

PUDUMJEE AGRO INDUSTRIES LIMITED

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Annual Report
2004 – 2005

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. JAJODIYA (Name changed from G. N. Agarwal)
S. C. KEDIA

BANKERS :

STATE BANK OF INDIA
THE UNITED WESTERN BANK LIMITED
BANK OF INDIA

SOLICITORS :

KANGA & COMPANY

AUDITORS :

KHARE & COMPANY

REGISTERED OFFICE :

THERGAON, PUNE 411 033

REGISTRAR & TRANSFER AGENTS :

SATELLITE CORPORATE SERVICES PRIVATE LTD.
UNIT : PUDUMJEE AGRO INDUSTRIES LTD.
A/60-1223, AZAD NAGAR II,
VEERA DESAI ROAD,
ANDHERI (W)
MUMBAI - 400 053

Demat Stock Code : INE105C01015

EQUITY SHARES LISTED AT :

MUMBAI, PUNE AND NATIONAL STOCK EXCHANGES.



PUDUMJEE AGRO INDUSTRIES LIMITED

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NOTICE

The Fortieth Annual General Meeting of the shareholders of **Pudumjee Agro Industries Limited** will be held at the Registered Office of the Company at Thergaon, Pune - 411 033 on Saturday, the 3rd day of September, 2005 at 9.00 a.m. (ST) to transact the following business:

1. To receive and adopt the audited Balance Sheet as on 31st March, 2005, the Profit & Loss Account and Cash Flow Statement for the year ended on that date, together with the Reports of the Directors and the Auditors.
2. To appoint a Director in place of Mr. S. M. Contractor, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. R. C. Saraf, who retires by rotation and is eligible for re-appointment.
4. 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.
5. To appoint Auditors under Section 228 of the Companies Act, 1956 for auditing the Accounts of Agro Division of the Company at Narsinghpur (Madhya Pradesh), to hold office from the conclusion of this meeting until the conclusion of 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 resolution as a Special Resolution:

"RESOLVED THAT the Board of Directors' action of giving Corporate Guarantee(s) in favour of State Bank of Patiala and State Bank of Hyderabad and/or any other bank(s) in respect of loans granted to be granted by them of an amount not exceeding in aggregate Rs.35 crores to Prime Developers, a partnership Firm in which the Company is a partner be and is hereby approved in accordance with the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956".

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 OF THE COMPANY.

The proxy in order to be effective, must be deposited at the Registered office of the Company not less than 48 hours before commencement of the meeting.

The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the above mentioned item is annexed hereto.

The Register of Members and share Transfer Books of the Company will be closed from Tuesday, the 23rd day of August, 2005 to Saturday, the 3rd day of September, 2005, both days inclusive.

Members who hold shares in dematerialized form are requested to bring their CLIENT ID and DP ID numbers for easy identification of attendance at the meeting.

The business at item No. 6 is to be transacted through the process of Postal Ballot and as such the members entitled to attend and vote at the meeting may for item No. 6, vote by postal ballot and may send their assent or dissent in writing to the Company in the prescribed postal ballot form, which has been sent separately to them.

Members holding shares in dematerialised form are requested to intimate any change in their address, bank details etc. to their respective DPs and those holding shares in physical form are to intimate the above said changes to the Registrar and Share Transfer Agents of the Company.

PUDUMJEE AGRO INDUSTRIES LIMITED

Shareholders who have not so far en-cashed the dividend warrants of earlier years are requested to immediately return the outdated warrants to the Company to enable the Company to issue duplicate warrants/Demand Drafts in lieu thereof.

Members may please note that the Registrar and Share Transfer Agents, who are Satellite Corporate Services Private Limited, A60/1223, Azad Nagar II, Veera Desai Road, Andheri(W), Mumbai – 400 053 have been appointed during the year.

By Order of the Board of Directors,

J. W. Patil
Asstt. Company Secretary

Registered Office:
Thergaon, Pune – 411 033
Dated: 18th July, 2005



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 items No. 6 of the Special Business mentioned in the accompanying Notice dated 18th July, 2005 convening the 40th Annual General Meeting.

