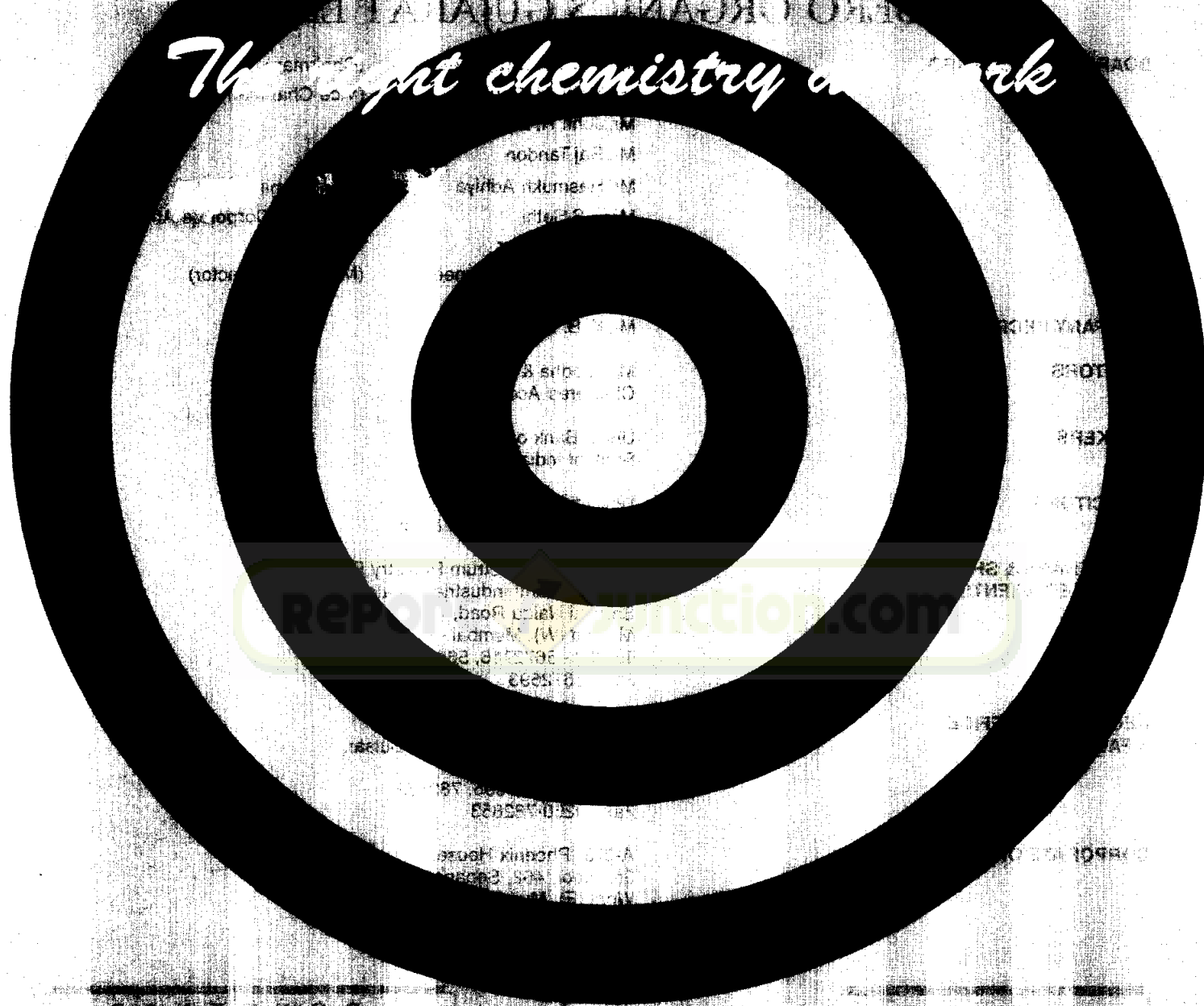


# SABERO

*The right chemistry and more*



**SABERO ORGANICS GUJARAT LIMITED**  
**10TH ANNUAL REPORT 2000-2001**



# SABERO ORGANICS GUJARAT LIMITED

## BOARD OF DIRECTORS

<b>Mr. Hero J. Chuganee</b>	(Chairman)
<b>Mr. Mohit H. Chuganee</b>	(Vice Chairman)
<b>Mr. John R. English</b>	
<b>Mr. Raj Tandon</b>	
<b>Mr. Has Mukh Adhiya</b>	(GILC Nominee)
<b>Mr. J. S. Sethi</b>	(Director - Corporate Affairs)
<b>Mr. S. S. Mathur</b>	
<b>Mr. Sumit H. Chuganee</b>	(Managing Director)

## COMPANY SECRETARY

Mr. K. B. Divakaran

## AUDITORS

M/s. Lodha & Co.  
Chartered Accountants.

## BANKERS

Union Bank of India  
Bank of India

## SOLICITORS

Udwadia Udeshi & Berjis  
Manilal Kher Ambalal & Co.

## REGISTRARS & SHARE TRANSFER AGENTS

M/s. Intime Spectrum Registry Pvt. Ltd.  
260-A, Shanti Industrial Estate,  
Sarajini 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. : 0260-782395, 782852  
Fax : 0260-782853

## CORPORATE OFFICE

A-302, Phoenix House,  
3rd Floor, 462, Senapati Bapat Marg,  
Worli (E), Mumbai 400 013.  
Tel.: 022-4964898, 4960979  
Fax : 022-4953727

10th Annual General Meeting  
on Friday, the 28th September,  
2001 at 9.30 A.M. at Umergam  
Club, Madhuban Complex,  
Sanjan Road, Umergam - 396  
171, Dist. Bulsar, Gujarat.

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**SABERO ORGANICS GUJARAT LIMITED**
**NOTICE**

NOTICE is hereby given that the 10<sup>th</sup> Annual General Meeting of the Members of Sabero Organics Gujarat Limited will be held on Friday, 28<sup>th</sup> September, 2001 at 9.30 A.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 31<sup>st</sup> March, 2001 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 appoint a Director in place of Mr. J.S. Sethi who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. S.S. Mathur who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s Lodha & Co., Chartered Accountants, the retiring Auditors, as Statutory Auditors of the Company 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 :**

