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P I INDUSTRIES LIMITED
ANNUAL REPORT
1999 - 2000

NOTICE

Annual General Meeting
22nd September 2000

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P I INDUSTRIES LIMITED

Post Box No. 20, Udaisagar Road,
Udaipur - 313 001, INDIA

NOTICE

Notice is hereby given that the Annual General Meeting of PI Industries Limited will be held as scheduled below :

DAY : Friday
DATE : 22nd September, 2000
TIME : 4 P M
VENUE : Udaisagar Road,
Udaipur 313 001 (Raj.)

to transact the following Ordinary and Special business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2000 and the Balance Sheet as on that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To confirm the interim dividend paid on Preference Shares.
4. To appoint a Director in place of Mr. Piyush Singhal who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. A.K. Mukerjee who retires by rotation and being eligible offers himself for re-appointment.
6. **To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:**

"RESOLVED THAT M/s B.D. Gargieya & Company, Chartered Accountants, Beawar and M/s S.S. Kothari & Company, Chartered Accountants, New Delhi the retiring auditors of the Company be and are hereby re-appointed as Joint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company at such remuneration as may be determined by the Board of Directors of the Company".

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) consent of the Company be and it is hereby accorded to the appointment of Mr. Mayank Singhal, to the office of the Wholetime Director of the Company for a term of five years with effect from 1st July, 2000, on the terms and conditions including remuneration as set out in the explanatory statement annexed here to".

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the term of service of Mr. Mayank Singhal, as Wholetime Director of the Company, Mr. Singhal shall in respect of such financial year, be paid remuneration by way of Salary, House Rent, Perquisites and any other allowances as set out hereinafter or as the Board of Directors may deem fit, provided that the total remuneration by way of Salary, House Rent, Perquisites and any other allowances shall be subject to the approval of the Central Government, in sofar as it exceeds the ceiling set-out in Section 2 of Part-II of Schedule XIII to the Act or such other ceiling as may be provided in the said Schedule XIII as may be amended, modified or re-enacted from time to time by the Government of India."

"RESOLVED FURTHER THAT the Board of Directors or Committee thereof of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this resolution."

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

"RESOLVED THAT in supersession of the Resolution passed at the Annual General Meeting of the Company held on 21st September, 1999, the Company hereby accords its consent under section 293(1) (d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors to borrow any sum or sums of money from time to time that they may deem expedient for the purpose of the business of the Company from any one or more of the Company's bankers and/or from any one or more persons, firms, bodies corporate or financial institutions notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of paid-up capital and 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 shall not Exceed Rs. 150 Crores (Rupees One Hundred & Fifty Crores Only) at any one time."

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

"RESOLVED THAT pursuant to the provisions of section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the members of the Company be and it is hereby accorded to the Board of Directors to mortgage and / or charge the whole or substantially the whole of the undertaking of the Company in favour of all or any of the Financial Institutions/ Banks namely:

a. ICICI Limited for its Term Loan of Rs.700 Lacs:

together with the interest at the respective agreed rates, compound / additional interest commitment charges, premium of pre-payment or on redemption, costs charges, expenses, and all other moneys payable by the Company to ICICI Limited in terms of their respective loan agreements / letters of sanctions /Memorandum of terms and conditions entered by the Company in respect of the said loan agreement."

"RESOLVED FURTHER THAT the Board of directors of the Company be and is hereby authorised to finalise with the said financial institutions namely **the ICICI Limited** the documents for creating the aforesaid mortgage and / or charge and to do all such things as may be necessary for giving effect to the above resolution."

"RESOLVED FURTHER THAT the mortgages / charges created / to be created and/or all the agreements /documents executed/to be executed and all the acts done in terms of the above resolution by and with the authority of the Board of directors are hereby confirmed and ratified."

