

# Annual Report 1997-98

MD	✓			BKC	✓
CS	✓			DPY	NA
RO	✓			DIV	NA
TRA	✓			AC	✓
AGM	✓	✓		SHI	✓
YE	✓	✓	✓		✓

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PODDAR PIGMENTS LTD.

## BOARD OF DIRECTORS

Shri Avadhesh K. Jhalani, RIICO Nominee  
 Shri Anubhav Poddar  
 Shri A.K. Mittal  
 Smt. Kusum Poddar, Addl. Director  
 Shri M.K. Sonthalia  
 Shri M. Sivaram  
 Shri M. Parasaran  
 Shri N. Gopalaswamy  
 Shri R.G. Nathani, IDBI Nominee  
 Shri S. S. Poddar, Managing Director

## EXECUTIVE DIRECTOR

Shri R.K. Sureka

## SR. GENERAL MANAGER (PLANT)

Dr. M.S. Yajnik

## AUDITORS

M/s. K.N. Gutgutia & Company  
 Chartered Accountants  
 New Delhi.

## BANKERS

State Bank of India  
 Canara Bank

## REGD. OFFICE & WORKS

Plot No. E-10, 11 & F-14 to 16  
 RIICO Industrial Area, Sitapura  
 Jaipur - 302 022 (Rajasthan)

## HEAD OFFICE

8A & 8B, 'Satyam Towers'  
 3, Alipore Road,  
 Calcutta-700 027

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## PODDAR PIGMENTS LTD.

### NOTICE

**NOTICE** is hereby given that the **SEVENTH ANNUAL GENERAL MEETING** of the Shareholders of the Company will be held at the Registered Office of the Company at **E-10, 11, F-14 TO 16 RIICO INDUSTRIAL AREA, SITAPURA, JAIPUR - 302022 (RAJASTHAN) ON MONDAY, THE SEPTEMBER 28, 1998, AT 4.30 P.M.** to transact the following business :-

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31st March, 1998 and Balance Sheet as at that date and the Directors' and Auditors' Report thereon.
2. To Appoint a Director in place of Shri A.K. Mittal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri M. Sivaram who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS

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

"Resolved that pursuant to the provisions of Section 198, 269, 310 and Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to IDBI and other statutory approvals, if necessary, consent be and is hereby accorded to the revision in remuneration of Shri S. S. Poddar, Managing Director of the Company w.e.f. 1st April, 1998 as under:-

- (I) The remuneration to the Managing Director shall be maximum of Rs. 85400/- per month on account of basic salary and perquisites at category 'A' below :-

1. Basic Salary Rs. 53000/- P.M.
2. Perquisites-In addition to the salary following perquisites will be allowed.

The perquisites are classified into three categories 'A', 'B' and 'C' as below.

### CATEGORY - A

- (i) Housing - I

The expenditure by the Company on hiring furnished accommodation for the Managing Director will be subject to the following ceilings :-

- (a) Mumbai/Calcutta/Chennai/New Delhi/Bangalore-upto 60% of the Salary over and above 10% payable by the Managing Director.
- (b) Other cities- upto 50% of the salary over and above 10% payable by the Managing Director.

#### Housing - II

In case accommodation is owned by the Company, 10% of the salary of the Managing Director shall be deducted by the Company.

#### Housing - III

In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance subject to ceilings laid down in Housing - I above.

- (ii) Expenditure incurred on gas, electricity and water shall be paid/reimbursed by the Company.
- (iii) Medical Reimbursement  
Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- (iv) Leave Travel Concession  
For self and family once in a year incurred in accordance with the rules specified by the Company.
- (v) Fee of Clubs  
Subject to maximum of two clubs. This will not include admission and life membership fees.
- (vi) Personal Accident Insurance  
Premium not to exceed Rs. 1000/- per-year.
- (vii) Other perquisites within the aforesaid ceiling of Rs. 32400/- P.M. with the approval of Board.



## PODDAR PIGMENTS LTD.

### CATEGORY - B

The following perquisites shall also be paid to the Managing Director and these will not be included in the computation of the ceiling on perquisites mentioned above.

- (i) Provident Fund and Superannuation Fund –

Company's Contribution to Provident Fund and Superannuation Fund to the extent these singly or put together are not taxable under the Income Tax Act, 1961.

- (ii) Gratuity –  
Not exceeding half a month's salary for each completed year of service.
- (iii) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

### CATEGORY - C

- (i) Car - Provision of car with driver for use on Company's business (not considered as a perquisite). The use of car for private purpose shall be billed by the Company to the Managing Director.
- (ii) Telephone - Provision of telephone at the residence of the Managing Director at Company's cost (not considered as a perquisite). Personal long distance calls shall be billed by the Company to the Managing Director.