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

"RESOLVED THAT in supersession of the resolution passed by the Members at the 5<sup>th</sup> Annual General Meeting of the Company held on 10<sup>th</sup> September, 1996 and pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of monies which, together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) 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 provided that the total amount so borrowed by the Board shall not, at any time exceed the sum of Rs.50 crores (Rupees Fifty Crores) over and above the aggregate of the paid-up capital of the Company and its free reserves."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT in accordance with the provisions of Sections 16, 94 and all other applicable provisions, if any, of the Companies Act 1956, the existing Authorised Capital of the Company i.e. Rs.27,00,00,000/- (Rupees twenty seven crores) divided into 2,10,00,000/- (Two crores ten lakhs) Equity Shares of Rs.10/- (Rupees ten only) each and 60,00,000 (Sixty lakhs) Preference Shares of Rs.10/- (Rupees Ten only) each be and is re-classified into 2,70,00,000 (Two crores seventy lacs only) Equity Shares of Rs.10 each and consequently, Clause V of the Memorandum of Association of the Company relating to Share Capital be and is hereby altered by deleting the same and substituting in its place and stead, the following new Clause V.

V. The Authorised Share Capital of the Company is Rs.27,00,00,000/- (Rupees twenty seven crores only) divided into 2,70,00,000 (Two crores seventy lakhs) Equity Shares of Rs.10/- each with power to increase or decrease its capital from time to time and to divide the Shares in the Capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges, conditions or restrictions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company.

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act 1956 the existing Article 3 (i) of the Articles of Association of the Company be altered by deleting the same.

