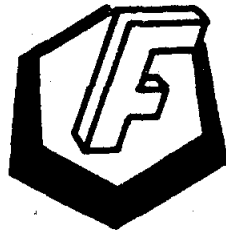


# FISCHER

## 6th ANNUAL REPORT 1998-99

For FISCHER INORGANICS AND AROMATICS LIMITED



**FISCHER INORGANICS AND AROMATICS LIMITED**

**Fischer Inorganics and Aromatics Limited****BOARD OF DIRECTORS:**

<b>MR. G. M. SANKARANARAYANAN</b>	- Whole Time Director
<b>MR. K. VASUDEVAN</b>	- Whole Time Director
<b>MR. R. PANNEERSELVAM</b>	- Director

**REGISTERED OFFICE & WORKS**

Plot No.111, Sidco Industrial Estate  
Kakallur, Thiruvallore Taluk,  
Thiruvallore District.  
Tamilnadu.

**BRANCHES**

Hyderabad, Bangalore &  
Mumbai.

**AUDITORS**

A. N. JAMBUNATHAN & CO.,  
13, Deivasigamani Road,  
Lakshmipuram,  
Royapettah, Chennai 600 014.

**ADMINISTRATIVE OFFICE**

3/240, Govindan Nagar,  
Palavakkam,  
Chennai 600 041.  
Tamilnadu.

**BANKERS**

The Catholic Syrian Bank Ltd,  
IInd Line Beach, Chennai 600 001.

**SHARE TRANSFER AGENTS:**

Hi-Tech Share Registry Private Ltd.,  
No. 66, Cathedral Road,  
Chennai 600 086.

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**Fischer Inorganics and Aromatics Limited**

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**NOTICE TO THE SHAREHOLDERS**

Notice is hereby given that the Sixth Annual General Meeting of the Members of **FISCHER INORGANICS & AROMATICS LIMITED** will be held on Thursday, the 30th December, 1999 at 11.00 A.M. at K.N. Natasa Chettiyar Kalyana Mandapam, (Hotel Arjuna Upstairs), 11-12, Panagal Street, Thiruvallore 602 001, Thiruvallore District, Tamilnadu to transact the following business.

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999, the Profit & Loss Account for the year ended on that date and the report of the Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr. K. Vasudevan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration. The retiring Auditors M/s. A. N. Jambunathan & Co., Chartered Accountants, Chennai are eligible for re-appointment.

**SPECIAL BUSINESS:**

To consider and if thought fit to pass the following resolutions as:

**A SPECIAL RESOLUTION:**

4. **"RESOLVED THAT** the action of Board of Directors in appointing Mr. G. M. Sankaranarayanan, pursuant to the provisions of Sections 198, 269, 309 & 314 of the Companies Act, 1956 as a Wholetime Director with effect from 19.02.99 for a period of five years on such terms and conditions contained in the Explanatory Statement annexed hereto, be and is hereby confirmed, approved and ratified".

**A SPECIAL RESOLUTION:**

5. **"RESOLVED THAT** the action of Board of

Directors in appointing Mr. K. Vasudevan, pursuant to the provisions of Sections 198, 269, 309 & 314 of the Companies Act, 1956 as a Wholetime Director with effect from 19.02.99 for a period of five years on such terms and conditions contained in the Explanatory Statement annexed hereto, be and is hereby confirmed, approved and ratified".

**A SPECIAL RESOLUTION:**

6. **"RESOLVED THAT** Mr. R. Panneerselvam, Director, whose term of office expires at this Annual General Meeting and in respect of whom the Company had received a Notice under Section 257 of the Companies Act, 1956 from a Member proposing the candidature of Mr. R. Panneerselvam for the Office of Director, be and is hereby appointed as Director subject to retirement by rotation".

By Order of the Board

Place: Chennai

**G. M. SANKARANARAYANAN**

Date : 12.11.99

**DIRECTOR**

**NOTES :**

- a. 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 MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE ANNUAL GENERAL MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THIS MEETING. THE PROXY FORM IS ENCLOSED.
- b. Explanatory Statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956, for item Nos. 4 & 5 are annexed.
- c. Members are requested to bring their copies of the Annual Report to the Meeting.

- d. Members are requested to notify immediately any change in their address to the Company's Registered Office / Share Transfer Agents.
- e. The Register of Members of the Company shall remain closed from 25th December, 1999 upto 30th December, 1999 (both days inclusive).

**EXPLANATORY STATEMENTS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**ITEM NO.4:**

Mr. G. M. Sankaranarayanan was appointed as a Whole time Director in the meeting of Board of Directors held on 15.02.99 for a period of five years subject to his office of director liable to be determined by rotation on the following terms and conditions.

