

**19th
Annual Report
1998-99**



SHREE ACIDS AND CHEMICALS LTD.

**SHREE ACIDS AND CHEMICALS LTD.****BOARD OF DIRECTORS**

Mrs. Kum Kum Mittal
Mr. G. K. Sohbti
Mr. A. K. Sureka
Mr. O. P. Vaish
Mr. M. S. Murthy *IFCI Nominee*
Mr. B. Singh *UPSIDC Nominee*
Mr. Ravi Mittal *Managing Director*
Mr. Sandeep Mittal *Jt. Managing Director*

COMPANY SECRETARY

Mr. Pramod 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 Phoolle Nagar (U.P.)

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SHREE ACIDS AND CHEMICALS LTD.

NOTICE TO MEMBERS

Notice is hereby given that 19th Annual General Meeting of the Company will be held at Panchayat Ghar, Narela Mandi, Delhi - 110 040 on Monday, the 22nd November, 1999 at 11.00 A. M. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 30th June, 1999 and the audited Profit & Loss Account for the year ended on 30th June, 1999, together with the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. G. K. Sohbt who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. A. K. Sureka who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the ensuing Annual General Meeting and to fix their remuneration.

By order of the Board
for **Shree Acids and Chemicals Ltd.**

Place : Delhi
Dated : 22.10.1999

Pramod Aggarwal
Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE MEMBER OF THE COMPANY.
2. The Register of Members and Share Transfer Books of the Company will remain closed on 18th November, 1999.

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SHREE ACIDS AND CHEMICALS LTD.

DIRECTORS' REPORT

To,

ALL THE MEMBERS

Your Directors present the Nineteenth Annual Report alongwith the audited accounts of your Company for the year ended 30th June, 1999.

FINANCIAL RESULTS

(Rs. In Lacs)

	Year Ended 30.06.99	Period Ended 30.06.98
Sales (inclusive of subsidy)	3024.22	5899.00
Loss before Depreciation	599.46	409.49
Depreciation	80.81	162.01
Net Loss for the year	680.27	571.50
Interest on Term Loans for Earlier Years	264.91	—
Total Loss	945.18	571.50
Transfer to Debenture Redemption Reserve	—	15.00
Loss brought forward	649.00	62.50
Balance carried forward to Balance Sheet	1594.18	649.00

OPERATIONS

The year under review witnessed good market demand for SSP but your Company was unable to take advantage of it because of the liquidity crunch. Adequate funds were not available for timely purchase of raw materials. The production from SSP Plant was limited for about 8 months and that too at low capacity. The general economic slow down and continuous recessionary conditions in the Paper Industry affected overall operations of the paper division. As a result, the production of all items declined during the year and overall sales of the Company declined by 23% on annualised basis.

As a result of the unavoidable adverse conditions listed above, your Company incurred a net loss of Rs.680.27 lacs during the year under review. This loss also includes the write-off of subsidy accruals (bad debts) from Govt. of India due to dismissal by Delhi High Court of your Company's subsidy claim of Rs.109.58 lacs. After providing for the under provided interest liability of Rs.264.91 lacs of past years, which has arisen out of reconciliation of accounts with the term lending institutions, the total loss has amounted to Rs.945.18 lacs. The accumulated loss works out to be Rs.1594.18 lacs.

The Company continues to market SSP through large fertiliser companies and thereby facing the adverse situation. The fortunes of the Paper Industry has also turned for the better with firming up of international prices of pulp and paper. The Company hopes to achieve better result during the current year.

FINANCE

Your Company has submitted a proposal to the financial institutions for restructuring of their dues. Your Company expects reasonable relief by way of waiver of major part of interest liabilities. If this materialises satisfactorily, your Company may well be on the road to recovery.

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.

DIRECTORS

Mr. V. K. Modi, Chairman and Mr. R. L. Toshniwal, Director of the Company, resigned from the Board during the year under review for personal reasons. Mr. V. K. Modi had been the Chairman of your Company right from its inception and had steered it through its good and difficult periods most efficiently. The Board recognises his superb guidance, hard work and magnificent achievements.

The Board of Directors wishes to place on record its sincere appreciation for the valuable services rendered by both Mr. V. K. Modi and Mr. R. L. Toshniwal to your Company. Mr. G. K. Sohbli and Mr. A. K. Sureka, 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.



SHREE ACIDS AND CHEMICALS LTD.

YEAR 2000 COMPLIANCE

The Company has initiated steps to meet Y2K requirements effectively and expenditure to ensure Y2K compliance is not expected to have any material financial impact. The Company is confident that the preventive steps taken in advance are sufficient to meet Y2K requirements.

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.

APPLICABILITY OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985

The Company has turned a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985. Necessary action is being taken to make the statutory reference to BIFR under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985.

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 Auditors in their report have referred to Notes No.4 and 13 of Schedule 14. Explanations contained in the notes and accounts are self-explanatory and may be treated as information/explanation submitted by the Board as contemplated under Section 217 (3) of the Companies Act, 1956.

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 : 22.10.1999

Kum Kum Mittal
Director
G. K. Sohbti
Director

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 YEAR ENDED 30TH JUNE, 1999

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 GSSP Plant to reduce the furnace oil consumption. The Steam Turbine is being installed for power generation from surplus steam.

		1998-99	1997-98
A. Power and Fuel Consumption			
Electricity			
a)	Purchase		
	Units (In Lac/KWH)	50.68	158.82
	Rate (Rs./KWH)	5.52	4.03
	Total (Rs. in Lacs)	279.98	640.50
b)	Own Generation through D. G. Set		
	Units (In Lac/KWH)	41.16	7.32
	Rate (Rs./KWH)	3.86	4.70
	Total (Rs. in Lacs)	158.92	34.43
B. Consumption per MT of Production			
	Fertilizer	28	24
	Paper	1097	1211
	Acid	78	82

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 in more indigenous raw material/captive pulp.
 - Improvement in cost effectiveness.

III. FOREIGN EXCHANGE EARNING AND OUTGO		1998-99	1997-98
a) Export activities and export plan :			
The Company is exploring new export market for SSP & Paper			
b) Total foreign exchange used (Rs. in Lacs)		405.09	940.23
c) Total foreign exchange earned (Rs. in Lacs)		1.98	238.61