

PUDUMJEE AGRO INDUSTRIES LIMITED



***Annual Report
1999 – 2000***

PUDUMJEE AGRO INDUSTRIES LIMITED

DIRECTORS :

SHYAM M. JATIA (Chairman & Managing Director)
A. S. DAYAL
S. M. CONTRACTOR
R. C. SARAF
A. K. SOMANY

BANKERS :

STATE BANK OF INDIA
THE UNITED WESTERN BANK LIMITED
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 Thirtyfifth 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 Friday, the 25th day of August, 2000 at 9.00 a. m. (ST) to transact the following business:

01. To receive and adopt the Directors' Report for the year 1999-2000, the audited Balance Sheet as on 31st March, 2000 and the Profit and Loss Account for the year ended on that date.
02. To note payment of dividend for the year 1999-2000.
03. To appoint a Director in place of Mr. S. M. Contractor, who retires by rotation and is eligible for re-appointment.
04. To appoint a Director in place of Mr. R. C. Saraf, who retires by rotation and is eligible for re-appointment.
05. 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.
06. 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.

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 Register of members and Share Transfer Books of the Company will be closed from Saturday, the 19th day of August, 2000 to Friday, the 25th August, 2000, both days inclusive.

The Board of Directors at their meeting held on 30th March, 2000 declared an interim dividend @ Re. 1 per share on equity shares of the Company for the year 1999-2000. Accordingly shareholders are requested to note the payment of interim dividend made on the shares of the Company.

Registered Office :
Thergaon, Poona 411 033.
Dated : 26th June, 2000.

By order of the Board of Directors,

J. W. PATIL
ASSTT. COMPANY SECRETARY

ANNUAL REPORT 1999 - 2000**DIRECTORS' REPORT TO THE MEMBERS**

The Directors present the Thirtyfifth Annual Report on the working of the Company for the year ended 31st March, 2000 together with the statement of Accounts for that year.

FINANCIAL RESULTS

	1999-2000 Rs.	Previous Year Rs.
Gross profit/ (loss) before interest and depreciation	4,30,74,308	(3,98,95,057)
Reducing therefrom Interest of	1,27,12,702	3,31,57,444
And Depreciation of	1,45,31,757	1,43,82,226
The net profit / (loss) comes to	1,58,29,849	(8,74,34,727)
Reducing therefrom expense of earlier year	36,000	—
Adding thereto the amount transferred from General Reserve	—	8,74,34,727
Adding thereto Balance brought forward from last year of	93,89,795	1,33,49,795
The Total comes to	2,51,83,644	1,33,49,795
Adjusting against this amount the following, namely :		
Provision for Taxation of	20,00,000	Nil
Dividend on Equity Shares of	36,00,000	36,00,000
Tax on dividend of	3,96,000	3,60,000
and transfer to General Reserve of	2,34,727	Nil
Totalling to	62,30,727	39,60,000
There remains a balance of which the Directors propose to carry-forward to next year's accounts.	1,89,52,917	93,89,795

DIVIDEND

At their meeting held on 30th March, 2000 the Board of Directors had declared an interim dividend at the rate of Re.1.00 per Equity Share payable to the shareholders whose names were reported in the books of the Company at the close of business on 5th May, 2000. The Directors have decided not to recommend any final dividend for the year 1999-2000.

OPERATIONS

The paper market continued to remain subdued although there was an overall increase in prices of paper to cover the higher cost of pulp & other inputs. Due to heavy imports of oil, the operations of Agro Division became unviable and the plant at Narsinghpur remained idle for most of the time during the year. Depending upon the viability of its operations the Directors will decide on future course of action.

During the year the Excise Department raised a Claim for Rs. 6367.68 lacs including penalty against which the Company has filed an appeal before Customs, Excise and Gold (Control) Appellate Tribunal.

PUDUMJEE AGRO INDUSTRIES LIMITED

DIRECTORS

Messrs S. M. Contractor and R. C. Saraf retire by rotation and being eligible offer themselves for re-appointment.

