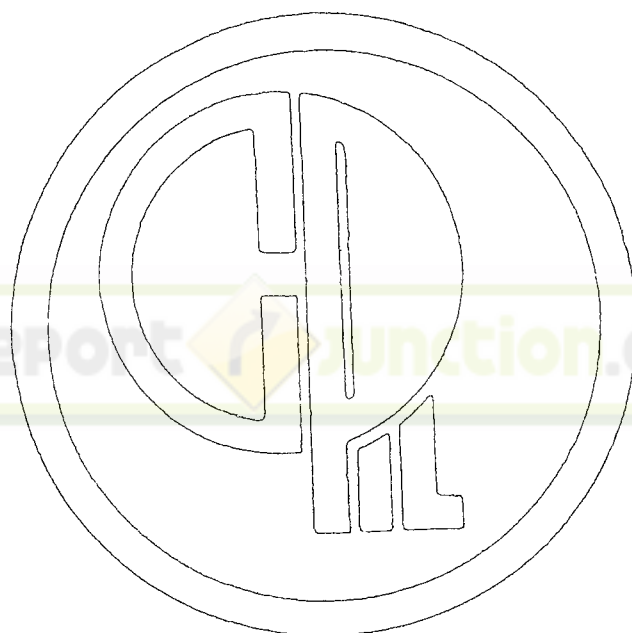


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MD	✓	BKC	✓
CS	NA	DPY	NA
RO	✓	DPV	NA
TRA	NA	AC	✓
AGM	✓	SHI	✓
YE	✓		



CELLULOSE PRODUCTS OF INDIA LIMITED





CELLULOSE PRODUCTS OF INDIA LIMITED

DIRECTORS	SHRI LAXMIKANT BHAGUBHAI	CHAIRMAN
	SHRI TUSHAR LAXMIKANT	MANAGING DIRECTOR
	SHRI MAITREYA LAXMIKANT	MANAGING DIRECTOR
	SHRI ROOPESH CHAITANYA	DIRECTOR
	SHRI KRISHNANAND TANEJA	DIRECTOR
	SHRI ARUNBHAI P. SHETH	DIRECTOR
	SHRI NARENDRAPRASAD C.PATEL	DIRECTOR
	SHRI ANUJ ROHIT MEHTA	DIRECTOR
	SHRI MUKESH M. PATEL	DIRECTOR

AUDITORS M/S. C. C. CHOKSHI & CO.
CHARTERED ACCOUNTANTS, AHMEDABAD.

BANKERS BANK OF BARODA
BANK OF INDIA

LEGAL ADVISORS M/S. MALVI RANCHHODDAS GIRISH N. SHAH & CO.
SOLICITORS, AHMEDABAD.
M/S. KANGA & CO., SOLICITORS, MUMBAI.
ASHWIN LALBHAI SHAH, ADVOCATE, AHMEDABAD.

CORPORATE ADVISOR SHRI KASHYAP R. MEHTA, COMPANY SECRETARY,
AHMEDABAD.

REGISTERED OFFICE OFFICE NO. 4 & 5, 2ND FLOOR,
NATIONAL CHAMBERS,
NEAR DIPALI THEATRE, ASHRAM ROAD,
AHMEDABAD - 380009.

WORKS :

KATHWADA	(DIST. AHMEDABAD)
RAMOL	(DIST. AHMEDABAD)
PUNGAM	(DIST. BHARUCH)
KAPPALUR	(DIST. MADURAI, TAMILNADU)

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTYEIGHTH ANNUAL GENERAL MEETING of the members of CELLULOSE PRODUCTS OF INDIA LIMITED will be held on Friday, the 25th day of September, 1998 at 10.30 a.m. at Ahmedabad Textile Mills Association Hall, Ashram Road, Ahmedabad-380 009 to transact the following business:

ORDINARY BUSINESS :

1. To receive and adopt the Audited Profit and Loss Account for the year ended 31st March, 1998 and the Balance Sheet as on that date alongwith the Directors' Report and Auditors' Report thereon.
2. To appoint Director in place of Shri Roopesh Chaitanya, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint Director in place of Shri Mukesh M. Patel, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Director in place of Shri Anuj Rohit Mehta, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company do hereby accord its approval to the reappointment of Shri Tushar Laxmikant as Managing Director of the Company for a period of five years with effect from 23rd May, 1998 to 22nd May, 2003 on the terms and conditions set out in the draft agreement of appointment submitted to this meeting duly initialled by the Chairman for identification and that he be paid remuneration by way of Salary, Perquisites and Commission not exceeding the amount thereof as set out in the accompanying explanatory statement which is permissible under Part II of Schedule XIII of the Companies Act, 1956 as may be decided by the Board of Directors of the Company from time to time."

