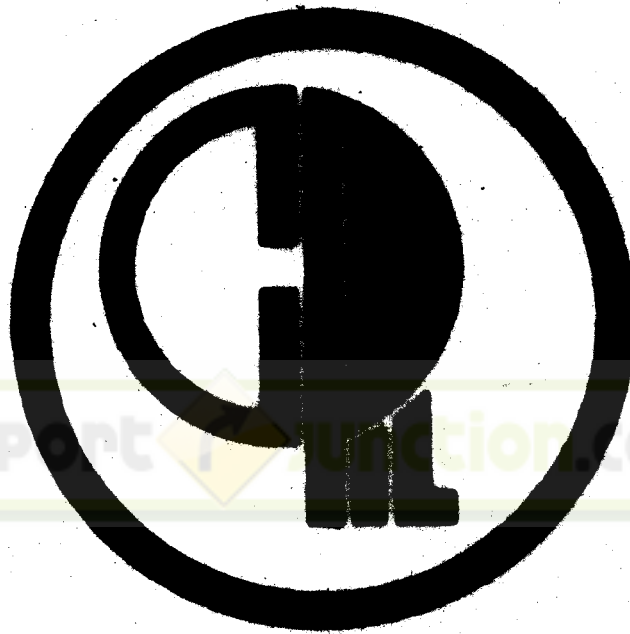


**41st Annual Report  
2000-2002**



**CELLULOSE PRODUCTS OF INDIA LIMITED**

**DIRECTORS SHRI LAXMIKANT BHAGUBHAI****CHAIRMAN****SHRI MAITREYA LAXMIKANT****MANAGING DIRECTOR****SHRI HOOPESH CHAITANYA****DIRECTOR****SHRI JAYENDRA A. DESAI****DIRECTOR****AUDITORS M/S. C. C. CHOKSHI & CO., CHARTERED ACCOUNTANTS, AHMEDABAD.****BANKERS BANK OF BARODA.****BANK OF INDIA.****LEGAL ADVISORS 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)****PUNGAM,****ANKLESHWAR; (DIST : BHARUCH)****CONTENTS****PAGE NO.****NOTICE OF MEETING****4****DIRECTORS' REPORT****5****AUDITORS' REPORT****7****BALANCE SHEET****10****PROFIT & LOSS ACCOUNT****11****SCHEDULES****12****CASH FLOW STATEMENT****21**



## ANNUAL REPORT 2000-2002

## NOTICE

NOTICE IS HEREBY GIVEN THAT THE FORTYFIRST ANNUAL GENERAL MEETING of the members of CELLULOSE PRODUCTS OF INDIA LIMITED will be held on Tuesday the 17th day of September, 2002 at 11-00 a.m. at the Registered Office of the Company at Post : Jantanagar, Ramol, Taluka : Daskroi, Dist. Ahmedabad-382 449 and to transact the following business :

## ORDINARY BUSINESS :

1. To receive and adopt the Audited Profit & Loss Account for the period 2000-02 (18 months) ended 31st March, 2002 and the Balance Sheet as on that date alongwith the Directors' Report and Auditors' Report thereon.
2. To appoint Director in place of Shri Laxmikant Bhagubhai, 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 thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :

"RESOLVED THAT Shri Jayendra A. Desai be and is hereby appointed as a Director of the Company liable to retire by rotation"

## REGISTERED OFFICE :

Post : Jantanagar, Ramol,  
Taluka : Daskroi,  
Dist. Ahmedabad-382 449.  
Place : Ahmedabad.  
Date : 12th July, 2002.

By order of the Board,  
Maitreya Laxmikant  
Director

## NOTES :

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 A PROXY TO ATTEND AND 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 12th September, 2002 to Tuesday, the 17th September, 2002 (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 Item No. 4 of the accompanying Notice dated 12th July, 2002 and should be taken as forming part of the Notice.

## In respect of Item No. 4 :

The Board of Directors at their meeting held on 20th April, 2001 appointed Shri Jayendra A. Desai as an Additional Director of the Company. As per Article 131 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956, he will hold office upto the date of this Annual General Meeting. As required under the provisions of section 257 of the Companies Act, 1956, notice has been received from some of the Members signifying their intention to propose him as candidate for office of the Director.

