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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
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Zuari Industries Limited



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Annual Report 1997-98

ZUARI INDUSTRIES LIMITED

TEN YEARS AT A GLANCE

(Rs. in Lacs)

Particulars	1988-89 *	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
Sales Turnover	34123	25874	28063	42604	41917	52421	69807	73336	69939	95784
Capital Employed	12888	11942	13293	15603	17936	20815	33174	40244	50345	87491
Net Worth	7091	7480	8117	8907	9881	11371	19495	24220	27401	35619
Gross Profit	3844	2931	3458	4502	5444	6081	12052	12399	9965	12023
Interest	(1125)	(950)	(847)	(927)	(1742)	(1584)	(1729)	(2868)	(3483)	(4438)
Depreciation	(598)	(549)	(599)	(658)	(654)	(426)	(465)	(1102)	(1234)	(1416)
Profit Before Tax	2121	1432	2012	2917	3048	4071	9858	8429	5248	6169
Profit After Tax	1206	822	1102	1347	1563	2171	5758	5929	4048	5379
Dividends	510	433	464	557	588	682	812	802	788	821
Earnings per Equity Share (Rs.)	8.72	6.13	8.38	10.35	12.09	16.99	43.41	45.06	30.84	26.21 @
Net Worth per Equity Share (Rs.)	53.83	56.96	62.09	68.44	76.28	88.27	145.46	184.51	208.75	120.99
No. of Shareholders	45173	44043	43510	43115	42578	42024	41080	35402	34516	37121
No. of Employees	985	1001	1004	1002	995	998	1441	1458	1471	1611

* Fifteen month period

@ On annualised basis after right issue and amalgamation.

ZUARI INDUSTRIES LIMITED

Registered Office : Jai Kisaan Bhawan, Zuarinagar,
Goa 403 726



Folio No. :
No. of Shares Held :

PROXY FORM

I/We of
in the district of being a member/
members of the above named Company hereby appoint
of in the district of or
failing him of in the
district of as my/our proxy to vote for
me/us on my/our behalf of the Thirtieth Annual General Meeting of the Company to be held on the 28th day of August, 1998
and at any adjournment thereof.

As witness my/our hand/s this day of 1998.

Signed by the said

Affix 30 p. Revenue Stamp

Note :

The proxy form should be deposited at the Registered Office of the Company at Zuarinagar 48 hours before the time of the Meeting.

All those members wishing to ask questions during the Annual General Meeting should forward them to the Registered Office, 7 days before the date of the Annual General Meeting.

A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and the proxy need not be a member of the Company.





ZUARI INDUSTRIES LIMITED

Registered Office : Jai Kisan Bhawan, Zuarinagar, Goa 403 726

NOTICE :

NOTICE is hereby given that the Thirtieth Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at 'Jai Kisan Bhawan, Zuarinagar Goa 403 726 on Friday the 28th day of August, 1998, at 11.30 a.m. to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 1998 and the Profit and Loss Account for the financial year ended on that date and the Reports of the Directors and Auditors.
2. To declare dividend on Equity Shares for the financial year ended 31st March, 1998.
3. To appoint a Director in the place of Mr. H.S. Bawa who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Mr. S.V. Muzumdar, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in the place of Mr. Ambi Venkateswaran, who retires by rotation and is eligible 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 pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s. A.F. Ferguson & Co., the retiring Auditors of the Company, be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next

Annual General Meeting of the Company at a remuneration to be fixed between the Auditors and the Board of Directors."

7. To consider, and if thought fit, to pass, with or without modification the following resolution as an Ordinary Resolution :
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 Section 198 and 309 read with Schedule XIII of the Companies Act, 1956, approval of the members be and is hereby accorded to the variation in remuneration payable to Mr. H.S. Bawa in that the salary range of Rs. 90,000 per month to Rs. 2,00,000 per month be revised to Rs. 2,00,000 per month to Rs. 3,50,000 per month with such increments and corresponding increase in salary related perquisites as may be determined by the Board of Directors or by the Sub-Committee of the Board of Directors."

