

# 11<sup>th</sup> ANNUAL REPORT

1997 - 98

MD	✓		BKC	
CS	✓		DPY	✓
RO	✓			✓
TRA	✓			✓
AGM	✓	✓		✓
YE	✓	✓		✓



**PAPER & BOARD**

**Mansarovar Paper & Industries Limited**

Regd. Office & Works :

**Najibabad-Nagina Road, NAJIBABAD - 246 763**



**MANSAROVAR PAPER & INDUSTRIES LIMITED**

***DIRECTORS***

**Shri. S.C. Agarwal.** (Chairman & Wholetime Director)  
**Shri Dinesh Chand,** (Managing Director)  
**Shri. Avdesh Kumar** (Joint Managing Director)  
**Shri. Rakesh Kumar**  
**Shri. S.B. Dhungat**  
**Shri. Surinder Kumar Bansal**  
**Shri. R.S. Agarwal**  
**Shri. Sikander Lal Kohli**  
**Shri. D.B. Bhagava**

***SENIOR VICE PRESIDENT***

**Shri. V. Ganesan**

***COMPANY SECRETARY***

**Shri. S.M. Sundaram**

***BANKERS***

**Bank of Baroda, Najibabad**

***AUDITORS***

**V. Sankar Aiyar & Co.**  
**Chartered Accountants,**  
**B-9 Guru Nanak House**  
**Ranjit Nagar Commercial Complex,**  
**New Delhi - 110 008**

***REGISTERED OFFICE AND WORKS***

**Najibabad - Nagina Road**  
**Najibabad - 246763 (U.P.)**

***DELHI OFFICE***

**F-20 East of Kailash,**  
**New Delhi - 110 065**



# MANSAROVAR PAPER & INDUSTRIES LIMITED

## NOTICE

Notice is hereby given to the members of the Mansarovar Paper & Industries Limited that the 1<sup>th</sup> Annual General Meeting of the company will be held on Wednesday, the 30th day of September 1998 at the Registered office of the company at Najibabad - Nagina Road, Najibabad-246763 in the state of Uttar Pradesh at 9 A.M. to transact the following business :-

### ORDINARY BUSINESS

- To receive, consider and adopt the audited Balance Sheet as at 31st March 1998 and Profit and Loss Account for the period ended on that date, together with the Reports of the Auditors and Directors thereon.
- To appoint a Director in place of Mr. Rakesh Kumar, who retires by rotation and, being eligible, offers himself for reappointment
- To appoint a Director in place of Mr. S.B. Dhungat, who retires by rotation, and being eligible, offers himself for reappointment
- To appoint a Director in place of Mr. S.K. Bansal, who retires by rotation and, being eligible offers himself for reappointment
- To appoint Auditors of the company and in that connection to pass, with or without modification (s), the following resolution as an Ordinary Resolution:  
\* Resolved That M/S V. Sankar Aiyar & Company, Chartered Accountants, Statutory Auditors of the Company, who hold the office of Auditor upto the conclusion of this Annual General Meeting, being eligible, be and are hereby appointed as Auditors of the company till the conclusion of the next Annual General Meeting on a remuneration to be mutually agreed between the Board of Directors and the said auditors.\*

### SPECIAL BUSINESS

- To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:  
RESOLVED pursuant to Sections 269, 198, 309 read with Schedule XIII of the Companies Act, 1956, consent of the members be and is hereby given to the appointment of Shri S.C. Agarwal as the Chairman & Wholtime Director (hereinafter referred to as Chairman' & Wholtime Director) of the company for five years from 14th February 1998, being the date he assumed the said office as Chairman, & Wholtime Director on the following terms, conditions and remuneration :-  
1) **SALARY:** Rs. 25,000/- per month including dearness and all other allowances.  
2) **PERQUISITES :** Perquisites shall be allowed, in addition to salary and restricted to an amount equal to the annual salary or Rs. 4,50,000/- p.a., whichever is less. Perquisites are classified into three categories, Part A, B & C as under :-

#### PART A:

##### 1) HOUSING

- The expenditure by the Company on hiring furnished accommodation will be subject to a ceiling of 60% of the salary, over and above 10% payable by the appointee.
- If the company does not provide accommodation to the appointee, he shall be entitled to house rent allowance subject to the ceiling laid down in (a) above.
- If accommodation in Company's owned house is provided to the appointee a deduction of 10% shall be made from his salary.

