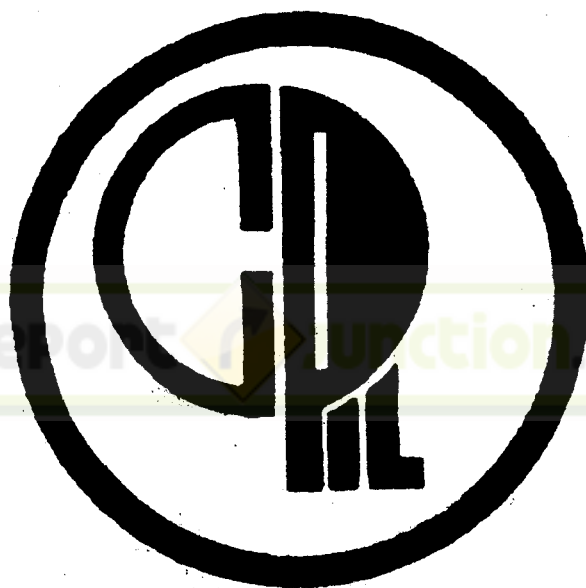


**45th Annual Report  
2005-2006**



**CELLULOSE PRODUCTS OF INDIA LIMITED**

## CELLULOSE PRODUCTS OF INDIA LIMITED



<b>DIRECTORS :</b>	SHRI LAXMIKANT BHAGUBHAI	CHAIRMAN
	SHRI MAITREYA LAXMIKANT	MANAGING DIRECTOR
	SHRI ROOPESH CHAITANYA	DIRECTOR
	SHRI JAYENDRA A. DESAI	DIRECTOR
		[Upto 29-06-2006]
	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,  
PRACTISING COMPANY SECRETARY

**REGISTERED OFFICE :** A-5, MUKTANAND PARK, JAMFALWADI,  
POST : JANTANAGAR, RAMOL,  
TALUKA : DASCROI, AHMEDABAD - 382449.

**Administrative Office :**

A-11, Neelamber Complex,  
Xavier College Corner,  
Navrangpura,  
Ahmedabad - 380 009.

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**NOTICE**

NOTICE IS HEREBY GIVEN THAT FOURTY FIFTH ANNUAL GENERAL MEETING of the members of CELLULOSE PRODUCTS OF INDIA LIMITED will be held on Tuesday, the 26th September, 2006 at 11:00 A.M. at A-5, Muktanand Park, Jamfalwadi, PO : Jantanagar, Ramol, Taluka : Dascroi, Ahmedabad - 382449 to transact the following business :

**ORDINARY BUSINESS :**

1. To receive and adopt the Audited Profit & Loss Account for the year 2005-2006 ended on 31st March, 2006 and the Balance Sheet as on that date alongwith the Director's Report and Auditor's 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 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 :**

A-5, Muktanand Park,  
Jamfalwadi, PO : Jantanagar,  
Taluka : Dascroi, Ramol,  
Ahmedabad - 382449.  
Date : 18th July, 2006.

By Order of the Board

Maitreya Laxmikant

Managing Director

**NOTE :**

1. 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.
2. Pursuant to Section 154 of the Companies Act, 1956, Register of Members and Share Transfer Book of the Company will remain closed from Monday, the 18th September, 2006 to Tuesday the 26th September, 2006 [both days inclusive].
3. Members intending to require informations about account at the meeting are requested to write to the Company at least 10 days in advance of the Annual Meeting.
4. 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.

## CELLULOSE PRODUCTS OF INDIA LIMITED

**DIRECTORS' REPORT TO THE MEMBERS**

Dear Shareholder,

The Directors present herewith the **FORTY FIFTH** Annual Report on the affairs of the Company together with the Audited Statement of Accounts for the Accounting Year 2005-2006 ended on 31st March, 2006.

**1. FINANCIAL RESULTS:**

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

(Rs. in lacs)	2005-2006	2004-2005
Loss	16.62	16.98
Add : Loss on Sale of Assets	<u>267.64</u>	<u>778.73</u>
Loss of the Year	284.26	795.71
Add : Debit balance brought forward from the last year	<u>865.41</u>	<u>69.70</u>
Loss carried to Balance Sheet	<u>1149.67</u>	<u>865.41</u>

Remarks of Auditors in their Report and Notes attached to the accounts are self-explanatory.

**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 There were no operations at any unit of the company. The company has not considered trading in cloth and other articles advisable in view of prevailing high prices. As such no trading activity was done during the year under review.