"RESOLVED FURTHER THAT the extent and scope of Salary, Perquisites and Commission as specified in the Explanatory Statement be altered, enhanced, widened or varied by the Board of Directors in accordance with the relevant provisions of the Companies Act, 1956 for the payment of managerial remuneration in force during the tenure of the Managing Director without the matter being referred to the Company in General Meeting again."
7. To consider, and if thought fit, to pass with or without modification(s) the following Resolution as a Special Resolution.

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company do hereby accord its approval to the reappointment of Shri Maitreya Laxmikant as Managing Director of the Company for a period of five years with effect from 1st September, 1998 to 31st August, 2003 on the terms and conditions set out in the draft agreement of appointment submitted to this meeting duly initialled by the Chairman for identification and that he be paid remuneration by way of Salary, Perquisites and Commission not exceeding the amount thereof as set out in the accompanying explanatory statement which is permissible under Part II of Schedule XIII of the Companies Act, 1956 as may be decided by the Board of Directors of the Company from time to time."

"RESOLVED FURTHER THAT the extent and scope of Salary, Perquisites and Commission as specified in the Explanatory Statement be altered, enhanced, widened or varied by the Board of Directors in accordance with the relevant provisions of the Companies Act, 1956 for the payment of managerial remuneration in force during the tenure of the Managing Director without the matter being referred to the Company in General Meeting again."

Registered Office :
Office Nos.4 and 5,
National Chambers, 2nd Floor,
Ashram Road,
Ahmedabad-380 009.
Place: Ahmedabad.
Date : 23rd July, 1998.

By Order of the Board
Maitreya Laxmikant
Managing Director

NOTE:

1. The relevant Explanatory Statement, pursuant to section 173(2) of the Companies Act, 1956, in respect of the special Business at Items Nos.6 and 7, set out in the Notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. THE INSTRUMENTS APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Pursuant to the Section 154 of the Companies Act, 1956, Register of Members and Share Transfer Book of the Company will remain closed from Tuesday, the 8th September, 1998 to Friday, the 25th September, 1998 (both days inclusive).
4. Members intending to require informations about accounts at the meeting are requested to write to the Company at least 10 days in advance of the Annual General Meeting.
5. Members are requested to :
 - a) Intimate, if shares are held in the same name or in the same order and names, but in more than one account to enable the company to club the said accounts into one account.
 - b) Notify immediately the change in their registered address, if any, to the Company.
 - c) Send their old share certificates (of Rs 100/- each) for exchange with the sub-divided share certificates (of Rs 10/- each), in case the same have not been sent till date.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

In conformity with the provision of Section 173(2) of the Companies Act, 1956 the following Explanatory Statement sets out all material facts relating to the Special Business mentioned at Items Nos.6 and 7 of the accompanying Notice dated 23rd July, 1998 and should be taken as forming part of the Notice.



CELLULOSE PRODUCTS OF INDIA LIMITED

In respect of Item No. 6 and 7:

Shareholders may recall that in the Thirtythird Annual General Meeting held on 18th September, 1993, Shri Tushar Laxmikant and Shri Maitreya Laxmikant were appointed as Managing Directors of the Company for a period of five years from 23rd May, 1993 to 22nd May, 1998 and 1st September, 1993 to 31st August, 1998 respectively. The Board of Directors in their meeting held on 16th February, 1998 and 23rd July, 1998 has reappointed Shri Tushar Laxmikant and Shri Maitreya Laxmikant as Managing Directors for a further period of five years i.e. from 23rd May, 1998 to 22nd May, 2003 and 1st September, 1998 to 31st August, 2003 respectively.

The major common terms and conditions of their reappointment are as under:

I. PERIOD:

- i) The term of Shri Tushar Laxmikant as Managing Director shall be for a period of five years from 23rd May, 1998 to 22nd May, 2003.
- ii) The term of Shri Maitreya Laxmikant as Managing Director shall be for a period of five years from 1st September, 1998 to 31st August, 2003.

