



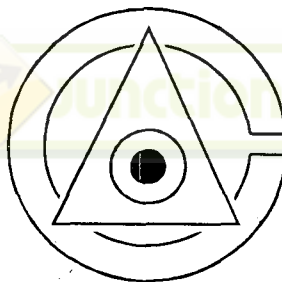
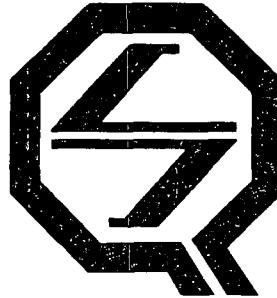
22nd ANNUAL REPORT AND ACCOUNTS FOR THE YEAR 1997-98

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PUNJAB CHEMICALS AND PHARMACEUTICALS LIMITED

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THE QUALITY POLICY

"WE ARE COMMITTED TO PRODUCE QUALITY PRODUCT
AS PER CUSTOMERS REQUIREMENT AND EXPECTATION"
AT COMPETITIVE PRICES WITH A SINCERE CONCERN
TOWARDS ENVIRONMENT AND EMPLOYEE'S WELFARE."

Shalil S. Shroff
EXECUTIVE DIRECTOR

उद्यमेन हि सिध्यन्ति
कार्याणि न मनोरथैः



20.7.1932—18.12.1997

S D SHROFF

(Known to all as 'Sasubhai')

He dared.

He cared.

He shared.

The visionary,
who believed that work was the only form of worship,
and excellence the only offering acceptable to God,
left for his heavenly abode on 18th December, 1997.

....but the spirit lives on.

Carrying the Torch Forward



SHALIL S. SHROFF
Executive Director

BOARD OF DIRECTORS

K.C. Shroff, Chairman
G. Narayana, Vice Chairman
Shalil Shroff, Additional Director,
Executive Director

A.G. Shroff
Vijay Rai
B.S. Kakkar
Gurcharan Singh
M.D. Patel
Jagdish R. Naik
K.K. Katyal (IFCI Nominee)
A.S. Kalsi, Director (Admn.)
Avtar Singh, Director (Operations
and Business Development)

**VICE PRESIDENT (FINANCE)
& SECRETARY**

Punit K. Abrol

AUDITORS

J.R. Khanna & Company,
Chartered Accountants,
Chandigarh.

BANKERS

Bank of Baroda

REGISTERED OFFICE

S.C.O. 417-418,
Sector 35-C, Chandigarh - 160 022

WORKS

Milestone 18, Ambala-Kalka Road,
Bhankarpur (Derabassi)
Distt. Patiala (Punjab)

DELHI OFFICE

107, Ansal Bhawan,
K.G. Marg,
New Delhi - 110 001

MUMBAI OFFICE

Excel Estate, S.V. Road,
Goregaon (West)
Mumbai - 400 062

HYDERABAD OFFICE

414, Navketan Complex
Opp. Clock Tower
52, S.D. Road, Secunderabad

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PUNJAB CHEMICALS AND PHARMACEUTICALS LIMITED

Regd. Office: SCO: 417-418, (1st and 2nd Floor), Sector-35C
Chandigarh-160 022.

NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the members of Punjab Chemicals and Pharmaceuticals Limited will be held on Wednesday, the 26th August, 1998 at 2.30 p.m. at the Registered Office of the Company at SCO: 417-418, Sector-35C, Chandigarh-160 022 to transact the following business:

AS ORDINARY BUSINESS :

1. To consider, and adopt the Profit and Loss Account for the financial year ended 31st March, 1998 and the Balance Sheet as at that date, together with the Directors' Report and Auditor's Report thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Shri B.S. Kakkar, who retires by rotation and being eligible, offers himself for re-election.
4. To appoint a Director in place of Shri M.D. Patel, who retires by rotation and being eligible, offers himself for re-election.
5. To appoint a Director in place of Shri Jagdish R Naik, who retires by rotation and being eligible, offers himself for re-election.
6. To appoint Auditors of the Company to hold office from the conclusion of this meeting until conclusion of the next Annual General Meeting and to fix their remuneration.

