

**9<sup>th</sup>  
ANNUAL REPORT  
1998-99**

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**CHADHA PAPERS LIMITED**



## CHADHA PAPERS LIMITED

### BOARD OF DIRECTORS

**S. KULWANT SINGH CHADHA**  
Chairman & Managing Director

**S. GURDEEP SINGH CHADHA**  
Director

**S. RAJENDER SINGH CHADHA**  
Director

**S. HARDEEP SINGH CHADHA**  
Executive Director

**SH. N. KANAN**  
Nominee Director PICUP

### AUDITORS

M/S. SHIV OM & CO.  
Chartered Accountants  
Station Road, Kothiwal Nagar,  
Moradabad

### REGISTERED OFFICE & WORKS

Chadha Estate, Nanital Road,  
Teh. Bilaspur, Rampur U.P.

### CORPORATE OFFICE

A-129, New Friends Colony  
New Delhi-110065

### BANKER

- A) ORIENTAL BANK OF COMMERCE  
Civil lines Ram pur U.P.
- B) PUNJAB & SIND BANK  
Green Park Ext., New Delhi

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**CHADHA PAPERS LIMITED****NOTICE**

Notice is hereby given that the IX th Annual General Meeting of the Members of CHADHA PAPERS LTD. will be held on 29th Sept.'99 at 3 P.M. at the Registered office of the Company situated at Chadha Estate, Nainital Road, Bilaspur Distt. Rampur (U.P.) to transact the following business:-

1. To consider and adopt the Balance Sheet as at 31st March'1999 and profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To consider diversification of business .
3. To appoint a Director in place of Shri. S. Gurdeep Singh Chadha who retire by rotation and being eligible offers himself for reappointment.
4. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting of the company and to fix their remuneration.

**BY ORDER OF THE BOARD**

**S. HARDEEP SINGH CHADHA**  
(Executive Director)

**Place :- BILASPUR (Rampur)**

**Dated :- 06/09/99**

**NOTES :-**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. AN APPLICATION FORM OF PROXY IS ENCLOSED WHICH SHOULD BE RETURNED TO THE COMPANY DULY SIGNED, IF NECESSARY, NOT LESS THAN 48 HOURS BEFORE THE ANNUAL GENERAL MEETING.
2. The Register of members and Share transfer books of the company will remain closed from 28th Sept.'99 to 29th Sept.'99. ( both days inclusive).

Your Directors commend resolution for your approval.

**MEMORANDUM OF INTEREST**

None of the Directors are concerned or interested in the Resolution.

**BY ORDER OF THE BOARD**

**S. HARDEEP SINGH CHADHA**  
(Executive Director)

**Place :- BILASPUR (Rampur)**

**Dated :- 06/09/99**



## CHADHA PAPERS LIMITED

## DIRECTORS REPORT

TO,

THE MEMBERS,

Your Directors have pleasure in presenting the 9th Annual Report together with the Audited Statement of Accounts of the company for the year ended 31-03-99 with the Auditors Report thereon;

## 1. FINANCIAL RESULTS :

P.M.-I

	1998-99	1997-98
Installed Capacity	19800.000 MT	19800.000 MT
Production	9268.921 MT	13897.547 MT
Capacity utilisation	46.81 %	70.19 %

P.M.-II

Installed Capacity	21750.000 MT	8250.000 MT
W.E.F. 05-09-98		
Production	4339.857 MT	2423.783 MT
Capacity utilisation	39.91 %	29.38 %

	(Rs. in lacs)	(Rs. in lacs)
Sales (Net of Returns)	1767.06	2348.08
Profit before Depreciation	85.85	3.03
Depreciation for the year	93.09	81.18
Expenses/Income related to earlier year	(-) 0.47	—
Profit after Depreciation	(-) 7.71	(-) 78.15
Provision for Taxation	—	(+) 0.18
Provision for Proposed Dividend	—	(+) 1.81
Excess Provision of Dividend	—	(-) 0.07
Excess Provision of Income Tax	—	(-) 0.06
Income Tax Refund	—	(-) 3.06
Profit after Tax / Dividend / Bonus	(-) 7.71	(-) 76.95

## 2. PERFORMANCE :

During the year under review, the company achieved a growth of 10.53% in capacity utilisation in paper machine No-II. But your company could not achieve the desired profitability during the year due to low productivity and low sales realisation. The productivity remained low mainly due to power problem & technical snacks coupled with lower demand of product. The sales realisation remained low due to the effect of liberal Import Policy announced by Govt. of India and over existing capacity of paper plants in country also overall recession hit market, specially paper industry since last three years.