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Section 81 (1A), 80 and other applicable provisions, if any, of the Companies Act 1956, and the enabling provisions in the Memorandum and Articles of

Association of the Company, the Listing Agreements entered into by the Company with Stock Exchanges where the securities of the Company are listed and in accordance with the Guidelines issued by the Securities and Exchange Board of India and clarifications thereon issued from time to time and subject to the approval of the Financial Institutions (FIs), Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and other concerned authorities, if any, and all such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them 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" which term shall be deemed to include any duly authorised committee thereof), the consent of the Company be and is hereby accorded to the Board to create, issue/offer and allot 9,00,000 (Nine lakhs) Equity Shares of the face value of Rs.10/- each to various Financial Institutions viz. ICICI Limited, Industrial Development Bank of India (IDBI), Unit Trust of India (UTI), General Insurance Corporation of India (GIC) & its Subsidiaries, GIC Mutual Fund, Kothari Pioneer Mutual Fund, Union Bank of India and Bank of India whether or not they are members of the Company, to the extent and in one or more tranches and in the manner as may be decided by the Board in this behalf and to be adjusted against the liquidated damages, simple and compound interest and principal against the facilities availed by the Company from the said institutions.

**RESOLVED FURTHER THAT**

The said 9,00,000 Equity Shares to be so issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari passu with the existing Equity Shares of the Company except that for the financial year in which they are issued and allotted, they shall rank only for pro-rata dividend for the period during which such capital is so paid-up;

The Board be and is hereby authorised to accept any modification(s) to or to modify the terms of issue of the said new Equity Shares subject to the provisions of the Companies Act 1956 and SEBI Guidelines/Regulations, without being required to seek any further consent or approval of the Company in General Meeting;

For the purpose of giving effect to this resolution the Board be and is hereby authorized to do all acts, deeds and things as the Board may in its absolute discretion consider necessary, proper, desirable or appropriate for making the said issue as aforesaid and to settle any question, difficulty or doubt that may arise in this regard as the Board may deem fit and proper in its absolute discretion to be most beneficial to the Company.

9. To consider and if thought fit to pass with or without modification/s the following as a Special Resolution.

"Resolved that Articles of Association of the Company be altered by addition of the following Article numbered as Article 5 :

5. The Company may, subject to the provisions of Sections 78, 80, 100 to 104 (both inclusive) of the Act, from time to time by Special Resolution reduce its share capital and any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorized by law and in particular may pay off any paid-up share capital upon the footing that it may be called up again or otherwise and may, if and so far as is necessary alter its Memorandum by reducing the amount of its share capital and of its shares accordingly. This Article is not to derogate from any power the Company would have if it were omitted."

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

"RESOLVED THAT subject to the Provisions of Sections 100 to 104 and other applicable provisions, if any, of the Companies Act 1956 and enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and in accordance with the guidelines issued by the Securities and Exchange Board of India (SEBI) and clarifications thereon issued from time to time and subject to confirmation of the Hon'ble High Court of Gujarat and subject to approval of the financial institutions (FIs), SEBI, RBI and all other such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications, as may be prescribed or imposed by any of the aforementioned authorities 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" which term shall be deemed to include any duly authorised committee thereof), the consent of the



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Company be and is hereby accorded to the Board for the reduction of the Paid-up Equity Share Capital of the Company by cancelling Rs.1.50 (Rupee One and Fifty paise) out of paid-up amount of every Equity Share, that is to say, face value of the fully paid Equity Shares shall stand reduced to Rs.8.50 (Rupees eight and paise fifty) instead of the present paid-up value of Rs.10/- per Equity Share.

- a) The sum of Rs.3,09,31,373 (Rupees three crores, nine lakhs, thirty one thousand, three hundred and seventy three) shall be used to write off the Debit Balance in the Profit and Loss of the sum of Rs.2,92,05,000/- and the balance shall be transferred to the General Reserve Account of the Company.
- b) After putting in to effect the above proposed reduction, the dividend, if any, payable on the Equity Shares shall be calculated on the basis of Rs.8.50 fully paid up per share."

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

Place : Mumbai  
Date : 30.8.2001

**K.B.DIVAKARAN**  
COMPANY SECRETARY

**NOTES :**

- a) 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.
- b) 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.