Explanation: The expenditure incurred by the company on gas, electricity water and furnishing shall be valued as per Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of the appointee.

- MEDICAL REIMBURSEMENT:** Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- LEAVE TRAVEL CONCESSION (LTC):** LTC for self and family, once in a year, incurred in accordance with the rules of the company.
- CLUB FEES :** Fees of clubs subject to maximum of two clubs, provided no admission or life membership fees will be paid.
- PERSONAL ACCIDENT INSURANCE:** Personal Accident Insurance of an amount the Annual Premium of which shall not exceed Rs. 4000/-.

**NOTE:** For the purpose of perquisites stated in Part-A above, family means the spouse, the dependent children and dependent parents of the appointee.

#### PART B:

- Contribution to Provident Fund and superannuating Fund or Annuity Fund to the extent these either singly or put together, are not taxable under the Income, Tax Act, 1961.
- Gratuity payable shall not exceed half a month's salary of each completed year of service.
- Earned Leave: On full pay and allowances as per the Rules of the Company but not exceeding one month's leave for every, eleven months of service. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

#### PART C:

Provision of Car for use on the company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

- COMMISSION:** Remuneration by way of commission will be allowed in addition to salary and perquisites. The amount of commission based on the net profits of the Company in a particular year, shall be subject to the overall ceilings laid down in Section 198 and 309 of the Companies Act, 1956. Notwithstanding the above, where in a financial year during the currency of tenure of the appointee the company has no profits or its profits are inadequate, it may pay the appointee remuneration by way of salary and perquisites mentioned above as the minimum remuneration, subject to the limits specified in Section -II of Part-II of Schedule XIII of the Companies Act, 1956.
- The terms and conditions set out for appointment herein and/or in the agreement may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion, deem fit so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including statutory modification or reenactment thereof, for the time being in force), or any amendments made thereto.
- To consider and if thought fit to pass, with or without modification(s) the following resolution as an Ordinary Resolution:  
RESOLVED pursuant to Sections 269, 198, 309 read with Schedule XIII of the Companies Act, 1956, consent of the members be and is hereby given to the appointment of Shri Avdesh Kumar as the Joint Managing Director (hereinafter referred to as 'Joint Managing Director') of the company for a period five years from 14th February 1998 being the date he assumed the said office as Joint Managing Director, on the following terms, conditions and remuneration :-  
1) **SALARY:** Rs. 25,000/- per month including dearness and all other allowances.  
2) **PERQUISITES :** Perquisites shall be allowed, in addition to salary and restricted to an amount equal to the annual salary or Rs. 4,50,000/- p.a., whichever is less. Perquisites are classified into three categories, Part A, B & C as under :-

#### PART A:

##### 1) HOUSING

- The expenditure by the Company on hiring furnished accommodation will be subject to a ceiling of 60% of the salary, over and above 10% payable by the appointee.
- If the company does not provide accommodation to the appointee, he shall be entitled to house rent allowance subject to the ceiling laid down in (a) above.
- If accommodation in Company's owned house is provided to the appointee a deduction of 10% shall be made from his salary.

Explanation: The expenditure incurred by the company on gas, electricity water and furnishing shall be valued as per Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of the appointee.

- MEDICAL REIMBURSEMENT:** Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- LEAVE TRAVEL CONCESSION (LTC):** LTC for self and family once in a year incurred in accordance with the rules of the company.



**ANSAR PAPER & INDUSTRIES LIMITED**

- iv) CLUB FEES : Fees of clubs subject to maximum of two clubs, provided no admission or life membership fees will be paid.
- v) PERSONAL ACCIDENT INSURANCE: Personal Accident Insurance of an amount the Annual Premium of which shall not exceed Rs. 4000/-.