Shri Jayendra A. Desai is concerned or interested in the said business, and is related to his appointment as Director of the Company. Except him, none of the Directors is in any way concerned or interested in the said business.

## Registered Office:

Post : Jantanagar, Ramol  
Taluka : Daskroi,  
Ahmedabad - 382 449.  
Place : Ahmedabad.  
Date : 12th July, 2002.

By Order of the Board,  
Maitreya Laxmikant  
Managing Director

## CELLULOSE PRODUCTS OF INDIA LIMITED

**DIRECTORS' REPORT TO THE MEMBERS**

Dear Shareholders,

The Directors present herewith the **FORTYFIRST** Annual Report on the affairs of the Company together with the Audited Statement of Accounts for the Accounting Year 2000-02 (18 months) ended on 31st March, 2002.

**1. FINANCIAL RESULTS :**

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

	(Rs. in lacs)	
	2000-2002 (18 Months)	1999-2000 (12 months)
Operating Loss	169.52	171.00
(Loss before interest & Depreciation)		
Add : Interest	5.94	0.33
Loss before tax	175.46	171.33
Add : Debit balance brought forward from last year	171.33	592.56
Less : Set-off against Revaluation Reserve	171.33	592.56
Loss carried to Balance Sheet	175.46	171.33*

\* The amount has been set off against Revaluation Reserves.

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 2000-2002.

**2. DIVIDEND :**

In view of the losses suffered during the period under review, your Directors regret their inability to recommend dividend for the period 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 in chemicals and other items. By the Order dated 19-12-2000 of the Hon'ble High Court, the Pungam Unit of the Company was sold to M/s. Luna Chemicals for Rs. 343 Lacs. Further, by order dated 08-03-2001 of the Hon'ble High Court, the sale of the unit was transferred to M/s. Doshi Chemicals Pvt. Ltd. (DCPL), nominee of M/s. Luna Chemicals, the original purchaser. By order dated 04-05-2001 of the Hon'ble High Court, the physical possession of the unit was handed over to M/s. DCPL,

even though the full amount was not paid by them. By the same order, the Hon'ble High Court granted them extension upto 31-12-2001 to pay the balance amount. Only in April, 2002 M/s. Doshi Chemicals completed the payment of Rs. 343 lacs and the interest for late payment amounting to Rs. 25 lacs approx. is outstanding.

M/s. DCPL has further prayed to the Hon'ble High Court vide its CA 3397 of 2002 to further transfer the sale of unit and licences to its nominee M/s. Pragati Agrochem Pvt. Ltd. The matter is still undecided. Though possession of Pungam Unit has been handed over, the sale Deed and other legal documents have not been executed. Thus legal ownership of the Unit still stays with the Company.

The General Mazdoor Panchayat, representing about 84 workmen who had not resumed work in June, 1997 when others did so, filed a Civil Application No. 10493/2000 praying for joining them as party to the main application of Sarvodaya Labour Union (SCA 8488/1998). The Hon'ble High Court by its order dated 04-05-2001 has made them a party to the main application. Further, the said Union by its Civil Application No. 3685 of 2002, has claimed an amount of Rs. 364 lacs approx. being payable by the Company to these workmen who had not reported for work with others in June, 1997, as their legal dues. This application is still undecided.

Recessionary conditions continued in the market. These conditions foiled all the efforts of the Company to sell the assets to generate funds. However, the Company is continuing its efforts to sell these assets. With turn in the market conditions, the Company hopes 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 either by itself or through leasing to others.

**5. FINANCE :**

- 5.1. **Fixed Deposits:** As on 31st March 2002 there were



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no fixed deposits which has remained unclaimed.

5.2 The Company's income tax assessment has been completed upto the Financial year 1997-98 and assessment 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 the secured creditors till date is Rs.188.28 lacs approximately against their principal amount. This includes payment of Rs. 49.07 lacs to Debenture Trustees also on behalf of the Debentureholders. The total amount paid to the labour and other employees of all the units is Rs.204 lacs. This includes the payment made against the Settlement dated 03-04-1998. This total payment includes the amount received by them as their share of Rs. 200 lacs disbursed by the Hon'ble High Court by its Order dated 10-05-2002.

