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~~For~~ Pitambar Coated Papers Ltd

  
Company Secretary

# **PITAMBAR COATED PAPERS LIMITED**

9TH

**ANNUAL REPORT**

**2002-2003**

Report  junction.com

# PITAMBAR COATED PAPERS LIMITED

**BOARD OF DIRECTORS** :

Shri Ved Bhushan	Managing Director
Shri Anand Bhushan	Director
Shri Vijay Bhushan	Director
Shri Jaideep Aggarwal	Director
Shri Manish Aggarwal	Director
Shri Aashish Aggarwal	Director
Shri Krishan Kumar Mohindroo	Director
Shri Ram Sarup Lugani	Director
Shri Subhash Gupta	Director

**COMPANY SECRETARY** : Shri P.R. Baranwal

**REGD. & HEAD OFFICE** : 306, Deepshikha Building  
8, Rajendra Place  
New Delhi-110 008.

**WORKS** : A-912, RIICO Industrial Area  
Phase-III, Bhiwadi  
Distt. Alwar (Rajasthan)  
Pin-301 019.

**BANKERS** : Bank of India  
Oriental Bank of Commerce  
State Bank of India  
State Bank of Bikaner & Jaipur

**AUDITORS** : S.R. Dinodia & Co.  
Chartered Accountants  
K-39, Connaught Circus  
New Delhi-110001.

**REGISTRAR & SHARE TRANSFER AGENT** : M/s. Alankit Assignment Ltd.  
2E/8 Jhandewalan Extn.,  
New Delhi-110055.

**LISTING OF SHARES** : The Stock Exchange, Delhi  
The Stock Exchange, Mumbai  
The Stock Exchange, Kolkata  
The Stock Exchange, Jaipur

# PITAMBAR COATED PAPERS LIMITED

## NOTICE

Notice is hereby given that the 9th (Ninth) Annual General Meeting of the members of Pitambar Coated Papers Ltd. will be held on:

Day and date : Tuesday, 23-09-2003  
Time : 11.00 a.m.  
Venue : Shah Auditorium  
Shree Delhi Gujarati Samaj,  
2, Raj Niwas Marg,  
Civil Lines, Delhi-110054.

### ORDINARY BUSINESS

1. To receive, consider and adopt Audited Balance Sheet for the year ended 31st March, 2003 and Profit & Loss Account for the year ended on that date together with the Report of Auditors' and Directors' thereon.
2. To appoint a Director in place of Shri Aashish Aggarwal, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Krishan Kumar Mohindroo, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s S. R. Dinodia & Co. Chartered Accountants, the statutory auditors who retire at this meeting and being eligible offer themselves for reappointment, in respect of financial year 2003-04 who shall hold office as statutory auditors from this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS

1. To consider and if thought fit, to pass with or without modification the following as ORDINARY RESOLUTION

RESOLVED that Mr. Subhash Gupta S/o Shri Kameshwar Lal acting as additional director w.e.f. 09.03.2003 be and is hereby appointed as regular director whose office shall be liable to retire by rotation as per the provisions of Companies Act, 1956.

6. To consider and if thought fit, to pass with or without modification the following as SPECIAL RESOLUTION:

RESOLVED that subject to the guidelines of SEBI, Stock Exchanges and the relevant provisions of Securities (Contract and Regulation) Act and the Companies Act, 1956 the consent of members be and is hereby accorded to delist the equity shares of the Company from Delhi, Calcutta and Jaipur Stock Exchange.

RESOLVED further that the Board of Directors be and are hereby authorised to comply the formalities of SEBI and Stock Exchanges, as the case may be in the manner it deem fit and and proper.

By order of the Board of Directors of  
**PITAMBAR COATED PAPERS LTD.**

Place : New Delhi (VED BHUSHAN)  
Dated : 26-08-2003 MANAGING DIRECTOR

### NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a PROXY to attend and, on a poll, to vote instead of himself/herself. A blank form of proxy is enclosed and, if intended to be used, should be returned to the Registered Office of the Company not less than 48 hours before the scheduled time of the meeting. A proxy so appointed need not be a member.
2. The Register of members and the Share transfer Books will remain closed from 16-09-2003 to 23-9-2003 (both days inclusive).
3. The Company has appointed M/s. Alankit Assignment Ltd. having Regd. Office at 2E/8, First Floor, Jhandewalan Extn., New Delhi-110055 as Shares Transfer Agent for physical as well as Demat.
4. Members are requested to notify change in their address, if any, to the Company at the earliest.