RESOLUTION NO. 6

The Company is a Partner in "Prime Developers" which has been sanctioned term loans of Rs. 16 Crores by State Bank of Patiala and Rs. 15 crores by State Bank of Hyderabad to finance the Real Estate project being implemented by the partnership firm. One of the terms and conditions of these loans requires the Company to give Corporate Guarantees in favour of the Bankers for these loans. Since giving of these Guarantees exceed the permissible limits as laid down in Section 372A of the Companies Act 1956, prior approval of Shareholders by way of a special resolution is required to be obtained as provided in that section. However, in the event of exceptional circumstances, such a prior approval is dispensed with as permitted by second proviso to Section 372A subject to certain conditions. In view of the fact that the Real Estate project was to be expeditiously launched by Prime Developers for which purpose timely finance was essential, the Board of Directors, as permitted by the said second proviso, has given the Guarantees and as provided by the said proviso the approval of Shareholders is being sought in this Annual General Meeting, by way of process of Postal Ballot as required by The Companies (Passing of the Resolutions by Postal Ballot), Rules, 2001.

None of the Directors is interested in this resolution.

Copy of the said Corporate Guarantees is available for inspection by the members at the Registered Office of the Company on any working day except Saturday between the office hours of 2.30 pm and 4.30 pm.

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By Order of the Board of Directors,

J. W. Patil
Asstt. Company Secretary

Registered Office:
Thergaon, Pune - 411 033
Dated: 18th July, 2005

PUDUMJEE AGRO INDUSTRIES LIMITED

Dear Shareholder(s)

NOTICE PURSUANT TO SECTION 192A OF THE COMPANIES ACT, 1956.

Notice is hereby given that pursuant to the notice dated 18th July, 2005 convening the 40th Annual General Meeting and Section 192A of the Companies Act, 1956, read with the Companies (Passing of the resolutions by Postal Ballot) Rules, 2001, the under-noted resolution is proposed to be passed by Postal Ballot:

To consider and, if thought fit, to pass the following resolution as a Special Resolution :

"RESOLVED THAT the Board of Directors' action of giving Corporate Guarantee(s) in favour of State Bank of Patiala and State Bank of Hyderabad and/or any other bank(s) in respect of loans granted/to be granted by them of an amount not exceeding in aggregate Rs.35 crores to Prime Developers, a partnership Firm in which the Company is a partner be and is hereby approved in accordance with the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956".

By Order of the Board of Directors,

J. W. Patil

Asstt. Company Secretary

Registered Office:

Thergaon, Pune - 411 033

Dated: 18th July, 2005

NOTES:

The Company has appointed Mr. I U Thakur, Practicing Company Secretary as the Scrutinizer for conducting the Postal Ballot voting process in a fair and transparent manner.

You are requested to carefully read the instructions printed on the attached Postal Ballot Form and return the form duly completed, in the enclosed self-addressed pre-paid postage envelope so as to reach the Scrutinizer before the close of working hours (16.30 hours) on 26th August, 2005. No other form or photocopy of the form is permitted.

The Scrutinizer who will be in position for 35 days (excluding holidays) will submit the Report to the Chairman of the Company after completion of scrutiny of the Postal Ballot Forms.

The results thereof will be announced on 3rd September, 2005 at the Annual General Meeting.

An Explanatory Statement pertaining to the said resolution setting out all material facts and the reasons for which the resolution is proposed is also annexed.

By Order of the Board of Directors,

J. W. Patil

Asstt. Company Secretary

Registered Office:

Thergaon, Pune - 411 033

Dated: 18th July, 2005

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

The following Explanatory Statement sets out all material facts relating to the business mentioned in the accompanying Notice dated 18th July, 2005.

The Company is a Partner in "Prime Developers" which has been sanctioned term loans of Rs. 16 Crores by State Bank of Patiala and Rs. 15 crores by State Bank of Hyderabad to finance the Real Estate project being implemented by the partnership firm. One of the terms and conditions of these loans requires the Company to give Corporate Guarantees in favour of the Bankers for these loans. Since giving of these Guarantees exceed the permissible limits as laid down in Section 372A of the Companies Act 1956, prior approval of Shareholders by way of a special resolution is required to be obtained as provided in that section. However, in the event of exceptional circumstances, such a prior approval is dispensed with as permitted by second proviso to Section 372A subject to certain conditions. In view of the fact that the Real Estate project was to be expeditiously launched by Prime Developers for which purpose timely finance was essential, the Board of Directors, as permitted by the said second proviso, has given the Guarantees and as provided by the said proviso the approval of Shareholders is being sought in this Annual General Meeting, by way of process of Postal Ballot as required by The Companies (Passing of the Resolutions by Postal Ballot), Rules, 2001.

