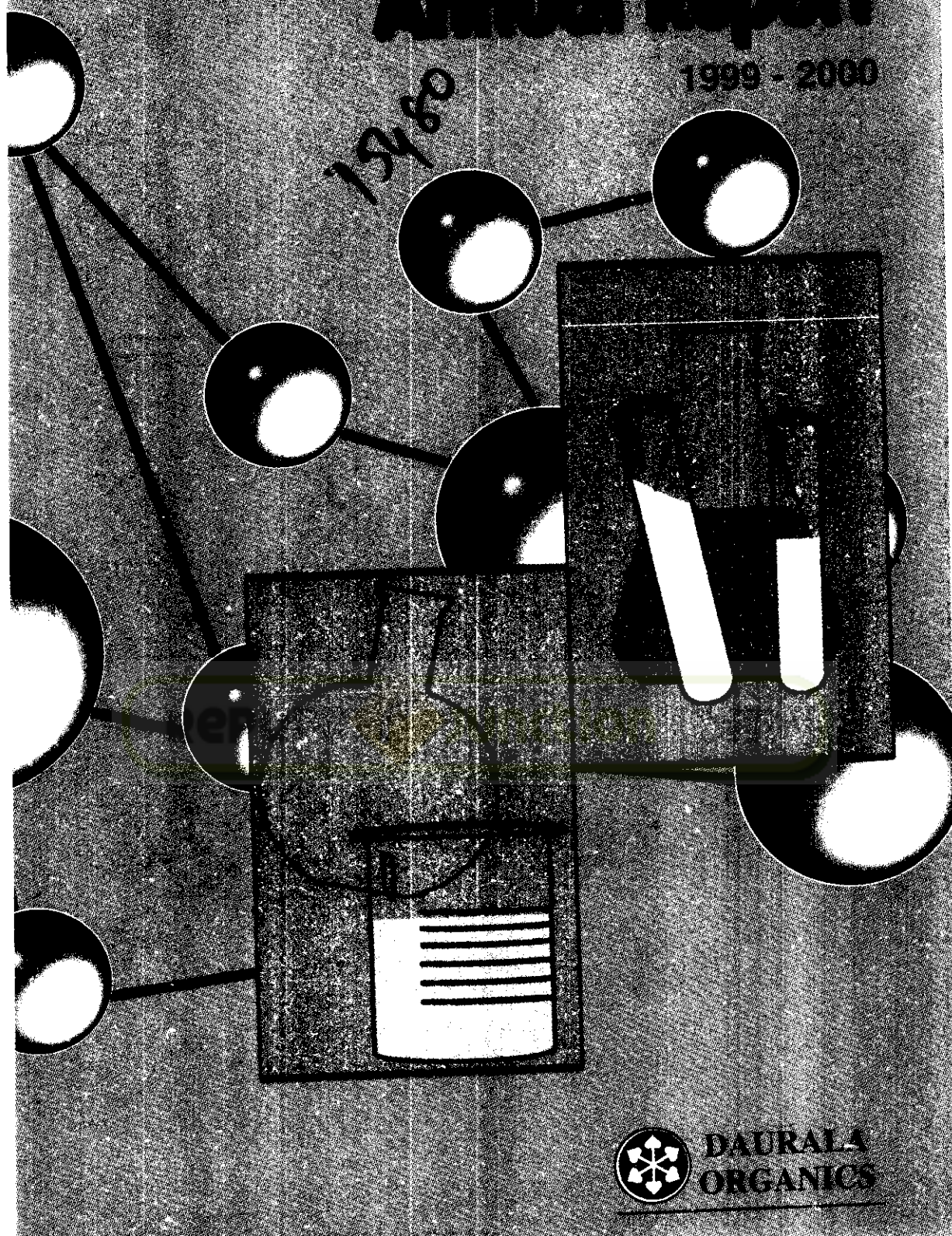


DAURALA ORGANICS LTD.

