

SEVENTH ANNUAL REPORT

1998-99



CHAKAN VEGOILS LIMITED



Chakan Vegoils Limited

BOARD OF DIRECTORS

ASHOK M. LUNKAD	Chairman
NITIN M. LUNKAD	Managing Director
MOHANLAL P. LUNKAD	Director
RASIKLAL M. DHARIWAL	Director
SUBHASH M. LUNKAD	Director
VIJAY M. LUNKAD	Director
ANIL B. DHARAMSHI	Wholetime Director

COMPANY SECRETARY

PRAMOD K. BEHERE

AUDITORS

R. C. DOSHI

207/B, Kalpataru Plaza,
224, Bhawani Peth,
Pune - 411 042.

FINANCIAL INSTITUTIONS

ICICI LIMITED

'A' Shangrila Gardens, Bund Garden Road,
Pune 411 001.

BANKERS

BANK OF BARODA

Subhashnagar Branch,
Bajirao Road,
Pune - 411 002.

ICICI BANKING CORPORATION LIMITED

'A' Shangrila Gardens, Bund Garden Road,
Pune 411 001.

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REGISTERED OFFICE

"CHAKAN HOUSE"

42/43, Shankarsheth Road,
Pune - 411 037.

Tel. : (0212) 659 971/72/73

Fax. : (0212) 659 224

WORKS

E-2, M. I. D. C.

Kurkumbh, Tal. Daund, Dist. Pune.

Tel. : (02117) 35259/35277

Fax. : (02117) 35260

SEVENTH

ANNUAL GENERAL MEETING

Day : Saturday

Date : 25th September, 1999

Time : 10.00 A.M.

Venue : MEETING HALL,
CHAKAN OIL & ALLIED
PRODUCTS LIMITED,
71/1/1, KONDHWA,
PUNE - 411 048.

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NOTICE OF SEVENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Seventh Annual General Meeting of the members of the Chakan Vegoils Limited will be held on Saturday the 25th day of September 1999, at 10.00 A.M. at the Meeting Hall of Chakan Oil & Allied Products Limited, 71/1/1, Kondwa, Pune - 411 048, to transact the following Business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date together with the Auditor's Report and the Directors' Report thereon.
2. To appoint a Director in place of Mr. Rasiklal M. Dhariwal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

4. To consider if thought fit, to pass with or without modification, the following resolution as Special Resolution :

"RESOLVED THAT in accordance with the provisions of Section 269, 309, 310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded for the re-appointment of Mr. Nitin M. Lunkad as Managing Director of the Company for a period of five years with effect from 19.02.1999 upto 18.02.2004, without remuneration.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all necessary and desirable steps for the purpose of effecting the re-appointment of Mr. Nitin M. Lunkad as Managing Director and matters incidental thereto."
5. To consider and if thought fit to pass with or without modifications, the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of The Securities Contracts (Regulation) Act, 1956, the Companies Act, 1956 and pursuant to the guidelines issued by the Securities and Exchange Board of India (SEBI) for the purpose of Voluntary Delisting of Securities, and subject to such approvals and consents of other Authorities, if any required, the consent of the Company be and is hereby accorded to discontinue the official listing of its Equity Shares from The Delhi Stock Exchange Association Limited, The Stock Exchange Ahmedabad and Jaipur Stock Exchange Limited and accept the delisting of the said Shares with effect from such date and subject to such conditions as the Stock Exchanges may convey in writing, which the Board of Directors is hereby authorised to accept wholly or in part or with such modification and/or alterations as may be deemed fit by it.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to forward the applications for and on behalf of the Company, in a manner so required, together with such documents, information etc. relating to the Company, as may be necessary and deem expedient in the matter.

RESOLVED FURTHER THAT the Board of Directors is hereby also authorised to execute such papers, declarations, undertakings etc. in such manner and to do all such acts, deeds and things which are necessary and incidental to give effect to the above resolution."

By order of the Board of Directors

Place : Pune
Date : 31st May, 1999.

PRAMOD K. BEHERE
Company Secretary

**Notes :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY FORM IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING DULY STAMPED AND SIGNED.**
2. The Register of Members and the Share Transfer Books, of the Company, will remain closed from Wednesday the 22nd of September, 1999 to Saturday the 25th of September, 1999. (both days inclusive)
3. Members, desirous of obtaining any information, concerning the accounts and operations of the Company, are requested to address their queries, to the Company Secretary, so as to reach, at least seven days before the date of meeting, so that the information required by the Members, may be made available at the meeting.
4. All documents referred to, in the accompanying Notice are open for inspection at the registered office of the Company, between 11.00 a.m. and 1.00 p.m. on all working days upto the date of the Meeting.
5. Members are requested to communicate all their correspondence to :

**The Company Secretary,
CHAKAN VEGOILS LIMITED
'CHAKAN HOUSE', 42/43, SHANKARSHETH ROAD,
PUNE - 411 037.**



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EXPLANATORY STATEMENT

PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out the material facts relating to the special business mentioned in the accompanying Notice dated 31.05.1999.

ITEM NO. 4 :

Mr. Nitin M. Lunkad was appointed as the Managing Director for a period of Five years w.e.f 19.02.1994, without any remuneration, in the Extra Ordinary General Meeting of the Shareholders held on 19.02.94, accordingly his term of appointment has expired on 18.02.1999.

Considering the present financial position based on Annual Accounts for the year ended 31st March, 1999, the increased activities and responsibilities, and future plans of the Company, it is proposed to re-appoint Mr. Nitin M. Lunkad as the Managing Director for a further period of Five years. He has also agreed not to charge any remuneration for performing his duties and responsibilities as the Managing Director.

