

PUDUMJEE AGRO INDUSTRIES LIMITED

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***Annual Report
1998 – 1999***

PUDUMJEE AGRO INDUSTRIES LIMITED

DIRECTORS :

SHYAM M. JATIA (Chairman & Managing Director)
A. S. DAYAL
R. P. PUDUMJEE (Resigned w.e.f. 9.06.99)
S. M. CONTRACTOR
R. C. SARAF
A. K. SOMANY

BANKERS :

STATE BANK OF INDIA
THE UNITED WESTERN BANK LIMITED
BANK OF NOVA SCOTIA
BANK OF BARODA
HDFC BANK LTD

SOLICITORS :

KANGA & COMPANY

AUDITORS :

KHARE & COMPANY

REGISTERED OFFICE :

THERGAON, POONA 411 033

REGISTRARS & TRANSFER AGENTS :

IIT CORPORATE SERVICES LTD.,
UNIT : PUDUMJEE AGRO INDUSTRIES LTD.,
IIT HOUSE, OFF. M. VASANJI ROAD,
OPP. VAZIR GLASS WORKS, NEAR J. B. NAGAR,
ANDHERI (E), BOMBAY - 400 059.

EQUITY SHARES ARE LISTED AT
MUMBAI, PUNE, AHMEDABAD
AND NATIONAL STOCK EXCHANGE.

PUDUMJEE AGRO INDUSTRIES LIMITED**NOTICE**

The Thirtyfourth Annual General Meeting of the Shareholders of **Pudumjee Agro Industries Limited** will be held at the Registered Office of the Company at Thergaon, Poona 411 033 on Wednesday, the 18th day of August, 1999 at 9.00 a. m. (ST) to transact the following business:

1. To receive and adopt the Directors' Report for the year 1998-1999, the audited Balance Sheet as on 31st March, 1999 and the Profit & Loss Account for the year ended on that date.
2. To declare a dividend for the year 1998-1999.
3. To appoint a Director in place of Mr. A. K. Somany, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. A. S. Dayal, who retires by rotation and is eligible for re- appointment.
5. To appoint the Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.
6. To appoint Auditors under Section 228 of the Companies Act, 1956 for auditing the Accounts of the Agro Division of the Company at Narsinghpur (Madhya Pradesh), to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of other statutes as applicable and subject to such approvals, consents, premissions and sanctions as may be necessary from appropriate authorities or bodies, the Articles of Association of the Company be and is hereby altered as follows :

- (a) After the interpretations given for "Ordinary resolution" and "Special resolution" but before the "Singular Number" in Article 2, the following further interpretation shall be inserted :

"Member" : "Member" means the duly registered holder from time to time of the shares of the Company of any class and includes every person whose name is entered as a beneficial owner in the records of the Depository, but does not include the bearer of a share warrant of the Company issued in pursuance of Section 114 of the Act,

- (b) Insert the following Heading and Article as Article 21A after the existing Article 21.

21A : DEMATERIALISATION OF SECURITIES

The provisions of this Article shall apply only in respect of securities held in Depository mode and the provisions of the other Articles shall be construed accordingly.

"Beneficial Owner"	"Beneficial owner" Shall mean the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.
"Depository"	"Depository" shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act 1996.
"Depositories Act, 1996"	"Depositories Act, 1996" shall include any statutory modification or re-enactment thereof, for the time being in force.
"Security"	"Security" means such security as may be specified by Securities and Exchange Board of India (SEBI) established under Securities and Exchange Board of India Act, 1992.
Power to dematerialise and rematerialise securities	Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing shares, debentures and other securities, re-materialise its shares, debentures and other securities, held in the Depositories Mode and/or offer securities in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed the reunder.
Options for investors	Every person subscribing to or holding securities of the Company shall have option to receive security certificates in accordance with provisions of the other Articles or to hold the securities with a Depository.

	Such a person who is the beneficial owner of the securities may/can any time opt out of the Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.
	If a person opts to hold his security in a Depository, the Company shall intimate such Depository the details of allotment of security and on the receipt of the information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.
	The Board of Directors shall have the power to fix a fee payable by the investor to the Company for the services of dematerialising and/or rematerialising of the Company's securities as they, in their discretion may determine.
Securities in depositories to be in Fungible form	All the securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owner.
Rights of Depositories and beneficial owners	(a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner. (b) Save as otherwise provided in clause (a) above, the Depository of the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it. (c) Every person holding securities of the Company and whose name is registered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to, all the rights and benefits and be subject to all the liabilities of a member in respect of his securities which are held by a Depository.
Service of documents	Notwithstanding anything contained in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs or in such manner as may be practicable.
Transfer of Securities	Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a Depository. In the case of transfer of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply.
Distinctive numbers of securities held in a Depository	Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to the securities held with a Depository. Every forfeited or surrendered shares held in a material form shall continue to bear the number by which the same was originally distinguished.
Register and Index of beneficial owners	The Register and Index of beneficial owners maintained by a Depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of members and security holders for the purposes of these Articles.

