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(COMPANY SECRETARY)

Pitambar Coated Papers Ltd.

**PITAMBAR COATED
PAPERS LIMITED**

Report 10TH
junction.com

ANNUAL REPORT

2003-2004

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

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

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 10th (Tenth) Annual General Meeting of the members of Pitambar Coated Papers Ltd. will be held on:

Day and date : Saturday, 25-09-2004

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, 2004 and Profit & Loss Account for the year ended on that date together with the Report of Auditors' and Directors' thereon.
2. To re-appoint a Director in place of Shri Anand Bhushan, who retires by rotation and being eligible offers himself for reappointment.
3. To re-appoint a Director in place of Shri Jaideep Aggarwal, who retires by rotation and being eligible offers himself for reappointment.
4. To re-appoint a Director in place of Shri Manish Aggarwal, who retires by rotation and being eligible offers himself for reappointment.
5. To re-appoint M/s S. R. Dinodia & Co. Chartered Accountants, the statutory auditors who retire at this meeting and being eligible offer themselves for reappointment, for the financial year 2004-05 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.

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

Place : New Delhi (VED BHUSHAN)
Dated : 27.08.2004 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 21-09-2004 to 25-9-2004 (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 a common agency for dematerialisation of shares and for Transfer of shares in physical form.
4. Members are requested to notify change in their address, if any, to the Company at the earliest.

For PITAMBAR COATED PAPERS LTD.

(VED BHUSHAN)
MANAGING DIRECTOR

DIRECTORS' REPORT

Dear Shareholders

Your directors have pleasure in presenting the 10th Annual Report of the Company together with Audited Statement of Accounts for the year ended 31st March, 2004.

OPERATIONS

Year	Sales MT.	Sales Gross	(Rs. in Lacs) Sales Net of excise
2002-2003	4888.88	1880.26	1805.26
2003-04	5878.97	1938.76	1749.73

There is increase in turnover during the year under review but due to increased excise impact net

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sales is less comparing sales of previous year. The turnover during the year is not upto the targets because of tough competition in market, inflation, and dumping of paper from abroad. The contents of Management discussions and analysis as stated in the enclosed Corporate Governance Report are 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, 2004 and are summarized as under:-

	2003-2004	(Rs. in Lacs) 2002-2003
Sales of product and other income (net)	1786.97	1805.26
Profit before Interest and Depreciation	278.19	390.67
Interest & financial charges	158.31	276.00
Profit before depreciation	119.89	114.67
Depreciation & Misc. expenses w/o	101.46	98.93
Provision for Taxation	—	—
Prior period adjustments	(10.66)	(0.85)
Profit (Loss) during the year	7.77	15.73
Loss carried from earlier years	(249.69)	(264.57)
Loss carried to Balance Sheet	(241.93)	(249.69)

DIRECTORS

During the year under review, there is no change among directors. However, as per provisions of the Companies Act, 1956 Shri Anand Bhushan, Shri Jaideep Aggarwal, Shri Manish Aggarwal, Directors of the Company are liable to retire by rotation at the ensuing Annual General Meeting and

they being eligible offer themselves for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors have reviewed the annual accounts for the year ended 31-03-2004 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(I)(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:-

PITAMBAR COATED PAPERS LIMITED

- (i) Regarding observations of Auditors of non-provision of doubtful debts of Rs.15,06,109/- at note No. 5 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

Your Company is committed to the standards of Corporate Governance and in this direction laid down well documented internal policies, procedures including Board and Committee procedures and practices in particular relation with Shareholders, Customers/Suppliers and the Employees in order to enhance the long term shareholder value and maximize interest of the other stakeholders. Your Company has duly complied with the requirements of the Listing Agreement in respect of Clause 49 relating to Corporate Governance. A detailed report on Corporate Governance regarding compliance of the conditions of Corporate Governance have been attached to form part of this Annual Report.

FIXED DEPOSITS

The Company has not accepted any fixed deposit from public.