Annual Report

1999 - 2000

1998



DAURALA
ORGANICS

DAURALA ORGANICS LIMITED

Board of Directors	Dr. Bansi Dhar	<i>Chairman</i>
	Shri Tilak Dhar	<i>Managing Director</i>
	Shri Anil Gujral	<i>Whole Time Director</i>
	Dr. Gurpreet Singh	<i>Director</i>
	Shri Ravi Bahadur	<i>Director</i>
	Dr. Ramesh C. Vaish	<i>Director</i>
	Shri S.N. Agarwal	<i>Director</i>
	Shri P. Murari	<i>Director</i>
	Shri N. K. Gupta	<i>Director (Nominee of IFCl)</i>

Company Secretary-cum-AGM (Fin. & A/cs)	Shri K.K. Srivastava
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Bankers	State Bank of India Oriental Bank of Commerce
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Auditors	S.S. Kothari & Co. New Delhi
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Registered Office	1-89, Himalaya House, 8th Floor, 23, Kasturba Gandhi Marg, New Delhi - 110 001
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Works	P.O. Daurala Distt. Meerut (U.P.) - 250 221
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Share Transfer Agents	MCS Limited Shri Venkatesh Bhawan 212-A, Shahpurjat Behind Panchsheel Club New Delhi - 110 049 Tel. No. 6494830, 6494831, 6494832 Fax No. (011) 6494152
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DAURALA ORGANICS LIMITED

Registered Office : I-89, Himalaya House, 8th Floor, 23, Kasturba Gandhi Marg, New Delhi - 110 001

NOTICE

The 10th Annual General Meeting of the Company will be held on Thursday, the 28th September, 2000, at 10:00 A.M. at FICCI Auditorium, Federation House, Tansen Marg, New Delhi - 110001 to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Audited Accounts of the Company for the Financial Year ended 31.03.2000, the Balance Sheet as at that date and the Report of Directors and the Auditors thereon.
2. To appoint Auditors and to fix their remuneration. The retiring Auditors, M/s S.S. Kothari & Co. Chartered Accountants are eligible for re-appointment.
3. To appoint a Director in place of Sh. S. N. Agarwal who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sh. P. Murari who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass the following resolution, with or without modifications, as an **Ordinary Resolution** :

"RESOLVED THAT resolution no. 6 passed by shareholders at their meeting held on 28th September, 1999, altering the Clause V of the Memorandum of Association of the Company for increasing the Authorised Capital of the Company from Rs. 25,00,00,000 (Rupees Twenty Five Crores) to Rs. 40,00,00,000 (Rupees Forty Crores) be and is hereby cancelled."

6. To consider and if thought fit, to pass the following resolution, with or without modifications, as a **Special Resolution** :

"RESOLVED THAT resolution no. 7 passed by shareholders at their meeting held on 28th September, 1999, for altering the Article 4 of the Articles of Association of the Company for increasing the Authorised Capital of the Company from Rs. 25,00,00,000 (Rupees Twenty Five Crores) to Rs. 40,00,00,000 (Rupees Forty Crores) be and is hereby cancelled."

By order of the Board
For **DAURALA ORGANICS LIMITED**

(K.K. SRIVASTAVA)

Place : New Delhi
Date : 16th June, 2000

Company Secretary-cum-
AGM (Fin. & A/cs)

NOTICE (Continued)



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 OF THE COMPANY. THE PROXY FORM IS ATTACHED HEREWITH.
2. The Register of Members and the Share Transfer Books of the Company shall remain closed from 14th September, 2000 to 21st September, 2000 (both days inclusive).
3. Members who are holding shares in identical names in more than one folio are requested to write to the Company/MCS Ltd. for consolidation of their holdings in one folio.
4. Shareholders are requested to address all communications regarding transfer/transmission of shares/change of address etc. to M/s MCS Ltd., Srivenkatesh Bhawan, 212 A, Shahpurjat, behind Panchsheel Club, New Delhi - 110 049.
5. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company Secretary of the Company atleast ten days before the date of the meeting, so that the information required may be made available at the meeting.
6. Explanatory statement, as required under Section 173(2) of the Companies Act, 1956 is attached.

ANNEXURE TO NOTICE

[Explanatory Statement Under Section 173(2) of the Companies Act, 1956]

ITEM NO. 5 & 6

Approval of Shareholders was obtained on 28.09.1999 for increasing the Authorised Capital of the Company from Rs. 25 Crores to Rs. 40 Crores by altering the Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company to issue and allot 1,26,00,000 equity shares of Rs. 10 each for cash at par to DCM Shriram Industries Ltd. by redeeming the NCDs of Rs. 12.6 Crs., subject to the approval of IFCI.

However, the proposal was not favourably considered by IFCI. Therefore, the Board of Directors, have decided not to implement the proposal for increase in the Authorised Capital as the sole objective of increase in the Authorised Capital was for accommodating the preferential allotment of equity shares to the Promoters. The Board has also decided, subject to the approval of the shareholders, to annul the resolutions (No. 6 & 7) passed in the last AGM on 28.09.99 for increase in the Authorised Capital of the Company.

