

13th ANNUAL REPORT

2004 - 2005

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PDOIL

POONA DAL AND OIL INDUSTRIES LTD.

BOARD OF DIRECTORS

Mr. Sunil D. Parakh	Chairman
Mr. Pradip P. Parakh	Managing Director
Mr. Mahendra S. Mehta	Director
Mr. Jitendra H. Palnitkar	Director
Mr. Pankaj C. Baldota	Works Director
Mr. Rajendra D. Shetia	Works Director

BANKERS

Central Bank of India
Corporation Bank

AUDITORS

M/s. M. Z. Gandhi & Co. Chartered Accountants,
799, Sadashiv Peth, Gadgil Street, Pune - 411030.

REGISTERED & CORPORATE OFFICE

103/104, Hadapsar Industrial Estate, Pune - 411 013.

LOCATION OF PLANTS

Gat No. 285/286, Nanekrwadi, Chakan,
Tal.-Khed, Dist.-Pune.

Gat No. 366, Keshar Nagar, Shikrapur,
Tal. Shirur, Dist., Pune.

REGISTRARS & TRANSFER AGENTS

(for Demat & Physical Shares)

SHAREX DYNAMIC (INDIA)PVT. LTD.

Unit 1, Luthra Ind. Premises, Safed Pool,
Andheri Kurla Road, Andheri (E),
MUMBAI 400 072

NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF POONA DAL AND OIL INDUSTRIES LIMITED WILL BE HELD ON SATURDAY THE 24TH SEPTEMBER 2005 AT 03.00 P.M. AT 103/104, HADAPSAR INDUSTRIAL ESTATE, PUNE- 411 013 TO TRANSACT THE FOLLOWING BUSINESS.

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Balance Sheet as at 31st March, 2005 and the Profit and Loss account for the year ended as on that date together with the Directors' Report and the Auditors' Report thereon.
- 2) To Declare a dividend
- 3) To appoint a Director in place of Mr. Mahendra Mehta who retires by rotation and being eligible, offers himself for reappointment.
- 4) To appoint a Director in place of Mr. Rajendra Shetia who retires by rotation and being eligible, offers himself for reappointment.
- 5) To appoint auditors and to fix their remuneration.

SPECIAL BUSINESS

- 6) To consider and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Pradip P. Parakh Additional Director, who in terms of Section 260 of the Companies Act, 1956 holds office till the ensuing Annual General Meeting and in respect of whom, notice under Section 257 of The Companies Act, had been received, proposing his candidature for the office of director, be and he is hereby appointed as director of the company."

- 7) To consider and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Jitendra H. Palnitkar Additional Director, who in terms of Section 260 of the Companies Act, 1956 holds office till the ensuing Annual General Meeting and in respect of whom, notice under Section 257 of The Companies Act, had been received, proposing his candidature for the office of director, be and he is hereby appointed as director of the company."

- 8) To consider and if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:

"RESOLVED THAT, pursuant to the provisions of Section 198, 269 and other applicable provisions of the Companies Act, 1956, subject to the approval of members in general meeting and subject to such approvals as may be required, the company hereby accords its approval to the appointment of Mr. Pradip P. Parakh as Managing Director of the Company for a period of two years with effect from 01.07.2005 on a salary of Rs. 15,000 per month with liberty to the Board to alter and vary the terms and conditions of the appointment and so as not to exceed the limits specified in schedule XIII of the Companies Act 1956 or any amendments thereto."

- 9) To consider and if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:

"RESOLVED THAT, pursuant to the provisions of Section 198, 269 and other applicable provisions of the Companies Act, 1956, subject to the approval of members in general meeting and subject to such approvals as may be required, the company hereby accords its approval to the reappointment of Mr. Pankaj C. Baldota as Works Director of the Company for a period of two years with effect from 01.07.2005 upon the terms & conditions hereinafter with liberty to the Board to alter and vary the terms and conditions of the appointment and also as not to exceed the limits specified in the Companies Act 1956 or any amendments thereto as may be made applicable to the company from time to time."