AS SPECIAL BUSINESS :

7. To consider and, if thought fit, to pass with or without modification, the following resolution, as an ordinary resolution:-
"RESOLVED THAT Shri Shalil Shroff who was appointed Additional Director and who holds the office upto the date of this meeting be and is hereby appointed as a Director of the Company."
8. To consider and, if thought fit, to pass with or without modification, the following resolution, as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 and other applicable sections of the Companies Act, 1956 read with Schedule XIII thereto and subject to the conditions and limits specified in the said Schedule XIII, approval of the Company be and it is hereby accorded to the appointment of Shri Shalil Shroff as Whole-time Director (designated as Executive Director) of the Company for a term of 5(five) years with effect from 15.01.1998 to 14.01.2003 on the terms and conditions and the remuneration as set out in the appointment letter dated 15.01.1998 issued to the said Shri Shalil Shroff, a copy whereof is tabled at this meeting and which terms of remuneration are reproduced in the relevant Explanatory Statement annexed to the notice of this meeting.

RESOLVED FURTHER THAT the remuneration payable to Shri Shalil Shroff as aforesaid shall be payable as minimum remuneration in case of absence or inadequacy of profits in any financial year, but subject to the ceiling laid down in this behalf in the said Schedule XIII."

9. To consider and, if thought fit, to pass with or without modification, as an ordinary resolution, the following:
"RESOLVED THAT the approval and consent of members of the Company be and it is hereby accorded to the payment of additional medical expenses of Rs. 1,52,055 incurred in respect of late Shri S.D. Shroff, former Managing Director of the Company who expired on 18.12.1997, while in office;
"RESOLVED FURTHER THAT the perquisite granted to late Shri S.D. Shroff, former Managing Director of the Company, in respect of medical expenses will stand increased to that extent."
10. To consider and, if thought fit, to pass with or without modification, as a special resolution, the following:



"RESOLVED THAT in appreciation of the valuable services of late Shri S D Shroff who was the Managing Director of the Company from 1st April, 1985 till the date of his death on 18th December, 1997 and with a view to look after the welfare of his widow, Smt. Shaila S Shroff, the sanction and payment of the following benefits with effect from 1st January, 1998 to the said Smt. Shaila S Shroff be and it is hereby approved and consented to :

1. One time ex-gratia payment of Rs.10 Lacs (Rupees Ten Lacs only);
2. Monthly payment of Rs. 17,500/- for her life time which is equivalent of 50% of the salary last drawn by Shri S D Shroff as the Managing Director;
3. Reimbursement of all actual medical expenses incurred by her for her own medical treatment, during her life time;
4. Sale to her of a Car belonging to the Company at its book value as per the books of the Company."

11. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

"RESOLVED THAT in addition to the existing mortgages/charges created by the Company, and pursuant to the provisions of section 293(1)(a) & other applicable provisions, if any, of the Companies Act, 1956 and also subject to the consent and consultation of the concerned Financial Institutions/Banks, the consent of the Company be and it is hereby accorded to the Board of Directors of the Company to the joint mortgaging and/or charging of all or any of the immovable properties of the Company at Village Bhankharpur, Derabassi, Distt. Patiala and assets, both present and future, together with all the buildings and structures thereon and all the plant and machinery attached to the earth or permanently fastened to anything attached to the earth, as security for the term loan of USD 1.25 million or Rupee Term Loan of Rs.5 Crores under availed/ to be availed from Bank of Baroda and also for the due repayment, discharge together with additional interest, premia on prepayment or on redemption, costs, charges, expenses and other monies payable under this loan agreement as amended from time to time to the said Bank of Baroda (hereinafter referred to as "the Lender").

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with the said Lender, required documents for creating the aforesaid mortgage and/or charges, including documents for any pari-passu arrangement and to do all such acts and things as may be necessary for giving effect to this resolution.

12. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

"RESOLVED THAT in supersession of the resolution passed in the Annual General Meetings held on 28th August, 1993 and 3rd September, 1994 with respect to the creation of mortgage/ third charge by the Company pursuant to section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and also subject to the consent of the concerned Financial Institutions/Banks, the consent of the Company be and it is hereby accorded to the Board of Directors, to mortgage the properties of the Company at Village Bhankharpur, Derabassi, Distt. Patiala and assets, both present and future, and whole or part of the undertaking of the Company or such of them as agreed between the Board of Directors and Bank of Baroda, as security for the working capital facilities to the extent of Rs. 1395 lacs availed from Bank of Baroda together with interest, additional interest, damages, etc.

RESOLVED FURTHER THAT the mortgage/charge created/to be created and/or all agreements/ documents executed/to be executed and all acts done for creation of second charge/joint mortgage in favour of Bank of Baroda by and with the authority of the Board of Directors are hereby confirmed and ratified."

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 a proxy need not be a member.

