



# AURANGABAD PAPER MILLS LIMITED

Regd. Office : 171/B Mittal Tower, Nariman Point, Mumbai-400 021.

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	NA
TRA	AP		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

## 22<sup>ND</sup>

## ANNUAL REPORT

## 1996-97

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## AURANGABAD PAPER MILLS LIMITED

### BOARD OF DIRECTORS

Shri Parmeshwar G. Mittal	: MANAGING DIRECTOR
Shri Shankarlal G. Mittal	: EXECUTIVE DIRECTOR
Shri Badal Mittal	: EXECUTIVE DIRECTOR
Shri R. R. Jhunjhunwala	: WHOLE TIME DIRECTOR
Shri Niranjanlal B. Dalmia	
Shri Shobhan M. Thakore	
Shri O. V. Kuruvilla	
Shri H. R. Pujari	: ICICI Nominee
Shri K. Raghavan	: IDBI Nominee
Ms. Kala S. Pant	: SICOM Nominee

Shri Ramesh Mittal	: RESIDENT DIRECTOR
Shri V. S. Viswanathan	: SECRETARY

### AUDITORS :

M/s. O.P. Saraogi & Co.,  
Chartered Accountants  
5, Apeejay House,  
130, Bombay Samachar Marg,  
Mumbai : 400 023.

### BANKERS :

Bank of Maharashtra  
Indian Overseas Bank  
The Bank of Rajasthan Limited

### REGISTERED OFFICE :

171/B, Mittal Tower,  
Nariman Point,  
Mumbai : 400 021.

### WORKS :

M.I.D.C. Paithan, Dist. Aurangabad  
Maharashtra.

**22nd Annual Report 1996-97**

Regd. Office : 171/B, MITTAL TOWER, NARIMAN POINT, MUMBAI : 400 021

**NOTICE OF TWENTY SECOND ANNUAL GENERAL MEETING**

Notice is hereby given that the 22nd Annual General Meeting of the Members of Aurangabad Paper Mills Limited will be held on Tuesday, the 30th day of September, 1997 at 2.30 p.m. at Ashoka-Hall, Arcadia, behind N.C.P.A. (Tata Theatre), Nariman Point, Mumbai : 400 021, to transact the following business:-

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1997 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Shobhan Thakore, who retires by rotation as per Article 159 of the Articles of Association of the Company and, being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, and to fix their remuneration.

**SPECIAL BUSINESS :**

4. To consider and, if thought fit, to pass, with or without modification, the following resolution as a SPECIAL RESOLUTION :-

"RESOLVED THAT pursuant to the provisions of Section 146 and other applicable provisions, if any, of the Companies Act, 1956, consent of the members be and is hereby accorded for changing the place of the Registered Office of the Company from 171-B, Mittal Tower, Nariman Point, Mumbai : 400 021 to Aurangabad office, opposite Municipal School, Bansilal Nagar, Aurangabad : 431 005, within the State of Maharashtra."

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing proxy duly completed, stamped and signed, should be deposited at the Registered Office of the Company at 171/B, Mittal Tower, Nariman Point, Mumbai : 400 021, not later than 48 hours before the commencement of the meeting.
3. The Register of members and the Share Transfer Books of the Company will remain closed from Thursday, the 25th September, 1997 to Tuesday, the 30th September, 1997 (both days inclusive).
4. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.



## AURANGABAD PAPER MILLS LIMITED

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

#### ITEM NO. 4:

The Company's Registered Office is presently located at 171-B, Mittal Tower, Nariman Point, Mumbai : 400 021 and the Company's factory is located at Aurangabad. However, the Company is finding it increasingly difficult to cope up with the problem of availability of adequate space for various records, whereas sufficient space is available at Aurangabad. Further, Mr. R.R. Jhunjhunwala's full-time involvement will not be available to the Company for day to day plant operations, due to his recent accident and subsequent ill-health. Consequently, Shri Badal Mittal will be required to stay at Aurangabad and Paithan to look after the operations of the Company. Hence the Board felt that it would be better to shift the Corporate and the Registered Office to Aurangabad wherein the critical departments located at Mumbai will start functioning from. **However, for benefit of shareholders, Investors' Grievances Cell will continue to operate from Mumbai Office.** By shifting the registered office and Corporate Office to Aurangabad, the Company would also be saving substantial amount by way of rent and other infra-structural expenses. Keeping in mind the bad phase the Company is now passing through, the Board thought that it would be desirable to look at saving of any expense in future. Hence, for administration convenience and cost control, the Board of Directors has, subject to the approval of the members, decided to change the place of the Registered Office of the Company from Mumbai to Aurangabad.