**DUTIES AND FUNCTIONS**

- a) The functioning of the works director shall be subject to the superintendence and control of the Board of the Director.
- b) The Works Director shall be responsible for the day to day management of the company's factory located at Gat No. 366, Keshar Nagar, Tal. Shirur, Dist. Pune and for the purposes of the Factories Act 1948, he shall be occupier of the said factory and the notices in this regard shall be given to the chief inspector of factory.
- c) Matters relating to availments of finance and loan matters shall be decided by the Board of Director and not by the Works Director.
- d) The Works Director may be empowered to hire and staff and workmen upto level of ten workman but he shall not be entitled to vary the terms of service of dismiss from service any staff or workmen without the consent of the Board of Directors.

REMUNERATION

Salary Rs. 15,000/- per month with effect from 1st July 2005.

"RESOLVED FURTHER, that the appointment as Works Director shall cease upon him ceasing to be a director; he may however continue in employment at the pleasure of the Board of Directors of the Company."

10) To consider and if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution

"RESOLVED THAT, pursuant to the provisions of Section 198, 269 and other applicable provisions of the Companies Act, 1956, subject to the approval of members in general meeting and subject to such other approvals as may be required, the company hereby accords its approval to the reappointment of Mr. Rajendra Dhanraj Sethia as Works Director of the Company for a period of two years with effect from 01.07.2005 upon the terms conditions hereinafter with liberty to the Board to alter and vary the terms and conditions of the appointment and also as not to exceed the limits specified in the Companies Act 1956 or any amendments thereto as may be made applicable the company from time to time."

DUTIES AND FUNCTIONS

- a) The functioning of the works director shall be subject to the superintendence and control of the Board of the Director.
- b) The Works Director shall be responsible for the day to day management of the company's factory located at Gat No. 285/286, Chakan, Tal. Khed, Dist. Pune 410 501 and for the purposes of the Factories Act 1948, he shall be occupier of the said factory and the notices in this regard shall be given to the chief inspector of factory.
- c) Matters relating to availments of finance and loan matters shall be decided by the Board of Director and not by the Works Director.
- d) The Works Director may be empowered to hire and staff and workmen upto level of ten workman but he shall not be entitled to vary the terms of service of dismiss from service any staff or workmen without the consent of the Board of Directors.

REMUNERATION

Salary Rs. 15,000/- per month with effect from 1st July 2005.

"RESOLVED FURTHER, that the appointment as Works Director shall cease upon him ceasing to be a director; he may however continue in employment at the pleasure of the Board of Directors of the Company."

Place: Pune

Date: 30th July, 2005

For and on behalf of the Board of Directors

SUNIL D PARAKH
CHAIRMAN

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead and the proxy need not be a member of the Company. The instrument appointing the proxy should however be deposited not later than 48 hours before the commencement of the meeting at the registered office of the Company.
2. The company has already notified closure of Register of members and share transfer books from 22nd August 2005 to 29th August 2005, (both days inclusive) for determining the names of members eligible for dividend on equity shares, if declared at the Annual General Meeting
3. Dividend as and when declared, will be paid to those members whose names will appear on the Register of Members on 29th August 2005
4. All correspondence pertaining to shares and requests for dematerialization/ transfer of shares may kindly be forwarded direct to the Registrars and Share Transfer Agent, Sharex Dynamic (India) Pvt. Ltd
5. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed to and forms part of this notice.
6. Members who are interested to avail nomination facility may obtain necessary application form from Sharex Dynamic (India) Pvt. Ltd

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956
ITEMS 6 & 7 OF THE NOTICE

The company with a view to the future decided to restructure the board of directors. Accordingly Mr. Pradip P Parakh and Mr. Jitendra H. Palnitkar have been co-opted to the Board of Directors in terms of Section 260 of the Companies Act, 1956 who hold office till the ensuing Annual General Meeting. Notice pursuant to Section 257 of the Companies Act, 1956 had been received proposing their candidatures for the office of director. Mr. Sujit D Parakh resigned from the board of directors on account of his numerous commitments; Mr Pradip P Parakh has been appointed as Managing Director with effect from 1st July 2005. Mr Pradip P. Parakh possesses vast experience and expertise in the business which would be of great benefit to the company.

Your Directors commend the adoption of the resolutions as proposed

Except Mr. Pradip P. Parakh and Mr. Jitendra H. Palnitkar none of the other directors may be deemed to be concerned in or interested in the resolutions as proposed.