- c) Members are requested to notify immediately any change in their addresses to the Registrars & Share Transfer Agent, **M/s Intime Spectrum Registry Pvt. Ltd.**
- d) The Company's shares continue to be traded in electronic form and the investors may hold the securities in the electronic form. The investors may avail the facility of dematerialisation of shares of the Company.
- e. Mr. J.S. Sethi who is retiring by rotation and offering himself for re-appointment has been holding very senior management positions and holds M.A. and LLB degrees to his credit. He presently does not hold any directorship in other companies.
- f. Mr. S.S. Mathur who is retiring by rotation and offering himself for re-appointment has been holding very senior management positions and has retired as Deputy Managing Director of Goodlass Nerolac Limited. He has considerable managerial experience to his credit. He presently does not hold directorship in any other companies.
- g) All documents referred to in the Notice are open for inspection at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day prior to the date of the Meeting and also at the Meeting.
- h) Explanatory Statement pursuant to Section 173 (2) of the Companies Act 1956 is attached herewith

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

Place : Mumbai  
Date : 30.8.2001

**K.B.DIVAKARAN**  
COMPANY SECRETARY

**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT RELATING TO SPECIAL BUSINESS PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.****ITEM NO. 5**

The Company is in the process of restructuring its long term debts and is in negotiation with the financial institutions who have granted loans and other credit facilities to the Company or are holding debentures of the Company. The Company would also be required to make further borrowings for meeting its working capital requirements and/or creation of fixed assets. The Special Resolution proposed under item No.5 is an enabling resolution authorizing the Board of Directors to borrow funds up to Rs.50 crores over and above the Paid up Capital and Free Reserves of the Company. The said resolution is recommended for your consideration. None of the Directors of the Company is, in any way, deemed to be concerned or interested in the said Resolution.

**ITEM NO.6 and 7**

The Company's Authorised Capital is Rs.27,00,00,000/- divided into 2,10,00,000 (Two crores ten lakhs) Equity Shares of Rs.10/- each and 60,00,000 (sixty lakhs) Preference Shares of Rs.10/- each. Since the Company would be required to issue a few Equity Shares to Financial Institutions it would be desirable to re-classify the Share Capital entirely into Equity Share Capital, that is to say, that the entire Authorised Share Capital shall be classified as Equity Shares of Rs.10/- each. This would entail alteration to Clause V of the Memorandum of Association and Article 3 of the Articles of Association of the Company. The resolutions proposed under item Nos.6 and 7 are relating to the above. None of the Directors is concerned or interested in the said Resolutions and the said Resolutions are recommended for your consideration.

**ITEM NO. 8**

The Company is negotiating with various financial institutions, with whom the company is enjoying various credit facilities, for restructuring the loans/ facilities granted by them to the Company. The negotiations are still in progress. However, in order for the financial institutions to allow certain concessions in terms of liquidated damages, simple and compound interest and principal payment etc, the indications are that the Company will be required to issue to them up to a maximum of 9,00,000 (Nine lakhs) fully paid Equity Shares at Rs.10/- each towards adjusting the dues payable by the Company to them. This would be in the interest of the Company since the financial institutions would be allowing various concessions to the Company.

- a) The objective of the preferential issue is to adjust the liquidated damages, simple and compound interest, principal and other dues payable to the financial institutions.
- b) The promoters, directors and key management persons of the Company shall not be subscribing to the preferential offer.

- c) Shareholding pattern before and after the offer cannot be determined now in view of the amount of simple and compound interest, liquidated damages, principal etc. are not determinable now which will be adjusted by the preferential issue of shares.
- d) The proposed time by which the preferential issue to be completed will be one year from the date of passing the Special Resolution.
- e) The allottees who will be entitled to preferential allotment will be :  
(a) ICICI Limited (b) Industrial Development Bank of India (c) Unit Trust of India (d) General Insurance Corporation of India (e) Subsidiaries of GIC (f) GIC Mutual Fund (g) Kothari Pioneer Mutual Fund (h) Union Bank of India (i) Bank of India.

