

**40th Annual Report
1999-2000**



CELLULOSE PRODUCTS OF INDIA LIMITED



CELLULOSE PRODUCTS OF INDIA LIMITED

DIRECTORS	SHRI LAXMIKANT BHAGUBHAI	CHAIRMAN
	SHRI MAITREYA LAXMIKANT	MANAGING DIRECTOR
	SHRI ROOPESH CHAITANYA	DIRECTOR

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

BANKERS BANK OF BARODA

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 POST : JANTANAGAR, RAMOL,
TALUKA : DASKROI,
DIST : AHMEDABAD - 382 449.

WORKS :

KATHWADA (DIST AHMEDABAD)
RAMOL; (DIST AHMEDABAD)

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE FORTIETH ANNUAL GENERAL MEETING of the members of CELLULOSE PRODUCTS OF INDIA LIMITED will be held on Friday the 30th March, 2001 at 11-00 a.m. at Post : Jantangar, Raamol, Taluka : Daskroi, Dist. : Ahmedabad-382449 to transact the following business :

ORDINARY BUSINESS :

1. To receive and adopt the Audited Profit & Loss Account for the year 1999-2000 (From 1st Oct., 1999 to 30th September-2000) ended 30th September, 2000 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 Chaitariya who retires by rotation and, being eligible, offers himself for reappointment.
3. 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 :

4. To consider and, if through fit, to pass with or without modification, 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 appointment of Shri Maitreya Laxmikant as Managing Director of the Company for a period of 3 years with effect from 15th February, 2001 to 14th February, 2004 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 reoffered to the Company in General Meeting again."

REGISTERED OFFICE :

Post : Jantanagar, Ramol,

Taluka : Daskroi,

Dist. Ahmedabad-382 449.

Date : 14th February, 2001.

By order of the Board,

Maitreya Laxmikant

Director

NOTE :

1. The relevant Explanatory statement, pursuant to section 173(2) of the Companies Act, 1956, in respect of the special Business at Item No.4 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 AND TO 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 FORTY EIGHT 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 20th March, 2001 to Friday, the 30th March, 2001 (both day 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 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 account 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 Item No. 4 of the accompanying Notice dated 14th February, 2001 and should be taken as forming part of the Notice.



CELLULOSE PRODUCTS OF INDIA LIMITED

In respect of Item No. 4 :

The Board of Directors in their meeting held on 14th February, 2001 has appointed Shri Maitreya Laxmikant as Managing Director for a period of 3 years i.e. from 15th February, 2001 to 14th February, 2004.

The major terms and conditions of his appointment are as under :

I. PERIOD :

The term of the Managing Director shall be for a period of 3 years from 15th February, 2001 to 14th February, 2004.

II. REMUNERATION :**A. SALARY :**

The Managing Director shall be entitled to salary of Rs.11,000/- per month.

B. PERQUISITES :**1. 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. This will also include the premium paid for Mediclaim Insurance for Managing Director and family.

2. Free use of Company's car or reimbursement of car rentals, salary of driver, reimbursement of petrol expenses and reimbursement of maintenance expenses for Company's business.**3. Free telephone facility at residence or reimbursement of telephone expenses.****4. Reimbursement of all travelling expenses (domestic and foreign) incurred for the business of the Company.****5. Free Personal Accident Insurance for the Managing Director, premium for which not to exceed Rs.3,000/- p.a.****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 appointing Shri Maitreya Laxmikant as Managing Directors and Draft agreement of appointment 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 Maitreya Laxmikant is concerned or interested in the business since it relates to his appointment as Managing Director of the Company. Shri Laxmikant Bhagubhai, Director of the Company may also be deemed to be interested or concerned with the business, since Shri Maitreya Laxmikant is his relative.

REGISTERED OFFICE :

Post : Jantanagar, Ramol,

Taluka : Daskroi,

Ahmedabad-382 449.

Date : 14th February, 2001.

By order of the Board,

Maitreya Laxmikant

Director

40TH ANNUAL REPORT 1999-2000

DIRECTORS' REPORT TO THE MEMBERS

Dear Shareholders,

The Directors present herewith the **FORTIETH** Annual Report on the affairs of the Company together with the Audited Statement of Accounts for the Accounting Year 1999-2000 ended on 30th September, 2000.

1. FINANCIAL RESULTS :

The working results of your company for the Accounting Year under report are as under :

	(Rs. in lacs)	
	1999-2000 (12 Months)	1998-99 (18 months)
Operating Loss	171.00	478.62
(Loss before interest & Depreciation)		
Add : Interest	0.33	113.94
Loss before tax	171.33	592.56
Add : Debit balance brought forward from last year	592.56	357.61
Less : Set-off against Revaluation Reserve	<u>592.56</u>	<u>357.61</u>
Loss carried to Balance Sheet	<u>171.33</u>	<u>592.56 *</u>

* The amount has been set off against Revaluation Reserve during 1998-1999 and 1999-2000.

Remarks of Auditors in their Report and notes attached to the Accounts are self-explanatory. No provision has been made in the accounts for Depreciation for the years 1993-94 to 1999-2000.