RESOLVED FURTHER THAT in pursuance of the provisions of Section 198 (4) of the Companies Act, 1956 the remuneration including perquisites as mentioned above may be paid as the minimum remuneration to Shri S.S. Poddar, Managing Director in the absence or inadequacy of Profits, in any year.

- (II) Commission :- @1% of Net Profits.

The above remuneration payable shall be subject to the limits of 5% and 10% of the net profits of the Company, as the case may be, as laid down in section 309 (3) of the Companies Act, 1956 and the overall limits of 11% of the net profits of the Company as laid in section 198 (1) of the said Act."

6. To consider and if thought fit, to pass with or without modification (s), the following resolution as a special resolution :

"RESOLVED that the Article No. 94 of the Articles of Association be and is hereby substituted as follows :

The Directors may subject to compliance of the provisions of the Act, from time to time, delegate any of their powers to committees consisting of such member or members of their body or any other officers of the Company as they think fit, and may from time to time revoke such delegation. Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Directors. The meeting and proceedings, of any such Committee, if consisting of two or more members, shall be governed by the provisions for regulating the meeting and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulation made by the Directors under this Article."

7. To consider and if thought fit, to pass with or without modification (s), the following resolution as a special resolution :

"RESOLVED that the Article No. 102 of the Articles of Association be and is hereby substituted as follows:

The Directors shall provide a Seal for the purpose of the Company and shall have power, from time to time, to destroy the same and substitute a new seal in lieu thereof and shall provide for the safe custody of the Seal, and the Seal shall, except as otherwise empowered under the Act or rules thereunder, never be used except by the authority of the Director or of a Committee of the Directors, and one Director or officer of the Company shall sign every instrument to which the Seal is affixed, provided nevertheless, that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Directors to issue the same."

8. To consider and if thought fit, to pass with or without modification (s), the following resolution as a special resolution :

"RESOLVED that pursuant to section 149 (2A) and other applicable provisions of the Companies Act, 1956, and subject to such permissions, consents and authorisation, if required, the Company do commence business as stated in clause 58 of the OTHER OBJECTS clause of the Memorandum of Association of the Company."



## PODDAR PIGMENTS LTD.

9. To consider and if thought fit, to pass with or without modification (s), the following Resolution as an ordinary resolution :-

"RESOLVED that Smt. Kusum Poddar, who was appointed as an Additional Director of the Company at the meeting of Board of Directors held on 21st July, 1998 and whose appointment expires at the ensuing Annual General Meeting of the Company and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a Shareholder of the Company proposing her candidature for the Directorship of the company, be and is hereby appointed as a Director of the Company and that her appointment shall be liable to retirement by rotation."

**By Order Of The Board**

**S.N. MAHAWAR**

**Place : JAIPUR**

**Dy. General Manager (Legal) &**

**Date : 23.07.98**

**Dy. Secretary**

5. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day till 28th September, 1998 between 10.30 A.M. to 12.30 P.M.

### **ANNEXURE TO THE NOTICE**

#### **Explanatory Statement (Pursuant to section 173 (2) of the Companies Act, 1956)**

##### **Item No. 5**

The Company had approved the appointment of Shri S.S. Poddar as Managing Director w.e.f 01-07-94 at the 4th Annual General Meeting and the terms and conditions of payment of remuneration to Sh. S. S. Poddar, Managing Director were also approved at that time.

The Board of Directors at its meeting held on 16th March, 1998 had confirmed the increase in Basic Salary of Sh. S. S. Poddar, Managing Director from Rs. 21500/- per month to Rs. 53000/- per month w.e.f. 01-04-98 within the overall limit of Rs. 40000/- to Rs. 85400/- per month.

The increase in remuneration is within the limits specified in Schedule XIII of the Companies Act, 1956.

The Industrial Development Bank of India, Mumbai vide its letter no. BY.CFD-III.22.A. (1695) / 280 dtd. July 8, 1998 had approved the proposed increase in the remuneration of Managing Director of the Company for three years from 01.04.98 to 31.03.2001.

Permission of members is required under Schedule XIII of the Companies Act, 1956. The Directors, therefore, recommend this resolution for members' approval.

None of the Directors except Sh. S.S. Poddar - Managing Director is concerned or interested in this resolution.

The Resolution and Explanatory Statement be treated as an abstract under Section 302 of the Companies Act, 1956

##### **Item No. 6**

Article No. 94 of the Articles of Association of the Company authorises the Board of Directors to delegate its powers to any Committee consisting of the members of its body only. To have convenience of operation, sometimes it becomes necessary to delegate powers of the Board to a committee consisting of members other than members of the Board of Directors. Therefore, the Directors recommend this resolution for members' approval.