None of the Directors is deemed to be concerned or interested in the said Resolution since the Directors shall not be subscribing to the preferential allotment. The said resolution is recommended for your consideration.

**ITEM NO. 9 and 10**

The Company is negotiating with Financial Institutions for restructuring its long term debts, including debentures held by Financial Institutions. The terms and conditions on which such restructuring is proposed is broadly discussed. One of the Financial Institutions has asked the Company for the reduction of capital to the extent that the Debit Balance in the Profit and Loss Account (Loss) of Rs.2,92,05,000/- will be written off by reducing the Paid up Equity Share Capital of the Company. In order to achieve this objective the Company will have to cancel Rs.1.50 (Rupee one and paise fifty) out of the existing Paid up value of the Equity Shares i.e. the Paid-up value of the Equity Shares shall stand reduced to Rs.8.50 each out of the existing Paid up Share Capital of 2,06,20,915 Equity Shares of Rs.10/- each and apply the amount of Rs.3,09,31,370/- in writing off the amount of Rs.2,92,05,000/- and the balance remaining shall be transferred to General Reserve Account of the Company. For this purpose Articles of Association of the Company need to be altered by adding Article 5 after Article 4 which is an enabling provision for the Company to effect reduction of the share capital of the Company. The Resolutions No. 9 & 10 are relating to the above matters. Resolutions under item Nos.9 & 10 are recommended for your consideration. Directors may be deemed to be concerned or interested in the said Resolutions to the extent of their share holdings, which would stand reduced by Rs.1.50 per Equity Share.

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

Place : Mumbai  
Date : 30.8.2001

**K.B.DIVAKARAN**  
COMPANY SECRETARY



## SABERO ORGANICS GUJARAT LIMITED

## DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 10<sup>th</sup> Annual Report and audited accounts of your company for the year ended 31st March, 2001.

## FINANCIAL HIGHLIGHTS :

The salient features of the company's results are :

	(Rs. in lacs)	
	Year Ended 31.03.2001	Year Ended 31.03.2000
Sales : Domestic	5338.24	5491.88
Export	2621.03	1828.90
Total Sales	7959.27	7320.78
Profit before interest, Depreciation, Amortisation & Taxation	785.98	571.23
Less : Interest & Finance Charges	1015.77	668.39
Depreciation	405.18	315.03
Misc. Expenditure written off (amortisation)	46.40	60.14
Provision for Tax (wealth tax)	0.28	0.31
Profit / (Loss) for the year	(681.65)	(472.64)
Less : Prior period adjustments	(131.68)	(13.37)
Add : Surplus brought forward from last year	-	27.29
Profit / (Loss) for the year	(813.33)	(458.72)
Transfer from General Reserve	521.28	458.72
Loss carried to Balance Sheet	(292.05)	-

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	Projections
Sales (Net of Inter divisional transfer)	7013.28	10451
Profit / (Loss) after tax	(681.65)	1199

## DIVIDEND :

The Directors do not recommend any Dividend in view of the Loss during the year 2000-2001.

## REVIEW OF THE OPERATIONS :

Your Company has made a quantum jump in terms of exports sales from Rs.18.29 Crores (inclusive of export benefit) last year to Rs.26.21 Crores (inclusive of export benefit). The Company has been making forays into the overseas markets by establishing distribution networks in various countries and also subsidiary companies in Australia and Netherland. We have obtained registration of our products in various countries. It is gratifying to note that the Company's products are meeting international standards in terms of quality.

The year under review was another year which saw the domestic sales not doing well due to adverse market conditions experienced by the agrochemical industry due to the acute drought conditions experienced by some parts of the country and severe floods in some other parts. Both had a negative impact resulting in no growth in the off-take of the Company's products. In spite of severe recessionary trends experienced by the Indian economy in general and the agro-chemical industry in particular, our Company withstood the pressures with a minor adverse impact on domestic sales.