ITEM 8 OF THE NOTICE

Mr. Sujit D Parakh resigned from the board of directors on account of his numerous commitments; Mr Pradip P Parakh has been appointed as Managing Director with effect from 1st July 2005. Mr Pradip P. Parakh possesses vast experience and expertise in the business, which would be of great benefit to the company. During his tenure as a senior executive of the company the company has made impressive strides in its performance, which is evidenced by the working results in the previous two years. Mr. Pradip P Parakh would be paid a consolidated salary of Rs. 15000 per month and will not be liable for retirement by rotation. This explanatory statement may also be treated as an abstract pursuant to Section 302 of the Companies Act, 1956

Your Directors commend the adoption of the resolutions as proposed.

Except Mr. Pradip P Parakh none of the other directors may be deemed to be concerned in or interested in the resolutions as proposed.

ITEMS 9 & 10 OF THE NOTICE

It is proposed to reappoint Mr. Panikaj C. Baldota and Mr. Rajendra D. Sethia as Works Directors for a fresh period of two years both effective from 1st July 2005. The working results of the company showed marked improvement during their tenure and your directors are confident that their reappointment would be greatly beneficial to the Company.

Your Directors commend the adoption of the resolutions at item Nos. 9 and 10.

None of the Directors may be deemed to be concerned or interested in the resolutions as proposed.

Place: Pune

For and on behalf of the Board of Directors

Date: 30th July, 2005

SUNIL D PARAKH
CHAIRMAN



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Thirteenth Annual Report together with the Audited Accounts of your company for the year ended 31st March 2005

REVIEW OF PERFORMANCE

	(Rs. In Lakhs)	
	2004-2005	2003-2004
Sales	26658.60	32207.18
Profit before tax	105.06	93.64
Profit after tax	85.06	77.64

Sales during the year was Rs. 26658.60 lakhs compared with Rs. 32207.18 lakhs in the previous year. The reduction in sales was mainly on account of lower rate of products however on account of stringent cost controls and implementations of systems, the Profit before Tax is Rs. 105.06 lakhs compared with Rs. 93.64 lakhs in the previous year. Keeping in mind the future trends and the improved profitability, Your directors are pleased to recommend an increased dividend at the rate of Rs. 1.20 per equity share of Rs. 10/- each.

CURRENT YEAR'S WORKING:

Working during the first quarter of the current year is quite encouraging.

DIRECTORATE

During the period under review, Mr. Deepchand K. Parakh, Mr. Sujit D Parakh and Mr. Jalanchand K Parakh resigned from the Board of Directors on account of their numerous other commitments. The board wishes to place on record its grateful appreciation for the services rendered by them during their tenure. Mr. Pradip P Parakh has been appointed as Managing Director with effect from 1st July 2005 subject to the approval of the members in general meeting. Mr. Jitendra H. Palnitkar was also co-opted to the board and in terms of Section 260 of the companies act, 1956 holds office till the ensuing annual general meeting. Necessary resolutions for the appointment of directors is being proposed in the notice convening the Thirteenth Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

While preparing the annual financial statements, the Company has adhered to the following

- i) in the preparation of the said financial statements the company has followed, the applicable accounting standards referred to in Section 211(3-C) of the Companies Act, 1956
- (ii) company has followed the said Accounting Standards and applied them consistently and has made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2005 and of the profit of the company for that period;
- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the directors have prepared the financial statements on a going concern basis.

AUDITORS

The term of Office of the auditor M/s. M. Z. Gandhi & Co., Chartered Accountants expire at the conclusion of the ensuing Annual General Meeting and being eligible and available offer themselves for reappointment.

**DEPOSITS**

The company has not accepted any deposits from the public as envisaged under Section 58A of the Companies Act 1956 and the rules made thereunder.

INFORMATION UNDER SECTION 217 OF THE COMPANIES ACTS, 1956.**(A) Conservation of Energy:**

Efforts are being continued at Chakan and Shikrapur plants and at the corporate office to optimize utilization of power and fuel.

