

27th **ANNUAL REPORT** 1998-1999



DSM AGRO PRODUCTS LIMITED

BOARD OF DIRECTORS

SRI V.K.GOEL

SRI A. K SANGHI

SRI R. R . RUIA

SRI GAURAV GOEL

SRI GAUTAM GOEL

SRI S.K.BHATNAGAR

DR S.L KESWANI

MS.KULDEEP KAUR

(IFCI NOMINEE)

SRI OM NARAYAN WHOLE TIME DIRECTOR

SRI A.K.GOEL MANAGING DIRECTOR

COMPANY SECRETARY

SRI M.C.JOSHI

BANKERS

PUNJAB NATIONAL BANK
STATE BANK OF INDIA

AUDITORS

MITTAL GUPTA & COMPANY
CHARTERED ACCOUNTANTS,KANPUR.

REGISTERED OFFICE

AGHWANPUR-244502
District Moradabad, U.P. (India)

WORKS

AGHWANPUR (MORADABAD)
KASHIPUR (U.S.NAGAR)

Notice is hereby given that the 27 th Annual General Meeting of the Members of the Company will be held on Wednesday, the 28th June 2000 at 4.30 PM at the Registered office of the Company at Aghwanpur Moradabad to transact the following business.

ORDINARY BUSINESS.

AGENDA ITEM NO. 1 :

To consider and adopt the Balance Sheet as at 30th September 1999 and Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.

AGENDA ITEM NO. 2 :

To appoint Director in place of Sri R.R.Ruia who retires by rotation and being eligible offer himself for reappointment.

AGENDA ITEM NO. 3 :

To appoint Director in place of Sri Gautam Goel who retires by rotation and being eligible offer himself for reappointment

AGENDA ITEM NO. 4 :

To appoint Director in place of Sri Gaurav Goel who retires by rotation and being eligible offer himself for reappointment

AGENDA ITEM NO. 5

To appoint Statutory Auditors and fix their remuneration.

SPECIAL BUSINESS

AGENDA ITEM NO. 6

To consider and if thought fit to pass with or without modification the following Resolution as Special Resolution.

" RESOLVED that pursuant to Article 123 and 127 of Articles of Association of the Company, provisions of Section 198, 269, 309, 310, 311 & 314 and read with Schedule XIII and any other applicable provisions if any of the Companies Act, 1956 and subject to approval of Financial Institution(IFCI) to be obtained in this regard - Shri A. K. Goel be and is hereby reappointed as Managing Director of the Company for a further period of 5 years w.e.f. 1.6.2000 and he may hold and continue to hold the office or place of profit as Managing Director of the Company on remuneration, perquisites, benefits and amenities set out hereunder.

1. **Salary:** Rs. 26,500/- Per Month in the grade Rs. 26,500.00- 2500.00 - 31,500 -3,000.00- 40,500.00

2. **Commission** : 1% of net profits as computed in the manner laid down in Section 309 of the Companies Act, 1956, subject to maximum of 50% of the salary or Rs. 90,000/- per annum whichever is less.

3. **Perquisites** :

(a) **Housing**: For accommodation owned/hired by the Company a deduction of 10% of the Salary.

(b) **Electric, Gas water & Furnishing** : The expenditure incurred by the company on gas, electricity, water & furnishing shall be valued as per Income Tax Rules, 1962. This shall, however be subject to 10% of salary.

(c) **Medical** : Reimbursement of actual expenses incurred for self and family subject to ceiling of one month's salary in a year or 3 months salary over a period of 3 years.

(d) **Leave Travel** : For self and family once in a block of 2 years incurred in accordance with rules of the Company and not to exceed 2 months salary in a period of 2 years.

(e) **Club Fees** : Club Fees subject to maximum of 2 clubs but not admission and life membership fees.

(f) **Personal Accident Policy** : Premium for insurance not to exceed Rs. 4,000/- per annum.

(g) **Leave** : Leave on full pay in accordance with the rules of the company being one month's PL for every 11 months of service plus maximum of 8 days Medical Leave and 7 days Casual Leave in each year. PL may be accumulated for 6 Months subject to the condition that leave not availed of shall not be allowed to be encashed.

4. **Others (not to be treated as perquisites)** :

(a) **Provident Fund** : Employers contribution to Provident Fund to the extent not taxable under the Income Tax Act, 1961.

(b) **Gratuity** : At the rate of half month's salary for each completed years service, subject to ceiling as applicable under Income Tax Act 1961.

(c) **Conveyance** : Reimbursement of expenses on travelling in connection with the business of the Company in accordance with company's rules framed from time to time.

(d) **Car** : Free use of Company's Car with driver for Company's business- use of car for personal purposes to be borne by the Managing Director.

(e) **Telephone**: Free use of telephone at residence - Personal long distance calls to be borne by the Managing Director.

(f) **Entertainment Expenses** : Entertainment Expenses shall be reimbursed by the Company incurred for the business of the Company.