The Company made a profit before interest, depreciation, taxation and amortization (EBITDA) at Rs.7.86 Crores as against Rs.5.71 Crores in the previous year. However, on account of high interest and finance costs and depreciation, we made a loss of Rs.6.82 Crores this year. The financial institutions are considering re-structuring of our existing loans so that our interest costs will come down substantially.

## Net Foreign Exchange Earnings :

The Company's thrust in Exports and reduction in the imports have resulted in increased net Foreign Exchange earnings to the tune of Rs.15.25 Crores as compared to Rs.6.92 Crores in the previous year.

## INTERMEDIATES:

Tri Methyl Phosphite (TMP) still continues to yield a lower margin and lower volumes due to the closing of some end users' units. However some of the capacity is utilized to manufacture Tri Ethyl Phosphite (TEP), which is being exported. TMP is also captively used in Monocrotophos, which we have started manufacturing from March 2001. Sales of DETC have been steady as compared to the previous year. Since DETC in energy intensive process, steps are being taken to reduce its cost of production through the implementation of energy conservation measure.

## PESTICIDES :

In the Acephate plant, modifications have been carried out so as to produce Monocrotophos part of the year, to utilize the idle capacity for six months.

Glyphosate was being manufactured based on the Glycine route, which we have modified so as to manufacture Glyphosate also by the IDA route, which is more economical. This will also enable us to obtain registrations in some countries where it is possible to register only the IDA route such as the USA. Due to severe competition from China, it has become necessary to produce this product economically through the IDA route to meet this competition.

The Mancozeb plant is running smoothly and has been stabilized to give the desired yield, capacity and quality. Our quality is very well accepted internationally and we have received several orders from different countries where supplies are being made regularly. As domestic registration for local sales was only obtained in October 2000, half of the year was lost in terms of domestic sales which will be gained in financial year 2001-2002 thereby increasing domestic sales substantially.

## FUTURE OUTLOOK &amp; MARKETS:

The economy at a macro as well as micro levels project an optimistic outlook and more importantly the forecast of a normal monsoon for the country augurs well for the Company.

As far as your Company is concerned, it has taken a number of measures for controlling energy and raw material costs and improving productivity as well as strategic shifts in product mix through the introduction of Monocrotophos and the new route for Glyphosate in the last quarter of the year under review with a view to not only arrest the declining trend in profitability but also restore your Company's operational and financial viability. With expectations of a normal and hopefully, steadier monsoon and an improvement in general economic conditions, your Directors feel more optimistic of a marked up trend in performance and profitability during the current year and view prospects in the years ahead with cautious optimism.

Our formulation business has been expanded to many more states compared to previous years and we are in the process of consolidating our presence and sales throughout the Country. Although the increase in sales was nominal at about 10%, our field staffs are now confident to double the sales in the coming year.

The Company is also undertaking preventive maintenance of its plants and machinery so that the operations continue without any snag.

## RESEARCH &amp; DEVELOPMENT :

The Company continues with its efforts to develop new products in its well equipped pilot plant. The Company has some 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 Company has carried out further development work on various Formulations of Mancozeb this year including WDG & wet flowable and plans to carry out additional work on further reducing the cost of Glyphosate production.

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Council of Scientific and Industrial Research (C.S.I.R), New Delhi has renewed the accreditation for our R & D Labs for a further period of 2 years ending 31.3.2003.

**DEPOSITORY SYSTEM :**

The Company's shares continue to be traded in the DEMAT form in National Securities Depository Limited (NSDL) and Central Depository Services Ltd. (CDSL).

**FIXED DEPOSITS :**

The company has not accepted any deposits from Public under Section 58A of the Companies Act, 1956 during the financial year under review.

**HUMAN RESOURCES :**

Your company has been successful in mobilising a highly professional and motivated team of people resulting in world class productivity, systems and quality. The Company's strength is its dedicated employees.

**SUBSIDIARY COMPANY(S) :**

The Company has set up a 100% subsidiary in Australia, where it has obtained registration for Acephate, Glyphosate and Mancozeb. Commercial activities are now expected to commence in Australia during 2001-2002.

