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18th
Annual Report
1997-98

no more



SHREE ACIDS AND CHEMICALS LTD.

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SHREE ACIDS AND CHEMICALS LTD.

BOARD OF DIRECTORS

Mr. Vinay Kumar Modi	<i>Chairman</i>
Mrs. Kum Kum Mittal	
Mr. R. L. Toshniwal	
Mr. G. K. Sohbti	
Mr. A. K. Sureka	
Mr. O. P. Vaish	
Mr. M. S. Murthy	<i>IFCI Nominee</i>
Mr. B. Singh	<i>UPSIDC Nominee</i>
Mr. Ravi Mittal	<i>Managing Director</i>
Mr. Sandeep Mittal	<i>Jt. Managing Director</i>

COMPANY SECRETARY

Mr. Pramód Aggarwal

BANKER

PUNJAB NATIONAL BANK
ECE House
28-A, Kasturba Gandhi Marg
New Delhi-110 001

AUDITORS

K. L. Chandak & Co.
Chartered Accountants
G-36, Vikas Marg, Laxmi Nagar
Delhi-110 092

REGISTERED OFFICE

Delhi Cold Storage Building
15, New Subzi Mandi
Azadpur
Delhi-110 033

FACTORY

A-1, Industrial Area
Gajraula
Distt. Jyotiba Phoole Nagar (U.P.)



SHREE ACIDS AND CHEMICALS LTD.

DIRECTORS' REPORT

To,
ALL THE MEMBERS

Your Directors present the Eighteenth Annual Report alongwith the audited accounts of your Company for the 18 months period ended 30th June, 1998.

FINANCIAL RESULTS

(Rs. In Lacs)

	Period Ended 30.06.98	Year Ended 31.12.96
Sales (inclusive of subsidy)	5899.00	4516.54
Operating Profit before Depreciation & Interest	285.36	590.72
Financial Charges	694.85	435.47
Depreciation	162.01	105.44
Net Profit/(Loss) for the period	(571.50)	49.81
Transfer to Debenture Redemption Reserve	15.00	15.00
Loss brought forward	(62.50)	(97.31)
Balance carried forward to Balance Sheet	(649.00)	(62.50)

CHANGE IN ACCOUNTING YEAR

Previously the accounting year of your Company was from January to December. However, pursuant to a decision taken by the Board of Directors of your Company, it has been extended by 6 months. The requisite approval from Registrar of Companies and financial institutions for this change has also been obtained. The final accounts have, therefore, been prepared for a period of 18 months i.e. from 01.01.1997 to 30.06.1998. Henceforth the accounting year of your Company shall be from July to June of the following year.

OPERATIONS

During the period under review, the turnover of the Company declined by 15% on annualised basis. However, operating profit declined drastically by 67%. The main reason of the loss is the continuous severe recession in the paper industry and uncertain policies of the Government on fertilizer, its subsidy & prices.

Fertilizer Division

The turnover of the Fertilizer Division continued to be in line with last year. However, the operating margins for Fertilizer Division were affected by increased cost of production for SSP primarily owing to increase in cost of rock phosphate and depreciation of rupee. The net realisation of sulphuric acid from the Fertilizer Division was also affected due to general economic slow down and lower demand.

The Government has increased subsidy on SSP from Rs.600/- per M.T. to Rs.900/- per M.T. with effect from 1.10.1998. The Company is also in the process of installing Steam Turbine for the generation of 750 KW of power from surplus steam being vented presently. The turbine is expected to be commissioned by December, 1998. The power generated by the Turbine will cost at Rs.1 per KWH against present power rate of Rs.4.03 per KWH.

Paper Division

The Paper Division continues to pass through a severe recession with the resultant drop both in production and sales. The problem is all the more serious with the dumping in India of various varieties of paper by several countries at cheaper rates. The Government has not yet imposed any anti-dumping duties despite strong recommendations by the Designated Authority. There may be some delay before the paper industry sees better times as a whole. The Company has embarked on developing new types of papers and cost reduction measures which will have marginal impact on the viability of this Division.

FINANCE

To reduce the debt & interest burden, the Company has submitted a proposal to the financial institutions for One Time Settlement (OTS) of their dues. Your Company expects substantial relief by way of waiver of major part of interest liabilities, which is under favourable consideration of financial institutions.

DIVIDEND

In view of the losses, your Directors regret their inability to recommend any dividend for the period.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

As required by the Companies (Disclosure of Particulars in the Report of the Directors) Rules, 1988, a statement showing the information relating to Conservation of Energy, Research and Development, Technology Absorption and Foreign Exchange Earning and Outgo is attached as Annexure.



SHREE ACIDS AND CHEMICALS LTD.

DIRECTORS

Mr. V. K. Modi and Mrs. Kum Kum Mittal, Directors of the Company, retire by rotation and being eligible offer themselves for re-appointment.

INDUSTRIAL RELATIONS

The overall industrial relations in the organisation remained cordial throughout the year. The Directors are pleased to place on record their sincere appreciation of the valuable contributions made during the year by the employees at all level.

PARTICULARS OF EMPLOYEES

There was no employee of the Company whose particulars are required to be included in the Report under Section 217 (2A) of the Companies Act, 1956 as amended.

STATUTORY AUDITORS

The auditors M/s. K. L. Chandak & Co., retire at Annual General Meeting. Your Directors recommended their re-appointment for the current year. The observations of the Auditors have been suitably explained in the Notes on Accounts.

ACKNOWLEDGEMENTS

Your Directors take the opportunity to offer their sincere thanks to various departments of Central and State Governments, the industry association, Financial Institutions led by the IFCI and the Company's banker Punjab National Bank for their valuable assistance from time to time.

for and on behalf of the Board of Directors

Place : Delhi

Dated : 23.10.1998

V. K. Modi

Chairman

ANNEXURE

PARTICULARS AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTOR'S REPORT FOR THE PERIOD ENDED 30TH JUNE, 1998

I. CONSERVATION OF ENERGY

The Company's Sulphuric Acid Plant operations involve high steam generation which is partly utilised in the paper plant and balance is left out in the atmosphere. The Company also uses steam in GSPP Plant to reduce the furnace oil consumption. The Company proposes to install steam turbine for power generation from surplus steam.

A. Power and Fuel Consumption

	1997-98	1996
Electricity		
a) Purchase		
Units (In Lac/KWH)	158.82	126.47
Rate (Rs./KWH)	4.03	3.10
Total (Rs. in Lacs)	640.50	388.68
b) Own Generation through D. G. Set		
Units (In Lac/KWH)	7.32	4.42
Rate (Rs./KWH)	4.70	2.32
Total (Rs. in Lacs)	34.43	10.26

B. Consumption per MT of Production

Fertilizer	24.00	23.00
Paper	1211.00	1330.00
Acid	82.50	82.00

II. TECHNOLOGY ABSORPTION AND RESEARCH AND DEVELOPMENT

- The Company's plant are based on indigenous technology which has been fully absorbed.
- Company does not have research & development section. However, steps are being taken from time to time for:
 - Reduction in raw material consumption and use of more indigenous raw material/captive pulp.
 - Improvement in cost effectiveness.

III. FOREIGN EXCHANGE EARNING AND OUTGO

a) Export activities and export plan		
The Company is exporting fertilizer to Bangladesh.		
b) Total foreign exchange used (Rs. in Lacs)	940.23	1092.90
c) Total foreign exchange earned (Rs. in Lacs)	238.61	987.25