(B) Technology Absorption Not applicable**(C) Foreign Exchange earnings and outgo**

FOB Value of Export : Rs. 185.64 lakhs

CIF Value of imports : Rs. 8890.70 lakhs

PARTICULARS OF EMPLOYEES

None of the employees of the company was in receipt of remuneration as specified in Section 217(2A) of the Companies Act, 1956 and the rules made thereunder.

HEALTH AND SAFETY PERFORMANCE

Awareness for health and safety is being created.

CORPORATE GOVERNANCE

The report on Management's discussion and Analysis and Report on Corporate Governance are forming part of this Report and are annexed as Annexure I and Annexure II. As required by the listing agreement, an Auditors' Report on Corporate Governance is also attached to the said report.

ACKNOWLEDGMENTS

The Directors acknowledge with thanks the help and co-operation rendered by the Bankers of the company, the financial institutions, employees of the company at all levels and also the support of the shareholders of the company.

Place: Pune

Date: 30th July, 2005

For and on behalf of the Board of Directors

SUNIL D PARAKH
CHAIRMAN



ANNEXURE I

REPORT ON MANAGEMENT'S DISCUSSIONS AND ANALYSIS

I) Industry structure and developments

The products of the company fall into two segments namely oil and food grains. The oil industry consists of several players, both organized and unorganized. Severe recessionary conditions in previous years have taken a toll of some of these players and as mentioned in the previous annual report, the oil industry continues to be in the grip of a severe recession, which may persist for a year or two. Both oil and food grains depend to a large extent on the monsoon and a favorable monsoon would have a significant impact on both the industries.

II) Opportunities and threats

The products of the company are largely Agro based and performance, would depend to a large extent on the vagaries of the monsoon. A serious threat to the oil division is the availability of imported edible oil at comparatively lower prices, which continues to have a significant impact on the prospects of the company. However the company is able to sustain profitability by strict adherence to quality and standards.

III) Segment wise or product-wise performance

OIL DIVISION: Sales of the Oil Division were Rs. 23259.96 lakhs compared with Rs. 27987.26 lakhs in the previous year. The reduction in sales is on account of lower rate of products.

AGRO DIVISION: The working of the Agro Division was adversely affected on account of drought conditions as well as increase in the price of imported food grains. It is expected that these adverse factors would be overcome within the next two years.

IV) Outlook

The future outlook particularly in the area of food grains is encouraging. However, given international trends, the oil division may come under some pressure, on account of low margins prevalent.

V) Internal control systems and their adequacy

The company has adequate internal control systems with appropriate controls and checks. Effective measures are taken to ensure that all assets of the company are protected and all transactions are recorded in conformity with accepted accounting principles. As stated in the report of the board, it is implementation of systems that has resulted in the increased profitability. The internal audit department regularly conducts review of the financial and operating controls in all areas of the Company's operations including transaction checks and significant issues, if any, are brought to the attention of the audit committee.

VI) Discussions on financial performance with respect to operational performance.

The turnover during the year was Rs. 26658.60 lakhs compared with Rs. 32207.18 lakhs in the previous year. Profit before tax was Rs. 105.06 lakhs compared with Rs. 93.64 lakhs in the previous year. The borrowings by the company have not had a significant impact on profits.

VII) Material developments in Human Resources/Industrial Relations Front including number of people employed.

The company continues to focus on its core values of quality, integrity, leadership, and respect for people. Relations between the company and the employees continue to be cordial at all locations.



ANNEXURE II

REPORT ON CORPORATE GOVERNANCE

(pursuant to Clause 49 of the listing agreement)

MANDATORY REQUIREMENTS

1. A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate governance has several key elements viz., Shareholders, employees, creditors, government and society at large. The three key aspects of corporate governance are accountability, transparency, and equality of treatment to stakeholders. In this context, the company's philosophy on Corporate Governance is:

- To have systems in place which will allow sufficient freedom to the Board of Directors and Management to take decisions towards the progress of the company and to innovate while remaining within a framework of effective accountability
- To provide transparent corporate disclosures and high quality accounting practices
- Timely and proper dissemination of material prices, sensitive information and ensure insiders do not transact in securities of the Company till such information is made public
- To adopt good Corporate Governance policies that will contribute to the efficiency of the enterprise, creation of wealth for the shareholders and country's economy

2. BOARD OF DIRECTORS

The Board of Directors as on the date of this report consists of seven directors of whom the Managing Director and two works directors are in whole time employment of the company. The other directors are Non-Executive Directors of the company.