None of the Directors is interested in this resolution.

Copy of the said Corporate Guarantees is available for inspection by the members at the Registered Office of the Company on any working day except Saturday between the office hours of 2.30 pm and 4.30 pm.

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By Order of the Board of Directors,

J. W. Patil

Asstt. Company Secretary

Registered Office:

Thergaon, Pune - 411 033

Dated: 18th July, 2005

PUDUMJEE AGRO INDUSTRIES LIMITED**DIRECTORS' REPORT TO THE MEMBERS**

The Directors present the Fortieth Annual report on the working of the Company for the year ended 31st March, 2005, together with the Statement of Accounts for that year.

FINANCIAL RESULTS

	2004-2005 Rs.	Previous Year Rs.
Gross profit before interest and depreciation	404.27	276.43
Adjusting therefrom interest of	121.67	101.45
And Depreciation of	136.80	141.15
The net profit comes to	145.80	33.83
Adding thereto:		
Income of earlier years of	1.93	—
The balance brought forward from last year of	271.96	252.13
The total comes to	<u>419.69</u>	<u>285.96</u>
Adjusting against this amount the following namely:		
Provision for Taxation of	12.00	—
Provision for deferred tax of	41.00	14.00
And transfer to General Reserve of	19.82	—
Totalling to	<u>72.82</u>	<u>14.00</u>
There remains a balance of	<u>346.87</u>	<u>271.96</u>
Which the Directors propose to carry forward to next year's accounts.		

CONSOLIDATED FINANCIAL STATEMENTS

As required by listing Agreements with Stock Exchanges, the Consolidated Financial Statements prepared in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India are attached.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that :-

- in the preparation of annual accounts, the applicable accounting standards have been followed and there have not been any material departures;
- the Directors have 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 financial year on 31st March, 2005 and of the profit of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and;
- the directors have prepared the annual accounts on a going concern basis.

OPERATIONS

As indicated in the last year's report, the market conditions have distinctly improved during the year under review resulting in higher profitability by over 300 percent over the last year. With a view to consolidate these gains, the Management has initiated certain steps including improvement in quality and reduction in costs concerning paper manufacturing activity.

The export of steel has substantially grown by about 44% over the last year.

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The Agro Division had continued processing of oil and seeds for others till August 2004 and thereafter the activities of the Division were discontinued and in view of the resolution passed by the members u/s 293 (1) (a) concerning disposal of the division at the Annual General Meeting, its operations are treated as discontinued.

The new MG Cylinder installed and commissioned on its second Paper Machine in April 2005 is going through the process of stabilization and is expected to enhance, when optimized, the production capacity of this Paper Machine by 5,500 tonnes per annum depending upon grammage of the paper manufactured.

The modification of first Paper Machine is in advanced stage of completion and is likely to become operational by September 2005 which will result in increase in production of this machine by about 1,500 tonnes per annum.

Joint Venture agreement between the Company and Kimberly Clark Inc, USA, (KC) has been terminated in view of differences concerning the management of Joint Venture Company which was being managed by KC and Joint Venture Company's continuing losses and consequently the Company has sold its entire holding therein.

Pudumjee Hygiene Products Ltd., engaged in the business of distribution of converted hygiene products, has commenced its operations during the year under review and became a wholly owned subsidiary of the Company during the year.

"Prime Developers" in which Company is a partner, is in the process of starting project of building residential complexes at Tirupur in Tamil Nadu for which purpose the Company has given Corporate Guarantees in favour of the Bankers financing the said project and accordingly a resolution has been proposed for the approval of the members at the ensuing Annual General Meeting. The Directors commend the resolution for your approval.

The Equity Shares of the Company were voluntarily de-listed from the Stock Exchange, Ahmedabad pursuant to the resolution passed by the Shareholders in the last Annual General Meeting.

DIRECTORS

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

DONATIONS

During the year under review, donations amounting to Rs. 31,077/- were made by the Company to Tsunami Relief Fund.

AUDITORS

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

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

Statement 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 year under review 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 as amended to date.

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,

Place : Mumbai
Dated : 28th June, 2005

SHYAM M. JATIA
Chairman