To maintain the uptrend in profitability and to up-keep the enthusiasm of the investors, your company had started the implementation of expansion cum co-generation programme in two phases. The expansion of Paper Machine-II under phase-I of the programme was completed in the month of Sept. 98 but due to initial teething problems, synchronising of expended capacity machine and proper feeding of pulp to paper machine-II, the production could be stabilised during the month of Feb/March'1999.

## 3. EXPANSION WITH INSTALLATION OF CO-GENERATION SYSTEM :

You will be pleased to know that expansion programme with installation of co-generation system, as was proposed through our report to the shareholders of the company during previous year, had started well in time. It need not to mention that it will overcome not only our difficulties faced during this year in achieving our target but it has also increased the capacity of your company from 28050 M.T. to 41550 M.T. per annum.

Under phase-II of programme, the co-generation site becoming ready after civil works, the supplies from M/s Thermax Ltd. for setting up 32 TPH steam pressure boiler have started coming to site and erection work is in progress in full swing. We do hope that co-generation programme will be completed by Dec' 99 and ready after commissioning in the month of feb/March'2000.



## CHADHA PAPERS LIMITED

### 4. FUTURE OUTLOOK :

The sign of recovery in demand of company's product is evident in the first quarter in the current year , which is likely to be continued with increase in demand from packing and corrugation industry. The sales of company's product to different parts of the country has also started to pickup. In order to improve company's turnover, management has decided to open regional sales offices in nodal cities. Your company has also taken various steps and now it is concentrating more on markets where demand of our product is more and payments are much faster .

All possible efforts are being made to improve the overall performance of the company and effect of same will start to accrue to the company in the coming months.

### 5. FINANCIAL ASSISTANCE :

You will appreciate that the banks have sanctioned term loan to finance the expansion cum co-generation scheme to the tune of Rs. 950.00 lacs and the bankers, Oriental Bank of Commerce and Punjab & Sind Bank under consortium lending advance have disbursed the term loan of Rs. 270.00 lacs in this F.Y. .

### 6. YEAR 2000 ISSUE :

All critical hardware and software and all the application software have been made Y2K compliant . The company has sufficient internal sources to address any system disruption due to Y2K issue .

### 7. INDUSTRIAL RELATIONS :

The company had harmonious relationship with its work force during the year.

### 8. CAPITAL EXPENDITURE :

The total capital expenditure incurred during the year, amounted to Rs 377.84 lacs. The expenditure on the proposed expansion programme implemented during the year has almost been capitalised.

### 9. PARTICULARS OF CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

Particulars with respect to conservation of Energy Technology absorption and Foreign Exchange earnings and outgo as required under section 217(1) (e) of the Companies Act, 1956 read with the companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 are given in the annexure 'A' attached hereto and forms part of this Report.

### 10. SUBSIDIARY COMPANY :

The statement required under Section 212 of the Companies Act 1956 in respect of the subsidiary of the Company viz. Chadha Boards Limited, is annexed hereto and marked 'B' to the Report.

### 11. DIRECTORS :

S. Gurdeep Singh Chadha retires by rotation in accordance with the Articles of Association of the Company at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

### 12. AUDITORS :

M/s Shiv Om & Co. Chartered Accountants, Moradabad, the Company's Auditors retire at the conclusion of the ensuing Annual General Meeting. They have indicated their willingness to accept re-appointment and have further confirmed their eligibility U/s 224(1B) of the Companies Act, 1956.

### 13. PARTICULARS OF EMPLOYEES :

There is no employee coming U/S 217(2A) of the Companies Act 1956 during the year under report.

### 14. ACKNOWLEDGEMENTS :

The Directors take this opportunity to thank their employees, Financial Institutions, Banks, Shareholders for their continued co-operation and support.

For and on behalf of the  
BOARD OF DIRECTORS

Dated : 06/09/99  
Place : BILASPUR (Rampur)

(K. S. CHADHA)  
Chairman & Managing Director

**CHADHA PAPERS LIMITED****ANNEXURE TO DIRECTORS' REPORT****FORM "A"****A. DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.  
POWER & FUEL CONSUMPTION**