NOTE: For the purpose of perquisites stated in Part-A above, family means the spouse, the dependent children and dependent parents of the appointee.

**PART B:**

- I. Contribution to Provident Fund and superannuating Fund or Annuity Fund to the extent these either singly or put together, are not taxable under the Income Tax Act, 1961.
- II. Gratuity payable shall not exceed half a month's salary of each completed year of service.
- III. Earned Leave: On full pay and allowances as per the Rules of the Company but not exceeding one month's leave for every eleven months of service. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

**PART C:**

Provision of Car for use on the company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

- 3) **COMMISSION:** Remuneration by way of commission will be allowed in addition to salary and perquisites. The amount of commission based on the net profits of the Company in a particular year, shall be subject to the overall ceilings laid down in Section 198 and 309 of the Companies Act, 1956. Notwithstanding the above where in a financial year during the currency of tenure of the appointee the company has no profits or its profits are inadequate, it may pay to the appointee remuneration by way of salary and perquisites mentioned above as the minimum remuneration subject to the limits specified in Section -II of Part-II of Schedule-XIII of the Companies Act, 1956.
- 4) The terms and conditions set out for appointment herein and/or in the agreement may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion, deem fit so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including statutory modification or re-enactment thereof, for the time being in force), or any amendments made thereto.

By Order of the Board  
for Mansarovar Paper & Industries Limited

S.M. SUNDARAM  
Company Secretary

Date : 31st August 1998  
Place : New Delhi

**NOTES:**

- (1) A member entitled to attend and vote is entitled to attend, and on a poll to vote instead of himself. The proxy need not be a member of the company. The proxy form in order to be effective must be received at the Registered Office of the company within 48 hours before the time of meeting. The Instrument of Proxy is attached hereto.
- (2) The members are requested to notify changes, if any, of address of communication.
- (3) The explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 is attached herewith

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**

**Item No. 6. Appointment Shri S.C. Agarwal as Chairman & Wholetime Director of the Company**

Shri S.C. Agarwal is one of the promoters of the company and has been associated with the company since its inception. He was the Managing Director of the erstwhile Mansarovar Bottling Company Limited (MBCL), which has been merged with your company.

In the meeting of Board of Directors held on 12th January 1998, Shri S.C. Agarwal was appointed as Chairman & Wholetime Director of the company for five years from the date on which he assumes the said Office. Shri S.C. Agarwal assumed the said Office on 14th February 1998. Shri S.C. Agarwal will be in charge of the entire finance function of the company and in view of his wide past experience in MBCL, his association as Chairman & Wholetime Director will be beneficial and in the interest of the company.

The Board commends the resolution for the members' approval.

Shri S.C. Agarwal, Chairman, & Wholetime Director Shri Dinesh Chand, Managing Director, Shri Avdesh Kumar, Joint Managing Director and Shri Rakesh Kumar, Director are related to each other and may be deemed to be interested in the resolution.

No other Director is interested in the resolution.

This may also be treated as an abstract of the terms of contract with Chairman & Wholetime Directors and memorandum of interest for the purpose of Section 302 of the Companies, Act, 1956.

**Item No. 7. Appointment Shri Avdesh Kumar as Joint Managing Director of the Company**

Shri Avdesh Kumar has been associated with the company as its Director since its inception. He was the Joint Managing Director of the erstwhile Mansarovar Bottling Company Limited (MBCL), which has been merged with your company.

In the meeting of Board of Directors held on 12th January 1998, Shri Avdesh Kumar was appointed as Joint Managing Director of the company for five years from the date on which he assumes the said Office. Shri Avdesh Kumar assumed that Office on 14th February 1998. Shri Avdesh Kumar will be in charge of the entire purchase function of the company and in view of his wide past experience in MBCL, his association as Joint Managing Director will be beneficial and in the interest of the company.

The Board commends the resolution for the members' approval. The Explanatory Statement as also resolution specifying the terms and conditions of appointment may be treated as an abstract of the terms of contract with Joint Managing Director for the purpose of Section 302 of the Companies, Act, 1956.