Accordingly the resolution as set out in Item no. 4 of the Notice is recommended for your approval.

Mr. Nitin M. Lunkad, Mr. Ashok M. Lunkad, Mr. Subhash M. Lunkad, Mr. Vijay M. Lunkad and Mr. Mohanlal P. Lunkad may be deemed to be concerned or interested in passing of the said resolution. None of the other Directors of the Company are in any way concerned or interested in passing of the said resolution.

This alongwith the aforesaid resolution may be treated as an abstract of the terms and conditions of his re-appointment, pursuant to Section 302 of the Companies Act, 1956.

ITEM NO. 5 :

Vide Prospectus dated 17.05.1994 the Company came out with the Public Issue of Equity Shares and got its shares listed on Pune Stock Exchange Limited, The Stock Exchange Mumbai, The Delhi Stock Exchange Association Limited, The Stock Exchange Ahmedabad and Jaipur Stock Exchange Limited w.e.f. 30.08.94, 05.09.94, 24.08.94, 08.09.94 and 08.09.94. respectively. Pune Stock Exchange Limited is the Regional Stock Exchange for the Company and on the Stock Exchange, Mumbai the shares of the Company are traded regularly.

Since its listing in 1994, the trading effected of the Equity Shares, of the Company on Delhi, Ahmedabad and Jaipur Stock Exchange is very negligible and the Shares of the Company are mainly traded only on Mumbai and Pune Stock Exchanges.

Additionally the 'BOLT' facility is extended by The Stock Exchange Mumbai to other Stock Exchanges including Ahmedabad and the remaining Stock Exchanges are being covered thereunder. The said 'BOLT' facility enables the trading of Securities listed on The Stock Exchange Mumbai directly, irrespective of, whether the said security is listed on the concerned local Stock Exchange or not. This will help the shareholders and investors of other region to freely trade in the securities of the Company in a more efficient manner. In view of this and as a measure of cost saving, the Board of Directors is of the opinion that henceforth there is no need to continue the listing on The Delhi Stock Exchange Association Limited, The Stock Exchange Ahmedabad and Jaipur Stock Exchange Limited.

In view of this the Board of Directors decided to discontinue the listing facility at The Delhi Stock Exchange Association Limited, The Stock Exchange Ahmedabad and Jaipur Stock Exchange Limited under the Guidelines for Voluntary Delisting of Securities issued by SEBI vide its Circular No. SMDRP/CIR-14/98 dated 29th April, 1998.

Under the procedure prescribed therein the Company is required to obtain specific prior approval of the shareholders of the Company by way of Special Resolution passed at a General Meeting.

Hence the resolution at Item No. 5 of the Notice is recommended for your approval.

The other formalities prescribed therein shall be observed by the Company. The copy of the said guidelines issued by SEBI with Stock Exchanges/SEBI and Listing Agreements etc. are open for inspection of the Members on any working day between 4.00 p.m. to 6.00 p.m.

None of the Directors of the Company is in any way concerned or interested in passing of the said Resolution.

By Order of the Board of Directors

Place : Pune
Date : 31st May, 1999.

PRAMOD K. BEHERE
Company Secretary



DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present their Seventh Annual Report and the Audited Accounts of the Company for the year ended on 31st March, 1999.

1. FINANCIAL RESULTS :

The summarized Financial results are briefly indicated below :

	1998-1999 (Rs. In Lacs)	1997-1998 (Rs. In Lacs)
Sales and Other Income	9536.04	12903.74
Profit before Interest and Depreciation	429.59	497.20
Less : Interest	292.23	277.06
Profit before Depreciation and Taxation	137.36	220.14
Less : Depreciation	89.10	135.86
profit before Taxation	48.26	84.28
Less : Provision for Taxation	7.00	7.75
Profit after Taxation	41.26	76.53
Add : Brought forward from Previous year	472.10	395.57
Balance carried to Balance Sheet	513.36	472.10

2. REVIEW OF OPERATIONS AND FUTURE OUTLOOK :

The year under review witnessed extremely volatile situation for the edible oil Industry. The Political uncertainty coupled with slowdown of the economy added to the woes. Historical low edible oil prices in the International Market has swept the edible oil Industry, which resulted into substantially lowering the margins at film thin level. Unfortunately on 30th April, 1999, a fire broke out at our Kurkumbh Plant, and entire stock of bagasse was totally destroyed and finished goods, raw material, spares were badly damaged. The loss is estimated to be about Rs. 75 Lacs to Rs. 1 Crore. The production was severely affected. The Insurance Claim is under consideration of the Insurance Company. The Company has taken immediate actions to bounce back from the catastrophe. Stringent cost control measures and close monitoring of Finances have kept the Company afloat.

The Directors are optimistic, that the performance of the Company would improve in the current year. Your Company is expanding its dealers network in Punjab, Haryana & Delhi, however the future prospects largely depend upon International prices and general economic recovery. Your Company is committed to growth & prosperity at high level.

3. Y2K PREPAREDNESS :

The detailed testing of all the software & hardware being used by the Company has been made and the IT department of the Company as well as an independent agency has given the confirmation that the Company is totally insulated from this problem.

The cost of Y2K compliance was not significant. However to meet any eventuality the Company also has a contingency plan in place.

4. DIVIDEND :

In order to strengthen the financial position of the Company and to plough back the profits, your Directors have decided not to recommend any dividend for the financial year ended on 31st March, 1999.

5. FINANCE :

The Company had been sanctioned various fund based and non fund based facilities of Rs. 500 Lacs from the ICICI Banking Corporation Limited during the year under review in addition to the existing credit facilities and advances from our bankers and financial Institutions.