



DUJODWALA
PAPER

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LIMITED

12th
Annual Report 1998-99



DUJODWALA PAPER CHEMICALS LIMITED

BOARD OF DIRECTORS

Ramgopal M. Dujodwala	<i>Chairman</i>
Kamalkumar R. Dujodwala	<i>Managing Director</i>
Dr. S. C. Sethi	<i>Whole-time Director</i>
Raj Kumar, Saraf	<i>Director</i>
Nandlal More	<i>Director</i>
R. R. Kumar	<i>Director</i>
R. O. Kanoria	<i>Director</i>

AUDITORS

M/s. Sunderlal Desai & Kanodia

Chartered Accountants
Mumbai.

SOLICITORS & ADVOCATES

M/s. Bachubhai Munim & Co.
Mumbai.

BANKERS

State Bank of India
Backbay Reclamation Branch
Nariman Point, Mumbai - 400 021.

ADMINISTRATIVE OFFICE

811, Tulsiani Chambers
Nariman Point
Mumbai - 400 021.

REGISTERED OFFICE AND FACTORY

Atkargaon, Takai Adoshi Road,
Taluka Khalapur,
Khopoli - 410 203.
Dist. Raigad (Maharashtra)

(As a measure of economy, copies of the Annual Report will not be distributed at the Meeting and therefore Members are requested to bring their copy of the Annual Report to the meeting)



DUJODWALA PAPER CHEMICALS LIMITED

NOTICE

To,

All the Members of Dujodwala Paper Chemicals Ltd.

NOTICE is hereby given that the Twelfth Annual General Meeting of the Company will be held on Tuesday the 28th September, 1999 at SUMAN MOTELS LIMITED, The Motorists Club, Village : Halkhurd, Mumbai - Poona Road, Khopoli, Dist. Raigad (Maharashtra), at 11.00 A.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive and adopt the Audited Profit and Loss Account for the year ended 31st March, 1999 and the Balance Sheet as at that date and the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Ramgopal M. Dujodwala who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri R. R. Kumar who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification/(s), the following Resolution as an ordinary Resolution :

"RESOLVED THAT subject to the provisions of Section 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the increase in the remuneration payable to Shri Kamalkumar R. Dujodwala, Managing Director of the Company, with effect from 1st April, 1999, for the remainder of the tenure of his appointment i.e. upto 1st May, 2002, on the terms and conditions including remuneration as set out in the Explanatory Statement attached to this Notice and hereby approved."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this Resolution."

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

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered as follows:

- (a) Insert the following definitions under Article 1 after the existing definitions:

'Beneficial Owner' shall mean the beneficial owner as defined in Section 2 of the Depositories Act, 1996.

'Depositories Act' means the Depositories Act, 1996 and shall include any statutory modification(s) or re-enactment thereof for the time being in force.

'Depository' shall mean a Depository as defined in Section 2 of the Depositories Act, 1996. 'Securities' means such securities as may be specified by the Securities and Exchange Board of India [SEBI] from time to time.



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- (b) In Article 2 of the Articles of Association, the existing definition of 'Members' shall be substituted by following:

'Member' means the duly registered holder from time to time of the shares of the Company and includes the beneficial owner in the records of the depository.

- (c) Insert the following heading and Article as Article 126A after Article 126 :

126A DEMATERIALISATION OF SECURITIES

Dematerialisation of Securities :

- i) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act.

Options for Investors:

- ii) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Securities in depositories to be in fungible form:

- iii) All securities held by a depository shall be dematerialised and shall be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

Company not bound to recognise any interest in share other than that of registered holder or beneficial owner :

- iv) Except as ordered by a court of competent jurisdiction or as required by law the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the beneficial owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these articles on the part of any other person whether or not it shall have express or implied notice thereof. No notice of any trust, express, implied or constructive shall be entered on the register of members or of debentureholders.

Rights of Depositories and beneficial owners:

- v) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the



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securities shall not have any voting rights or any other rights in respect of the securities held by it.