**SAFETY, HEALTH AND ENVIRONMENT :**

Your Company continues to maintain a high level of awareness towards Safety, Health and Environment.

Your Company is conscious of its social responsibility and has been taking effective pollution control measures as an ongoing process and has also from time to time conducted "environmental audits" by various outside agencies including a detailed environmental impact assessment report. The Company is meeting all the environmental requirements of the Gujarat Pollution Control Board.

We have further implemented additional Safety, Health & Environment matters after carrying out a QUEHST (Quality, Environments, Healthy & Safety) Audit as per the requirements of one of our major multinational customers.

Meetings of safety committees are held regularly to review safety performance with safety Audits being carried out annually by an external agency. The Company continues to conduct fire fighting and safety training programmes at the Factory on an ongoing basis.

Tree plantation activities at the Factory have been increased in the last year and treated waste water is extensively used at the site for gardening.

**INSURANCE :**

All the properties of the company have been adequately insured.

**BANK & FINANCIAL INSTITUTIONS :**

We wish to place on record our appreciation of the support of the financial institutions like ICICI, IDBI and GIC as well as our bankers, Union Bank Of India & Bank Of India and their considering our proposal for restructuring/ reduction of interest rate of outstanding Term Loans.

**DIRECTORS :**

During the year Mr. N. C. Singhal, Mr. Suresh N. Talwar, Mr. B. Aravamudham, Mr. Rohit J. Patel and Mr. Bipin R. Shah resigned from the Directorship of the Company. The Board placed on record its appreciation for the invaluable guidance and services rendered by them during their tenure as Directors on the Board of the Company. During the year Mr. Hasmukh Adhia, I.A.S., Managing Director being nominee of GIC Ltd. (in the casual vacancy of Mr. Ranjit Bannerji) and Mr. S.S. Mathur (in the casual vacancy of Mr. N. C. Singhal) joined the Company's Board. The Board welcomed them.

Mr. J. S. Sethi and Mr. S. S. Mathur will be retiring by rotation at the forthcoming Annual General Meeting. They are eligible for re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to the requirement under Section 217(2AA) of the Companies Act 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed :

- (i) That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgement and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March 2001 on a 'going concern' basis.

**AUDIT COMMITTEE :**

An Audit Committee comprising Mr. S.S. Mathur, Chairman, Mr. Raj Tandon, and Mr. Mohit H. Chuganee, Directors has been constituted in conformity with the Corporate Governance as contemplated in the Companies Act 1956 and Listing Agreements with Stock Exchanges. The first meeting of the Audit Committee was held on 28<sup>th</sup> June 2001.

**AUDITORS :**

The term of M/s Lodha & Company, Chartered Accountants, expires at the conclusion of this Annual General Meeting and they are eligible for re-appointment. The Auditors have given a certificate to the effect that the re-appointment if made will be within the prescribed limits specified u/s 224 (1B) of the Companies Act, 1956. The observations made in the Auditors' Report are a statement of facts and do not require further clarifications.

**CONSERVATION OF ENERGY, TECHNOLOGY, FOREIGN EXCHANGE EARNINGS AND OUTGO :**

The particulars of Conservation of Energy, Technology, Foreign Exchange Earnings and Outgo required under section 217 (1)(e) of the Companies Act, 1956 read with the company's (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are given in Annexure - A forming part of the Report.

**PARTICULARS OF EMPLOYEES :**

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended, about the names and other particulars of employee(s) are set out in Annexure B forming part of this Report.

**INDUSTRIAL RELATIONS :**

The overall industrial relations in the company have been cordial. Your directors wish to place on record their appreciation of the contribution made by the employees at all levels, to the continued growth and prosperity of the company.

**ACKNOWLEDGEMENTS :**

The Board is thankful to ICICI, IDBI, GIC and its Subsidiaries and the bankers viz., Union Bank of India and Bank of India for their continued support and assistance and to the Central Government and the Government of Gujarat for their support.

On behalf of the Board of Directors

Place : Mumbai  
Date : 28<sup>th</sup> June 2001.

