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ANNUAL REPORT 1996-97



SATNAM OVERSEAS LIMITED

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**SATNAM OVERSEAS LIMITED**

BOARD OF DIRECTORS	
SH. JUGAL KISHORE ARORA	CHAIRMAN
SH. SATNAM ARORA	JT. MANAGING DIRECTOR
SH. GURNAM ARORA	JT. MANAGING DIRECTOR
SH. NITIN ARORA	DIRECTOR
SH. VIJAY BURMAN	ADDITIONAL DIRECTOR
SH. RAKESH KHOSLA	ADDITIONAL DIRECTOR
AUDITORS	
M/S. NATH AHUJA & CO. CHARTERED ACCOUNTANTS NEW DELHI-110 005	
COMPANY SECRETARY & MANAGER (LEGAL)	
SH. RAJIV DUDEJA	
BANKERS	
ORIENTAL BANK OF COMMERCE NEW DELHI	
ANZ GRINDLAYS BANK LTD. H-BLOCK, CONNAUGHT CIRCUS, NEW DELHI	
REGISTERED OFFICE, CORPORATE OFFICE & SHARE DEPTT.	
201, J.K. APARTMENTS, VIPPS CENTRE, 2, COMMUNITY COMPLEX, GREATER KAILASH-II, MASJID MOTH, NEW DELHI-110 048 (INDIA) PH.:6465757(10 LINES)	
WORKS	
1.	50-51 MILESTONE, G.T. ROAD, MURTHAL DIST. SONEPAT (HARYANA)
2.	M.M. MALVIYA ROAD, AMRITSAR PUNJAB
TRANSFER AGENT	
FINTECH COMPU SYSTEMS LTD. WZ-1390/4, 3RD FLOOR, PANKHA ROAD, NAGAL RAYA, (NR. D-BLOCK, JANAKPURI BUS TERMINAL) NEW DELHI-110 046 PH.:5506374, 5556025	

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SATNAM OVERSEAS LIMITED

NOTICE

Notice is hereby given that the Eighth Annual General Meeting of the Members of Satnam Overseas Limited will be held on Wednesday, the 24th September, 1997 at 11.30 A.M. at Dr. M.A. Ansari Auditorium, Jamia Millia Islamia University, Jamia Nagar, Okhla, New Delhi-110 025 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1997, the Profit & Loss Account for the financial year ended on that date and Reports of Board of Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Sh. Satnam Arora, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modification(s), the following resolutions as ORDINARY RESOLUTIONS:

5. "RESOLVED that pursuant to the provisions of Section 198, 269, 309, 310, 311, read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the approval of Company be and is hereby accorded to the re-appointment of Sh. Jugal Kishore Arora as Chairman of the Company for a period of 5 years w.e.f. 26th September, 1997 on terms as to salary and perquisites as set out below:

Remuneration

Salary : Rs. 50,000/- per month

Perquisites : In Addition to the above salary Sh. Jugal Kishore Arora shall be entitled to the following perquisites:

1. Contribution to Provident fund, Superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
2. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
3. Encashment of Leave at the end of tenure.

RESOLVED further that in the event of loss or inadequacy of profits in any financial year of the Company during the term of Sh. Jugal Kishore Arora's office as Chairman, the remuneration and the perquisites set out hereinaabove be paid or granted to Sh. Jugal Kishore Arora as minimum remuneration 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.

RESOLVED further that in the event of any statutory amendment or modification 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 Company in General Meeting, subject however to the provisions of Section 302 of the Companies Act, 1956.

RESOLVED further that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, things and matters as may be necessary to give effect to the above resolution".

6. "RESOLVED that pursuant to the provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the approval of Company be and is hereby accorded to the re-appointment of Sh. Satnam Arora as Jt. Managing Director of the Company for a period of 5 years w.e.f. 26th September, 1997 on terms as to salary and perquisites as set out below:

Remuneration

Salary : Rs. 50,000/- per month

Perquisites : In Addition to the above salary Sh. Satnam Arora shall be entitled to the following perquisites:

1. Contribution to Provident fund, Superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
2. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
3. Encashment of Leave at the end of tenure.



SATNAM OVERSEAS LIMITED

RESOLVED further that in the event of loss or inadequacy of profits in any financial year of the Company during the term of Sh. Satnam Arora's office as Jt. Managing Director, the remuneration, and the perquisites set out hereinabove be paid or granted to Sh. Satnam Arora as minimum remuneration 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.

RESOLVED further that in the event of any statutory amendment or modification 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 Company in General Meeting, subject however to the provisions of Section 302 of the Companies Act, 1956.

