

SEVENTH ANNUAL REPORT

1997 - 98

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ARYAN
PESTICIDES
LIMITED

WILL
TO
EXCEL

CERTIFIED TO BE TRUE

For Aryan Pesticides Ltd.

S.D. Peptan
Jt. Company Secretary





NOTICE

NOTICE is hereby given that Seventh Annual General Meeting of the Members of ARYAN PESTICIDES LTD. ... be held on 16th September, 1998 at the Registered Office of the Company at Plot Nos. 1,2,26 & 27, MIDC Industrial Area, Dhatav, Roha 402 116, Dist. Raigad at 12 Noon to transact the following business :

Ordinary Business :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1998 and Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a director in place of Dr. K. B. Mathur, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. H. C. Mathur, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

Special Business. :

6. 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 Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, approval of the Members of the Company be and is hereby accorded to the re-appointment of Mr. K. S. Natrajan as Managing Director of the Company, for a further period of five years with effect from 1st October, 1998, on the terms and conditions including as to remuneration as set out in the draft agreement placed before this Meeting, which agreement is hereby specifically approved and sanctioned with the authority to the Board of Directors to alter and vary the terms and conditions of the said reappointment and/or agreement (including authority, from time to time, to determine the amount of salary and commission as also the type and amount of perquisites and other benefits payable to Mr. K. S. Natrajan), in such manner as may be agreed to between the Board of Directors and Mr. K. S. Natrajan; Provided however that the remuneration payable to Mr. K. S. Natrajan shall not exceed the limits specified in the said agreement as also the limits prescribed under the Schedule XIII to the Companies Act, 1956, or any other provisions of the Companies Act, 1956, including any amendments, modifications, variations or re-enactment thereof."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings, if required to give effect to the aforesaid Resolution."

7. 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 Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, approval of the Members of the Company be and is hereby accorded to the re-appointment of Mr. S. J. Tawakley as Wholetime Director of the Company, for a further period of five years with effect from 1st October, 1998, on the terms and conditions including as to remuneration as set out in the draft agreement placed before this Meeting, which agreement is hereby specifically approved and sanctioned with the authority to the Board of Directors to alter and vary the terms and conditions of the said reappointment and/or agreement (including authority, from time to time, to determine the amount of salary and commission as also the type and amount of perquisites and other benefits payable to Mr. S. J. Tawakley), in such manner as may be agreed to between the Board of Directors and Mr. S. J. Tawakley; Provided however that the remuneration payable to Mr. S. J. Tawakley shall not exceed the limits specified in the said agreement as also the limits prescribed under the Schedule XIII to the Companies Act, 1956, or any other provisions of the Companies Act, 1956, including any amendments, modifications, variations or re-enactment thereof."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings, if required to give effect to the aforesaid Resolution."

8. 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 Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, approval of the Members of the Company be and is hereby accorded to the re-appointment of Mr. S. C. Ganatra as Wholetime Director of the Company, for a further period of five years with effect from 1st October, 1998, on the terms and conditions including as to remuneration as set out in the draft agreement placed before this Meeting, which agreement is hereby specifically approved and sanctioned with the authority to the Board of Directors to alter and vary the terms and conditions of the said reappointment and/or agreement (including authority, from time to time, to determine the amount of salary and commission as also the type and amount of perquisites and other benefits payable to Mr. S. C. Ganatra), in such manner as may be agreed to between the Board of Directors and Mr. S. C. Ganatra; Provided however that the remuneration payable to Mr. S. C. Ganatra shall not exceed the limits specified in the said agreement as also the limits prescribed under the Schedule XIII to the Companies Act, 1956, or any other provisions of the Companies Act, 1956, including any amendments, modifications, variations or re-enactment thereof."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings, if required to give effect to the aforesaid Resolution."