"RESOLVED THAT subject to the provisions of Section 372 and other applicable provisions, if any, of the Companies Act, 1956 and subject to previous approval of the Central Government and of the Financial Institutions consent of the Company be and is hereby accorded to the Board of Directors to invest a sum of Rs. 3 crores to be subscribed by way of equity share capital of **Gautier India Limited**, notwithstanding that such investment will be in excess of 30% of the paid up equity capital of that Company or that

such investment together with the Company's investments in all other bodies corporate will exceed the percentages specified in the provision to sub-section (2) of Section 372 of the Act."

9. To consider, and if thought fit, to pass with or without modification the following resolution as a Special Resolution :
- i. Article 2 of the Articles of Association shall include the following definitions at the appropriate places :

"Beneficial Owner" shall mean beneficial owner as defined under clause (e) of Section 2 of the Depositories Act, 1996.

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

"Depositories Act, 1996" shall include any statutory modification or re-enactment thereof for the time being in force.

"Securities & Exchange Board of India" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.
- ii. At the end of Article 2, the following clause be added :

"Words and expressions used and not defined in this Act but defined in the Depositories Act, 1996 shall have the same

- meanings respectively assigned to them in that Act."
- iii. In Article 2 of the Articles of Association of the Company, definition of 'Members' shall be altered as follows :
- "Member" means the duly registered holder from time to time of the shares of the Company and includes the beneficial owner in the records of the depository'.
- iv. At the end of Article 5 of the Articles of Association the following shall be added :
- "Notwithstanding anything contained herein, the Company shall be entitled to dematerialise its shares, debentures and other securities pursuant to the Depositories Act, 1996 and to offer its shares, debentures and other securities for subscription in a dematerialised form."
- v. Article 12 of the Articles of Association shall be substituted as follows :
- "The Company shall cause to be kept a Register and Index of Members in accordance with Section 150 & 151 of the Act, and the Depositories Act, 1996 with details of shares held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of beneficial owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be Register and Index of members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country."
- vi. After Article 12 the following Article will be inserted as Article 12A and which shall read as follows :
- "The Company shall be entitled to dematerialise its existing shares, debentures and other securities, rematerialise its shares, debentures and other securities held in the Depositories and/or offer its fresh shares and debentures and other securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any."
- vii. Article 13 of the Articles of Association shall be substituted as follows :
- "The shares in the capital shall be numbered progressively according to their several denominations provided however, that the provisions relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished."
- viii. In Article 19(a) after the words 'one or more of such shares', the following words be added :
- "provided however, no share certificate (s) shall be issued for shares held by a Depository."
- ix. Article 21 of the Articles of Association shall be substituted as follows :
- "Except as ordered by a court of competent jurisdiction or as required by law the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the beneficial owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles on the part of any other person whether or not it shall have however express or implied notice thereof but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them."
- x. To insert the following Article to be numbered as Article 21A after Article 21 :
- "In respect of the shares, debentures and securities held by Depository on behalf of the owners as defined in the Depositories Act, 1996, the provisions of Sections 153, 153 A, 153 B, 187C and 372 of the Act shall not apply."
- xi. In Article 51 after the words 'transmission of any share', the following words be added :
- "held in material form."
- xii. After Article 51, the following will be inserted as Article 51A and shall read as follows :
- "51 A. In the case of transfer of shares, debentures or other marketable securities where the Company has not issued any certificate and where such shares or debentures or securities are being held in an electronic and fungible form the provisions of the Depositories Act, 1996 shall apply."
- xiii. In Article 53, after the words 'Register of Members in respect thereof', the following be added :
- "except in case of transfer of Securities effected by the transferor and the transferee both of whom are entered as

beneficial owners in the records of the depository."

