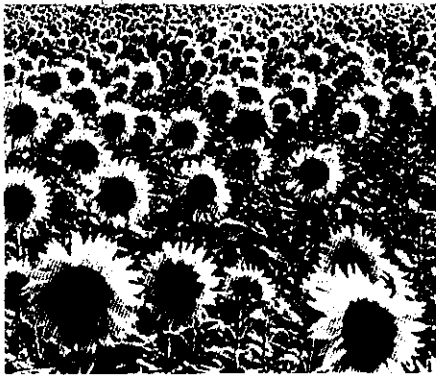
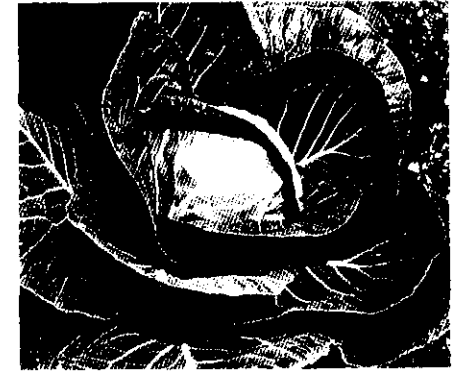




Cyanamid Agro Limited



12th
Annual
Report
1999-2000





Board of Directors*

M. A. Fonseca

Chairman

K. S. Bakshi

J. F. Smith

Mark Drew

K. Aparajithan (Dr.)

D. E. Udawadia

V. R. Kaundinya

Managing Director

M. K. Desai (Dr.)

K. J. Reddy, IAS (Retd.)

(Alternate to Mr. K. S. Bakshi)

J. M. Agarwal

(Alternate to Mr. J. F. Smith)

*as on 29 June 2000

Company Secretary

K. D. Ghag

Management Committee

V. R. Kaundinya

Managing Director

J. M. Agarwal

Director, Finance

M. K. Desai (Dr.)

Director, Manufacturing Operations

N. J. Raju

Director, Business Development

F. H. Pathan

Director, Supply Chain

R. Ramachandran (Dr.)

Director, SPD

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Auditors

Arthur Andersen & Associates

Solicitors & Advocates

Udawadia, Udeshi & Berjis

Crawford Bayley & Co.

Bankers

ABN AMRO Bank N.V.

Citibank N.A.

HDFC Bank Ltd.

State Bank of India

Registered Office

The International

16, Maharshi Karve Road

Churchgate, Mumbai 400 020

Tel. : 2014234

Fax : 2014246

Plant

83/2, Dena Bank Road

Demri Village

Dadra 396 191

U.T. of Dadra & Nagar Haveli

Registrars & Share Transfer Agents

Tata Consultancy Services

Unit : Cyanamid Agro Ltd.

Lotus House, 6, Vithaldas Thackersey Road,

New Marine Lines, Mumbai 400 020

NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of Cyanamid Agro Limited will be held at Patkar Hall of S.N.D.T. Women's University, 1, Nathibai Thackersey Road, Mumbai 400 020 on Wednesday, 23 August 2000 at 11.00 a.m. to transact the following business:

Ordinary business

1. To receive, consider and adopt the Balance Sheet as at 31 March 2000 and the Profit & Loss Account for the financial year ended on that date and the Reports of the Directors and Auditors.
2. To appoint a Director in place of Mr J F Smith who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr K S Bakshi who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint M/s. Deloitte, Haskins & Sells, Chartered Accountants, as Auditors of the Company in place of retiring auditors, M/s. Arthur Andersen & Associates, Chartered Accountants, and to fix their remuneration.

Special business

5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby confirms, approves and ratifies the payment of remuneration amounting to Rs.2.29 lakhs to Mr. V R Kaundinya, Managing Director of the Company for the financial year ended 31 March 2000 and, subject to the approval of the Central Government, waives the recovery of the said sum being the remuneration paid to him in excess of the statutory limit laid down under the Act".

By Order of the Board of Directors

Mumbai,
29 June 2000

K D GHAG
Company Secretary

Registered Office:

The International,
16, M. K. Road, Churchgate,
Mumbai 400 020.