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of above mentioned item No. 7 is annexed hereto.

The Register of Members and Share Transfer Books of the Company will be closed from Wednesday, the 4th day of August, 1999 to Wednesday, the 18th day of August, 1999, both days inclusive.

Dividend that may be declared will be made payable from 21st day of September, 1999 to those members, whose names stand on the Company's Register of Members as holders of the shares on 18th August, 1999, subject to provisions of Section 206A of the Companies Act, 1956.

By Order of the Board of Directors,
J. W. PATIL
ASSTT. COMPANY SECRETARY.

Registered Office:
Thergaon, Poona- 411 033
Dated: 29th May, 1999.

PUDUMJEE AGRO INDUSTRIES LIMITED

ANNEXURE TO THE NOTICE

Explanatory Statement under Section 173 of the Companies Act, 1956.

The following Explanatory Statement sets out all material facts relating to the Special Business in the accompanying Notice dated 29th May, 1999 convening the 34th Annual General Meeting.

RESOLUTION NO. 7.

On the enactment of the Depositories Act, 1996 some of the provisions of the Companies Act, 1956 have been amended to facilitate the implementation of the Depository system. The Depository system of holding securities in an electronic form is a far safer and more convenient method for holding and trading in the securities of the Company. It is, therefore, proposed that the Company's Articles of Association be suitably altered as set-out in the Resolution No. 7 to reflect the provisions introduced by the Depositories Act, 1996 so as to enable the Company to join the Depository system at a future date and to spell out the rights of the beneficial owners of the securities in such a system.

The Directors commend the resolution for approval. None of the Directors is interested in the resolution. A copy of Memorandum and Articles of Association of the Company is available for inspection by the members of the Company at its registered office between 2.00 p.m. and 4.00 p.m. on any working day.

By Order of the Board of Directors,

J. W. PATIL

ASSTT. COMPANY SECRETARY.

Registered Office:

Thergaon, Poona- 411 033.

Dated: 29th May, 1999.



DIRECTORS' REPORT TO THE MEMBERS

The Directors present the Thirtyfourth Annual Report on the working of the Company for the year ended 31st March, 1999 together with the statement of Accounts for that year.

FINANCIAL RESULTS

	1998-'99 Rs.	Previous Year Rs.
Gross profit/ (loss) before interest and depreciation is	(3,98,95,057)	6,01,82,339
Reducing therefrom Interest of	3,31,57,444	1,52,47,134
and Depreciation of	1,43,82,226	1,44,59,606
The net profit / (Loss) comes to	(8,74,34,727)	3,04,75,599
Adding thereto the amount transferred from General Reserve	8,74,34,727	Nil
Adding thereto Balance brought forward from last year of	1,33,49,795	1,36,94,196
The Total comes to	<u>1,33,49,795</u>	<u>4,41,69,795</u>
Adjusting against this amount the following, namely :		
Provision for Taxation of	Nil	1,30,00,000
Dividend on Equity Shares of	36,00,000	72,00,000
Provision for tax on dividend of	3,60,000	7,20,000
and transfer to General Reserve of	Nil	99,00,000
Totalling to	<u>39,60,000</u>	<u>3,08,20,000</u>
There remains a balance of	93,89,795	1,33,49,795

which the Directors propose to carry-forward to next year's accounts.

DIVIDEND

The Directors recommend for your consideration the payment of Dividend for the year ended 31st March, 1999 out of the brought forward balance in the Profit & Loss Account at the rate of Re. 1.00 per share. If approved, the Equity Dividend will, subject to the provisions of Section 206A of the Companies Act, 1956, be paid to the shareholders whose names are registered in the books of the Company at the close of business on 18th August, 1999.

OPERATIONS

The recession in the Paper industry continues unabated resulting in a fall in the margins. This was further accentuated by the loss at Kandla port due to cyclone, fall in the price of Deoiled cake and large imports of oil.

DIRECTORS

Messrs. A.K. Somany and A.S. Dayal retire by rotation and being eligible, offer themselves for reappointment.

PUDUMJEE AGRO INDUSTRIES LIMITED

AUDITORS

Members are requested to appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Members are also requested to appoint Auditors as provided under Section 228 of the Companies Act, 1956 for auditing the Accounts of the Agro Division of the Company at Narsingpur, to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

STATEMENTS UNDER SECTIONS 217(1)(e) AND 217(2A)

Statements giving details as required by the aforesaid provisions of the Companies Act, 1956 are annexed hereto.

On behalf of the Board of Directors,

Bombay ,
Dated : 29th May, 1999.

