



Report  junction.com

A P R LIMITED

23rd ANNUAL REPORT 1997 - 98



CONTENTS

Board of Directors	1
Directors' Report	2
Auditors' Report	8
Balance Sheet	10
Profit & Loss Account	11
Schedules	12 to 36

BOARD OF DIRECTORS

Mr. L. M. Thapar, Chairman
Mr. B. M. Thapar
Mr. Gautam Thapar, Managing Director
Mr. A. K. Kelappan, Executive Director
Mr. M. M. Kapur (Representative of UTI)
Mr. Sanjay Labroo
Mr. Hemant Luthra
Mr. C. P. Mapa
Mr. N. Santosh Reddy
Mr. P. J. V. Sarma (Nominee of ICICI Limited)
Mr. D. N. Sawhney
Mr. Anup Singh

Company Management

Mr. Manoj Dutt, Chief Operating Officer
Mr. B. Hariharan, Chief Financial Officer
Mr. K. Sriram, Business Head
Mr. J. V. V. Prasada Rao, Company Secretary

Auditors

M/s. M. R. Devineni & Co.

Registered Office

31-A, Sarojini Devi Road, Secunderabad - 500 003, A.P.

Names of Stock Exchanges where the shares of the Company are listed

Hyderabad, Delhi and Mumbai

The annual listing fees has been paid at all the above stock exchanges.



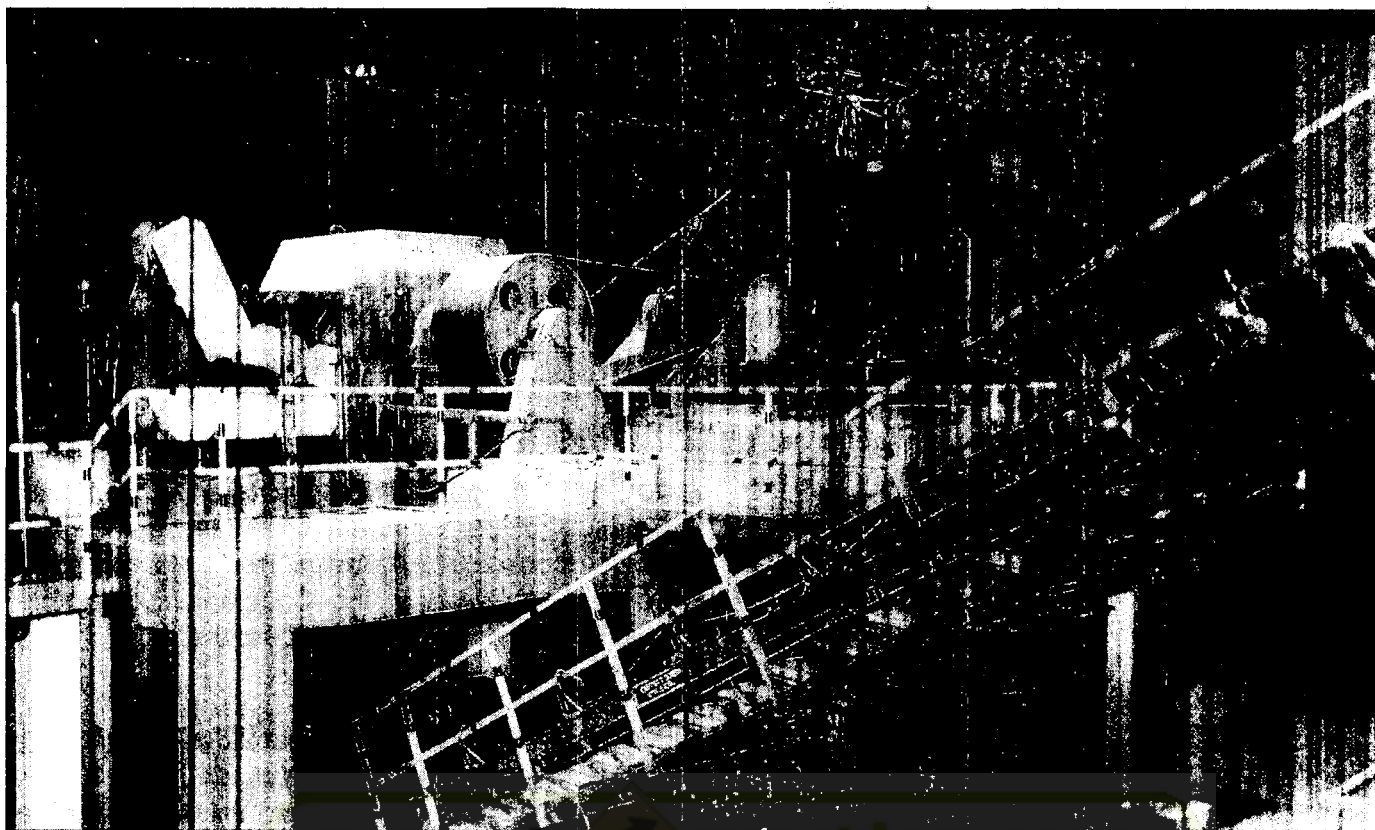
DIRECTORS' REPORT

The Members,

Your Directors have pleasure in presenting their report together with the Accounts for 18 months period ended September 30, 1998.