II. REMUNERATION PAYABLE TO EACH OF THE MANAGING DIRECTOR:**A. SALARY :**

The Managing Director shall be entitled to salary of Rs.15,000/- per month.

B. PERQUISITES :**1. Housing:**

House Rent Allowance at the rate of 60 % of the salary.

2. Gas, Electricity, Water and Furnishings:

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962. These shall, however, be subject to a ceiling of 10 % of the salary.

3. Medical reimbursement:

Medical reimbursement expenses incurred for the Managing Director and family subject to a ceiling of one month's salary per year or three months' salary over a period of three years.

4. Leave Travel Concession:

Leave travel concession for himself and family once in a year in accordance with rules specified by the Company.

5. Club Fees:

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

6. Personal Accident Insurance:

Premium not to exceed Rs. 4,000/- per annum.

7. Contribution to Provident Fund, Superannuation Fund and Annuity Fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.**8. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.****9. Encashment of leave at the end of the tenure.****10. Free use of Company's car with driver for Company's business and free telephone facility at residence.****C. COMMISSION :**

The Managing Director shall be entitled to commission as may be decided by the Board of Directors of the Company on the Net Profit of the Company so that for any year, the aggregate of Salary, Perquisites and Commission shall not exceed the overall ceiling laid down under section 198 and 309 of the Companies Act, 1956.

III. The Managing Director shall be entitled to reimbursement of expenses incurred by him in connection with the business of the Company.**IV. The Managing Director shall not, so long as he functions as such, become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without the prior approval of the Central Government.****V. DUTIES:**

Subject to the superintendence, direction and control of the Board of Directors of the Company, the Managing Director Shall be entrusted with substantial powers of management and also such other duties and responsibilities as may be entrusted to him by the Board of Directors from time to time. The headquarter of the Managing Director shall be at Ahmedabad or at such place as the Board of Directors may decide from time to time.

VI. TERMINATION:

The Managing Director may be removed from his office for gross negligence, breach of duty or trust if a special Resolution to that effect is passed by the Company in its General Meeting. The Managing Director may resign from his office by giving 90 days' notice to the Company.

VII. COMPENSATION:

In the event of termination of office of Managing Director takes place before the expiration of tenure thereof, Managing Director Shall be entitled to receive compensation from the Company for loss of office to the extent and subject to limitation as provided under section 318 of the Companies Act, 1956.

As per the provisions of Sections 198, 269, 309, 314 and all other applicable provisions, if any, of the Companies Act, 1956 consent of the Company accorded by Special Resolution is necessary for holding office as Managing Director of the Company on remuneration.

The terms and conditions mentioned in the above explanatory statement may be treated as abstract of the terms of proposed contract under Section 302 of the Companies Act, 1956.

Resolution of the Board of Directors reappointing Shri Tushar Laxmikant and Shri Maitreya Laxmikant as Managing Directors and Draft agreements of reappointment are open for inspection at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the meeting.

Shri Tushar Laxmikant and Shri Maitreya Laxmikant are concerned or interested in the business since it relates to their appointment as Managing Directors of the Company. Shri Laxmikant Bhagubhai, Director of the Company may also be deemed to be interested or concerned with the business of reappointment of Shri Tushar Laxmikant and Shri Maitreya Laxmikant, since Shri Tushar Laxmikant and Shri Maitreya Laxmikant are his relative. Shri Roopesh Chaitanya, Director of the Company may also be deemed to be interested or concerned with the business of reappointment of Shri Tushar Laxmikant, since Shri Tushar Laxmikant is his relative.

Registered Office :
Office Nos.4 and 5,
National Chambers, 2nd Floor,
Ashram Road,
Ahmedabad-380 009.
Place: Ahmedabad.
Date : 23rd July, 1998.

By Order of the Board
Maitreya Laxmikant
Managing Director

DIRECTORS' REPORT TO THE MEMBERS

Dear Shareholders,

The Directors present herewith the **THIRTYEIGHTH** Annual Report on the operations and affairs of the Company together with the Audited Statement of Accounts for the financial year 1997-98 ended on 31st March, 1998.

1. FINANCIAL RESULTS :

The Working results of your Company for the financial year under report are as under:

	(Rs.in lacs)
Operating Loss	144.02
(Loss before interest & Depreciation)	
Add : Interest	<u>213.59</u>
Loss before tax	<u>357.61</u>
Add : Debit balance brought forward from last year	—
Loss carried to Balance Sheet	<u>357.61</u>

Remarks of Auditors in their Report and Notes attached to the Accounts are self-explanatory. No provision for Depreciation for the year 1997-98 has been made.