By order of the Board
For Aryan Pesticides Ltd
Sd/-
Sachin Poptani
Jt. Company Secretary

Place : Mumbai
30th July, 1998



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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Registers of Members and Share Transfer Books of the Company will remain closed from 8th September, 1998 to 16th September, 1998 (both days inclusive).
4. Dividend when approved will be paid to those members, whose names stand on Company's Register as on 16th September, 1998.
5. Members are requested to :
 - (a) Notify immediately any change in their address to the Company.
 - (b) Members/proxies attending the meeting should bring their copy of the Annual Report for reference at the meeting.
 - (c) Members seeking any information/clarification as proxy holders as regards the Accounts should write to the Company Secretary at an early date, so as to enable the management to keep the information ready at the meeting.
 - (d) Members/proxy holders are requested to produce Admission slip, forwarded to them, duly completed and signed in accordance with the specimen signatures registered with the Company.

By order of the Board
For Aryan Pesticides Ltd
Sd/-
Sachin Poptani
Jt. Company Secretary

Place : Mumbai
30th July, 1998



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

Item Nos. 6,7 & 8

The shareholders at the Annual General Meeting of the Company held on 30th September, 1993, had appointed Mr. K. S. Natrajan as Managing Director and Mr. S. J. Tawakley and Mr. S. C. Ganatra as Wholetime Directors of the Company for a period of five years with effect from 1st October, 1993, on the terms and conditions set out in the Resolutions passed for that purpose.

The said tenure of appointments expires on 30th September, 1998. Subject to the approval of Members in General Meeting, the Board of Directors had approved the re-appointments of Mr. K. S. Natrajan as Managing Director and Mr. S. J. Tawakley and Mr. S. C. Ganatra as Wholetime Directors for a further period of five years i.e. from 1st October, 1998 to 30th September, 2003. The terms of re-appointments and remuneration payable to them as specified in the draft agreements placed before the Meeting were also approved by the Board.

The main terms of re-appointments of Mr. K. S. Natrajan, Mr. S. J. Tawakley and Mr. S. C. Ganatra as set out in the agreements are as follows :

- a) The period of re-appointments shall be for five years with effect from October 1, 1998.
- b) Salary shall be Rs. 75,000/- per month.
- c) Commission per annum shall be 1% of the net profits of the Company.
- d) Perquisites may be allowed in addition to the salary and shall be equivalent to their annual salary.
- e) Medical Reimbursement : Expenses incurred for self and the family subject to as ceiling of one-month's salary in one year or three month's salary over a period of three years.
- f) Leave Travel Concession : For self and the family, once in a year incurred in accordance with any rules specified by the Company.
- g) Club Fees : Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- h) Personal Accident Insurance : Premium not to exceed Rs. 10,000/- p.a.
- i) Contribution to provident fund, superannuation fund or annuity fund will not included in the computation of the ceiling on perquisite to the extent these either singly or put together are not taxable under the Income Tax Act. Gratuity payable of service, subject to a ceiling of Rs. 10,00,000/-.
- j) Provision of car for use of Company's business and telephone at residence will be not considered as perquisites.

None of the Directors except for Mr. K. S. Natrajan, Mr. S. C. Ganatra, Mr. S. J. Tawakley may be deemed to be concerned or interested in their respective appointments. Mr. J. N. Tawakley, who is the relative of Mr. S. J. Tawakley, may also be deemed to be concerned or interested in the appointment of Mr. S. J. Tawakley.

By order of the Board
For Aryan Pesticides Ltd
Sd/-
Sachin Poptani
Jt. Company Secretary

Place : Mumbai
30th July, 1998



The Seventh Annual General Meeting
of the Company will be held on
Wednesday, 16th September, 1998
at

The Registered Office of the Company,
Plot No. 1, 2, 26, & 27, MIDC, Dhatav,
Roha, Dist. Raigad, Maharashtra,
at 12 Noon.

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Shareholders are requested to bring their
copy of the Annual Report with them
at the meeting.

**DIRECTORS**

Mr. J. N. Tawakley - Chairman
 Mr. K. S. Natrajan - Managing Director
 Mr. S. J. Tawakley - Whole Time Director
 Mr. S. C. Ganatra - Whole Time Director
 Dr. K. B. Mathur - Director
 Mr. H. C. Mathur - Director
 Mr. D. P. Patil - Nominee (IDBI)
 Mr. M. D. Thakur - Nominee (SICOM)

COMPANY SECRETARY

Mr. Rajiv Gandhi

AUDITORS

A. L. Kapani & Co.
 Chartered Accountants

BANKERS

Corporation Bank
 Canara Bank

CORPORATE OFFICE

B-206/212 Arjun Centre
 B. S. Devshi Marg
 Govandi (East)
 Mumbai - 400 088.
 Tel. : 5554484 / 5572124 / 5569171 / 5576490
 Fax : 5572123
 Email: aryan@bom3.vsnl.net.in
 Website: www.aryanindia.com

REGISTERED OFFICE

Plot Nos. 1, 2, 26 & 27
 MIDC, Dhatav
 Roha 402 116
 Dist Raigad
 Maharashtra

PLANT

Roha, Maharashtra.



