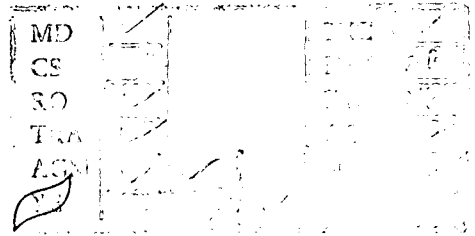


HIMADRI CHEMICALS & INDUSTRIES LIMITED



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**ANNUAL REPORT
AND ACCOUNTS
1996 - 97**

Board of Directors

HIMADRI CHEMICALS & INDUSTRIES LIMITED

CHAIRMAN

Shri D. P. Choudhary

MG. DIRECTOR

Shri B. L. Choudhary

EXECUTIVE DIRECTOR

Shri V. K. Choudhary

DIRECTOR

Shri S. S. Choudhary

Shri R. N. Jhunjhunwala

Shri G. S. Biyani

AUDITORS

M/s. S. K. Agrawal & Associates
Chartered Accountants

BANKERS

Central Bank of India

REGISTERED OFFICE

23A, Netaji Subhas Road
8th Floor
Calcutta-700 001

WORKS

Liluah,
Howrah,
West Bengal

Pedagantyada,
Visakhapatnam,
Andhra Pradesh

Notice**HIMADRI CHEMICALS & INDUSTRIES LIMITED****TO THE MEMBERS**

Notice is hereby given that the Tenth Annual General Meeting of the Members of the Company will be held on Friday, the 29th May, 1998 at the Sarat Sadan, Manton Super Market, Diamond Harbour Road, Calcutta-700 034 at 9.30 A.M. to transact the following business :-

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet of the Company as at 30th November, 1997, the Profit & Loss Account for the accounting year ended on that date, and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. D.P. Choudhary who retires by rotation and, being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. S.S. Choudhary who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration and in this connection to consider and if thought fit, to pass, with or without modification, the following resolution :-

"RESOLVED that M/s. S. K. Agrawal & Associates, Chartered Accountants, be and are hereby re-appointed as the Auditors of the Company to hold office until the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors."

Calcutta,
the 24th April, 1998

By Order of the Board
D. P. Choudhary
Chairman

NOTES

- i) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME OF ANNUAL GENERAL MEETING.
- ii) The Register of Members and Share Transfer Books of the Company will remain closed from 23rd May, 1998 to 29th May, 1998 (both days inclusive).

Director's Report

HIMADRI CHEMICALS & INDUSTRIES LIMITED

TO THE MEMBERS

Your Directors take the pleasure of presenting the Tenth Annual Report of your Company together with the audited statements of Accounts for the year ended on the 30th November, 1997.

FINANCIAL RESULTS

The Financial Results of the Company's operations for the year under review and those of the previous year are given below :

	Year Under Review (12 Months)	(Rupees in Lacs) Previous year (18 Months)
Gross Income :	1,983.74	4,780.56
Less : Expenses (including Depreciation & Interest)	2,047.32	6,863.14
Profit/(Loss) before Taxation	(63.58)	(2,082.58)
Less : Provision for Minimum Alternate Tax	1.57	—
Net Profit / (Loss) for the year	(65.15)	(2,082.58)
Amount Transferred from General Reserve	—	1,700.00
Balance brought forward	(110.75)	275.67
AMOUNT AVAILABLE FOR APPROPRIATION	(175.90)	(106.91)
Less : Income Tax Adjustment Earlier Years	16.82	3.84

BALANCE CARRIED TO BALANCE SHEET**(192.72)****(110.75)****PERFORMANCE DURING THE YEAR**

As you are aware that consequent to various unforeseen adverse situation like dumping of cheaper material by foreign manufacturer and direct importation by the Indian consumers, associated with the unilateral decision of the Steel Plants to increase the price of raw material, the performance of the Company was seriously affected during the previous year, resulting in a huge trading loss. But, your Directors were very much confident about the change of situation which they could forecast as a temporary phase. Your Directors forecast has since come true. The Indian consumers very soon could realise the futility of using lower grade materials at a cheaper price as was offered by the foreign manufacturers and similarly the high cost of direct importation have forced them to revert back to the products offered by your Company. Meantime, your Directors were successful in striking a long term agreement with Steel Plant for procuring the raw materials at a reasonably competitive price, whereby the supply of raw materials at a comparatively fixed rate over longer period could be assured. Because of such prudent and concerted efforts on the part of the management team, it could be possible for your Company to regain its lost grounds and finally at the end of the day the company could earn a profit before depreciation and taxation of Rs.112.46 Lakhs. Whereas with the change in the basis of 'Depreciation' from SLM basis to WDV basis at the recommendations of the Auditors, the net results for

Director's Report (Contd.)**HIMADRI CHEMICALS & INDUSTRIES LIMITED**

the year under review became negative. The process of recovery is a bit slow at the beginning, but your Directors are very much confident that with the passes of time it will get a momentum and in the future years to come the company would be rewarded with profits unless there is any unforeseen events affecting the economic scenario.

DIVIDEND

The realised profit for the year being inadequate, your Directors regretfully refrain from recommending any dividend for the year.

DEPOSITS

The Company has not accepted/renewed any deposits from the Public/Shareholders during the year under review.

DIRECTORS

Shri D. P. Choudhary and Shri S. S. Choudhary, Directors of the company retire by rotation at the forthcoming Annual General Meeting and, being eligible offer themselves for re-appointment.

EMPLOYEES

The employee relations in the Company remains cordial since its inception and your Directors place on record their sincere appreciation of the excellent team work and devotion with which the workers, staff and officers of the Company at all levels, contributed for the performance of the Company.

The provisions of Companies Act, 1956 under section 217(2A) are not applicable to the company as no employee was in receipt of remuneration exceeding the minimum laid down under the Act.

AUDITORS

M/S S. K. Agrawal & Associates, Chartered Accountants, the Auditors of the Company retire at the forthcoming Annual General Meeting and they, being eligible, offer themselves for re-appointment.

The observations of the Auditors and the notes on Accounts are self explanatory.

SAFETY AND ENVIRONMENT

Your Company has adequate industrial safety systems and provisions for protection of the environment at its unit.

RESEARCH AND DEVELOPMENT

Your Company has a dedicated in-house Research and Development Centre which is Working in developing the technology for the manufacturing of High Tension Graphite Electrode, Glossy Carbon, Needle Coke and Coal Tar Enamel Paints. All the said products has immense market potentialities both in the domestic and export market.

There are on going programmes in the factory of your Company to review the cost of generation and use of energy. Various measures were adopted to conserve energy and reduce the cost.