RESOLVED further that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, things and matters as may be necessary to give effect to the above resolution".

7. "RESOLVED that pursuant to the provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the approval of Company be and is hereby accorded to the re-appointment of Sh. Gurnam Arora as Jt. Managing Director of the Company for a period of 5 years w.e.f. 26th September, 1997 on terms as to salary and perquisites as set out below:

Remuneration

- Salary : Rs. 50,000/- per month
 Perquisites : In Addition to the above salary Sh. Gurnam Arora shall be entitled to the following perquisites:
1. Contribution to Provident fund, Superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
 2. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
 3. Encashment of Leave at the end of tenure.

RESOLVED further that in the event of loss or inadequacy of profits in any financial year of the Company during the term of Sh. Gurnam Arora's office as Jt. Managing Director, the remuneration, and the perquisites set out hereinabove be paid or granted to Sh. Gurnam Arora as minimum remuneration 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.

RESOLVED further that in the event of any statutory amendment or modification 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 Company in General Meeting, subject however to the provisions of Section 302 of the Companies Act, 1956.

RESOLVED further that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, things and matters as may be necessary to give effect to the above resolution".

8. "RESOLVED that in modification of earlier resolution passed in this behalf, the consent of the Company be and is hereby accorded under Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company for borrowing from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount upto which moneys may be borrowed by the Board of Directors and outstanding shall not exceed the sum of Rs. 200 Crores (Rupees Two Hundred Crores) at any point of time".
9. "RESOLVED that in modification of earlier resolution passed in this behalf, the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company to mortgage and/or charge all or any part of immovable properties of the Company wheresoever situated both present and future and whole or part of the undertakings of the Company of every nature and kind whatsoever and/or creating a floating charge on all or any immovable properties of the Company and the whole of the undertaking of company together with power to take over the management of the business and concern of the company in certain events, to or in favour of banks, financial institutions, any other lenders or debenture trustee to secure the amount borrowed to be borrowed by the Company from time to time for the due payment of the principal together with interest costs, charges, expenses and all other monies payable by the Company in respect of such borrowings upto a maximum of Rs. 200 Crores (Rupees Two Hundred Crores only)".
10. "RESOLVED that pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised share capital of the Company be increased from Rs. 25,00,00,000 to Rs. 50,00,00,000 by creation of 2,50,00,000 new equity shares of Rs. 10/- each ranking pari passu with the existing shares".
11. "RESOLVED that pursuant to Section 16 and all other applicable provisions, if any, of the Companies Act, 1956 clause (v) of the Memorandum of Association of the Company be amended by substituting therefor the following clause:
 (v) "The Authorised Share Capital of the Company is Rs. 50,00,00,000 (Fifty Crores) divided into 5,00,00,000 (Five Crores) equity shares of Rs. 10/- (Rupees Ten) each".

To consider and, if thought fit, to pass with or without modification(s), the following resolutions as SPECIAL RESOLUTIONS:

12. "RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 the existing Article 4 of the Articles of Association of the Company be and is hereby substituted by the following:

"The Authorised Share Capital of the Company is Rs. 50,00,00,000 (Fifty Crores) divided into 5,00,00,000 (Five Crores) equity shares of Rs. 10/- (Rupees Ten) each".



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13. "RESOLVED that pursuant to the provisions of Article 165 of the Articles of Association of the Company and in accordance with the guidelines issued by the Securities & Exchange Board of India (SEBI) in this regard approval of shareholders be and is hereby accorded to capitalise the Reserves and Share Premium account of the Company by issuing 56,00,000 (Fifty six Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each fully paid up as Bonus Shares in the ratio of two Equity Shares of Rs. 10/- (Rupees Ten) each fully paid up for every five shares of Rs. 10/- (Rupees ten) each held by the shareholders of the Company whose name appear in the Books of Company on such date as may be fixed by the Board of Directors or Committee thereof (hereinafter referred to as "Record Date") at such time as the Board of Directors may in its absolute discretion, think fit and proper.

RESOLVED further that issue and allotment of "Bonus Shares" to the extent they relate to the members who are non-residents will be subject to the approval of Reserve Bank of India (RBI) if and to the extent required.

RESOLVED further that for the purpose of giving effect to the above, the Board of Directors or Committee be and is hereby authorised to exercise such powers and to do all such acts, deeds, things and matters as may be required or considered necessary or incidental thereto and to settle any question or difficulty that may arise in connection therewith in the manner it may consider fit and appropriate".

14. "RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, Articles of Association of the Company be altered in the following manner:

After Article 6 of the Articles of Association of the Company new Articles 6A and 6B be inserted.

