

SABERO

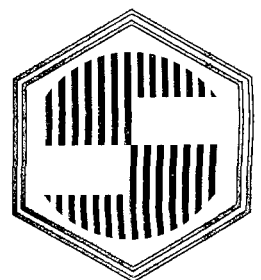
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Report

SABERO ORGANICS GUJARAT LIMITED

7TH ANNUAL REPORT 1997 - 98





Sumit Chuganee, M.D.

Hero J. Chuganee, CHAIRMAN

Mohit Chuganee, DIRECTOR

MISSION STATEMENT

- ❑ *To be a global player in speciality agro and industrial chemicals.*
- ❑ *To produce the highest quality products with continuous improvement and innovation by garnering our innate creativeness, with complete commitment to safety, health and environment.*
- ❑ *To constantly upgrade and optimize the use of financial, material and human resources in our operations and to continuously strive for excellence in all fields of activities.*
- ❑ *To have ethical and fair business practices and to strive to work for the benefit of all our stakeholders including the environment, customers, community, suppliers, shareholders and employees.*
- ❑ *To explore new avenues by informed risk taking and creative solutions.*



SABERO ORGANICS GUJARAT LIMITED

BOARD OF DIRECTORS

Mr. Hero J. Chuganee (Chairman)
 Mr. Bipin R. Shah
 Mr. Mohit H. Chuganee
 Mr. Rohit J. Patel
 Mr. John R. English
 Mr. Suresh N. Talwar (Alternate to Mr. John R. English)
 Mrs. Sabita H. Chuganee
 Mr. Ranjit Bannerji (GIIC Nominee)
 Mr. B. Arvamudham (GIIC Nominee)
 Mr. Sumit H. Chuganee (Managing Director)
 Mr. Raj Tandon
 Mr. N.C. Singhal
 Mr. R. Swaroop

COMPANY SECRETARY

Mr. Narendra R. Ochani

AUDITORS

M/s. Lodha & Co.
 Chartered Accountants.

SOLICITORS

M/s. Crawford Bayley & Co.

BANKERS

Union Bank of India
 Bank of India
 State Bank of India
 Bank of Baroda

REGISTRARS & SHARE TRANSFER AGENTS

M/s. Intime Share Services Pvt. Ltd.
 260-A, Shanti Industrial Estate,
 Sarojini Naidu Road,
 Mulund (W), Mumbai - 400 080
 Tel No. - 5672716, 5647731
 Fax - 5672693

REGISTERED OFFICE & FACTORY

Plot No. 2102, GIDC,
 Sarigam - 396 155, Dist. - Bulsar,
 Gujarat.
 Tel. : 02638-82395, 82852
 Fax : 02638-82853

CORPORATE OFFICE

A-302, Phoenix House,
 3rd Floor, 462, Senapati Bapat Marg,
 Worli (E), Mumbai 400 013.
 Tel.: 022-4927395, 4935647
 Fax : 022-4953727

Seventh Annual General Meeting on Thursday, the 17th day of September, 1998 at 3.30 pm at Umergam Club, Madhuban Complex, Umergam - Sanjan Road, Umergam - 396 171, Dist. Bulsar, Gujarat.

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Sabero Organics Gujarat Limited

NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of the Members of the Company will be held on Thursday, 17th September 1998 at 3.30 P.M. at Umergam Club, Madhuban Complex, Sanjan Road, Umergaon - 396 171, Dist. Bulsar, to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 1998 and the Profit & Loss Account for the financial year ended on that date together with the Report of the Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. Bipin R. Shah, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mrs. Sabita H. Chuganee, who retires by rotation and being eligible offers herself for re-appointment.
5. To appoint a Director in place of Mr. Aravamudham, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

7. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :
"RESOLVED THAT Mr. R. Swaroop who was appointed as a Director of the Company in the casual vacancy caused by the resignation of Mr. Larry Jay pursuant to Article 86 of the Articles of Association of the Company and who holds office up to this Annual General Meeting be and is hereby appointed a Director of the Company."
8. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :
"RESOLVED THAT Mr. N.C. Singhal, who was appointed as a Director of the Company in the casual vacancy caused by the resignation of Dr. Uday T. Bhalerao, pursuant to Article 86 of the Articles of Association of the Company and who holds office up to this Annual General Meeting be and is hereby appointed a Director of the Company."
9. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :
"RESOLVED THAT Mr. Ranjit Bannerji, who was appointed as a Director of the Company in the casual vacancy caused by the resignation of Mr. L. Mansingh, pursuant to Article 86 of the Articles of Association of the Company and who holds office up to this Annual General Meeting be and is hereby appointed a Director of the Company."
10. To consider and if thought fit, to pass with or without modification the following Resolution as a Special Resolution :
"RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the "Board"), the consent of the Company be and is hereby accorded to the Board to buy back, from the existing holders of Shares and/or other Securities giving right to subscribe for shares of the Company, on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the Securities or Securities having such underlying voting rights as may hereafter be notified by the Central Government or any other regulatory authority, from time to time (herein for brevity's sake referred to as "the

Securities") of the Company, from out of its free reserves or out of the securities premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose, on such terms, conditions and in such manner as may be prescribed by law from time to time, provided that the aggregate of the Securities so bought back shall not exceed such percentage of the respective Securities of the Company and such amount as may be decided by the Board within the limits, if any, as may be prescribed by the law, from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper."

11. To consider and if thought fit, to pass with or without modification the following Resolution as a Special Resolution :

"RESOLVED THAT Pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including statutory modifications or re-enactments thereof, for the time being in force) the Articles of Association of the Company be amended by inserting new Clause 13(4) after the existing Clause 13(3) of the Articles of Association of the Company.

CLAUSE 13(4)

In the event it is permitted by the Law and subject to such conditions, approvals or consent as may be laid down for the purpose, the Company shall have the power to buy-back its own equity shares, whether or not there is any consequent reduction of capital. If and to the extent permitted by Law, the Company shall also have the power to re-issue the equity shares so bought back."

12. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any of the Companies Act, 1956 and any statutory modification or re-enactment thereof, the Articles of Association of the Company be and are hereby altered as follows :

- (i) That after the existing sub-clause H of Article 2 the following sub-clauses shall be inserted, namely:
 - I. 'Depositories Act' shall mean Depositories Act, 1996 or any statutory modification or re-enactment thereof,
 - J. Beneficial Owner' shall have the meaning assigned thereto by Section 2 of the Depositories Act,
 - K. 'Depository' shall have the meaning assigned thereto by the Depositories Act."
 - L. "Member" means the registered holder from time to time of the shares of the Company and includes the subscribers of the Memorandum of the Company and also every person holding equity shares of the Company and whose name is entered as beneficial owner in the records of the Depository.
- (ii). To insert the following Article after the existing Article 14(3), the proposed Article to be numbered as Article 14(4)
"Provided however that the provision relating to progressive numbering shall not apply to the shares of the Company which have been dematerialised."
- (iii). To insert the following Articles after the existing Article 37(3), the proposed Articles to be numbered as Article 37(4), (5) and (6) :
37(4) "Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository as the absolute owner thereof and

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accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable, contingent or other claim or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof."