- Salary Rs. 15,000/- per month.
- Commission on Net Profit: 1% of the net profit of the Company in a year, payable annually subject to a ceiling of Rs.1 lac per month.

Perquisites shall be in addition to salary. They shall be restricted to an amount equal to annual salary.

Perquisites are as follows :

- Housing : The expenditure by the Company on hiring furnished accomodation.
- Gas, Electricity, Water & Furnishing : Actuals subject to the ceiling of 10 % of his Salary.
- Medical Reimbursement : The expenses incurred for the appointee and his family shall be subject to a ceiling of 1 month Salary in a year.
- Leave Travel Concession / Leave : In accordance with rules of the Company.
- Club Membership : Fees of club subject to maximum of Two clubs.
- Personal Accident Insurance : Premium not exceed Rs.4,000/- per annum.

- Contribution to Provident Fund : Contribution towards Provident Fund will be subject to a ceiling of 12% of the Salary or minimum percentage prescribed by the Government of India, whichever is higher.
- Contribution towards Pension / Superannuation Fund together with Provident Fund shall not exceed 25% of the Salary as laid down in the Income tax Rules, 1962.
- Gratuity : Gratuity payable shall not exceed one month salary for each completed year of service.

Besides the above, Car with Driver / Driver allowance and telephone at residence are provided.

In the event of inadequacy of profit in the calculation of his remuneration as per section 198, 309 & 310 of the Companies Act, 1956, the above salary shall be treated as minimum remuneration and shall be paid salary including perquisites as said above.

**Retirement:** The above appointment shall be subject to retirement by rotation.

Since appointment of Whole time Director requires confirmation of members in a General Meeting, the above resolution is placed before the members for their approval.

None of the Directors other than Mr. G. M. Sankaranarayanan is interested in the above resolution.

The Explanatory Statement along with the accompanying notice is and shall be deemed to an abstract under Section 302 of the Companies Act, 1956.

**ITEM NO.5**

Mr.K.Vasudevan was appointed as Whole time Director in the meeting of Board of Directors held on 15.02.99 for a period of five years subject to his office of director liable to be determined by rotation on the following terms and conditions.

- Salary Rs. 15,000/- per month.
- Commission on Net Profit: 1% on the net

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profit of the Company in a year, payable annually but subject to a ceiling of Rs.1 lac per month.

Perquisites shall be in addition to salary. They shall be restricted to an amount equal to annual salary.

Perquisites are as follows :

1. Housing : The expenditure by the Company on hiring furnished accomodation.
2. Gas, Electricity, Water & Furnishing : Actuals subject to the ceiling of 10 % of his Salary.
3. Medical Reimbursement : The expenses incurred for the appointee and his family shall be subject to a ceiling of 1 month Salary in a year.
4. Leave Travel Concession / Leave : In accordance with rules of the Company.
5. Club Membership : Fees of club subject to maximum of Two clubs.
6. Personal Accident Insurance : Premium not exceed Rs.4,000/- per annum.
7. Contribution to Provident Fund : Contribution towards Provident Fund will be subject to a ceiling of 12% of the Salary or minimum percentage prescribed by the Government of India, whichever is higher.
8. Contribution towards Pension / Superannuation Fund together with Provident Fund shall not exceed 25% of the Salary as laid down in the Income tax Rules, 1962.
9. Gratuity : Gratuity payable shall not exceed one month salary for each completed year of service.

Besides the above, Car with Driver / Driver allowance and telephone at residence are provided.

In the event of inadequacy of profit in the calculation of his remuneration as per section 198, 309 & 310 of the Companies Act, 1956, the

above salary shall be treated as minimum remuneration and shall be paid salary including perquisites as said above.

**Retirement:** The above appointment shall be subject to retirement by rotation.

Since appointment of Whole time Director and payment of remuneration requires confirmation of members in a General Meeting, the above resolution is placed before the members for their approval.

None of the Directors other than Mr. K. Vasudevan is interested in the above resolution.

The Explanatory Statement along with the accompanying notice is and shall be deemed to an abstract under Section 302 of the Companies Act, 1956.

**ITEM NO. 6:**

Mr. R. Panneerselvam was appointed as Additional Director in the meeting of the Board of Directors of the Company held on 24.10.99 and he holds the office as a Director till the commencement of the forthcoming Annual General Meeting. Mr.R.Pannerselvam is a businessman with more than 20 years experience. The Company will be benefitted by his vast experience in improving its performance. Notice has been received from a member proposing his candidature as a Director of the Company liable to retire by rotation. The Board recommend the passing of the resolution. None of the Director other than Mr.R.Pannerselvam is interested in passing this resolution.

By Order of the Board

Place : Chennai

**G. M. SANKARANARAYANAN**

Date : 12.11.99

DIRECTOR

**DIRECTOR'S REPORT**

The Directors have pleasure in presenting their Sixth Annual Report and the Audited accounts for the financial year ended March 31, 1999.