The Board unanimously recommends the special resolution at Item No. 4 of the Notice to the members for their approval.

None of the Directors may be considered to be concerned or interested in the resolution.

By Order of the Board

**V. S. VISWANATHAN**  
SECRETARY

Place : MUMBAI  
Date : 25th August, 1997

**REGISTERED OFFICE :**  
171/B, Mittal Tower,  
Nariman Point,  
Mumbai : 400 021.

## 22nd Annual Report 1996-97

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors hereby present the 22nd Annual Report of the Company and the Audited Accounts for the year ended March 31, 1997.

(Rs. in lacs)  
Year ended

**FINANCIAL RESULTS :**

	31.03.1997	31.03.1996
Profit / Less before Interest, Depreciation. & Taxation	(370.81)	643.93
Less : Interest	298.56	441.05
	(669.37)	202.88
Less : Provision for Depreciation	188.32	200.43
Net Profit / Less for the year	(857.69)	2.45
Add: Income tax refund of earlier years	0.40	0.16
Add : Balance of Profit / brought forward from previous year	6.83	37.55
	(850.46)	40.16
	=====	=====

**APPROPRIATIONS :**

Transfer to Debenture Redemption Reserve	—	33.34
Surplus / (Deficit) carried to Balance Sheet	(850.46)	6.82
	(850.46)	40.16
	=====	=====

**OPERATIONS :**

In the last Directors' Report, your directors had mentioned about the change in the newsprint scenario. Government of India had included newsprint under OGL and dispensed with the requirement by domestic users to purchase two tons of indigenously made newsprint for every ton of newsprint imported. This led to decline in the prices of newsprint. Your directors had then expressed pessimism in the days to come. Although the Government imposed a custom duty of 10 % on the imported newsprint, due to fall in the basic prices of imported newsprint, the prices of imported newsprint continued to be cheaper. To make matters worse, there was widespread dumping of newsprint into India at very low prices by suppliers from USA, Canada and Russia. The Indian Newsprint Manufacturers Association (INMA), which spearheaded the battle against such dumping, filed a petition seeking imposition of suitable anti-dumping duty with a view to ensure survival of the domestic industry. Domestic Industry could not withstand the unhealthy competition from abroad. The Designated Authority attached to the Union Commerce Ministry initiated investigations and satisfied himself, that, injury has been caused to the domestic newsprint manufacturers as a result of dumping of newsprint



## AURANGABAD PAPER MILLS LIMITED

into India. On 11th June 1997, he recommended a structured provisional anti-dumping duty to be imposed on newsprint originating from USA, Canada and Russia. However, four national newspapers challenged the said provisional recommendation and filed a petition against INMA in Delhi High Court. Dismissing the said petition, a division bench of the said Court observed that no case is made out at this stage for the interference of the Court in the matter. Your directors are hopeful that the Union Finance Ministry will soon issue a notification imposing the anti-dumping duty.

The dismal newsprint scenerio has even extended to other varieties of paper, including kraft paper. There is overall sluggishness in the paper industry. Your directors are of the view that survival of paper industry can be expected only after the anti-dumping duty issue is resolved. The other companies engaged in manufacturing newsprint have reported substantially lower margins.

During the year under review, your Company was forced to effect reduction in the selling price of newsprint and kraft paper in order to liquidate stocks. This has resulted in substantial fall in turnover. The production of newsprint during the year under review was only 9,536 MT as compared to 17,486 MT during the previous year. Production of kraft paper was 10,010 MT as compared to 7,122 M.T. in 1995-96. The impact of Cost Reduction Scheme is not reflected in the performance due to curtailment of production. Hence the year under review witnessed substantial loss.