- 37(5) "Notwithstanding anything contained herein, the Company shall be entitled to dematerialise its Shares, Debentures and other Securities pursuant to the Depositories Act and to offer its Shares, Debentures and other Securities for subscription in a dematerialised form. The Company shall further be entitled to maintain a Register of Members with the details of Members Shareholding both in material and dematerialised form in any media as permitted by law including any form of electronic media."
- 37(6) "In the case of transfer of Shares or other marketable Securities where the Company has not issued any Certificates and where such Shares or Securities are being held in an electronic and fungible form, the provisions of the Depositories Act shall apply."
13. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution :
- "RESOLVED THAT pursuant to the provisions of Sections 198,269,309,310 read with schedule XIII and other applicable provisions if any, of the Companies Act, 1956, the Company do hereby accord its approval to the re-appointment of Mr. Sumit Hero Chuganee as Managing Director of the Company for a period of five years w.e.f.15/09/1998 upon the remuneration and terms and conditions as set out in the draft agreement placed before the meeting and initialed by the Chairman of the Board for the purpose of identification with authority to the Board of Directors to alter and to vary the terms and conditions of the said draft agreement in accordance with Schedule XIII of the Companies Act, 1956, if any and/or any amendments and/or modifications including any guidelines or modifications as may be made by the Central Government from time to time.
- RESOLVED FURTHER THAT Mr. Hero J. Chuganee, Chairman of the Company be and is hereby authorised to enter into an agreement on behalf of the Company with Mr. Sumit Hero Chuganee in terms of the aforesaid draft agreement or incorporating therein such alteration(s) as indicated above".
14. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution :
- "RESOLVED THAT pursuant to the provisions of Sections 198,269,309,310 read with schedule XIII and other applicable provisions if any, of the Companies Act, 1956, the Company do hereby accord its approval to the appointment of Mr. Hero J. Chuganee as Whole-time Director and Chairman of the Company for a period of five years w.e.f.17/10/1998 upon the remuneration and terms and conditions as set out in the draft agreement placed before the meeting and initialed by the Managing Director, for the purpose of identification with authority to the Board of Directors to alter and to vary the terms and conditions of the said draft agreement in accordance with Schedule XIII of the Companies Act, 1956, if any and/or any amendments and/or modifications including any guidelines or modifications as may be made by the Central Government from time to time.
- RESOLVED FURTHER THAT Mr. Sumit H. Chuganee, Managing Director of the Company be and is hereby authorised to enter into an agreement on behalf of the Company with Mr. Hero J. Chuganee in terms of the aforesaid draft agreement or incorporating therein such alteration(s) as indicated above".
15. To consider and if thought fit to pass with or without modifications, the following Resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 372(4) of the Companies Act, 1956 and subject to the approval of the Central Government, Reserve Bank of India, Financial Institution(s) and other authorities, if any, as may be required from time to time, authority be and is hereby accorded to the Board of Directors of the Company for contributing a sum not exceeding US Dollars 50,000 (equivalent to Rs. 21,25,000 approx) towards the equity shares in a Company proposed to be incorporated in Australia, in the name and style of "Sabero Australia PTY Limited," or in such other name, as may be approved notwithstanding the fact that such amount is in excess of 30% of the subscribed capital of such proposed Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to make the investment by cash or by export of machinery or by both."

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

"RESOLVED THAT pursuant to the provisions of Section 372(4) of the Companies Act, 1956 and subject to the approval of the Central Government, Reserve Bank of India, Financial Institution(s) and other authorities, if any, as may be required from time to time, authority be and is hereby accorded to the Board of Directors of the Company for contributing a sum not exceeding US Dollars 50,000 (equivalent to Rs. 21,25,000 approx) towards the equity shares in a Company proposed to be incorporated in Brazil, in the name and style of "Sabero Brazil PTY Limited," or in such other name, as may be approved notwithstanding the fact that such amount is in excess of 30% of the subscribed capital of such proposed Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to make the investment by cash or by export of machinery or by both."

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

"RESOLVED THAT pursuant to the provisions of Section 372(4) of the Companies Act, 1956 and subject to the approval of the Central Government, Reserve Bank of India, Financial Institution(s) and other authorities, if any, as may be required from time to time, authority be and is hereby accorded to the Board of Directors of the Company for contributing a sum not exceeding US Dollars 50,000 (equivalent to Rs. 21,25,000 approx) towards the equity shares in a Company proposed to be incorporated in European Union, in the name and style of "Sabero Europe p.l.c." or in such other name, as may be approved notwithstanding the fact that such amount is in excess of 30% of the subscribed capital of such proposed Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to make the investment by cash or by export of machinery or by both."

18. To consider and if thought fit to pass with or without modifications, the following Resolution as a Special Resolution :

"RESOLVED THAT subject to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956 Clause III (B) of the Object of the Memorandum of Association of the Company be and is hereby altered by inserting the following new sub-clause 38A after the existing clause 38.