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

"RESOLVED THAT pursuant to the provisions of section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the members of the Company be and it is hereby accorded to the Board of Directors to mortgage and / or charge the whole or substantially the whole of the undertaking of the Company in favour of all or any of the Financial Institutions/ Banks namely :

a. Industrial Development Bank of India (IDBI) for its Term Loan Rs. 1000 Lacs

together with the interest at the respective agreed rates, compound / additional interest commitment charges, premium of pre-payment or on redemption, costs charges, expenses, and all other moneys payable by the Company to **Industrial Development Bank of India (IDBI)** in terms of their respective loan agreements / letters of sanctions /Memorandum of terms and conditions to be entered by the Company in respect of the said loan agreement."

"RESOLVED FURTHER THAT the Board of directors of the Company be and is hereby authorised to finalise with the said financial institutions namely **the Industrial Development Bank of India (IDBI)** the documents for creating the aforesaid mortgage and / or charge and to do all such things as may be necessary for giving effect to the above resolution."

"RESOLVED FURTHER THAT the mortgages/ charges created / to be created and/or all the agreements / documents executed/to be executed and all the acts done in terms of the above resolution by and with the

authority of the Board of directors are hereby confirmed and ratified."

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the companies Act, 1956 (the Act), the Articles of Association of the company (the Articles), be and are hereby amended, altered in the manner and to the extent as set out hereinbelow :

A. (i) In Article 1 of the Articles, the following interpretations shall be added at appropriate places :

"Beneficial Owner" shall mean beneficial owner as defined in Clause (a) of subsection (1) of Section 2 of the Depositories Act, 1996.

"Depositories Act, 1996" shall include any statutory modification or re-enactment thereof.

"Depository" shall mean a Depository as defined in clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.

"Security" Shall mean a security as specified by the SEBI Board.

"The SEBI Board" means the "Securities & Exchange Board of India" established under section 3 of the Securities Exchange Board of India Act, 1992.

"Member" shall mean the duly registered holder from time to time of the shares of the Company and shall include beneficial owner as defined in clause (a) of sub-section (1) of section 2 of the Depositories Act, 1996.

(ii) The existing definition of Register shall be substituted by the following :

"Register" means the Register of Members maintained by the Company pursuant to section 150 of the Act and shall include the register of beneficial owners maintained by a Depository.

(iii) The following Heading & Article shall be inserted as Article 14-A of the Articles after existing Article 14.

DEMATERIALISATION OF SECURITIES**"Authority to Board"**

14A (1) Notwithstanding anything to the contrary contained in these articles, the Board may at any time decide to permit holding of and dealings in any

“Company entitled to dematerialise/re-materialise its securities”	(2) Notwithstanding anything contained in these articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held with the depositories and/or offer fresh securities for subscription in a dematerialised form pursuant to the Depositories Act and the rules framed thereunder, if any.	“Beneficial Owner deemed to be absolute Owner”	behalf of a Beneficial Owner. Save as otherwise provided hereinabove, the Depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it, and the Beneficial Owner shall be entitled to all the rights and benefits, and be subject to all the liabilities in respect of its securities held by a Depository.
“Securities in Depositories to be in fungible form”	(3) All Securities held by a Depository shall be dematerialised and in the fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.		(7) Except by an order of a Court of competent jurisdiction or if required by law, the Company shall be entitled to treat the person whose name appears as the Beneficial Owner of the securities in the records of the Depository as the absolute owner thereof and accordingly the Company shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest of any other person in any Security or (except as expressly provided by these Articles) any right in respect of a security other than an absolute right thereto, on the part of any other person whether or not it shall have express or implied notice thereof.
“Distinctive numbers of Securities held by Depository”	(4) 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 by a Depository.	“Service of Documents”	(8) Notwithstanding anything contained in the Act or these Articles, where Securities are held with a Depository the records of the beneficial ownership may be served by such depository on the Company through electronic mode or by delivery of floppies or discs.
“Transfer and Transmission of Securities”	(5) Notwithstanding anything contained in these Articles, in the case of transfer or transmission of Securities, where the Company has not issued any Certificates and where such Securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.	“Transfer of Securities”	(9) Nothing contained in Section 108 of the Act of these Articles shall apply to a transfer of Securities effected by a transferor and transferee, both of whom are entered as Beneficial Owners in the records of a Depository.
“Voting rights of Depositories and Beneficial Owner”	(6) Notwithstanding anything contained in the Act or in these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Securities on		

B. Existing Article 156 of the Articles shall be substituted by the following Article :

"Unclaimed Dividend" 156 (1) No unclaimed dividend shall be forfeited by the Board unless claimed thereto becomes barred by the Law and the Company shall comply with the provisions of sections 205A and 205B read with section 205C of the Act in respect of any dividends remaining unpaid or unclaimed with the Company.