Provided that the monetary value of the perquisites at sub-clause (3) above shall not exceed an amount equal to the Annual Salary.

Notwithstanding anything stated herein above, where in any financial year, during the currency of

tenure of the appointee, the Company has no profits or its profits are inadequate, it may pay him remuneration by way of salary and perquisites not exceeding the limits specified above.

AGENDA ITEM NO. 7

To consider and if thought fit to pass with or without modification the following Resolution as Special Resolution.

"Resolved that pursuant to the provisions of sections 198, 269, 309, 310, 311, 314 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 and subject to approval of Financial Institutions be obtained in this regard, Sri Om Narayan be and is hereby reappointed - Whole Time Director of the Company for a further period of 5 Years w.e.f. 22.09.1999 and may hold and continue to hold the place of profit as Whole Time Director of the Company on remuneration, perquisites, benefits and amenities set out hereinafter.

Further Resolved that pursuant to the provisions of Sections 198, 269, 309, 310, 311, 314 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 and subject to approval of Financial Institutions approval be and is hereby accorded to the payment of following remuneration and other perquisites, benefits and amenities to Sri Om Narayan, Whole Time Director of the Company w.e.f. 22nd September, 1999

1. **Salary** :- Rs. 12,000.00 in the grade Rs. 12,000.00 - 1,000.00 - 15,000.00 - 1,500.00 - 18,000.00.
2. **Perquisites:**
 - (a) **Housing** :- For accommodation provided by the Company the same shall be valued as per Income Tax Rules.
 - (b) **Electric, Gas Water & Furnishing** :- The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per Income Tax Rules, 1962. This shall however be subject to 10% of salary.
 - (c) **Medical** :- Reimbursement of actual expenses incurred for self and family subject to ceiling of one month's salary in a Year or 3 months Salary over a period of 3 Years.
 - (d) **Leave Travel** :- For self and family once in a block of 2 Years incurred in accordance with the rules of the Company and not to exceed 2 months salary in a period of 2 Years.
 - (e) **Club Fees** :- Club Fees subject to maximum of 2 Clubs but not admission and life membership fees.
 - f) **Personal accident insurance** :- Premium for insurance not to exceed Rs. 4,000.00 per annum.

DSM AGRO PRODUCTS LTD.

(g) Leave. :- Leave on full pay in accordance with the Rules of the Company being one month's privilege leave for every 11 months of service plus maximum of 8 days Medical Leave and 7 days Casual Leave in each Year. Privilege Leave accumulated but not availed of will be allowed to be encashed each Year as per Rules of the Company.

3. Others

(Not to be treated as perquisites) :-

PROVIDENT FUND: Employer's contribution to provident fund to the extent not taxable under the Income-Tax Act, 1961.

GRATUITY : At the rate of half month's salary for each completed year of service subject to ceiling as per Income Tax Rules.

CAR : Free use of Company's car with the services of the Driver for Company's business - use of car for personal purposes to be borne by the Director.

Further Resolved that the payment of minimum remuneration to Sri Om Narayan for the period 22.9.1999 to the date of the meeting be and is hereby ratified.

Notwithstanding anything stated herein above, where in any financial year, during the currency of tenure of the appointee, the Company has no profits or its profits are inadequate, it may pay him remuneration by way of salary and perquisites not exceeding the limits specified above."

New Delhi
dated 28th April 2000

By order of The Board

M.C.Joshi
Company Secretary

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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. AN APPLICATION FORM OF PROXY IS ENCLOSED WHICH SHOULD BE RETURNED TO THE COMPANY DULY SIGNED. IF NECESSARY, NOT LESS THAN 48 HOURS BEFORE THE ANNUAL GENERAL MEETING

ii) Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956 setting out all material facts relating to business stated in agenda Item no 6 & 7 is annexed hereto.

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

All material facts relating to business stated in Agenda Item No 5 & 6 in the accompanying Notice dated 28th April 2000 are set out below pursuant to section 173(2) of the Companies Act 1956.

ITEM No 6

- The Board of Directors in their meeting held on 31.01.2000 has approved re-appointment of Sri Ashok Kumar Goel, as Managing Director of the Company for 5 years w.e.f. 1st June 2000. Sri Goel carries with him vast experience of 33 years in managing Paper and Sugar units and other Industries. Sri Goel was also founder President of the Small Paper Mills Association. Keeping in view of his extensive experience, your directors feel that his re-appointment as Managing Director is in the best interest of the Company.

ITEM No 7

The Board of Directors in their meeting held on 30.07.1999 has approved re-appointment of Sri Om Narayan, as Whole Time Director of the Company for 5 years w.e.f. 22nd September 1999. Sri Narayan who is an IITIAN carries with him long experience of about 30 years in managing paper Industries. Sri Narayan has also experience of erection and installation of Sugar Industry in India and abroad.

In view of his extensive experience, your directors feel that his re-appointment as Whole Time Director is in the best interest of the Company.

