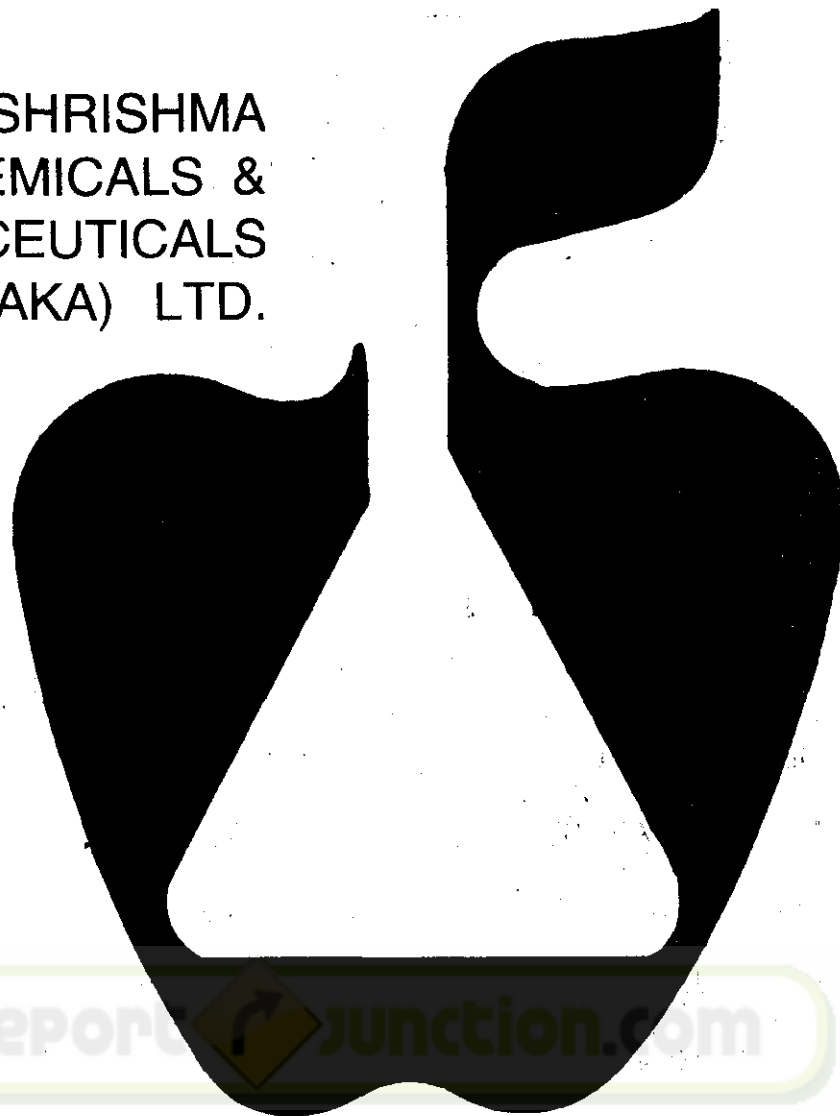


SHRISHMA  
FINE CHEMICALS &  
PHARMACEUTICALS  
(KARNATAKA) LTD.



***ANNUAL REPORT***  
***1998 - 1999***

SHRISHMA  
FINE CHEMICALS &  
PHARMACEUTICALS  
(KARNATAKA) LTD.



**ANNUAL REPORT**  
1998-99

**BOARD OF DIRECTORS.**

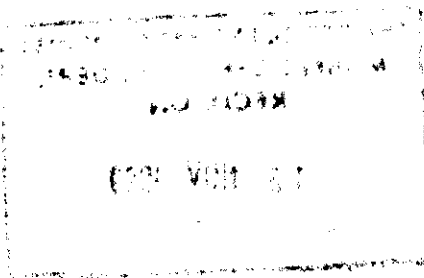
DR. R. N. GOEL	Chairman & Managing Director
DR. S. R. GOEL	Joint Managing Director
MR. S. M. PARANDE	Director
MR. P. P. MADAPPA	Director
MR. WALTER SALDHANA	Director
MR. PRAVIN VEPARI	Director

**AUDITORS**

**HARIBHAKTI & CO.**  
**MUMBAI.**

**PLANT & REGISTERED OFFICE**

**Plot No.30, Industrial Area**  
**Doddaballapur - 561 203**  
**Bangalore Dist**



**NOTICE**

Notice is hereby given that the 17th Annual General Meeting of the shareholders of **Shrishma Fine Chemicals & Pharmaceuticals (Karnataka) Ltd.** will be held at Plot No.30, Industrial Area, Doddaballapur, Bangalore - 561 203, on Tuesday, November 30, 1999 at 9.30 am to transact the following business :

**A. ORDINARY BUSINESS :**

1. To consider and adopt the Balance Sheet as at 30th June 1999 and the Profit & Loss Account for the year ended on that date alongwith the Reports of the Auditors and of Directors thereon.
2. To appoint a Director in place of Mr. S.M. Parande, who retires by rotation. Mr. S.M. Parande, the retiring Director is eligible for re-election.
3. To appoint a Director in place of Mr. P.P. Madappa who retires by rotation. Mr. P.P. Madappa, the retiring Director is eligible for re-election.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting to that of the next at a remuneration to be fixed by the Board of Directors. The retiring Auditors M/s. Haribhakti & Co. are eligible for reappointment.