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5. The Explanatory statement pursuant to provisions of section 173(2) of the Companies Act, 1956 in respect of item No. 5 and 6 is enclosed hereto.

## THE EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956

### ITEM NO. 5

The Board of directors in order to broaden has appointed Mr. Subhash Gupta as additional (independent) director in the Board of Directors meeting held on 9.3.2003. In order to take the long term benefit of the professional services of Mr. Subhash Gupta, Board of directors hereby recommends his appointment as regular Director.

### ITEM NO. 6.

The Board of directors hereby inform that the Shares of the Company have been listed at Delhi, Mumbai, Calcutta and Jaipur Stock Exchanges. The Board of directors hereby recommends the resolution in view of low trading, less number of shareholder in these region and cost effectiveness.

None of the Director is interested in the above resolutions.

For PITAMBAR COATED PAPERS LIMITED

Place: New Delhi

Dated: 26-08-2003

CHAIRMAN

## DIRECTORS' REPORT

Dear Shareholders

Your directors have pleasure in presenting the 9th Annual Report of the Company together with Audited Statement of Accounts for the year ended 31st March, 2003.

### OPERATIONS

Year	Sales MT.	Sales (Rs. in Lacs)
2001-2002	5622.86	2094.43
2002-2003	4888.88	1805.26

The turnover during the year under review is comparatively low because of low priced coated papers is dumped from abroad under the garb of newsprint which attract negligible custom duty and tough competition. The contents of Management discussions and analysis as stated in the enclosed Corporate Governance Report may also be read as part of this Report and same is not being reproduced herein for the sake of brevity. The company has been trying its best to improve the sales. Your Company is hopeful to achieve better better results in coming years.

### DIVIDEND

Due to accumulated losses, your Directors are unable to recommend dividend during the year under review.

### FINANCIAL RESULTS

The financial results of the Company reflect the operation for the period ended 31st March, 2003 and are summarized as under:-

	2002-2003	(Rs. in Lacs) 2001-2002
Sales of product and the income	1805.26	2077.86
Profit before Interest, Depreciation and Taxation	390.67	394.40
Interest & financial charges	276.00	296.94
Profit before depreciation	114.67	97.46
Depreciation & Misc. expenses w/o	98.93	91.86
Provision for taxation	—	—
Prior period adjustments	(0.85)	—
Profit (Loss) for the year	15.73	5.60
Loss carried from earlier years	(264.57)	(270.18)
Loss carried to Balance Sheet	(249.69)	(264.57)

### DIRECTORS

During the year under review, there is no change among directors except appointment of Sh. Subhash Gupta S/o. Shri Kameshwar Lal w.e.f. 09.03.2003. He being interested proposed his

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appointment and the Board of Directors hereby recommend his continuance as regular director. However, as per provisions of the Companies Act, 1956 Shri Aashish Aggarwal and Shri K.K. Mohindroo, Directors of the Company are liable to retire by rotation at the ensuing Annual General Meeting and they being eligible offer themselves for reappointment.

The Board of Directors have reviewed the annual accounts for the year ended 31-03-2003 and as per requirement of provisions of Section 217(2AA) of the Act, the Directors' hereby state as under:-

- (i) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) That the directors had selected such accounting policies and applied them consistently and made judgments 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;
- (iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the directors had prepared the annual accounts on a going concern basis.

The Board of directors hereby declare that there is no such director who is disqualified to act as director pursuant to the provisions of Section 274(l)(g) of the Companies Act, 1956.

## AUDITORS

M/s S.R. Dinodia & Co. Chartered Accountants, Auditors of the Company, will retire at the ensuing Annual General Meeting and M/s. S.R. Dinodia & Co. being eligible, offer themselves for re-appointment.

## AUDITORS' REPORT

In respect of observations made by the Auditors

in their Report, your directors wish to state that the respective notes to the accounts are self-explanatory.

