

PUDUMJEE AGRO INDUSTRIES LIMITED

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***Annual Report
2000 – 2001***

PUDUMJEE AGRO INDUSTRIES LIMITED

DIRECTORS :

SHYAM M. JATIA (Chairman & Managing Director)
A. S. DAYAL
S. M. CONTRACTOR
R. C. SARAF
A. K. SOMANY
G. N. AGARWAL (Appointed w.e.f. 7/6/2001)

BANKERS :

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

SOLICITORS :

KANGA & COMPANY

AUDITORS :

KHARE & COMPANY

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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.

Demat Stock Code : INE105C01015

EQUITY SHARES ARE LISTED AT :

MUMBAI, PUNE, AHMEDABAD
AND NATIONAL STOCK EXCHANGE.

PUDUMJEE AGRO INDUSTRIES LIMITED**NOTICE**

The Thirtysixth 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 Monday, the 3rd day of September, 2001 at 9.00 a. m. (ST) to transact the following business:

1. To receive and adopt the Directors' Report for the year 2000-2001, the audited Balance Sheet as on 31st March, 2001 and the Profit and Loss Account for the year ended on that date.
2. To appoint a Director in place of Mr. A. S. Dayal, who retires by rotation and is eligible for re-appointment.
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 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.
5. 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

6. To consider and, if thought fit, to pass with or without modification(s) the following resolutions as Special Resolutions :

"RESOLVED THAT Article 166(2) of the Articles of Association of the Company be amended by substituting the words "such sum as may be prescribed" in place of "35 paise" in line five of the said Article".

"RESOLVED THAT Article 199 of the Articles of Association of the Company be amended by substituting the words "such sum as may be prescribed" in place of "35 paise" in line three of the said Article".

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

"RESOLVED THAT the number of directors for the time being in office be increased from five to six".

8. To appoint a Director in place of Mr. Gautam Nandkishore Agarwal who was appointed as Additional Director of the Company pursuant to Article 126 of the Articles of Association and holds office only up to the date of this Annual General Meeting by reason of the provisions of section 260 of the Companies Act, 1956 and being eligible, offers himself for reappointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of a Director in accordance with the provisions of Section 257 of the Companies Act, 1956 and, if thought fit, to pass the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. Gautam Nandkishore Agarwal be and is hereby appointed as Director of the Company".

9. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956 and subject to such approval(s)/sanction(s) as may be necessary, Mr. Shyam Mahabirprasad Jatia be and is hereby appointed as Managing Director of the Company for a period of five years with effect from 1st April, 2002 AND THAT consent be and is here by accorded to the following remuneration, payments, benefits and amenities and the terms of appointment of the said Mr. Shyam Mahabirprasad Jatia with power to the Board of Directors to alter and vary from time to time, at its discretion the remuneration, commission and other terms so however that they do not exceed the permissible limits laid down under the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof for the time being in force, namely:

- a) The Managing Director shall, subject to the supervision and control of the Board of Directors, be in overall charge of the Company's activities and in particular attend to all matters concerning production planning, manufacture, finance, marketing and administration and shall perform such other duties and services and exercise such other powers as shall, from time to time, be entrusted to him by the Board of Directors.

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- b) Remuneration at the rate of Rs. 65,000/- per month including Dearness Allowance.
- c) Payment of commission of an amount computed at four percent of the net profits of the Company as determined in accordance with the Companies Act, 1956 SO HOWEVER THAT such remuneration and commission together with the value of perquisites does not exceed the limits prescribed under that Act.
- d) Rent free furnished residential accommodation, the Company paying or reimbursing all rents, rates, taxes and other expenses for the upkeep and maintenance of his residential accommodation or an Allowance in lieu thereof.
- e) Expenses on electricity, gas, water and furnishing, of the residential accommodation.
- f) Actual medical expenses including hospitalization, nursing home charges, surgical charges, insurance premium and travelling expenses incurred for himself and family.
- g) Leave Travel Assistance to cover air or first class airconditioned railway fare for himself, his wife and dependent children once in a year.
- h) Membership including entrance and other fees for clubs.
- i) Personal Accident insurance premium.
- j) Participation in the Provident fund and Pension/ Superannuation Schemes.
- k) Gratuity as per the Company's rules applicable to its Executive Staff Members.
- l) i) Annual leave with full pay and other benefits for a period of one month with benefit of encashment of unutilised leave.
ii) Sick and Casual leave as per Company's rules applicable to its Executive staff Members.
- m) Maintenance of telephone at the entire cost of the Company at his place of residence.
- n) Exclusive free use of a motor car for the business of the Company as well as for his personal use with full maintenance charges in respect thereof such as Chauffeur's salary, garage rent, fuel, repairs, insurance, taxes, overhauling charges, etc. at the entire cost of the Company.

