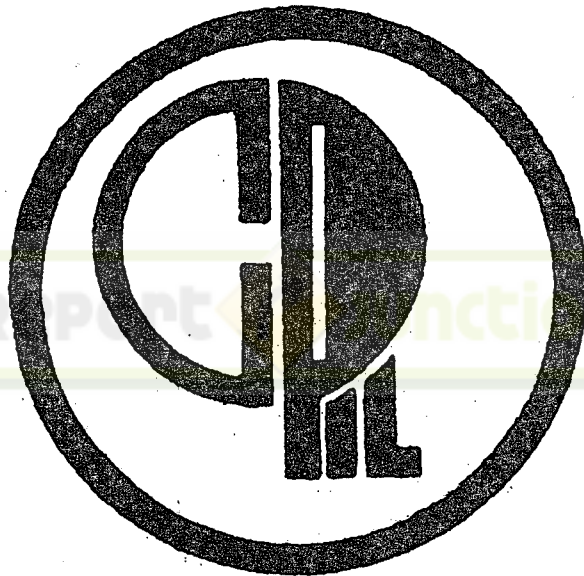


**46th Annual Report  
2006-2007**



**CELLULOSE PRODUCTS OF INDIA LIMITED**



## CELLULOSE PRODUCTS OF INDIA LIMITED



## NOTICE

NOTICE IS HEREBY GIVEN THAT FOURTY SIXTH ANNUAL GENERAL MEETING of the members of CELLULOSE PRODUCTS OF INDIA LIMITED will be held on Friday, the 20th July, 2007 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 2006-2007 ended on 31st March, 2007 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 Maheshbhai P. 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.

**SPECIAL BUSINESS :**

4. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution :
5. "Resolved that consent of the Members/Company be and is here by accorded to the Board of Directors of the Company to present a petition to the High Court of Gujarat/Appropriate Court/Tribunal for winding up of the Company by Court under section 433(a) of the Companies Act, 1956, from such date as it may determine."

**REGISTERED OFFICE :**

A-5, Muktanand Park,  
Jamfalwadi, PO : Jantanagar,  
Taluka : Dascroi, Ramol,  
Ahmedabad - 382449.  
Date : 12th June, 2007.

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 Item No. 4 set out in the Notice is annexed hereto.
2. This Notice may be treated as Special Notice for the Ordinary Business No. 3 being appointment of Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting.
3. 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.
4. 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 9th July, 2007 to Friday, the 20th July, 2007 [both days inclusive].
5. 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.
6. 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.

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**ANNEXURE TO THE NOTICE :**

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

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, following Explanatory Statement sets out all material facts relating to the Special Business mentioned at Item No. 4 of the accompanying notice dated 12th June, 2007 and should be taken as forming part of the notice.

**In respect of Item No. 4 :**

The Company was incurring loss since 1991-92. All the efforts of the Company to bring a turnaround failed due to various reasons but mainly due to steep rise in price of Molasses-an important raw material, stiff competition from cheap imports and local manufacturers, hostile attitude of labour. Labour went on strike in December, 1996. Majority returned to work in June, 1997. Still the Company could not make up the loss suffered and all the operations were stopped in January, 1998 due to disconnection of Power. The union approached the Hon'ble High Court, Gujarat in SCA 8488/98 to get the directions to the Company to implement the settlement dated 03-04-98 and to pay the legal dues of workmen. Realising that the Company can not pay any of its debts, the Hon'ble High Court appointed a Sale Committee to sell the assets of the Company and pay the dues out of the sale proceeds under the directions of the Hon'ble High Court. The Sale Committee sold all the assets of the Company and disbursed the sale proceeds amongst the Secured Creditors, Labour and Statutory Dues as per the directions of the Honourable High Court. With the last order dated 31-7-2006, SCA 8488/98 has been disposed off, Sale Committee has been dispersed and disbursement of sale proceeds is complete.

The Secured Creditors have received their Principal amount in full and part of interest. Labour received their full claim. All Statutory dues have been paid. The balance amount is part of interest amount of first charge holders, major part of second charge holder's dues and unsecured creditors.

The situation is this that the Company has no land or shed, no building, no machinery and lastly no funds to start any fresh business. The Company has also not paid the Listing Fees of the Stock Exchanges for many years. With the result that the trading in the shares of the Company has been suspended. Thus, the Company exists only on paper without having any activity or income. In this situation it is futile to keep the Company going on and incur expenses to meet the requirements of the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges.

After considering various procedures available for winding up, the provisions of section 433(a) of the Companies Act, 1956, are found to be most suitable. Hence it is recommended that the Company should follow that procedure.

None of the Directors is interested or concerned in any way in the said Special Business.

By order on Behalf of the Board

**Maitreya Laxmikant**  
**Managing Director**

**Registered Office :**

A-5, Muktanand Park, Jamfalwadi, Post : Jantanagar, Ramol,  
Taluka : Daskroi, Ahmedabad - 382 449.

Place : Ahmedabad.

Date : 12th June, 2007



## CELLULOSE PRODUCTS OF INDIA LIMITED

**DIRECTORS' REPORT TO THE MEMBERS**

Dear Shareholder,

The Directors present herewith the **FORTY SIXTH** Annual Report on the affairs of the Company together with the Audited Statement of Accounts for the Accounting Year 2006-2007 ended on 31st March, 2007.

