

6th Annual Report 1996-97

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OSWAL SUGARS LIMITED

MANAGEMENT

BOARD OF DIRECTORS

Sh. N. K. Oswal	Chairman
Sh. Jangi Lal Oswal	Director
Sh. N.N. Sharma	Director (Works)
Sh. S.D. Mathur	Director (Nominee of IFCI)
Sh. H.S. Khorle	Director
Sh. R.G. Puri	Director
Sh. N.C. Tandon	Director
Sh. S.K. Vig	Director
Sh. S.Krishnamurthy	Director
Sh. Ravinder Jain	Director

COMPANY SECRETARY

Sh. Baldev R. Arora

AUDITORS

S.C. Vasudeva & Co.,
Chartered Accountants,
New Delhi.

BANKERS

Punjab National Bank
Punjab & Sind Bank

REGD. & HEAD OFFICE

G. T. Road, Dhandari Kalan
Ludhiana - 141 010

WORKS

G. T. Road, Mukerian - 144 211

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OSWAL SUGARS LIMITED

NOTICE



NOTICE is hereby given that the 6th Annual General Meeting of Members of the Company will be held on Tuesday the 30th day of September 1997 at 12.30 P.M. at the Registered Office of the Company at Dhandari Kalan, G.T. Road, Ludhiana - 141 010 to transact the following business:-

ORDINARY BUSINESS

1. To consider and adopt the Profit & Loss Account for the Year ended on 31st March 1997 and the Balance Sheet as at that date and the Report of Directors' and Auditors' thereon.
2. (i) To appoint a director in place of Sh. Jangi Lal Oswal who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
(ii) To appoint a director in place of Sh. Ravinder Jain who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
(iii) To appoint a director in place of Sh. N.C. Tandon who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. TO CONSIDER AND IF THOUGHT FIT, PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS AN ORDINARY RESOLUTION.

RESOLVED THAT Sh. N.N. Sharma, be and is hereby appointed as a Director of the Company subject to retire by rotation.

5. TO CONSIDER AND IF THOUGHT FIT, PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS A SPECIAL RESOLUTION.

RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to any other approvals as may be necessary, the Company hereby approve the appointment of Sh. N.N. Sharma as a Wholetime Director of the Company designated as Director (Works) for a period of Three years w.e.f. 1st Feb, 1997 upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period.) as set out herein and in the draft agreement of the said appointment :-

- 1) Sh. N.N. Sharma, the wholetime Director, shall, subject to the supervision and control of the Board of Directors, perform such duties, as may be, from time to time entrusted to him.
- 2) Period of Agreement : 3 years w.e.f. 1st Feb, 1997
- 3) Remuneration
 - a) Salary : Rs. 18000-2000-22000
 - b) Bonus : As per Company Rules, as applicable to the other Employees.
 - c) Perquisites

In addition to above, Sh. N.N. Sharma shall be entitled to following perquisites. Unless the context otherwise requires perquisites are classified into three categories 'A' 'B' AND 'C' as follows:

CATEGORY 'A'

- (i) Housing I : The Company shall provide rent-free furnished residential accommodation to Sh. N.N. Sharma provided that the rent for furnished residential accommodation shall not exceed Sixty percent of the salary over and above ten percent payable by Sh. N.N. Sharma.

Housing II : In case accommodation provided to Sh. N.N. Sharma is owned by the Company, 10% of his salary shall be deducted by the Company.

Housing III : In case no accommodation is provided by the company,

Sh. N.N. Sharma shall be entitled to House Rent Allowance subject to the ceiling laid down in Housing I, and as per the Income Tax Rules 1962.

Explanation : The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of Sh. N.N. Sharma.

- (ii) Medical Reimbursement
Expenditure incurred by Mr. N.N. Sharma and his family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- (iii) Leave
As per Rules of the Company with full pay and allowances. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on remuneration in the event of no profits or inadequate profits of the Company.
- (iv) Leave Travel Concession
For Sh. N.N. Sharma and his family once in a year incurred in accordance with the rules specified by the Company.
- (v) Club Fee
Fee of Clubs subject to a maximum of two Clubs. This will not include admission and life membership.
- (vi) Personal Accident Insurance
Premium not to exceed Rs. 2,500/- per annum.
- (vii) Entertainment Expenses
Reimbursement of entertainment expenses upto a ceiling of Rs. 3,500/- per month.