38A . Subject to the provision of the Companies Act, 1956 and the directives of the Reserve Bank of India from time to time to receive money on deposit or loan and borrow or raise money from Banks, Financial Institutions, Companies, Firms, Societies, Associations and Others for the purpose of the business of the Company and to secure the payment of any money borrowed, raised or owing by mortgage, charge or lien upon all or any of the property or assets of the Company (both present and future) including the uncalled capital and also by a similar mortgage, charge or lien to secure and guarantee the performance of the Company or any other person or Company of any obligation undertaken by the Company or any person or company as the case may be".



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NOTES :

- a) The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the above items is annexed hereto.
- b) A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him/her on a poll only and such proxy need not be a member of the Company. Proxies in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
- c) The Register of Members of the Company will remain closed from **11th September, 1998 to 17th September, 1998** (both days inclusive).
- d) Payment of dividend as recommended by the Directors, if declared at the meeting will be made to those Members whose names stand on the Register of Members of the Company on 17th September, 1998.
- e) Members desirous of obtaining any information as regards accounts and operations of the Company are requested to write to the Company at least one week before the meeting, so that the information required will be made available at the meeting.
- f) Members are requested to notify immediately any change in their addresses to the Registrars & Share Transfer Agent, **M/s Intime Share Services Pvt. Ltd.**

By Order of the Board of Directors
for **SABERO ORGANICS GUJARAT LIMITED**

Place : Mumbai
Date : 31st July, 1998

NARENDRA OCHANI
COMPANY SECRETARY

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956

ITEM NO. 7

Mr. R. Swaroop was appointed by the Board of Directors as a Director of the Company on 28.1.1998 in the vacancy caused by the resignation of Mr. Larry Jay before his term of office expired in the normal course. Mr. Larry Jay being one of the Directors retiring by rotation would have, if he had not resigned, retired at this meeting under section 262 of the Companies Act, 1956. The term of office of Mr. R. Swaroop as Director will therefore expire at this Annual General Meeting.

The notice of the Resolution set out in the item above, has been received by the Company from one of the Members stating inter alia that the services of Mr. R. Swaroop as a Director should continue to be available to the Company. The said notice is accompanied by a deposit of Rs. 500 as required by law. The Board of Directors are also of the opinion that it would be in the interest of the Company to continue the association of Mr. R. Swaroop as a Director of the Company. Your Directors, therefore, recommend the proposed Resolution for your acceptance.

Except Mr. R. Swaroop no other Director is concerned or interested in the Resolution.

ITEM NO. 8

Mr. N.C. Singhal was appointed by the Board of Directors as a Director of the Company on 31.7.1998 in the vacancy caused by the resignation of Dr. Uday T. Bhalerao before his term of office expired in the normal course. Dr. Uday T. Bhalerao being one of the Directors retiring by rotation would have, if he had not resigned,

retired at this meeting under section 262 of the Companies Act, 1956. The term of office of Mr. N.C. Singhal as Director will therefore expire at this Annual General Meeting.

The notice of the Resolution set out in the item above has been received by the Company from one of the Member stating inter alia that the services of Mr. N.C. Singhal as a Director should continue to be available to the Company. The said notice is accompanied by a deposit of Rs. 500 as required by law. The Board of Directors are also of the opinion that it would be in the interest of the Company to continue the association of Mr. N.C. Singhal as a Director of the Company. Your Directors, therefore, recommend the proposed Resolution for your acceptance.

Except Mr. N.C. Singhal no other Director is concerned or interested in the Resolution.

ITEM NO. 9

Mr. Ranjit Bannerji was appointed by the Board of Directors as a Director of the Company on 31.7.1998 in the vacancy caused by the resignation of Mr. L. Mansingh before his term of office expired in the normal course. Mr. L. Mansingh being one of the Directors retiring by rotation would have, if he had not resigned, retired at this meeting under section 262 of the Companies Act, 1956. The term of office of Mr. Ranjit Bannerji as Director will therefore expire at this Annual General Meeting.

The notice of the Resolution set out in the item above, has been received by the Company from one of the Members stating inter alia that the services of Mr. Ranjit Bannerji as a Director should continue to be available to the Company. The said notice is accompanied by a deposit of Rs.500 as required by law. The Board of Directors are also of the opinion that it would be in the interest of the Company to continue the association of Mr. Ranjit Bannerji as a Director of the Company. Your Directors, therefore, recommend the proposed Resolution for your acceptance.