Notes:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES 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 duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting.
- (b) The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No. 5 stated above is annexed hereto.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 11 August 2000 to Wednesday, 23 August 2000 (both days inclusive).
- (d) Members desiring any information on the accounts are requested to write to the Company at least one week before the meeting so as to enable the Management to keep the information ready. Replies will be provided only at the meeting.
- (e) Members/Proxies should bring the Attendance Slip sent herewith, duly filled in, for attending the meeting.
- (f) Members are requested to address all communications quoting their folio number and name of the Company to the Registrars & Share Transfer Agents, M/s Tata Consultancy Services, Lotus House, 6, Vithaldas Thackersey Road, New Marine Lines, Mumbai 400 020.
- (g) As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available for members in respect of shares held by them. Nomination forms can be obtained from the Company's Registrars & Transfer Agents, M/s. Tata Consultancy Services.
- (h) The shares of the Company are listed on The Stock Exchange, Mumbai, P J Towers, Dalal Street, Mumbai 400 001 and the National Stock Exchange of India Ltd., Trade World, Senapati Bapat Marg, Lower Parel, Mumbai 400 013. The Company has paid the annual listing fees for the financial year 2000-2001 to both the Exchanges.
- (i) Members are requested to bring their copy of Annual Report to the Annual General Meeting, as it will not be distributed at the Meeting.

Explanatory Statement under Section 173(2) of the Companies Act, 1956

Item No. 5

At the Tenth Annual General Meeting of the Company held on 23 September 1998, the shareholders had approved of the terms and conditions of the appointment and remuneration of Mr V R Kaundinya, Managing Director of the Company. Schedule XIII to the Companies Act, 1956 ("the Act") provides that, where, in any financial year a company has no profits, or its profits are inadequate, it may pay remuneration to a managerial person by way of salary, perquisites and other allowances not exceeding Rs. 87,500/- per month where the effective capital of the Company is Rs.15 crores or more upto 1 March 2000, and, effective 2 March 2000, a sum not exceeding Rs. 1.50 lakhs per month where the effective capital is Rs. 25 crores or more.

The working of the Company for the year ended 31 March 2000 has resulted in inadequate profits in terms of Sections 198 and 309 of the Act read with Schedule XIII to the Act, for reasons beyond the control of the management. Any sums paid in excess of the limit become refundable to the Company under Section 309(5A) of the Act, unless the Company waives recovery of the excess amount paid and such waiver is approved by the Central Government under Section 309(5B) of the Act.

The Directors have proposed that the recovery of the excess remuneration of Rs.2.29 lakhs paid to the Managing Director be not recovered from him and subject to the approval of the shareholders and Central Government, such recovery be waived. The approval of the shareholders is being sought to the waiver by the Company of the recovery of the aforesaid amount being remuneration in excess of statutory limit laid down under the Act. An application will be made by the Company to the Central Government for its permission to the waiver of recovery of the said amount from the Managing Director.

The Directors recommend the resolution at Item No.5 of the Notice for acceptance by the members. Mr V R Kaundinya is concerned or interested in the aforesaid resolution.

By Order of the Board of Directors

Mumbai,
29 June 2000

K D GHAG
Company Secretary

Registered Office:

The International,
16, M. K. Road, Churchgate,
Mumbai - 400 020.

Report Junction.com

Dematerialisation of Shares

The Company has signed an Agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate shareholders/investors to hold the shares of the Company in demat/electronic form. The International Securities Identification Number allotted to the Company's shares is **INE 142B01010**. Shareholders will now have an option of dealing in the Company's shares in the electronic form by dematerialising their shares.

Kindly note that Securities Exchange Board of India (SEBI) has stipulated compulsory settlement in demat form by all shareholders effective 28 August 2000.

Shareholders are therefore requested to avail of this facility as dealing in securities in electronic form eliminates problems associated with handling of physical (paper) certificates such as loss, theft, mutilation, bad deliveries, forgeries, fake certificates, delays in transfer and registration, distribution of rights/bonus shares, etc. Apart from overcoming the above the problems, the following are the other benefits to the shareholders/investors by dealings in shares in dematerialised form:

1. Saving in postal charges and avoiding delays in postal delivery.
2. Stamp duty is not payable on transfer of shares in electronic form.
3. Brokerage rates for transactions in electronic form are lower.
4. Interest rates on loans availed against dematerialised shares are lower.
5. Faster settlement, i.e. quicker credit for shares purchased and payment for shares sold.

Report of the Directors

TO THE MEMBERS

Your Directors hereby present their Twelfth Annual Report and Audited Accounts for the financial year ended 31 March 2000.