FINANCIAL RESULTS

	Rs. in Lacs	
	1997-98 18 Months	1996-97 12 Months
Profit before interest and Finance charges and Depreciation amounts to	4438.14	3582.52
Less: Interest and Finance charges	1753.01	1055.18
Profit before Depreciation	2685.13	2527.34
Less: Depreciation	1232.92	649.70
Net Profit for the year	1452.21	1877.64
Less: Provision for Tax	—	—
	1452.21	1877.64
Add/(Less): Income Tax Adjustments	—	196.33
	1452.21	2073.97
Less: Terminal Benefits to Employees of Division sold	101.98	—
Add: Profit brought forward from last year	1350.23	2073.97
	707.94	864.23
Add: Investment Allowance Reserve written back	3.89	64.43
	2062.06	3002.63
Less: Loss of amalgamating Company from 1.10.94 to 31.3.96	—	649.93
Surplus to be appropriated as follows:	2062.06	2352.70
Proposed Dividend		
On Preference Share Capital	153.22	0.68
On Equity Share Capital	434.44	530.92
Corporate Dividend Tax	58.77	53.16
Debenture Redemption Reserve	1044.00	810.00
General Reserve	75.00	250.00
Balance carried forward to next year's Account	296.63	707.94



Drum Chipper and Conveyor

The period under review was another difficult one for your Company. The modernisation and debottlenecking operations which were substantially completed during the year took longer time than expected to stabilise at the desired capacity levels resulting in further cost overruns. However, the most satisfying aspect was that the plant was able to achieve production close to the rated capacity levels on trial basis on several days at variable cost levels lower than the standard levels, proving beyond doubt the efficiency of the contemporary technology employed and equipments installed. At the optimum levels of capacity utilisation, your Company will be the largest producer of marketable pulp in the country besides being the most cost efficient and quality producer in the Asia-Pacific region.

On the marketing front, the Asian currency crisis coupled with sluggish fibre market both domestically and globally, resulted in tremendous pressure on the offtake of pulp by your major customers and the resulting margins. This trend is expected to continue atleast till the first quarter of next year.

In line with the strategic decision of the Group to concentrate on its core businesses and leverage its strengths in the process industries, your Company sold off its Packaging Business to M/s. The Paper Products Limited and acquired majority stake in the hived off Chemical Business of Ballarpur Industries Limited viz., BILT Chemicals Limited comprising of Caustic Soda, Chlorine, Phosphoric Acid, DCPD businesses located at Karwar (Karnataka),



Salt Works at Singach (Gujarat) and Bromine business located at Khavda (Gujarat). While the proceeds of the sale of packaging business was used to reduce your Company's debt, the investment in chemical business was funded from the Private Placement of your Company's share with Chescor Private Equity Limited at a premium of Rs.29 per share. The above measures, we are sure will enhance the shareholder value of your Company in the years to come.

On the export front, your Company achieved a turnover of Rs.6391 lacs for the period under review and obtained 'Export House' Status w.e.f. April 1, 1997.

The statement on operations having been made available elsewhere, they are not dealt with separately here.

FINANCE

The liquidity position remained tight during the period under review. With the financial restructuring undertaken during the period, your Company is geared to meet its commitments in the ensuing year.

DIVIDEND

With a view to conserve cash for the immediate future, your Directors have recommended a dividend of 15% pro-rata for the period ended September 30, 1998. This recommendation, your Directors hope, will meet with your approval and appreciation.

FIXED DEPOSITS

Your Company continued to accept Public Deposits during the period under review. The outstanding deposits as on September 30, 1998 were Rs.900.45 lacs.

DIRECTORS

During the period under review, ICICI Limited nominated Mr. P.J.V. Sarma as a Director on the Board with effect from February 6, 1998.

M/s. D.N. Sawhney, Sanjay Labroo and Anup Singh, Directors of your Company are retiring at the ensuing Annual General Meeting and are eligible for re-election.