Hero J. Chuganee  
Chairman





## SABERO ORGANICS GUJARAT LIMITED

## ANNEXURE "A" TO THE DIRECTORS' REPORT

## FORM - A

## DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	CURRENT YEAR 2000-2001	PREVIOUS YEAR 1999-2000
<b>A. POWER &amp; FUEL CONSUMPTION</b>		
1) Electricity		
a) Purchased Units (kwh)	8229690	9621355
Total Amount (Rs.)	42657442	48638977
Average Rate/Unit (Rs.)	5.18	4.85
b) Own Generation		
Through diesel generator		
Unit (Kwh)	97822	932680
Units per liter of Diesel Oil		
Cost per unit (Rs.)	2.93	3.43
Average Rate (Rs./KL)	5.54	3.33
2) Fuel for Steam Generation		
i. Furnace Oil		
Quantity (KL)	4064.72	4567.01
Total Amount (Rs.)	37744010	3,33,12,705
Average Rate (Rs./KL)	9290	7294.20
ii. HSD (KL)	377254	271.82
Total Amount	6159981	25,63,434.96
Average Rate (Rs./KL)	163000	9430.52

## FORM - B

## DISCLOSURE OF PARTICULARS WITH RESPECT TO

## A) RESEARCH &amp; DEVELOPMENT

Our R&D Department has developed processes for Mancozeb, Acephate, Glyphosate, Methyl Parathion, Monocrotophos and their intermediates DETC, DMTC-Amide & Glycine, TMP, TEP, PCL3, PSCL3.

Our R&D has taken up New Projects on Insecticides, fungicides and herbicides with a view to implement them in existing Plants so as to utilise capacities fully by manufacturing multiple products.

As far as existing products, quality is as per international standards.

## B) TECHNOLOGY ABSORPTION, ADAPTATION, INNOVATION

The Company has commercialised the technology of all the above products but is not manufacturing Methyl Parathion, DMTC Amide and Glycine as imports from China are cheaper.

## C) FOREIGN EXCHANGE EARNINGS AND OUTGO

a. The Company's products were exported to South America, U.S.A., Europe, Taiwan, South Africa and other countries.

b. Total Foreign Exchange Used and Earned :

	Current Year	(Rs. in Lacs) Previous Year
Total Foreign Exchange earned :		
F.O.B. Value of Exports	2106.95	1468.35
Total Foreign Exchange Used :		
i) Imports of Raw Materials		
on C.I.F. basis	563.51	750.94
ii) Capital Goods	-	-
iii) Foreign Travel	13.99	11.11
iv) Other Matters	5.20	4.09
v) Dividend to Non Resident Shareholders	-	-
Net Foreign Exchange Earned	1524.24	692.21

## ANNEXURE "B" THE DIRECTORS' REPORT

## STATEMENT OF PARTICULARS OF EMPLOYEE(S) 217(2A)

Statement of Particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 and forming part of the Directors Report for the period ended 31<sup>st</sup> March, 2001.

NAME & AGE	DESIGNATION, NATURE OF DUTIES & DATE OF COMMENCEMENT OF EMPLOYMENT	GROSS REMUNERATION (Rs.)	QUALIFICATION/ EXPERIENCE	PARTICULARS OF LAST EMPLOYMENT
MR. SUMIT H. CHUGANEE (34 YEARS)	MANAGING DIRECTOR (15.9.1993)	19,26,485/-	B.S. ENGG. (VPI, USA), MBA (DUKE, USA) (9 YEARS)	ROHM & HAAS COMPANY INC., USA.
MR. HERO J. CHUGANEE (66 YEARS)	WHOLE TIME DIRECTOR AND CHAIRMAN (17.10.1998)	19,35,680/-	B.Sc., D. Chem.E. (LONDON) M.I.I.Ch.E. A.M.P. (HARVARD) (39 YEARS)	INDOFIL CHEMICALS COMPANY (DIVISION OF MODIPON LIMITED)

Note : 1) The nature of employment is contractual.