The details are furnished hereunder;

Sr. No.	Names of the Directors	Executive/ Non Executive Director	Promoter/Independent/ Nominee Director
1	Mr. Sunil D. Parakh	Chairman and Non- Executive Director	Promoter Director
2 **	Mr. Pradip P Parakh	Managing Director	Independent Director
3	Mr. Mahendra S Mehta	Non- Executive Director	Independent Director
4 **	Mr. Jitendra H. Palnitkar	Director	Independent Director
5	Mr. Rajendra D Shetiya	Works Director	Independent Director
6	Mr. Pankaj Chandulal Baldota	Works Director	Independent Director
7*	Mr. Deepchand K Parakh	Non- Executive Director	Promoter Director
8*	Mr. Jalamchand k Parakh	Non- Executive Director	Promoter Director
9*	Mr. Sujit D Parakh	Managing Director	Promoter Director

* Resigned from the Board of Directors with effect from 30th June 2005

** Appointed with effect from 1st, July 2005.

Board Meetings:

During the year 2004-2005 Board Meetings were held on 26th June 2004, 31st July 2004, 30th Oct. 2004, 29th Jan. 2005, 26th March 2005.

Attendance of each Director, at the Board Meetings held during the financial year 2004-2005 and at the last Annual General Meeting is furnished hereunder.



Sr. No.	Names of the Director	Board Meetings		Last Annual General Meeting	
		Held	Attended	Attended	Not Attended
1	Mr. Sunil D Parakh	5	5	yes	
2	Mr. Deepchand K Parakh	5	3	yes	
3	Mr. Jalamchand k Parakh	5	3	yes	
4	Mr. Sujit D Parakh	5	4	yes	
5	Mr. Mahendra S Mehta	5	5	yes	
6	Mr. Pankaj Chandulal Baldota	5	3	yes	
7	Mr. Rajendra D Shetia	5	3	yes	

Number of other Company Boards or Board Committees in which each of the Directors of the Company is a Member or Chairperson, as on 31st March 2005

Sr. No.	Names of the Director	Other Boards		Other Board Committees	
		Number	Member/Chairperson	Number	Member/Chairperson
1	Mr. Sunil D Parakh	3	Member	NIL	NA
2	Mr. Deepchand K Parakh	3	Member	NIL	NA
3	Mr. Jalamchand k Parakh	3	Member	NIL	NA
4	Mr. Sujit D Parakh	2	Member	NIL	NA
5	Mr. Mahendra S Mehta	3	Member	NIL	NA
6	Mr. Pankaj Chandulal Baldota	Nil	Member	NIL	NA
7	Mr. Rajendra D Shetia	Nil	Member	NIL	NA

3. AUDIT COMMITTEE

Audit Committee of the Board was constituted during 2000-2001 and is functioning effectively, without interruption. The terms of reference of the Audit Committee are:

To undertake periodical review of Company's operations and more particularly in the following areas:

- Financial performance of the Company
- Payment of dues to institutions, both interest and principal
- Payment of Government dues, such as custom duties, excise duties, sales tax, income tax, service tax etc.
- Inter Corporate investments
- Policies relating to award of contracts, purchase and sale of raw materials, finished goods, etc.
- Overview of different items of expenditure incurred by the Company, with particular reference to whether they are extravagant or lavish and whether any diversion of funds, not directly relating to the affairs of the Company, has taken place.
- To do such other act, deeds or things, as may be necessary from time to time, to fulfil the objectives aforementioned.

During the year 2004-2005, the Audit Committee consisted of three independent Non Executive Directors. Attendance of each Member Director, at the Audit Committee Meeting held during the financial year 2004-2005, is furnished hereunder:

Sr. No.	Names of the Directors	Position	Audit Committee Meeting	
			Held	Attended
1	Mr. Mahendra S. Mehta	Chairman/Director	5	5
2	Mr. Jalamchand K. Parakh	Director	5	5
3	Mr. Rajendra D. Shetia	Works Director	5	4