Shri S.C. Agarwal, Chairman, & Wholetime Director Shri Dinesh Chand, Managing Director, Shri Avdesh Kumar, Joint Managing Director and Shri Rakesh Kumar Director are related to each other and may be deemed to be interested in the resolution.

No other Director is interested in this resolution.

By Order of the Board  
for Mansarovar Paper & Industries Limited

S.M. SUNDARAM  
Company Secretary

Place : New Delhi  
Date : 31st August 1998



# MANSAROVAR PAPER & INDUSTRIES LIMITED

## DIRECTORS' REPORT

Dear Members,

Your Directors have the pleasure in presenting their Eleventh Annual Report for Ten Months period, which ended on 31st March 1998.

### OPERATIONS

During the period under review, the Board for Industrial and Financial Reconstruction (BIFR) sanctioned a Scheme of Rehabilitation (Scheme) which, inter alia, envisaged the following:

- Amalgamation of Mansarovar Bottling Company Limited (MBCL) with your company w.e.f. 1st June 1997. MBCL was one of the promoters of your company.
- Sale of bottling assets of MBCL to Hindustan Coca Cola Bottling North West Private Limited (HCC) for a net cash consideration of Rs. 24.90 Crores on the effective date i.e. 14th February 1998.
- Cancellation of shareholding of erstwhile MBCL in the share capital of the company.
- Reduction of Share capital of the company by twenty percent after cancellation of shares of erstwhile MBCL.
- Issue of One Equity Share of Rs. 10/- each and Two 15% Non Cumulative Redeemable Preference Shares of Rs. 10/- each, both credited as fully paid up, to the shareholders of erstwhile MBCL. Besides this an option was given to the shareholders of erstwhile MBCL either to receive one more equity share of Rs. 10/- each of your company credited as fully paid up or to receive warrant of Rs. 10/- in lieu thereof.

The company had fixed a Record Date i.e. 31st March 1998, to all the shareholders of your company who would be suffering reduction in their shareholding, pursuant to the Scheme. The Board of Directors of erstwhile MBCL also fixed the same Record Date for determining the shareholders of erstwhile MBCL who would be entitled for exchange of shares, etc. as specified in the scheme. Taking into consideration all the above facts, the number of issued shares of the company stands as under:

- Equity Shares of Rs. 10 each fully paid up 1,39,28,194 Nos.
- 15 % Non Cumulative Redeemable Preference Shares of Rs. 10 each fully paid up 72,64,000 Nos.

In terms of the Scheme, the company repaid the entire Institutional Dues of all the Term Lending Institutions, after availing waiver of compound interest, liquidated damages and 25% of the Simple Interest, by way of One Time Settlement. The company has also created first charge on the fixed assets in favour of Bank of Baroda (BOB) for securing Additional Working Capital to be provided by BOB. The proposal for the Additional working capital is under consideration of the Bank.

During the period under reference, the company produced 13066 MT of paper & paperboards. The Company sold 12,800 Tonnes of paperboards at a value of Rs. 2186.98. Thus, the company achieved a capacity utilisation of 74.66% of its Installed Capacity. The total Sales include Rs. 1517.42 of Sales & Other income of bottling business of the erstwhile MBCL, which has been treated as the income of the company consequent upon the merger with effect from 01.06.1997.

### FINANCIAL RESULTS

The operational results for the period is as follows:

PARTICULARS	1997-1998 (10 Months Period)(Rs. in Lacs)	1996-97 (11 Months Period) (Rs. in Lacs)
Sales & Other Incomes	3,607.99	2,158.87
Profit/(Loss) before dep. & Interest	112.21	(125.99)
Interest	606.73	349.60
Depreciation (including arrears Rs. 278.28 Lacs)	352.65	-
Net Profit (Loss) from the operation carried over to Balance Sheet	(847.17)	(475.59)
Add : Brought Forward Losses of the earlier years	(1569.49)	(1113.89)
Less : Reduction in Share Capital	184.99	-
Loss Carried Forward	(2261.67)	(1589.49)

### Dividend

In view of the fact that the company has incurred loss during the period under reference, the Directors express their inability to recommend any dividend on equity and preference shares.