Financial Results

	Year ended 31 March 2000 (Rs. in lakhs)	Year ended 31 March 1999 (Rs. in lakhs)
Profit/(Loss) before Depreciation	(4,29.48)	7.68.88
Provision for Depreciation	1.94.09	1,05.74
Profit before Taxation	(6,23.57)	6.63.14
Provision for Taxation	-	2,16.00
Profit/(Loss) after Taxation	(6,23.57)	4,47.14
Less : Leave encashment provision for prior years	---	52.66
Net Profit/(Loss)	(6,23.57)	3,94.48
Add : Balance in Profit & Loss A/c b/f	12,87.64	11,13.01
Add : Amount transferred pursuant to Scheme of Amalgamation	5,89.87	---
	12,53.94	15,07.49

Appropriations

1. Proposed Dividend		
- Preference Shares	-	0.01
- Equity Shares	-	1,57.51
2. Tax on Proposed Dividend	-	17.33
3. Transfer to General Reserve	-	45.00
4. Transfer to Capital Redemption Reserve	0.09	---
5. Balance carried to Balance Sheet	12,53.85	12,87.64
	12,53.94	15,07.49

Operational Review

Sales for the financial year ended 31 March 2000 amounted to Rs. 97.40 crores as against Rs.107.79 crores for the year ended 31 March 1999. There is a significant drop of Rs. 27.60 crores in domestic sales in the year under review which is partly offset by increase in export sales of Rs. 17.21 crores. The major cause for the unprecedented drop in domestic sales was unfavourable weather conditions in Central parts of India which resulted in lower usage of herbicides (STOMP) on soyabean crop and severe drought in the Saurashtra region of Gujarat which largely affected the consumption of herbicide (STOMP) on groundnuts.

The pesticide industry continues to face price pressure in the market particularly for commodity pesticides. In addition, some of the Company's products faced significant competition from generic manufacturers resulting in lower price realisations as compared to the previous year.

For the year under review, the loss, after voluntary retirement compensation of Rs. 1.20 crores and taking into account exceptional gain of Rs. 0.94 crores, amounted to Rs.6.24 crores as compared to a profit of Rs. 6.63 crores for the year ended 31 March 1999.

In view of the loss incurred by the Company for the year under review, your Directors are unable to recommend any dividend.

Future Outlook

Your Company has launched a new generation post-emergence herbicide "PURSUIT 10 SL" which is formulated at its newly commissioned state-of-the-art insecticide formulation facility at Demni Village, Dadra, U.T. of Dadra & Nagar Haveli. The Company has also received registration for "FENDONA 5% WP" (a residual mosquito adulticide) for control of Malaria Vectors which will be launched during the current year.

Sales during the first 3 months of the current year are encouraging. Monsoon, though delayed, is progressing well which should reflect in a good performance in the current year.

Amalgamation

The Scheme of Amalgamation between ACCO Industries Limited and the Company approved by the shareholders at their meeting held on 4 January 2000 was sanctioned by the Hon'ble High Court of Bombay on 13 March 2000. The amalgamation will enable the Company to carry out the combined business more economically and advantageously due to synergy in operations. The Scheme has become effective from 1 June 2000. As the Appointed Date under the Scheme has been fixed as 1 September 1999 the Audited Accounts and the Balance Sheet accompanying this Report reflect the financial results of the Company after consolidation of the accounts of both the companies for the year ended 31 March 2000.

Capital

90 (Ninety), 10% Redeemable Preference Shares of Rs.100/- each issued by the Company were redeemed on 29 September 1999.

The Authorised Share Capital of the Company was increased from Rs.6 crores to Rs.12 crores in terms of the resolution passed at the Extraordinary General Meeting of the Company held on 22 December 1999.

In order to satisfy the obligations under the Scheme of Amalgamation, the Board of Directors at their meeting held on 31 May 2000 have issued and allotted 48,39,670 equity shares of Rs.10/- each fully paid up to the shareholders of ACCO Industries Limited in the ratio of one equity share of the Company for every 4.25 equity shares of Rs.10/- each fully paid up held by them in ACCO Industries Limited.

In view of the above, the issued, subscribed and paid up equity share capital of the Company as on date is increased to Rs.10.09 crores comprising 1,00,89,870 equity shares of Rs.10/- each fully paid up.

Sale of Valsad Plant

Pursuant to the resolution passed by the shareholders at the Extraordinary General Meeting held on 22 December 1999 for the sale, transfer and assignment of the Company's Plant at Atul, Valsad, Gujarat, the Company has transferred the said Plant effective 31 December 1999 to AgriMore Limited.

As already stated in the Notice of Extra-ordinary General Meeting held on 22 December 1999, your Company has entered into an agreement with AgriMore Limited, purchaser of the Plant, for supply of Technical and Formulations of Phorate, Malathion and Temephos marketed by the Company under the brand names, THIMET, CYTHION and ABATE respectively, for an initial period of 5 years with an option of renewal for another 2 years. As you will read at Item No. 3 of the Notes to the Accounts, your Company has also entered into a Non-Compete Agreement with AgriMore Limited.