- xiv. Article 69 of the Articles of Association be substituted as follows :

"69. The Company shall, if at any time issue debentures, keep a Register and Index of Debentureholder in accordance with Section 152 of the Act and

the Depositories Act, 1996. The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996 shall be deemed to be Register and Index of debentureholders for the purpose of this Act. The Company shall have the power to keep in any state or country

outside India a branch Register of Debentureholders resident in that state or country."

By Order of the Board of Directors

R. Y. Patil

Company Secretary

Dated : July 27, 1998

Registered Office :

Jai Kisaan Bhawan

Zuarinagar Goa 403 726

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

2. The dividend, if any, declared at this meeting will be payable on or after 1st September, 1998 to the members whose names appear on the Register of

Members of the Company on 29th June, 1998 or to their mandatees registered with the Company.

3. Notice is hereby given pursuant to Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, that the amount of unclaimed/unpaid dividend upto and for the financial year 1993-94 has already been

transferred and the unclaimed/unpaid dividend for the financial year 1994-95 is being transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956.

4. An Explanatory Statement in respect of the Special Business mentioned above is annexed hereto.

ANNEXURE TO THE NOTICE

(Explanatory Statement under Section 173 of the Companies Act, 1956)

Item No. 6 :

Section 224A of the Companies Act, 1956 provides that in the case of a Company in which not less than 25% of the subscribed share capital is held, whether singly or in any combination, by :

- (a) a public financial institution or a Government Company or Central Government or any state Government, or
- (b) any financial or other institution established by an Provincial or State Act in which a State Government holds not less than 51% of the subscribed share capital, or
- (c) a nationalised bank or an insurance company carrying

on general insurance business,

the appointment or re-appointment at each Annual General Meeting of an Auditor or Auditors shall be made by a Special Resolution.

The total subscribed share capital of the Company held by public financial institutions, nationalised banks and nationalised insurance companies is over 25%. It is therefore necessary that the re-appointment of Auditors should be made by a Special Resolution. None of the Directors of the Company is concerned or interested in the Resolution.

Item No. 7 :

Shareholders are aware that Mr. H.S. Bawa was appointed as

Managing Director of the Company with effect from 1st September, 1994 for a period of five years. Under the able leadership of Mr. Bawa your Company's growth has been manifold. Apart from its traditional business line, the Company has successfully entered into other business activities such as cement, seeds, pesticides and furniture. In view of above, it was considered desirable to revise the salary range of Mr. Bawa as set out in the resolution at Item 7. The revision is in accordance with Schedule XIII of the Companies Act, 1956. Except the revision in salary range and salary related perquisites as and when increments are given, all other terms and conditions as

approved by the shareholders at the EGM held on 24th October, 1994 remain the same. The resolution as above is placed before the shareholders for approval.

This may be treated as abstract u/s. 302 of the Companies Act, 1956.

None of the Directors of the Company except Mr. H.S. Bawa, the Managing Director, is concerned or interested in the passing of this Resolution.

Item No. 8 :

The shareholders at the Annual General Meeting held on 26th July, 1996 approved the diversification in manufacture and sale of furniture products by passing a resolution u/s. 149 2A of the Companies Act, 1956.

As the shareholders are aware that the Indian Furniture Products Limited, a Company engaged in the manufacture and sale of furniture products was amalgamated with the Company recently. The Company's Furniture Products Division has commenced its activities since January 1998. With a view to market the furniture products of the Company in India and abroad, a joint venture company – Gautier India Limited (GIL) was incorporated in February, 1998.

GIL is a joint venture company promoted by your company and Gautier France SA, world leaders in French furniture. The Company wishes to subscribe a sum not exceeding Rs. 3 crores in the share capital of GIL, subject to the approval of the shareholders, lenders and the Central Government as required u/s. 372 of the Companies Act, 1956 when investments are made in excess of limits prescribed from time to time by the Central Government it is necessary to obtain previous approval of the shareholders and the Central Government.