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2. The instrument appointing proxy should be deposited at the Registered Office of the Company not less than forty eight hours before the time fixed for the meeting.
3. Members desiring any information on the business to be transacted at the Meeting are requested to write to the Company at least 10 days in advance to enable the Management to keep the information, as far as possible, ready at the Meeting.
4. Members are requested to notify immediately any change in their addresses to the Company, quoting Folio No. and giving complete address in block capitals with pin code of the postal address.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 20th August, 1998 to 26th August, 1998 (both days inclusive).
6. The Company has transferred the unclaimed dividend to the General Revenue Account of the Central Government upto the financial year 1993-94. The concerned members may therefore submit their claim, if any, to the Registrar of Companies, Punjab, H.P. & Chandigarh at Jalandhar.
7. **The payment of dividend, if any declared, will be made to those members, whose name will appear in the Register of Members on 26th August, 1998.**
8. **In order to prevent the possibility of interception in transit & fraudulent encashment of Dividend Warrants, Members are requested to inform Bank Account No. & Name of their Bankers which would be incorporated in the Dividend Warrants.**
9. The members are requested to intimate, if the shares are held by them in the same order and names but in more than one Folio number. This will enable the Company to club the said accounts into one account.
10. **The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956, in respect of the Special Business as aforesaid is annexed to this Notice.**

By Order of the Board

Regd. Office : SCO 417-418, Sector-35C
Chandigarh-160 022.

Date : 23rd May, 1998

Punit K Abrol

V.P.(Finance) & Secretary

ANNEXURE TO THE NOTICE

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

ITEM NO. 7

The Board of Directors of the Company at its meeting held on 15th January, 1998, appointed Shri Shalil Shroff as Additional Director of the Company pursuant to the provisions of Article 133 of the Articles of Association of the Company, read with section 260 of the Companies Act, 1956. Shri Shalil Shroff holds office of Director only upto the date of ensuing Annual General Meeting. As required u/s 257 of the Companies Act, 1956, a notice has been received from a member alongwith required deposit of Rs. 500/- from a member signifying his intention to propose him as a candidate for the office of Director.

Shri Shalil Shroff is a son of late Shri S.D. Shroff, who was the Managing Director of the Company till 18th December, 1997 when he passed away. Shri Shalil Shroff has been employed as an Executive of the Company since 15.01.1992 and he has been looking after the export market and business development of the Company and has contributed a lot in building image of the Company in the world market. He is a young man with ideas, enthusiasm and commitment and the Board thought it fit to elevate him to the Board as Additional Director. He has been simultaneously appointed as Whole-time Director as he continues to be in the employment of the Company.

The resolution is accordingly commended for your acceptance.

No other Director (except Shri Shalil Shroff himself) is concerned or interested in this item, as it pertains to his appointment.

**ITEM NO. 8**

As stated above, the Board of Directors of the Company at its Meeting held on 15.01.1998 in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII, and other applicable provisions of the Companies Act, 1956 and further subject to the approval of the members of the Company in General Meeting, appointed Shri Shalil Shroff as Whole-time Director (designated as Executive Director) of the Company for a period of 5 years w.e.f. 15.01.1998 to 14.01.2003 on the terms and conditions as set out in the appointment letter dated 15.01.1998, which are reproduced below:

1. Salary Rs. 25,000/- per month in the scale of Rs. 25,000 - 5,000/- - 50,000/-. The annual increment will be effective from 1st April each year and the quantum thereof will be such as may be decided by the Board of Directors.
2. Commission on net profits of the Company as may be determined and fixed by the Board of Directors subject to a limit of $\frac{1}{4}$ percent of the net profits of each financial year.
3. Perquisites: Perquisites as follows will be allowed in addition to Salary and shall be restricted to an amount equal to the Annual Salary.
 - a) House Rent Allowance at 50% of the Salary as above.
 - b) Reimbursement of Medical Expenses incurred for self and family total whereof in a block of three years shall not exceed three months' salary.
 - c) Payment of subscription and fees in respect of one club (This will not include admission and life membership fee).
 - d) Payment of premium for Personal Accident Insurance.
 - e) Leave Travel Concession for self and family, as per the rules of the Company.
 - f) Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Scheme of the Company.
 - g) Gratuity, as per the rules of the Company, payable in accordance with the approved Gratuity Fund.
 - h) Encashment of leave at the end of tenure as per the rules of the Company.
 - i) Provision of car maintained by the Company for use on the Company's business.
 - j) Provision of Telephone at his residence. However, the long distance personal calls shall be billed by the Company.

