

ANNUAL REPORT

1998 - 99

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**MEGHMANI
ORGANICS LIMITED**

MEGHMANI ORGANICS LIMITED**BOARD OF DIRECTORS**

: Jayanti M. Patel
Natu M. Patel
Ashish N. Soparkar
Anand I. Patel
Ramesh M. Patel
J. Vishwanathan
David Chia Tian Bin

COMPANY SECRETARY

: K.D. Mehta

AUDITOR

: **M/s. Patel & Khandwala**
204, Akik, Opp. Lions Hall,
Mithakhali, Ellisbridge, Ahmedabad.

BANKERS

: **State Bank of India**
G.I.D.C. Industril Estate
Vatva, Ahmedabad.

Corporation Bank
Industrial Finance Branch,
Ellisbridge Ahmedabad.

REGISTERED OFFICE

: Plot No. 184, Phase II,
G.I.D.C. Vatva, Ahmedabad - 382 445.

PLANT LOCATIONS

- (1) **Pigment Green** : Plot No. 184, Phase II,
G.I.D.C. Vatva, Ahmedabad - 382 445.
- (2) **Agro Division** : Plot No. 402, 403, Village Chharodi,
Taluka Sanand, Dist. Ahmedabad.
- (3) **Panoli Division** : Plot No. 21, 21/1, G.I.D.C. Panoli,
Ankleshwar - Bharuch
- (4) **Mumbai Office** : 22/23, Vellard view, 1st floor,
Tardeo Road,
Mumbai : 400 034

MEGHMANI ORGANICS LIMITED**DIRECTORS' REPORT**

To

The Members,

Your Directors take pleasure in presenting before you the Fifth Annual Report and audited Accounts of the Company for the Financial Year ended on 31st March, 1999.

FINANCIAL RESULTS:

PARTICULARS	YEAR ENDED ON MARCH 31, 1999	YEAR ENDED ON MARCH 31, 1998
(a) Gross Income (including other receipts)	107,90,13,448	84,49,56,094
(b) Gross Profit (Before Interest, Depreciation & Tax)	22,26,48,702	19,64,52,357
Less :		
Interest (Net)	4,14,26,475	4,63,61,764
Depreciation	5,64,09,479	3,88,20,383
Provision for Tax	1,00,00,000	85,00,000
(c) Net Profit/ (Loss) After Tax	11,48,13,748	10,27,70,210
Less :- Prior Period Adjustments	76,09,873	71,16,879
Amount available for appropriation	10,72,03,875	9,56,53,331
(d) Appropriations		
General Reserve	1,30,00,000	1,00,00,000
Debenture Redemption Reserve.	1,75,00,000	1,75,00,000
Dividend	3,68,72,596	3,61,73,831
Dividend Tax	40,55,986	36,17,383
(e) Balance carried to Balance Sheet	3,57,75,293	2,82,62,117

MEGHMANI ORGANICS LIMITED**DIVIDEND**

Your Directors recommend a dividend of Rs.2/- on 1,84,36,298 Equity Shares of Rs.10/- each for the full financial year ended on 31.03.1999.

FINANCE

The Consortium Bankers to the Company State Bank of India and Corporation Bank had sanctioned the Working Capital facilities of Rs. 4200 lacs for a period of two years. The said sanctioned expired during the year. The Consortium Bankers approved the applications for renewal of facilities subject to approval by their Central Offices.

SALES TAX EXEMPTION - PANOLI

During the year, Industries Commissionerate office, Gandhinagar, sanctioned the Ad - hoc Sales Tax Exemption limit of Rs. 2,82,29,000.

ELECTRICITY DUTY EXEMPTION - PANOLI.

During the year, Commissioner of Electricity, Gandhinagar granted the Exemption from payment of Electricity duty.

TURN OVER

In spite of recession, turn over of the Company Crossed the magic figure of Sales of **Rs.10243.10 lacs** sales. Turn Over of the Company for the year increased by 26.99%. The Division Wise increase in turn over is shown herein below.

Division	31.03.1999	31.03.1998	Increase
Pigment Division – Vatva	2644.20	2328.59	315.61
Agrochemical Division – Chharodi	6285.19	5241.23	1043.96
Pigment Division – Panoli	889.00	14.50	874.50
Merchant Export – Mumbai	424.71	482.03	(-)57.32
TOTAL	10243.10	8066.35	2176.75

- This being the First Full year of operation of Pigment Division Panoli the sales figures are not comparable.

The increase in sales is mainly contributed by increase in Domestic Sales of Agrochemical Division

MEGHMANI ORGANICS LIMITED

and Export sales of Pigment Green-7 of Vatva. The Company 's strategy and efforts to sale its Formulations in Small Packing in Andhra Pradesh (the trend Setter State of India in Small Packing) paid off to create the Brand image and increase in turn over. In the Current year the Company is planning to establish its footholds in Small Packing of Agrochemical in the State of Punjab, Hariyana, Gujarat and Rajasthan.