	CURRENT YEAR	PREVIOUS YEAR
<b>1. ELECTRICITY</b>		
(A) Purchased		
Units	4215381	6723195
Total Amount	Rs. 19769480.00	Rs. 27720721.00
Rate / unit	Rs. 4.69	Rs. 4.12
(B) Internal Generation		
(i) From Paddy Husk		
Quantity (MT)	21640.094	38594.515
Total Cost (Rs.)	18865090.00	33485472.00
Rate/ Unit (MT)	871.77	867.62
(ii) From Generator		
Total units Generated	5788450	4040260
Total Amount	15423224.00	10849288.00
Rate/unit	2.66	2.68
(iii) From Coal		
Quantity	71.420	58.770
Total Cost	143658.00	123099.00
Rate / unit MT	2011.45	2094.59
(C) Consumption per MT of Production		
1. Electricity	735.10 Units	659.47 Units
2. Paddy husk	1.59 MT	2.36 MT
3. Coal	0.01 MT	0.01 MT

**B. FOREIGN EXCHANGE EARNING & OUTGO**

As regards Foreign Exchange earning and outgo the details are given in the Notes on Accounts at E & F of Note No.1 of schedule "W" forming part of this Balance Sheet.

**PART - B****STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO THE SUBSIDIARY COMPANIES.**

- |  |   |   |
|--|---|---|
| (1) Name of the subsidiary Company   | : | CHADHA BOARDS LIMITED   |
| (2) Subsidiary Company's financial year ended on   | : | 31.03.99  |
| (3) Holding Company's Interest   | : | 99.55 %   |
| (4) Change, if any in the holding company's interest in the subsidiary   | : | Nil   |
| (5) The Net aggregate amount of the Profit/Loss as far as it concerns the members of CHADHA PAPERS LTD. is as follows;                           | : |   |
| (i) For the financial year   | : | The subsidiary company  |
| (ii) For the previous year   | : | has not yet started production.                                 |
| (6) The aggregate amount of Profit/ Loss of the subsidiary company which has been dealt within account of the CHADHA PAPERS LTD. is as follows ; | : |   |
| (i) For the financial year   | : | Nil   |
| (ii) For the previous financial year   | : | Nil   |
| (7) Loan / advances etc. taken by the subsidiary Company from CHADHA PAPERS LTD.   | : | Nil   |
| (8) Material Changes between the end of subsidiary's financial year and the end of holding company's financial year.                             | : | The Financial year of both the companies ends on the same date. |

**ARUN K. SETHI**  
Sr. Manager (Finance)

**H. S. CHADHA**  
Executive Director

**K. S. CHADHA**  
Chairman & Managing Director

**CHADHA PAPERS LIMITED****AUDITOR'S REPORT**

**THE MEMBERS,  
CHADHA PAPERS LIMITED  
BILASPUR**

We have audited the attached Balance Sheet of M/s. CHADHA PAPERS LTD., BILASPUR as at March 31, 1999 and the Profit & Loss Account for the year ended on that date and report that :-

As required by the manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of sections 227 (4-A) of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraph 4 and 5 of the said order.

Further to our comments in the Annexure referred to in Paragraph I above we report :-

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit.
2. In our opinion proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of the books.
3. The attached Balance Sheet as at March 31, 1999 and the annexed Profit and Loss Account for the year ended on that date are in agreement with the books of accounts.
4. In our opinion the Profit & Loss A/c and the Balance Sheet comply with the Accounting standards referred to in sub-section (3C) of section 211 of the companies Act 1956 .
5. In our opinion and to the best of our information and according to the explanations given to us, the accounts subject to note No. 12 of the schedule "W" regarding accounting of liabilities in respect of gratuity & leave encashment on payment bases and read with other notes given in the same Schedule, give the informations required by the Companies Act., 1956 in the manner so required and give true and fair view :
  - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1999  
and
  - ii) In the case of Profit and Loss account of the Loss of the Company for the year ended on that date.

Report

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For SHIV OM & CO.  
CHARTERED ACCOUNTANTS,