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 Narsinghpur, to hold 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 : 26th June, 2000

SHYAM M. JATIA
Chairman



ANNUAL REPORT 1999 - 2000

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, 2000.

I. CONSERVATION OF ENERGY :

- (a) Measures taken : Optimisation of manufacturing operations in paper division through substitution by deflaker and better vacuum distribution.
- (b) Proposals : There is no proposal for any investment at the moment.
- (c) Impact : There has been a marginal reduction of (a) above on the cost of production of goods.
- (d) Power and Fuel Consumption :

	1999-2000	Previous Year
(i) Electricity :		
(a) Purchased :		
- Units (KWH in lacs)	166	193
- Total amount (Rs.in lacs)	758.77	795.66
- Average rate/KWH (Rs)	4.57	4.12
(b) Own generation :		
- Through Diesel Generator Unit (KWH)	13,895	-
- Units per ltr. of fuel Oil (KWH)	1.47	-
- Cost/Unit (Rs.)	9.09	-
(ii) (a) Steam:		
- Quantity (MT)	1,358	2,006
- Total amount (Rs. in lacs)	8.70	12.75
- Average rate (Rs. per MT)	641	636
(b) Fuel:		
- Quantity (KL)	5,422	5,219
- Total amount (Rs.in lacs)	423.27	292.41
- Average rate (Rs. per K.L.)	7,807	5,603
(iii) Diesel Oil :		
- Quantity (Ltrs.)	19,189	52,195
- Total cost (Rs.in lacs)	2.56	4.93
- Average rate (Rs.per Ltr.)	13.34	9.45
(iv) Steam Coal used in Boiler: (Grade C or D whichever is available)		
- Quantity (MT)	274	2,359
- Total cost (Rs.in lacs)	4.51	37.47
- Average rate (Rs./MT)	1,642	1,588
(e) Consumption per tonne of paper produced :		
- Electricity (KWH)	951	994
- Steam (MT)	0.079	0.116
- Fuel (KL)	0.317	0.302
Consumption per tonne of Seed throughput :		
- Coal (MT)	0.102	0.104
- Power (KWH)	111	92
- Diesel (Ltrs.)	7	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 | : | (a) Water conservation through increased re-use of process water.
(b) Improvement in process control. |
| 2. | Benefits derived as a result of the above R & D | : | Improved quality Products and Cost effectiveness |
| 3. | Future plan of action | : | (a) To further improve product quality.
(b) To implement Environmental Management system in manufacturing operations.
(c) To recover and recycle more fibre and water. |
| 4. | Expenditure on R&D | : | Rs. in lacs |
| | (a) Capital | : | — |
| | (b) Recurring | : | 12.73 |
| | (c) Total | : | 12.73 |
| | (d) Total R&D expenditure as a percentage of turnover | : | 0.19% |

III. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

- | | | | |
|----|--|---|--|
| 1. | Efforts in brief made towards technology absorption, adaptation and innovation | : | Plant trials with neutral sizing chemicals to enhance quality of products. |
| 2. | Benefits derived as a result of the above efforts. | : | Better quality of products. |
| 3. | No new technology was imported in last five years. | | |

IV. FOREIGN EXCHANGE EARNINGS AND OUTGO :

- | | |
|----|--|
| 1. | The exports during the year under review amounted to Rs, 132.27 lacs including Rs. 25.78 lacs in respect of export of paper which demand is expected to increase in the next financial year. |
| 2. | Foreign Exchange earned and used were Rs. 132.27 lacs and Rs. 1567.31 lacs respectively. |

On behalf of the Board of Directors,

SHYAM M. JATIA
Chairman

Bombay,
Dated : 26th June,2000

ANNUAL REPORT 1999 - 2000

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, 2000.