During the year the Company received the Certificate of Merit, from Government of India, Ministry of Commerce for its excellence in Export of Dyes Pigments and Agrochemical for the year 1996-97.

PRODUCTION**PIGMENT DIVISION -VATVA**

Pigment Green - 7 Division at Vatva improved its performance and produced 838.07 MT during the year, i.e. at 85% capacity. Gaining strength from the improved process parameters, the Company is aiming to achieve production at 100% capacity in 1999-2000 year.

AGROCHEMICAL DIVISION -CHHARODI

The Company had installed the Balancing equipment to increase the production capacity of Cypermethric Acid Chloride and Cypermethrin Technical to 360 MT and 480 MT respectively. The Company achieved the production of 254.03 MT of CMAC and 364.22 MT of Cyper during the year, which is at 70.56% and 75.88% respectively of its Installed Capacity.

The Production of Acephate and MPB was 685.70 MT and 446.65 MT i.e. 76.18% and 81.20% respectively of its revised installed capacity .

FORMULATION OF ACEPHATE & CYPERMETHRIN

In its pursuit of creating the Brand image the Company strengthened its concentration and made Formulation of 650.66 MT (Previous year 375.38 MT) of Acephate and 764.17 KL (Previous year 176.19 KL) respectively.

PROJECT**INCREASE IN PRODUCTION CAPACITY OF CPC BLUE – PIGMENT DIVISION PANOLI**

During the year the Company successfully completed expansion at Pigment Division Panoli to further increase its capacity by 2400 MT to manufacture CPC Blue, and also commenced the Commercial Production.

INSURANCE

The Company has taken adequate insurance to cover risks to its buildings, plant and machinery, stocks and goods in transit (Raw Material & Finished Goods). The Company also has Group Accident Policy, Mediclaim Policy for its employees, indemnity Policy for its Directors and Officers and Public Liability for its Agrochemical division at Chharodi under Public Liability Insurance Act, 1991.

MEGHMANI ORGANICS LIMITED**ENVIRONMENT**

The Company is constantly endeavoring to conform norms of Gujarat Pollution Control Board, Gandhinagar so as to make its Plants environment friendly. The Environmental and Safety Audit of all its Plant has been carried out by Humphrey and Glasgow, Consultant Limited Mumbai.

DIRECTORS

Mr. Natu Patel and Mr. Ramesh Patel are retiring by rotation at this Annual General Meeting and being eligible offers themselves for reappointment.

AUDITORS

At the Annual General Meeting Members are requested to appoint M/s. Patel & Khandwala, Chartered Accountants, who retires at the conclusion of the Fifth Annual General Meeting and are eligible for re-appointment.

ENERGY, TECHNOLOGY, AND FOREIGN EXCHANGE

Additional information on conservation of energy, technology absorption, foreign exchange earnings and out go as required to be disclosed in terms of Section 217 (1) (e) of the Companies Act, 1956 read with COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 is annexed here to and forms part of the Report.

INDUSTRIAL RELATIONS

During the year under review the relations between Employees and Management remain cordial.

PARTICULARS OF EMPLOYEES

In compliance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 a statement giving requisite information is annexed to this report.

ACKNOWLEDGEMENT

The Directors place to wish on record appreciation of the devoted services of the workers, staff and the officers, who have largely contributed to the management of your company.

Place: Ahmedabad
Date : 29.06.1999

for and on behalf of the Board
(Jayanti Patel)
Chairman & Managing Director

MEGHMANI ORGANICS LIMITED**ANNEXURE TO THE DIRECTORS' REPORT****1) CONSERVATION OF ENERGY****a. ENERGY CONSERVATION MEASURES TAKEN :**

To improve, all substations of power are now centralized.

b. ADDITIONAL INVESTMENTS AND PROPOSALS IF ANY BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY :

Additional investment made of Rs. 10,00,000.00.

c. IMPACT OF THE MEASURES AT (A) & (B) ABOVE FOR REDUCTION OF THE ENERGY CONSUMPTION AND CONSEQUENT IMPACT ON THE COST OF PRODUCTION OF GOODS

Due to this power losses would be minimized and thereby reduction in power cost and cost of production,

d. TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION

The above information is furnished in the prescribed Form A annexed hereto .

2) TECHNOLOGY ABSORPTION

Efforts made in technology absorption are furnished in prescribed Form B annexed hereto.