PROVIDED THAT in the event of absence or inadequacy of profits in any year the said remuneration as stated in clause (b) above together with the payments, benefits and amenities shall nevertheless be paid or allowed as minimum remuneration for such year".

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 the above mentioned item nos. 6 to 9 are annexed hereto.

The Register of members and Share Transfer Books of the Company will be closed from Friday, the 17th day of August, 2001 to Monday, the 3rd day of September, 2001, both days inclusive.

Registered Office :
Thergaon, Poona 411 033.
Dated : 29th June, 2001.

By order of the Board of Directors,

J. W. PATIL
ASSTT. COMPANY SECRETARY

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 the material facts relating to item Nos.6 to 9 of the Special Business mentioned in the accompanying Notice dated 29th June, 2001 convening the 36th annual General Meeting.

RESOLUTION NO 6

Existing Article 166(2) & 199 of the Articles of Association of the company prescribe the fees for abstract to be taken as 35 paise for every 100 words or fractional part thereof to be copied. Section 163 & 196 of the Companies Act, 1956 provides that the information to the members be provided on payment of such sum as may be prescribed. Articles 166(2) & 199 are sought to be amended accordingly to fall in conformity with the fees prescribed by the Companies Act, 1956.

A copy of the Company's Articles of Association is open for inspection by the Members at the Company's Registered office on any working day between the hours of 2.00 p.m. and 4.00 p.m.

None of the Directors of the Company is interested in the Special Resolution proposed to be passed.

RESOLUTION NO 7

Section 258 of the Companies Act, 1956 requires the sanction of the members by an Ordinary Resolution for increasing number of Directors within the limit fixed by the Company's Articles of Association. It is, therefore, necessary to pass a formal resolution increasing number of Directors for the time being in office from five to six.

RESOLUTION NO 8

Mr. Gautam Nandkishore Agarwal was appointed as additional director of the Company under Article 126 of the Articles of Association with effect from 7th June, 2001. Under the provisions of section 260 of the Companies Act, 1956 and the Provisions of the said Article he holds office only up to the date of this Annual General Meeting. Mr. Agarwal is a Bachelor of Commerce and Master in Business Administration and has business experience of over eight years. A Notice proposing Mr. Gautam Nandkishore Agarwal for appointment to the office of Director at the Annual General Meeting, together with a deposit of Rs. 500/- has been received by the Company as required by Section 257 of the Companies Act, 1956. The Ordinary Resolution in this behalf is therefore commended for the approval of the members.

Except Mr. Gautam Agarwal, no other director is interested in this resolution.

RESOLUTION NO 9

The term of office of Mr. S. M. Jatia as the Managing Director of the Company expires on 31st March, 2002 and the ordinary resolution is proposed for his reappointment for a further period of five years from 1st April, 2002.

Mr. Jatia has been the Managing Director of the Company since 1984 and has a long and varied business experience of over 28 years. The Board of Directors are of the opinion that it would be in the interest of the Company to reappoint Mr. Jatia as its Managing Director on terms and Conditions as mentioned in the proposed resolution in the accompanying notice and commend the resolution for your approval. According to Article 142(2) of the Articles of Association of the Company, the Managing Director, while he continues to hold this office, shall not be subject to retirement by rotation.

Except Mr. S. M. Jatia, no other director is interested in this resolution.

Registered Office :
Thergaon, Poona 411 033.
Dated : 29th June, 2001.

By order of the Board of Directors,

J. W. PATIL
ASSTT. COMPANY SECRETARY

ANNUAL REPORT 2000 - 2001**DIRECTORS' REPORT TO THE MEMBERS**

The Directors present the Thirtysixth Annual Report on the working of the Company for the year ended 31st March, 2001 together with the statement of Accounts for that year.

