

**43rd Annual Report
2003-2004**



CELLULOSE PRODUCTS OF INDIA LIMITED

**CELLULOSE PRODUCTS OF INDIA LIMITED**

DIRECTORS	SHRI LAXMIKANT BHAGUBHAI	CHAIRMAN
	SHRI MAITREYA LAXMIKANT	MANAGING DIRECTOR
	SHRI ROOPESH CHAITANYA	DIRECTOR
	SHRI JAYNDRA A. DESAI	DIRECTOR
	SHRI MAHESHBHAI P. DESAI	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.

SITES :

KATHWADA (DIST AHMEDABAD)
RAMOL (DIST AHMEDABAD)

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43RD ANNUAL REPORT 2003-2004**NOTICE**

NOTICE IS HEREBY GIVEN THAT THE FORTYTHIRD ANNUAL GENERAL MEETING of the members of CELLULOSE PRODUCTS OF INDIA LIMITED will be held on Friday the 24th day of September, 2004 at 11-00 a.m. at the Registered Office of the Company at Post : Jantangar, Ramol, Taluka : Daskroi, Dist. : Ahmedabad - 382 449 to transact the following business :

ORDINARY BUSINESS :

1. To receive and adopt the Audited Profit & Loss Account for the Financial year 2003-04 ended 31st March, 2004 and the Balance Sheet as on that date alongwith the Directors' Report and Auditors' Report thereon.
2. To appoint Director in place of Shri Jayendra A. Desai, 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.

REGISTERED OFFICE :

Post : Jantanagar, Ramol,

Taluka : Daskroi,

Dist. Ahmedabad-382 449.

Date : 24th June, 2004.

By order of the Board,

Maitreya Laxmikant

Managing Director

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT 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 FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Pursuant to the Section 154 of the Companies Act, 1956, Register of Members and Share Transfer Book of the Company will remain closed from Wednesday, the 1st September, 2004 to Friday, the 24th September, 2004 (both day inclusive).
3. 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.
4. Members are requested to :
 - a) Intimate, if shares are held in the same name or in the same order of 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.



CELLULOSE PRODUCTS OF INDIA LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Dear Shareholders,

The Directors present herewith the **FORTYTHIRD** Annual Report on the affairs of the Company together with the Audited Statement of Accounts for the Accounting Year 2003-04 ended on 31ST March, 2004.

1. FINANCIAL RESULTS :

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

	(Rs. in lacs)	
	2003-04	2002-03
Loss before providing Deferred	31.52	27.80
Revenue Expenditure		
Add:Deferred Revenue		
Expenditure *	38.18	77.09
	69.70	104.89
Add : Loss on sale of Assets of Ankleshwar Unit	-	568.95
Loss for year	69.70	673.54
Add : Debit balance brought forward from last year	673.54	175.46
Less : Set-off against Revaluation Reserve	<u>673.54</u>	<u>175.46</u>
Loss carried to Balance Sheet	<u>69.70</u>	<u>673.54</u>

* Deferred Revenue Expenditure is in respect of Dues of Labour as per settlement dated 3rd April, 1998.

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 2003-04.

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 :

3.1 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.

3.2 However on 31st March, 2004 the Honourable High Court passed an order to demolish the buildings at Kathwada and Ramol. The work of demolition of buildings at both the places is in progress.

3.3 Recessionary conditions continued in the market. These conditions foiled all the efforts of the Company to sell balance 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.

3.4 The Company has reasonably high hopes to sell the open lands of the company, but likely to take more time for negotiations and finalisation. Meanwhile, the company is working with skeleton staff and heavily reduced the expenses.

4. FINANCE :

4.1 Fixed Deposits : As on 31st March, 2004, there were no fixed deposits which has remained unclaimed.

4.2 The Company's income tax assesment has been completed upto the Financial year 2002-03 and assesment for Sales Tax has been completed upto 1995-96.

4.3 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.

4.4 Total payments made to secured creditors till date is Rs.188.22 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.

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5. LISTING FEES :

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

6. GENERAL :

6.1 Particulars of Employees : There is no employee drawing remuneration requiring Disclosure under Section 217(2) (A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

6.2 Auditors : The present Auditors of the Company M/s. C. C. Chokshi & Co., Chartered Accountants, Ahmedabad, being eligible have offered themselves for reappointment.

7. DIRECTORS' RESPONSIBILITY STATEMENT :

7.1 In the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

7.2 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 year.

7.3 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.