Except Mr. Ranjit Bannerji no other Director is concerned or interested in the Resolution.

ITEM NO. 10

Buy back of own Shares or other Securities convertible into Equity Shares by the Companies is presently not allowed under the Companies Act, 1956. The Companies Bill, 1997, however, seeks to lay down the operative provisions to regulate the buy back of Shares/ Securities by Companies. Hence it is expected that, in due course of time, the law would be amended to allow such buyback.

It is proposed to buy back Shares/Securities not exceeding such percentage of the total voting powers relating to the shares or other Securities giving right to subscribe for Shares of the Company and such amount as may be decided by the Board within the limits, if any, as may be prescribed by the law, from time to time, from the existing security holders on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the Securities (odd lots), subject to necessary enactment in this regard.

The buy back of Shares as aforesaid would entail investing of an amount which would not be less than the market value of the Shares or other Securities giving right to subscribe for shares of the Company and shall be met out of the free reserves and/or the securities premium account and/or out of the proceeds of an issue specifically made for the purpose. The Shares so bought back shall be dealt with as per the then prevailing law/regulation.

The Board is of the opinion that it will be in the best interests of the Company if Shareholders approve the said Resolution, should the provisions be enacted permitting such buy back, so that the Company will be able to implement this Resolution.

The Resolution, if approved, will be operative for and will be given effect within a period of 15 months from the applicable date.

The Resolution is an enabling provision aimed at facilitating the Company to buy back its own Equity Shares as soon as it is legally permissible.

The Board commends the Resolution for approval.

None of the Directors of the Company are in any way concerned or interested in the Resolution.



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ITEM NOS. 11 & 12

To broadbase the capital market, proposals have been under discussion regarding permitting Companies to buy their own shares within a stipulated regulatory frame work. In view of this, permission is being obtained from the Members of the Company and also the Articles of Association of the Company are proposed to be amended to incorporate enabling provisions, so that as and when the Law is amended the same can be invoked, if required.

Also Certain provisions of the Articles of Association pertaining to the issue, holding, transfer and other dealings in shares and other securities as also issue of certificates which were framed on the basis of the relevant provisions of the Companies Act, 1956 are being amended and new articles are being inserted in view of the provisions of the Depositories Act, 1996 which have become applicable as a result of the introduction of the Depositories system by the Company. The required amendments have been made so as to give effect to the practical aspects of the Depository system and are self explanatory.

Therefore, the relevant Articles need to be amended. The Articles of Association of the Company are available for inspection at the Registered Office of the Company on any working day (excluding Saturdays) between 11 A.M. and 1 P.M. upto and including the day of the Annual General Meeting.

Your Directors recommend the Resolution for your approval.

None of the Directors of the Company are, in any way, concerned or interested in this Resolution.

ITEM NOS. 13 & 14

At the second Annual General Meeting held on 23rd September, 1993 the members had approved inter alia the terms of the remuneration of Mr. Sumit H. Chuganee, Managing Director of the Company. It is proposed to re-appoint Mr. Sumit H. Chuganee as Managing Director of the Company w.e.f. 15/09/1998 and to appoint Mr. Hero J. Chuganee, Chairman as Whole-time Director and Chairman of the Company w.e.f. 17/10/1998. The material terms of the appointment and remuneration payable to Mr. Sumit H. Chuganee and Mr. Hero J. Chuganee as embodied in the Agreements to be entered into with them upon receipt of the approval of the Members are as follows :

1. Period :

Mr. Sumit H. Chuganee 5 years from 15/09/1998

Mr. Hero J. Chuganee 5 years from 17/10/1998

2. Remuneration :

The Directors shall be entitled to the following emoluments, benefits and perquisites during the period of their employment subject to the ceiling laid down in Section 198, Section 309 and Schedule XIII of the Companies Act, 1956 :

i. Salary :

	In the scale of :	
	Rs. per month	Rs. per month
Mr. Sumit H. Chuganee	90,000	90,000 to 1,80,000
Mr. Hero J. Chuganee	95,000	95,000 to 1,90,000

The Directors shall be entitled to such annual increments as may be decided by the Board of Directors.

ii. Perquisites : Perquisites shall be restricted to an amount equal to annual salary. These perquisites are classified into three categories. 'A', 'B' and 'C' as follows :

CATEGORY 'A'

Furnished Accommodation

- (i) Housing I : The expenditure by the Company on hiring furnished accommodation to the Director(s) will be subject to the ceiling of Sixty percent of the Salary.