- 6A. Subject to the provisions of the Companies Act and any other law for the time being in force in this regard, the Board of Directors may from time to time issue non-voting equity shares, upon such terms and conditions and with such rights and privileges (including with regard to dividend) attached thereto as may be thought fit and permitted and/or required by law, guidelines issued by statutory authorities and listing requirements.
- 6B. Subject to the provisions of Companies Act and any other law for the time being in force in this regard, the Board of Directors may from time to time Buy-Back shares of the Company upon such terms and conditions as may be thought fit and permitted and/or required by law, guidelines issued by statutory authorities from time to time".
15. "RESOLVED that subject to the provisions of Companies Act, 1956 and of any other law for the time being in force and subject to necessary approvals, consents, permissions/sanctions as may be necessary by the relevant authorities, Board of Directors of the Company be and is hereby authorised to issue from time to time non-voting Equity Shares upon such terms and conditions with such rights and privileges (including with regard to dividend) attached thereto as may be thought fit and permitted and/or required by law, guidelines issued by statutory authorities and listing requirements".
16. "RESOLVED that subject to the provisions of Companies Act, 1956 and of any other law for the time being in force and subject to necessary approvals, consents, permissions/sanctions as may be necessary by the relevant authorities, Board of Directors of the Company be and is hereby authorised to Buy-Back shares of the Company upon such terms and conditions as may be thought fit and permitted and/or required by law, guidelines issued by statutory authorities from time to time".
17. "RESOLVED that subject to the approval of Reserve Bank of India and/or Central Government under Foreign Exchange Regulation Act, 1973 and subject to such other approvals, sanctions and permissions as may be considered necessary and subject to the applicable provisions, if any, of the Companies Act, 1956 and subject to such conditions as may be prescribed by the authorities while granting such approvals/permissions/sanctions which the Board of Directors of the Company (hereinafter referred to as "the Board") be and is hereby authorised to accept, the Company hereby accords its consent to the Board to allow:-

A. Foreign Financial Enterprises including Foreign Institutions such as Pension Money Companies, Institutional Portfolio Managers or their Power of Attorney holders, Private discretionary or non-discretionary Portfolio Management Services (hereinafter referred to as FII's) and /or

B. Non-Resident Indians (NRI's) and Overseas Corporate Bodies predominantly owned by NRI's (OCB's).

to acquire Shares/Debentures of the Company through Stock Exchanges in India under Portfolio Investment Scheme and/or in accordance with the permissible modes, subject to the condition that :-

the total purchases by NRI/OCB's both on repatriation as well as non-repatriation basis within the overall ceiling limit of

- (a) 30% of the paid up equity capital of the Company or such other percentage as may be prescribed by the Central Government/ Reserve Bank of India in this regard from time to time.
- (b) 30% of the total paid up value of each series of convertible debentures of the Company or such other percentage as may be prescribed by the Central Government/Reserve Bank of India in this regard from time to time.

RESOLVED further that the total investment by the FII's and the NRI's/OCB's shall not exceed the overall permissible limits prescribed by the Reserve Bank of India and/or Central Government from time to time.

RESOLVED further that the Board be and is hereby authorised to execute all such documents as may be considered necessary and proper and do all other acts and things as may be required and incidental thereto."

By ORDER OF THE BOARD
For SATNAM OVERSEAS LIMITED

New Delhi
11th August, 1997

(RAJIV DUDEJA)
Company Secretary & Manager (Legal)



SATNAM OVERSEAS LIMITED

NOTES:

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
- b) Relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business set out above is annexed hereto.
- c) The dividend when sanctioned will be made payable to those shareholders whose names will appear as members in the books of the Company on 2nd September, 1997.
- d) Members are requested to intimate their Saving Account/Current Account Number and the name of the Bank with whom such account is held to enable the Company to print the said detail on the Dividend Warrant so as to prevent fraudulent encashment of the same.
- e) In view of provisions of the Income Tax Act, 1961, as amended by Finance Bill 1997, no tax at source is required to be deducted from the Dividend paid to Shareholders from 1st June, 1997.
- f) Members are requested to notify the change in their address to the Secretarial Department of the Company and always quote their Folio Numbers in all correspondence with the Company.
- g) Members are requested to bring their copy of Annual Report with them at the meeting.
- h) Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
- i) The Register of Members and Transfer Books of the Company remained closed from 12th August, 1997 to 2nd September, 1997(both days inclusive).
- j) All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays & Holidays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
- k) Shareholders desiring any information as regards to Accounts should write to the Company's Registered Office at least ten days before the date of the meeting for the attention of Mr. Rajiv Dudeja, Company Secretary & Manager(Legal), so as to enable the management to keep the information ready.