RAW MATERIALS

Your Company had maintained adequate levels of raw material inventory during the period under review. Farm Forestry measures are also being continued as a long term strategy and is expected to bear fruit in the years to come.

AUDITORS

M/s. M.R. Devineni & Co., Chartered Accountants, Auditors of the Company retire and are eligible for re-appointment. A Special Resolution pursuant to Section 224-A of the Companies Act, 1956 has to be adopted for this purpose.

AUDITORS' REPORT

The Auditors' comments in Para 2(d), 2(e), 2(f), 2(g), 2(h) and 2(i) of their Report read with Notes 1(e), 9, 10, 12, 13 and 14 of Notes to Accounts vide Schedule 22 are considered to be self explanatory.

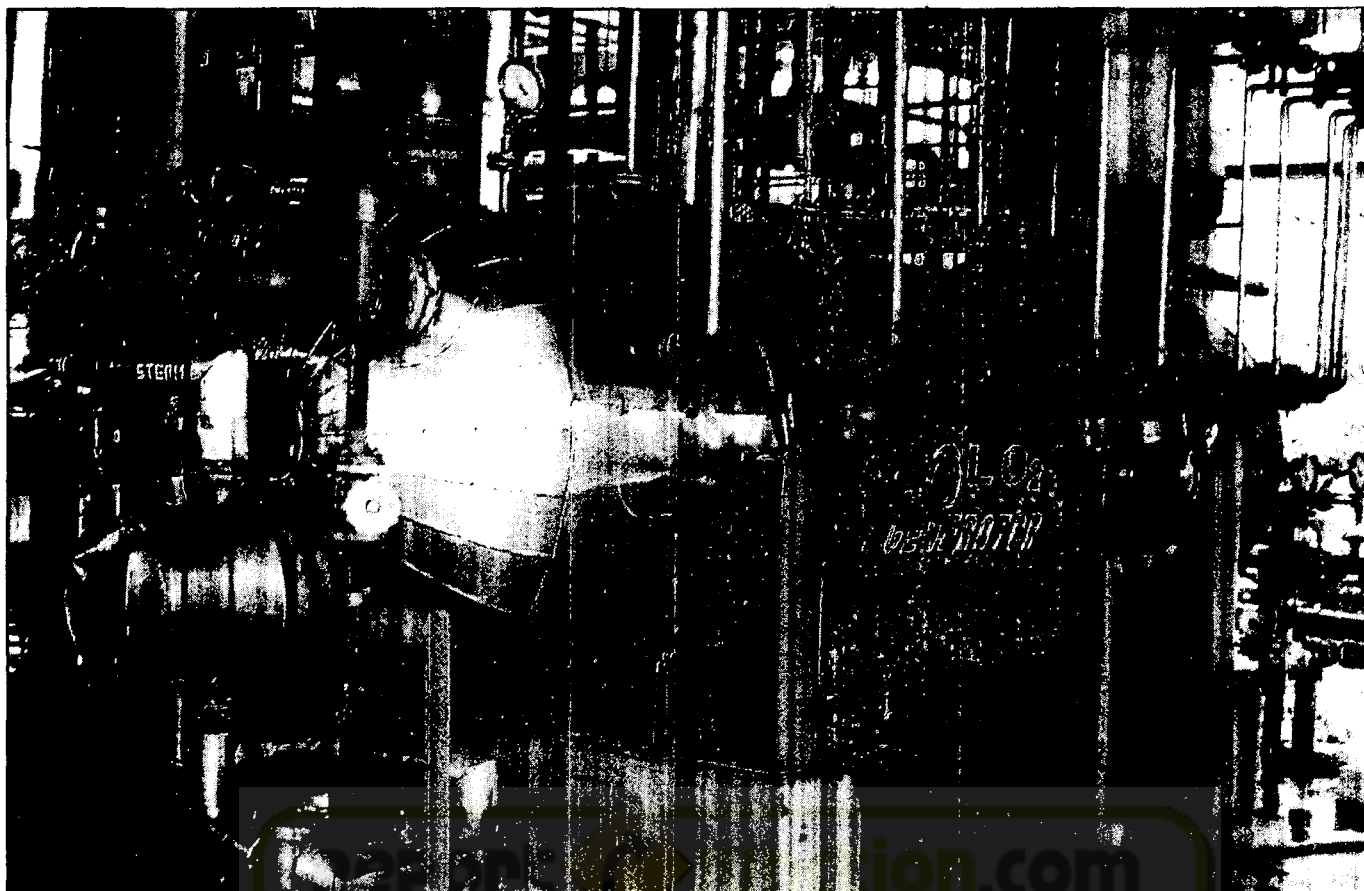
TOTAL QUALITY MOVEMENT (TQM)

Your Company has made significant progress on the Total Quality Movement at all locations. Besides the inherent benefits, this process is expected to provide the impetus for the ISO Certification of your Company's products.