### NEW PROJECT :

As you may be aware, the Company's plans to set up Chemical Recovery Plant, Composite Pulp Mill, etc., at Paithan, Dist. Aurangabad have been put on hold, due to continued sluggishness in the Paper Industry. M/s. Nath Pulp & Paper Mills Limited (NPPM), whose plant is situated adjacent to that of ours, at Paithan, Dist. Aurangabad have recently set up their own chemical recovery plant which is reported to be working satisfactorily. Since NPPM will have adequate excess capacity to process the black liquor of your kraft paper plant, your Company has entered into a Memorandum of Understanding (MOU), in terms of which your Company will be supplying black liquor to NPPM and take back white liquor from NPPM. This arrangement has been done keeping in mind the need to curb the pollution till such time your Company is able to successfully install its own chemical recovery plant.

### DIVIDEND :

In view of the losses, your directors regret their inability to recommend any dividend for the year under review.

### DIRECTORS :

Shri Shobhan Thakore would retire by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment.

### PARTICULARS OF EMPLOYEES :

There was no employee in respect of whom information is required to be disclosed as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

**22nd Annual Report 1996-97****CONSERVATION OF ENERGY AND FOREIGN EXCHANGE EARNING/OUTGO:**

The information required under 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 is appended hereto and forms part of this report.

**TECHNOLOGY ABSORPTION :**

Presently the Company has an in-house Research & Development Wing which takes care of developmental projects of the Company.

The Company at present does not have technical collaboration/technical assistance agreement with any Company in India or abroad.

**AUDITORS :**

The Auditors, M/s O.P. Saraogi & Co., Chartered Accountants, will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. You are requested to consider their re-appointment for the financial year ending March 31, 1998, and also to fix their remuneration.

**ACKNOWLEDGEMENTS :**

Your Directors are grateful to the Financial Institutions and the Company's Bankers for their continued support and co-operation.

Your Directors also wish to place on record their appreciation of the services rendered by the employees at all levels.

For and on behalf of the Board of Directors

**Parmeshwar G. Mittal**  
Managing Director

**Badal Mittal**  
Executive Director

Place : Mumbai

Date : 13th August, 1997



## AURANGABAD PAPER MILLS LIMITED

Information under 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, and forming part of the Directors' Report.

### 1. CONSERVATION OF ENERGY:

#### (A) Power and Fuel Consumption:

	1996-97	1995-96
<b>1. Electricity (Purchased)</b>		
(a) Unit	Rs. 1,29,20,940 Units	1,92,34,779 Units
(b) Total Amount	Rs. 438.68 lacs	Rs. 545.12 lacs
(c) Rate	Rs. 3.39 per Unit	Rs. 2.83 per Unit
<b>2. COAL :</b>		
(a) Quantity	29283 M.T.	30813 M.T.
(b) Total Cost	Rs. 441.50 lacs	Rs. 424.90 lacs
(c) Average Rate	Rs. 1507.71 per M.T.	Rs. 1378.95 per M.T.
<b>3. BAGGASSE :</b>		
(a) Quantity	17322 M.T.	3450 M.T.
(b) Total Cost	Rs. 84.70 lacs	Rs. 25.88 lacs
(c) Average Rate	Rs. 488.97 per M.T.	Rs. 750.30 per M.T.
<b>4. WHEAT STRAW :</b>		
(a) Quantity	77 M.T.	40 M.T.
(b) Total Cost	Rs. 0.39 Lacs	Rs. 0.20 Lacs
(c) Average Rate	Rs. 504.82 per M.T.	Rs. 504.82 per M.T.

#### (B) Consumption per M. T. of production :

1. Electricity	661 Units	782 Units
2. Coal	1.498 M.T.	1.252 M.T.
3. Baggasse	0.886 M.T.	0.140 M.T.
4. Wheat Straw	0.004 M.T.	0.002 M.T.

### 2. FOREIGN EXCHANGE EARNING & OUTGO :

The Company's product is sold only in the local market and there is no export. During the year Foreign Exchange outgo was Rs. 211.15 lacs, which includes :

	1996-97	1995-96
	(Rs. in lacs )	
<b>(A) Import of :</b>		
1. Raw Material	194.03	285.63
2. Spare Parts & Consumables	13.36	9.84
<b>(B) Travelling Expenses :</b>	3.76	4.66
<b>TOTAL</b>	<b>211.15</b>	<b>300.13</b>