**1. FINANCIAL RESULTS:**

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

<b>(Rs. in lacs)</b>	<b><u>2006-2007</u></b>	<b><u>2005-2006</u></b>
Profit (Loss)	23.22	(16.66)
Add : Loss on Sale of Assets	<u>70.20</u>	<u>267.64</u>
Loss of the Year	46.98	284.26
Add : Debit balance brought forward from the last year	<u>1149.67</u>	<u>865.41</u>
Loss carried to Balance Sheet	<u>1196.65</u>	<u>1149.67</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 As informed in the earlier reports, the assets of the company were sold by the sale committee appointed by the Hon'ble High Court in SCA 8488/98. the sale of assets and disbursement of sale proceeds were taking place as per the directions of the Hon'ble High Court. The last disbursement took place as per the order dated 31-07-2006. By this order, SCA 8488/98 was disposed off, the sale committee was dispersed and there was no amount of sale

proceeds in balance to be disbursed. Thus there were no operations and there was no possibility of any operations in future also.

**4. WINDING UP :**

As reported in earlier years the company's assets were being sold by the Sale Committee appointed by the High Court, Gujarat in SCA 8488/98. The sale proceeds were being disbursed as per the directions of the High Court between secured creditors, labour and statutory dues. Now after receipt of full consideration of sale of assets the last disbursement of sale proceeds took place as per the order dated 31-07-02006 of the High Court.

Now the situation is such that the company has no assets, no income and no funds to start any fresh business. In such circumstances, it is thought fit not to keep the company alive only on paper and incur the expenses, without any income, to meet the requirements of the Companies Act, 1956 and the Listing Agreements. It is recommended that the company should apply for winding up by the order of the court. The necessary resolution for the consent of the members is included in the notice.

**5. FINANCE :**

5.1 Fixed Deposits : As on 31st March, 2007 there were no fixed deposits which has remained unclaimed at the end of the year.

5.2 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.

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



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The Hon'ble High Court, by its order dated 31-07-2006 directed to pay about Rs. 173.43 lacs to First chargeholders by way of interest. To complete the claim amount of labour, it was directed to pay Rs. 237.50 lacs. To meet statutory Dues and other payments, the company was paid Rs. 42 lac. The balance amount of about Rs. 109.00 lacs was paid to Bank as Second Chargeholder as it was having Recovery Certificate issued by DRT.

#### 6. LISTING FEES :

The Equity Shares of the Company are listed on Ahmedabad and Bombay 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 : 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.

7.2 Auditors : The present auditors of the company M/s C. C. Chokshi & Co., Chartered Accountants Ahmedabad, when approached for certificate of availability for reappointment, indicated their inability to work if reappointed. They have issued a letter to that effect. The company received notices from some members to appoint M/s Patel Mankad & Co., Chartered "Ccountants, as Auditors of the company. The company when approached them, received a certificate of availability as required under section 224(1B) of the Companies Act, 1956.

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

8.1 In the preparation of annual accounts, the applicable accounting standards have been followed alongwith 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

year 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 Director, Shri Maheshbhai P. 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.

#### 10. 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.

#### 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.

#### 12. 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 : 12th June, 2007



## 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 21-04-2006, 18-07-2006, 18-10-2006 and 29-01-2007.

## 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 Bhagubhai 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	-	-	1	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	Maheshbhai P. Desai
Date of Birth	28-02-1926
Date of Appointment	25-03-2003
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	Audit Committee & Remuneration Committee
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 21-04-2006, 18-07-2006, 18-10-2006 and 29-01-2007. Shri J. A. Desai was present only on 21-04-2006.
Laxmikant Bhagubhai	Chairman is independent		
Jayendra A. Desai Ceased to be a member as expired on 29-06-06	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 2006-07.

1. Maheshbhai P. Desai      Chairman      – Non-executive Independent
2. Laxmikant Bhagubhai      Member      – Non-executive

The meetings of the Committee was held on 21-04-2006, 18-07-2006, 18-10-2006 and 29-01-2007. All the members and Chairman were present at the meetings.

The details of the remuneration paid to the Directors during the Financial Year 2006-07 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	0.008	0.008
Jayendra A. Desai	Nil	Nil	0.002	0.002
Laxmikant Bhagubhai	Nil	Nil	0.008	0.008
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 11 complaint regarding non-receipt of Balance Sheet and 3 inquiries about declaration of dividend during the year. All the complaints were redressed without delay.

Four meeting of the Committee were held on 21-04-2006, 18-07-2006, 18-10-2006 and 29-01-2007 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
2003-04	24-09-2004	11.00 a.m.	Post : Janta Nagar, Ramol, Taluka : Daskroi, Ahmedabad - 382449.
2004-05	13-09-2005	11.00 a.m.	
2005-06	26-09-2006	11.00 a.m.	A-5, Muktanand Park, Post : Janta Nagar, Ramol, Taluka : Daskroi, Ahmedabad-382 449.

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, 2007, 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 : Daskroi,  
Ahmedabad - 382 449
- Annual General Meeting : Day : Friday  
Date : 20th July, 2007  
Time : 11.00 a.m.  
Venue : At the Registered Office of the Company at :  
A-5, Muktanand Park,  
PO : Jantanagar, Ramol, Taluka : Daskroi,  
Dist : Ahmedabad - 382 449