Memorandum of Interest

None of the Directors except Sri A.K.Goel himself and Sri V.K.Goel who is brother of Sri A.K.Goel and Sri Om Narayan himself are concerned or interested in the above Resolution No 5 & 6 respectively.

By order of the Board

New Delhi.
28th April 2000

M.C.Joshi
Company Secretary

DIRECTORS REPORT

To

The Members.

Your Directors are pleased to present their 27th Annual Report on the working of the Company together with the Audited Accounts for the period ended 30th September 1999.

PERFORMANCE OF THE COMPANY**FINANCIAL RESULTS**

	1998-99	(Rs in lacs) 1997-98
Sales (Net of Returns)	5755.80	4978.77
Profit before		
Depreciation Interest and Tax	-100.73	379.44
Profit before Depreciation and Tax	-948.94	196.69
Less; provision for Depreciation	348.55	186.29
Profit after Depreciation	-1297.49	-382.98
Less; provision for Taxation	-	-2.39
Profit after Tax	-1297.49	-385.87
Add; adjustment relating to Previous year	-2.65	-4.77
Provision for bad Debts	-9.47	-
Net Profit for the year	-1309.61	-390.14
Profit/loss B/F from earlier years	-217.15	172.99
balance available for appropriation	-1526.76	-217.15

OPERATIONS**PAPER UNIT.**

The production in paper unit was low as the plant remained shut from 1.10 98 to 17.12 98 for modernisation. The production of paper is picking up gradually.

Your Company is persisting with its efforts to reduce cost by totally installing its own captive power, reduction in power, fuel and Chemical consumption per ton of paper.

The sale price of paper faced market recession. The prices have picked up from April 2000 and the scenario appears more favourable.

SUGAR UNIT;

The Sugar unit has successfully completed its modernisation plan and has started crushing 5000 Tons Sugar Cane per day. The Sugar recovery and crushing have improved as compared to previous year. The market have improved slightly on account of stopping imported sugar.

FINANCE;

The cash flow have been under pressure due to cash losses which had been parts financed by the Holding Company and Bankers. We are thankful to the Financial Institutions and their Nominee Directors for extending cooperation and valuable assistance from time to time. The Company has not accepted any deposits from the public.

DIRECTORS

Sri Gautam Goel, Sri Gaurav Goel and Sri R.R. Ruia retires by rotation at ensuing General Meeting in accordance with the provision of the Companies Act and being eligible offer themselves for reappointment.

The required information in accordance with Section 217 (1) (e) of the Companies Act 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) rules 1988 is given in the Annexure. The information as required under Section 217(2A) of the Companies Act 1956 and rules there to is — Nil.

PERSONNEL

Through out the year relations with all the employees remained cordial.

AUDITORS

M/S Mittal Gupta & Company Chartered Accountants retire and offer themselves for reappointment.

APPRECIATION

We take this opportunity to place on record our appreciation for the continued cooperation and help extended to us by the Various Financial Institutions and Bankers. The Board also appreciates the commitments and valuable contribution of all the employees in ensuring the smooth operation of the Company.

For and on behalf of the Board of Directors

Place New Delhi
Dated 28th April 2000.

A.K.Goel
Managing
Director

V.K.Goel
Director

Dr S.L.Keswani
Director

ADDENDUM TO THE DIRECTORS' REPORT

Pursuant to Section 217 (3) of the Companies Act 1956 following explanations are given on remarks contained in the Auditors Report:

- 1) Regarding Provision for Liabilities in respect of gratuity ; Estimated provision has been made.
- 2) Regarding Provision for dues to SSI Units; The relevant information shall be furnished from next Year onwards.
- 3) Regarding recoverability of Debts and Investments; Company is hopeful the recovering its debts and Investments. The necessary steps in this regard are being taken.

Other Qualifications

Other observations of auditors are self explanatory.

ANNEXURE TO THE DIRECTORS REPORT PARTICULARS REQUIRED UNDER THE COMPANIES(DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES1988.

(A) CONSERVATION OF ENERGY**a) Energy conservation measures taken**

i) Back Water is being reused by implementing a Counter Current Washing System. More efficient nozzles have been used in the showers to reduce water consumption . Energy efficient pumps and water separators in vacuum pumps increase power savings. Totally enclosed hood has been installed on pre and after dryers to retain heat and increase production.

ii) Washed Steam from Blow Tank is gain fully utilised for heating water for cooking in pulp mill by installation of Blow Heat recovery system.

iii) All boilers are multi fuel Boilers for burning Bagasse, Husk and Pith besides Coal.

vi) Double wire belt press for pulp washing is successfully running which reduces water consumption and improve stock temperature .

v) Pith removed from Bagasse issued as fuel in Boilers leading to Energy from waste.

b) Total energy consumption per unit of Production is given as per FORM A enclosed.

(B) TECHNOLOGY ABSORPTION

Efforts made in technology absorption is given as per FORM B enclosed .