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

Item No. 5, 6 and 7

The Board in its meeting held on 26th September, 1992 appointed Sh. Jugal Kishore Arora as Chairman and Sh. Satnam Arora and Sh. Gurnam Arora as Jt. Managing Directors of the Company for a period of 5 years at a remuneration of Rs. 15,000 p.m. apart from other perquisites.

The shareholders in their meeting held on 30th September, 1994 approved revision in the remuneration to Rs. 40,000/- p.m. in addition to other perquisites.

Keeping in view of the contribution in the growth of the Company, profitability, their experience and expertise as also the increased responsibilities to meet the challenges of competition, the Board of Directors has decided to recommend for the approval of shareholders the reappointment and payment of remuneration as stated in the resolution w.e.f. 26th September, 1997 for five years.

Sh. Jugal Kishore Arora, Chairman and Sh. Satnam Arora and Sh. Gurnam Arora, Jt. Managing Directors of the Company are interested in the proposed resolutions being related to each other and to the extent of remuneration payable to them. Further Sh. Nitin Arora, Director is interested being relative of Sh. Jugal Kishore Arora, Sh. Satnam Arora and Sh. Gurnam Arora. No other Director is concerned or interested in the proposals.

This explanation together with the accompanying notice is and should be treated as an abstract Under Section 302 of the Companies Act, 1956 in respect of the appointment of Sh. Jugal Kishore Arora as Chairman and Sh. Satnam Arora and Sh. Gurnam Arora as Jt. Managing Directors of the Company.

Item No. 8.

At the 7th Annual General Meeting of the Company held on 23rd September, 1996, the Board of Directors of the Company was authorised under Section 293(1)(d) of the Companies Act, 1956 to borrow money or moneys, which together with the money already borrowed by the Company, apart from working capital loans obtained by the Company in the ordinary course of business, exceed the aggregate of paid-up share capital of the Company and free reserves, such that the total amount so borrowed does not exceed Rs. 100,00,00,000 (Rupees One hundred crores only).

Keeping in view, the increase in demand, your company is likely to expand capacity in near future and will require some additional loans for part financing of expansion schemes. Accordingly, members approval is sought for authorising the Board of Directors of the Company to borrow upto Rs. 200,00,00,000/- (Rupees two hundred crores only).

None of the directors is, in any way, concerned or interested in the resolution.



SATNAM OVERSEAS LIMITED

Item No. 9.

The Company has approval under Section 293(1)(d) of the Companies Act, 1956 to borrow money in excess of paid up capital and free reserves. The borrowings of the Company are in general required to be secured by suitable mortgage or charge on all or any of the movable or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors from time to time in consultation with the lender(s).

The mortgage and/or charge by the Company of its movable and/or immovable properties and/or the whole or any part of the undertaking(s) of the Company in favour of lender(s) with power to takeover the management of the business and concern of the Company in certain events of default by the Company may be regarded as disposal of the company's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956. Hence it is necessary for the members to pass a resolution under the said section.

The Directors recommend the enabling resolution for approval of the shareholders.

None of the directors is, in any way, concerned or interested in the resolution.

Item No. 10, 11 and 12

The Board may have to issue Equity Shares and/or other securities which may or may not be convertible, either fully or partly into Equity Shares apart from issuing Bonus shares to the existing shareholders pursuant to expansion and diversification plans of the Company.

It is therefore proposed to increase the authorised share capital of the Company to Rs. 50,00,00,000/- in the manner set out in Item No. 10.

Amendments to clause (v) of the Memorandum of Association and Article 4 of the Articles of Association of the Company as set out in Item No. 11 and 12 respectively of the notice are consequential.

The Directors recommend the resolution at Item No. 10, 11 and 12 for approval of the shareholders.

None of the directors is, in any way, concerned or interested in the said resolutions.

Item No. 13

The Board of Directors in its meeting held on 11th August, 1997 decided to issue fully paid shares as Bonus shares in the ratio of two shares for every five shares held by capitalising the reserves and share premium amount.

Article 165 of the Articles of Association of the Company requires approval of shareholders in General Meeting for capitalisation of profits and reserves. Accordingly, the Directors of the Company recommend the resolution set out at Item No. 14 for consideration and acceptance of the Members.

None of the directors is, in any way, concerned or interested in the resolution.

Item No. 14, 15 & 16

In view of proposed amendments, as indicated in the Finance Bill, 1996, Companies might be allowed to issue non voting Equity Shares and also Buy-Back its own shares on terms and conditions as approved by relevant authorities.