### FUTURE PROSPECTS

The paper industry in general remained under stress throughout the period under reference and your company was no exception to the recession. However, respite has just come in the Union Budget for the year 1998-99 whereby the Honourable Finance Minister increased the custom duty on imports of paper & paper products by 10%. Besides, a special custom duty of 4% was also levied by the Government for all imports made in the country. The impact of these increase in the customs duty could be known only by passage of time. The Company could not commence the manufacturing of premium boards due to severe working capital crisis.

### CHANGE OF ACCOUNTING YEAR

During the period under reference, the Board of Directors of the company changed the Accounting Year from 31st May to 31st March. This was being done to avoid preparation of two balance sheets. The company proposes to follow the same accounting year in future.

### EXPANSION PROJECT

The company procured the second hand machinery for expansion of project for the manufacture of writing and printing paper subsequent to the balance sheet date. The Company has approached a Bank for funding the project. The cost of the project has been estimated at Rs. 22 Crores and the means of financing will be decided in consultation with the said Bank at the time of appraisal.

The remittance to M/S. Ivax Ltd. for the second hand machinery against the consent order received from UK Court for USD 850,000 will be made after receipt of permission from Reserve Bank of India.

### CREATION OF SUBSIDIARY

Mansarovar Holdings Limited (MHL) became a subsidiary of your company consequent upon the merger of MBCL with your company. A Statement under Section 212 of the Companies Act, 1956 relating to the information on subsidiary has been annexed and the same may be treated as part of this report.

### DIRECTORS

The Nomination of Shri Yudhvir Luthra and Shri Ajai Bhambi, on the Board of the company were withdrawn by the Industrial Finance Corporation of India Limited and Board for Industrial and Financial Reconstruction respectively. Accordingly, they cease to be the Directors of the company. The Board wish to place on record their appreciation for the association of Shri Yudhvir Luthra and Shri Ajai Bhambi on the Board of the company. Shri Rakesh Kumar, Shri S.B. Dhungat and Shri S.K. Bansal, Directors of the company retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The Board recommends their appointment.

During the period under reference, Shri S.C. Agarwal and Shri Avdesh Kumar were appointed as Chairman & Wholtime Director and Joint Managing Director of the company respectively. The Notice convening 11th Annual General Meeting spells out the details of their appointment.

### PERSONNEL

The Company had on its roll 214 employees as on the date of this report. The particulars of employees, as required under Section 217(2-A) of the Companies Act, 1956 are annexed to this report in Annexure I and forms part of this report.



# MANSAROVAR PAPER & INDUSTRIES LIMITED

## AUDITORS

M/s. V.Sankar Aiyar & Co., Chartered Accountants, New Delhi, the Statutory Auditors of the company, hold that office upto the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment. The Board recommends their appointment. The company has received a certificate from the Statutory Auditors that in the event of their being appointed as Statutory Auditors in the ensuing Annual General Meeting, the same would be within the limits specified under Section 224(1B) of the Companies Act, 1956.

As Regards the auditors qualification relating to delay in deposit of provident fund dues it is submitted that owing to acute cash constraints, combined with the fact of sickness, there were some delay in such deposits. However the company has been clearing the arrears of provident fund dues from time to time. The qualifications made by Auditors are adequately explained in the Notes to accounts and hence no further explanation is considered necessary.

## INFORMATION PURSUANT TO SECTION 217 (1) (e) OF THE COMPANIES ACT 1956

The information pursuant to section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in the Report of the Board of Directors), Rules, 1988 is furnished in the Annexure II to this report and forms part of this report.