**B. SPECIAL BUSINESS :**

To consider, and if thought fit to pass, with or without modifications, the following Resolutions as ORDINARY RESOLUTIONS :

5. "RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, Schedule XII and other applicable provisions if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof), consent of the Company be and is hereby accorded for the reappointment of Dr. R.N. Goel as the Chairman and Managing Director of the Company for a further period of five years with effect from 27th April 1999, as per the terms and conditions including remuneration as set out in the draft

agreement to be entered into between the Company and Dr. R.N. Goel, a draft of which is available at this meeting".

6. "RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any Statutory modifications or re-enactment thereof), consent of the company be and is hereby accorded for the re-appointment of Dr. S.R. Goel as the Joint Managing Director of the Company for a period of five years from 27th April, 1999, as per the terms and conditions including remuneration as set out in the draft agreement to be entered into between the company and Dr. S.R. Goel, a draft of which is available at this meeting".

7. 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 the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter) and subject to such 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, consent is hereby accorded, to the Board to delist its Ordinary Shares from The Delhi Stock Exchange Association Limited".

By Order of the Board

N. Ramakrishnan  
Company Secretary

Place : Mumbai.  
Date : October 22, 1999

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**EXPLANATORY STATEMENT PURSUANT TO  
SECTION 173 OF THE COMPANIES ACT, 1956.**

**ITEMS 5, 6**

The reappointment of Dr. R.N. Goel and Dr. S.R. Goel by the Board of Directors as Chairman & Managing Director & Joint Managing Director respectively, are subject to the approval of shareholders at this Annual General Meeting. The Board of Directors at their meeting held on March 26, 1999 reappointed the aforesaid Directors for a period of five years to their respective offices w.e.f. April 27, 1999. The draft agreements to be entered into, inter alia, contain the following terms and conditions.

**1. Dr. R.N. GOEL :**

Designation : Chairman & Managing Director

Period : 27.04.1999 to 26.04.2004

Remuneration :

- i. Salary : Re. 1/- (Rupee One only) per month for the year 1999-2000, subject to revision of the salary from 01.04.2000 as may be approved by the Board from time to time, subject to a maximum of Rs. 75000/- per month.

- ii. In addition, Dr. R.N. Goel is entitled to perquisites including furnished/unfurnished accommodation, company maintained car, telephone at residence, gas, electricity, water, furnishings, leave travel allowance for self & wife, club fees, personal accident insurance and reimbursement of actual medical expenses incurred.

Dr. R.N. Goel has never drawn/availed salary, housing benefits and leave travel. He devotes all his time and energy for the company.

**2. Dr. SANJAY GOEL :**

Designation : Joint Managing Director

Period : 27.04.1999 to 26.04.2004

Remuneration :

- i. Salary : Rs. 25,000/- (Rupees Twenty Five Thousand only) per month with further annual revision of the salary from 01.04.2000 as may be approved by the Board from time to time, subject to a maximum of Rs. 75,000/- per month.

- ii. In addition, Dr. S.R. Goel is entitled to perquisites including furnished / unfurnished accommodation / house rent allowance in lieu thereof equivalent to maximum 60% of salary, gas, electricity, water, furnishings, medical reimbursement for self and dependent family members, leave travel concession for self and family, club fees, personal accident insurance, medical insurance and other benefits in accordance with the rules of the Company.

- iii. Company's contribution to Provident Fund, Gratuity and encashment of leave at the end of the tenure will be permitted in accordance with the rules of the Company. The Company shall provide a car and telephone facility at the residence of the Director. For the purpose of computing the ceiling on perquisites the same would be valued as per the Income Tax Rules, 1962, wherever applicable.

- iv. Where, in any financial year during the tenure of office of Dr. S.R. Goel, the company makes losses, the company shall pay the above remuneration as minimum remuneration.

Except Dr. S.R. Goel and Dr. R.N. Goel, no other Director of the company is in any way concerned or interested or deemed to be interested in passing of Resolutions under item Nos. 5 & 6.

The above may also be treated as an abstract of the terms of contract / agreement between the Company and Dr. R.N. Goel & the company and Dr. S.R. Goel pursuant to Section 302 of the Companies Act, 1956.

Item No. 7 :

The Company is listed with the Stock Exchange located at Bangalore, Mumbai and Delhi. With the net working of centres of the Stock Exchange Mumbai, Bangalore, members of the Company have access to online dealings in the Company's Securities all across the country. A very small number of members are located in the regions where The Delhi Stock Exchange Association Limited is situated and trading volumes in the said Stock Exchange is negligible. The proposed delisting of the Company's Shares on this Exchange will not, therefore, adversely affect any investor including the members located in the Regions



where the said Stock Exchange is situated. Stock Exchanges in India, with the permission of SEBI are now free to fix the prescribed listing fees unilaterally and it has been observed that the listing fees paid to The Delhi Stock Exchange Association Limited is disproportionately high and trading volumes are extremely low.