LISTING FEE

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

The Company has applied for Delisting of shares with Delhi, Kolkata and Jaipur Stock Exchanges and the matter is in process.

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 given in the Annexure forming part of this report.

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

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

INDUSTRIAL RELATIONS

The Company continuously harnesses human resources and helps people to unleash their maximum potential. We encourage intellectual curiosity. To stimulate the entrepreneurial spirit, we encourage delegation, empowerment and decentralization, as far down the line as possible, factoring the competency levels. We also put maximum importance on ethical values and code of conduct.

Yours directors wish to place on record their sincere appreciation to all the employees for the excellent team spirit, devotion, sustained effort and valuable contribution at all levels during the year. It is hoped that present cordial relations will continue in future.

ACKNOWLEDGMENTS

The Directors acknowledge with gratitude the co-operation and assistance received from various Government Agencies and Bankers viz. Bank of India, New Delhi, Oriental Bank of Commerce, Bhiwadi.

Yours Directors wish to place on record, their appreciation of the efficient and loyal services rendered by the Employees at all levels to the Company.

Yours Directors wish to thank the shareholders for their continued support and forbearance and the confidence reposed on the Management.

FOR & ON BEHALF OF THE BOARD PITAMBAR COATED PAPERS LIMITED

Place: New Delhi

Dated: 27-08-2004

CHAIRMAN

ANNEXURE

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:—

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A. CONSERVATION OF ENERGY POWER AND FUEL CONSUMPTION

	Year ended 31-3-2004	Year ended 31-3-2003
1. Electricity		
a) Purchased units	55,44,405	42,53,580
Total amount	2,48,94,376	1,90,98,574.20
Rate per unit (Rs.)	4.49	4.49
b) Own Generation		
(i) Through Diesel Generator	Nil	634639
(ii) Unit per ltr. of diesel Oil (Rs.)	Nil	4.58
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)	—	Nil	0.27
Products (with details) Unit	—	—	—
Electricity	—	908.92	866.88
Furnace Oil	—	—	—
Coal (specify quality)	—	—	—
Others (specify)/ D.G. Sets	—	—	129.34

B. RESEARCH & DEVELOPMENT (R&D)

- Specific areas in which R&D carried out by the Company : None
- Benefits derived as a result of the above R&D : None
- Future plan of action : None
- Expenditure on R&D : None
 - Capital
 - Recurring
 - Total
 - Total R&D expenditure as a percentage of total turnover.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Efforts in brief, made towards technology absorption, adaptation and innovation. In-house development team continues to innovate new equipment to cut costs e.g. Husk fired boiler, automation in moisture, grammage control, reduction in specks & holes in paper.
- 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.
- In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:
 - Technology : N.A.
 - Year of import : N.A.
 - Has technology been fully absorbed : N.A.
 - If not fully absorbed, areas where this has not taken place, therefore the future plans of action. : N.A.

PITAMBAR COATED PAPERS LIMITED

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(In Rs. lacs)

	Year ended 31-03-2004	Year ended 31-3-2003
Foreign Exchange earning	Nil	Nil
Foreign Exchange outgo	4.28	35.57

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	4	Nil
	Jaideep Aggarwal	3	Nil
	Vijay Bhushan	3	Nil
	Manish Aggarwal	1	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	Nil	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 Meetings held and the dates on which held

Directors	Board Meeting	Audit Committee	Share-holders Grievance Committee	Last AGM (23.9.2003) Attended Yes/No
Total no. of meetings held	13	4	4	
Sh. Ved Bhushan	13	N.A.	N.A.	Yes
Sh. Anand Bhushan	13	N.A.	N.A.	Yes
Sh. Vijay Bhushan	13	N.A.	N.A.	Yes
Sh. Jaideep Aggarwal	12	N.A.	N.A.	Yes
Sh. Manish Aggarwal	13	4	4	Yes
Sh. Ashish Aggarwal	13	N.A.	4	Yes
Sh. K.K. Mohindroo	2	4	2	Yes
Sh. Ram Sarup Lugani	1	4	N.A.	Yes
Sh. Subhash Gupta	11	4	N.A.	No

Dates of Board Meetings held during the year.