FINANCIAL RESULTS

	2000-2001 Rs.	Previous Year Rs.
Gross profit before interest and depreciation	7,39,560	4,30,74,308
Adjusting therefrom Interest of	26,58,634	1,27,12,702
And Depreciation of	1,46,63,067	1,45,31,757
The net profit / (loss) comes to	(1,65,82,141)	1,58,29,849
Adjusting therefrom:		
The amount transferred from General Reserve of	1,65,82,141	—
The expenses of earlier years of	16,353	36,000
The Balance brought forward from last year of	1,89,52,917	93,89,795
The Total comes to	<u>1,89,36,564</u>	<u>2,51,83,644</u>
Adjusting against this amount the following, namely :		
Provision for Taxation of	—	20,00,000
Dividend on Equity Shares of	—	36,00,000
Provision for tax on dividend of	—	3,96,000
And transfer to General Reserve of	—	2,34,727
Totalling to	<u>—</u>	<u>62,30,727</u>
There remains a balance of	<u>1,89,36,564</u>	<u>1,89,52,917</u>

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

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm

- that in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the directors have selected such accounting policies and applied them consistently and made judgements 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 on 31st March, 2001 and of the loss of the company for that period;
- that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- that the directors have prepared the annual accounts on a going concern basis.

DIVIDEND

In view of the loss incurred during the year under review, the Directors have decided not to recommend any dividend for the year.

PUDUMJEE AGRO INDUSTRIES LIMITED**OPERATIONS**

The recession in the Paper Industry which has been caused mainly due to cheap imports into the country, still continues. During the year under review, the international pulp prices had risen sharply and this together with the fall in exchange value of rupee put a severe pressure on the margins. However, recently the pulp prices have shown a downward trend and this may help to improve the working results of the current year to that extent.

During the current year the activities of Agro Division at Narsinghpur remain suspended.

The Company sold its shareholding in F. Pudumjee Investment Co. Ltd. and as such it has ceased to be a subsidiary of the Company.

DIRECTORS

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

Mr. Gautam Agarwal was appointed as additional Director with effect from 7th June, 2001. According to the provisions of Section 260 of the Companies Act, 1956 he will cease to hold office on the date of the ensuing Annual General Meeting. The Directors commend for your approval the Ordinary Resolution for his re-appointment.

The term of office of Mr. S. M. Jatia, the Managing Director of the Company expires on 31st March, 2002. The Ordinary Resolution proposed for his re-appointment is commended for your approval.

DONATIONS

During the year under review, donations amounting to Rs. 29,410/- were made by the Company.

AUDITORS

The directors report with deep regret the sad demise of Mr. M.T. Khare, the senior partner of Khare & Co., the auditors of the Company, on 7th September, 2000. They wish to place on record their sincere appreciation of the very valuable service rendered by him since the inception of the Company.

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 under the provisions of Section 217(1)(e) of the Companies Act, 1956 is attached and marked Annexure 'A'.

During the current year no employee had drawn remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

REPORT ON CORPORATE GOVERNANCE

The report on Corporate Governance in accordance with the guidelines of the Securities & Exchange Board of India and Clause 49 of the Listing Agreements with the Stock Exchanges is attached and marked Annexure 'B'

On behalf of the Board of Directors,

Bombay ,
Dated : 29th June, 2001

SHYAM M. JATIA
Chairman

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ANNEXURE "A" TO DIRECTORS' REPORT

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, 2001.

I. CONSERVATION OF ENERGY :

- (a) Measures taken : Optimisation of manufacturing operations. Added capacitor bank to improve power factor to 0.98. Reduction in power consumption by changing over to higher efficiency pump for felt and wire shower. Change of centricleaner system on one of the paper making machines.
- (b) Proposals : Automatic fine regulation for further improvement of power factor. Study for power conditioning system to improve on harmonics and system losses.
- (c) Impact : There has been no significant impact on the cost of production of goods.
- (d) Power and Fuel Consumption :