Explanation: For the purpose of category 'A' family means the Spouse, the dependent Children and the dependent Parents of Sh. N.N. Sharma.

CATEGORY 'B'

- (i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.
- (ii) Gratuity payable will not exceed half a month's salary for each completed year of service.

CATEGORY 'C'

Provision for Car for use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of Car for private purpose shall be billed by the Company to the appointee.

- 4) Minimum Remuneration
Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above, provided that the total remuneration by way of salary, perquisites and any other allowances shall not exceed the ceiling of Rs. 87,500/- per month apart from the perquisites as provided in Section II of Part II of schedule XIII of the said Act or any amendments thereto.
- 5) Sh. N.N. Sharma shall give an undertaking to the Company that he shall not, so long as he functions as such, become interested or otherwise concerned directly or through his wife/husband and/or

OSWAL SUGARS LIMITED



minor children in any selling agency of the Company in future without the prior approval of the Central Government.

The Wholtime Director shall not be entitled to fees payable to Directors for attendance at Board Meetings and Meeting of all committees appointed by the Board.

- 6) The Agreement may be terminated by either party giving the other party three month's notice.
- 7) If at any time Sh.N.N.Sharma ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Wholtime Director.

RESOLVED FURTHER THAT in the event of any statutory amendment or modifications or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including the salary, perquisites, allowances, etc. within such prescribed limit or ceiling without any further reference to the Members in General Meeting.

RESOLVED FURTHER THAT remuneration as above paid to Sh. N.N. Sharma w.e.f. February 1st, 1997 till the date of this Annual General Meeting be and is hereby approved.

By order of Board
For OSWAL SUGARS LIMITED

Place : LUDHIANA
Dated : 28th Aug, 1997

Baldev R. Arora
(Company Secretary)

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IN THE ABOVE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective should be lodged with the Company at the Registered Office at least 48 hours before commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 16th September 1997 to 30th September 1997 (Both days inclusive). The relevant records of the Company open for inspection by members as per provisions of the Company Law can be inspected at the Registered Office of the Company on any working day between 10.00 a.m. to 12.00 noon.
4. The Members are requested to notify the change in their addresses, if any, to the Company immediately.
5. Members desiring any information on the Accounts are requested to write to the Company at least 10 days prior to the date of the Meeting to enable the Management to keep the informations ready at the time of Meeting.
6. Members are requested to bring their copies of Annual Report to the Meeting.

7. Members/Proxy holders are requested to produce at the entrance the attached admission slip duly completed and signed for admission to the Meeting Hall.

8. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of item Nos. 4 and 5 as set out in Special Business is annexed herewith.

EXPLANATORY STATEMENT

(As required under Section 173 (2) of the Companies Act, 1956, the following Explanatory Statements set out all the material facts relating to item Nos. 4 and 5 mentioned in the accompanying Notice dated 28th Aug. 1997.

ITEM NO. 4

Sh. N.N. Sharma was appointed as an Additional director of the Company on 25th Jan, 1997 by the Board of Directors pursuant to the Article 133 of the Articles of Association of the Company and provisions of Section 260 of the Companies Act, 1956.

He hold his office as a director upto the date of this Meeting. As required under Section 257 of the said Act, the Company has received a Notice together with necessary deposit from some members of the Company signifying their intention to propose the candidature of Sh. N.N. Sharma for the office of Director.

Accordingly the resolution for his appointment as director of the Company is recommended for your approval.

None of the Directors except Sh. N.N. Sharma is concerned or interested in this resolution.

ITEM NO. 5

The Board of Directors in its meeting held on 25th Jan, 1997 has appointed Sh. N.N. Sharma, Vice-President of the Company, as Whole Time Director designated as Director (Works) w.e.f. 1st Feb, 1997 subject to your approval. Sh. N.N. Sharma is B.Tech having a vast experience of 31 years in the Sugar Industry. He is engaged with your Company since 8th Sept. 1993 and contributing his efforts towards the prosperity of the Company.