Name & Age (Years)	Designation/ Nature of duties	<u>Remuneration</u>		Qualification & Experience (Years)	Date of commence- ment of employment	<u>Last Employed</u>	
		Gross Rs.	Net Rs.			Name of the organisation.	Position held
Mr. Jatia S.M. (48)	Managing Director	9,28,809	7,01,131	Experience in Business Administration and Finance. (27)	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 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: 26th June, 2000

SHYAM M. JATIA
Chairman

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PUDUMJEE AGRO INDUSTRIES LIMITED**REPORT OF THE AUDITORS TO THE SHAREHOLDERS**

We have examined the attached Balance Sheet of Pudumjee Agro Industries Limited as at 31st March, 2000 and the Profit and Loss Account annexed thereto for the year ended on that date wherein are incorporated the accounts of Agro Division not visited by us but audited by the branch auditors, and report that :

- (a) 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;
- (b) 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 those books;
- (c) The said Branch Auditors' Report on the accounts of Agro Division has been forwarded to us and we have considered the same while preparing this report;
- (d) In our opinion, the said Profit and Loss Account and Balance Sheet comply with the accounting standards as referred to in sub section (3C) of Section 211 of the Companies Act, 1956;
- (e) The said Balance Sheet and the Profit and Loss Account are in agreement with the books of account;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet read with note 5 in schedule "M" regarding change in the valuation on inventories as per AS 2 and its effect on year end inventories and Profit for the year as detailed in the note and read together with other notes thereon give the information required by law in the manner so required, and give a true and fair view of the state of the Company's affairs as at 31st March, 2000 and of the Profit for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956 and according to the information and explanations given to us during the course of the audit and on the basis of such checks as were considered appropriate, we further state that :-

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the Management at the end of the year, and it has been reported to us that, no material discrepancies have been noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. It is reported that the stock of finished goods, stores, spare parts and raw materials have been physically verified by the Management at the end of the year.
4. In our opinion, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. The discrepancies noticed on physical verification of stocks were not material as compared to book records.
6. In our opinion, the valuation of the stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the preceding year except change in the method of valuation of inventories as referred to in note 5 of Schedule M.
7. The Company has obtained unsecured loans/deposits from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and the rates of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
8. The Company has granted unsecured loans/deposits to Companies, firms or other parties listed in the register maintained u/s 301 of the Companies Act, 1956 or covered by the definition of Companies under the same management under Sec. 370(1B) of the said Act and the rates of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
9. The parties to whom loans and advances have been given by the Company are repaying the principal amounts wherever stipulated and interest thereon wherever applicable regularly.

ANNUAL REPORT 1999 - 2000

10. In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials, including components, plant and machinery, equipment and other assets and for the sale of goods.
11. According to the information and explanations given to us, the transactions of Purchase and Sale of goods and materials, made in pursuance to contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956, aggregating during the year to Rs.50,000 or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods and materials or prices at which transactions for similar goods have been made with other parties.
12. As explained to us the Company regularly determines and disposes off, unserviceable or damaged stores, raw-materials and finished goods during the year and hence the question of determining and providing for the loss in the accounts does not arise.
13. The Company has not accepted any deposits from the public and therefore the question of compliance with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 does not arise.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of scrap and by-product.
15. In our opinion the Company has adequate internal audit system and in our opinion the internal audit system is commensurate with the size and nature of the business of the Company.
16. We have broadly reviewed the records maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. However no detailed examination of such accounts and records have been carried out by us.
17. According to the records of the Company, Provident Fund and Employees State Insurance dues have been regularly deposited during the year with the appropriate authorities.
18. According to the information and explanations given to us and subject to the order of BIFR dated 8th May, 1990 on the last day of the financial year, there were no amounts outstanding in respect of undisputed Income Tax, Wealth Tax, Sales Tax, Custom duty and Excise duty which were due for more than six months from the date they became payable.
19. During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses which have been charged to Profit and Loss Account.
20. The Company is not a sick industrial Company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. As explained to us, in respect of trading activities of the Company there were no damaged goods during the year.

For KHARE & CO.
Chartered Accountants

Y. P. SHUKLA
Partner

Bombay
Dated : 27th June, 2000