The specific issues raised by the auditors are explained below:-

- (i) Regarding observations of Auditors of non-provision of doubtful debts of Rs. 15,68,348 at note no. 6 of Schedule M, the management is of the view that such amount is fully recoverable and matter is pending in court of law.

## CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement requirement, a Report on Corporate Governance is enclosed hereto.

## FIXED DEPOSITS

The Company has not accepted any fixed deposit from public.

## LISTING FEE

The Company's Shares are listed with Delhi, Mumbai, Calcutta and Jaipur Stock Exchanges. The Company has paid the listing fee of Mumbai Stock Exchange. Whereas fee in respect of Delhi, Jaipur and Calcutta Stock Exchanges is yet to be paid.

## PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION & FOREIGN EARNINGS AND OUTGO

The Statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is as under:—

### A. CONSERVATION OF ENERGY POWER AND FUEL CONSUMPTION

	Year ended 31-3-2003	Year ended 31-3-2002
1. Electricity		
a) Purchased units	42,53,580	5223285
Total amount	1,90,98,574.20	2,34,52,549.65
Rate per unit (Rs.)	4.49	4.49
b) Own Generation		
(i) Through Diesel Generator	634639	511898
Unit per ltr. of diesel		
Oil (Rs.)	4.58	4.39

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- (ii) Through steam turbine/  
generator Units — —  
Units per ltr. of fuel  
oil/gas — —

2. Coal (specify quality and where used)  
Quantity (tonnes) — —  
Total cost  
Average rate
3. Furnace oil Quantity (tonnes) — —  
Total cost  
Average rate
4. Others/internal generation  
Quantity — —  
Total cost  
Rate/Unit

## B. Consumption per unit of production

	Standards (if any)	Current year	Previous year
HSD/LDO (In litres)	—	0.27	0.28
Products (with details) Unit	—	—	—
Electricity	—	866.88	958.18
Furnace oil	—	—	—
Coal (specify quality)	—	—	—
Others (specify)/ D.G. Sets	—	129.34	93.90

## B. RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R&D  
carried out by the Company : None
2. Benefits derived as a result of  
the above R&D : None
3. Future plan of action : None
4. Expenditure on R&D : None
- (a) Capital
- (b) Recurring
- (c) Total
- (d) Total R&D expenditure as  
a percentage of total turnover.

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief, made towards technology absorption, adaptation and innovation. Inhouse development team continuous to innovate new equipment to cut costs e.g. Husk fired boiler, automation in moisture, grammage control, reduction in specks & holes in paper.
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.; Improvement in paper quality has resulted in better market share, Cost reduction has helped in improvement of profitability despite less sales. The Company aspires to further cut cost and foray into photocopier paper in a bigger way to increase sales and profits. Technology required to attain the above shall be acquired and equipment shall be installed.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:
- (a) Technology : N.A.
- (b) Year of import : N.A.
- (c) Has technology been fully absorbed : N.A.
- (d) If not fully absorbed, areas : N.A.  
where this has not taken place,  
therefore the future plans of action.

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(In Rs. lacs)

	Year ended 31-03-2003	Year ended 31-3-2002
Foreign Exchange earning	Nil	Nil
Foreign Exchange outgo	35.57	65.64

## PARTICULARS OF EMPLOYEES

There is no employee (whether employed for the whole of the year or apart thereof) who were in receipt of remuneration exceeding the limits as laid

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down under Section 217(2A) of the Companies Act, 1956.

## INDUSTRIAL RELATIONS

Yours directors wish to place on record their sincere appreciation for the excellent team spirit and devotion to duty shown by the employees at all levels. It is hoped that present cordial relations will continue in future.

## ACKNOWLEDGEMENTS

The Directors acknowledge with gratitude the co-operation and assistance received from various Government Agencies and Bankers viz. Bank of India, Oriental Bank of Commerce, State Bank of India and State Bank of Bikaner & Jaipur.

### FOR & ON BEHALF OF THE BOARD PITAMBAR COATED PAPERS LIMITED

Place: New Delhi  
Dated: 26-08-2003

(VED BHUSHAN)  
Managing Director

## Corporate Governance Report

In accordance with Clause 49 of the Listing Agreement with the stock exchange on Corporate Governance the details of compliance by the company are as under:-

### 1. Company's philosophy on code of corporate governance.

The company's policy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity in all its interaction with its shareholders.