Housing II : In case the accommodation is owned by the Company, ten percent of the salary of the Director(s) shall be deducted by the Company.

Housing III : In case no accommodation is provided by the Company, the appointee shall be entitled to house rent allowance equal to Sixty percent of the salary.

Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income tax rules, 1962. This shall, however be subject to a ceiling of ten percent of the salary of the Director(s).

- (ii) Medical Reimbursement : Expenses incurred for self and his family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
- (iii) Leave Travel Concession : For self and his family, once in a year equivalent to one months salary.
- (iv) Club Fees : Fees of Clubs subject to a maximum of two clubs. This will not include Admission and Life Membership fee.
- (v) Personal Accident Insurance

CATEGORY 'B'

- (i) Contributions to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act. Gratuity payable should not exceed half a month's salary for each completed year of service.
- (ii) Encashment of leave at the end of the tenure will be permitted in accordance with the Rules of the Company and not be included in the computation of the ceiling on perquisites.

CATEGORY 'C'

- (i) Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Director(s).
- (ii) Commission equal to 1% of the net profits of the Company in a particular year, shall be subject to the overall ceilings laid down in section 198 and section 309.
- (iii) In the event of any increase in the limits of the emoluments, benefits and perquisites payable in accordance with the laws, policies, rules, regulations or guidelines in force from time to time, the Company may in its discretion, increase the remuneration payable to them, subject to obtaining such approvals as may be required.
3. Where in any financial year, during the currency of the tenure of the Managing Director/Whole-time Director and Chairman of the Company, the Company has no profits or its profits are inadequate, the Company shall pay them remuneration by way of salary and perquisites not exceeding the limits specified above.
4. No sitting fees shall be paid to Mr. Sumit H. Chuganee and Mr. Hero J. Chuganee for attending the Meetings of the Board of Directors or any Committee thereof.
5. Salary, Perquisites and commission mentioned herein above shall be revised from time to time in accordance with the provisions of Schedule XIII of the Companies Act, 1956 for the time being in force.
6. The Managing Director/Whole-time Director and Chairman shall be entitled to reimbursement of all actual expenses or charges incurred by him for and on behalf of the Company in furtherance of its business and objects.
7. Subject to the provisions of Section 318 of the Companies Act, the Company shall in the event of its terminating the appointment of the Managing Director/Whole-time Director and Chairman prior to the expiry of his term under this agreement, pay compensation to the Managing Director/ Whole-time Director and Chairman in such sum as shall not exceed the remuneration which the Managing Direc-



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tor/Whole-time Director and Chairman would have earned if they had been in office for the unexpired residue of their term calculated on the basis of their average remuneration actually earned by them during the period of twelve months they held office as Managing Director/Whole-time Director and Chairman immediately preceding the date on which they cease to hold that office.

8. The Managing Director/Whole-time Director and Chairman will be working whole time for the Company and they will not accept any post or work outside. They will call the meetings of the Board of Directors from time to time as required by the Board and as they may think proper. They will also attend all meetings of the Board. They will fix the agenda of the meetings of the Board and supply to the Directors copies of all relevant papers and documents required to be considered in the meeting.
9. Either party hereto shall have the option to terminate this Agreement by giving six months previous notice in writing of its or his desire to terminate the same and thereupon either party shall not have any claim of any nature whatsoever against the other in consequence of such termination. Provided however that if on account of any misconduct or defalcation on the part of the Managing Director/Whole-time Director and Chairman the Company shall have in law any remedy, relief or claim against them, and shall be entitled to seek such a remedy or relief or make such a claim against them for the same.