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 :

The operations at all the units of the Company remained suspended throughout the period under review. However the Company managed to generate small income through trading chemicals and other items. Even with reduce expenses, the company had become "Potentially Sick" as per section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985. However, when the matter was referred to BIFR, the Company received the reply from BIFR that as the Company did not employ more than 50 persons in the preceeding year, the Company did not fall within the scope of the Act and hence our reference was rejected. Recessionary conditions continued in the market. These conditions foiled all the efforts of the Company to sell unproductive assets to generate funds.

The Sale Committee appointed by the High Court on 20-11-1998 in SCA 8488/1998 also could not sell the assets as expected. However, the plant & machinery,

furnitures & fixtures of Kathwada and Ramol units were sold at Rs. 111 lacs and Rs. 39 lacs respectively. The Company is continuing its efforts to sell the balance assets. With turn in the market conditions, the Company hopes to be able to sell these assets in near future.

4. FUTURE PROSPECTS :

1. The Company has no plan to restart any plant in near future.
2. The Company has reasonably high hopes to sell the open lands of the Company, but likely to take more time for negotiations and finalisations.
3. Meanwhile, the Company is working with skeleton staff and heavily reduced the expenses.
4. After meeting all the liabilities, the Company may opt for trading in chemicals. If circumstances permit, the Company may utilise buildings and open lands for warehousing facilities wither by itself or through leasing to others.

5. FINANCE :

- 5.1 Fixed Deposits : As on 30th September, 2000 fixed deposits were of Rs.30,000/- which has remained unclaimed at the end of the year.
- 5.2 The Company's income tax assesement has been completed upto the Financial year 1997-98 and assesement for Sales Tax has been completed upto 1995-96.
- 5.3 Debentures : Part of the Principal amount of all the Series of Debentures has been paid to the Trustees on behalf of the Debentureholders as mentioned in the next paragraph.
- 5.4 Total payments made to secured creditors till date is Rs.69 lacs approximately against their principal amount. This includes payment of Rs. 18.16 lacs to Debenture Trustees also on behalf of the Debentureholdres. The total amount paid to the labour and other employees of all the units is Rs.106 lacs. This includes the payment made against the Settlement dated 03-04-1998.

6. LISTING FEES :

The Equity Shares of the Company are listed of Ahmedbad and Mumbai Stock Exchanges and the Company has paid Annual Listing Fees to both the Stock Exchanges upto the year 1998-1999.

7. GENERAL :

- 7.1 Insurance : The Company's buildings, plant and machinerics, stocks, spares, etc. have been adequately insured against the risks of fire, riot, strike, civil disturbance, sabotage, explosion, etc.
- 7.2 Particulars of Employees : Since there is no



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employee drawing remuneration exceeding Rs.6,00,000/- per annum or Rs. 50,000/- per month, 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 are not applicable.

- 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. DIRECTORS' RESPONSIBILITY STATEMENT :

- 8.1 In the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- 8.2 The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- 8.3 The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 8.4 The Directors had prepared the annual accounts on a going concern basis.

9. DIRECTORATE :

- 9.1 Shri Tushar Laxmikant resigned as Managing Director and Director of the Company with effect from 1st August, 2000 for personal reasons.

There has been an amendment to the Companies Act, 1956. One of the amendment was insertion of clause 274(1) (g). This amendment came into force from 14.12.2000. This amendment declares a company as "Defaulter Company" if it has :

- (a) Not filed annual accounts or annual returns consecutively for three years from 01.4.1999.
- (b) Not paid, till one year from the due date, (i) the amount of fixed deposits and/or interest due thereon, (ii) the amount of redemption of debentures and/or (iii) the amount of dividend.

The amendment does not provide any penalty for the "Defaulter Company" but it is declaring the Directors of such "Defaulting Company" as DISQUALIFIED to hold the post of Director in any other public company for a period of next FIVE

years from the date of default. Thus, the Directors of the "Defaulter Company" are barred to be appointed or reappointed as a Director in any other public company. They can continue as Director in the "Defaulter Company". Also they can continue as Director in any private company.

Your company failed to redeem the debentures which became due on 31-03-93, 31-3-93 and 31-3-97. Thus it has become a "Defaulter Company" as per the amendment. In this context, four Directors of your company, Shri A.P.Sheth, Shri N.C.Patel, Shri K.N.Taneja and Shri A.R.Mehta have preferred to resign as Director of the company from 1-12-2000. However your attention is invited to para 5.4 of this report wherein it is stated that an amount of Rs.18.16 lacs have been paid to the Debenture Trustees on behalf of Debenture Holders against their principal amount.

Your Board of Directors highly appreciates the guidance and advice tendered by these directors during their long association with the company. With deep regrets the Board accepted their resignation.

- 9.2 Shri Maitreya Laxmikant was appointed as Managing Director w.e.f. 15th February, 2001 for a period of 3 years on the terms and conditions mentioned in the Explanatory Statement dated 14th February, 2001 annexed to the Notice of 40th Annual General Meeting.

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

As there was no manufacturing activities during the period under review, the details under the companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

11. ACKNOWLEDGEMENT :

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

By order of the Board,
Laxmikant Bhagubhai
Chairman

Date : 14th February, 2001.
Place : Ahmedabad