As part of cost reduction measures, the Company has proposed delisting of its shares and in line with the SEBI regulations for voluntary delisting, members approval is sought by a Special Resolution for delisting as set out in Resolution No. 7. The Proposed delisting is in the interest of the Company and the Board commends the Resolution for acceptance by the members.

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 A MEMBER.**
2. The explanatory statement setting out the material facts in respect of the business under 5,6 and 7 is annexed hereto.
3. *All documents referred to in the accompanying notice and the explanatory statement are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays between 11.00 A.M. and 1.00 P.M. upto the date of the Annual General Meeting.*
4. Member / proxies should bring the Attendance slip duly filled in for attending the meeting.
5. The Register of members shall remain closed from December 1, 1999 to December 31, 1999 both days inclusive.
6. Members are requested to notify immediately any change in their address to the Company's Registered Office.

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## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present herewith the 17th Annual Report and Audited Accounts for the year ended 30th June 1999. The Company's performance for the year is as under :

## FINANCIAL RESULTS

	Rs. in lakhs	
	1998 - 99	1997 - 98
Sales and Income	321.13	254.38
Stock Adjustments	4.60	(2.03)
Profit / (Loss) before Interest, Depreciation and Taxation	54.56	(2.25)
Interest on borrowings for Operations.	5.77	8.21
Profit / (Loss) before Long Term Interest, Depreciation and Taxation	48.79	(10.46)
Loss after Interest and Depreciation	(115.94)	(174.73)
Provision for Taxation	—	—
(Loss) after Taxation	(115.94)	(174.73)

## OPERATIONS

Both production and sales were higher than last year. After paying interest on operational borrowing the Company made profit on operations for the first time. The Company is making efforts to increase capacity utilization, for improvement of sales and profits. Since the equipment is old the Company has to spend higher amounts for maintenance and replacements. These aspects have been duly covered in your Company's proposal to the Operating Agency for finalising the Rehabilitation Package.

## REMARKS OF AUDITORS

The Explanations given in Notes to Accounts clarify on the remarks of the Auditors to the members.

## REGISTRATION BY BIFR

In the last Annual Report, you were advised about the obligation of the Company to make a Reference to the Board for Industrial & Financial Reconstruction for registration and sanction of a rehabilitation package for the Company. Your Company was granted registration as a Sick Unit under The Sick Industrial Companies (Special Provisions) Act, 1985 and an Operating Agency has been appointed. A Financial Package as prepared by the Company is under clearance by the Operating Agency.

## FIXED DEPOSITS

The Company did not accept or renew any Fixed Deposits during the year.

## DISCLOSURE OF PARTICULARS

There is no employee receiving remuneration falling within the limits prescribed under the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988.

## Y2K COMPLIANCE

Your management is advised that all Hardware/Software Packages used in the Company are year 2000 Compliant.

## VOLUNTARY DELISTING OF COMPANY'S SHARES FROM THE DELHI STOCK EXCHANGE ASSOCIATION LIMITED.

The Company's shares are presently listed on The Stock Exchanges - Mumbai, Bangalore & Delhi. With the computerisation of all Stock Exchanges, shareholders in even remote areas have ready accessibility to these networks and the Company's listing on the Delhi Stock Exchange is no longer felt necessary. Moreover, the number of shareholders situated in the Region is negligible and the trading volume is minimal. The listing fee paid is disproportionately higher as compared to the benefits derived from being member of the said Exchange. The delisting has to be approved by a special resolution of the shareholders which appears in item No.7 of the Notice of the Annual General Meeting.



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**DIRECTORS**

During the year Mr. S.A.A. Pinto resigned from the Board of the Company due to his preoccupation. The Board wishes to place on record the valuable guidance received by the Company during the tenure of his association with the Company.

Mr.S. M. Parande and Mr. P. P. Madappa, Directors of the Company retire by rotation and are eligible for re-appointment. You are requested to support their re-appointments to enable the continued advantage of their guidance to the Company.

**DISCLOSURE OF PARTICULARS**

Information required under the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules 1988 is given in Annexure 'A'.

**AUDITORS**

M/s. Haribhakti & Co., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting. They have offered themselves for re-appointment as Auditors and have furnished the requisite Certificate of Eligibility for the appointment.

**ACKNOWLEDGEMENT**

Your Directors wish to place on record their sincere appreciation for the whole hearted devotion and sense of commitment extended by all employees of the Company. The Directors also wish to recognise the patience of the Shareholders and Debenture holders in supporting the management in the adverse conditions.

Onbehalf of the Board of Directors

Dr. R.N.Goel  
Chairman & Managing Director

Place : Mumbai

Date : October 22, 1999

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