## PROJECTION VS PERFORMANCE.

The Sanctioned Scheme of Rehabilitation formulated by BIFR envisaged projections of company's performance. Given below is the statement of performance vis a vis projections and the reasons for deviation:

PARTICULARS	Projected	Actual	Reasons
	Rs. in Lacs	Rs. in Lacs	
Net Sales	3054	2187	The sales was projected for one full year i.e. upto 31st May 1998. But the sales figure shown are upto 31st March 1998 i.e. for 10 months period. Besides due to delay in availability of working capital facilities the new premium products envisaged in projections could not be manufactured.
Gross Profit	523	112	
Interest	320	607	Interest includes the interest and finance charges of erstwhile MECL.
Depreciation	84	353	Includes arrears of depreciation Rs.279 Lacs
Operating Profits/(Loss)	119	(847)	

## UNAUDITED RESULTS VS ACTUAL RESULTS.

The Difference between the unaudited financial results (provisional) for the period ended 31st March 1998 and actual results are due to the following reasons.

- i) Profit on hiving off of the bottling assets to HCC has been taken to capital reserve.
- ii) Deductions made by HCC on account of breakages etc. of bottles/crates taken over by them provided in the accounts.
- iii) Loss on account of write off of inventory abandoned at Mumbai/Nava shawa ports.
- iv) Provision of Legal fees in connection with Second hand Machinery.

## ACKNOWLEDGEMENT

The Board wishes to place on record their deep appreciation to Banks, Central and State Governments for their whole hearted support. The relationship between the Management and employees of your company remained cordial through out the period under reference and also upto the date of this report. The Management also wishes to place on record their deep appreciation for the whole hearted devotion and support of employees at all levels. Last but not the least, the Board wishes to thank the shareholders for their valued support.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PLACE: NEW DELHI  
DATED: 31st August 1998.

AVDESH KUMAR  
JOINT MANAGING DIRECTOR

DINESH CHAND  
MANAGING DIRECTOR



# MANSAROVAR PAPER & INDUSTRIES LIMITED

## ANNEXURE TO DIRECTORS' REPORT

### Annexure I

Information as per section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the period ended 31st March 1998

No.	Name	Designation	Remuneration (Rs.)	Qualification & Experience in Years	commencement of employment	Previous Employment
1.	Shri S.C. Agarwal (55)	Chairman @	424,697	M.Com (34)	14.02.1998	Managing Director Mansarovar Bottling Co. Ltd.
2.	Shri Dinesh Chand(54)	Managing Director @	400,000	B. com (28)	01.04.1991	Managing Director Chandra Kattha Industries (P) Ltd.
3.	Shri Avdesh Kumar(39)	Joint Managing Director @	403,803	B.Com (16)	14.02.1998	Joint Managing Director Mansarovar Bottling Co. Ltd.
4.	Shri N. K. Sangal (55)	President	218,097	B.Sc. Paper Tech. (36)	15.01.1995	General Manager DSM Papers, Sikandarabad.
5.	Shri V. Ganesan (36)	Sr. Vice President	232,500	B.Com, FCA (11)	03.08.1992	Private Practice, New Delhi
6.	Shri J.K.Agarwal(59)	Chief General Manager	158,710	B. Sc. (35)	03.10.1997	General Manager (Technical) Agarshakti Paper Inds. Ltd., Vapi

Note : @ Shri S.C.Agarwal, Shri Dinesh Chand and Shri Avdesh Kumar are related with each others and related to Shri Rakesh Kumar, Director. The terms of employment are contractual.

### Annexure II

Particulars as per Companies (Disclosure of particulars in the Reports of the Board of Directors) Rules, 1988

#### I. Conservation of energy:

A Power and fuel consumption			Current Period (10 Months)	Previous Period (11 Months)
1.	Electricity:			
(a)	Purchased Units		8,810,089	8,194,360
	Total amount	Rs.	36,412,670	28,089,029
	Rate/Unit	Rs.	4.13	3.43
(b)	Own generation			
(i)	Through diesel generator			
	Units		82,939	149,124
	Units per litre of diesel oil		3.70	3.00
	Cost/unit		2.52	2.71
(ii)	Through steam turbine generator		Nil	Nil
2.	Others/internal generation. (Please give details)			
	Paddy husk for boilers (agricultural waste)	Quantity	MT	11032
	Total cost		Rs.	12,732,331
	Average Rate per MT		Rs.	1,154
B.	Consumption per unit of production	Standards (if any)	Current period	Previous Period
	Paper and Paper Boards per MT			
	Electricity (KWH)		630.15	616.76
	Others -Agricultural Waste (KG)		798.38	815.49
	Soft Drinks per Crates			
	Electricity (KWH)		0.36	Nil