DIRECTORS' REPORT

To
THE MEMBERS,

Yours Directors have pleasure in presenting the Seventh Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 1998.

I. GENERAL :

The Economy lost its momentum in 1997-98. While the industry achieved a growth rate of around seven per cent which was same as recorded in the previous year, the performance of the manufacturing sector drastically declined from nine percent to an estimated seven percent in 1997-98 which was coupled by the decline in the agricultural output by about two percent as compared to last year. Export performance was distressingly low for the second consecutive year mainly due to the slow down and recessionary trend witnessed in the domestic as well as the international market and in particular in some major south east asian economies.

II. FINANCIAL PERFORMANCE :-

	(Rs. in lacs)	
	1997-98 Current Year	1996-97 Previous Year
Sales	5830.44	5304.05
PROFIT BEFORE TAX	507.76	523.13
Provision for Tax	40.00	55.00
PROFIT AFTER TAX	467.76	468.13
Add : Balance Brought forward from previous year	39.26	24.88
Excess provision for Dividend of last year	0.00	0.00
Less: Tax Adjustments relating to previous year	0.00	1.56
Profits available for appropriation	470.81	494.57
APPROPRIATIONS :		
Proposed Dividend (inclusive of dividend tax)	53.11	55.31
Transfer to Reserve	400.00	400.00
Balance carried forward	17.70	39.26

III. OPERATIONAL PERFORMANCE :

Your Company has completed one more successful year of operation. During the year under review, the Sales crossed Rs. 58 Crores. The Company has achieved its highest turnover of Rs. 5830.44 Lacs as against last year's turnover of Rs. 5304.05 Lacs, which represents a rise of 10%.

It is creditable that despite adverse conditions faced by the Industry your Company has managed to increase its overall volume of sales and in particular the export sales.

The cost-push effect of various inputs has caused an erosion of margins which has resulted in the decline of the Profit after Tax of the Company by 0.07%. Margins were further reduced as the Company went one step ahead in penetrating highly competitive international market and has achieved its highest ever export turnover since it became operational in 1993.

An expected upturn in the economy, local as well as international with greater spending on textiles, healthcare & agrochemical with boost the Company's bottom line.

IV. DIVIDEND

Your Directors are pleased to recommend dividend of 10% on the enhanced Equity Share Capital of Rs. 502.82 Lacs, which will result in an outflow of Rs. 53.11 Lacs (including dividend tax) as compared to Rs. 55.31 Lacs paid last year. In order to conserve the resources for future requirements, the percentage of dividend has been kept unchanged. Dividend will be payable on a pro-rata basis on the bonus shares issued during the year and will be tax free in the hands of the shareholders as per amended provisions of the Income Tax Act, 1961.

IV. PRODUCT'S PERFORMANCE :

Paracumidine (PC) :

With more and more land under wheat cultivation modern day cultivators are shifting to Isoproturon for inhibiting the weeds and as a result the requirement of PC is increasing at a steady rate. The production of PC was the highest amongst all the products. Further, changes and de-bottlenecking were made in the existing process to enhance quality and yield.

However, during last year, the price of Isoproturon came under pressure resulting in lower realisation for PC as well. However, price of Isoproturon as also of PC is expected to firm up again in the second half of the current year. It is our endeavor to reduce the share of PC in total turnover from present 40% to 25% in next three years by introducing new high-tech products having high level of value addition.

Ortho Anisidine (OA) :

Due to spurt in the textile industry, demand for dyes and dyestuffs is growing steadily resulting in satisfactory growth in the requirement of OA. The quality of OA is far superior than that of our competitors, local as well



as international which enables your Company to command better price.