**FINANCIAL RESULTS**

	(Rs. in Lakhs)	
	Year Ended 31.03.99	Year Ended 31.03.98
Profit/(Loss) before interest and Depreciation	(11.80)	30.01
Interest	47.71	41.42
Depreciation & Non-cash charges	27.05	27.21
Profit/(Loss) after tax	(86.56)	(38.62)
Loss brought forward from Previous year	(102.98)	(101.98)
Less: Excess Depreciation w/back	—	37.62
Balance Loss carried forward	(189.54)	(102.98)

**PERFORMANCE DURING THE YEAR**

During the year under review your company could achieve a sales turnover of Rs. 221.84 Lakhs as against Rs.244.96 Lakhs in the previous year. The recession in the economy and slowing down of the demand continued during the year also. There has been severe competition resulting in poor profit margin. Your Company has taken several cost cut measures in all areas of operations. The Company had during the year under review changed the product mix tailored to specific endusers, and bulk customers. The efforts are continued for the current year also. With less overhead in all areas, change in marketing strategy, your Directors are confident of improving the performance during the current year.

**DIRECTORS**

Mr. K.Vasudevan, Director, is retiring at the ensuing Annual General Meeting by rotation and being eligible, offers himself for re-appointment. Mr. G. M. Sankaranarayanan and Mr. K. Vasudevan were re-appointed as Whole-time Directors by the Board of Directors at their meeting held on 15.02.99 for a period of five years. Resolutions are placed before the members confirming their appointment and

payment of remuneration.

Mr. R. Panneerselvam, was appointed as Additional Director in the Board on 24.10.99. Notices have been received from members in terms of Section 257 of the Companies Act, 1956, proposing the candidature of Mr. R. Panneerselvam to the office of Director along with a deposit of Rs.500/-.

Mr. C. Seshadri, wholetime Director resigned has a Director on 31.08.99. The Board places on record the contribution made by him during his tenure as a Director for the growth of the organisation.

**AUDITORS:**

M/s.A.N.Jambunathan & Co., Chartered Accountants, Chennai, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

**ADDENDUM TO THE BOARD'S REPORT****\* AUDITORS REPORT:**

Regarding note No. 5, the appointment of two wholetime directors are placed before shareholders as resolution No.4 and 5 in the notice seeking their approval in term of Section 269 read with Schedule XIII. Auditors by way of abundant caution had notified in their report for providing contingency of recovery remuneration in case of these Directors were not re-appointed.

Note No. 7 is self explanatory.

**Y2K COMPLIANCE**

Your Directors wish to report that the hardware and software systems installed by the Company are Y2K compliant and your Company has taken all necessary steps to tackle any problem which may arise due to year 2000 issues.

**OTHER INFORMATIONS:****Particulars of information required under section 217 (1) (a) of the Companies Act, 1956:**

None of the employees were in receipt of remuneration in excess of the limits specified in Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules,1975.



**Fischer Inorganics and Aromatics Limited****7**

The information required under Section 217 (1) (e) of the Companies Act, 1956 are given below:

**1. Conservation of Energy:**

The Company's manufacturing operations are not power intensive. However, efforts are being taken on a continuous basis to conserve energy wherever possible.

**A. Power Consumption:**

	1998-99	1997-98
Purchased:		
Units consumed	70010	92841
Amount (Rs. in lacs)	2.47	3.09
Rate per Unit (Rs.)	3.53	3.32

**B. Consumption per unit production:**

As the products manufactured by the Company are large in number involving different process, energy consumption per unit of production is not ascertainable.

**2. Technology absorption:**

The technology adopted by the Company is developed in house and hence, absorption of technology does not arise.

**3. Foreign Exchange Earnings and Out go:**

1998-99    1997-98  
(Rs. in Lakhs)

Earning in foreign currency		
Export sales (FOB)	Nil	Nil
Out go:		
Import of Capital goods (CIF Value)	Nil	Nil

**4. Research & Development:**

Research and Development facilities created by the Company are used to introduce new products, on a continuous basis as per the Market requirements.

**ACKNOWLEDGEMENT:**

The Board of Directors thank the various Government authorities, Company's Bankers, Customers and Suppliers for their unstinted support during the year. Your Directors also thank the shareholders for their continued support.

The Directors wish to place on record their appreciation of the dedicated services and efforts put in by the employees of the Company at all level during the year.

for and on behalf of the Board of Directors of  
**FISCHER INORGANICS & AROMATICS LIMITED**

**K. VASUDEVAN**  
DIRECTOR

**G. M. SANKARANARAYANAN**  
DIRECTOR

Place : Chennai  
Date : 12.11.99