No Director is concerned or interested in the resolutions.

DIRECTORS' REPORT



Your Directors are pleased to present the Annual Report and the audited accounts of the Company for the year ended 31st March, 2000.

FINANCIAL RESULTS

During the year, the Company registered all round improvement in its operations, turnover & profitability despite continuing competitive market conditions.

Total income during the year increased by 32% to Rs. 51.1 Crores, from Rs. 38.7 Crores in the previous year. The gross profit (PBDT) was higher at Rs. 5.2 Crores against Rs. 3.8 Crores in the previous year, and the net profit increased to Rs. 1.7 Crores from Rs. 0.6 Crores in the previous year.

OPERATIONS AND FUTURE OUTLOOK

Margins remained under pressure due to an extremely competitive market situation. In spite of this, the Company continued to consolidate its position. The improved results were achieved through multipronged strategies viz. increased market share and diversification into new products together with improved efficiencies and tight control over operational costs.

Exports during 1999-2000 at Rs. 5.9 Crores were almost double of the previous year. This is indicative of increasing acceptance of the Company's products in the international market. During the year, the Company has become a net foreign exchange earner.

The Company plans to continue with the above strategies of cost control, increasing market penetration, and diversification in its endeavour to further accelerate the improvement in its operations and financial performance.

RESEARCH & DEVELOPMENT

In-house R&D has been the mainstay of the Company's operations and synergetic diversification. Intensive R&D efforts have helped in continuously upgrading quality and improving efficiencies. The Company proposes to continue with its focus on R&D.

OTHER INFORMATION

Information required to be furnished under Section 217(2A) of the Companies Act, 1956 is given in Annexure - I to this report.

Information pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo is given in Annexure - II.

DIRECTORS

During the year, IFCL withdrew the nomination of Sh. R. S. Sharma from the Board and nominated Sh. N. K. Gupta in his place. The Board places on record its appreciation of the services rendered by Sh. R. S. Sharma during his tenure as a Director of the Company.

Sh. S. N. Agarwal and Sh. P. Murari, Directors of the Company will retire at the forthcoming Annual General

Meeting and being eligible, offer themselves for re-appointment.

ACKNOWLEDGMENT

Your Directors wish to record their sincere gratitude for the co-operation and assistance received from Financial Institutions, Banks, Government Agencies, Shareholders, Dealers, Suppliers, Customers and Technical Collaborators.

The Directors also express their appreciation for the support given and contribution made by the employees at all levels.

ON BEHALF OF THE BOARD

Place : New Delhi
Date : 16th June, 2000

BANSI DHAR
CHAIRMAN

AUDITORS' REPORT



To the Members of Daurala Organics Limited

We have audited the attached Balance Sheet of Daurala Organics Limited, New Delhi as at March 31, 2000 and the Profit and Loss Account of the Company for the year ended on that date, annexed thereto, and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph 1 above, we 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 attached Balance Sheet and Profit & Loss Account are in agreement with the books of account.
 - d) The Balance Sheet and Profit & Loss Account comply with the mandatory accounting standards referred in sub section (3C) of Section 211 of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Accounting Policies and Notes to Accounts given in Schedule No. 13, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - i) in case of Balance Sheet of the state of affairs of the Company as at March 31, 2000 and
 - ii) in case of Profit & Loss Account of the profit of the Company for the year ended on that date.

FOR S.S. KOTHARI & CO.
Chartered Accountants

Arun K. Tulsian
Partner

Place : New Delhi
Date : 16th June, 2000

ANNEXURE

(Referred to in paragraph 1 of our report of even date to the Members of Daurala Organics Limited on the accounts for the year ended March 31, 2000)

1. The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us, major fixed assets have been verified by the management and no material discrepancy with respect to book records was noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The stocks of finished goods, stores, spare parts and raw materials of the Company have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
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 the nature of its business.
5. The discrepancies noticed on physical verification of stocks as compared to book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
6. In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year except inclusion of estimated excise duty payable on closing stock of finished goods as required by the professional pronouncements made by the Institute of Chartered Accountants of India (refer note no. 6 of schedule 13).
7. The Company has not taken any loans, secured or unsecured, from Companies, firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As per the provisions of sub-section (6) of Section 370 of the Companies Act, 1956, the provisions of the said section are not applicable.
8. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
9. The Company has given loans & advances in the nature of loans to employees and other who are regular in repayment of the principal amounts and interest wherever stipulated.