Further, a new application of OA has been found in the specialised industrial Paints & Pigment especially in USA and Europe which is likely to further boost the exports. In view of that the installed capacity of OA has also been increased from 900 tpa to 1200 tpa.

Your Company is all set to take advantage of the new developments and with its world class quality and competitive price we are confident of emerging as leaders of OA in the world market.

Meta Chloro Aniline (MCA) :

Your Company has achieved highest capacity utilisation in MCA last year. Today your Company is the No. 1 manufacturer of MCA in India in both quality as well as quantity.

The demand for chloroquin has shot up last year, especially from African and Latin American markets which has enabled the Company in recording higher sales of MCA.

MCA is also used in making N. N. DIHYDROXYETHYL META CHLORO ANILINE, which is an input for disperse dyes used in Polyester textile industry. Consumption of Polyester textile is growing at 15% and it is expected that the demand of MCA from this segment is likely to be substantial in the long run.

Ortho Phenylene Di-amine (OPDA) :

In the first full year of production OPDA has done exceptionally well in the market and has received good support. Due to the high purity level of above 99.5% and its pure white colour, the demand for it has been increasing steadily during the year.

At present there are only a few manufactures of OPDA and there is a huge demand supply gap. The domestic demand for OPDA is growing at the rate of around 6% p.a.

Further it has a good export potential. The samples have already been sent to some of the prospective clients who after testing the quality will be in a position to place their orders.

VI. EXPORTS :

India's export growth has decelerated in the recent past. With an uncertain rupee the outlook for the Indian exports remains difficult.

Despite this declaration, your Company continued its growth and achieved record exports of Rs. 1030.10 Lacs. This performance was mainly possible due to a focused thrust into the export markets, world-class quality of the products and the ability of the Company to meet its commitment and delivering the products on time consistently.

This is the first year when your Company has become a net foreign exchange earner thus earning valuable foreign exchange for the country. All the products of the Company have extremely good export potential and the Company will make all out efforts to increase the export of all the products.

VII. FINANCE :

The past fiscal year has witnessed a major turmoil in the financial field and has seen many corporates facing severe liquidity crunch. The year under review was marked for stability and stream lining the operations of the Company. No major expansion projects apart from the on going modernisation program were under taken during the current year. Your Directors are pleased to inform the members that the Company has been granted financial assistance by way of lease finance by ICICI Credit Corporation Ltd. of Rs. 300 Lacs to part finance its ongoing modernisation program.

During the year under review the Company has changed its Bankers to Corporation Bank and Canara Bank from Dena Bank and The Catholic Syrian Bank Ltd. The working capital limits sanctioned by the bankers of the company were sufficient for the company to carry on its operations for the year.

VIII. LISTING OF COMPANY'S SHARES AT BSE :

As the members are aware the shares of the Company have been admitted by The Stock Exchange, Mumbai (BSE) for trading in B2 group.

Your Directors take pride in informing you that your company has got the distinction of being the first Company in the whole country to be listed on the Over The Counter Exchange of India (OTCEI) and The Stock Exchange, Mumbai (BSE) together. We once again wish to thank all of you for the co-operation extended to us on this matter and wish to assure you of our best of services in all respects from our side.

IX. FIXED DEPOSITS :

The Company has not accepted or renewed any deposits from public/shareholders during the period under review.

X. DIRECTORS :

Dr. K.B. Mathur and Mr. H.C. Mathur, Directors will retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

SICOM Ltd. has withdrawn the nomination of Mr. M. T. Chhidarwar from the Board of the Company. The Board of Directors places on record its appreciation of the valuable services rendered by Mr. Chhidarwar during the tenure as the Nominee Director of the Company.

Mr. M.D. Thakur was appointed as Nominee on the Board of Directors by SICOM from 23rd July, 1998.

The term of appointment of Mr. K.S. Natrajan as managing Director and Mr. S.J. Tawakley and Mr. S.C. Ganatra as Wholtime Directors expires on 30th September, 1998. The resolutions have been proposed for their re-appointment for further period of five year from 1st October, 1998.

XI. AUDITORS :

M/s. A.L. Kapani & Co., Chartered Accountants, Mumbai, the Company's Auditors, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

The Directors recommends their re-appointment.