### **NOTES :**

- 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 OF THE COMPANY.**

**PROXIES IN ORDER TO BE EFFECTIVE MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**

- The Register of Members and Share Transfer Books of the Company shall remain closed from **21st September, 1998 to 28th September, 1998 (both days inclusive).**
- Members are requested :-
  - to bring their copy of the Annual Report at the Meeting.
  - to notify change in their address, if any, to the Company.
- The instrument of Share Transfer complete in all respect should reach to the Registered Office of the Company prior to the closure of the Register of Members as stated above.



## PODDAR PIGMENTS LTD.

None of the Directors is concerned or interested in this resolution.

### Item No. 7

Article No. 102 of the Articles of Association of the Company provides that the Common Seal of the Company be affixed on the authority of Directors or a Committee of Directors and one Director shall sign every instrument to which the seal is affixed. To have convenience of operation sometimes it becomes necessary that Board of Director may authorise any officer of the Company to sign instruments to which common seal is affixed and it can be affixed in the presence of officer of the Company also.

Therefore, the Directors recommend this resolution for members' approval.

None of the Directors is concerned or interested in this resolution.

### Item No. 8

The clause No. 58 of the Other Object Clause of the Memorandum of Association of the Company reads as follows :

"To carry on all or any of the business as of buyers, sellers, suppliers, traders, merchants, importers, exporters, indenters, brokers, agents, assemblers, packers, stockist, distributors, financiers, hire purchaser and dealers of and in all kinds of goods, commodities and merchandise."

Keeping in view the changing economic scenario, it is prudent for the Company to undertake trading activities wherever it is found to be remunerative.

Therefore, the Directors recommend this resolution for members' approval.

None of the Directors is concerned or interested in this resolution.

### Item No. 9

Pursuant to Section 260 of the Companies Act, 1956 and Article 81 of the Articles of Association of the Company, Smt. Kusum Poddar, was appointed as an Additional Director of the Company at the Meeting of Board of Directors held on 21st July, 1998 and her appointment as an Additional Director expires at the ensuing Annual General Meeting.

A notice alongwith deposit of Rs. 500/- (Rs Five Hundred only) has been received under section 257 of the Companies Act, 1956 from Sh. Ramesh Kumar Sureka, a member of the Company, proposing candidature of Smt. Kusum Poddar for the Directorship of the Company.

Therefore, the Directors recommend this Resolution for members' approval.

None of the Directors except Sh. S.S. Poddar, Managing Director of the Company being relative of Smt. Kusum Poddar, is concerned or interested in this Resolution.

The Resolution and Explanatory Statement be treated as an information to the shareholders under Section 257 of the Companies Act, 1956.

**By Order Of The Board**

**S.N. MAHAWAR**

**Dy. General Manager (Legal) &  
Dy. Secretary**

**Place : JAIPUR  
Date : 23.07.98**





## PODDAR PIGMENTS LTD.

### DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting their Seventh Annual Report for the year ended 31st March, 1998.

#### FINANCIAL RESULTS (Rs. in Lacs)

PARTICULARS	1997-98	1996-97
Sales (Net)	2752	2170
Other income	82	114
Operative Profit before Interest,		
Depreciation & Tax	449	330
Interest	173	221
Depreciation	64	63
Misc. Expenditure written off	87	28
Net Profit before Tax	125	18
Provision for Tax	13	2
Net Profit after Tax	112	16
Balance brought forward from previous year	186	170
Total	298	186

#### APPROPRIATIONS :

Transfer to General Reserve	10	—
Balance Carried Forward to Balance Sheet	288	186

#### OPERATIONS

The performance of the Company was satisfactory despite general economic recession in the country. Your Company has achieved a turnover of Rs. 27.52 Crores as against Rs. 21.70 Crores in the previous year registering an increase of 27% over the previous year. The net profit after tax has increased to Rs. 112 lacs from Rs. 16 lacs for the previous year.

During the year, the plant reached stable operations producing 1653 MT against 1257 MT in the previous year. The plant is currently running at its near full capacity.

The Company, promoted in 1991, mainly as a captive source for requirement of Masterbatches for its promoting Company Rajasthan Petro Synthetics Ltd., has now become a pioneer and is the only major indigenous source of Fibre Grade Masterbatches in the Country and competes successfully with international manufactures without any fiscal or operational support from Rajasthan Petro Synthetics Ltd. The Company has become independent with

severance of operational synergy and management control.