## 6. LISTING FEES :

The Equity Shares of the Company are listed on Ahmedabad 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 Particulars of Employees : Since there is no employee drawing remuneration exceeding Rs.24,00,000/- per annum or Rs. 2,00,000/- 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.

7.2 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 have been followed along with proper explanation relating to material departures.

8.2 The Directors have 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

period and of the profit or loss of the Company for that period.

8.3 The Directors have 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 have prepared the annual accounts on a going concern basis.

## 9. DIRECTORATE :

9.1 One of your Directors, Shri Laxmikant Bhagubhai retires by rotation in terms of Article 153 of the Articles of Association of the Company and he being eligible, offers himself for reappointment.

9.2 The Board of Directors in their meeting held on 30th April, 2001 have appointed Shri Jayendra A. Desai as Additional Director of the Company. The Board recommends your approval to his appointment as Director of the Company.

## 10. CORPORATE GOVERNANCE :

The Company will initiate necessary steps for meeting the requirements of Clause 49 of the Listing Agreement relating to Corporate Governance and the Board of Directors expects to comply with all requirements by the end of the year 2002-03, as provided in the implementation schedule of Clause 49 of the listing agreement.

## 11. 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 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

Date : 12th July, 2002.

Place : Ahmedabad

## CELLULOSE PRODUCTS OF INDIA LIMITED

## AUDITORS' REPORT

TO THE SHAREHOLDERS OF

CELLULOSE PRODUCTS OF INDIA LIMITED

We have audited the attached Balance sheet of Cellulose Products of India Limited as at 31st March, 2002 and also the Profit & Loss Account for eighteen months period ended on that date annexed there to. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988, issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to above, we report that :
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, Subject to Note No. 3, 4 and 9 of Schedule XIX, proper books of account as required by law, have been kept by the Company so far as appears from our examination of the books;
  - (c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, subject to Note No. 3, 4 & 9 of Schedule XIX, the Balance Sheet and the Profit and Loss Account comply with the Accounting Standards referred to in Sub-section (3C) of

Section 211 of the Companies Act, 1956;

- (e) No provision has been made in the accounts in respect of :
  - (i) Depreciation on fixed assets for the years 1993-94 to 2000-2002 amounting to Rs.223.04 lacs including Rs.62.46 lacs for the period (vide Note No.3 of Schedule XIX).
  - (ii) Interest on term loans/working capital loans from Financial Institutions and Banks and on Debentures for the years 1998-99 to 2000-2002 amounting to Rs.962.23 lacs including Rs.483.56 lacs for the period for the reason explained in the Note No.4 of Schedule XIX.
  - (iii) Doubtful debts and loans and advances of Rs.35.95 lacs and Rs.25.98 lacs respectively (Vide Note No.5 of Schedule XIX).
  - (iv) Impairment loss of Rs.568.85 lacs on fixed assets at Punganj Unit retired from active use and held for disposal (Vide Note No.9 of Schedule XIX).

We further report that had the observations made by us in paragraph (i), (ii), (iii) and (iv) above been considered, the loss for the period would have been Rs.1296.16 lacs (as against the reported figure of Rs.175.46 lacs), the loss carried to Balance Sheet would have been Rs.1804.50 lacs (as against the reported figure of Rs.175.46 lacs), the net value of fixed assets would have been Rs.2579.56 lacs (as against the reported figure of Rs.4212.21 lacs), Sundry Debtors would have been Rs.45.12 lacs (as against the reported figure of Rs.81.07 lacs), Loans & Advances would have been Rs.226.53 lacs (as against the reported figure of Rs.252.51 lacs).

(f) Attention is invited to the following notes in Schedule XIX.

(i) Note No.6: regarding arrears of depreciation of Rs. 27.58 lacs requires to be first set off under section 205 for declaration of dividend out of profits for future years.

(ii) Note No.7: regarding disclosure of certain information pertaining to Small Scale Industrial Undertakings not made by the Company in the Balance Sheet for the