(2) The Company shall comply with the provisions of section 205C of the Act in respect of any money remaining unpaid with the Company in the nature of: (i) Application moneys received by the Company for allotment of any securities and due for refund; (ii) Deposits received by the Company and due for repayment; (iii) Debentures issued by the Company and matured for redemption; and (iv) The interest, if any, accrued on the amounts referred to at items (i), (ii) and (iii) respectively.

C. Article 88A shall be inserted in the following manner after existing Article 88 :

"Right to Nominate" 88A Notwithstanding anything contained in the Articles elsewhere, every holder of shares in, or holder of debentures of the Company may, at any time, nominate, in the manner prescribed by section 109A of the Companies Act, 1956 as amended, a person to whom his shares in or debentures of the Company shall vest in the event of his death. The provisions of this Article shall apply Mutatis Mutandis to a Depositor of money with the Company as per the provisions of section 55A of the Act.

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 such proxy need not be a member. Proxies must be received at the registered office of the Company not less than 48 hours before the meeting.
2. The register of members and the share transfer books shall remain closed from 16th September, 2000 to 22nd September, 2000. (both days inclusive).
3. The dividend on equity shares as recommended by the Board of Directors, if declared, at the meeting shall be paid to those shareholders (or their mandates) whose names appear on the register of members on 22nd September, 2000.
4. The Company has already transferred all un-claimed dividend declared upto the financial year ended 31st March, 1996 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Reserve Account of the Central Government) Rules, 1978. Those shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year, may claim their dividend from the Registrar of Companies, G-15 Krishna Marg, C Scheme, Jaipur (Rajasthan).
5. Pursuant to provisions of section 205-A of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March, 1997 and thereafter, which remain unpaid or unclaimed for a period of 7 years, will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March, 1997 or any subsequent financial year are requested to make their claim to the Registered Office of the Company. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.
6. Explanatory Statement as required under section 173 (2) of the Companies Act, 1956, in respect of the items of special business is annexed herewith.

By Order of the Board of Directors

Sd/-
(G.C. Jain)
Company Secretary

REGISTERED OFFICE
Udaisagar Road,
Udaipur - 313 001, INDIA

Place : Mumbai

Date : 24th June, 2000

ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item No.7

Mr. Mayank Singhal was appointed as a director at the Annual General Meeting of the company held on 28th September, 1998.

Mr. Mayank Singhal, since his appointment as Director has been actively involved in the various activities of the Company. The expansion during the last two years with a capital investment of Rs.25.00 Crores was completed and commissioned in a record period of ten months under the able guidance of Mr. Mayank Singhal. Because of timely completion of the project, Company could achieve an export turnover of Rs.28.00 Crores. Mr. Mayank Singhal is a qualified Instrumentation Engineer from University in London. In view of his technical knowledge, the Board of Directors in their meeting held on 24th June, 2000 has appointed Mr. Mayank Singhal as Wholetime Director w.e.f. 1st July, 2000 at a remuneration as mentioned hereunder :

A . SALARY:

Rs.35,000/- per month (dearness allowance not applicable) in the range of Rs.35,000 - 50,000 with such increment from time to time as the Board / Committee of Directors may decide.

B. PERQUISITES:

Mr. Mayank Singhal, in the capacity of Wholetime Director, shall be entitled to following perquisites.

PART - A :

i. Housing:

- a. Either Company shall provide him and his family a furnished accommodation. The expenditure on such accommodation will be subject to the ceiling of 50 percent of the salary, over and above the 10 per cent payable by Mr. Mayank Singhal or;
- b. In case Company's owned accommodation is provided, 10 percent of the salary payable to Mr. Mayank Singhal as Wholetime Director shall be deducted by the Company or;
- c. In case no accommodation is provided by the Company, he shall be entitled to house rent allowance subject to the ceiling laid down in (a) above.