**PLACE : MORADABAD  
DATE : 06/09/99**

**(SHIV OM AGRAWAL)  
(PARTNER)**



**CHADHA PAPERS LIMITED****ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE**

- (i) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. The Fixed Assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such verification.
- (ii) The Fixed Assets of the Company have not been revalued during the year.
- (iii) The stock of finished goods, stores, spare parts and Raw Material (except stock-in-transit) of the Company have been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
- (iv) In our opinion, the procedures of physical verification of stock followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (v) No material discrepancies have been noticed on physical verification of stocks as compared to stock records.
- (vi) In our opinion and on the basis of our examination of the valuation of stocks, such valuation is fair and proper in accordance with the normally accepted accounting principles.
- (vii) The Company has taken loans from Companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956 and / or from Companies under the same Management as defined in sub-section (1-B) of section 370 of the Companies Act, 1956.
- (viii) The Company has not granted any loans to Companies firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956 and / or to Companies under the same Management as defined under sub-section (1-B) of section 370 of the Companies Act, 1956.
- (ix) The Company has not given any loans or advances in the nature of loans except interest free advances to Employees in the nature of advances have been given which have generally been recovered as stipulated.
- (x) In our opinion and according to the information and explanations given to us, there is a need for improvement for adequate internal control procedure commensurate with the size of the company and the nature of its business, for purchase of stores, raw materials including components, Plant and Machinery, equipment and other assets and for the sale of goods.
- (xi) In our opinion and According to the information and explanations given to us, the transactions of purchase of goods & materials and sale of goods or material and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 and aggregating to Rs. 50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods or services have been made with other parties.
- (xii) According to the information and explanations given to us, the Company has a procedure for determination of unserviceable or damaged stores, raw materials and finished goods.
- (xiii) The Company has not accepted deposits from the Public to which provisions of section 58-A of the Companies Act, 1956, and the Companies (Acceptance of Deposit) rules, 1975 apply.
- (xiv) In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. The Company has no by-products.
- (xv) In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.
- (xvi) Provisions of section 209(1) (d) of the Companies Act, 1956 regarding maintenance of cost records does not apply to the Company.
- (xvii) Employees State Insurance Act does not apply to the Company. However provident Fund as applicable to the company is being deducted and deposited with the Provident Fund Commissioner in time.
- (xviii) According to the information and explanations given to us and the books and records examined by us, there are no undisputed amounts payable in respect of Income Tax, Customs Duty outstanding as on March 31, 1998 for a period exceeding six months from the date they become payable.
- (xix) According to the information and explanations given to us and on the basis of books and records of the Company examined by us, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
- (xx) The Company is not a sick industrial Company within the meaning of clause (O) sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For SHIV OM & CO.  
CHARTERED ACCOUNTANTS

(SHIV OM AGRAWAL)  
(PARTNER)

PLACE : MORADABAD  
DATE : 06/09/99



**CHADHA PAPERS LIMITED****BALANCE SHEET AS AT 31st. MARCH, 1999**

PARTICULARS	SCHEDULE	AS AT 31.03.99		AS AT 31.03.98	
<b>I. SOURCE OF FUNDS</b>					
<b>1. SHARE HOLDERS' FUNDS</b>					
a) Share Capital	'A'	10,33,04,650		7,41,50,250	
b) Reserve and surplus	'B'	<u>4,71,83,856</u>	15,04,88,506	<u>7,71,09,122</u>	15,12,59,372
<b>2. LOAN FUNDS</b>					
a) Secured Loans		4,76,34,672		4,00,81,158	
b) Unsecured Loans		<u>3,46,50,965</u>	<u>8,22,85,637</u>	<u>3,19,02,214</u>	<u>7,19,83,372</u>
TOTAL			<u>23,27,74,143</u>		<u>22,32,42,744</u>
<b>II. APPLICATION OF FUNDS</b>					
<b>1. Fixed Assets</b>					
Gross Block	'D'	21,48,81,065		17,95,16,355	
Less Depreciation		<u>3,74,82,467</u>	17,73,98,598	<u>2,87,22,452</u>	15,07,93,903
<b>2. Current Assets Loans &amp; Advance</b>					
a) Stores & Stock in trade	'E'	2,48,90,851		2,90,21,281	
b) Investments	'F'	1,75,49,000		1,75,49,000	
c) Other Current Assets	'G'	3,47,45,535		2,89,92,817	
d) Cash and bank balance	'H'	33,20,441		5,19,241	
e) Loans and Advance	'I'	<u>3,98,29,667</u>		<u>3,23,69,513</u>	
		12,03,35,494		10,84,51,852	
LESS :- Current Liabilities and provisions					
	'J'	<u>6,68,73,218</u>	5,34,62,276	<u>3,84,35,575</u>	7,00,16,277
<b>3. Misc. Expenditure</b>					
(To the extent not written off or adjusted)	'K'		19,13,269		24,32,564
<b>III. NOTES ON ACCOUNTS</b>					
The schedule referred to above form an integral part of the Balance Sheet. 'W'					
Notes to Account with accounting policies Refer to Schedule No.					
TOTAL			<u>23,27,74,143</u>		<u>22,32,42,744</u>

AS PER OUR REPORT OF EVEN DATE ANNEXED TO

For SHIV OM &amp; CO.

CHARTERED ACCOUNTANTS

SHIV OM AGRAWAL

Partner

ARUN K. SETHI

Sr. Manager (Finance)

H. S. CHADHA

Executive Director

K. S. CHADHA

Chairman &amp; Managing Director

DATE :- 06th Sept., 1999

PLACE :- MORADABAD