#### II. Research and development (R&D)

##### Paperboard Division

- Specific areas in which R&D was carried out by the company.
  - Improvement in the quality of the paperboard.
  - Best use of recycled waste paper, chemical and water.
  - Efficiency in energy consumption
  - Improvement in capacity utilisation
  - Better effluent treatment
  - Development of new value added products.
- Benefits derived as a result of above R&D.
  - Overall improvement in paperboard quality.
  - Reduction in input cost
  - Reduction in water consumption
  - Improvement in yield of raw material
  - Improvement in waste disposal
- Future Plan of action
  - Continuous efforts towards further improvement in process & product quality.
  - Further improvement in pollution control and reduction in fibre loss.
  - Conservation of energy and water.
  - Reduction of power cost by own generation.
  - Preventive Maintenance to reduce down time
- Expenditure on R&D
  - Rs. Nil, The work is carried out in the laboratory with existing resources.



# MANSAROVAR PAPER & INDUSTRIES LIMITED

### Soft Drink Division

The company does not have specific Research & Development Department since it has License Agreement with The Coca Cola company, Atlanta, USA, which does all the research and development activities. The company has to follow the manufacturing process strictly accordance with the Coca Cola company. However, the company has Quality Control Department for its Beverages and Maaza Division separately to check the quality of the products.

### III. Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation

- Company is conscious of changing needs of market due to globalisation which demands quality product at competitive price. Keeping this in view, the Company is making its efforts to produce some new value added product and improvement in the quality of product through innovation and team effort approach.
- 2. Benefits derived as a result of the above efforts, e.g., Product improvement, cost reduction, product development, import substitution etc.
  - Improvement in quality of Board.
  - Reduction in the Cost of Production.
  - Development of new value added product.

### Soft Drink Division

Since the company had License Agreement with The Coca Cola company, Atlanta, USA, the manufacturing process & technology is given by the Coca Cola company which was followed by the company strictly.

### IV. Foreign Exchange

Foreign Exchange earnings

- Nil (Previous period Nil)

Foreign exchange outgo

- on account of import of raw material - Rs. 363,362  
(Previous period Rs. 17,379,874)
- on account of foreign travel. - Rs. 3,426,628  
(Previous period Rs. Nil)
- on account of advance for services - Nil  
(Previous period Rs. 299,500)
- on account of legal Fees - Rs. 6,104,699  
( Previous period Rs. Nil )

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANY

1.	Name of the Subsidiary Company	Mansarovar Holdings Ltd.
2.	The Financial year of the Subsidiary	31st March 1998 Company ended on
3.	Date from which it became subsidiary company	13th February 1998
4.	a. Number of Shares held by Mansarovar Paper & Industries Ltd. at the end of the Financial year of the subsidiary company.	2,083,000 Equity Shares of Rs. 10 each fully paid up
	b. Extent of interest of holding company at the end of Profit (Loss) so for as it concerns the member of the holding Company.	96.41%
5.	The net aggregate amount of the subsidiary company's Profit (Loss) so for as it concerns the member of the holding Company.	
	a. Not dealt with in the holding Company's accounts	
	i) For the Financial year ended on 31st March 1998	Rs. (20.68) Lacs.
	ii) For the previous financial years of the subsidiary company since it became the holding Company's subsidiary.	Not Applicable
	b. Dealt with in the holding Company's account	
	i) For the financial year ended on 31st March 1998	Nil
	ii) For the previous financial years of the subsidiary	Not Applicable

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PLACE: NEW DELHI  
DATED: 31st August 1998.