	2000-2001	Previous Year
(I) Electricity :		
(a) Purchased :		
- Units (KWH in lacs)	146	166
- Total amount (Rs.in lacs)	611.31	758.77
- Average rate/KWH (Rs)	4.20	4.57
(b) Own generation :		
- Through Power 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
- Total cost (Rs. in lacs)	—	8.70
- Average rate (Rs. per MT)	—	641
(b) Fuel Oil :		
- Quantity (KL)	5,239	5,422
- Total amount (Rs.in lacs)	497.99	423.27
- Average rate (Rs. per K.L.)	9,506	7,807
(III) Diesel Oil :		
- Quantity (Ltrs.)	—	19,189
- Total cost (Rs.in lacs)	—	2.56
- Average rate (Rs.per Ltr.)	—	13.34
(IV) Steam Coal used in Boiler: (Grade C or D whichever is available)		
- Quantity (MT)	—	274
- Total cost (Rs.in lacs)	—	4.51
- Average rate (Rs./MT)	—	1,642
(e) Consumption per tonne of paper produced :		
- Electricity (KWH)	996	951
- Steam (MT)	—	0.079
- Fuel (KL)	0.359	0.317
Consumption per tonne of Seed throughput :		
- Coal (MT)	—	0.102
- Power (KWH)	—	111
- Diesel (Ltrs.)	—	7

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) Use of waste paper pulp in various grades of paper.
(b) Improvement in process control.
(c) Water conservation through increased reuse of process water
2. Benefits derived as a result of the above R & D : (a) Upgradation of Products quality.
(b) Improved Cost effectiveness in paper production.
3. Future plan of action : (a) Higher utilization of waste paper pulp.
(b) Identify alternate paper chemicals for improved quality of the product.
(c) Recovery and recycle more fibre and water.
4. Expenditure on R&D : Rs. in lacs

(a) Capital	:	—
(b) Recurring	:	12.73
(c) Total	:	<u>12.73</u>
(d) Total R&D expenditure as a percentage of turnover	:	0.20%

III. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

1. Efforts in brief made towards technology absorption, adaptation and innovation :
 - Optimisation and stabilization of waste paper pulp use in various grades of paper
 - Plant trials with Neutral Sizing Chemicals to enhance quality of paper.
 - Use of recycled water.
2. Benefits derived as a result of the above efforts. :
 - Increased usage of waste paper pulp in various grades of paper replacing expensive imported wood pulp.
 - Product development for export.
3. No new technology was imported in last five years.

IV. FOREIGN EXCHANGE EARNINGS AND OUTGO :

1. During the year Company has exported 162.13 MT of paper valued at Rs. 59.36 lacs as compared to 85.69 MT and Rs. 25.78 lacs respectively during the previous year. There has been a good demand for export of our products and Company expects to do better during the next financial year.
2. Foreign Exchange earned and used were Rs.59.36 lacs and Rs. 1276.32 lacs respectively.

On behalf of the Board of Directors,

SHYAM M. JATIA
Chairman

Bombay,
Dated : 29th June, 2001

ANNUAL REPORT 2000 - 2001**ANNEXURE " B" TO DIRECTORS' REPORT****CORPORATE GOVERNANCE DISCLOSURES**

The Securities and Exchange Board of India (SEBI) has introduced a Code of Corporate Governance and requiring its implementation by incorporating a new clause 49 in the listing agreements of the Stock Exchanges. Although it is required to be done by the Company on or before 31st March, 2002, it has voluntarily complied with a substantial portion of the said Code.

The Company's Philosophy on Code of Governance

Essentially the Company's Philosophy on Corporate Governance envisages transparency with integrity in all its dealings with its stakeholders, including shareholders, employees, lenders and others.

Board of Directors

The Board of Directors is composed of one promoter director, who is the Chairman and Managing Director and the rest Non Executive Independent Directors. The Managing Director conducts the day to day management of the Company subject to the supervision and control of the Board of Directors. The composition of the Board of Directors is given hereunder:

Name.	Category	No. of other Directorships & Committee Memberships/Chairmanships held			Attendance Particulars (No. of Board Meetings held in 2000-01-5)
		Directorships	Committee Membership	Committee Chairmanships	
Mr. S. M. Jatia	CMD/PR	10	—	—	5
Mr. A. S. Dayal	NED/IND	12	—	—	4
Mr. S. M. Contractor	NED/IND	1	—	—	3
Mr. R. C. Saraf	NED/IND	7	—	—	5
Mr. A. K. Somany	NED/IND	4	2	—	—
Mr. Gautam Agarwal*	NED/IND	—	—	—	—

CMD : Chairman & Managing Director, NED: Non-Executive Director,

IND : Independent Director, PR: Promoter Director.

* Appointed as Director on 7th June, 2001

During the year 2000-01 five Board Meetings were held on the following dates:

26th June, 2000, 28th July, 2000, 30th October, 2000, 1st January, 2001 and 24th January, 2001.