In compliance with the provisions of Section 269, 309 and 311 of the Companies Act, 1956, the terms of remuneration specified above are now being placed before the members in this meeting for their approval.

This may be treated as an abstract of the draft Agreement between the Company and Sh. N.N. Sharma pursuant to Section 302 of the Companies Act, 1956.

The Draft Agreement between the Company and Sh. N.N. Sharma is available for inspection by the members of the Company at the Registered Office between 10.00 A.M to 12.00 Noon on any working day.

None of the Director except Sh. N.N. Sharma is concerned or interested in this resolution.

By order of Board
For OSWAL SUGARS LIMITED

PLACE : LUDHIANA
DATED : 28th Aug, 1997

Baldev R. Arora
(Company Secretary)

OSWAL SUGARS LIMITED

DIRECTORS' REPORT



The Members,
Oswal Sugars Limited,

Your Directors have great pleasure in presenting the 6th Annual Report of your Company alongwith the Audited Statements of Accounts for the year ended on 31st March, 1997 and Auditors Report thereon.

FINANCIAL RESULTS

	1996-97	(Rs. in Lacs) 1995-96
Profit before interest & Depreciation	700.03	802.45
Interest	570.17	913.57
Depreciation	171.56	3.80
Net Profit/(Loss)	(41.70)	(114.92)

DIVIDEND

Due to non-availability of Profit your Directors express their inability to recommend Dividend.

OPERATIONS

During the year under review, your Company has crushed 544428 M.T. of Sugar Cane and produced 49998 M.T. of Sugar in 209 crushing days as compared to the previous year crushing of 414030 M.T. of Sugar Cane and production of 36805 M.T. of Sugar in 146 days. The capacity utilisation of the Company comes to 104.20% as against the previous year of 113.43%, which has come down due to low crushing and lesser availability of Sugar Cane during the Month of May 1996 and November 1996. However, the average recovery has slightly improved from 9.00% during last year to 9.04% during the year under review. The Company has also taken various cost control measures. Resultantly, the Company has been able to earn cash accruals of Rs. 334.47 lacs. Net loss stands reduced from Rs. 114.92 lacs last year to Rs. 41.70 lacs.

In consonance with the policy of the Government and the need of the hour, the Company explored the export market and has succeeded in exporting 5100 M.T. Sugar to Pakistan during 1997-98 and its benefit will therefore be reflected in the current year's results. Barring unforeseen circumstances, your Directors hope the results of the current year to be encouraging.

DIRECTORS

During the year, Sh. N.N. Sharma has been appointed as an Additional Director and whole time Director of the Company by the Board of Directors on 25th Jan, 1997. The Directors warmly welcome Sh. N.N. Sharma on the Board. Whereas Sh. R.K. Verma & Sh. Anand Verma resigned

from the Board. The Directors place on record their gratitude for the valuable services rendered by Sh. R.K. Verma & Sh. Anand Verma during their tenure of Directorship of the Company. Sh. Jangi Lal Oswal, Sh. Ravinder Jain & Sh. N.C. Tandon, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

FIXED DEPOSITS

During the year the Company accepted Fixed Deposits u/s 58A of the Companies Act, 1956. The Company has no overdue deposits outstanding other than those unclaimed as on 31st March 1997.

AUDITORS' REPORT

The notes on accounts referred to in the Auditors Report are self explanatory and therefore, do not call for any further comments.

AUDITORS

M/s S.C. Vasudeva & Co., Chartered Accountants are retiring at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

PARTICULARS OF EMPLOYEES

As required under the Provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the name and other Particulars of employee(s) are set out in the annexure included in this report.

DISCLOSURE OF PARTICULARS UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956.

Under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, the detailed information is enclosed as per Annexure.

INDUSTRIAL RELATIONS

The industrial relations during the year under review have been cordial.

ACKNOWLEDGMENT

The Directors wish to place on record the due appreciation of the devoted services and sincere efforts made by the officers, staff and workmen towards the progress of the Company.

Your Directors gratefully acknowledge the assistance and cooperation extended by the Financial Institutions Banks and Business Associates of the Company.

For and on behalf of the Board

PLACE : LUDHIANA
DATED : 28th Aug, 1997

N.K. Oswal
Chairman