7.4 The Directors had prepared the annual accounts on a going concern basis.

8. DIRECTORATE :

8.1 One of your Director, Shri Jayendra A. Desai retires by rotation in terms of Article 153 of the

Articles of Association of the Company and he being eligible offers himself for reappointment.

8.2 Subsequent to the resolution passed by the members at the 42nd Annual General Meeting relating to the appointment of Shri Mitreya Laxmikant as Managing Director of the Company for a period of five years with effect from 15th February, 2004, the Company has approached Central Government for its approval.

9. CORPORATE GOVERNANCE :

As per Clause 49 of the Listing Agreement with the Stock Exchange/s, a Management Discussion & Analysis Statement, a Report on Corporate Governance together with Auditor's Certificate regarding compliance of conditions of Corporate Governance form part of the Annual Report.

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 : 24th June, 2004.

Place : Ahmedabad.



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REPORT ON CORPORATE GOVERNANCE

INTRODUCTION :

The Company believes that Corporate Governance is the nucleus around which is built the confidence and trust resulting into strong, stable and long term partnership with the Investors and all other Stakeholders. This belief of the Company is reflected into the detailed Report on implementation of Corporate Governance as set out below :

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and ability. The Company has implemented the mandatory requirements of the 'Code of Governance' as mentioned in Clause 49 of the Listing Agreement. The Compliance Report of the Company vis-a-vis the stock Exchange Listing Agreement is presented below.

2. BOARD OF DIRECTORS :

The Company placed before the Board at their meetings, all the relevant and necessary information regarding the activities of the Company such as traing particulars. Unaudited Quarterly Results, Minuted of the Committee Meetings, communications from state, Central and Statutory Bodies. Share Transfers etc. Four meetings of the Board of Directors were held during the year on 25-06-2003, 29-07-2003, 21-10-2003 and 21-01-2004.

Composition and Category of Directors :

Name of Directors	Category of Directorship	No. of other Directors ships*	Committee (1) Member ship/(2) Chairman Ship in other Companies	No. of Board Meeting attended	Attendance at the AGM held Yes (Y)/ No(N)
Laxmikant Bhagubhai Chairman	Non-executive Promoter	1	-	4	Y
Maitreya Laxmikant Managing Director	Executive	1	-	4	Y
Roopesh Chaitanya Jayendra A. Desai	Non-Executive Indendent	-	-	-	N
		-	-	-	Y
Maheshbhai P. Desai	Non-Executive Independent	-	-	4	Y

During the year, these were no peculinary relationship or transactions of Non-executive Directors.

Details of the Directors seeking Appointment/Reappointment in forthcoming Annual General Meeting :

Name of Director	Jayendra A. Desai
Date of Birth	04-06-1942
Date of Appointment	30-04-2001
Expertise in specific function areas	Chemical Engineering
List of Public Limited Companies in which Directorships held	-
Chairman/Memer of the Committees of the Board of Director of the Company	Member of Audit Committee and Remuneration Committee
Chairman/Member of the Committees of Directors of other companies.	-

43RD ANNUAL REPORT 2003-2004**Board Procedures :**

The Board of Directors meets once a quarter to review the performance and financial Results. A detailed Agenda File is sent to all the Directors well in time before the Board Meetings. The Chairman/Managing Director briefs the Directors at every Board Meeting, overall performance of the Company. All major decisions/approvals are taken at the Meeting of the Board of Directors such as policy formation, business plans, budgets, investment opportunities, statutory Compliance etc.

3. AUDIT COMMITTEE :

The Composition of Audit Committee is as under :

Name of the Director	Designation	Category	Attendance
Maheshbhai P. Desai	Chairman	Independent Non-executive	3
Laxmikant Bhagubhai	Member	Non-executive	3
Jayendra A. Desai	Member	Independent Non-executive	3

Three Meetings on 25-06-2003, 21-10-2003 and 21-01-2004 were held during the year. All the Members attended the meetings.

4. REMUNERATION COMMITTEE :

The following Directors are the members :

1. Maheshbhai P. Desai Chairman Independent Non-executive
2. Laxmikant Bhagubhai Member Non-executive
3. Jayendra A. Desai Member Independent Non-executive

The meetings of the Committee were held on 25-06-2003 and 21-01-2004. All the members and Chairman were present at the meetings.