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 10 percent of the salary payable to him as Whole-time Director.

ii. Medical Reimbursement:

Expenses incurred for himself & his family, subject to ceiling of one month's salary in a year or three months' salary over a period of three years.

iii. Leave Travel Concession:

Expenses towards leave travel shall be reimbursed to Mr. Mayank Singhal for himself & his family including dependents twice in the block of 4 years in accordance with rules specified by the Company.

iv. Leave:

Leave as per the Rules of the Company including encashment of leave at the time of expiry of the term/retirement, whichever is earlier.

v. Personal Accident Insurance:

Premium not to exceed Rs 5 000/- per annum.

Explanation:

The remuneration by way of salary and perquisites payable to him shall be subject to an overall ceiling laid down in Schedule XIII read with section 198 & 309 of the Companies Act, 1936.

The above remuneration (including perquisites) shall be paid to him as the minimum remuneration in the event of absence or inadequacy of profits in any financial year of the Company, but shall not exceed the ceiling laid down in this behalf in Schedule XIII of the Companies Act, 1956 from time to time.

PART - B :

i. Provident Fund:

Company's contribution to Provident Fund would be as per the rules of the Company. Present rate of contribution is 12% of salary.

ii. Superannuation Fund:

Company's contribution to Superannuation Fund would be as per the rules of the Company. Present rate of contribution is 15% of salary.

iii. Gratuity:

Gratuity would be payable as per rules of the Company (Presently it is equivalent to one half month's salary for each completed year of service) and it shall be subject to the maximum amount as may be permitted under the Company's Rules in relation to gratuity prevailing from time to time.

The items mentioned at S.No.IV (Leave) of **Part- A** and S.No.i (Provident Fund), S.No.ii (Superannuation fund) & S.No.iii (Gratuity) of **Part-B** will not be

included in the computation of the overall ceiling for the remuneration or perquisites as aforesaid.

PART - C:

Car & Telephone:

The provision of car for use for Company's business and telephone at residence of Mr. Mayank Singhal, will not be considered as perquisites. Personal long distance calls on telephone and use of car for his private purposes shall be billed by the Company to him. Perquisites as mentioned above shall be evaluated as per Income Tax Rules, wherever applicable. In absence of any such rules, perquisites shall be evaluated at actual cost."

Mr. Mayank Singhal, presently, is employed with Secure Meters Ltd., a company in which Mr. Salil Singhal and Mr. PN. Shah are also directors.

Except Mr. Mayank Singhal, Mr. Salil Singhal and Mr. Arvind Singhal who are related to Mr. Mayank Singhal, none of the other directors is interested in the resolution.

Item No. 8

Section 293 (1) (d) of the Companies Act, 1956 provides that the Board of directors shall not except with the consent of the Company in general meeting, borrow moneys (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital and free reserves not set apart for any specific purpose.

At the Annual General meeting of the Company held on 21st September, 1999 a resolution was passed by the members authorising the Board of Directors to borrow moneys upto a maximum limit of Rs.100 Crores (Rupees One Hundred Crores Only).

The existing limit of Rs.100 Crores (Rupees One Hundred Crores Only) is not sufficient in view of the fact that the Company's requirements of funds sometimes may exceed the limit. Further with the enhancement of such limit, the Company can borrow funds available at lower rate of interest from sources other than the banks for its working capital requirements to reduce the interest burden.

In order to overcome the above limitation, and to have the flexibility of borrowings of right amount at reasonable rate and to finance operations of the Company it is necessary to enhance the existing limit. The Consent of the members under section 293(1) (d) and other applicable provisions, if any, of the Companies Act, 1956 is sought to enable the board of directors to borrow moneys as and when required upto an limit of Rs.150 Crores (Rupees Hundred Fifty Crores Only) apart from the temporary loans obtained from Company's bankers in the ordinary course of business.

None of the directors of the Company is concerned or interested in the resolution.

