listed and where highest of the volume of the shares were traded.

The Board recommends the above resolution for your approval.

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

ITEM NO. 6

Shri K. K. Jhunjhunwala is promoter and Managing Director of the Company since inception. The Company has progressed well under the dynamic leadership of the Managing Director and gained higher profits inspite of the sluggish market conditions. Shri K. K. Jhunjhunwala was re-appointed as Managing Director of the Company for a period of 5 years w.e.f. Ist June, 1996 and such his term expired on 31st May, 2001. Consequently the Board at its meeting held on 26th May, 2001 re-appointed him as Managing Director of the Company for a further period of 5 years on the remuneration and the terms and conditions as contained in the resolution. As per the requirements of Section 269 read with Schedule XIII of the Companies Act, 1956, the appointment and the remuneration payable to the Managing Director has to be approved by the shareholders in the General Meeting by passing a resolution.

The Board recommends the above resolution for your approval. The above resolution may be treated as an abstract of the agreement entered between the Company and Mr. K. K. Jhunjhunwala pursuant to Section 302 of the Companies Act, 1956. A copy of the said agreement is available for inspection at the Registered Office of the Company between 10:00 am to 1:00 pm on any working day of the Company.

Shri K. K. Jhunjhunwala, Smt. Manjula Jhunjhunwala and Shri Ved Krishna may be deemed to be concerned and interested in the aforesaid resolution.

None of the other Directors of the Company is, in any way, concerned or interested in this resolution.

ITEM NO. 7

Shri R. N. Chakraborty was appointed as Executive Director of the Company for a period of 4 years w.e.f. 1st July, 1997 and as such his term expired on 30th June, 2001. Consequently, the Board at its meeting held on 26th May, 2001 re-appointed him as Executive Director of the Company for a further period of 5 years on the remuneration and the terms and conditions as contained in the above resolution. As per the requirements of Section 269 read with Schedule XIII of the Companies Act, 1956, the appointment and the remuneration payable to him has to be approved by the shareholders in the General Meeting by passing a resolution.

The Board recommands the above resolution for your approval.

The above resolution may be treated as an abstract of the agreement entered between the Company and Mr. R. N. Chakraborty pursuant to Section 302 of the Companies Act, 1956. A copy of the said agreement is available for inspection at the Registered Office of the Company between 10:00 am to 1:00 pm on any working day of the Company.

Shri R. N. Chakraborty may be deemed to be concerned and interested in the aforesaid resolution.

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None of the other Directors of the Company is, in any way, concerned or interested in this resolution.

ITEM NO. 8

By a resolution passed at the 12th Annual Gneral Meeting of the Company held on 10th September, 1991, consent of the Company was accorded to the Board of Directors of the Company for borrowing from time to time all such sums of money upto a limit of Rs. 10 coroes (Rupees ten crores) (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) over and above the aggregate of the paid-up capital of the Company and its free reserves.

With the increase in the volume of business activities of the Company as well as keeping in view the future requirements of the funds on account of capital expenditure, the total borrowings of the Company may exceed the aforesaid limit in the coming years. In view of the above, the present borrowing limit of Rs. 10 crores (Rupees ten crores) over and above the aggregate of the paid-up capital of the Company and its free reserves is, therefore, considered inadequate.The consent of the Company in General Meeting under Section 293 (1) (d) of the Companies Act, 1956, is, therefore, being sought for increasing the borrowing limit upto Rs. 15 crores (Rupees fifteen crores) over and above the aggregate of the paid-up capital of the Company and its free reserves.

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

ITEM NO. 9

The shareholder's consent in terms of Section 293(1) (a) of the Companies Act, 1956 was obtained at the Annual General Meeting of the Company held on 30th Sepetember, 2000 for the creation of charge in respect of financial assistance for installing a modern large boiler and balancing equipments. The Company had taken financial assistance from Indusrial Development Bank of India (IDBI) for an amount of Rs. 350 lacs. The disbursement of the loan has been made by them on the strength of the previous resolution. However, IDBI had desired to have the consent of the shareholders for the charge already created in favour of them for the loans granted by them.

Further to meet the capital expenditure requirements and also to replace high interest bearing loans, the Company proposes to obtain in the coming years further financial assistance from Financial Institution(s)/Banks/other lender(s) by way of loans/debentures/bonds/other instruments and also in course of working of the Company, the Bank(s) might be approached for enhanced working capital limits as set out in the resolution. The borrowings of the Company are required to be secured by suitable mortgages and/or charges and/or hypothecations on all or any of the existing and/or future movable or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company in consultation with the lender(s).

Such mortage and/or charge and/or hypothecation of the Company's movable and/or immovable properties in favour of the lender(s) may be regarded as disposal of the undertaking(s) of the Company or a substantial part thereof, in terms of Section 293(1) (a) of the Companies Act, 1956.

Section 293 (1) (a) of the Companies Act, 1956, provides inter-alia that the Board of Directors of the Company, shall not, without the consent of the Company in the 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 whole, of any such undertaking.

Hence, the resolution at item No. 9 of the notice is recommened for your approval.

It is pertinent to mention that the existing borrowings with future borrowings from time to time would be within the limits of Rs. 15 crore as laid down by the shareholders earlier under Section 293(1)(d) of the Companies Act, 1956.

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

By Order of the Board

K. K. JHUNJHUNWALA
Managing Director

Place : Lucknow
Date : 28.06.2001

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DIRECTOR'S REPORT

TO
THE MEMBERS

Your Directors have pleasure in presenting their twentieth Annual Report together with the Audited Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS :

	Rs. in Lacs Year ended 31st March 2001	2000
Profit before depreciation and taxation	**258.39**	191.75
Less : Provisions for :		
Depreciation	**115.44**	107.42
Taxation	**12.50**	9.75
Profit after tax	**130.45**	74.58
Prior Year Adjustments	**-**	2.48
Balance of Profit	**130.45**	77.06
Add : Transfer from Investment Allowance (Utilised) Reserve	**8.00**	4.87
Previous year balance of Profit and Loss Account	**235.08**	203.15
Balance available for appropriation	**373.53**	285.08
Less : Appropriations :		
General Reserve	**75.00**	50.00
Balance carried over to Balance Sheet	**298.53**	235.08

DIVIDEND

The Company has achieved satisfactory results. However, the liquidity of the company has not improved to the required levels in view of the capital expenditure necessary for achievement of capacity utilisation and loan repayment obligations. In order to conserve the resources for strengthening the liquidity of the Company, the directors do not recommend any dividend for the year.

OPERATIONS

The Company has achieved production of 12757 MT against 12319 MT in previous year and sales of 12615 MT against 11933 MT during the year under consideration. The turnover has increased to Rs.2195.30 lacs against Rs. 1850.72 lacs in previous year. These results were achieved due to increased efficiency in operation and better realisation.

EXPORT

The total exports have increased from Rs. 131.51 lacs to Rs. 180.79 lacs. The thrust on exports is given for exploring new export market and hoping to increase exports. The Company has structured its capital expenditure to improve the quality of the product to international standards.

INSURANCE

Your company's properties including buildings, plant and machineries and stocks etc. have been adequately insured against various risks.

CAPITAL EXPENDITURE

The Company has undertaken project costing Rs. 500 lacs for installation of modern fuel efficient boiler and balancing equipments. The scheme was financed by IDBI with a term loan of Rs. 350 lacs. The boiler has been installed and running successfully. The scheme shall be completed by end of September, 2001.

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