### 2. Board of Directors

The Board of Directors consists of nine Directors.

#### Composition and category of Directors

Category	Name of Director	Other Directorships	Membership of other companies committee

Promoter/ Non-Executive Directors	Anand Bhushan	1	Nil
	Jaideep Aggarwal	4	Nil
	Vijay Bhushan	3	Nil
	Manish Aggarwal	3	Nil
	Ashish Aggarwal	1	Nil
Promoter/ Executive Director	Ved Bhushan Managing Director	3	Nil
Independent/ Non-Executive Director	K.K. Mohindroo	Nil	Nil
	Ram Sarup Lugani	1	Nil
	Subhash Gupta	3	1

Attendance of each Director at the board meetings, last Annual General Meetings and Number of Directorship and Chairmanship/Membership of Committee of each Director in various companies as under:-

#### Number of Board Meeting held and the dates on which held

Directors	Board Meeting	Audit Committee	Share-holders Grievance Committee	Last AGM (26.9.2002) Attended
				Yes/No
Total no. of meetings held	14	4	4	
Sh. Ved Bhushan	12	Nil	Nil	Yes
Sh. Anand Bhushan (Chairman)	12	2	Nil	Yes
Sh. Vijay Bhushan	10	Nil	Nil	Yes
Sh. Jaideep Aggarwal	10	Nil	Nil	Yes
Sh. Manish Aggarwal	13	2	4	Yes
Sh. Aashish Aggarwal	14	2	4	Yes
Sh. K.K. Mohindroo	3	2	2	Yes
Sh. Ram Sarup Lugani	6	2	Nil	Yes
Sh. Subhash Gupta	2	1	Nil	No

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Dates of Board Meetings held during the year.

9.04.02, 12.04.02, 29.04.02, 20.05.02, 27.07.02, 20.08.02, 20.10.02, 30.10.02, 23.12.02, 30.01.03, 19.02.03, 9.03.03, 10.03.03, 26.03.03.

### 3. Audit Committee

The Board of Company has constituted an Audit Committee, comprising three Independent, Non-Executive Director viz. Shri Subhash Gupta, Shri K.K. Mohindroo, Shri Ram Sarup Lugani and one promoter/Non-Executive Director viz. Shri Manish Aggarwal. The constitution of Audit Committee also meet with requirements under section 292A of Companies Act, 1956.

The Audit Committee would monitor and provide effective supervision and also assure the Board compliance of adequate internal control systems and other financial disclosures in addition to the issues confirming to the requirements specified by the Company Law/Stock Exchanges etc.

During the year, the committee has met 4 (four) times. All the members of the Audit committee were present in all the meetings held during the year.

Date of Audit Committee Meetings:

29.04.02, 17.08.02, 30.10.02, 25.01.03

### 4. Disclosures on appointment of a Director

The Board of Directors have appointed Mr. Subhash Gupta, an independent director on the Board w.e.f. 9.3.2003. Mr. Subhash Gupta is a graduate and experienced person. He has expertise in the field of Industrial Management & Financial Control. He is also Director in the following Companies.

1. Kamlax Industries Limited
2. Regent Exim International Limited
3. Sumit Apparels Limited

### 5. Management Discussions and Analysis Report

#### (i) Industry Structure and developments

Coated paper is value added paper used for enhanced printing usage. Various large paper mills like BILT Graphics, ITC Bhadrachalam are present in this arena. However, substantial portion of coated paper is being fed by medium sized manufacturers who are either coating bought-out base paper or others (like PCPL) who are coating their own manufactured base paper. Having advantage of fast

order delivery period, coaters with own base paper would benefit in future.

#### (ii) Opportunities and Threats

The company has forayed into uncoated paper market in a big way specially into fast moving and ever growing COPIER market. This market is growing rapidly and has a vast consumer base countrywide and unlike printing machines, copier machines are present everywhere.

However, low priced coated papers continued to be dumped from abroad under the garb of newsprint which attract negligible custom duty. The industry is pressing the government to act against these imports which pose threat to our industry.

