

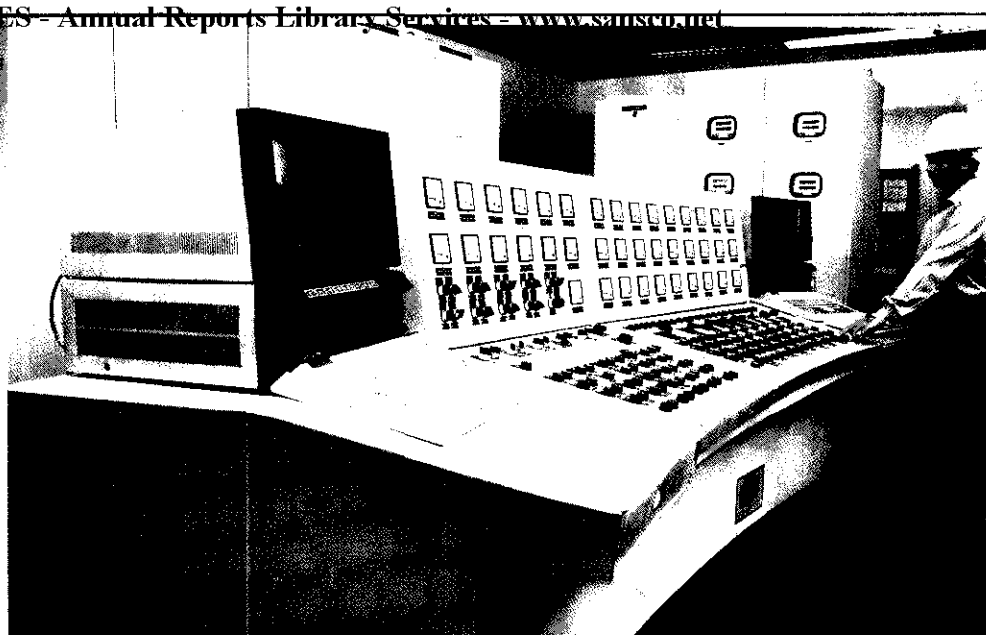
**REPORT AND ACCOUNTS 1999**

25 MAR 2000

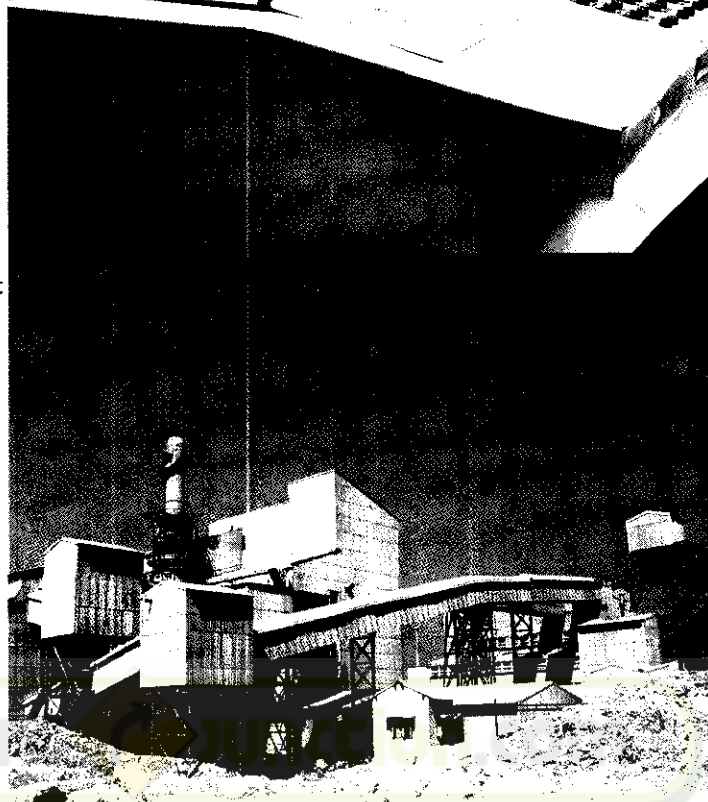


**HIND LEVER CHEMICALS LIMITED**

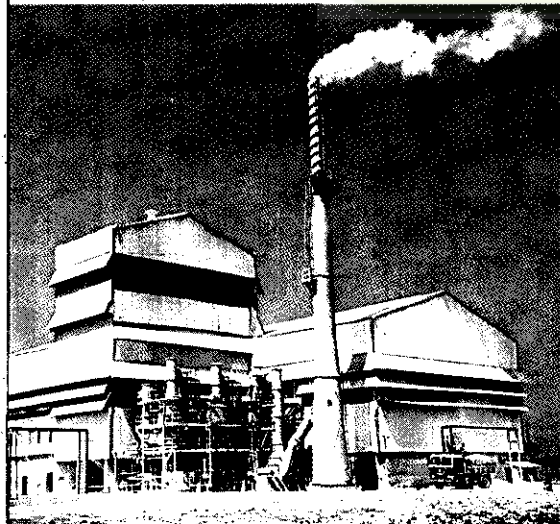
New DAP control room



New DAP plant



New SSP plant



Administrative block at Haldia factory




**HIND LEVER CHEMICALS LIMITED**
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**DIRECTORS**

A. K. MATHUR	<i>Chairman</i>
P. ASIRVATHAM	
R. BANGA	<i>Wholetime</i>
S. S. GREWAL	
V. SHANKAR	<i>Wholetime</i>
M. K. SHARMA	
ANUP SINGH	
GURDEEP SINGH	