3.2 By its Order dated 08-07-2004, the Hon'ble High Court had approved the sale of Kathwada land to Shri Tapasvi A. Patel and allowed him to pay the consideration in installments. The last installment was due on 08-01-2006. The company received all the installments and executed the sale deeds of the land on 12-09-2005 and 21-03-2006. Thus the sale of Kathwada was complete.

Likewise by its Order dated 28/29-10-2004, the Hon'ble High Court had approved the sale of Ramol land to M/s. Shyam Developers and allowed them installments to pay the consideration. The last installment was due on 30-04-2006. All the installments have been received. The purchasers M/s. Shyam Developers have been requested to expedite the execution of sale deed. They have already been given quiet and peaceful possession of the land. Thus, the company has no assets useful for its business.

IIBI, as Chairman of the Sale Committee was monitoring the sale proceeds of the assets of the company as per the directions of the Hon'ble High Court.

The company has filed an application being CA No. 8762/05 for directions to pay the balance amount to Labour. The company argued that as Secured Creditors had received their principal amount in full, the Labour should also be paid their principal amount in full before any further disbursement is made. The hearing of the application was completed on 16-12-2005. The Hon'ble Court adjourned the matter for verdict. Till date the verdict has not been delivered by the Hon'ble Court.

**4. FINANCE:**

4.1 Fixed Deposits : As on 31st March, 2006 there were no fixed deposits which has remained unclaimed at the end of the year.

4.2 The Company's income tax assessment has been completed upto the Financial Year 2003-2004 and assessment for Sales Tax has been completed upto 2000-2001.

4.3 Secured Creditors : The secured creditors including the Debentureholders through Debenture Trustees

## 45TH ANNUAL REPORT 2005-2006



were paid in November, 2004 and July, 2005. With these payments the principal amount of all the secured creditors holding first charge on the fixed assets of the company have been fully paid.

#### 5. 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.

#### 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. They have furnished a certificate of their eligibility for reappointment under Section 224(1-B) of the Companies Act, 1956.

#### 7. DIRECTORS'S RESPONSIBILITY STATEMENT :

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

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

7.3 The Directors have taken proper and sufficient care for the maintenance of adqueate 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 have prepared the annual accounts on a going concern basis.

#### 8. DIRECTORATE :

8.1 One of your Director, Shri Roopesh Chaitanya retires by rotation in terms of Article 153 of the Articles of Association of the Company and he beng eligible offers himself for reappointment.

8.2 With profound grief, the company noted the sad demise of your director Shri Jayendra A. Desai on 29-06-2006.

#### 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 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 manufactureing activities during the period under review, the details under the Companis (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

#### 11. ACKNOWLEDGMENT :

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 and the Sale Committee.

By order on Behalf of the Board  
**Laxmikant Bhagubhai**  
Chairman

Place : Ahmedabad.  
Date : 18th July, 2006

## CELLULOSE PRODUCTS OF INDIA LIMITED



## 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 trading particulars, Unaudited Quarterly Results, Minutes 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 26-04-2005, 27-07-2005, 14-10-2005 and 25-01-2006.

## a) COMPOSITION AND CATEGORY OF DIRECTORS :

Name of Directors	Category of Directorship	No. of other Director Ships+	Committee (1) Membership/ (2) Chairmanship in other Companies	No. of Board Meetings attended	Attendance at AGM held on 22-09-2005 Yes(Y) / No(N)
Laxmikant Bhagubia Chairman	Non Executive	1	-	4	Y
Maitreya Laxmikant Managing Director	Executive	1	-	4	Y
Roopesh Chaitanya	Non Executive	-	-	-	N
Jayendra A. Desai*	Independent Non Executive	-	-	4	Y
Maheshbhai P. Desai	Independent Non Executive	-	-	4	Y

+ Private companies excluded.

\* Ceased as Director upon death on 29-06-2006

During the year, there were no pecuniary relationship or transactions of Non-executive Directors.