1-4-2003, 30-4-2003, 10-6-2003, 4-7-2003, 30-7-2003, 7-8-2003, 26-8-2003, 30-10-2003, 8-12-2003, 22-12-2003, 30-1-2004, 2-2-2004 and 29-3-2004.

3. Audit Committee

The Audit Committee has four members namely S/Shri Subhash Gupta, K.K. Mohindroo, Ram Sarup Lugani (independent directors) and one promoter/ Non-Executive Director Shri Manish Aggarwal. The constitution of Audit Committee meets the requirements of Listing Agreement and provisions of Section 292A of Companies Act, 1956.

The Audit Committee has been monitoring and providing effective supervision and also assuring 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.

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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:

27.04.03, 28.07.03, 27.10.03 and 30.01.04

4. Disclosures on appointment of a Director

There was no change among Directors during the year under review.

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 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 engaged in manufacturing of uncoated papers such as S.S. Maplitho and copier papers.

(iv) Outlook

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

(v) Risks and Concerns

No major risk is envisaged. However, a quantitative excise exemption upto 1st 3500 Mts has been

withdrawn and duty of 8% has been imposed. Due to this change, cost of goods has been increased and accordingly profitability has been effected.

(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 2003-2004. However, despite falling sales the bottomlines have improved owing to drastic cost cutting measures. Until last year, the company's profits were highly marred by burgeoning interest cost. The company is trying its best to perform better and to adopt other cost cutting measures.

(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

Since no director including Managing director is getting any remuneration, as such, no Remuneration Committee has been formed 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, looks into redressal of shareholders' complaint and follow up with the Registrar M/s. Alankit Assignment Ltd. and other matters like non-receipt of balance sheet etc. The Committee oversees the performance of the Registrar and Transfer Agent and recommend measures for overall improvement in the quality of investors services.

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No. of Complaints Received	Complaints Satisfied	Complaints Pending
Nil	Nil	Nil

8. Annual General Meeting

Location and Time for last 3 Annual General Meetings were:

Year	G.M.	Location	Date	Time	No. of S.R. Passed
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
2002-03	A.G.M.	Shah Auditorium Civil Lines New Delhi	23.09.03	11.00	Two

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 Publishing 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 been selling the paper/goods at prevailing market price. However, the Company has obtained Central Government permission w.e.f. 9-4-2003 upto 31-3-2006 and such transactions during the year under review are within the limit approved by the Central Government and none of the transaction has potential conflict with the interest of the Company at large.

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 Pioneer' and 'Hari Bhoomi'.

11. General Shareholder Information

★ AGM

- **Date and Time** : 25th September 2004 at 11.00 a.m.
- **Venue** : Shah Auditorium, Civil Lines, New Delhi

★ Financial Calender

- Results announced : 31.03.2004
- Last date of receipt of Proxy forms : 21.9.2004 (upto 11.00 a.m.)

Announcement of quarterly results : July 2004, October 2004, January 2005 and April 2005 respectively.

★ Book Closure Date : 21.9.2004 to 25.9.2004

★ **Dividend** : During the year the Company has not proposed any Dividend

★ Stock Exchange

ISIN No. : ISIN INE 189C01019

★ Listing of Equity Shares on Stock Exchanges:

- The Stock Exchange, Mumbai
Code No. 530785
- The Delhi Stock Exchange
- The Kolkata Stock Exchange
- The Stock Exchange, Jaipur

★ **Market Price Data:** As the company's Shares are very thinly traded during the year so it is not comparable with Stock Exchange Index. The price of shares fluctuate between Rs.1.00 and Rs.3.00 during the year and recorded price as on year ended 31.3.2004 in Mumbai Stock Exchange was Rs.1.95.

★ Registrar & Transfer Agent:

M/s. Alankit Assignment Ltd.,
2E/8, (First floor) Jhandewalan Ext.,
New Delhi-110055

Compliance Officer :

Mr. Ved Bhushan
Managing Director