None of the Directors is interested in the passing of this resolution.

Item No. 9 :

Consequent upon the enactment of the Depositories Act, 1996 and the Securities and Exchange Board of India (SEBI) making dematerialisation of shares compulsory for Foreign Institutional Investors (FIIs), Financial Institutions (FIs) etc. with effect from 15th January, 1998, the Company has signed an Agreement with the National Securities Depository Limited (NSDL) to enable shareholders who may wish to dematerialise their shareholdings in the Company.

The Depositories Act, 1996 has amended some of provisions of the Companies Act, 1956 and the Securities Contract (Regulations) Act, 1956 (hereof collectively referred to as 'the Act') pertaining to issue, holding, transfer and dealing in shares and other securities as also issue of relevant certificates so as to facilitate the introduction and implementation of the Depository System. In order to bring the Articles of Association of the Company in line with the Acts relevant Articles as contained in the Notice are being amended and added.

The Board of Directors recommend the passing of this resolution contained in Item 9 of the accompanying notice.

None of the Directors are concerned or interested in the passing of this resolution.

By Order of the Board of Directors

R. Y. Patil
Company Secretary

Dated : July 27, 1998
Registered Office :
Jai Kisaan Bhawan
Zuarinagar Goa 403 726



ZUARI INDUSTRIES LIMITED

DIRECTORS

K.K. Birla, Chairman
H.S. Bawa, Managing Director
Shyam Bhartia
M.D. Locke
(Alternate : K.H. Captain)
S.V. Muzumdar
Saroj Kumar Poddar
S.Y. Rege
W.J. Stevens
(Alternate : D.B. Engineer)
Ambi Venkateswaran
(Alternate : Sunil Kakar)
Marco Wadia

FERTILISER DIVISION

EXECUTIVE PRESIDENT : Raman Madhok
VICE PRESIDENTS : J.H. Bariya
S.K. Chatterjee
A.V. Karnik
R.S. Raghavan
D.P. Sinha

CEMENT DIVISION

PRESIDENT : O.P. Jagetiya
VICE PRESIDENTS : L. Srivastava
K. Srivastava

FURNITURE PRODUCTS DIVISION

EXECUTIVE PRESIDENT : K.K. Gupta
VICE PRESIDENT : Rajiv Sant

COMPANY SECRETARY : R.Y. Patil

BANKERS

: State Bank of India
Bank of Baroda
Bank of America
HDFC Bank Limited
Punjab National Bank
Canara Bank

LEGAL ADVISERS

: Crawford Bayley & Co., Mumbai
Khaitan & Co., Calcutta

AUDITORS

: A.F. Ferguson & Co.,
Chartered Accountants, Mumbai

REGISTERED OFFICE

: Jai Kisan Bhawan
Zuarinagar
Goa 403 726

DIRECTORS' REPORT

To the Members,

1. Your Directors have pleasure in placing before you the Thirtieth Annual Report of the Company together with Statement of Accounts for the accounting year ended 31st March, 1998.
2. Financial Results and Appropriation :

	Rs. in lacs	Previous year Rs. in lacs
Profit for the year before depreciation and taxation	7585.30	6481.69
Less : Depreciation for the year	1416.58	1233.96
Profit before tax	6168.72	5247.73
Less : Provision for taxation	790.00	1200.00
• Profit after tax	5378.72	4047.73
Add : 1. Transferred from investment allowance reserve	—	42.00
2. Balance of profit brought forward	1211.51	1120.12
3. Transferred from debenture redemption reserve	80.00	420.00
Less : 1. Debenture redemption reserve	1516.00	752.00
2. Transfer to General Reserve	1700.00	2800.00
Proposed Dividend :		
40% (PY 60%)	820.72	787.58
Tax on dividend	82.07	78.76
Balance of profit carried forward	2551.44	1211.51