The details of the remuneration paid to the Directors during the Financial year 2003-04 are as under :
(Rs. in lacs)

Name	Salary	Perquisites	Sitting	Total
Maitreya Laxmikant Managing Director	1.32	0.12	Nil	1.44
Maheshbhai P. Desai	Nil	Nil	0.01	0.01
Jayendra A. Desai	Nil	Nil	0.01	0.01
Laxmikant Bhagubhai	Nil	Nil	0.01	0.01
Roopesh Chaitanya	Nil	Nil	Nil	Nil

5. SHAREHOLDERS/INVERTORS GRIEVANCES COMMITTEE :

The Committee is constituted as under :

1. Laxmikant Bhagubhai, Chairman - Non-executive
2. Maitreya Laxmikant Member - Executive
Managing Director

The Company received 9 complaint regarding non-receipt of Balance Sheet and 4 inquires about declaration of dividend during the year. All the complaints redressed without delay.

Two meetings of the Committee were held on 25-06-2003 and 21-01-2004 during the year.

Shri A.N. Mehta, Secretarial Officer of the Company acts as the Secretary to the Committee.

6. GENERAL BODY MEETINGS :

Details of last three Annual Meetings of the Company are given below :

Financial Year	Date	Time	Venue	No. of Special Resolutions
1999-2000	30-03-2001	11.00 a.m.	Post: Janta Nagarm Ramol	1
2000-02	17-09-2002	11.00 a.m.	Taluka : Daskroi	-
2002-03	27-07-2003	11.00 a.m.	Dist.Ahmedabad - 382449.	1

Pursuant to the provisions of Section 192 A of the Companies Act, 1956, there was no matter required to be dealt by the Company to be passed through postal ballot.

No Extra-ordinary General Meeting was held on last 3 years.

7. DISCLOSURES :

- a) The Company has not entered into any transaction of material nature with the Promoters, the Directors or the Management that may have any potential conflict with the interest of the Company. The Company has no subsidiary.
- b) There has neither been any non-compliance of any legal provision of applicable law, nor any penalty, stricture imposed by the Stock Exchange / or SEBI or any other authorities, on any matters related to Capital Market during the last three years.



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c) Disclosure about other directorships and membership of Committee in other Companies :		
Name of Director	Other Director-ships	Membership of Committee in other companies
Laxmikant Bhagubhai	1	Nil
Maitreya Laxmikant	1	Nil
Maheshbhai P. Desai	Nil	Nil
Jayendra A. Desai	Nil	Nil
Roopesh Chaitanya	Nil	Nil

8. MEANS OF COMMUNICATIONS :

a) In compliance with the requirements of the Listing Agreement, the Company regularly intimates Unaudited/Audited Financial Results to the to the Stock Exchange/s immediately after they are taken on record by the Board of Directors. These Financial Results are normally published in 'Western Times' (English and Gujarati).

The Company does not possess any Website and as such, results are not displayed on any Website. However, the information like quarterly results etc. is sent in such form so as to enable the Stock Exchange/s on which the Company is listed to put it on its Website.

b) During the year ended on 31st March, 2004, no presentations were made to Institutional Investors or analyst or any other enterprise.

9. SHAREHOLDERS' INFORMATION :

a) Registered Office : Post : Janta Nagar
Ramol, Taluka:Daskori,
Dist. Ahmedabad - 382 449.

b) Annual General Meeting : Day : Friday
Date : 24th September, 2004
Time : 11.00 a.m.
Venue : At the Registered Office of the Company at
Post : Janta Nagar
Ramol, Taluka : Daskori,
Dist. Ahmedabad - 382 449.

c) Financial Calender : Tentatively -
1st Quarter Results : End-July, 2004
Half-yearly Results : End-October, 2004
3rd Quarter Results : End-January, 2005
Audited yearly Results : End-June, 2005

d) Book closure Dates : From : Wednesday, the
1st September, 2004
Audited yearly Results : To : Wednesday, the 24th
September, 2004. (Both Days inclusive)

e) Dividend Payment Date : Not applicable

f) Listing of Shares on Stock Exchange : 1. The Stock Exchange - Ahmedabad
Kamdheni Complex, 1st Floor, Opp.
Panjara Pole, Ambawadi, Ahmedabad-15.
2. The Stock Exchange - Mumbai,
Phirose Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai - 400 001.

g) Stock Exchange Code : Stock Exchange Code
ASE 11214
BSE 6345

h) Stock Price Data : The shares of the Company have not been traded during the period from 1st April, 2003 to 31st March, 2004, hence no information is submitted.

i) Registrar and Share Transfer Agents :

The Company has its own In-house Share Department and has not appointed any Registrars and Share Transfer Agents. The Company carries out Share Transfer work at :

A-11, Neelamber Complex,
St. Xavier's College Corner, Navrangpura,
Ahmedabad - 380 009. Tele No. : (079) 2630 5412