Resolutions at Item No. 15 & 16 empower Board to issue non-voting Equity Shares and Buy-Back its own shares on such terms and conditions as might be in force at the time of issue or Buy-Back of shares.

Amendments to Article 6 of the Articles of Association of the Company as set out in item No. 14 of the notice are consequential.

The Directors recommend the resolution at item No. 14, 15 and 16 for approval of shareholders.

None of the directors is, in any way, concerned or interested in the said resolutions.

Item No. 17

Reserve Bank of India has permitted companies to allow investment by Foreign Institutional Investors (FII's), Non-Resident Indians (NRI's) and Overseas Corporate Bodies predominantly owned by NRI's/OCB's in Shares/Debentures through Stock Exchange in India under the Portfolio Investment Scheme upto a maximum of 24% of the total issued capital of the Company. Government of India vide Finance Act, 1997 has enhanced the limit to 30%.

Your Company intends to support this initiative of the Government of India and also expects increased participation of FII's, NRI's and OCB's in the equity of the Company.

The Directors recommend the enabling resolution for approval of shareholders.

None of the directors is, in any way, concerned or interested in the said resolution.

BY ORDER OF THE BOARD
For SATNAM OVERSEAS LIMITED

New Delhi
11th August, 1997

(RAJIV DUDEJA)
Company Secretary & Manager (Legal)



SATNAM OVERSEAS LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the Eighth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1997.

FINANCIAL HIGHLIGHTS

	(Rupees in Lacs)	
	Current year	Previous year
Turnover & Other Income	23,111	25,708
Profit before Depreciation	1,627	1,837
Depreciation	201	245
Profit before Tax	1,426	1,592
Provision for Taxation	178	—
Profit after Tax	1,248	1,592
Add: Balance brought forward	300	300
Profit available for appropriation	1,548	1,892
Appropriations		
Proposed Dividend (Including Tax)	508	350
Provision for Purchase Tax	—	619
Transfer to General Reserve	740	623
Surplus Carried Forward	300	300

PERFORMANCE Vs. PROJECTIONS

Your Company's performance during the year 1996-97 in comparison to the projections made in prospectus dated 28th December, 1993 was as under:

	Actual Performance	(Rupees in Lacs) Projections
Net Sales	23,111	15,329.25
Profit after Tax	1,248	1,145.38
E.P.S. (Rs.)	8.91	8.18

DIVIDEND

Your Directors have pleasure in recommending for consideration of the Members at the Annual General Meeting dividend @ 33% on the equity share capital of the Company for the financial year ended 31st March, 1997. The Company has provided for the proposed dividend tax @ 10% in the accounts.

OPERATIONS AND FUTURE PROSPECTS

As you are aware the current year has witnessed an overall decline in the economy of India resulting from severe liquidity crunch, decline in exports and high cost of money among other factors. Your company could not entirely escape the malice affecting the economic scenario of the Country. The ongoing economic liberalisation and consequent globalisation of the economy has forced the Indian exporters to be competitive by maintaining high quality standards for their products. Your company has responded to the emerging challenges very effectively. In continued support of its diversification plans, your company launched a new product - tea bags under the brand name of "Viceroy". The response to this product has been extremely encouraging and enquiries have been received from domestic as well as overseas markets. The sales of the said products are showing a continuous upward trend and an aggressive advertisement campaign has been launched to support the sales of the product. Turnover for the coming year is also expected to register an increase based on better realisations from export of Basmati Rice to Middle East and European countries.

Your company has once again bagged the prestigious APEDA Award for the current year as a recognition for its outstanding contribution to promoting exports of agricultural and processed food products and product development in the said area.

AUDITORS

M/s. Nath Ahuja & Company - Chartered Accountants retiring auditors of the Company have given their consent to their reappointment, if made. They have also furnished a certificate of eligibility for reappointment under Section 224(1)(b) of the Companies Act, 1956. The Board recommends reappointment of M/s. Nath Ahuja & Co. who retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment till the conclusion of next Annual General Meeting.

AUDITORS' REPORT

The auditors' report is self-explanatory and does not require any clarification.

PARTICULARS OF EMPLOYEES

The statement Under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of this Report is given in Annexure-I.

DIRECTORATE

In accordance with the requirements of the Companies Act, 1956 Mr. Satnam Arora - Jt. Managing Director retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment. Mr. Rakesh Khosla and Mr. Vijay Burman were appointed as Additional Directors on the Board on 2nd October, 1996 and they retire at the ensuing Annual General Meeting.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure II forming part of this Report.