## b) DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT IN FORTHCOMING ANNUAL GENERAL MEETING :

Name of Directors	Roopesh Chaitanya
Date of Birth	12-12-1963
Date of Appointment	16-08-1994
Expertise in specific functional areas	Finance & Management
List of Public Limited Companies in which Directorships held	-
Chairman/Member of the Committees of the Board of Directors of the Company	-
Chairman/Member of the Committees of Directors of other Companies	-

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**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 about 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 for the year 2005-06 was as under :

Name of the Directors	Expertise	Functions of the Committee	Attendance
Maheshbhai P. Desai, Chairman	All members are Non-executive.	The functions of the Audit Committee are as per Company Law and Listing Agreement with Stock Exchange(s) which include approving and implementing the audit procedures, review of financial reporting system, internal control procedures and risk management policies.	All the members were present at the meeting held on 24-06-2005, 27-07-2005, 14-10-2005 and 25-01-2006.
Laxmikant Bhagubhai Jayendra A. Desai	Chairman is independent. Director and majority are independent. One member has thorough financial and accounting knowledge.		

**4. REMUNERATION COMMITTEE :**

The following Directors were the members of Remuneration Committee for the year 2005-06.

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

The meetings of the Committee was held on 27-07-2005. All the members and Chairman were present at the meetings.

The details of the remuneration paid to the Directors during the Financial Year 2005-06 are as under :

(Rs. in lacs)

Name	Salary	Perquisites	Sitting fees	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'/INVESTORS' GRIEVANCES COMMITTEE :**

The Committee is constituted as under :

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

The Company received 7 complaint regarding non-receipt of Balance Sheet and 3 inquiries about declaration of dividend during the year. All the complaints were redressed without delay.

Two meeting of the Committee were held on 27-07-2005 and 2-01-2006 during the year.

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



## CELLULOSE PRODUCTS OF INDIA LIMITED

**6. GENERAL BODY MEETINGS :**

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

Financial Year	Date	Time	Venue
2002-03	27-09-2003	11.00 a.m.	Post : Janta Nagar, Ramol, Taluka : Daskroi, Ahmedabad - 382449.
2003-04	24-09-2004	11.00 a.m.	
2004-05	13-09-2005	11.00 a.m.	

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 in last 3 years.

**7. DISCLOSURES :**

- 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.
- There has neither been any-compliance of any legal provision of applicable law, or any penalty, stricture imposed by the Stock Exchange/s or SEBI or any other authorities, on any matters related to Capital Market during the last three years.
- Disclosure about other directorships and membership of Committee in other Companies :

Name of Director	Other Directorship	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 :**

- In compliance with the requirements of the Listing Agreement, the Company regularly intimates Unaudited/ Audited Financial Results to the Stock Exchange/s immediately after they are taken on record by the Board of Directors.  
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.
- During the year ended on 31st March, 2006, no presentations were made to Institutional Investors or analyst or any other enterprise.

**9. SHAREHOLDERS' INFORMATION :**

- Registered Office : A-5, Muktanand Park,  
PO : Jantanagar, Ramol, Taluka : Dascroi,  
Ahmedabad - 382 449
- Annual General Meeting : Day : Tuesday  
Date : 26th September, 2006  
Time : 11.00 a.m.  
Venue : At the Registered Office of the Company at :  
A-5, Muktanand Park,  
PO : Jantanagar, Ramol, Taluka : Dascroi,  
Dist : Ahmedabad - 382 449





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- c) Financial Calendar : Tentively –  
 1st Quarter Results : End-July, 2006.  
 Half-Yearly Results : End-October, 2006.  
 3rd Quarter Results : End-January, 2007.  
 Audited yearly Results : End-June, 2007
- d) Book Closure Dates : From : Monday, the 18th September, 2006  
 To : Tuesday, the 26th September, 2006.  
 (Both days inclusive).
- e) Dividend Payment Date : Not applicable.
- f) Listing of Shares on Stock Exchanges. : 1. Ahmedabad Stock Exchange Limited,  
 Kamdhenu Complex, 1st Floor,  
 Opp. Sahajanand College,  
 Panjara Pole, Ambawadi,  
 Ahmedabad - 380 015.  
 2. Bombay Stock Exchange Limited,  
 Phiroze Jeejeebhoy Towers,  
 Dalal Street, Fort,  
 Mumbai - 400 001.
- g) Stock Exchange Code : 

Stock Exchange	Code
ASE	11214
BSE	556345
- h) Stock Price Data : The shares of the Company have not been traded during the period from 1st April, 2005 to 31st March, 2006, 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
- j) Share Transfer System :  
 The transfer of shares in physical form is processed and completed by the In-house Share Department of the Company within a period of 30 days from the date of receipt thereof, after the approval of the Share Transfer Committee of Directors, which has been delegated these powers by the Board.