2. DIVIDEND :

In view of the losses suffered during the year under review, your Directors regret their inability to recommend dividend for the year under review.

3. OPERATIONS :

All the three units of the Company did not work for full twelve months during the year under review. At Kathwada, there was strike at the beginning of the year. This strike ended in June, 1997. Loss of production and resulting therefrom loss of market, slackness in demand, extremely high price of molasses and other raw materials, prevailing recessionary condition in the market etc., all these contributed to continuous cash losses of the Company. With mounting losses and facing severe cash crunch, the management had to take hard decision to stop the operations at all the three units of the Company. Accordingly, during December, 1997, the operations of the Company came to a halt. The management initiated negotiations with workmen and Union at all the three units for final settlement. After prolonged dis-

cussions, a settlement with the workmen and Union at Kathwada Unit was finalised. Negotiations at other units are in progress.

During the year under review, the performance of the Company was poor as compared to last year because all the units did not work for the full year. The Company achieved sales of Rs. 1376 lacs and recorded cash losses of Rs. 358 lacs, primarily due to the reasons stated above.

The Company got its land (freehold) and Buildings (except land and bldg. at Madurai and PVA & MCA bldgs. at Kathwada) revalued at current market rate as on 31-03-97 by shri B. Parikh, a Govt. Regd. Valuer. The difference amount of Rs. 2834.89 lacs has been credited to Revaluation Reserve Account.

4. PROMISE VS. PERFORMANCE :

As per Clause 43 of the Listing Agreement with the Stock Exchanges, the performance of the Company vis-a-vis the projection for the year ended 31st March, 1998 made in the Letter of Offer dated 1st March, 1995 are given as under:

Particulars	(Rs. in Lacs)	
	Projected performance 1997-98	Actual performance 1997-98
Sales and other income	3961.00	1415.83
Profit/(Loss) before Depreciation,		
Interest and Tax	579.00	(144.02)
Profit/(Loss) after Tax	361.00	(357.61)

The Company has utilised funds raised through Right Issue mainly to achieve the Objects of the Issue mentioned in the Letter of Offer dated 1st March, 1995.

The variation in projections and actual profitability is mainly due to factors as enumerated above.

5. FUTURE PROSPECTS:

The Directors of the Company have carefully reviewed the position and are broadly thinking on following lines:

1. The Company has enough assets to discharge liabilities of workers, statutory dues, commitments towards Bank and Financial Institutions etc.
2. The Company has no plan to restart any plant in near future.

CELLULOSE PRODUCTS OF INDIA LIMITED



3. The Company is also exploring possibility of letting plants on lease or outright sale.
4. Meanwhile, the Company has substantially reduced staff and expenses.
5. The Company may revive after liquidating assets and meeting liabilities by generated funds.

6. FINANCE :

6.1 During the year under review your Company has repaid an amount of Rs. 10.25 lacs to the financial institutions and banks towards principal amount of Terms Loans.

6.2 Fixed Deposits: As on 31st March, 1998, fixed deposits were of Rs. 0.39 lacs. Out of the deposits accepted by the Company as above, deposits amounting to Rs. 0.30 lacs had fallen due and remained unclaimed at the end of the year.

6.3 The Company's income tax assessment has been completed upto the Financial Year 1995-96 and assessment for Sales Tax has been completed upto 1994-95.

6.4 Debentures :

The 4th and 5th instalments of Rs. 16/- each on 14 % Secured Debentures, three instalments each of Rs. 25/- on 19.5% Redeemable Non-convertible Debentures, alongwith interest due there on and interest on 14% Non-convertible is yet to be paid.

6.5 Investment in Fixed Assets :

The Company has made additions to its plant, Machinery, furniture and vehicles amounting to Rs. 29.96 lacs.

7. GENERAL :**7.1 Insurance :**

The Company's buildings, plant and machineries, stocks, spares, etc. have been adequately insured against the risks of fire, riot, strike, civil disturbance, sabotage, explosion, etc.

7.2 Particulars of Employees :

The information required to be submitted under Section 217(2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forming part of this report is annexed as Annexure - A.

7.3 Auditors :

The present Auditors of the Company M/s. C. C. Chokshi & Co., Chartered Accountants, Ahmedabad, being eligible have offered themselves for reappointment. They have furnished a certificate of their eligibility for reappointment under Section 224(1-B) of the Companies Act 1956.