#### (iii) Segmentwise or productwise performance

Through various types of writing and printing papers fall under broadbase 'paper', PCPL is now diversifying more into uncoated papers such as S.S. Maplitho and copier papers. Also PCPL has increased share of its hi-end-segment Gold variety of coated papers over the last year, keeping in view increasing quality awareness of Indian printers.

#### (iv) Outlook

With a diversified base of products the company foresee a bright future.

#### (v) Risks and Concerns

No major risk is envisaged. However, a quantitative excise exemption upto 1st 3500 M.Ts has been partially withdrawn. PCPL foresees complete withdrawal of this exemption in subsequent years if government continues to end all exemptions on duties to industry as its policy.

#### (vi) Internal control systems and adequacy

Daily MIS reporting system and periodic review by Audit committee ensures control system of various departments of the company.

#### (vii) Discussion on financial performance with respect to operational performance

As seen the company sales has dipped in the current year 2002-2003. However, despite falling sales the bottomlines have improved owing to drastic cost cutting measures. Uptil last year, the company's profits were highly marred by burgeoning interest costs. It is heartening that Bank of India has converted a substantial chunk of loan into an FCL

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(foreign currency loan) which would attract less than half the prevailing interest rate. This would help company to cut interest costs drastically and perform better. Several other cost cutting measures would be adopted in next financial year apart from boosting of sales to previous year levels and higher.

## (viii) Material developments in human resources/ industrial relations front including number of people employed.

During the financial year under review, it would be observed that no major additions are being done to avoid overstaffing. Exgratia, etc. is being provided to workers for motivation and promoting higher efficiency at lower levels. This is in tandem with new mantra of corporate world to cut staff costs and increase efficiency. Besides, a few labour intensive jobs are being awarded to contractors to ensure speedy and efficient working.

## 6. Remuneration Committee

The Board of Company decided in their meeting held on 30.10.2002 that "Remuneration Committee" is presently not required to be constituted as no remuneration is being paid to Managing Director or any other Director for the time being.

## 7. Shareholders'/Investors' Grievance Committee

The Board of the Company has constituted a "Shareholders'/Investors' Grievance Committee", comprising of Shri Aashish Aggarwal (Chairman), Shri Manish Aggarwal, Mr. K.K. Mohindroo. The Committee, interalia, approves issue of duplicate certificates and review all matters connected with the securities transfers. The Committee also looks into redressal of shareholders' complaint like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc. The Committee oversees the performance of the Registrar and Transfer Agent and recommend measures for overall improvement in the quality of investors services. The Board of Directors Appointed Mr. P.R. Baranwal, Company Secretary as Compliance officer and have delegated the power of approving transfer of securities to the Managing Director.

No. of Complaint Received	Complaint Satisfied	Complaints Pending
6 (Six)	5 (Five)	1 (One)

However, no complaint is pending as on date.

## 8. General Body Meeting

Location and Time for last 3 Annual General Meeting were:

Year	G.M.	Location	Date	Time	No. of S.R. Passed
1999-00	A.G.M.	Shah Auditorium Civil Lines New Delhi	28.9.00	10.30	Four
2000-01	A.G.M.	Shah Auditorium Civil Lines New Delhi	21.09.01	11.00	One
2001-02	A.G.M.	Shah Auditorium Civil Lines New Delhi	26.09.02	11.00	One

During the above financial years, there have been no resolution passed by the Company's shareholders through postal ballot. At the ensuing Annual General Meeting, there is no resolution proposed to be passed through postal ballot.

## 9. a. Disclosures on materially significant related party transaction i.e. transaction of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the company at large.

All the transactions with the related parties i.e. (1) M/s. Pitambar Publishing Co. Pvt. Ltd. (2) M/s. Bharat Publication House (a partnership firm) and (3) M/s. Ambar Parkashan (a Partnership firm) in which directors are interested, are subject to the approval of the central government as required under section 297 of Companies Act, 1956. For related party transactions, the Company has obtained Central Government permission and such transactions during the year under review are within the limit approved by the central govt.

b. No penalties have been imposed by the Stock Exchange(s), SEBI or any authority under the capital market regulations during the last three years.

## 10. Means of Communication

**Quarterly results:** The quarterly results are normally published in 'The Business Line' and Hari Bhoomi.

**Half Yearly Results:** The Half yearly results are used to be published in 'The Business Line' and Hari Bhoomi.