#### EXPANSION

The Company's project for increasing the installed capacity from the current level of 1950 MT p.a. to 3280 MT p.a. is under way. The expansion project to cost Rs. 650 lacs will be part-funded by obtaining Rupee Term Loan and Foreign Currency Term Loan from IDBI for which necessary sanction from them has been obtained.

#### MARKETING

The Synthetic Fibre Industry, where certain products of your Company find applications is passing through a recessionary phase, but the Company continues to expand its market by enlarging its product base required in different industries. It has been successful in identifying new customers. Several initiatives taken by the Company will absorb the increased production capacity after completion of expansion project. The Company expects to commence exports during the financial year. However, major thrusts will be on tapping new customers and new markets other than fibres within the country. The market development activities through appointing new dealers and customer services will enable the Company to expand the domestic market during the current financial year.

#### DIVIDEND

Keeping in view the need to augment the resources for expansion, the Directors do not recommend any dividend for this year.

#### DIRECTORS

Shri G.S. Poddar has resigned from the directorship of your Company w.e.f. 23-06-98. The Board places on record its appreciation for the valuable contribution made by Shri G.S. Poddar during his tenure of directorship.

Smt. Kusum Poddar was appointed as an Additional Director of the Company in the meeting of Board of Directors held on 21st July, 1998 pursuant to Section 260 of the Companies Act, 1956, and Article 81 of the Articles of Association of the Company and her appointment as an Additional Director expires at the ensuing Annual General Meeting.

The Company has received a notice under Section 257 of the Companies Act, 1956 from a shareholder of the Company proposing the candidature of Smt. Kusum Poddar for the Directorship of the Company.



## PODDAR PIGMENTS LTD.

Shri A. K. Mittal and Shri. M.Sivaram retire by rotation pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company and being eligible offered themselves for re-appointment.

### RESEARCH AND DEVELOPMENT

Your company is focusing on in-house research and development to develop value added products and import substitutes. The on-going research and development activities of the Company have resulted in development of new Masterbatches which find application in several industries besides continuous improvement in quality of our existing products. The research and development division of the Company located at the plant site, is being continuously strengthened and upgraded by recruitment of competent technical personnel/consultants and installation of the state-of-the art lab equipments. The Company has incurred a capital expenditure of Rs. 8.25 lacs during the year on research and development activities.

The R&D division has already commenced its activities relating to development of products which will be produced from the new extruder being installed in the expansion project and it is expected that these products will be commercialised before 31st March, 1999.

### DEPOSITS

The Company has not accepted any fixed deposits during the year and there are no deposits outstanding as at the end of the year.

### EMPLOYEES

A statement giving information and particulars of employees as required under section 217 (2A) of the Companies Act, 1956 is enclosed as part of the report.

### AUDITORS

M/s K.N.Gutgutia & Co., Chartered Accountants, retire at the conclusion of the Seventh Annual General Meeting and being eligible offer themselves for reappointment.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

Particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under section 217 (1) (e) of the Companies Act, 1956 are enclosed as part of the report.

### ACKNOWLEDGEMENT

The Management is grateful to the Government of India, the Government of Rajasthan, Reserve Bank of India, Financial Institutions, Consortium banks. Investors, Marketing Dealers, Vendors and valued customers for their valued assistance and co-operation.

Human resource is considered a valuable asset of the Company. The employees have contributed their best to the stabilisation of the operations and market development. The industrial relation has been cordial. The Directors also wish to place on record their appreciation for the dedication and excellent contribution made by the employees in realising the objectives of the Company.

On behalf of the Board

S.S. Poddar  
Managing Director

M.K. Sonthalia  
Director

Place : Chennai  
Date : 21.07.98

### ANNEXURE TO THE DIRECTORS' REPORT

Information pursuant to the provisions of Sec. 217 (2A) (b) (ii) read with Companies (Particulars of Employees) Rules, 1975 & forming part of the Directors' Report for the year ended on 31st March, 1998.

Sr. No	Name of the Employees	Designation	Remuneration (Rs.)	Qualification	Age/Exp Years	Date of Commencement	Particulars of last Employer	Employment Designation	Duration Yr.
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#### (A) Employed throughout the Financial Year & Receipt of remuneration of not less than Rs. 3,00,000/-

1.	Sh.R.K.Sureka	Executive Director	3 69 302	B.Com(Hons) FCA,ACS	41/22	8/10/94	Hindusthan Development Corporation Limited	Asst.Vice President (F)	11½ Yrs
2.	Dr. M.S.Yajnik	Sr. G.M.(Plant)	3 32 450	M.Sc. PHD	56/34	15/11/93	Raj Petro Synthetics Ltd.	Dy. G.M.(Tech)	3Yrs

#### (B) Employed for part of the Financial Year and were in receipt of remuneration of not less than Rs.25000/- P.M. None