Item No. 9 & 10

The company during the current year has approached ICICI Limited and Industrial Development Bank of India (IDBI) to grant to the Company rupee term loan of Rs.700 Lacs & Rs.1000 Lacs respectively towards equipment finance and margin money for long term working capital needs of the Company. The proposed Rupee term loans, if sanctioned by the respective institutions, will be secured by way of mortgage on the immovable properties of the Company, and by way of hypothecation on the movable properties, present and future, of the company. The said term loans shall rank pari-passu with the existing loans of Term Lending Financial Institutions by way of first charge, subject to prior charge in favour of company's bankers over the current assets and book debts and exclusive charge in favour of institutions / bank towards equipments / flats financed by them, over the immovable and movable properties of the company.

The mortgage and / or charge, as aforesaid, on the immovable properties of the Company may be regarded as disposal of the undertakings of the Company or a substantial part thereof in terms of section 293 (1) (a) of the Companies Act, 1956. Section 293 (1) (a) of the Companies Act, 1956, provides inter-alia that the Board of Directors of the Company, shall not, without the consent of such Company in general meeting sell, lease or otherwise dispose of the whole or the substantially the whole of such undertakings. Hence, the resolutions at Item No. 9 & 10 of the notice are recommended for your approval.

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

Item No. 11

A. Consequent upon the passing of the Depositories Act, 1996 and the introduction of the System of Depositories (the System) certain provisions of the Companies Act, 1956 ("the Act") and of the Securities contracts (Regulations) Act, 1956 relating to the issue, holding, transfer and transmission of shares and other securities have been amended to facilitate the implementation of the System. Although, the company does not immediately propose to implement the system, the Company finds it necessary to make the necessary modifications in its Articles of Association (the Articles) and pass an enabling resolution so that the system can be put into effect as and when considered necessary by the Board.

B. Pursuant to the Companies (Amendment) Act, 1999 relating to payment of unpaid / unclaimed dividends and transfer of Unpaid dividend etc. to the Investors Education and Protection Fund, it is proposed to

streamline the Article by substituting the proposed Article mentioned at item No. 11B of the accompanying notice in place of existing article.

- C. The Companies (Amendment) Act, 1999 has introduced facility of nomination for holders of shares and debentures. Thus, in order to bring the existing Articles 88 in line with the new provision, it is proposed to suitably alter the Articles of Association of the Company as set out at item No. 11 C.

The Board recommends the Resolution for the

approval of the Shareholders.

A copy of the Articles together with the proposed alterations, is available for inspection by Members at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on any working day of the Company, prior to the date of the Annual General Meeting.

None of the Director are interested in the resolution except as members of the company.

REGISTERED OFFICE

Udaisagar Road,
Udaipur -313 001, INDIA

Place : Mumbai

Date : 24th June, 2000

By Order of the Board of Directors

Sd/-

(G.C. Jain)

Company Secretary





Board of Directors

(as on 24th June, 2000)

Mr. Piyush Singhal	Chairman
Mr. Salil Singhal	Managing Director
Mr. Arvind Singhal	Jt. Managing Director
Mr. Vivek Singhal	
Mr. G.R. Divan	
Mr. P.N. Shah	
Mr. A.K.Mukerjee	
Mr. Mayank Singhal	Wholetime Director
Mr. Anurag Surana	Wholetime Director

Director Finance

Dr. G.G. Agarwal

Company Secretary

Mr. G.C. Jain

Bankers

State Bank of Bikaner & Jaipur
State Bank of India
ICICI Bank Ltd.

Auditors

B.D. Gargieya & Co.
Naya- Baas, Beawar- (Raj.)

S.S. Kothari & Co.
8D, Atmaram House,1, Tolstoy Marg,
New Delhi - 110 001

Cost Auditors

K.G. Goyal & Company
8, Chitra Gupta Nagar,
Jyoti Nagar Railway Crossing,
Jaipur -302 005 (Raj.)

Registered Office & Shares Department

Udaisagar Road, Udaipur- 313 001 (Raj.)

Factories

Udaisagar Road, Udaipur (Raj.)
Plot No.237, GIDC, Panoli, (Gujarat)