- (c) Notwithstanding anything contained in these Articles, certificate, if required, for a dematerialised share, debenture and any other security shall be issued in the name of the depository and all the provisions contained in these articles in respect of the rights of a member/debentureholder of the Company shall mutatis mutandis apply to the depository as if it were a member/debentureholder/securityholder excepting that and notwithstanding that the depository shall have been registered as the holder of a dematerialised share, debenture and any other security, the person who is the beneficial owner of such shares, debentures and other securities shall be entitled to all the rights (other than those set out in these articles) available to the registered holders of the shares, debentures and other securities, in the company as set out in the other provisions of these articles.
- (d) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.
- (e) The provisions relating to the waiver of the Company's lien, if any, on partly paid shares on registration for transfer of such shares contained in these articles shall also mutatis mutandis apply in respect of a dematerialised shares, debenture and any other security, the beneficial owner of which is registered with the depository and where such beneficial owner shall have transferred his dematerialised shares, debentures and other securities.

Service of documents:

- vi) Notwithstanding anything contained to the contrary in the Act or these Articles, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or discs.

Transfer of securities:

- vii) Nothing contained in Section 108 of the Act or these Articles shall apply to transfer of securities effected by the transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

In the case of such transfer of securities where the Company has not issued any certificates or certificates have been dematerialised subsequently and where such securities are being held in an electronic and fungible form, the provisions of the Depositories Act, shall apply.

Allotment of Securities dealt with in a depository:

- viii) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Distinctive Numbers of securities held in a depository:

- ix) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the company shall apply to securities held with a depository.



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Register and Index of beneficial owners:

- x) The register and index of beneficial owners maintained by a depository under the Depositories Act, shall be deemed to be the register and index of members and security holders for the purposes of these Articles.
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT consent of the Company be and is hereby accorded for the delisting of the Company's Equity Shares from the Stock Exchanges at Ahmedabad, Calcutta, and New Delhi as per the provisions of Securities and Exchange Board of India [SEBI] guideline for voluntary delisting of securities and requirements of the concerned Stock Exchange as and when the Board of Directors of the Company finds it suitable and convenient."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all necessary steps in pursuance of the above Resolution including making an offer to the shareholders falling within the jurisdiction of the above stated Stock Exchanges, on behalf of the Promoters / Directors of the Company for purchasing their Shares at the rate specified as per the SEBI guidelines."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY(S) TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The instrument of proxy to be valid should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.
2. Members/Proxy Holders should bring the attendance slips duly filled in for attending the Meeting.
3. Members are requested to notify any change in their addresses immediately to the Company.
4. The Register of Members and Transfer Books of the Company will remain closed from Wednesday, the 22nd September, 1999 to Tuesday, the 28th September, 1999 (both days inclusive).
5. Shareholders desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
6. An explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item No., 5 to 7 is annexed hereto.

For and on behalf of the Board of Directors
for DUJODWALA PAPER CHEMICALS LIMITED

R.M. DUJODWALA
Chairman

Place : Mumbai

Dated : 26th August, 1999.

REGISTERED OFFICE :

Atkargaon, Takai Adoshi Road, Off. Khopoli Pen Road, Taluka : Khalapur, Khopoli - 410 203,
Dist. Raigad (Maharashtra).



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ANNEXURE TO THE NOTICE

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

Item No.5 :

Shri Kamalkumar R. Dujodwala was reappointed as Managing Director of the Company for a period of 5 years with effect from 2nd May, 1997 at the Extra-Ordinary General Meeting of the Company held on 14th April, 1997, at a salary scale of Rs.11000 - 1000 - 15000 together with such perquisites and commissions as specified in the Explanatory Statement annexed to the Notice of the said Extra-Ordinary General Meeting.