3) FOREIGN EXCHANGE EARNINGS AND OUTGO

Rs. Lacs

a. Foreign Exchange outgo

(i)	Foreign Exchange Used / Expenditure	300.52
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(ii)	Imports (CIF Basis)	760.22
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b.	Foreign Exchange earned	5198.40
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**For and On behalf of the Board of Directors
(Jayanti Patel)
Chairman & Managing Director**

MEGHMANI ORGANICS LIMITED**FORM -A****DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

Particulars	1998-99		1997-98	
	PIGMENT	AGRO	PIGMENT	AGRO
A POWER CONSUMPTION				
1 Electricity Consumption				
(a) Purchased				
Unit KWH	3880144	4608775	1633786	3437786
Total Amount RS.	15965631	17016424	66,14,000	12826000
Rate/Unit RS.	4.11	3.69	4.05	3.73
(b) Own Generation				
Through Diesel Generator				
Unit KWH	606414	2089136	NA	2024000
Unit per Liter of Diesel KWH	5.06	4.94	NA	4.69
Cost/Unit Rs.	2.00	2.00	NA	2.00
(c) Through Steam Turbine		NA	NA	NA
2 COAL (Specify quality and used)	NA	NA	NA	NA
Steam Generated	4854.84	24475	1891	26871
Consumption of Fuel Oil	385	1940.95	150	2131
Cost per unit (kg)	0.42	0.40	0.48	0.48
Kg. of steam per unit	12.60	12.60	12.5	12.5
3 OTHERS/INTERNAL GENERATIONS QUANTITY	NA	NA	NA	NA
Total Amount				
Average Rate				
B CONSUMPTION PER UNIT OF PRODUCTION IN MT				
ELECTRICITY (Rs./MT)	1692.74	3223.35	768.97	2062.43
	9431.82	5278.11	8601.11	6218.87

For and On behalf of the Board of Directors
(Jayanti Patel)
Chairman & Managing Director

MEGHMANI ORGANICS LIMITED**FORM -B****DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION****1. Specific areas in which R & D is carried out by the Company.**

- New product / Process Development
- Quality enhancement to achieve International Standards
- Technology up gradation
- Development and Evaluation of alternative Raw Material

2. Benefits derived as a result of the above R & D.

- R & D have definitely helped in Core activities by reduction in Raw Material Consumption and improvements in quality.

3. Future Plan of Action

- The Company's R & D team has already developed Agrochemical Viz., Permethrin and Triazophos and is developing Meta Merton and Delta Methrin.

4. Expenditure on R & D :

- The total expenditure to be incurred on R & D next year is Rs. 10.00 lacs.

Disclosure of particulars with respect to Technology Absorption, Adaptation and Innovation.**1. Efforts in brief made towards Technology Absorption, Adaptation and Innovation.**

- The Company is fully aware of the development of New Products and Process through contacts with various merchant exporters. Introduction of Filtration Technology to manufacture CPC Blue.

2. Benefits derived as a result of the above efforts.

- Increase in Production of Pigment Green-7
- Increase in production of Agrochemical CMAC and Cypermethrin.

3. Information regarding technology imported during last five years.

- No. technology imported.

For and On behalf of the Board of Directors
(Jayanti Patel)
Chairman & Managing Director

Information as per Section 217 (2-A) of the Companies (Particulars of Employees) Rules, 1975

and forming part of Director's Report for the year Ended part of the Director's Report for the year Ended 31st March, 1999

Sr. No.	Name	Age	Qualification	Date of Employment	Designation / Nature of Duties	Remuneration Recd.		Experience	Last Employment
						Gross Rs.	Net Rs.		
1	Jayantibhai M. Patel	47	B.E. Chemical	01-Aug-95	Chairman & Managing Director	934580	868820	--	
2	Rameshbhai M. Patel	43	B.Com.	01-Aug-95	Whole Time Director	743400	692040	--	
3	Anandbhai I. Patel	37	M.Sc. Chemistry	01-Aug-95	Whole Time Director	710515	659155	--	
4	Ashishbhai Soparkar	47	B.E. Chemical	01-Sep-95	Managing Director	845751	787191	--	
5	Natubhai M. Patel	46	M.Sc. Chemistry	01-Sep-95	Managing Director	810704	752144	--	
6	Ashvin Raythatha	55	B.E. Chemical MBA (IIMA)	01-Nov-95	Executive Director(Intl.Mktg.)	764072	712230	28	Navin Chemicals Ltd

- 1 Remuneration as shown above includes Salary, House Rent Allowance, Company's Contribution to Provident Fund, Leave Travell Allowance, Bonus, and expenditure incurred by the Company on Medical, Chauffer driven car and others.
- 2 Other Terms and Conditions: The appointment of employee is terminable on 3 Months notice on either side.
- 3 Jayanti Patel, Ramesh Patel, Anand Patel & Natu Patel are related to each other.