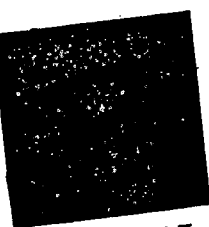


5TH ANNUAL REPORT 1997-98

MD	✓		BKC	✓
CS	NA		DY	NA
RO	✓		INT	NA
TRA	NA		AC	✓
AGM	✓	✓	SH	✓
YE	✓	✓		

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BAJWA AGRO INDUSTRIES LIMITE

BAJWA AGRO INDUSTRIES LIMITED

BOARD OF DIRECTORS

Mr. A.R. Talwar (Chairman)
 Mr. Om Sahai
 Mr. Gaganjit Kashyap
 Mr. Babjee Beera (IFCI Nominee)
 Mrs. Gurbachan Kaur Bajwa
 Lt. Gen.(Retd) Harinder Singh
 Mr. Karam Singh Raju
 Dr. S. S. Banga
 Mr. Rajiv Bali
 Mr. F. J. S. Bajwa (Managing Director)

AUDITORS

M/s Anoop Kumar Sharma & Associates
 Chartered Accountants
 SCO 2407-08, 2nd Floor,
 Sector 22-C, Chandigarh

BANKERS

Punjab & Sind Bank
 Canara Bank

REGISTERED OFFICE

SCO 335-36, 2nd Floor,
 Sector 35-B, Chandigarh-160 022

WORKS

Buttar Road, Qadian,
 Distt. Gurdaspur, Punjab-143 516

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BAJWA AGRO INDUSTRIES LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Fifth Annual General Meeting of Bajwa Agro Industries Ltd. will be held on Wednesday the 30th day of September, 1998 at 10.00 A. M. at the Khyber Restaurant, Sector 35-B, Chandigarh, to transact the following business :-

ORDINARY BUSINESS :

ITEM NO. 1.

To receive, consider and adopt the Audited Balance Sheet , and Profit & Loss Account for the financial year ended March 31st, 1998 and the reports of 'Directors and Auditors ' thereon.

ITEM NO. 2.

To appoint a director in place of Lt. Gen. (Retd.) Harinder Singh, who retires by rotation and is eligible for reappointment.

ITEM NO. 3.

To appoint a director in place of Mrs. Gurbachan Kaur Bajwa, who retires by rotation and is eligible for reappointment .

ITEM NO. 4.

To appoint a director in place of Mr. Gaganjit Kashyap, who retires by rotation and is eligible for reappointment.

ITEM NO. 5.

To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION.

"RESOLVED THAT M/s Anoop Kumar Sharma and Associates, Chartered Accountants, be and are hereby appointed as the Statutory Auditors of the Company for the financial year 1998-99 to hold such office from the conclusion of 5th Annual General Meeting until the conclusion of next Annual General Meeting at a remuneration as may be determined by the board of directors.

SPECIAL BUSINESS

ITEM NO. 6.

To consider and if thought fit, to pass with or without modification (s), the following resolution as SPECIAL RESOLUTION.

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956. The Articles of Associations of the Company be and is hereby altered by deleting the existing article 2, 160 and 168 (1), substituting in its place the following new article.

Article 2.

'Collaboration Agreement means the Collaboration agreement entered into between PAIC, Chandigarh on the one hand and Shri Fateh Jung Singh Bajwa on the other, including any other modification thereof from time to time'.

'Collaborator means Shri Fateh Jung Singh Bajwa and or where the context so permits his nominees within the meaning of the Collaboration Agreement.

Article 160

'All the meetings of the Directors shall be presided over by the chairman if present, but if at any meeting of the Directors the Chairman be not present at the time appointed for holding the same, then in that case, nominee director of PAIC, if any present shall be the Chairman of such meetings and if no nominee director of PAIC is present then in that case, the meeting of the Board of Directors shall stand adjourned.'