Provided that the perquisites as per items (f), (g), (h), (i) & (j) will not be included in the computation of the aforesaid ceiling on perquisites.

The aforesaid remuneration will be subject to the ceiling laid down in Section 309 of the Act read with Schedule XIII to the Act. However, in the event of loss or inadequacy of profits in any financial year, the above remuneration will continue to be paid to him as minimum remuneration, subject to the ceiling laid down in this behalf in Schedule XIII.

Having regard to his primary responsibilities in the field of marketing, export market development and business development, Shri Shalil Shroff will be based in Mumbai and will control the Company's affairs with his head quarters in Mumbai.

A copy of the resolution regarding the appointment and payment of remuneration to Shri Shalil Shroff, Executive Director, passed by the Board of Directors at their meeting held on 15.01.1998 and a copy of the letter of appointment issued to him may be inspected at the Registered Office of the Company on any working day between 11.00 A.M. and 1.00 P.M.

Except Shri Shalil Shroff himself, no other Director is concerned or interested in the said resolution.

ITEM NO. 9

Shri S.D. Shroff, former Managing Director of the Company, had a severe heart attack in the month of December, 1997. He was immediately put under proper medical treatment in the hospital. Later on he was operated upon for bye-pass surgery in the Hinduja Hospital, Mumbai. Unfortunately, on 18th December, 1997, a week after the operation, he expired. For his proper treatment and

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operation including hospitalisation, the medical expenses incurred were more than the approved limit of his medical entitlement.

The Board of Directors have considered it proper and fit that all his medical expenses be met by the Company and accordingly sanctioned the same. The total amount paid for re-imbursement of medical expenses of late Shri S.D. Shroff in the period of three years upto 18.12.1997, including the hospitalisation and operation charges was Rs. 2,47,055 against the total medical entitlement of Rs. 95,000 thereby leaving an excess amount of Rs. 1,52,055/-. The reimbursement of these expenses will be within the overall limit of remuneration which could be paid to late Shri S D Shroff.

The said excess payment will amount to increase in the perquisite and hence is subject to the approval of the members in the general meeting, and the Board requests the members to approve the same.

The resolution at item no. 9 is, therefore, commended for approval of the members.

No Director of your Company other than Shri Shalil Shroff, Executive Director, is interested in this resolution.

ITEM NO. 10

Mr. S.D. Shroff was appointed as a Director of the Company on 19th June, 1984. With effect from 1st April, 1985, he was appointed as the Managing Director of the Company and he continued to occupy the position till the date of his demise i.e. on 18th December, 1997.

During his tenure of office of nearly 13 years as the Managing Director of the Company, the Company achieved overall growth and the turnover of the Company for the financial year ended 31st March, 1998, rose to Rs. 65 crores as compared to Rs. 4 crores for the year 1984-85. Further, Mr. S.D. Shroff worked very hard for bringing and setting up new projects in the Company. He made the Company strong with overall infrastructure facilities, technical up-gradation and with a committed and dedicated human force.

In recognition of the long and distinguished services rendered to the Company by late Mr. S.D. Shroff, the Board of Directors of the Company at their meeting held on 7th April, 1998 have, subject to the approval of the Shareholders, provided for the welfare of his widow, Mrs. Shaila S Shroff, and sanctioned following benefits to her, commencing from 1st January, 1998, for her lifetime :

1. A one time ex-gratia payment of Rs. 10 Lacs (Rupees Ten Lacs only);
2. A monthly payment during her life time of Rs. 17,500/- being equivalent of 50% of last drawn salary of her late husband;
3. Reimbursement of expenses incurred by her for medical treatment based on actuals, for and during her life time;
4. Sale of a Car owned by the Company at the book value thereof.

It is considered appropriate as a measure of good corporate practice that the Shareholders' approval be sought to the said payments.

The resolution therefore seeks the approval of Members to the above action of the Board and members are requested to approve the same.

Mr. Shalil S Shroff, Executive Director of the Company, son of Late Shri S D Shroff and Smt. Shaila S Shroff, may be deemed to be concerned or interested in the resolution at item no. 10 of the notice.

ITEM NO. 11

The Company proposes to avail of long term loan of USD 1.25 million under ECB scheme or Rupee Term Loan of Rs.5 Crores from Bank of Baroda, Overseas Business Branch, Nariman Point, Mumbai (BOB). As per the terms and conditions of the said loan, it is required that the said loan be secured by way of mortgage by deposit of title deeds by constructive delivery of the Company's immovable properties together with all the buildings and structures thereon and all the plant and