None of the Directors of the Company except Mr. Sumit H. Chuganee, Mr. Hero J. Chuganee, Mr. Mohit H. Chuganee and Mrs. Sabita H. Chuganee are concerned or interested in the aforesaid appointment.

The Directors recommend the Resolution set-out at Item No. 13 & 14 of the accompanying Notice for your approval.

This explanation together with the accompanying Notice is to be regarded as an Abstract of Terms and Memorandum of Interest under Section 302 of the Act.

The said draft agreements referred to in the Resolution at Item No. 13 & 14 are available for inspection to the Members at the Registered Office of the Company on any Working day (excluding Saturdays) between 11 A.M. and 1 P.M. upto and including the day of the Annual General Meeting.

ITEM NOS. 15, 16 & 17

It is proposed to establish separate Companies under laws in Australia, Brazil and European Union in the name and style of "Sabero Australia PTY. Limited", "Sabero Brazil PTY. Limited" and

"Sabero Europe p.l.c." respectively or in such other name(s) for manufacture, sale and trading of various phosphorus based compounds, pesticides, agrochemical etc. These countries are big markets for Agro Products and it will be in the interest of Company to form the new Company(ies) as stated above. The necessary registration for these items will be obtained by the said Company(ies) from respective Country's Government.

The Company will be contributing 100% of the total share capital of the said Company(ies) by cash, or by export of machinery or by both.

Section 372(4) of the Companies Act, 1956 limits the power of the Board and requires that no investments can be made by the investing Company in excess of 30% of the value of shares of the other Company except with a sanction of a Resolution of the investing Company in a General Meeting and so this proposal is forwarded for your sanction.

None of the Directors is in any way, concerned or interested in the Resolution.

The Directors recommend the Resolution for approval of shareholders.

ITEM NO. 18

The Company is borrowing from various Financial Institutions, Banks and Others for the purpose of the business of the Company. Therefore to avail of the financial assistance, it is necessary to alter the object of the Memorandum of Association of the Company, to cover the areas of activities as listed out in the proposed new clause 38A in the aforesaid Resolution.

Your Directors commend the proposed resolution for approval of the members.

None of the Directors is interested or concerned in the Resolution.

A copy of the Memorandum of Association of the Company is available for inspection at the Registered Office of the Company during office hours on all working days (except on Saturdays) between 11 A.M. and 1 P.M. upto the date of this Annual General Meeting.

By Order of the Board of Directors
for SABERO ORGANICS GUJARAT LIMITED

Place : Mumbai
Date : 31st July, 1998

NARENDRA OCHANI
COMPANY SECRETARY

CHANGE IN REGISTRAR & TRANSFER AGENT

Members be hereby informed that the Registration and Share Transfer Work of the Company which was hitherto being carried out by M/s Karvy Consultants Ltd., Hyderabad has been taken over by M/s Intime Share Services Pvt. Ltd., Mumbai with effect from 22nd July, 1998.

Members are requested to :

- (i) notify any change/correction/pin code in their addresses and bank account no. for payment of dividend/interest.
 - (ii) send the share certificates for consolidation of multiple folios into one folio.
- to the Company's Registrars & Transfer Agents at the following address :

M/s INTIME SHARE SERVICES PVT. LTD.
260-A, Shanti Industrial Estate,
Sarojini Naidu Road,
Mulund (West), Mumbai - 400 080
Tel. No. :- 5672716, 5647731 Fax No. :- 5672693

DEPOSITORY SYSTEM

The Company shall shortly enter into an agreement with the National Securities Depository Limited (NSDL) to facilitate investors to hold the securities in the electronic form. The investors may avail the facility of dematerialisation of shares of the Company.

7th Annual Report 1997-98**DIRECTORS' REPORT**

To the Members,

Your Directors have pleasure in presenting the Seventh Annual Report and audited accounts of your Company for the year ended 31st March, 1998.