EMPLOYEES' RELATIONS

Industrial relations was cordial during the period under review except for a brief period in September, 1998 which was marred by labour go slow for the bonus settlement which has since been settled.

Information pursuant to Section 217(2-A) of the Companies Act, 1956, is annexed hereto and forms part of this Report. Information regarding employees seconded from Ballarpur Industries Limited does not form part of this Report.



Environment friendly CLO2 plant

PARTICULARS IN RESPECT OF CONSERVATION OF ENERGY, ETC.

Pursuant to Section 217(1)(e) of the Companies Act, 1956, as required by the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, your Directors are pleased to furnish the required information in the Annexure hereto which forms part of the Report.

ACKNOWLEDGEMENTS

Your Directors convey their sincere thanks to all the shareholders, Ballarpur Industries Limited, the State Government of Andhra Pradesh, Financial Institutions and Banks for the co-operation extended to the Company.

Your Directors also wish to record their appreciation of the continuing contribution made by the employees at all levels

By Order of the Board

A.K. KELAPPAN
Executive Director

GAUTAM THAPAR
Managing Director

Place : New Delhi
Date : 30-11-1998.

ANNEXURE TO DIRECTORS' REPORT

Particulars of employees under Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1975 as amended and forming part of the Directors' Report for the period ended 30th September, 1998.

A. Employed throughout the period and in receipt of remuneration aggregating Rs.3,00,000/- per annum or more

Name	Designation	Remuneration Received(Rs)	Qualifications	Experience	Date of Joining	Age (Years)	Last Position	Period (Years)
1. Mr. A.K. Kelappan	Executive Director	18,64,718	Matriculate	40	1.4.1997	58	Ballarpur Industries Ltd	36
2. Mr. Jacob Samuel	CGM (Pulp Process & Technology)	9,06,821	Diploma in Chem.Engg.	35	7.10.1981	56	Senior Process Engineer, Grasim, Harihar	18
3. Mr. V.V. Aravindakshan	General Manager (Plant)	6,84,378	B.sc (Engg) D.C.P.A.	28	6.6.1997	51	J.K. Corp Ltd., Orissa	23
4. Mr. K. Gopakumar	General Manager (Marketing)	10,69,602	B.A.(Economics)	20	5.3.1997	44	Sharp Industries	4 Months
5. Mr. S.C. Sekaran	Deputy General Manager(Comml.)	8,26,964	M.Sc. (Statistics)	17	1.2.1992	43	Branch Manager, Modern Agencies Ltd, Hyderabad	11
6. Mr. P. Peddi Reddy	Senior Manager (Engineering)	6,05,200	Licentiate in Mech.Engg.(LME)	25	10.4.1979	56	Fertilizer Corpn. of India, Ramagundam	6
7. Mr. B.S. Batra	Senior Manager (Pulp Mill & Sheeting)	4,73,315	B.Sc., Diploma in Pulp & Paper	33	1.1.1995	55	Dy.Manager-Pulp Mill Ballarpur Industries Ltd., New Delhi	30
8. Mr. N.P. Haran	Senior Manager (Accounts)	4,54,082	B.Com., ACA	12	1.4.1995	50	Ballarpur Industries Ltd	8

B. Employed for a part of the period and in receipt of remuneration aggregating Rs.25,000/- per month or more during the part of the period

1. Mr.S.Hanumantha Rao	Deputy General Manager (HR)	4,44,198	M.A., LLB, Dip. in Labour Laws PG Dip.in PMIR	20	4.1.1997	47	KCP Limited, Vayyur	2
2. Mr.L.A.Padmanabha Reddy	Deputy General Manager (Tech)	1,15,666	B.E.(Mechanical)	20	12.6.1998	46	Arabian Chlorine Co., Saudi Arabia	4
3. Mr. K. Sriram	General Manager (Technical)	9,76,988 XXXXX	B.E.(Hons) Chemical Engg.	15	3.10.1997	39	Hindustan Lever Ltd., Mumbai	4 1/2

Notes :

- Remuneration includes salary and allowances, medical reimbursement and value of other perquisites in accordance with Income Tax Rules, 1962.
- None of the above is related to any of the Directors of the Company.
- The above list does not include particulars of personnel seconded by Ballarpur Industries Ltd.
- None of these employees hold 2% or more of the Equity Shares of the Company along with his spouse and dependent children.