**COMPANY SECRETARY**

DEEPAK JALAN

**AUDITORS**

A. F. Ferguson &amp; Co.

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**BANKERS**

State Bank of India  
 ANZ Grindlays Bank Plc.  
 Deutsche Bank  
 Hongkong & Shanghai Banking Corporation  
 Citibank N. A.  
 Bank of America  
 Punjab National Bank

**REGISTERED OFFICE**

A-5, Phase II-B, Focal Point,  
 Rajpura - 140 401  
 Punjab

**SHARE TRANSFER OFFICE**

Investor Service Dept.,  
 Hind Lever Chemicals Limited,  
 3rd Floor, "Dakshina", Plot No. 2,  
 Sector 11, C.B.D. Belapur,  
 Navi Mumbai - 400 614



**HIND LEVER CHEMICALS LIMITED**

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## REPORT AND ACCOUNTS 1999

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 26th Annual General Meeting of Hind Lever Chemicals Limited will be held on Friday, 14th April, 2000 at 9 a.m., at the Registered Office of the Company at A-5, Phase II-B, Focal Point, Rajpura-140 401, to transact the following business :

#### ORDINARY BUSINESS

1. To receive and adopt the Profit and Loss Account for the financial year ended 31st December, 1999, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To elect Directors.
4. To appoint Auditors and fix their remuneration for the year ending 31st December, 2000.

#### SPECIAL BUSINESS

5. 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 Section 293(1)(d) of the Companies Act, 1956, and other applicable provisions, if any, of the Companies Act, 1956 the Board of Directors of the Company be and are hereby authorised to borrow any sum or sums of money from time to time from any one or more of the Company's bankers and/or from any one or more other persons, firms, bodies corporate, or financial institutions whether by way of cash credit, advance or deposits, loans or bill discounting or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets or properties whether movable or stock-in-trade (including raw materials, stores, spare parts and components in stock or in transit) and work-in-progress and all or any of the undertakings of the Company notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but, so however, that the total amount upto which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs.400 Crores (Rupees Four Hundred Crores) only.

RESOLVED FURTHER that the Board of Directors is hereby further authorised to execute such deeds of debentures and debenture trust deeds or mortgage, charge, hypothecation, lien, promissory notes, deposit receipts

and other deeds and instruments or writings as it may think fit and containing such conditions and covenants as it may consider fit and proper in connection with the aforesaid borrowing(s).

6. To appoint Mr. V. Shankar as Director in the wholetime employment of the Company who is eligible for appointment and in respect of whom the Company has received a Notice in writing proposing his candidature for the office of Director pursuant to Section 257 of the Companies Act, 1956.
7. To appoint Mr. R. Banga as Director in the wholetime employment of the Company who is eligible for appointment and in respect of whom the Company has received a Notice in writing proposing his candidature for the office of Director pursuant to Section 257 of the Companies Act, 1956.

By Order of the Board

DEEPAK JALAN  
Company Secretary

Registered Office :

A-5, Phase II-B, Focal Point, Rajpura-140 401.

Dated : 10th March, 2000

#### 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. The proxies to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed from 29th March, 2000 to 7th April, 2000 (both days inclusive) in connection with the ensuing Annual General Meeting.
4. The dividend for the year ended 31st December, 1999 as recommended by the Board, if sanctioned at the meeting, will be paid on 18th April, 2000 to those members whose names appear in the Company's Register of Members on 7th April, 2000.
5. Members are requested to inform the Company of any change in their addresses immediately so as to enable the Company to despatch dividend warrants and any future communication at their correct addresses.





## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

### RESOLUTION AT ITEM NO. 5

Members had approved of a similar resolution prescribing a limit of Rs. 200 Crores at the Annual General Meeting of the Company held on 24th April, 1998. Since then, the Fertilisers business of the Company has made substantial growth and the need of borrowings has increased due to significantly high amounts of price concessions pending with and receivable from the Government of India.

Under Section 293(1)(d) of the Companies Act, 1956, borrowings (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceeding the aggregate of paid-up capital of the Company and its free reserves needs to be authorised by members. Authority is, therefore, sought from the members to borrow moneys with a cumulative limit of Rs. 400 Crores and the Board commends the resolution to the members.

None of the Directors is concerned or interested in this resolution.

### RESOLUTION AT ITEM NO. 6

The Company has received Notice under Section 257 of the Companies Act, 1956, from a member signifying his intention to propose Mr. V. Shankar's appointment as a Director, in the wholtime employment of the Company. Mr. V. Shankar has been appointed Wholtime Director with effect from 1st March, 2000. Mr. V. Shankar, B. Com (Hons.), FCA, AICWA, age 43 years is eligible for appointment as a Director of the Company and has given his consent to act as a Director if appointed. Mr. V. Shankar, before his appointment as Wholtime Director

was General Manager, Seeds Business, Hindustan Lever Limited, and possesses over 20 years experience in various senior management positions. Therefore the Board considers it desirable that the Company should appoint Mr. V. Shankar as a Wholtime Director of the Company.