SHYAM M. JATIA
Chairman



ANNEXURE TO DIRECTORS' REPORT

A. Information as per Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 1999.

I. CONSERVATION OF ENERGY :

- (a) Measures taken : Improvement in power factor, reducing peak maximum demand, use of PLCs for automatic control and optimisation of process parameters.
- (b) Proposals : There is no proposal for any investment at the moment.
- (c) Impact : There has been no significant impact of (a) and (b) above on the cost of production of goods.
- (d) Power and Fuel Consumption :

	1998-'99	Previous Year
(i) Electricity :		
(a) Purchased :		
- Units (KWH in lacs)	193	225
- Total amount (Rs.in lacs)	795.66	867.90
- Average rate/KWH (Rs)	4.12	3.86
(b) Own generation :		
- Through Diesel Generator Unit (KWH)	-	3,510
- Units per ltr. of Diesel Oil (KWH)	-	2.51
(ii) (a) Steam:		
- Quantity (MT)	2,006	54,153
- Total amount (Rs. in lacs)	12.75	343.70
- Average rate (Rs. per MT)	636	635
(b) Fuel:		
- Quantity (KL)	5,219	836
- Total amount (Rs.in lacs)	292.41	47.82
- Average rate (Rs. per K.L.)	5,603	5,720
(iii) Diesel Oil :		
- Quantity (Ltrs.)	52,195	78,613
- Total cost (Rs.in lacs)	4.93	7.81
- Average rate (Rs.per Ltr.)	9.45	9.93
(iv) Steam Coal used in Boiler: (Grade C or D whichever is available)		
- Quantity (MT)	2,359	3,570
- Total cost (Rs.in lacs)	37.47	56.62
- Average rate (Rs./MT)	1,588	1,586
(e) Consumption per tonne of paper produced :		
- Electricity (KWH)	994	1,110
- Steam (MT)	0.116	3.022
- Fuel (KL)	0.302	0.047
Consumption per tonne of Seed throughput :		
- Coal (MT)	0.104	0.103
- Power (KWH)	92	74
- Diesel (Ltrs.)	2	2

NOTE : As the requirement of energy varies widely with the quality of products being made, it would fluctuate annually depending upon the product mix and the raw material mix being utilised for the different grades and at different times.

PUDUMJEE AGRO INDUSTRIES LIMITED**II. RESEARCH & DEVELOPMENT**

- | | | | |
|----|---|---|--|
| 1. | Specific areas in which R&D carried out by the Company. | : | Optimisation of Fibre Mix & Chemicals. |
| 2. | Benefits derived as a result of the above R & D | : | Cost reduction and lesser rejections. |
| 3. | Future plan of action | : | (a) Conservation of energy and water
(b) Reduction in consumption of chemicals. |
| 4. | Expenditure on R&D | : | <u>Rs. in lacs</u> |
| | (a) Capital | : | — |
| | (b) Recurring | : | <u>10.52</u> |
| | (c) Total | : | <u>10.52</u> |
| | (d) Total R&D expenditure as a percentage of turnover | : | 0.08% |

III. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

- | | | | |
|----|--|---|---|
| 1. | Efforts in brief made towards technology absorption, adaptation and innovation | : | Continuous addition of chemicals instead of batch addition. |
| 2. | Benefits derived as a result of the above efforts. | : | Consistent quality of products. |
| 3. | No new technology was imported in last five years. | | |

IV. FOREIGN EXCHANGE EARNINGS AND OUTGO :

- | | |
|----|---|
| 1. | The exports of the company during the year under review amounted to Rs. 34.83 Crores as against Rs. 22.44 Crores during the previous year.
Some trial consignments of paper were exported to certain countries, inspite of the absence of price competitiveness in the international market owing to company's dependence on imported raw material to match quality. The efforts, however, to increase the exports further are continuing. |
| 2. | Foreign exchange earned and used were Rs.3482.61 lacs and Rs. 1425.35 lacs respectively. |

On behalf of the Board of Directors,

SHYAM M. JATIA
ChairmanBombay,
Dated : 29th May, 1999.

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B. Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 1999.

Name & Age (Years)	Designation/ Nature of duties	Remuneration		Qualification & Experience (Years)	Date of commence- ment of employment	Last Employed	
		Gross Rs.	Net Rs.			Name of the organisation.	Position held
Mr. Jatia S.M. (47)	Managing Director	9,14,800	7,07,819	Experience in Business Administration and Finance. (26)	11.01.80	Chem Mach Pvt.Ltd.	Whole- time Director

- Notes :
1. Gross remuneration as shown includes salary, Company's contribution to Provident Fund and value of medical and other facilities but excludes Contribution to Superannuation Fund and provision for gratuity. Net remuneration is arrived at after deduction of Income Tax.
 2. The nature and conditions of employment are non contractual. The above employee is wholtime employee of the Company during the year.

On behalf of the Board of Directors,

Bombay,
Dated: 29th May, 1999.

SHYAM M. JATIA
Chairman

C. Information regarding Y2K preparedness .

The Company is in the process of replacing/upgrading software and hardware to make them Y2k compliant by 30th September, 1999 at a cost of about Rs. 50 lacs in all areas of accounting and process. It has achieved about 60% progress so far and has contingency plans to take care of any eventuality.

On behalf of the Board of Directors,

Bombay,
Dated: 29th May, 1999.

SHYAM M. JATIA
Chairman