ANNUAL REPORT

FORM A DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY POWER AND FUEL CONSUMPTION

	Unit	1997-98 12 Months PULP	1996-97 12 Months PULP
1 Electricity			
a) Purchase Unit	KWH	8219140.00	5086513.00
Total Amount	Rs.Lacs	359.12	198.88
Rate/Unit	Rs.	4.37	3.91
b) Own Generation			
i) Through Diesel Generator	KWH	Not Applicable	Not Applicable
Unit/Lit. of Diesel	KWH		
Cost/Unit	Rs.		
ii) Through Steam Turbine Generator Unit	KWH	100253216.00	38115508
Unit/MT of Coal	KWH	352.67	352.00
Cost/Unit	Rs.	0.92	1.19
2 Coal (Specify Quality & Where Used) Grade: C,D,K			
Avg. Calorific Value	Kcal/kg.	3549	3682
Quantity	MT	105960	64765
Total Cost	Rs.Lacs	1459.67	753.31
Average Rate	Rs.	1377.57	1163.15
3 Furnace Oil & LSHS			
Quantity	MT	9393	3682
Total Cost	Rs.Lacs	709.58	310.13
Average Rate	Rs.	729.80	8030.28
4 Others/Internal Generation, etc. (Black Liquor, Solids Fired, Saw Dust)			
Quantity	MT	—	75899
Total Amount	Rs.Lacs	—	603.49
Average Rate	Rs.	—	795.12

Consumption per Unit of Production (Pulp)	Standards	Current Year 1997-98	Previous Year 1996-97
Electricity (KWH/Tonne) (1(a)+(b) of Form A/Production)	950	1240	1041
Coal (MT/Tonne) (As per item 2 of Form A/Production)	1.45	1.19	1.67
Furnace Oil & LSHS (MT/Tonne) (As per item 3 of Form A/Production)	0.111	0.100	0.100
Others/Internal Generation etc. (MT/Tonne) (As per item 4 of Form A/Production)	—	—	1.96

FORM B

1. All the plants i.e., Digesters, Washing, Bleaching, Sheeting, Recovery Boiler, Lime Kiln and Causticizing are totally operated with DCS.

2. Brown Stock Washer: The New Imported Drum Displacement Washer has enabled reduction in chemical losses as well as the COD in the effluent.

3. Bleaching: The Imported Technology and equipments in

bleaching has improved the quality of the pulp as well as reduced the chemical inputs.

4. The Chemical Boiler and Evaporator which are the state-of-the-art technology has given good results and 85% of the steam requirement is met by this system.

5. CLO2 Plant: The ECF technology of the imported CLO2 plant eliminates pollution by recovering the solid waste.



AUDIT REPORT

The Shareholders of APR LIMITED

We have audited the attached Balance Sheet of APR LIMITED as at 30th September, 1998 and the attached Profit and Loss Account for the period ended on that date with the books of the Company and report that:

1. As required by the Manufacturing And Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4-A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above.
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. Proper books of account as required by Law have been kept by the Company so far as it appears from our examination of such books.
 - c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d. No provision has been made in the accounts for decline in the book value of investments as mentioned in Note 2(e) of Notes to Accounts vide Schedule 22.
 - e. Balances outstanding to the debit or credit of parties are subject to confirmation and consequential adjustments.
 - f. Unserviceable or damaged stocks have not been determined during the year. Loss not ascertainable.

- g. No provision has been made in the accounts for doubtful debts and advances. Amount not ascertainable.
- h. Treatment of unallocated capital expenditure and allocation of the same to the assets and date of commencement of commercial production are as confirmed and certified by the management as mentioned in Note 9 of Notes to Accounts vide Schedule 22.
- i. Setting off of loss on sale of fixed assets of Packaging Division amounting to Rs.8,71,35,370/- against Amalgamation Reserve as mentioned in Note 10 of Notes to Accounts vide Schedule 22 resulted in higher profit.

Subject to the foregoing, in our opinion and to the best of our information and according to the explanations furnished to us, the accounts, read in conjunction with the Schedules and subject to Note 12 of Notes to Accounts vide Schedule 22 regarding creation of Debenture Redemption Reserve, give the information as required by the Companies Act, 1956 in the manner so required and give a true and fair view;

- i) In the case of Balance Sheet of the state of affairs of the Company as at 30th September, 1998; and
- ii) In the case of Profit and Loss Account of the Profit for the period ended on that date.

For M.R. DEVINENI & CO.,
Chartered Accountants

Hyderabad
3.12.1998

N. ANKA RAO
Partner