FINANCIAL HIGHLIGHTS :

The salient features of the Company's results are :

	(Rs. in lacs)	
	Year Ended 31.03.1998	Year Ended 31.03.1997
Sales/Income from Operations	7399.64	7252.02
Gross Profit before interest and Depreciation	1298.46	1319.41
Less : Interest & Finance Charges	431.97	434.91
Depreciation	163.63	156.65
Provision for Tax	75.00	92.20
Profit for the year	627.86	635.65
Less : Prior period adjustments	9.11	20.60
Add : Surplus brought forward from last year	167.72	120.66
Profit available for appropriation	786.47	735.71
Appropriations :		
Debenture Redemption Reserve	52.50	52.50
General Reserve	500.00	360.00
Recommended Dividend on Equity Shares	153.38	141.36
Corporate Dividend Tax	15.34	14.13
Balance carried to Balance Sheet	65.25	167.72

The performance of the Company with respect to the profitability projections as per ICICI Appraisal Letter dated 25th March 1997 is as under :

	(Rs. in Lacs)	
Particulars	Actual	Projection
Total Income	7,483.48	5,008.00
Profit after tax	618.75	561.00
EPS (Rs.) Annualised	4.03	2.72

DIVIDEND :

Your Directors are pleased to recommend a Dividend of 10% (free of tax in the hands of the Shareholders) on the expanded Equity Capital of Rs.20.56 Crores for the year ended 31st March, 1998. The payout will be Rs. 153.38 Lacs compared to Rs.141.36 Lacs in the year 1997-1998.

REVIEW OF THE OPERATIONS :

The total Income for the year 1997-98 was Rs.74.83 crores, (previous year Rs.73.37 crores) and profit after tax of Rs.6.19 crores (previous year Rs.6.15 crores). The Company hopes to further consolidate its operations this year while increasing the capacity utilization of its existing production plants to higher levels.

The Company's profitability was constrained due to fall in the selling prices of its Pesticide Intermediates. However quantities sold exceeded last year allowing a marginal growth in sales. In view of the expansions undertaken, launch of new products and the thrust given to exports, the Company is confident of achieving a reasonable growth rate during the current year, 1998-99.

The Company has successfully launched its four formulation products namely, MOSUM, SABIDOL, ACEHERO and FENERO in the domestic markets. These products were launched in the North-West of the country and in Gujarat and Madhya Pradesh. The Company has created a brand equity in many products through its dealer network all over India. During the current year the Company shall be marketing three additional products namely GLYWEED, ROBUST and BADDHA in addition to that and hopes to achieve a higher sales turnover in pesticide formulations. The Company is confident of generating a good demand for its products in the current year.

MARKETS :

Despite the economic slow-down and the continued recessionary trend in the organo phosphorus chemical Industry, your Company achieved and maintained a sizeable domestic market share. In view of the sluggish market conditions, your Company relentlessly explored fresh distribution channels and viable product lines to consolidate its position in the Industry.

The outlook for the current year looks good barring unforeseen circumstances.

EXPANSION PROJECTS/FUTURE OUTLOOK :

The Company has successfully commissioned its Acephate technical plant which is also a multi-purpose plant on 16.3.98, ahead of schedule. The trial runs of the Glyphosate Acid Plant have already commenced and is expected to start commercial production shortly. The Company has substantial orders for Acephate Technical which has been well received by the market. Both Acephate and Glyphosate products have tremendous domestic and international demand and the Company has already obtained orders for export.

The Company has funded the abovementioned expansion projects costing Rs.23.29 crores through a Rights Issue of Rs.9.72 crores, term loan of Rs.8.00 crores from ICICI and Rs.4 Crores from Union Bank and Internal Accruals of Rs.1.57 crores.

RESEARCH & DEVELOPMENT :

The R & D Department of the Company has a well equipped pilot plant to carry out the development of new products. The pilot plant has facilities to carry out the trials for both continuous and batch processes. The technology for the new products viz. Acephate and Glyphosate has been developed at the Pilot Plant. The Company has several products under various stages of development. The Company will choose to commercialise these products in the future based on the market feasibility, investment etc. The R & D Department is well equipped with High Performance Liquid Chromatograph, Gas Liquid Chromatograph, Ultra Violet Spectrophotometer etc. to conduct analysis of various products and intermediaries.