Safety, Hygiene & Environment Protection

Your Company continues to accord utmost priority to the areas of health, safety and environment. Compliance with safety norms and regular monitoring of effluents are an integral part of the Company's operating systems. Your Company undertakes safety audits, hazardous operations analysis and safety training programs for its employees and other persons handling the Company's products such as transporters, customers, etc.

Y2K Compliance

Your Company has successfully implemented the project to make all hardware and software Y2K compliant and has not experienced any disruption to its operations.

Conservation of Energy/Technology Absorption/Research & Development

The information required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure I and forms part of this Report.

Cyanamid Agro Limited

Particulars of Employees

A Statement giving particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 is given in Annexure II and forms part of this Report.

Employee Relations

Relations between the employees and the management continued to be cordial during the year.

Directors

Mr Luciano De'Portu resigned as member of the Board with effect from 9 September 1999. The Board wishes to place on record its appreciation for the valuable guidance and assistance rendered by him.

Mr Mark Drew, Director, Agricultural Products Division, American Cyanamid Company responsible for its business in Southeast Asia and India was appointed as a Director with effect from 9 September 1999 in the casual vacancy caused by the resignation of Mr Luciano De'Portu.

Under Article 105 of the Articles of Association of the Company, Mr J F Smith and Mr K S Bakshi, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Auditors

M/s. Arthur Andersen & Associates, Chartered Accountants, the retiring Auditors of the Company have informed that they do not wish to seek reappointment at the ensuing Annual General Meeting of the Company. Your Directors place on record their appreciation of the services rendered by M/s. Arthur Andersen & Associates during their association with the Company. The Directors recommend that M/s. Deloitte, Haskins & Sells, Chartered Accountants, Mumbai, be appointed as the Company's Auditors to hold office till the conclusion of the next Annual General Meeting.

Cost Auditors

The Central Government has approved the appointment of M/s. R. Nanabhoy & Co., Cost Accountants, Mumbai, as Cost Auditors, to carry out the audit of the cost accounts relating to the manufacture of Insecticides for the current year.

Acknowledgement

Your Directors take this opportunity to thank American Home Products Corporation, USA and American Cyanamid Company, USA, for their valuable guidance and support.

The Directors record their thanks to the Company's shareholders, bankers, financial institutions, agricultural universities, Central and State Government officials, research institutions, trade and customers for their continued support and co-operation. The Directors also record their appreciation of dedication, commitment and hard work put in by the employees at all levels.

On behalf of the Board of Directors

V R KAUNDINYA
Managing Director

D E UDWADIA
Director

Mumbai
29 June 2000

Annexure - I to the Report of the Directors

Particulars pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report.

A. Conservation of Energy

- a) Energy conservation measures taken
- Reduced the air leakage in the air distribution network of Plant which resulted in reduction of electricity consumption.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.
- Nil -
- c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.
- The above energy consumption measures will result in savings of Rs.1.05 lakhs in energy cost.
- d) Total energy consumption and energy consumption per unit of production:

I. Power & Fuel Consumption

	Year ended 31 March 2000	Year ended 31 March 1999
1. Electricity		
a) Purchased -		
Unit (KWH)	27,43,128	40,27,659
Total amount (Rs. lakhs)	1,46.24	1,92.50
Rate/Unit (Rs.)	5.33	4.78
b) Own Generation -		
i) Through Diesel Generator		
Unit (KWH)		
Units per Ltr. of Diesel Oil	Nil	Nil
Cost/Unit (Rs.)		
ii) Through Steam Turbine Generator		
Unit (KWH)		
Units per Ltr. of Fuel Oil/Gas	Nil	Nil
Cost/Unit (Rs.)		
2. Coal		
Quantity (Tonnes)		
Total cost (Rs.)	Nil	Nil
Average rate (Rs./Kltr)		
3. Furnace Oil (Used in Incinerator Plant)		
Quantity (KLtrs.)	1,40.52	2,03.48
Total amount (Rs. lakhs)	12.93	11.59
Average rate (Rs./KLtr)	92,03.83	56,94.86
4. Others/Internal Generation	Nil	Nil

II. Consumption per unit of Production

	Standards (if any)	Year ended 31 March 2000	Year ended 31 March 1999
1. Agrochemicals (Insecticides)			
a) Technical Grade			
Unit (Production in Tonnes)	-	1,336.08	1,513.61
Electricity (Kwh/Tonne)		1,787.13	1,731.37
Steam (Tonnes)		3.40	3.55
b) Formulations (Granular)			
Unit (Production in Tonnes)	-	6,152.35	10,004.50
Electricity (Kwh/Tonne)		57.76	58.17
Steam (Tonnes)		0.02	0.01