BAJWA AGRO INDUSTRIES LIMITED

Article 168 (i)

'Subject to the provisions of the Act, Memorandum or in these Articles or Collaboration Agreement, the Board of Directors of the company shall be entitled to exercise all such powers and to do all such acts and things as the company is authorised to exercise and do, provided that the Board shall not exercise any power or do any act or thing which is directed or required whether by the Act or any other law or by the Memorandum or these Articles or by the Collaboration Agreement or otherwise to be exercised or done by the Company in general meeting provided further that in exercising any power or doing any act or thing the Board shall be subject to the provisions contained in that behalf in the Act, Memorandum or in these Articles or Collaboration Agreement or in any regulations including regulations made by the Company in General Meeting.'

By order of the Board

Registered Office
S.C.O. 335-36
2nd Floor, Sector 35-B,
Chandigarh.
3rd September, 1998.

(FJS Bajwa)
Managing Director

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not to be member of the company.
Proxy in order to be effective, must be deposited at the registered office of the company not less than 48 hours before the meeting. A blank proxy form is enclosed herewith.
2. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item no. 6 is annexed hereto.
3. The Register of Members and Share Transfer Books will remain closed from 22.09.1998 to 30.09.1998 (Both days inclusive).
4. Members / proxies should bring the attendance slip duly filled in for attending the meeting.
5. Members desirous of seeking any further information on this Annual Report are requested to send their queries in writing to the Company at its registered office so as to reach seven days before the date of the meeting.

Explanatory statement pursuant to section 173(2) of the Companies Act, 1956,

ITEM No. 6.

The Company has received request from the PAIC (The co-promoter of the Company) to amend the clauses, no. 2, 160 & 168 (1) of the Articles of Association (The clauses pertaining to the meaning of collaboration Agreement, Collaborator, the powers of Board of Directors and the Chairman of the Board Meeting), to broad base the powers of the Board of Directors of the Company so as to facilitate proper conduct of Board Meeting and the election of Chairman of the Board Meeting. To effect this change, the Articles of Association of the Company are required to be amended as per the provisions of Companies Act, 1956. The Board discussed the matter in their meeting, held on 30th July 1998 and decided to amend the above said clauses, subject to your approval and according to the relevant provisions of Companies Act, 1956. Hence your Board of Directors proposes the resolution for your approval.

None of the Directors except Mr. A.R. Talwar, Mr. Om Sahai, Mr. Gaganjit Kashyap (Nominees of PAIC) are deemed to be interested in their respective resolution.

By order of the Board

Registered Office
S.C.O. 335-36
2nd Floor, Sector 35-B,
Chandigarh.
3rd September, 1998.

(FJS Bajwa)
Managing Director

BAJWA AGRO INDUSTRIES LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Fifth Annual Report together with the audited accounts of the company for the year ended 31st March, 1998.

FINANCIAL RESULTS :

The Financial Results are briefly set out hereunder :-

	(Rs. In Lacs)	
	1997-98	1996-97
Sales	1537.00	1538.67
Gross Profit / (loss) before Interest and Depreciation	(1.59)	30.65
Less : Interest	131.72	109.23
Depreciation	50.71	41.01
	<u>182.43</u>	<u>150.24</u>
Net Profit/(Loss)	<u>(184.02)</u>	<u>(119.59)</u>

OPERATIONS :

During the year under review, the Company has been able to establish the quality of its refined oil. The product under brand name 'AMMI' in bulk as well as in retail packing has been well accepted in the market. The dealer network has been established in Punjab and Himachal Pradesh.

However, due to untimely rains, the quality and quantity of the seeds was adversely affected. The industry had to face rough time, because on the one hand prices of oilseeds remained high due to shortfall in production and on the other hand poor quality of oilseeds resulted in higher processing losses. The lower international prices led to unabated dumping of refined oil which resulted into a crash of the indigenous prices of finished oil. All these factors led to erosion of profit margins. However, the industry has taken up with the Govt. to allow import of oilseeds rather than Refined oil so that the capacity utilisation of indigenous industry improves.

A comparison of the performance for the year against the projections contained in the Prospectus dated 13th March, 1995 with regard to the issue of 41,10,000 equity shares of Rs 10/- each at par aggregating to Rs 411 Lacs is given below :

	(Rs in Lacs)	
Particulars	Projected	Actual 1997-98
Profitability		
a) Sales and other income	5052.00	1537.00
b) Net Profit / (loss)	392.00	(184.02)
c) E P S	4.67	—

FINANCES :

Due to sluggish capital market conditions, the allotment money against the public issue, has not been fully received and Rs.114.90 Lacs is still due. The state capital subsidy of Rs 50 lacs, though sanctioned, is yet to be released. Due to continuous losses suffered by the Company it could not fulfill its commitments to the IFCI. The IFCI has recalled the loan and interest, and the Company is negotiating the rehabilitation scheme.