### RESOLUTION AT ITEM NO. 7

The Company has received Notice under Section 257 of the Companies Act, 1956, from a member signifying his intention to propose Mr. R. Banga's appointment as a Director, in the Wholtime employment of the Company. Mr. R. Banga has been appointed Wholtime Director with effect from 1st March, 2000. Mr. R. Banga, B.E(Hons.), age 40 years is eligible for appointment as a Director of the Company and has given his consent to act as a Director if appointed. Mr. R. Banga, before his appointment as Wholtime Director was General Factory Manager, Khamgaon Factory, Hindustan Lever Limited, and possesses over 20 years experience in various senior management positions. Therefore the Board considers it desirable that the Company should appoint Mr. R. Banga as a Wholtime Director of the Company.

By Order of the Board

Deepak Jalan  
Company Secretary

Registered Office :  
A-5, Phase II-B, Focal Point, Rajpura 140 401.  
Dated : 10th March, 2000



## REPORT AND ACCOUNTS 1999

### REPORT OF THE DIRECTORS

#### 1. 1999 IN RETROSPECT

The uncertain political environment in the last couple of years had an impact on the decision making on key issues relating to fertilisers industry. The final price concession for major decontrolled fertilisers for the period Rabi 98-99 (October 1, 1998 to March 31, 1999), which was to be announced by the beginning of 1999 has still not been announced. The price concessions for Kharif 99 and Rabi 99-2000, expected to be finalised on a quarterly basis, still remain provisional. The much awaited free-float pricing which was announced and then reversed during 1998 has also not been reintroduced.

The year also saw the levy of custom duties on raw materials, intermediates and finished goods of fertilisers leading to higher costs. On the positive side, the much needed linkage between the fluctuations in the rupee exchange rate and the levels of price concessions was finally established during the year, with the Government agreeing to neutralise the impact of rupee depreciation or appreciation. However, while the rupee has been depreciating throughout the year, corresponding increase in price concession has not yet been announced.

In the absence of the announcement of final price concession applicable for the period Rabi 98-99 and subsequent periods, there has been no release of the balance 20% of the price concession from October 1998. This has resulted in significantly high amounts of price concessions pending with and receivable from the Government of India locking up precious working capital of the industry, which in turn has resulted in higher financing costs.

It is expected that in the year 2000, a longer-term fertiliser policy will be announced to ensure sustained profitable economic growth of this vital sector, which will have a salutary impact on the growth of both agriculture and industry.

Despite the uncertainties facing the industry, your Company continued to meet the growing demand of phosphatic and potassic fertilisers in the country and has extended its reach beyond its traditional markets of Eastern India. As a result, 1999 was another landmark year, with your Company achieving significant growth in volumes, turnover and profits. Certain key growth statistics over 1998 are given below :

- i) 61% growth in Di Ammonium Phosphate (DAP) sales volumes
- ii) 60% growth in Gross Turnover
- iii) 27% growth in Net Profit

#### 2. PERFORMANCE OF THE COMPANY

Your Company's performance during 1999 is summarised below :

	(Rs. lakhs)		
	1999	1998	Growth %
Gross Income (including other income)	<b>1477,22</b>	926,56	59.4
Gross Turnover (excluding other income)	<b>1475,59</b>	923,43	59.8
Profit before tax	<b>64,42</b>	62,15	3.7
Profit after tax	<b>53,67</b>	42,40	26.6

##### 2.1 Income

Income for the year, grew by 59%, mainly on account of high growth of fertilisers :

	(Rs. lakhs)	
	1999	1998
Fertilisers and Bulk Chemicals	<b>1444,58</b>	887,82
Processing income	<b>31,01</b>	35,61
Other income	<b>1,63</b>	3,13
Total	<b>1477,22</b>	926,56

##### 2.2 Profits

	(Rs. lakhs)	
	1999	1998
Profit before tax	<b>64,42</b>	62,15
Tax on profits	<b>10,75</b>	19,75
Profit after tax	<b>53,67</b>	42,40
Dividend	<b>21,33</b>	15,76
Tax on distributed profits	<b>2,35</b>	1,58
Transfer to General Reserve	<b>27,00</b>	22,00
Profit & Loss Account balance carried forward	<b>17,59</b>	14,60

The Government of India vide its notification dated 25th May, 1999 has announced price concessions with effect from April 1, 1999 on sale of phosphatic and potassic fertilisers which have been recognised in the results. Further, an Inter Ministerial Group has been constituted to decide on the parameters to be adopted for computation of rates of concession for indigenous DAP. The Government has clarified in the above notification, that, keeping in view the fluctuations in the foreign exchange rates, it has decided to index the price concession on a quarterly basis to the actual behaviour of the exchange rates. The differential amount of price concession on account of fluctuation