The Board of Directors of the Company at their Meeting held on 26th August 1999 decided to increase the remuneration of Managing Director with effect from 1st April, 1999 as follows, considering that the present remuneration is very low and the same was not increased since the date of his original appointment i.e. 2nd May, 1992 :

Salary : Rs.22000 per month in grade of Rs.22000 - 2000 - 30000, with proportionate increase in perquisites related to salary.

There is no other variation in the terms and conditions of his appointment which are as follows :

- 1) Salary : Rs.22000 per month in grade of Rs.22000 - 2000 - 30000.
- 2) Commission : 1% Commission on the net profits of the Company subject to the ceiling of 50% of Annual Salary.
- 3) Perquisites : In addition to salary and commission, following perquisites will be provided:
 - i) Housing : Unfurnished accommodation the expenditure on which shall not exceed 60% of the salary over and above 10% of the Salary will be payable by the Managing Director or allowance in lieu thereof, subject to ceiling of 60% of the salary.
 - ii) Reimbursement : Actual expenses incurred on gas, water, electricity and furnishings subject to a of gas, water, ceiling of 10% of the salary electricity expenses and furnishing allowance.
 - iii) Medical reimbursement : Medical expenditure incurred by the Managing Director and his family subject to imbursement. a ceiling of one month salary in a year or three months salary over a period of three years.
 - iv) Leave travel concession. : For Managing Director and his family once in a year incurred in accordance with the rules specified by the Company.
 - v) Club fees. : Fees of the club subject to maximum of two clubs. This will not include admission and life membership fees.
 - vi) Contribution to provident fund : As per the rules of the Company. However, Company's contribution to Provident fund will not be included in the computation of ceiling on perquisites to the extent this either singly or put together are not taxable under the Income Tax Act, 1961.



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- vii) Gratuity : Not exceeding half month's salary for each completed year of service.
- viii) Car : Provision of fully maintained car with reimbursement of driver's salary for use on company's business. The use of car for private purpose shall be billed by the Company to Managing Director.
- ix) Telephone : Provision of telephone at the residence of the Managing Director at company's cost. Personal long distance calls shall be billed by the company to the Managing Director.

Other Terms :

- 1] The terms and conditions of the appointment and/or remuneration may be varied by the Board of Directors within the limits provided for in schedule XIII of the Companies Act, 1956 or any amendment thereof for the time being in force.
- 2] As and when the Managing Director is required to entertain and/or travel for the purpose of the Company's business, the Company shall reimburse all actual expenses incurred by him for such entertainment and/or travel.
- 3] The Managing Director shall be entitled to all leave benefits as are applicable under the Company's rules to the executives and in force from time to time.
- 4] The Managing Director shall observe the secrecy obligation in regard to the business affairs of the Company.

The increase in remuneration is within the limits provided in the schedule XIII of the Companies Act, 1956 and is reasonable, considering the experience and expertise of Shri Kamalkumar R. Dujodwala and in these circumstances the Directors recommend the resolution set out in the Item No.5 of the Accompanying notice for your approval.

The above may be treated as an Abstract of the terms of appointment, pursuant to Section 302 of the Companies Act, 1956.

Shri Kamalkumar R. Dujodwala is interested in the Resolution and Shri Ramgopal M. Dujodwala relative of Shri Kamalkumar R. Dujodwala is deemed to be concerned or interested in the Resolution.

None of other Directors is concerned or interested in the Resolution.

Item No.6

Consequent to the enactment of the Depository Act, 1996, and the introduction of the Depository System, some of the provisions of the Companies Act, 1956 relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system. The depository system of holding securities in an electronic form is a safer and more convenient method for holding and trading in the securities of a Company. To avail of the advantages of the Depository system it is proposed that the Articles of Association of the Company be suitably altered, as set out in the Resolution at Item No.6 of the Notice to reflect the provisions introduced by the Depositories Act, 1996 and to spell out the rights of the beneficial owners of the securities in such a system. The Article sought to be amended is Article 2 to the extent of change in the definition of 'Member' and including more definitions and insertion of a new article as article 126A.