BAJWA AGRO INDUSTRIES LIMITED

DIVIDEND :

Since the Company has not started generating profits, hence your Directors have not recommended any dividend.

DEPOSITS :

Your Company has not accepted any deposits from public during the year.

DIRECTORS :

Lt. Gen. (Retd.) Harinder Singh, Mrs. Gurbachan Kaur Bajwa and Mr. Gaganjit Kashyap, Directors retire by rotation and being eligible offer themselves for appointment.

Notices have been received proposing them to be appointed as Directors of the Company.

AUDITORS :

M/s Anoop Kumar Sharma & Associates, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for reappointment. The notes on accounts as referred to in Auditors' Report are self explanatory and, therefore, do not call for any further comments.

PARTICULARS OF EMPLOYEES :

The information as required under Section 217(2A) of the Companies Act, 1956, has not been provided, as none of the employees is covered under the provisions of said section.

CONSERVATION OF ENERGY :

The particulars of energy conservation, technology absorption etc. required under the Companies Act, (Disclosure of Particulars of the Report of Board of Directors) Rules 1988, are annexed.

INDUSTRIAL RELATIONS :

The industrial relations at the plant of the Company remained cordial during the period.

ACKNOWLEDGEMENTS :

The Directors wish to record their appreciation of the services rendered and contribution made by the employees at all levels for the growth of the Company. The Directors also convey their grateful thanks to the Financial Institutions, Banks, Government Authorities, Shareholders, Distributors, Dealers, Suppliers and the Consumers for their continued assistance and co-operation.

For and on behalf of the Board

Lt.Gen.(Retd.) Harinder Singh
(Director)

F.J.S. Bajwa
(Managing Director)

Chandigarh, 3rd September, 1998.

ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998.

INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY :

- a) Energy conservation measures taken : The Company continues to give high priority to conservation of energy on an on-going basis.

A few significant measures taken are :

- i) Periodical and preventive maintenance of electric equipments and ensured optimum utilisation of electric energy.

BAJWA AGRO INDUSTRIES LIMITED

B. TECHNOLOGY ABSORPTION :

1. Research and Development (R & D)
 - a) Specific areas on which R & D carried on by the company :
Developments have been made to improve productivity, quality and versatility of the plant.
 - b) Benefits derived as a result of the above R & D :
Improvement in quality of end product.
 - c) Future plan of action :
Improvements in production process would continue.
 - d) Expenditure on R & D :
No separate account is being maintained by the Company.
2. Technology Absorption, Adaption and Innovation
 - a) The Company is in continuous touch with latest technologies.
 - b) Benefits derived as a result of the above efforts :
The Company has been able to produce quality product.
 - c)

i) Technology Imported	:	No
ii) Year of Import	:	- NA -
iii) Has technology been fully absorbed	:	- NA -
iv) If not fully absorbed, areas where this has not taken place & reasons.	:	- NA -

C. FOREIGN EXCHANGE, EARNINGS AND OUT GO

- i) Our product is essentially for consumption in local market. The export market is being explored.
- ii) Foreign Exchange Earnings and out go : Nil

PARTICULARS OF ENERGY CONSERVATION

PARTICULARS	1997-98	1996-97
A. Power and Fuel Consumption		
1. Electricity		
a) Purchased		
Unit	14,52,213	12,49,480
Total Amount Rs	36,92,288	26,91,206
Rate/Unit Rs	2.54	2.15
b) Own Generation		
i) Through Diesel Generation		
Unit	1,75,009	59,132
Unit per Ltr of Diesel	3.38	2.60
2. Husk		
Quantity (MT)	4,252	2,744
Total Cost (Rs in Lacs)	54,93,369	37,71,200
Average Cost (Rs/MT)	1,292	1,374

B. Consumption per unit of production

Being a composite unit consisting of Solvent Extraction plant, Refinery and Rice Sheller, separate consumption figures are not ascertainable.