AVDESH KUMAR  
JOINT MANAGING DIRECTOR

DINESH CHAND  
MANAGING DIRECTOR

S.M. SUNDARAM  
COMPANY SECRETARY

V. GANESAN  
SR. VICE PRESIDENT





# MANSAROVAR PAPER & INDUSTRIES LIMITED

V. SANKAR AIYAR & CO.  
CHARTERED ACCOUNTANTS

B-9, GURUNAK HOUSE,  
RANJIT NAGAR COMMERCIAL  
COMPLEX, NEW DELHI - 110 008

## AUDITORS' REPORT TO THE SHAREHOLDERS OF MANSAROVAR PAPER & INDUSTRIES LTD.,

1. We have audited the attached Balance Sheet of MANSAROVAR PAPER & INDUSTRIES LIMITED as at 31.3.1998 and also the annexed Profit and Loss Account for the period ended on that date.
  2. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) 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.
  3. Further to our comments in the annexure referred to in para 2 above, we report that :
    - i) 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;
    - ii) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of the books;
    - iii) The Balance Sheet and the Profit & Loss Account are in agreement with the books of account.
    - iv) We draw attention to:
      - a) Note no. 3 regarding non adjustment of liability in respect of imported second hand machinery amounting to USD 6,50,000 and damages etc. (which are not yet ascertained);
      - b) Note no. 4 regarding customs duty, demurrage and detention charges in respect of raw materials abandoned at Bombay/Nava shewa Ports.
      - c) Note no. 8(a) regarding non-receipt of balance confirmations from parties showing Debit/Credit Balances.
- We are unable to express an opinion about the effect of the aforesaid matters on the results of the period.
- d) Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and read with the other notes forming part of the statement of accounts, give a true and fair view;
    - (i) In the case of Balance Sheet, of the state of affairs of the company as at 31.03.1998 and
    - (ii) In the case of Profit and Loss Account of the loss for the period ended on that date.

PLACE: NEW DELHI  
DATED: 31st August 1998.

For V. SANKAR AIYAR & CO.  
Chartered Accountants  
R. RAGHURAMAN  
(Partner)

## Annexure referred to in our report of even date to the Shareholders of MANSAROVAR PAPER & INDUSTRIES LIMITED for the period ended 31.03.1998.

1. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. As per information and explanations given to us, the Company has physically verified all its fixed assets once during the period which is considered reasonable and no material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the period.
3. (i) The stock of finished goods, stores, spare parts and raw materials have been physically verified at the year end by the management. In our opinion, the frequency of such verification is reasonable. In respect of stock with consignees, aggregating to Rs. 1,725,799, no statement/confirmation certificate has been received.
- (ii) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (iii) The discrepancies noticed on verification between the physical stock and book records were not material.
- (iv) On the basis of our examination of stock records, and also considering the method of accounting in respect of excise duty referred to in note no. 5, in our opinion, the valuation of the above mentioned stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding period.
4. The terms and conditions of unsecured loans taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and from companies under the same management within the meaning of section 370 (1B) of the Companies Act, 1956, and in respect of the unsecured loans from directors and their relatives, in our opinion, are not prima facie prejudicial to the interest of the Company.
5. The Company has not granted any loans, secured or unsecured to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and to Companies under the same management within the meaning of section 370 (1B) of the Companies Act, 1956.
6. Loans or advances in the nature of loans have not been given by the company except advances to employees of the company, which are interest free. The employees are repaying the principal amount in agreed instalments.
7. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of stores and spares, raw material, plant and machinery, equipment and other assets and for the sale of goods.
8. According to the information and explanations given to us, the transactions of purchases of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating to Rs. 50,000 or more have been made at prices which are reasonable having regard to the prevailing market prices for such goods and materials or the prices at which transactions for similar goods and services have been made with other parties. There are no sale of goods, materials or services made to any such parties.
9. As explained to us, the company has a reasonable system for determination of unserviceable or damaged stores, raw materials and finished goods. The company has confirmed that there were no such materials requiring provision at the end of the period.
10. The company has not accepted deposits from the public.
11. As informed to us, the company has no by-products and the realisable scrap are not considered material.
12. A firm of Chartered Accountants had carried out concurrent audit of accounts and have submitted periodical reports. In our opinion, the internal audit system is commensurate with the size of the company and the nature of its business.