8. DIRECTORATE :

8.1 Shri Roopesh Chaitanya resigned as Managing Director of the Company w. e. f. 16th February, 1998 and has continued as Director of the Company. Shri Hiralal Harilal Bhagwati resigned as Director of the Company with effect from 19th August, 1997. Your Directors place on record deep sense of appreciation for the guidance, advice and services rendered by them during their tenure as Managing Director and Director respectively.

8.2 Industrial Investment Bank of India Limited have withdrawn Shri D. K. Dutta as their Nominee Director on the Board of the Company.

8.3 Three of your Directors, Shri Roopesh Chaitanya, Shri Mukesh M. Patel and Shri Anuj Rohitbhai Mehta retire by rotation in terms of Article 153 of the Articles of Association of the Company and they being eligible offer themselves for reappointment.

8.4 The terms of Shri Tushar Laxmikant and Shri Maitreya Laxmikant, Managing Directors of the Company have expired on 23rd May, 1998 and 31st August, 1998 respectively. The Board of Directors have decided to reappoint them as Managing Directors for a further period of five years. The Directors recommend your approval to their reappointment on the terms and conditions set out in the notice of 38th Annual General Meeting.

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed as Annexure - B.

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10. ACKNOWLEDGMENT :

The Company's relations with its employees remained cordial during the year. Your Directors wish to place on record their appreciation for the support and cooperation received from the financial institutions and Banks for helping the Company manage its financial requirements from time to time.

By and on Behalf of the Board,
Laxmikant Bhagubhai
Chairman

Place: Ahmedabad.

Date : 23rd July, 1998.

Annexure-A

Statement containing Information as per section 217(2-A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules, 1975 and Forming part of the Directors' report for the year ended 31st March, 1998.

(a) Age (b) Qualifications (c) Designation and nature of duties (d) other terms and conditions (e) commencement of employment (f) experience (years) (g) remuneration (Rs) (h) particulars of last employment, last post, period.

(A) Employed throughout the financial year under review and were in receipt of remuneration in aggregate of not less than Rs. 3,00,000/- per annum.

(1) Shri Tushar Laxmikant (a) 45 (b) B.Sc, B.S. in Textile Engg (B.S.T.E. USA), (C) Managing Director-Management (d) present appointment upto 22-05-2003, entitled to resign after giving 90 days notice (e) 23-05-1988 (f) 16 (g) Rs.3,77,142/- (h) Manish Organics India Ltd., Managing Director, 2 yrs 7 months.

(2) Shri Maitreya Laxmikant (a) 41 (b) B.Com, MBA PCT&S, (USA) Managing Director (Management). (d) Present appointment upto 31-08-2003, entitled to resign after giving 90 days notice, (e) 01-09-1988 (f) 15 (g) Rs.3,79,062/- (h) - .

(B) Employed for part of the financial year under review and were in receipt of remuneration in aggregate of not less than Rs. 25,000/- per month.

(1) Shri Roopesh Chaitanya (a) 34 (b) M.B.A. (U.S.A.) (c) Managing Director-Management, (d) Resigned w.e.f. 16-02-1998 (e) 16.8.94 (f) 7 (g) Rs. 5,79,468/- (h) Bristol Myers Squibb Co., New Jersey, U. S. A., 7 Years.

Notes:

1. The remuneration as above includes salary, House Rent Allowance, Company's contribution to Provident fund, Superannuation fund, Group Insurance, Leave Travel and medical benefits and in case of Managing Directors, all such benefits as sanctioned by Central Government.
2. Shri Laxmikant Bhagubhai, Shri Tushar Laxmikant, and Shri Maitreya Laxmikant are related to each other.
3. The appointments are contractual.

Annexure - B

Additional information as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

(A) Conservation of Energy :

In Pursuit of ever vigilant policy of the Company to conserve the energy, the Company has taken following measures so as to reduce the energy consumption.

-The Company has taken measures for operating its Bio-gas plant to generate methane, which can be used in the Boilers to reduce the consumption of coal.

-The Steam Lines and equipments were properly insulated to conserve heat energy and steam.

-The details of the total energy conservation as per Form A prescribed in the rules is attached herewith.

(B) Technology Absorption :

-The R & D Centre has been working in modification specific areas like quality control, improvement of production processes and other related areas.